

Kellhorn Caldecott LLP • workforce-shape read

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

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One page. It is deliberately short – the TEM read is what a rem review should produce 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 comp 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 seat-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 seat-level economics underneath it – the model asked a question the data could not answer. The merger has not combined the better of the two reporting cultures; it has reset the firm to the lower common denominator because the two sets of books, categorisations and partner codes have not yet been reconciled.

Signals supporting the blended read: 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 seat-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, not data, 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

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

The TEM read is a workforce-shape read. 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; the TEM read tells the firm which it needs, in which order.

The firm, people and figures in this read 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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