

INTRODUCTION

Law firm succession, transition, and exit planning is one of the hottest management challenges facing attorneys whether they are a partner in a law firm, a sole owner of a firm comprising other employed attorneys and staff members, or a solo attorney in practice with no other attorneys in the firm. Talent is a law firm's strategic asset, yet it is an area most neglected by law firms of all sizes.

Many solo and sole owner attorneys as well as larger law firms are in "reactionary mode" and have not adequately prepared for transition of clients, firm leadership, and management. A firm's very survival may well depend upon coming to terms with succession and transition, and doing so early. Over the past five years, law firm practice succession, transition, and exit planning has become our busiest practice area and ranks at the top of the charts regarding practice management questions and concerns raised by practicing attorneys. According to the 2013 Altman Weil Law Firms in Transition Survey, respondents reported the following (Clay 2013, 38):

- Senior partners don't want to retire (77.6 percent respondents reported);
- Senior partners don't want to transition clients and give up current compensation (73.2 percent respondents reported);
- Only 27 percent of law firms with fifty or more lawyers have formal succession plans; and
- Forty-five percent of the survey respondents cited that aging, mortality, retirement, and succession are uncomfortable topics and awkward for senior partners to discuss with their partners.

This book is a guide designed to help ignite the process and get you thinking about aging and mortality as well as what you are going to do with your life and your practice after you retire. It will ask you to come

to terms with aging and accept, rather than deny, the fact that eventually you will retire from the practice of law, either voluntarily or involuntarily. Succession, transition, and exit planning are all about getting “unstuck” and getting your head out of the sand. I will present demographics and case studies to help you feel a sense of urgency and a desire to begin formulating specific goals and action plans for your life and law practice. While this book can help get you started down the path of succession and transition, you may need professional help along the way from advisors such as accountants/tax advisors, law firm management consultants, financial planners, insurance agents, business attorneys, spiritual advisors, and accountability coaches or partners. Do not try to take this journey alone. Obtain professional help and guidance along the way.

Throughout this book I will highlight the demographics of the profession, the importance of early succession planning, and the implications and consequences of failure to address succession and transition. I will discuss both challenges and how to come to terms with aging and eventual retirement, using various other law firms as examples. In addition, I will provide stories and case studies of firms that have failed to address succession, as well as those that have managed to successfully deal with both succession and transition. I will also discuss:

- Where and how to start succession planning;
- Firm size, issues, and impact upon succession and transition;
- Finding candidates and opportunities;
- Strategies and approaches;
- Valuation;
- Buy-in/buyout/compensation;
- Developing the succession and transition plans;
- Implementation of the strategies and plans;
- Key documents and agreements; and
- Ethical issues.

It is my intention and desire that readers will find this book a useful toolkit that helps senior attorneys and their respective law firms get “unstuck” and assists them in coming to terms with retirement, succession,

and transition by prompting them to think about and have open discussions at home with family members and at the firm with partners and other stakeholders.

An effective succession and transition strategy involves coming to terms with aging and retirement, developing a timeline, and identifying transition candidates either internally or externally. There is an old saying at IBM—what gets planned and what get measured is what gets done. You have worked hard to build your practice. Your practice may or may not have value depending upon the steps you take and when you take them. Start early.