

Contents

Executive summary

About the authors

Chapter 1: Creating and implementing a law firm succession plan

By Sandra Boyer, Legus International

What is a succession plan?

The importance of a succession plan

Elements of firm management transition

Elements of transitioning firm clients

Impediments

Additional considerations

Conclusion

Chapter 2: When and how to have retirement and succession planning conversations

By Kathleen Brady, Preferred Transition Resources

Understand the issues at play

Embrace a new paradigm

Prepare for the conversation

Create transition plans to drive conversations

It's not only what you say but how you say it

Talk to your clients

Summary

Chapter 3: How to retain clients when senior partners retire

By Susan Saltonstall Duncan, Rainmaking Oasis

Introduction

Establish a uniform policy for retirement and succession

Identify clients potentially at risk and assess relationship

- breadth and depth
- Gain better knowledge of clients
- Talk to each client to gauge client satisfaction, loyalty,
and any concerns
- Carefully select client relationship successors
- Put a client development and transition plan and
process in place
- Monitor progress to make sure the transition plan
is working effectively
- Client transition checklist

Chapter 4: Identifying and developing successors

By Hermann Knott, KUNZ Law

Chapter 5: Succession of rainmakers

By Jaap Bosman, TGO Consulting

- Law firm royalty
- Real rainmakers and fake rainmakers
- Hostages and Stockholm Syndrome
- Santa's little helpers
- Retirement reluctance
- Mitigations
- Rainmaker succession, hands-on

Chapter 6: How to compensate retiring and retired equity partners

By August J Aquila, Aquila Global Advisors LLC

- Getting started
- Key partnership agreement issues
- Retiring partners
- Creating options for retired partners
- The successor partner
- Make it happen

**Chapter 7: Diversity considerations in succession planning:
future-proofing law firms through diversity**

By Pam Loch, Loch Associates

- Introduction
- Issues facing businesses around lack of diversity
- How can businesses address these issues?
- Benefits to business and future proofing in an

increasingly diversity-led culture
Conclusion

Chapter 8: Financial considerations in succession planning

By Veronica Mann, Talis Financial Advisers

Introduction
Communication and contracts
Financial planning for retirement
Death and incapacity of key players
Future liabilities
To summarize

Chapter 9: Sole practitioners selling their practice

By Shelley Dunstone, Legal Circles

Thinking of retiring?
Will someone want to buy your practice?
Options for selling your practice
What assets can you sell?
What is goodwill, and what is it worth?
Options available to a seller
How to maximize your prospects of selling your practice
Conclusion

Chapter 10: Why lawyers and law firms find it difficult to deal with retirement and succession; ways of approaching the problems

By Ronnie Fox, Fox & Partners

Five reasons
Five ideas
Five solutions

Chapter 1: Creating and implementing a law firm succession plan

By Sandra J Boyer, President, Legus International

What is a succession plan?

A succession plan is a set of guidelines for transitioning attorneys into retirement while simultaneously transferring the service of existing clients and guiding firm leadership development. Succession planning is vital to the continuation of the firm. Plan formality varies depending on the culture of the law firm. Firms that create and implement a succession plan have a competitive edge. Well organized succession plans benefit the retiring attorney, the firm, and the firm's clients. A comprehensive succession plan must be carefully created, but the implementation can actually be even more impactful than simply the creation of a documented plan.

An effective and comprehensive succession process considers both the transition of firm management and firm clients from the current generation to the next. Neither element is necessarily more important than the other; however, it is crucial to remember that both elements contribute to the successful continuation of the firm.

A comprehensive succession plan focuses on:

- Creating an effective management and leadership transition program to ensure current leaders help train and develop future leaders.
- Creating a win-win-win (firm, lawyer, client) transition program that assists current firm clients to remain with the firm after the retirement or unexpected departure of primary client attorneys.

The importance of a succession plan

Firms that create and implement a succession plan are far more effective in transitioning both the management of the firm and firm clients. When developing a succession plan, firms evaluate their current professional staff, encourage senior attorneys to share their retirement plans, determine the effect of those retirement plans on the firm, develop a timeline for

retirement of those attorneys, and outline a plan of action to ensure that management transition is effective.

Once the plan has been developed and implementation begins, it is important to consistently monitor the process and the plan to ensure it is accomplishing its goals. Also, at least annually, the responsible person or group should review the plan, anticipate upcoming retirement considerations, and ensure the plan can still be effective based on firm circumstances. The development, implementation, and monitoring of the plan is not a one-time effort, but must be consistent and organized.

Investing in the creation and implementation of a comprehensive succession plan is a sound venture with a strong business case. Benefits include:

- Enhancing the firm's ability to attract quality clients
- Retaining quality clients on a long-term basis
- Improving the firm's ability to attract high quality lawyers/partners
- Retaining the high-quality lawyers/partners the firm benefits from
- Promoting the maintenance of strong, long-term firm financial health
- Providing consistent high quality, highly skilled client service
- Developing new firm leadership/management while maintaining continuity
- Ensuring the long-term success of the firm

Elements of firm management transition

Management transition programs vary depending on the structure and culture of the firm. Acknowledgment and analysis of the firm culture provides the basis for creating a program that has buy-in and can be successfully implemented.

Culture can have a direct impact on the development and implementation of the firm's transition plan.

