One Health Check, one Talent Economics assessment, one Decision Framework worked example

Sample outputs from the Alt-V Partner Pay pillar

Accompanies the Partner Pay briefing · Alt-V Law

Derek Duffy, APAC Director, Alt-V

> **Every firm, person and figure in these reports is invented.** The Health Check report that follows is what the self-run diagnostic produces when driven against the Kellhorn Caldecott scenario. The Talent Economics assessment and the Decision Framework worked example are the two companion artefacts a prospective client would see at the end of Phase 1 and Phase 2 of a formal Rem Review engagement - produced by hand against the methodology, on the same invented firm.

The scenario

Kellhorn Caldecott LLP is a UK commercial firm formed by the twenty-month-old merger of two legacy practices. Legacy A - the larger of the two at sixty-five equity partners - ran modified lockstep with a five-year promotion ladder. Legacy B - forty-five equity partners, more specialist, more entrepreneurial - ran a formula-based model with origination credit. The merger was closed on a Day-90 deferral of the rem decision; twenty months later, that deferral has quietly become an eighteen-month deferral, and the Managing Partner is under partnership pressure to land a single model before the FY26/27 remuneration cycle. The firm is 110 equity partners, 230 fee-earners, eight offices across the UK, independent (not part of a consolidator), and currently operating two parallel remuneration systems that neither side believes is sustainable.

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ARTEFACT	PHASE	WHAT THE SAMPLE SHOWS
1. Partner Rem Health Check	Phase 1 Diagnosis (self-run, about ten minutes)	Overall Amber, gated by Model architecture and currency: an equity spread of 9.2:1 against the 8.5:1 benchmark. Seventy per cent of partners on the salaried or non-equity track (benchmark sixty-six); attrition running at nine per cent (above the eight per cent healthy bound); origination concentration at forty-eight per cent (bordering on key-person risk); partner satisfaction trending down at sixty-eight per cent. Engine dimension unscored.
2. Talent Economics assessment	Companion to Phase 1 (one-page)	Blended entity reads TEM 1 to 2 (Inherited Pyramid tipping into Measured Seats). Legacy A was individually TEM 2.5; legacy B was individually TEM 1.5. The merger has reset both - the blended firm cannot yet see per-group role-level economics, which disqualifies the formula-based model as a target.
3. Decision Framework worked example	Phase 2 Model Design (end of week five)	Three surviving candidate models - Modified Lockstep (legacy A's), Hybrid (base + variable), and Points-Based - scored against the eight weighted criteria. Partner-by-partner win/loss modelling at summary level. Modified Lockstep narrowly leads; Hybrid is Alt-V's recommendation on growth-trajectory grounds; the ranking is held through to Phase 3 Consultation.

How to read them

The **Health Check** is a self-run diagnostic of about ten minutes for the Managing Partner, Chair of Rem Committee, COO or CFO before any outside firm is involved. The RAG verdict is the weakest dimension, not the average - the same anti-flattery stance as the Operations Maturity Diagnostic. The **Talent Economics assessment** is a companion artefact that catches a mismatch rem reviews often miss: a firm whose current rem model asks the data a question the data cannot answer. For Kellhorn Caldecott, the formula-based model from legacy B asked that question, and the Health Check flags the mismatch as a worldview gap. The **Decision Framework** is the methodological spine of the formal review. It is the structured artefact that lets a partnership take an honest decision between models, with the trade-offs visible on one page and the win/loss modelling behind it.

The tools and the methodology are management-consulting instruments. The decision itself stays with the partnership.

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Kellhorn Caldecott LLP · model-selection matrix

Phase 2 output · eight weighted criteria · three surviving candidate models · partner-by-partner win/loss summary

Sample output · fictitious firm, figures and findings · Alt-V Law

Derek Duffy, APAC Director, Alt-V

> This is the Phase 2 artefact the formal Rem Review produces at the end of week five, carrying three surviving candidate models through the weighted criteria matrix and the Decision Tree gates. The ranking is held through Phase 3 Consultation; the Managing Partner uses it in the options paper taken to the partnership. Scoring, win/loss figures and partner names below are invented.

The surviving candidates

The eleven standard models were filtered to six through the Decision Tree gates G1-G6. Three failed early: **Pure Lockstep** (G1, firm size - 110 EP exceeds the thirty-partner ceiling under which pure lockstep holds), **Pure EWYK** (G2, cultural fit - Legacy A's institutionalised client-handling conflicts with the model's incentive structure), and **Formula-Based** (G3, data posture - TEM 1-to-2 cannot support real-time role-level attribution the model requires). **Discretionary** was dropped at G4 (governance capacity - the merged rem committee lacks the authority to run a defensible discretionary pool across two cultures that do not yet trust each other). **ORA** was ruled out as a US-origin model with insufficient Australian or UK precedent at this firm size.

