An overhead view of a law firm meeting around a large wooden table. Several people in business attire are seated around the table, looking at documents and using calculators. The entire image is overlaid with a semi-transparent teal color. The text is centered over the image.

CREATING AN
attorney
performance
system

THAT WORKS



PerformLaw

Law Firm Performance Improvement Experts

Introduction

While the practice of law continues to undergo many changes, one thing remains the same. Law firms will always need attorneys with energy, experience, and skill to survive. Smart firms help their people to realize and reach their fullest potentials while there are still other law firms that take a much narrower view of their relationships with their attorneys.

For obvious reasons, law firm partners will invest untold amounts of time, money and energy into their client relationships. But what if these law firms invested similar energy into the people they rely on daily? Most probably, the firm would find increased job satisfaction, higher productivity and reduced turnover.

We recommend law firms create an **Attorney Relationship Management System (ARMS)** to prevent poor performance, low morale, and turnover. Contrary to what smaller firms may think, a system like this is not only applicable to large law firms. This system applies to any sized firm wanting to improve attorney performance or hire solid attorney candidates in the near future.

GOAL: *A better relationship with attorneys resulting in improved performance and reduced turnover*



COMPONENTS



We believe the following components are essential to developing thriving long-term relationships. Each of these areas is discussed in further detail in the following pages of this eBook.

1

FOUNDATIONAL COMPONENTS

Before launching an Attorney Relationship Management System (ARMS), we recommend starting with assessments of three key areas that include:

- Cultural Assessment,
- Economic Analysis and Profitability, and
- Performance Evaluation Systems

2

ADVANCED COMPONENTS

Once the foundational components are assessed, the firm can further the development of an effective ARMS system by focusing on advanced components such as:

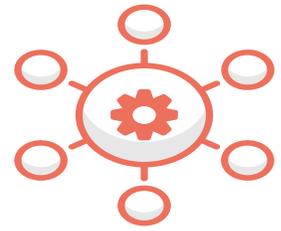
- Practice Planning Process,
- Expanded Compensation and Incentive Plans,
- A Training and Development Solution,
- Recruiting and Hiring Processes,
- The Employee Experience and
- Work/Life Blend

FOUNDATIONAL COMPONENTS

- 1. Cultural Assessment**
- 2. Economic Analysis and Profitability**
- 3. Performance Evaluation Systems**



1. Cultural Assessment



Everyone should understand the culture of the firm today and the plan is for making it better.

Certain aspects of a firm's culture can weigh more heavily than money on the success or failure of a relationship with a successful lawyer. Small and mid-sized firms who typically offer a narrower scope of opportunities have to work harder to create cultural factors that outweigh the perceived benefits in larger firms.

In this phase of creating an ARM system, we recommend soliciting input from all attorneys in several key areas including:

- Recruiting and retention
- Communication and feedback
- Comprehension of the firm's core values, mission, and vision
- The employee experience
- Work/life Blend
- New employee orientation, onboarding, and integration processes
- Attorney development
- Performance management
- Transition planning and long term outlook
- Compensation and incentives
- Non-monetary and traditional employee benefits

OBJECTIVE: Ensuring that the firm's culture is a benefit to the recruiting and retention process

PROCESS STEPS

- Survey all attorneys and key staff
- Meet with selected partners in follow-up interviews
- Meet with key non-owner attorneys in follow-up interview

PROCESS DELIVERABLES

- Identified cultural strengths and weaknesses
- Recommended improvement steps
- Implementation plan

Among other things, a good culture includes transparency, fairness, a commitment to training and development, lifestyle blend, and strong communication. A commitment to diversity, inclusion and equity also contributes to a strong firm culture



2. Economic Analysis & Profitability

Everyone should understand the drivers of profitability and have the ability to improve their results.

Economic factors are not viewed in isolation but are afforded significant weight. Poor profitability is an indication that a lawyer is struggling in the firm's environment. Struggling lawyers often suffer from poor business hygiene, weak work ethic, poor training, insufficient supervision or mentoring, or lower quality work. Strong profitability is often an indication that a lawyer has gained enough valuable skill sets to thrive in the firm's existing environment. Profitable lawyers may also benefit from preferred client and case assignments, which is a potential fairness issue.

OBJECTIVE: Evaluating the factors that affect profitability and address any inconsistencies in pay and performance that could lead to turnover.

