



PARTNER WORK

HOW PROFESSIONAL SERVICES PARTNERS ADD UNIQUE VALUE

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Monica recently made partner at a prominent Midwestern law firm. This should be cause for great celebration. She should be saying to herself, "I've finally 'made it' in the eyes of my colleagues. I'm now a true leader in the firm." But today, she is all nervous energy. She has an appointment with the firm's compensation committee, which just happens to include the managing partner. Like many partners, Monica sees compensation as a measure of her perceived value in the firm. And like many firms, her organization has a history of thinly veiled storms around compensation time. In absolute terms, everyone makes more than enough money. Times have been good at the firm and the profit pool has swelled to match the firm's growing revenue base. Paradoxically, these good years create more conflict at compensation time than the lean years. Each partner examines how the pool was split to answer the big questions in their mind: how am I valued for my contribution in the firm? What really matters around here?

It's a valid question and one of the most important that any firm can answer. After all, most firms end up splitting the profit pool between partners. While partners can (and too often do) spend hours of non-productive time arguing over who should get a bigger slice of that pie, they would usually be better served by finding ways to grow the pie so that everyone gets more, regardless of their relative share. Plus, partners who work diligently to provide their unique value to the firm more often enjoy their work, gaining huge intrinsic rewards to go along with their bonuses.

But how do partners best add value to their firms? What roles can they play that will grow the profit of the firm in the near-term as well as the long-term prospects for the firm? Let's step back and start with a couple of basic assumptions. First, firm value is essentially a combination of its current value and its future value. We can measure current value fairly easily by looking at profit per partner. Future value is a little trickier, but just as Price/Earnings ratios are a rough barometer of how investors view the future prospects of an industrial company, a firm's reputation with its clients and its staff are two important indicators of its future performance.

For more clues, we can look at David Maister's research on what makes firms successful. The value of high quality work and outstanding client relationships stands out above all others. Maister's research (most notably in *Practice What You Preach*, a detailed statistical study of what makes some firms/offices more successful than others) directly links quality and client relationships to a firm's financial performance. A clear second place goes to employee satisfaction. This will not surprise anyone since the quality of a service firm's work results from the efforts of its people.

THE SHORT COURSE

- Partners should constantly be asking themselves a key question: How do I best add unique value to our firm?
- Partners add balanced long and short term value by playing at least one of four leadership roles.
- While any individual partner will not play all four roles, firm leaders should ensure that all roles are well represented and valued in the life of the firm.

This brings us back to our friend, Monica the newly-minted partner: What specific actions can she take to improve quality and client relationships, and to grow employee satisfaction? When we work with partners like Monica, we suggest thinking about four different roles partners can play to grow the value pie for their firm – and for themselves.

Role 1: Portfolio Manager – Enthusiastic Referrals and Excited Staff – Most firms instinctively measure themselves by the clients on their client list and the revenue coming from those customers. While this is a good starting point, it fails to get to the practical, tactical level where most partners live. Instead of simply examining client lists, partners could think of themselves as managers of a portfolio of client projects. Their goal as portfolio managers is to keep improving this portfolio until individually and in aggregate, it is an exceptional portfolio. First and foremost, the project portfolio must be full of work judged by clients as superb in quality. Most professional work depends heavily on client references, so a solid working measure of the project portfolio is the proportion of clients who would be enthusiastic references for your work. Acceptable scores on a satisfaction scale is not enough. Value-adding partners seek enthusiastic and active referencing by those same clients. In other words, clients are so blown away by the work you do *and how you do it* that they can't stop themselves from telling others about you. A strong portfolio manager limits herself to pursuing client projects that have solid chances of getting that kind of energetic response. Other projects are referred out to colleagues or even competitors, but certainly not taken on just to make work. It's simply too expensive to have an unhappy, or even neutral, client on your books.

Portfolio managers also pay special attention to making their projects superb for their project teams. They know that over-promising, under-resourcing, or otherwise ham-stringing project teams may pay in the short-term, but will gain them the deserved reputation of setting their teams (and especially the all-important project managers) up to fail. It doesn't matter how strong your project portfolio looks on paper or even how glowing the client response if staff members scurry away every time they see you walking down the hall with a new project in hand. Instead, skillful portfolio managers scope projects carefully, keep a mix of "sure thing" and "stretch" projects in their portfolios, and keep closely aligned with project team leaders.

Portfolio Managers gain several rewards. Clients see them as trusted advisors, providing the partner with inside information and a steady stream of high probability leads. They also gain access to some of the sharpest talent in the firm, people who want to play on winning projects. Ultimately, their reputation for building a winning portfolio of projects increases demand for their services and the ability to charge more for their work.

