ACCOUNTABILITY FOR PERFORMANCE MANAGEMENT (LAST COLUMN - 6)

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This is the last column in this series. We pick it up at the evaluation phase.

As I mentioned at the close of the last article, in our view, for what we have been referring to as managing partner goals, the managing partner should be setting them 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 (greater than 100% of the target) is achieved, some reward in excess of the amount of the reward that was expected at 100% accomplishment should be given.

As we noted in our last column, the final stage is:

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.)

Notice that evaluation is something done multiple times during the year. Unfortunately, many CPAs tend to think of management as a waste of time, and evaluations as purely a Human Resources (HR) requirement created by the government to protect employees to the disadvantage of the organization. Well, that is one way to look at it. But we think it's the wrong way. We think that the higher you rise in your firm's organizational chart, the more time you need to dedicate to the development of others and providing them with thoughtful and constructive feedback. So, this is not something you should be doing for five minutes every few months, but a normal, recurring part of every week. That is, you should be thinking about and monitoring those who report to you as well as monitoring your own progress and checking in with your boss routinely.

While it is normal protocol to monitor those who report to you, why would we suggest that you monitor yourself as well? Because, it is your job, as management, to provide appropriate feedback and coaching to your people; and it is your job as a direct report to keep your boss informed about progress, resource requirements and problems as you tackle your work assignments.

If we approach this phase from an HR perspective, many partners will default to giving one appraisal per year (or one formal feedback session), and that simply is not enough. It could be enough to have one formal appraisal or feedback session as long as there are several informal feedback sessions (clearly set up for that purpose) in the interim. For higher level personnel, the importance of making sure they are focusing on the priorities of the organization and working toward the organizations goals is critical. The absurd thing is that in most companies, the lower level the employee, the more often the feedback. But at the higher levels, the more we find people talking about expectations, but never holding anyone accountable to their commitments or their actions.

The theory behind this is simple. When you are a lower level of employee, you don't know anything. So, we need to regularly tell you how you are falling short of expectations so you will try harder. With higher level people, since they have already proved themselves, we just need to get out of their way. As you know from previous columns in this series, that, in our opinion, is misguided thinking. For example, partners should be the best at knowing what is expected of them, making commitments to the firm, and expected to perform based on those expectations and commitments. Partners should be the role models to every other employee. And we all know that is not the case. Partners regularly violate various operational policies by claiming some "client service" exceptions. They teach the following simple message to all of the employees watching:

> "Policies and procedures are for everyone but me to follow. I will follow them as long as it suits me, but as soon as I don't like a policy, I will simply ignore it and do things my way. This is appropriate because when you get to be a partner with my level of accomplishment, my judgment as to what is appropriate supersedes what we have agreed to follow as a firm. And while we all know that at times I violate policy because it is just inconvenient for me to follow it, and while my violation of policy can make it extra difficult for staff to support me, because of my position, I have earned that right to place the firm and its employees secondary to my personal preferences."

Wow … when you read that, it sounds pretty ugly doesn't it? Well, if you are like most firms, when you watch the behavior of a number of your partners, doesn't this statement actually match up pretty well? It is why accountability continues year after year to be a top issue that firms need to address.

If we can get our top performers and key people acting as a group supporting the firm, then getting everyone else, at each layer down in the organizational chart to respond accordingly gets much easier. However, with most firms, they focus on making the lowest levels accountable first when the fact is that the higher level people in the firm keep mucking up the system. Every leadership and management book will have some statement that the top people in any organization need to "walk the walk" for the talk they talk. That is all accountability is--walking the talk—setting the example that you want others to follow.

Therefore, it should not be surprising that we believe that the managing partner should be conducting frequent, informal, feedback sessions on how he/she feels the partner is performing. Whether this is every month, every other month, five or six scheduled times a year dropping out the busiest of deadline months, or whatever schedule works for your firm. Once a quarter should be a minimum, once again, adjusting the timing for busy seasons. But to be clear, this isn't about an HR function, but rather about aligning the most powerful and talented assets you have in your business.

