



Time for Partner Compensation Checkup?

Ever wonder what the most appropriate partner compensation system is for your firm and how to assess partner performance? A firm's compensation system is a reflection of its culture and external competitive factors. When was the last time you gave your partner compensation system a checkup?

Here is a partner compensation checkup questionnaire to get you thinking about how effective your current compensation plan is.

1. Does the system reward the partners for supporting the firm's short and long term strategic initiatives?
2. Does the system reward fairly fee producing work and non-billable contributions that add value to the firm?
3. Does the system place the betterment of the firm ahead of the betterment of any individual partner?
4. Has the firm developed performance standards for partners?
5. How are the performance standards measured?
6. Who in the firm (Compensation Committee, Executive Committee) determines how well a partner has achieved the standards?

Typical Partner Compensation Standards

1. Business Development. New business is the livelihood of any business.
2. Client Retention. Keeping clients through quality client service and expanding services to your existing clients.
3. Timeliness. Meeting client deadlines and expectation needs to be considered.
4. Productivity. This is more than just billable hours. It includes leverage, efficiency, A/R and WIP management.
5. Firm Management and Leadership. Partners who hold positions as department heads, team leaders, and firm management should be rewarded and evaluated base on team or firm success.
6. Being a Good Partner. Partners must live the firm's values and follow all policies, e.g., time keeping, participating in firm events, etc.
7. Being a Team Member. Successful firms are building teams and rewarding partners for playing their role on the team.
8. Professional Growth. In any professional service firm skills decline over time. Hence continual learning for partners is a critical standard.

9. Developing Others. Investing in younger professionals is the key for future success. All partners need to participate in some fashion.

The secret is building your compensation system around these standards so that it is fair and fairly administered.