

ACCOUNTABILITY FOR PERFORMANCE MANAGEMENT (COLUMN 5)

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We pick up this column with the four phases of the managing partner goal setting process. As we introduced them in our last column, the phases are:

Establishing the Goals:

- Guidance
- Suggestion
- Discussion
- Directive, and

Conclusion of the Goal Process:

- Evaluation (done at multiple points during the year, but there is a final determination at the end of the year. This step will be covered in our final column)

A quick summary of the phases in the “Establishing the Goal” process follows:

Guidance:

In this first phase, we want the managing partner to point each partner in the best direction for them to focus, individualized for each partner’s strengths, weaknesses and firm responsibilities.

Suggestion:

In this next phase, the partner responds to the broad direction of the managing partner and puts together their recommended, detailed approach for accomplishing the articulated general expectations, while simultaneously suggesting metrics to be held accountable to, as well as the monitoring steps to ensure that the managing partner is kept abreast of the partner’s actual performance.

Discussion:

During this round, the partner will sit with the managing partner and defend why his/her suggestions are reasonable, comprehensive, fair and in line with firm strategy. Often during this conversation, because of the open dialogue, the managing partner gains new insight into the problems or issues as well as a better understanding of the effort being requested.

Directive:

In this final phase, the managing partner, at his/her sole discretion, will lock in a partner’s goals, the relative priority of the several goals identified for each partner, and the allocation of performance incentives towards each of those goals.

Remember, the first cut at the partner goals is based on the firm’s strategic plan. When we set goals for the managing partner to implement the strategic plan and hold him or her accountable for achieving those identified objectives, know that those same expectations will then be broken down and cascaded to the partners, and ultimately, to staff.

So, let's talk through this process in more detail.

Let's assume that one of the goals of a partner is to increase the Trusted Business Advisor Activity for his or her top clients. In the initial goal sheet, for this one goal from the managing partner, that might look like this:

Guidance:

Most Trusted Business Advisor

Value of Incentive: 30%

Partner Attributes or Expectations

- a) Continuously updating his/her understanding of key client's current and future priorities and the personal and business needs of its management
- b) Develops relationships with A and high B key clients and referral sources of the firm that go beyond the services rendered
- c) Has the ability to learn quickly, a proficiency in asking open-ended questions, and an ability to patiently listen and observe
- d) Is adept at analyzing information/situations, drawing conclusion and facilitating solutions (not necessarily creating the solution)
- e) Maintains regular contact with key clients
- f) Finds opportunity to assist the client outside of the partner's specific competency areas

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

- 1. Schedule Quarterly meeting with these "A" clients and semi-annual meetings with high B clients. Prepare a list or schedule to review during your meetings with MP
- 2. During those meetings update your understanding of these clients and looks for ways to develop relationships with clients that go beyond the service we render.
- 3. Look for cross-selling opportunities, introduction to other firm personnel and opportunities to refer other professionals from your network. During your meetings with MP review the context of some of those meetings.
- 4. Some of the information which would indicate that your understanding of the A & B clients is expanding beyond merely attest and tax would be having an understanding/knowledge of the following:
 - a. Revenue goals of clients for 20XX
 - b. Strategic initiatives for each client for the next years
 - c. Tactical priorities for each client for the next 18 months
 - d. Opportunities clients are hoping to be able to leverage
 - e. Product or service offering changes, etc.

Note to partner from managing partner: *The items identified above are for your consideration. Please review the expectation, and then look through the actions identified. The actions listed above are ideas. Please consider how you think you should best approach the objective of improving as your clients' Most Trusted Business Advisor and list an approach you are comfortable with to achieve this objective.*

The first round was initiated by the managing partner with the information delivered above. Note that we are only focusing on one goal to keep this simple. In a normal situation, several goals would be identified during this process and they would total up to 100% of the managing partner incentive offering. In this case, the managing partner has suggested that this one goal should represent 30% of this partner's incentive.

Next, it is time for the partner to respond, which triggers the "Suggestion" round.

Suggestion:

Most Trusted Business Advisor

Value of Incentive: 35%

Partner Attributes or Expectations

- a) Continuously updating his/her understanding of key client's current and future priorities and the personal and business needs of its management
- b) Develops relationships with A and high B key clients and referral sources of the firm that go beyond the services rendered
- c) Has the ability to learn quickly, a proficiency in asking open-ended questions, and an ability to patiently listen and observe
- d) Is adept at analyzing information/situations, drawing conclusion and facilitating solutions (not necessarily creating the solution)
- e) Maintains regular contact with key clients
- f) Finds opportunity to assist the client outside of the partner's specific competency areas

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

- 1. I will deliver a list of my "A" and "high B" clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.
- 2. I will create a calendar identifying the month I plan on visiting each of my "A" clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar
- 3. I will create a calendar identifying the month I plan on visiting each of my "high B" clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar
- 4. I will sit with you and do a high-level review the visits I made as well as review my plan for the near-term visits

5. After I have met with one of my identified “A” or “high B” clients, I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients
6. I will also keep a running ledger of new work scheduled by each of the clients I visit.

Note to managing partner: *I am suggesting increasing this goal from 30% to 35% because of the time this process will take, and because of the benefit I think it will provide to the firm.*

After the managing partner receives the updated goals from the partner, the managing partner should review them, verify whether they are reasonable and in line with the work effort expected from the other partners (this does not mean that each goal should have a comparable work effort from partner to partner, but rather that the overall goals for each partner would require a similar work effort to complete them).

