Facing up to partner problems

Performance issues can cause instability, financial loss and stress and may often result in other good staff leaving. Peter Scott sets out how to deal with partners who are not up to scratch

Are your partners shaping up? One of the perennial problems in law firms is not the difficulty of identifying non-performance and where it lies, but how best to approach the process of dealing with those partners who are not performing.

Where partners may have worked together for many years, it can be extremely difficult for those managing a law firm to resolve these issues. As a result, nothing is done, the problem festers and the firm suffers.

When considering non-performance, we include not only partners not performing to standards agreed within the firm, but also behaviour and attitudes that can often be more insidious and difficult to deal with.

These latter problems often reflect a lack of 'partner accountability', whereby partners put their own selfish interests ahead of the interests of the firm. This is seen in many firms where partners have not yet accepted that if they wish to be part of a successful firm able to meet the future challenges facing the profession, they will have to agree to be managed.

In firms with partner performance issues, this can cause instability as well as stress to those who are trying to manage the firm. Knowing how to deal with these issues effectively can be difficult. However, doing nothing must not be an option.

Whenever problems of this nature exist, the cascading effects on a firm and those in it, caused by partners failing to meet agreed standards or behaving badly, can spell disaster. Not only will the firm suffer financially, but it is also likely to suffer loss of morale, resulting in good partners and staff leaving.

Managing partners can feel frustrated when faced with these problems because they may be unable to resolve matters for several reasons:

- Personal relationships may get in the way;
- The inability to provide evidence to others that the problems exist may mean other partners are not persuaded of the need for action;
- Other partners may not be prepared to see colleagues challenged by management on the basis that 'we may be next';
- The inability to see beyond the immediate problem so as to arrive at solutions in the interests of all concerned;
- Insecurity on the part of the managing partner may prevent taking action against those who are not pulling their weight or who are 'bucking the system'.

Tackling the problem

One technique that can be effective within a partnership is not to attempt to deal head on with the individual or the problem. Instead, you can demonstrate to all concerned that serious problems exist and where those problems lie. As a result, those problems may be easier to resolve, although it is never going to be easy. Those managing the firm are less likely to be accused of unfairly picking on individuals if they approach matters in this way, and this may mean they are more willing to undertake the task.

Take the common problem of partners not showing full commitment to their firm by insisting on doing their own thing and ignoring every decision agreed by the partnership – unless it suits them. Such partners often tend not to be good managers of their people, their clients, their work or themselves. They can also be difficult people to deal with.

So carry out an exercise into the firm's and each partner's financial performance. Financial management by partners tends to reflect how they operate generally as partners, and close examination is likely to reveal underlying causes of problems that have come to the surface. Financial management is often merely the tip of the iceberg and the exercise is likely to show up how well/badly each partner is managing his clients, work, people, himself.

Other failings, such as a lack of 'hunger' are also likely to be revealed. For example, when discussing debtors with a partner, suggest a telephone call to the client to ask for payment. If the partner refuses or makes excuses for not doing so, then it is likely that the partner does not have a good relationship with the client. Or, worse, it may be an indication that something else is amiss. How often have we seen partners refuse to bill matters or to chase debts for fear of allegations of negligence? Client relationships need to be nurtured and the 'churn rate' of clients will show whether partners are retaining or losing clients.

'Partners failing to meet agreed standards or behaving badly can spell disaster'

Likewise, the exercise will reveal whether partners are insisting on hogging work for themselves, without delegating to others who have the appropriate levels of expertise. This, combined with a lack of leverage, may seriously affect profitability. A 'silo' culture, if permitted to subsist, can also hide several serious risk issues.

Provide evidence

If every partner's financial management is examined in this way, then a range of performance and behavioural failings are likely to be revealed, clearly demonstrating to all which partners are carrying out their roles as partners profitably and with full commitment to the firm.

Experience has tended to show that carrying out such an exercise across a firm will not only clearly identify problem areas, but also do so in a way that is not seen to be targeting any one individual because everyone will be under the spotlight. The facts will often speak for themselves and, as a result, the message may hit home sooner and more decisively.

You will have provided all partners with evidence of who is and who is not performing as they should, which may make it easier to secure firm-wide support for the difficult decisions that may need to be taken. As a result, it may be easier to approach the problem partner to resolve issues.

And, as a useful by-product of the exercise, you may become better managed financially, with higher profitability and better cash management.

Whatever you do, do not flinch from facing up to the issues.

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