The three carried into the matrix:

- **Modified Lockstep (legacy A's existing model, applied firm-wide).** The simplest transition from Kellhorn Caldecott's current state; preserves collegiality; adds performance gates. The partnership knows the model.
- **Hybrid (base plus variable, 70/30 split).** Alt-V's recommended target for mid-tier firms. Meaningful performance upside on a locked base. Compatible with Measured-Seats data once Phase 1 reconciliation lands.
- **Points-Based.** Transparent, formula-expressed, reduces committee discretion. Legacy B's partners find it conceptually familiar; legacy A's find it mechanical.

The weighted matrix

Eight criteria with Alt-V's standard weights, each scored one to five for the Kellhorn Caldecott context. Weighted total out of 100.

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CRITERION (WEIGHT)	MODIFIED LOCKSTEP	HYBRID (70/30)	POINTS-BASED
Cultural fit (20%)	4 · familiar to legacy A, acceptable to legacy B	3 · requires both sides to adapt	3 · familiar to legacy B, resisted by legacy A
Performance incentivisation (20%)	2 · modest upside only via promotion ladder	5 · meaningful variable upside on a locked base	4 · formula-driven; rewards measurable contribution
Collaboration (15%)	5 · structurally reinforces cross-practice work	3 · variable component can disincentivise sharing	2 · tends to atomise partner behaviour
Size and scale (10%)	4 · holds comfortably at 110 EP	5 · scales to 150+ EP without redesign	4 · scales but administrative load climbs
Admin feasibility (10%)	5 · firm has run this for twelve years	3 · requires new rem committee process + modelling capability	2 · requires systems rebuild to track points
Governance (10%)	4 · existing committee structure fits	4 · variable-component governance already drafted in Phase 2	3 · points authority is a new committee responsibility
Strategic alignment (10%)	3 · fits current firm; weak on growth trajectory	5 · supports the Measured-Seats → Shaped move	3 · agnostic to the operating-maturity trajectory
Transition feasibility (5%)	5 · smallest change from current state	3 · requires 24-month taper	2 · requires systems build before activation
WEIGHTED TOTAL	**75**	**74**	**60**

The reading

Modified Lockstep and Hybrid are statistically tied at the top. A one-point gap is within the noise of the scoring. Points-Based drops out on culture, collaboration, and admin feasibility; it is not carried forward to Phase 3 Consultation.

The choice between Modified Lockstep and Hybrid is for the partnership to make on strategic grounds; the matrix cannot settle it. **Modified Lockstep** is the lower-risk choice today; it holds the current firm together while Phase 1 reconciliation lands and TEM visibility builds. **Hybrid** is Alt-V's recommended choice on growth-trajectory grounds; the 70/30 base-and-variable split rewards the measured contribution the firm will be able to see from Phase 2 onwards, and it scales past 150 EP without a further model redesign in five years' time. For the partnership vote, the choice is this: Modified Lockstep preserves the firm the merger created, and Hybrid is the model the partnership will need if it means to become the firm it says it wants to be.

Partner-by-partner win/loss summary

Win/loss modelling was run on both surviving candidates against the current parallel-models baseline. All figures are three-year forward projections based on Phase 2 financial assumptions.

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PARTNER COHORT	COUNT	MODIFIED LOCKSTEP (3-YR DELTA)	HYBRID 70/30 (3-YR DELTA)
Legacy A, high-contribution	18	-4% to +2%	+8% to +22%
Legacy A, median	36	+1% to +4%	-2% to +6%
Legacy A, below-median	11	+1% to +3%	-12% to -4%
Legacy B, originators	14	-18% to -8%	-6% to +9%
Legacy B, service partners	22	+6% to +14%	-4% to +3%
Legacy B, below-median	9	+8% to +18%	-14% to -6%

Hold-harmless provisions apply for both models: two-year full-cap and twelve-month fifty-per-cent taper on any individual partner reduction above 10%. The provisions apply to approximately 36 partners under Modified Lockstep and 29 partners under Hybrid.

What comes next

The ranking is held into Phase 3. The options paper carrying both surviving candidates will be issued to all equity partners in week six; two structured feedback sessions are scheduled for weeks six and seven; individual consultations with the ten most materially-affected partners (five legacy A high-contribution, five legacy B originators) are scheduled across weeks six through eight. The partnership vote is on the schedule for the end of week nine, with implementation beginning in week ten regardless of which candidate carries.