PROCESS STEPS

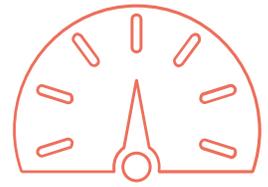
- Evaluate historical timekeeper profitability
- Compare compensation analysis by demographic (bar date, tenure, job title)
- Compare profitability analysis by demographic (bar date, tenure, job title, supervising partner, and client quality)
- Identify trends

PROCESS DELIVERABLES

- Detailed analysis of timekeeper profitability
- Comparative compensation analysis by key demographics
- Comparison of profitability and turnover
- Action plans for improving profitability

As mentioned earlier, profitability is an important factor in the evaluation of attorney performance. Providing attorneys with the tools, training and guidance to practice profitably will lead to healthier long term relationships.

3. Performance Evaluation Systems



Everyone should understand how they are doing and have the information they need to progress.

Once a firm gains a clear understanding of each lawyer's financial performance and pay level, it is necessary to look deeper into performance in qualitative areas. We recommend measuring the progress of each lawyer, including those who have left in the last five years, against a model set of criteria. Firms who have not taken the time to document the necessary practice skills and the expected timeline (model criteria) for developing these skills should undertake that process first.

Performance evaluation systems, properly administered, can ensure attorneys have the information they need to succeed in their roles.

OBJECTIVE: To ensure that the firm has the necessary evaluation tools and processes to reduce the likelihood of losing successful lawyers from inadequate performance measurement systems.

PROCESS STEPS

- Create/revise model criteria
- Review the existing evaluation process, forms, reports, and communication methods
- Complete summary evaluations using model criteria of all attorneys
- Retroactively rate attorneys who left the firm in the prior five years
- Analyze evaluation results (individual and demographic trends)

PROCESS DELIVERABLES

- An improved performance evaluation system
- Individual attorney assessments using model criteria - ahead of or behind expectations
- A supportive planning document for each lawyer to help them progress
- Insights regarding attorney turnover
- Updated model associate criteria
- Career progression guidelines and promotion criteria

Most attorneys, particularly young attorneys, appreciate clear expectations and advancement criteria. Transparency, continuous feedback, and consistency in the application of advancement criteria are equally important.

ADVANCED COMPONENTS

Taking the attorney relationship to a much deeper and more successful level

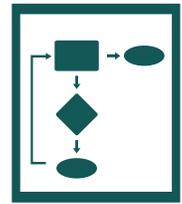
Once the initial assessment phase is complete and a solid foundation is in place, a firm can begin to develop a bond with their people that transcends money by advancing the development of the Attorney Relationship Management System (ARMS).

ADVANCED COMPONENTS:

1. Practice Planning Process
2. Expanded Compensation and Incentive Plans
3. A Training and Development Solution
4. Recruiting and Hiring Processes
5. The Employee Experience
6. Work/Life Blend



1. Practice Planning Process



Everyone should appreciate the firm is committed to fair processes and the availability of opportunities.

Practice planning will help guide the right people to the right roles in their firm. It can help individual lawyers to strategically consider their career choices while there is still time to make changes.

The practice planning process should start in the first year a lawyer is hired. A process should ensure that lawyers receive senior-level attention, feedback, and direction. It should also help to identify attorneys who can progress more quickly along with those who may not fit.

OBJECTIVE: Improved attorney performance, a strong career development process, and better retention of attorneys.

PROCESS STEPS

- Select approach: Structured using demographic criteria or bespoke from individual attorney roles.
- Develop hourly guidelines (client work and nonbillable): Consult the firm's economic model, budget, client needs, and model attorney criteria.
- Define individual goals and expectations that align with business objectives
- Prepare each plan using suggested activities by demographic or individually defined activities
- Individual attorney meetings and feedback schedule
- Develop macro capacity (total firm) plan informed by individual plans

PROCESS DELIVERABLES

- Written practice plan for each attorney and follow-up schedule
- Alignment between attorney and firm goals
- More informed budgeting and forecasting processes

In our experience, the practice planning process won't improve the performance of those who are poorly suited for their role or not a cultural fit. ***In other words, the process will not turn a C lawyer into an A lawyer.*** However, a properly executed practice planning process supports the retention of top performers, promotes stability among good performers, and identifies those better suited for other roles or practices.