The “Discussion” phase could happen through an iteration of notes on the goal sheets, but normally the best approach is for the partner and the managing partner to sit down, go over them and have a discussion about them.

There is an important overarching theme that occurs in all of the many discussions we have facilitated between partners and the managing partner. And that theme is for the managing partner to ask this question, regarding every action item outlined for a goal:

“What can we do to make sure I catch you doing this?”

In other words, the intent of the goal process is for the partner to know clearly what is expected, and then to do it, and even exceed performance expectations. And the best way to accomplish this is to build in specific monitoring activities, date expectations, meetings, performance metrics, or any other techniques to ensure that the partner can regularly and efficiently communicate his or her progress and accomplishment. So, let’s take what came out of the “Suggestion” and look at some notes the managing partner would likely write on this and use for his/her discussion of those ideas with the partner).

Again, for the sake of simplicity, let’s just focus on the “Action” section for now:

Discussion:

Most Trusted Business Advisor

Value of Incentive: 35%

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

1. I will deliver a list of my “A” and “high B” clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.

Note from the MP: *By when will you complete this?*

2. I will create a calendar identifying the month I plan on visiting each of my “A” clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar

Note from the MP: *By when will you complete this? Additionally, I would like to know the nature and circumstances of the meeting, such as whether it was a lunch meeting, did you visit at the client’s workplace, etc.*

3. I will create a calendar identifying the month I plan on visiting each of my “high B” clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar

Note from the MP: *By when will you complete this? Additionally, I would like to know the nature and circumstances of the meeting, such as whether it was a lunch meeting, did you visit at the client’s workplace, etc.*

4. I will sit with you and do a high level review the visits I made as well as review my plan for the near-term visits

Note from the MP: *How often will we sit down and meet? Who is responsible for setting these meetings? What does the phase “near-term visits” mean?*

5. After I have met with one of my identified “A” or “high B” clients, I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients

Note from the MP: *When will you update our CRM system (the day after the meetings or when)? What level of information will you commit to updating in the system?*

6. I will also keep a running ledger of new work scheduled by each of the clients I visit.

Note from the MP: *I think this is a great idea. When will we review this ledger (will you just forward it to me monthly or will we sit down and discuss it at some interval)? In addition, new work scheduled is only one of the benefits these visits are likely to accrue to our firm. And I want to make sure you get full credit for the effort you are putting in. How about keeping track of substantial price increases or change orders for the annuity work we perform, new work scheduled, or new clients referred to you by these clients?*

Note to managing partner. I am suggesting increasing this goal from 30% to 35% because of the time this process will take, and because of the benefit I think it will provide to the firm.

Note from the MP: *Based on what you have laid out above, I don’t have a problem agreeing to this effort being raised to 35%.*

From this discussion, the partner modifies his/her partner goal action section as follows and resubmits it to the managing partner:

Discussion Response:

Most Trusted Business Advisor

Value of Incentive: 35%

Actions Identified to Obtain or Improve Attributes or Achieve Expectations

1. Before January 31st, I will deliver a list of my “A” and “high B” clients and referral sources to you (the managing partner). That list will identify the people in those companies that I plan on contacting.
2. Before January 31st, I will create a calendar identifying the month I plan on visiting each of my “A” clients. I intend to see each of them during tax season, and I will schedule 3 other visits during the year on the calendar (which I will identify as a breakfast meeting, lunch meeting, dinner meeting, entertainment outing, or on-site company visit)
3. Before January 31st, I will create a calendar identifying the month I plan on visiting each of my “high B” clients. I intend to see each of them during tax season, and I will schedule one other visit during the year on the calendar (which I will identify as a breakfast meeting, lunch meeting, dinner meeting, entertainment outing, or on-site company visit)
4. Quarterly, at a meeting you schedule, I will sit with you and do a high-level review the visits I made during that quarter as well as review my plan for the upcoming quarter.
5. My objective is that by the end of each week during a week when I have meeting with one of my identified “A” or “high B” clients (but I want to be held accountable for a two week compliance period), I will update our salesforce.com customer relationship management system (CRM system) with the information I gathered during my meeting with my clients. I will include in that update that client’s expected revenues for the coming year, what we are currently doing for them, scheduled work we have in the backlog, services I think they need over the next 18 months, and the client’s current priorities during that same 18 month time frame. 4 times a year, at your discretion, you should check the CRM system after an appointment you know I have made to verify whether I am updating the system on a timely basis.
6. I will also keep a running ledger of new business referred by each of these clients, new work scheduled for each of these clients, and price increases of more than 4% or \$1,000 (whichever is more) for existing recurring work for each of these clients, and change orders for existing work for each of these clients, and report that to you during our quarterly meetings you schedule per item 4 above.

In this case, because the partner addressed each of the issues very well, the managing partner would simply send back the goal sheet as approved. The “Directive” phase of this simply involves communicating back to the partner what is expected. Had the partner left something out, or not specified a way for the managing partner to catch the partner achieving each action of

his or her goals, that information would have been included in the final version sent to the partner.

The important point to make here is that the managing partner should be setting goals that are based on the normal expectations of a partner. The goals, as stated in an earlier column, shouldn't be established assuming exceptional performance. When exceptional performance is achieved, some reward calculated at something greater than 100% for that goal incentive should be given. And this is a great place to stop. In our final column on goal setting, we will focus on the "Conclusion of the Goal Process," which is the "Evaluation" phase. We hope our first five columns are allowing this concept to come together for you!!