



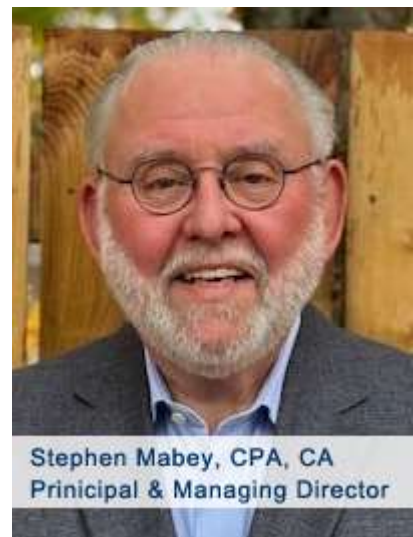
20-Point Partners

Addressing Underperformers

In our recent article, [The Power of Continuous Accountability: Implementing a Partner Accountability System](#), we spoke of the increased importance of accountability for partners. It is not a stretch to connect the dots that a partner who is consistently a "20-Point Partner" is clearly an underperforming partner (some would even include "40-point partners" in the category of underperforming).

Dealing with partner performance issues is complex, and some partners may hold the view that a partner is independent and not subject to any intervention.

While many firms accept it as their fate that occasionally, a partner or two may be underperforming, the financial loss should be the least of the Firm's concerns. We would suggest that there are other more critical issues arising from allowing underperforming partners to linger on, including:



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- Negative impact on moral
- Damage to the Firm's reputation
- Threaten client retention
- Loss of potential growth opportunities

It is essential, given the sensitivity and complexity, that the Partners support the Firm in its approach to dealing with underperformance issues and that it is clearly part of the Managing Partner and Management Team's mandate.

Guiding Principles

The following principles apply to management strategies and actions to resolve serious partner performance issues:

- A fair and reasonable opportunity will be provided to resolve the performance or conduct issues to the Firm's satisfaction.
- Management will exercise discretion in determining what is required of a partner to resolve the issues.
- Timelines will be reasonable and productive bearing in mind the facts and circumstances at hand.
- If additional support is required to address their issues (e.g., training, coaching, mentoring, and other support), it will be provided.
- The timeline for a resolution will not constitute a "precedent" for other cases, and
- Management is committed to swift action if efforts to resolve the performance issues are not achieving positive results.

Informal Resolution

The Managing Partner will initially pursue an informal resolution when performance issues are first identified. Before proceeding, they will obtain all the relevant facts and circumstances surrounding the underperformance.

The Managing Partner will work with the partner in question to reach an agreement on the specific action needed and the timetable to resolve the performance issues. The period for resolution of the performance issues must be set in the context of the particular circumstances. It will be the amount of time judged by the Managing Partner as reasonable in the circumstances for the partner to implement the agreed actions.

There will be no disclosure of any informal arrangement to the partnership.

The partner will be expected to self-monitor their progress on the action points and to keep the Managing Partner apprised of their progress towards achieving the required objectives in accordance with the agreed timetable. The Managing Partner will meet with the partner once the action plan has run its course to decide on the outcomes.

The Managing Partner may report orally at such times as the Managing Partner deems appropriate, or the Management Committee may require.

Formal Action

When faced with underperforming partners who do not respond to the attempts of informal resolution to improve their performance, firm leadership must take decisive action. By addressing

these issues promptly and effectively, law firms can maintain a culture of excellence and ensure an alignment of partners with the Firm's goals and values.

The failure of informal attempts to resolve the performance issues should automatically result in formal remedial action.

At this juncture, the Managing Partner will meet with the members of the Management Committee to review the circumstances and to determine the next steps, including, as appropriate, an action plan and review process. The partner will be advised in writing, and the Managing Partner (together with others as deemed appropriate) will meet with the partner to review the performance issues that must be corrected and the timelines to be met.

The extent to which the full Management Committee may be engaged at this time will depend on the circumstances. The Partners will be advised as to the timing and extent of Management Committee involvement.

The further action plan, including the nature and timing of meetings along with reports to Management by the partner at this stage, will be reduced to writing and signed by the partner. If the partner refuses to sign, the matter shall immediately be referred to the partnership.

The Managing Partner will make status reports and recommendations to the Management Committee as they judge appropriate in the circumstances.

If the partner fails to achieve the required outcomes, the partnership will be engaged to determine the consequences. While de-equitation, change to a non-voting partner, and changes in the form of compensation are potential options to be considered, once the informal and formal steps have been concluded without success, the partner will probably be asked to leave the partnership and the Firm.

Conclusion

By taking proactive steps to address underperformance, the problem can often be resolved in a win-win circumstance for both the partner and the Firm.

Regardless of the outcome, addressing the issue will lead to a more cohesive and productive team of partners working together toward a common goal.

Who is Stephen Mabey?

Stephen Mabey is a CPA, CA, and the Managing Director of Applied Strategies, Inc. His credentials include:

- Fellow of the College of Law Practice Management (one of 19 Canadians - 276 Fellows),
- Author of *Leading and Managing a Sustainable Law Firm: Tactics and Strategies for a Rapidly Changing Profession*, and *Key Performance Indicators An Introductory Guide* (Amazon),
- Over 25 years in a senior management role with Stewart McKelvey, a 220-lawyer, six-office Atlantic Canadian law firm,
- Over 15 years experience providing advice and counsel to small to mid-size law firms on a broad range of issues,
- A panelist and facilitator of the Managing Partner Information Exchange ("MPIE") at the annual Managing Partner Forum Leadership Conference held in Atlanta, Georgia, each May, and
- has a growing mailing list that circulates articles, directly and indirectly, impacting law firms and offers free mini-benchmarking surveys.

Stephen has advised law firms for over 15 years on a wide range of issues, including - strategic action planning, leadership, understudy (succession) planning, compensation (Partner and Associate), organizational structures and partnership arrangements, governance, business development, capitalization of partnerships, partnership agreements, lawyer and staff engagement, marketing, key performance indicators, competitive intelligence, finance, mergers, and practice transitions.

The accurate perspective on what we do for our clients comes not from what we say we are about but from what they say about us. His clients use phrases to describe him, such as:

- *"His advice and the solutions were tailored to our unique needs and business context";*
- *"It's as though he "got us" right away and didn't waste our time (or our money) on the unnecessary stuff";*
- *"Stephen was invaluable in helping us steer through a difficult time of transition within our firm";*
- *"He has helped our firm immensely over the past number of years, and we are most appreciative of his contribution; it's like having a CEO on retainer";*
- *"Steve possesses that rare ability to bluntly deliver tough and practical business advice while maintaining his personal warmth and good humor";*
- *"Stephen has been invaluable in assisting with and guiding us through our strategic planning process. His broad knowledge and experience, combined with his engaging and inclusive facilitation style, promotes thoughtful and productive discussion among our partners "and*
- *"Steve always pushes the leading edge in terms of new ideas and new ways to carry on business."*

Stephen can be reached by email - at smabey@appliedstrategies.ca or by phone at 902.499.3895.

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