2. Expanded Compensation & Incentive Plans



Everyone should understand who is getting ahead and why.

Fairly compensating and promoting nonowner lawyers (associates, income partners, counsel, of counsel, etc.) is best accomplished using a structured process. We suggest a transparent process that includes:

- Written compensation and total reward policies and guidelines
- Practice relevant evaluation criteria
- Incentives for lawyers to contribute economically and strategically

Additionally, a reward system is most effective and credible when lawyers and firm members can easily comprehend the results of the process. It is important that the firm commits to a pay-for-performance work environment.

OBJECTIVE: A compensation structure that promotes long term success and establishes a clear connection between behavior and compensation

PROCESS STEPS

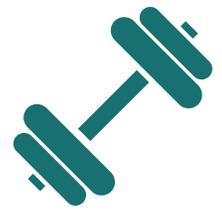
- Definition of compensable factors (objective and subjective)
- Schedule of salary evaluations and bonus payments
- Process for setting and adjusting base salaries
- Process for calculating objective and subjective bonuses
- Customized total compensation and rewards statements for each lawyer
- Guidelines and policies regarding any objective formulas.
- Evaluation of any applicable alternative compensation plans
- Creation of support tools

PROCESS DELIVERABLES

- Written compensation policies, guidelines, and structure
- Preferred Compensation Metrics
- Individualized total compensation memos
- Support tools to ensure that the plan is administered properly
- Pay adjustment and bonus pay schedule

Developing this compensation structure works best for law firms that have transcended the start-up phase. Prepare for it to be hard work and to be often resisted in the early stages since it may be threatening to some. Investing the time, however, to write these policies customized to firm's culture and then to consistently apply them will result in a more productive and satisfied lawyer group.

3. Training and Development Solutions



Enabling lawyers to reach their full potential faster

Law firms are more likely to identify their future leaders and implement succession plans when they initiate a training process early in a lawyer's career. Focusing on attorney development early also gives law firms a competitive advantage in attracting and retaining the most talented lawyers.

The goals of an attorney development system include:

- Enable lawyers to reach their full potential faster;
- Align personal and business objectives;
- Raise average lawyer performance;
- Improved client service; and
- Stronger profitability.

To achieve these goals, we recommend an approach that includes a combination of in-house and external resources. Smaller firms may have to rely more heavily on external training, which requires a focused approach to ensure affordability.

OBJECTIVE: The training and development program should result in increased profitability, reduced turnover, and better client service.

PROCESS STEPS

- Create the training program scope (legal skills, practice skills, client service, marketing, etc.)
- Select training approach (online, written, personal instruction, in-house custom, external, etc.)
- Create training budget
- Create group and individual training plans
- Create compensation plan for training contributions
- Evaluate mentoring approach and feasibility of a mentoring program

PROCESS DELIVERABLES

- Program strategy, goals and expectations
- Training plans, budget, and delivery method
- Attorney and group training plans
- Rewards system for attorneys who provide training
- Recommended mentoring program

A strategic approach to staffing (aligning client work with training needs or developmental opportunities) although challenging, can speed up attorney development. Client collaboration is often necessary, and creating economic incentives (cost savings) for using junior staffing can make strategic staffing possible.

A quality attorney development system that includes these systems and processes enhances a firm's ability to operate more profitably and helps ready lawyers prepare for future leadership and management positions.

4. Recruiting and Hiring Processes



Attracting and retaining best fit lawyers whose association with the firm transcends money

Since recruiting and hiring processes are often a candidate's first introduction to a firm, it is important to take the opportunity to make a positive first impression. A well-defined recruiting strategy, with an emphasis on diversity and inclusion, and a thorough hiring process can help improve the chances of hiring good fit candidates.

The goals of a law firm's recruiting and hiring process should focus on attracting the best candidates who fit in the practice and culture of the firm and on sending a positive message about the trajectory of the firm.

Strategic recruiting requires a firm to carefully consider the most important attributes of a successful attorney. It is important for firms to focus on candidates who can help the firm compete in the modern legal environment.

Smaller firms must take a more deliberate approach because they have a lower tolerance for turnover costs and disruption. Regardless of firm size, everyone benefits from a strong recruiting and hiring process.