Role 2: Mentor – Going Slow to Go Fast

While Portfolio Managers track down great client projects, mentors focus on the work of developing staff capabilities while executing client projects. However, do not confuse mentoring with micro-management. The differences are stark. Micro-managers say to their teams (in so many words), "I'm the expert here. I know how to do this, so I'll tell you what to do, over

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WHAT PORTFOLIO MANAGERS DO:

- Pursue a mixture of "can't miss" and "stretch" client projects
- Carefully scope projects
- Manage client expectations throughout the client management process, notifying them of important issues and negotiating changes in scope
- Religiously gather, analyze, and follow up on client feedback throughout an engagement
- Host clear and useful transition meetings when bringing in additional firm resources
- Regularly check in and offer tangible support to project team

and over again” Let’s face it, no smart professional wants to be around that style of leadership for long. Most staff members join the firm to grow their own abilities through doing great client work, not to take endless orders from partners “too busy” to invest the time needed to develop staff members.

Most partners deal constantly with time constraints. The pressure of continual client development plus project delivery places a high premium on time. Staff development also takes time, and it is often in direct conflict with the need to focus on turning projects quickly, at least in the short term. So what is a partner to do? Each day, one must strike the right balance between short term and long term focus.

A shorter term focus (go fast to go slow) means that staff development will be sacrificed in the interest of quick project turnaround. Partners tell people what to do and spend little time helping them understand why to take these actions. Partners fix problems themselves. While projects get turned faster in the short term, there is a significant long term cost. Staff development is excruciatingly slow since people learn little from being told what to do. As a result, partners get sucked into a never ending cycle of heavy intercession. Staff members have little opportunity to ask questions, make recommendations, or learn from expert observation and feedback from partners. This shorter term approach cripples a firm’s ability to grow the business via maximizing staff leverage, which is the primary reason for staff in the first place.

We recommend a longer term focus (go slow to go fast). This approach calls for partners personally investing time with staff for the sake of learning. This means using every available opportunity to engage in developing staff. This approach is more Socratic than let-me-tell-

WHAT MENTORS DO:

- Carefully select and position project team members – top-notch client value and learning opportunities rule!
- Ask project team members what they want to learn, by participating in this project
- Create specific learning opportunities throughout project life cycle
- Provide specific, timely feedback for project team members throughout project AND at its close
- Connect project team members with other partners/resources who can help them grow in selected areas
- Faithfully get feedback from clients, specifically asking for feedback on strengths of certain project team members
- Conduct post-project learning sessions, ensuring that each team member gleans every possible learning opportunity from the experience

you-what-to-do oriented. While it requires more time on the front end, it bears much fruit later as staff members become more self-sufficient, experienced, and knowledgeable. As a result of slowing down to focus on learning while doing good client work, staff members later become far more leveragable and greatly increase the firm’s growth potential.

The Mentoring Approach

Instead of being fixated on doing things their way, Mentors are obsessed with using every client and staff interaction to improve the capability of the team and to improve the capacity of the team for greatness. They want each team member to grow in stature and competence in front of clients and peers so that they are stronger, more confident contributors as a result of their participation on the given project. And they constantly discover the hidden learning opportunities in everyday firm life.

Mentors spend much time teaching, but their learners rarely feel like they have been to class. Unlike a traditional approach to learning, staff members actively participate in the quick and simple design and implementation of each

learning opportunity. And better yet, it isn’t necessary for learners to go outside of the firm or

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“off-line” in search of the best workshop or seminar. Plenty of opportunities for learning exist in the day-to-day activities that are already on the schedule. Every project meeting, client presentation, business development lunch, and analytical task is a learning opportunity in disguise. These “found opportunities” for learning are powerful. They can be targeted to what the staff member wants to learn and they are completed concurrently with the completion of real business. As long as the staff member is motivated to learn and the partner is willing engage in the learning process through observing and giving feedback, it leads to integrated learning. Our experience tells us that professionals retain far more learning from this applied process, as compared to traditional classroom learning.

Mentors also gain a lot. Clients may not always see what they do to develop their teams, but suddenly they realize that the level of play on their matters has elevated. They value the fact that Mentors rarely put a team member onto the playing field out of position, meaning that the client rarely has to ask for someone to be removed from their project. Staff and associates gravitate to Mentors. Most hunger for learning and growth. That remains one of the biggest motivators for professionals. They know that participating on the Mentor’s team will drive their own growth and career ambitions. Combine these benefits, and Mentors can build an expanding group of high-quality, like-minded professionals working on their projects. Leverage, one of the most important drivers of partner profitability, is the direct result.

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Role 3: Talent Scout – While some people are gifted at mentoring or portfolio management, Talent Scouts have a nose for potential. But they go well beyond recognizing the possibility within talented people; Talent Scouts go out of their way to secure that talent for the firm. This starts in the recruiting process. Talent Scouts willingly invest time in seeking out and wooing great talent, especially when they see people who hold both technical skill and the intangible traits that make one shine within the culture of the firm. They know that raw technical ability is insufficient. The chemistry of cultural fit often provides the unseen factor that leads to wild success or flaming failure.