The firm, partners and figures in this worked example are invented. The weighting scheme, decision tree gates, and six-phase engagement shape are Alt-V's standard Rem Review methodology, documented in the Partner Remuneration Review Consultant Toolkit (April 2026).

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Kellhorn Caldecott LLP · workforce shape

Current TEM level, the mismatch with the inherited rem model, and what Phase 1 must address

Sample output · fictitious firm, figures and findings · Alt-V Law

Derek Duffy, APAC Director, Alt-V

> The note is deliberately short: a rem review should produce it in Phase 1, alongside the Health Check, before any model-selection conversation starts. It names the workforce-shape level the firm actually operates at, the gap to the shape the inherited rem model assumes, and the measurement move the firm has to make before the formal model-selection conversation becomes honest. The firm, people and figures below are invented.

Current blended TEM level

Kellhorn Caldecott today reads as **TEM 1 tipping into TEM 2** - Inherited Pyramid moving toward Measured Seats, but not yet there. The merger reset both legacy practices to this blended level. Legacy A, individually, was at TEM 2.5 pre-merger: fully-loaded cost against realised fees by band and by group, refreshed quarterly, a COO who could answer role-level profitability from a standing pack. Legacy B, individually, was at TEM 1.5: a formula-based rem model running on origination credit but no supporting matter-level or role-level economics underneath it - the model asked a question the data could not answer. The merger has reset the firm to the lower of the two reporting cultures, because the two sets of books, categorisations and partner codes have not yet been reconciled.

Signals supporting the blended level: salary at 41% of fees (sector band 38-45% is Level 1); revenue per fee-earner £168k (within the £145-195k Level 1 band); leverage 3.4 inherited, not designed; year-three graduate attrition running at 38%; no non-lawyer leverage roles in any of the eight offices. The firm's own partnership deck still describes itself as "high-leverage, measured," which is where legacy A was before the merger and is not where the blended firm now sits.

The mismatch with the inherited model

The two legacy rem models carry different assumptions about the workforce shape underneath them. **Legacy A's modified lockstep** assumes a stable per-group leverage ratio and a per-band cost model that the quarterly reporting pack supports - a TEM 2 posture. **Legacy B's formula-based model** assumes real-time role-level profit and loss, origination attributable at the partner level with sufficient resolution to drive distribution - a TEM 3 posture that the firm never actually operated. The formula ran on narrative, which legacy B's partnership accepted because it worked for the originating partners it was designed around.

The blended firm now inherits both assumption-sets and has the data posture for neither. This is the headline worldview gap. A rem review that proceeds to Phase 2 without closing it will produce a model that asks the firm for data it cannot yet generate, and the formal review will become a theoretical exercise within six months of implementation.

The move Phase 1 must land

Three things, in sequence, before the Decision Framework runs its first scoring pass.

1. **Reconcile the two chart-of-accounts and partner-code regimes.** The firm cannot build Phase 2 win/loss modelling against a dataset that treats the same partner differently on either side of the

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merger line. This is a six-to-eight-week piece of finance-side work; it does not need to wait for the rem conversation but it must land before it.

2. **Build the Measured-Seats pack to a common standard.** Fully-loaded cost against realised fees, per band, per practice group, refreshed quarterly. Legacy A had it; legacy B did not; the blended firm will have it as a common-standard output by end of week six if the reconciliation lands on schedule.
3. **Classify every current partner into the blended-firm practice-group taxonomy.** The two legacy taxonomies do not map cleanly; approximately twenty-two partners (twenty per cent of the equity partnership) will land in different groups than the ones they report into today. This is a Phase 1 output; it must land before any partner-level win/loss modelling is sensible.

What this does not solve

This note assesses workforce shape only. It does not select the rem model - the Decision Framework does that. It does not resolve the equity-progression bottleneck surfaced in the Health Check - that is a Phase 3 consultation output. It does not address the AI leverage question - Kellhorn Caldecott reads TEM 1 to 2 today, and the Blended (Level 4) conversation is a separate engagement, likely two to three years out. Each follow-on is a distinct piece of work; this note tells the firm which it needs, in which order.

The firm, people and figures in this note are invented. The Talent Economics framework is Alt-V's five-level model, documented in the companion briefing (July 2026) and summarised in the sample pack's Partner Pay briefing note.

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ALT-V PARTNER REM HEALTH CHECK

Your partnership's remuneration health check

Kellhorn Caldecott LLP

FULL REPORT

Amber: outside benchmarks on at least one dimension

Gated by Model architecture & currency



Your firm reads Amber overall, gated by Model architecture & currency. At Level 2 role-level cost and realisation data exist, so modest contribution weighting becomes defensible, typically at management-partner level first. The next step is a formal remuneration review engagement (see below); the first priority action concerns Equity spread ratio (highest:lowest equity partner).

