Modernizing Partner Compensation: Incentivizing the New Normal

Presented by
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Modernizing Partner Compensation: Incentivizing the New Normal

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Who am I?

Over 25 years of experience in law firm and law department management, compensation, marketing, business development, strategy, product management, legal technology, and sales

Former CEO and senior executive of several multi-national corporations

Trustee & Fellow College of Law Practice Management

2014 President, Legal Marketing Association

Faculty & Adjunct Consultant, Legal Lean Sigma Institute

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The good old days:
Keep the partners happy

I alone will decide...
• Which services to offer
• Which clients I want
• What prices to charge
• How to practice law
• How to measure quality
• What I should be paid

Our market choices

WRONG!
Why haven’t we adapted?

WE’RE NOT PAYING ATTENTION
Why haven’t we adapted?

WE DON’T BELIEVE THESE CHANGES ARE GOOD FOR US

@tcorcoran

Why haven’t we adapted?

WE DON’T KNOW WHERE TO START

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Why haven’t we adapted?

WE’RE REWARDING SOMETHING OTHER THAN CHANGE

How some of us are adapting
So how *should* we adapt?

Get over it: Legal services have no intrinsic value
Get over it: Legal services have no intrinsic value

If we offer or allow discounts or non-hourly pricing, yet we don’t also adjust our service delivery, it’s a mathematical certainty that we will dilute profits.

Inaction and poor adaptation are costly
If it was good enough for our grandfathers...

P3 party? Perfect!
IT'S A GREAT TIME TO BE AN EXPERIENCED LAWYER

Kryptonite or talisman?

PROCESS IMPROVEMENT

PROJECT MANAGEMENT
Predictability is hard...
for amateurs

Deming was talking about us

If you can’t describe what you’re doing as a process, you don’t know what you’re doing.
Experience is the true differentiator

It depends.

Experience is the true differentiator
Which lawyers still wear Depends?

When our approach to budgeting is “It depends,” what the client hears is: “We’re not very good at delivering this work.”

Experience is the key
Experience = managing expectations

Expectations → profits
Inevitable commoditization & innovative productization

Is this what we reward?
What do we reward?

Intangibles

- Matter management
- Billing tasks
- Mentoring
- Recruiting
- Firm/Practice management
- Community involvement
- Firm mindedness
- Don’t be an asshole

What else do we reward?
Let’s get aligned

If your compensation plan conflicts with your strategy, your compensation plan is your strategy.

First: more transparency

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Management’s role

Align what’s good for the partner with what’s good for the partnership.

Drive & reward the desirable behaviors
What behaviors matter?

Production
Origination
Client Management
Profit
Fiscal health
Collaboration
Management

What is a partner’s “highest and best use”

High performing teams are comprised of individuals with unique talents and skills coming together to deliver an output that’s greater than the sum of its parts.
Revisit all processes

This is a job for management
Management needs a better plan

What’s holding us back?
Perfection not necessary

Thank you!

- Thrive Keynote™ for partner retreats
- The Reckoning™ Compensation Assessment FreeStyle™
- Executive Committee Workshop
- Clarity MarketingBD™ Assessment
- Legal Lean Sigma & Project Management Workshops
- Building a continuous improvement P+ EcoSystem™
- Succession Planning

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Your opinion matters!

Please take a moment now to complete the evaluation.

Thank You!