# The *Third* in a Series of Partner Compensation Structures
# "Executive Committee Monarchy"

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This is the 3rd article in a series of 7 discussing the different kinds of partnership compensation structures that law firms tend to adopt. Part 1 discussed the Monarch structure, which involves one partner who rules over the others on compensation issues. Part 2 described the Parity structure, in which the partners share the partnership profits evenly.

## Executive Committee Monarchy

### Description

Both of the prior structures are usually only found in small firms of ten partners or fewer. In a larger firm, the Monarch structure may be expanded to a ruling executive committee. In this situation a rather stable and predictable executive committee functions like a single monarch. Usually they are the founding partners or otherwise the most experienced and successful lawyers in the firm.

### When It Works Well

This structure works when the executive committee, as a body, has the same attributes as the type of single monarch that functions well in this system. They are fair-minded and communicate expectations clearly. In addition, the members of the executive committee must have values and priorities compatible with each other. That enhances their ability to come to a consensus about the compensation to be paid to themselves and other lawyers. In this highly subjective structure, the more lawyers in the firm, the more important the role trust plays among the lawyers.

### When It Works Poorly

The committee approach can have all of the failures of the single monarch. This tends to occur if the executive committee engages in "group think," telling each other what they all want to hear. They must stay in touch with the other partners, have the ability to respond to their concerns, and recognize their contributions for this structure to be successful.

This structure tends to crumble as larger numbers of lawyers mature in their rainmaking capability and begin to challenge the "Junta." The senior partners may wane in their productivity and business development capability as they age and their contacts start retiring. Their willingness to cede more of the profits and power to younger lawyers often lags behind the reality of the numbers, however.

To keep this structure from failing, the senior partners will need to induct particularly effective younger partners into the ruling committee.

Next in Part 4: Lockstep