Talent Scouts also know that the staffing process remains incomplete until the new recruit is successfully integrated into the practice. This integration process usually lasts six months or more, and the Talent Scout knows how critical it is help professionals settle in during that period. They take specific and intentional action to assist, checking in with new recruits, asking about their adjustment, and providing support.

But perhaps the most important role Talent Scouts play is to seek out and appreciate high potential associates who have reached key transition points in their careers, such as 3-5 years with the firm. Professional work demands a lot of energy and many top staff members start to re-consider their membership in the firm during this era before they themselves reach the partner level. Talent Scouts find or manufacture opportunities to recognize, encourage, and motivate these people. They also look for ways to intentionally test the leadership potential of these potential partners. When it comes time to nominate and vote on a staff member’s partner candidacy, they can add excellent input to the discussion.

Talent Scouts are rewarded by having an ever-increasing pool of top-drawer talent at their

WHAT TALENT SCOUTS DO:

- Listen to clients attentively, discerning the key traits and skills that add most value to their businesses
- Network with talented people – Talented people know talented people!
- Involve themselves strategically in selection process, guiding recruiting criteria, meeting key candidates
- Watch for key talent as they come to career inflection points, observing them, listening to them, and guiding them
- Listen to input from exit interviews on why staff members leave the firm

disposal. This increases their ability to leverage their own work and charge higher billing rates to clients, which are keys to partner profitability. Talent Scouts also develop a bloodline of talented, motivated colleagues who give personal loyalty to the partner who took interest, as well as to the firm that encouraged this critical support. Even associates who move on from the firm become active members of the Talent Scout's network and client base.

Role 4: Black Belt – Firms are ultimately hired for their ability to solve challenging client problems. The only real asset firms have is their increasing intellectual capital. Like any asset, intellectual capital degrades without consistent attention. Partners who play the Black Belt role consciously choose to be masters of a specific client-valued expertise. They intentionally and systematically put that skill to work for clients and share it with colleagues.

However, mastery is more of an attitude than a specific endpoint. A professional who chooses to become masterful in her specific discourse fully embraces becoming a lifelong learner. Her knowledge and ability continue to grow and others increasingly recognize her as an expert. At the same time, she maintains an air of openness and humility, since she knows that she has much

WHAT BLACK BELTS DO:

- Identify an area of expertise that is valued by clients and where they have specific experience/aptitude
- Listen carefully to the market, attempting to predict and shape the development of their discipline to bring more value to clients
- Create daily/weekly/monthly learning practices for continuous development
- Intentionally find ways to share their expertise with peers and clients (for example, articles, speeches, mini-seminars, and conventions)
- Identify and pursue mentors who can help them deepen their knowledge and ability
- Identify and develop protégés

to learn as she continues to hone and deepen her expertise. She becomes an apprentice to acknowledged leaders in her field, doing what it takes to learn from the legends of her discipline. She adopts a set of practices that sharpen her skills and she ruthlessly keeps these practices as part of her daily, weekly, and monthly routines. She regularly asks for feedback from others, knowing that others' perceptions will help raise her awareness of her own performance. She mentors others, knowing that the teacher always learns more than the student.

Black Belts realize that following the path of mastery to become an acknowledged leader in any discipline requires single-minded focus. But they also anticipate tremendous benefits: the ability to bill at higher rates and the satisfaction from getting the best from oneself being among the most common.

Here's the tricky part. Most professionals are incurable over-achievers. When they see these roles, their heads drop to their desks in exhaustion. They immediately respond, "Well, I have to do all of those roles really well to be successful as a partner," and they trudge away on their self-imposed treadmill. We don't think that this approach is realistic. An age-old myth in our culture says that to be successful, an individual must be good at everything. In reality, exceptional performers cultivate and leverage their strengths, and neutralize their flat spots. We don't see why professionals should be any different. While most firms will demand a base level of performance on each of these roles, we believe it best for individuals to focus on one or two roles that are most natural for them, where they could truly be remarkable, and to aim for adequate, or neutral performance in the others.

Practice group leaders, office heads, and managing partners, on the other hand, should be very concerned with the overall balance of these roles in the groups they lead. In total, these roles

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go a long way toward creating the firm’s culture – and success. Firm leaders should strive for a group of highly talented partners who play strong, complementary roles to bring uncommon value to clients and enthusiasm-inspiring opportunity to staff members. Each firm leadership team can decide what these roles look like in practice for their company and which roles are non-negotiable for inclusion in the partnership pool. They can then add those roles into the staff and partner selection process, hardwiring the firm’s leadership culture into the people it selects. They can also put mechanisms in place to monitor client and staff satisfaction levels most directly impacted by partners’ leadership roles.

With those sorts of conscious choices, from individual partners and firm leaders, the future remains bright for people like Monica. She will be able to focus on the few areas where her exceptional effort brings true value to clients and to the firm. And that should mean more pie – and more meaning – for everyone.