OBJECTIVE: To identify, attract and successfully hire attorneys who fit the firm's practice and culture

PROCESS STEPS

- Create a recruiting strategy (prospective, need-based, targeted)
- Create/revise hiring criteria - new law school graduates
- Create/revise hiring criteria - lateral hires
- Evaluate diversity and inclusion policies
- Document hiring processes including policies and procedures
- Create interviewing guidelines, process tools, and interview scripts
- Consider incentives and rewards for recruiting contributions
- Evaluate policy and management plan for headhunters and recruiters
- Create a hiring plan and budget

PROCESS DELIVERABLES

- Strategic recruiting plan
- Comprehensive hiring criteria
- Documented interviewing and hiring processes
- Updated policies and protocol for managing outside recruiters
- Written recruiting incentive plan (if adopted)
- Annual hiring plan and budget

We understand this recommended approach to recruiting and hiring seems onerous, especially for smaller firms that have less in-house human resources support. Some firms rely on recruiters for much of the process work, which we think is a mistake. The good news is that outside help is available and applications exist to automate much of the process. Doing the work here on the front end of the hiring process will end up saving the firm from making costly mistakes.

5. The Employee Experience



Creating a natural inclination toward collaboration and service

The employee experience or firm life has a tangible impact on employee satisfaction. Beyond pay, benefits, and case assignments, the way a firm is run, and how easy or difficult it is to interact with firm owners, management, administrative staff, and third-party providers, can have a positive or negative impact on firm life. Ease or difficulty of tools (software, ergonomics, technology, etc.) and processes can also impact the employee experience. For example, firms using outdated technology may lose motivated attorneys who fear their skills sets will diminish if they stay.

If daily life at the firm creates friction and anxiety, reduced productivity and even turnover can result.

OBJECTIVE: To ensure that firm life is a positive and nurturing experience

PROCESS STEPS

- Definition and feasibility of important firm life factors
- Score the firm's performance in key firm life areas
- Solicit input from all attorneys and staff
- Identification of improvement areas
- Exit interviews (where possible) for all people who have left the firm in the last 3 years

PROCESS DELIVERABLES

- Firm life improvement plan
- Ongoing feedback system
- Exit interviewing policy and system
- Communication protocol - informal and structured

It is much easier for **happy** employees and staff to do their jobs, work together, and project a positive image to clients. Just one poorly designed process, toxic personality, or outdated policy can negatively impact firm life. If the issues are severe, good people will leave, or worse only stay for the money.



6. Work/ Life Blend

Everyone should appreciate the firm is concerned for their total well-being

Associates are often balancing high demands on their time. Financial worries, family commitments, or demanding work relationships, can make it difficult to focus at work. As a lawyer matures and builds a good support network, balancing work and personal commitments becomes more manageable.

Firms that care about their lawyers on a personal level and offer structural support and advice can build morale among their lawyers. It can be helpful when a firm provides access to resources in the areas of financial counseling, family counseling, managing conflicts, change management support, and career coaching. Other work/life blend programs such as flexible schedules, remote working, and health, welfare, and retirement benefits are also key to establishing goodwill.

OBJECTIVE: To create a work/life blend environment that goes beyond the typical work for pay approach

PROCESS STEPS

- Survey the attorneys to solicit input on the most useful services and benefits
- Develop policies with a strategic focus on young lawyers including parental leave, remote work, dress code
- Development of self-help tools and resources guide
- Evaluate and select a network of potential professional resources to assist with providing services
- Evaluate the costs of the program and services provided

PROCESS DELIVERABLES

- A customized work/life blend program for your unique practice and culture
- Written personal development and career advancement services and usage guide
- Published self-help and resource options
- Financial support document outlining the firm's financial commitment to the program and costs to participants as applicable.

At first glance, programs on this level can seem only cost-effective for larger firms, but this is not always the case. Often, a firm can find outside advisors who will provide services at no cost. Financial planners and the firm's bankers are often happy to provide financial advice and support. While career coaching can come from inside the firm, cost-effective outside resources also exist.

A relatively small investment in support services on this level can lead to a less distracted attorney and produce exponential returns. Consider, for example, the impact in terms of profit a 10% improvement in work quality and productivity could create.

*Looking for a better way
to improve attorney
performance and reduce
turnover?*

Let's talk about developing an attorney
performance system that works for your firm.

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