



August J. Aquila

Engaging partners in the firm's future

No one would ever question that a firm's success is ultimately tied to its partners' performance. And yet, increasing partner performance, getting the partners to work across practices, is one of the key issues facing the majority of firm leaders we talk to. Our advice on how to resolve the performance issue comes from our work over the last twenty years in all sizes of firms across Europe, US and Canada and confirms what we all intuitively know - the more the partners are engaged in the firm's future the better they perform.

So, before you can work on performance, you need to work on getting your partners involved and committed to the firm's future. Partners won't be committed to the future if they haven't had any involvement in deciding what it should be. And if they aren't committed, they essentially work for themselves not the firm.

Partners are the culture in a professional services firm – what they believe, what they reward, what they do and how they do it determines what and how things get done. And, if they don't believe in what the firm is doing, they will never be effective role models who think firm first and actively bring the whole of the firm's services to their clients.

Challenges:

In our work we have identified six major challenges that firms need to address to engage their partners and to ensure every one moves forward together. They are:

1. Un-motivational firm vision
2. Lack of clearly defined core values
3. Lack of clarity around what being a partner means
4. Ineffective or non-existent partner performance reviews
5. Performance systems not tied to strategic initiatives
6. Lack of successful firm leaders

Most firms consider the above six challenges to be merely "touchy feely" aspects of running a professional services firm. They take time to implement and the common response is that "we have clients to serve and this stuff just detracts us from our real job." But, unless you embrace these challenges and get your partners actively engaged and performing for the firm and its future, you may find yourself without clients and without a viable future.

1. Un-motivational firm vision

More firms now have a vision and a strategy in the hope of engaging partners and employees – but the partners aren't always involved in their creation and often don't buy in to the vision. This can be because the vision just isn't compelling enough or because the partners are more interested in their own practice rather than creating a real firm. This type of professional services firm is usually referred to as a "siloeed" firm and never succeeds in bringing the full capabilities of the firm to bear.

A vision tells us what we want to be in the future, not what we are today. Perhaps we have a vision of being a cross-border accounting firm or an international law firm.

The problem with most visions is that they do not provide a powerful picture of what the firm will look like 5, 10 or more years from now. Most visions are neither motivating nor audacious. And often they lack a larger sense of purpose. Do partners understand and see what the end game looks like? Do they think they are putting steel girders together or are they building a bridge? Building a bridge is more inspiring than just welding girders together. Visions must be compelling. They have to create excitement, enthusiasm and engage the partners and employees.

2. Lack of clearly defined core values

Most partners we know can't recite their firm's core values. That's a problem. A more serious problem is that the list of core values that you often find on the firm's website, don't mean anything. Core values should define the parameters of partner and employee behaviour. They should provide guidance on how individuals in the firm are supposed to act.

Core values are much more than minimum standards. They inspire those in the firm to do their very best at all times. They are the common bond and the glue that unifies and ties the firm together. Each firm, first, needs to identify their core values. Next, they need to be defined. Finally, partners and employees have to identify representative behaviours and live them every day.

3. Lack of clarity around what being a partner means

There are a lot of different reasons to make someone a partner - unique talent, need to fill a position, succession planning, etc. What many firms lack today is clarity around what being a partner means?

The following characteristics are found in those firms that have embraced a one-firm concept.

Partners:

1. put the firm first
2. are team players not lone wolves or prima donnas
3. live the firm's values
4. share their clients with others
5. are accountable for their own actions and don't pass the buck
6. go out of their way to help others
7. have staff who want to work with them
8. have the highest degree of personal integrity
9. treat others with respect
10. can laugh at themselves
11. are willing to embrace change and stretch outside of their comfort zone

4. Ineffective or non-existent partner performance reviews

Managing partners always ask us what it takes to achieve sustained, consistent partner performance. While the answer is easy, maybe simplistic, the implementation is difficult in most firms. To consistently get uplift in partner performance, it is necessary to have written annual partner performance goals and an effective performance management process.

You can't expect a change in performance if partners do the exact thing they did the previous year. You have to be clear about what you want and make sure the partners have the capabilities to deliver.

5. Performance systems not tied to strategic initiatives

It's not necessarily the performance system itself that's the issue, it is what the system rewards that is critical. If your system currently rewards

entitlement criteria (seniority, equity interest, etc.) then you can't be surprised if some partners don't take accountability seriously, aren't good citizens, and don't put the firm first.

However, if you reward partners for their competency – their skills and their results - as well as their integrity and intent, then you can start moving toward a culture that uplifts partner performance. If you are serious about rewarding those who help the firm achieve its strategic initiatives and its vision, then compensation must be tied to individual and team results. The key for a good compensation system is to have a balance between individual and team goals and between production and capacity building goals.

6. Lack of successful firm leaders

Our research over the past two years into what successful firm leaders do identified what separates the top leaders from everyone else. Unsurprisingly, it starts with helping the partners create a compelling direction and vision, the strategies for achieving them and the values the firm stands for. With the partners active participants in the firm's future, successful firm leaders continually engage their partners and help them become even more effective with clients and, critically, successful leaders themselves given their influence on what everyone in the firm does. It sounds easy but it isn't.

While we heard some stories of great firm leaders, we heard too many where the leaders didn't succeed in making a difference. And yet, there is no way firms will make any of the things we've described a reality unless they have leaders who know what to do and can do it.

Final Thoughts:

Most firms' efforts to engage their partners and increase their performance have not generated the uplift hoped for or expected, while some firms have driven up performance to the detriment of unity. In order to succeed, to create a firm where all of the

partners work to create an even better firm.

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About the Author:

August Aquila is the founder and CEO of AQUILA Global Advisors, LLC and is a key thought leader for professional service firms (PSFs). He has worked with various types of PSFs in the US, Canada, India and England. August brings a wealth of hands-on experience to his clients and presentations. He was a partner in a Top50 US CPA firm and a senior executive with American Express Tax & Business Services, Inc., For 30 years he has advised PSFs in the areas of succession planning, mergers and acquisitions, compensation plan designs and partnership issues.

In 2004, 2007, 2009 to 2016 he was selected as one of the "Top 100 Most Influential People in The US Accounting Profession" by **Accounting Today**.

His articles have appeared in MP (Managing Partner), Journal of Accountancy, CA Magazine, Accounting Today, Of Counsel and other major publications.

Recent books include *How to Become the Firm of Choice*, *What Makes a Great Partnership*, *Client at the Core: Marketing and Managing Today's Professional Services Firm*, *Performance Is Everything – The Why, What and How of Designing Compensation Plans*, *Compensation as a Strategic Asset: The New Paradigm*, *What Successful Managing Partner Do* and *Engaging Partners in the Firm's Future*. August holds an MBA from DePaul University (Chicago) and a PhD from Indiana University (Bloomington).

Co-ordinates:

August J. Aquila, PhD
Aquila Global Advisors, LLC
4732 Chantrey Place
Minnetonka, MN 55345
Email: aaquila@aquilaadvisors.com
Web: www.aquilaadvisors.com



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