

WHY SOME FIRMS FLY

Part 5 in a management series from Beaton Consulting



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MANAGING PERFORMANCE

Firms need much more than an annual appraisal

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Read the management textbooks and you might easily be tempted to believe that introducing a performance management system in a law firm is a pretty simple matter: just borrow or adapt a template, set a timetable for annual review, get your professionals to complete the forms, then look at the results...and it's done!

In reality, many firms find that such 'cookie cutter' performance appraisal systems are bureaucratic and burdensome, and produce mediocre results at best. Some ultimately abandon the system, writing off the costs and partners' time expended. Others persevere with flawed appraisal systems, with significant negative consequences for the morale

and motivation of staff and, usually, the bottom line.

It's quite unrealistic to expect a 'bolt-on', externally derived appraisal system to provide a lasting solution to improving

and maintaining firm performance. True performance management is actually a complex system of inter-related leadership and management processes, of which performance appraisal is just one cog.

A performance management system has to be based on the firm as a whole adopting a performance management mindset, and should be the principal mechanism by which the interests and effort of individuals are aligned with the firm's overall vision and values.

First, the few key factors that have the greatest impact on firm performance must be identified. These firm-wide key performance indicators (KPIs) must then be integrated into individual performance expectations. In some firms, this is also linked to personal business plans.

It's undoubtedly true for most firms that 'what gets rewarded gets done'. In setting KPIs, it is therefore important to look beyond revenue and financial markers and embrace non-financial indicators that align with the firm's vision and values. Tough decisions must often be made not only about mediocre financial performance but also in respect of those whose behaviour could be regarded as dysfunctional and counter-cultural.

A firm that's committed to firm-wide performance improvement must also be prepared to invest in structured learning and development for its best people. No firm can meet its KPIs if it doesn't have the right skills on board. And, as part of the overall approach, organisation structure, job design, roles and accountabilities need to be reviewed, a process that often calls for skilled and 'impartial' external assistance.

Firms that fly recognise that sustainable performance improvement is achieved when they create and support a culture of performance, in which performance management systems are uniquely attuned to the specific needs of the firm and embedded in 'the way we do things around here'.

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