Once you decide on the schedule of these meetings, publish the schedule early so people can make appointments around them. And consider the following tips, based on what we've seen in practice:

- Focus on the goals everyone agreed to that were established at the beginning of the year
- Make sure, as the managing partner, you are prepared for the meeting. If the managing partner just wants to use this forum to remind everyone that they work for him/her, then fire this managing partner.
- The managing partner needs to have reviewed evidence, and have talked with people if appropriate, reviewed logs or other monitoring devices, and made an effort to observe the areas of focus in the goals. This takes time. This is not something the managing partner should be doing the morning of the feedback session. If the managing partner does not want to make the continual effort to understand how his or her partners are performing as part of this feedback process, then find a managing partner who does.
- We feel it is best if the managing partner starts the process off by asking the partner being evaluated how he/she thinks they have performed against the listed goals.
- We believe it is important for the managing partner to also understand what other forces or factors have been unusually occupying the partner's time outside of those goals.
- Based on the advance preparation done by the managing partner, the assessment of the partner being evaluated and any additional, unusual factors that have surfaced though this conversation, the managing partner should provide feedback on his/her assessment of goal attainment at that time.

Where a lot of people get off track, in our view, is at this point. There are several key issues to keep in mind once the managing partner starts to share his/her feedback. Some important points that immediately come to mind are:

- Tell the truth. If you don't know something, say it. If something is simply hearsay, introduce it as such and ask for commentary. And realize that as managing partner, your opinion is not fact … just your opinion. So, state your assumptions within your feedback as such.
- You don't have to find something to criticize. It is common management protocol to think that all employees need to improve. So, management should always give someone something to work on to be better. Don't confuse performance management commentary with the conversation you might have with someone about where you see them in a few years. The latter is about personal aspiration and while the conversation is important, it has nothing to do with performance. Performance is only about what we expect from you now and how we believe you are performing against those expectations now!
- If someone has not performed up to expectation, simply, clearly and concisely state your opinion regarding their performance, and if appropriate, what you are basing that conclusion on. Once you are done sharing that fact, stop talking. The most common mistake is that you keep on talking trying to justify yourself and the more you talk, either the weaker you start making the conclusion, or the more you interject new hearsay and assumptions which put in question the validity of the initial position.
- Don't make a big deal about someone falling short on a specific goal. The reason you have feedback sessions is to help them see where they are falling short so they have time to correct it. This is not a final assessment; it is an interim feedback session. Use it as such.
- A very common misuse of power in the goal setting process is that managing partners believe this is their time to try to fix every little idiosyncrasy or irritating habit of each

partner. This process is not about perfection, because if it was, no one could live up to being the managing partner. It is about focusing the attention of the partner group on the strategic issues of the firm, and how those strategic issues get layered into the various partner goals. So, don't bring up or don't harp on insignificant issues. It doesn't matter that a partner's little habits bother you, unless they truly are impacting that person's ability to perform their job. These issues are low priority and should stay out of the feedback sessions. If you can't help yourself, and try to micromanage every little thing, then as we have suggested many times in this article, it is time for a new managing partner to be appointed.

- Rate each goal independently. Consider what you know, consider what you have heard from the partner, consider the evidence in front of you, consider what you have observed, consider the time of year (meaning, if we are only half way through the year performing half of expectation would be 100%, not 50%), and make a judgment. In the end, this process is full of judgment no matter how many objective monitoring tools we include.
- Rate using a scale from 0% to infinity, not 0 to 100%. In reality, you will probably never give someone less than 25% (as it is hard to perform at a zero level, but on rare occasions, people can surprise you), and rarely greater than 300-400%. The upside numbers are possible just because you might have a goal for a partner to bring in $75,000 of new work and instead the partner brings in $300,000. Obviously, just a straight calculation on this would be 400%, if that was the method you decided to use.
- Then, multiply your rating of each goal, times its value (the amount of the bonus allocated to that goal). Add all of the goal calculations together to estimate what the bonus might be if it had to be determined today.

By going through all of this, you can help your partners know what is expected, but more important, how they are doing. It gives you a chance to clarify the importance of certain high profile behavior, either good or bad. It gives you the opportunity to point out for someone the areas where they are doing very well, and give them some guidance early enough to adjust what they're doing for the areas where they are falling short.

Make no mistake about it … this is a lot of work. And the reward will very likely quickly show up in the bottom line because you are getting the most powerful and talented people to focus on what is best for the firm. The managing partner's job in this process is to help the partners, provide them resources when needed, remind them of what is expected, and provide them feedback as to how you are viewing their performance.

You are not their baby sitter. If a partner is falling short on something, it is his/her responsibility to take care of it, assuming they have done that work before and have a successful track record doing it. If they need additional resources to reach their objectives, it needs to be clear that each partner has a responsibility to come to you for help and assistance. That doesn't take away the managing partner's requirement to monitor and provide a higher level of oversight for any activities for which a partner has little experience handling. Firms need good managing partners … they don't need a managing parent.