



WHY YOU NEED TO TIE COMPENSATION TO YOUR STRATEGIC PLAN

By: August Aquila

First their performance goals, either individually, as a team or as a department, are not aligned with the firm's strategic initiatives.

When this occurs, what partners do on a daily basis isn't coordinated and can result in individual partners, teams and even entire departments emphasizing different elements of the firm's strategy. I've seen this in multi-location firms and also in small to mid-sized practices as well.

To ensure all the partners going in the same direction, every firm needs a goal setting process that creates a line of sight between the firm's vision and strategic objectives and what they do on a daily basis.

Second, compensation is not a vital part of the firm's strategic plan. You need to ask yourself if the current compensation system helps or hinders the firm from achieving its strategic vision.

Firm success can only become a reality through individual partner success. This means that each partner will have different goals that tie into their strengths and to the strategic vision. If a partner's strengths have no correlation to the firm's strategic success, then you have to determine why the partner is with the firm.

Firm leaders need to find out what the individual partner can best contribute to the success of the firm, set the goals, provide feedback on performance and debrief each partner as to why they are being paid what they are.

Finally, we know that goals don't manage performance. Leaders manage performance. Performance management is about helping partners and others in the firm become their best by ensuring performance expectations are clear from the beginning and by creating a culture where giving and receiving feedback is the norm, not the exception.

Contact me if you need assistance in developing your goal setting, performance management and compensation plans 952-930-1295 or aaquila@aquilaadvisors.com