If a firm is a first generation law firm, many times the founding leaders of the firm have maintained control of vision, planning, and financial strategies and have not included the next generation in any management processes. This top down management can make it very difficult for the founders to train and include the next generation of leaders. If the firm culture has been inclusive, it is much easier to understand, accept, and implement a leadership transition in the best interest of the firm.

When developing a management transition it is important to understand what strategies can work best within the firm and based on its culture.

Involving the next generation of leaders in management early in their careers is one consistent element of successful transitioning. Training young lawyers in management after two to three years of experience with the firm allows for the development of career paths for the next generation. There are several ways to integrate young attorneys into the management activities of the firm. For instance:

- When they join the firm, help them develop as a leader by assisting them in creating a practice and development plan. The goal is to become a good lawyer. Evaluate that plan with them annually. This helps them focus and grow consistently.
- At appropriate times, and with appropriate guidelines, the firm should share the business of the practice of law, including firm financials, with them. This helps them understand business operations. Partner compensation or other personal information would not ordinarily be included in the information provided to associates.
- After two to three years, begin to involve them in firm committees and assign tasks. If the committee has a budget, include them in the budgeting process. This allows the firm to observe their abilities to get things done outside the substantive practice of law.
- Involve them in the recruitment of associates. They could also be involved in the process to identify new attorney needs. In this way, they can understand how firms decide when and who to hire.
- Designate them as the “manager” of the paralegals within the firm. They can be responsible for organizing and coordinating the work, developing systems, and assisting in the evaluation of paralegals. They can serve as the “go to” person for questions from paralegals. This helps them gain people management insights and skills.
- Involve them in the development and implementation of the firm’s orientation and training/mentoring program. Having been through the new lawyer process, they can provide feedback and input to enhance the current program or develop a program where one is not present.
- Involve them in lunches with clients. This enables them to watch, develop, and implement various marketing strategies, and involves them in the client development and marketing aspects of the profession. They can learn from senior attorneys and begin to develop a sense for which rainmaking methods they would feel comfortable implementing.

Perhaps the most critical element of a succession plan is how to identify those younger attorneys who demonstrate the skills and abilities needed to become effective firm managers. The detection of these skills can start with the lawyer recruitment process and should continue through their employment. In order to prepare younger attorneys for management roles, they must first be identified as having the personality or ability to manage people. They must also have the ability and skills needed to become effective managers.

To recognize young lawyers with management qualities, firms must first decide what skills they seek. To do this, they should create a description for each of the management positions in the firm filled by lawyers. The description would establish the duties of the position, the qualifications, and the skills necessary to meet the demands of the role. Often, firms review the skills and abilities of current successful leaders within the firm and try to emulate those characteristics in their associate hires.

At the outset, consider all young attorneys as possible candidates for management positions, then eliminate those lawyers who do not meet the leadership and management criteria as outlined in the position descriptions. During the evaluation process, the associate's committee work, marketing ability, skills demonstrated, and any other important specifics should be considered.

Firm managers are leaders of the firm. They must possess the ability to gain support for ideas, build relationships with others, and gain the trust and respect of those they lead. When identifying future leaders, management can also consider the personality of candidates. Consider questions like: *Does this person have the respect needed? Does this person treat others with respect? Does this person treat staff with dignity?* Answers to these questions are essential in determining if the candidate will someday be a leader of the firm.

If the firm has an active training and mentoring program, the mentors should have a good sense of the skills of their mentees. The mentors should be aware of the firm leadership and management criteria and compare those requirements with the qualifications of the young attorney they are mentoring, then provide input regarding whether these mentees are developing the skills necessary for future leadership positions.

Management transition is not a one-time event, but a continual methodical process with focus, planning, and implementation. Remember, when developing future leaders who can effectively assist in the firm succession plan:

- The succession of the firm starts when you hire an attorney.
- Start early in an attorney's career.

- Be consistent and organized.
- Put somebody in charge of young attorney leadership development.
- Hire quality attorneys who meet the firm criteria of leadership.
- Assist in building their leadership and management skills.
- Evaluate them annually to ensure progression.
- Give authority where appropriate for success.
- Understand firm culture and ensure young lawyers fit into it.

While transitioning firm management must focus on the future and who and how it will be addressed, it is also important to work with and respect the attorneys who are transitioning out of management positions. They most likely have contributed greatly in the years they have been involved in management. A good management transition plan should assist current firm management to transition, whether it is to a more full-time practice or to retirement. Managing a law firm is time-consuming and stressful. It is not what attorneys are trained for in law school and it is often over and above practicing law.

The transition plan should include steps for those leaving management, which could include:

- Creating a billable hour step up program if they plan to remain in practice. This would allow for transitioning attorneys to begin to build up their book of business and billable hours over a specific amount of time.
- Work with the transitioning attorney to develop a “personal practice plan” that will act as a roadmap for their future, either with the firm or in retirement.
- Determine if the attorney can act as a “mentor” to management, especially if the firm faces challenges where experience and knowledge is required from those who have spent years in management.
- Determine if the transitioning attorney has a special or unique ability that can still be used by the firm in a less time-consuming manner.
- Work with the transitioning attorney to ensure they can provide input to firm management, just as any other partner can, without it being the conclusive voice and threaten the success of the new management team.

This extract ‘Creating and implementing a law firm succession plan’ by Sandra J Boyer is from the title *Succession Planning: Ensuring Smooth Transitions for Lawyers and Their Firms*, published by Globe Law and Business.