> The overall result is your weakest dimension, not your average. That is what the partnership experiences.

> *Tier benchmarks not loaded in this build; revenue and profit per partner shown unscored.*

SCORECARD

The 10-metric scorecard

#	METRIC	YOUR VALUE	BENCHMARK	RAG	IMPLICATION / NEXT MOVE
1	Equity spread ratio (highest:lowest equity partner)	**9.2 : 1**	<= 8.5 : 1 (AU/UK top-of-market)	Just outside	Above 8.5 = top of market range; below 4 = compressed lockstep
2	% of partners on salaried / non-equity track	**70 %**	<= 66% (AU benchmark)	Just outside	>66% suggests blocked equity progression; flag retention risk
3	Origination concentration (top 3 partners' share)	**48 %**	< 40% healthy; > 60% = key-person risk	Just outside	High concentration triggers succession planning + ORA review
4	Partner attrition rate (3-year average)	**9 % p.a.**	< 8% p.a.	Just outside	> 10% = retention crisis; benchmark rem urgently
5	Average partner tenure at current points/level	**3.5 yrs**	> 3 yrs in band typical; > 5 = stagnation	Ahead	Within benchmark
6	Revenue per equity partner	**£350k**	Tier-dependent; see comparator table	Not scored	No benchmark available: not scored
7	Profit per equity partner (PEP)	**£110k**	Tier-dependent; see comparator table	Not scored	No benchmark available: not scored
8	Rem model age (years since material change)	**5 yrs**	< 7 yrs	Ahead	Within benchmark
9	Partner satisfaction with rem (if surveyed)	**68 % satisfied**	> 70% satisfied	Just outside	< 65% = action required; root-cause survey before redesign

#	METRIC	YOUR VALUE	BENCHMARK	RAG	IMPLICATION / NEXT MOVE
10	Cross-jurisdictional complexity (# countries partners are tax-resident in)	1	1 jurisdiction (single)	Ahead	Within benchmark

DIMENSION DETAIL

Results by dimension

MODEL ARCHITECTURE & CURRENCY

Just outside GATING

Equity spread ratio (highest:lowest equity partner): Amber; Rem model age (years since material change): Green. Driver: Equity spread ratio (highest:lowest equity partner).

PROGRESSION HEALTH

Just outside

% of partners on salaried / non-equity track: Amber; Average partner tenure at current points/level: Green. Driver: % of partners on salaried / non-equity track.

RETENTION & CONCENTRATION

Just outside

Partner attrition rate (3-year average): Amber; Origination concentration (top 3 partners' share): Amber. Driver: Partner attrition rate (3-year average).

ECONOMIC ENGINE

Not scored

Both metrics in this dimension are unscored, so this dimension is excluded from the overall gate.

CONFIDENCE & COMPLEXITY

Just outside

Partner satisfaction with rem (if surveyed): Amber; Cross-jurisdictional complexity (# countries partners are tax-resident in): Green. Driver: Partner satisfaction with rem (if surveyed).

MODEL FIT

Rem-model fit at your TEM level

Level 2 · Measured Seats

Current model: **Modified Lockstep**

At Level 2 role-level cost and realisation data exist, so modest contribution weighting becomes defensible, typically at management-partner level first. Structured hybrids open up; full performance models still outrun the data.

ACTIONS

Priority actions

1. **M1 · Equity spread ratio (highest:lowest equity partner)**: Above 8.5 = top of market range; below 4 = compressed lockstep
2. **M2 · % of partners on salaried / non-equity track**: >66% suggests blocked equity progression; flag retention risk
3. **M3 · Origination concentration (top 3 partners' share)**: High concentration triggers succession planning + ORA review

ENGAGEMENT

How Alt-V can help

This health check is the ten-minute diagnostic layer. The outputs feed a formal remuneration review engagement (8–12 weeks); the first deliverable is a shortlist of 2–3 model options with financial impact modelling.

Book a scoping conversation

SIBLING DIAGNOSTICS

Read the layers underneath

This health check reads your remuneration model. Two companion diagnostics read the layers underneath it: the Alt-V Ops Maturity Diagnostic (operating maturity) and the Alt-V Strategy Maturity Diagnostic (strategy maturity). A rem model is downstream of both; if you have not run them, each takes ~10 minutes.

Run the Ops Maturity Diagnostic →

Run the Strategy Maturity Diagnostic →

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