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EXERCISING LEADERSHIP

Three Varieties of Problem Partners— And How to Deal With Them

Partnership as a concept has its pros and cons. One of the most challenging negatives is when there is a problem with a partner. “Problem partners” may have short-term or ongoing problems, and they can range from issues such as not keeping pace with billing review to clashes with other partners to personal challenges such as substance abuse.

Whatever the problem may be for the partner, it will be a problem for the firm itself unless the other owners take steps to recognize and attempt to correct what is wrong. Although accountability has become a concept much discussed at CPA firms over the past few years, it is still a tough issue to enforce the rules with your peers. Sometimes it is necessary to do so for the good of the firm—and the health and well-being of the partner (financial and otherwise).

Types of problem partners. Problem partners tend to fall into one of three groups:

● **Unproductive or unaccountable partner.**

This may be a more common problem that is not really the “fault” of the individual partner if requirements have not been made clear or, more recently, if the economy has battered a practice group.

It may look like a partner is not pulling his or

her weight simply because the market has changed and the area of practice for which that partner is responsible no longer brings in the revenue that it once did.

There are, of course, the more traditional types of unproductive or unaccountable partners: the ones who, as the saying goes, have retired but not told anyone at the firm. They simply do not participate in marketing initiatives, do less and less client work, do not mentor or teach younger staff, resist the firm’s efforts to expand technology initiatives such as paperless. They don’t follow up on assigned tasks received during owner meetings, they don’t fill out the forms for staff performance reviews—in short, they are not very partner-like in their actions.

In the middle may be partners who have good intentions but can’t seem to find the time for marketing, or for interacting with staff on their team, though they may excel at client service issues.

How to cope: For those partners who genuinely want to work hard and help the firm to succeed but are in practice areas on a downward spiral, the answer is clear: the firm should be reassessing all services and practice areas to see which are succeeding and which are not.

Partners working in the areas whose time has passed should be working on moving into more active areas or developing new niches and services. Their client contacts during busy season should help them to gather information about what directions may be best for the firm; partners can then begin to build these services.

The fact that there are partners who are good at some responsibilities and falling short at others means some detective work may be necessary. With the partner who will not market, what's behind that? Is it a time management issue, or not knowing what to do, or being especially inundated with client work? More staff assistance with the work, some assistance from the marketing director or partner in charge of marketing to target the partner toward the kinds of marketing that are most in sync with the partner's personality can help. Those with timekeeping challenges can work with someone on the firm administration staff to strengthen these skills, or the firm may want to consider giving that staff additional responsibilities for all billing to free up partner time.

Time management is an ongoing issue for all partners and all periodically struggle with the issue of balance. If this is a particular problem at your firm, some training in this area is not a bad idea. Consider it a stress reliever as well—if you can manage time better, you are less likely to fall victim to stress-related problems.

Those who have simply "checked out" need to be dealt with. Compensation plans that reward (or even punish) for performance can be an element of how your firm deals with underproductive partners, but using pay as a punitive factor can be risky to morale—something your firm probably does not want to risk right now.

Someone will need to address the poor performer face to face, and this is not an easy assignment. However, probing may help to reveal that a partner who you thought didn't seem to care has underlying issues that you did not know about. Finding out can help you work toward repairing the situation if it can be fixed.

Although issues such as client service problems and low realization rates are quite serious, there are steps that the firm can take to help mend these issues for the problem partner. Practice group leadership that is monitoring and working with these partners can be a tremendous help. Understanding where problems are arising with client service by getting more client input for quality control can also help identify specific issues that your firm can then work to repair.

Setting—and maintaining—high standards for your work lets everyone know what is expected and sometimes that can be enough to get partners and staff working toward uniform goals.

Unfortunately, in these economically difficult times, if all else fails, the firm may need to separate from a performer whose problems cannot be resolved. This is always a sad turn of events, but partners must keep the health and the future of the whole firm in mind if they have to face this possibility.

● **The "I refuse to compromise" partner.**

This kind of partner simply refuses to consider the other side. Compromise is a big part of negotiating and coming to consensus as a group of leaders, so one partner who refuses to budge can bring your firm's efforts to enact change to a screeching halt.

Partnership does involve different points of view and this can be beneficial, especially now as your firm is likely to be conducting ongoing review and planning to change practice areas or how you do business. Too much of this—and too much resistance to compromise—can be a major problem at this time when firms have to be able to react quickly to the new market.

How to cope: Pulling rank in the form of the managing partner or executive committee clout to override or end filibusters can definitely help.

The situation becomes a lot harder when the refusing-to-compromise partner is the managing partner, or the owner responsible for the firm's largest client. In such instances, other partners may

have no choice in the short run but to go along, and to consider their longer-term options.

Redistributing some responsibilities among various partners can help to minimize the influence of the one who stops things in their tracks. It may not solve the problem entirely but it can make it a smaller problem. This also helps to spread the managerial and administration responsibilities around to various partners so that all can have the necessary time for client service, staff management, and marketing tasks.

● **The partner under the influence.** This may be the saddest kind of partner problem because the partner with a drug, drinking, or gambling problem is genuinely ill. This is a far different problem than a niche practice that no longer performs, someone who needs coaching to bill on time or expand marketing efforts, or a partner needing encouragement

to be more cooperative.

How to cope: This is a problem that needs professional assistance and you and your fellow partners can take a hand in guiding the partner who is suffering to reach out for the help he or she needs.

Providing a period of leave so that the individual can address these severe problems may be called for. But the most important step is for you and your fellow partners to make sure that the troubled partner gets help.

In the end, partnership—no matter what form of legal organization your firm operates within—is about looking out for each other and your firm. Addressing problem partners sooner rather than later during this time of change is the best way your firm can care for both the partners and the firm. □

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