

THE LAW FIRM OF THE FUTURE

AN INTRODUCTION TO LAW FIRM SUCCESSION PLANNING

An MPF Webinar – October 13, 2021

by

Uri Gutfreund

Law Firm Group Leader, Risk Strategies Company

Donald L. Mrozek, Esq.

Chair Emeritus, Hinshaw & Culbertson LLP

John Remsen, Jr.

President, TheRemsenGroup

MPF WEBINAR

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Smart Strategies for the Forward Thinking Law Firm

TheRemsenGroup.com

BIOGRAPHICAL PROFILE

Uri Gutfreund

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Risk Strategies Company
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Uri is the National Law Firm Practice Leader at Risk Strategies Company, a top 25 national insurance brokerage and The Founder and Moderator of The Managing Partner Round Table™, a regional peer-to-peer professional development group. This unique program has quickly become a leading venue for thought leaders in the legal industry.

At Risk Strategies, Uri is responsible for the development and execution of all insurance and risk management services to the company's law firm clients. He oversees all law firm specialty areas including: Health, Professional Liability, Property and Casualty, Cyber and EPLI. His practice leadership combines 20 years personal experience with cutting edge innovation remaking law firm insurance programs using the latest technology, peer benchmarking, and real-time best practices to serve the company's law firm clients.

He has been a Registered Professional Liability Underwriter since 2001 and a frequent speaker and is a writer on law firm leadership, law firm business practices and insurance and risk management at national and regional conferences.

May 2021



Donald L. Mrozek

Chairman Emeritus

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Donald Mrozek served as chairman of Hinshaw & Culbertson LLP from 1989 – 2015. Today, as chair of the firm's Consultants & Coaches for the ProfessionSM Practice, he helps law firm leaders address complex business and management-related challenges and opportunities involved in effectively managing their firms.

Don and the team — which includes members of Hinshaw's leading Lawyers for the Profession® practice — advise law firms and their leaders on a wide variety of subjects including succession planning; partner compensation; mergers and lateral partner hiring and retention; firm leadership; consensus building; firm governance and practice group structure; responding to client expectations; maintaining and growing profitability; and personnel issues. He also mediates and arbitrates disputes between partners or between partners and their current or former firms.

Don also represents clients in the areas of governance; business litigation; fidelity bond claims and litigation; and internal investigations involving allegations of fraud and related misconduct and related areas.

Under Don's leadership, Hinshaw grew from a small Chicago-area law firm to a national firm with 25 offices, approximately 500 attorneys and more than \$225 million in revenues. His accomplishments as Chairman of the firm are chronicled in the July 9, 2015 issue of *American Lawyer Daily* and in *Bloomberg Law's Big Law Business*.

Professional Affiliations

- American Bar Association
 - Fidelity and Surety Committee, Former Vice-Chairman
- International Association of Defense Counsel
 - Business Litigation Committee, Former Chairman
 - Fidelity and Surety Committee, Former Vice-Chairman
- Defense Research Institute (DRI)
 - Professional Liability Committee, Past Chairman
- Chicago Inn of Court, Member, 2003 – Present; President, 2006 – 2007
- DePaul University Law School
 - Dean's Advisory Council, 1990 – Present; Chairman, 2011 – 2012

Service Areas

Corporate Governance
Structure

Commercial Litigation

Fidelity Law

Consultants and Coaches for
the Profession®

Law Firm Mergers &
Combinations

Education

J.D., *with honors*, DePaul
University College of Law, 1973

- Member, *Law Review*; Editor,
*DePaul University Law
Review*

B.S.E., Northwestern
University, 1969

Admissions

Illinois

U.S. Supreme Court

U.S. Court of Appeals for the
Seventh Circuit

Federal Trial Bar

U.S. District Court for the
Northern District of Illinois

U.S. District Court for the
Eastern District of Michigan

U.S. District Court for the
Eastern District of Wisconsin



Honors & Awards

- Selected by his peers for inclusion in *The Best Lawyers in America*® for Litigation – Insurance, 2020 – 2022; Litigation – Construction, 2018 – 2021
- Recognized on the Super Lawyers list by *Illinois Super Lawyers* magazine, 2005 – 2021
- Honored as one of the Top 100 Leading Business Lawyers in Illinois in *Leading Lawyers Magazine Business Edition*, 2010
- DePaul University School of Law, Distinguished Alumni Award, 2010; Law Review Sapientia Award, 2009; Certificate of Appreciation Award, 1997
- Named as one of "The Best of the Law Firm Leaders" by *Of Counsel*, 2002
- Recognized by his peers as a "Leading Lawyer" in the areas of Closely & Privately Held Business Law; Commercial Litigation; and Insurance, Insurance Coverage & Reinsurance Law
- Holds the AV® Peer Review Rating from Martindale-Hubbell, its highest rating for ethics and legal ability

Presentations

Don has lectured on numerous legal and management topics to local, regional and national audiences at seminars sponsored by many organizations, including:

Law firm and law firm leader consulting and coaching:

- "Firm Leadership Succession," The Managing Partner Forum, Atlanta, Georgia, May 2018
- "What's Keeping Law Firm General Counsel Awake At Night? Law Firm Succession," The Legal Malpractice & Risk Management Conference, Chicago, Illinois, March 2018
- "Selecting The Next Leader Of The Firm: Law Practice Exit Strategies," The IADC Midyear Meeting, La Quinta, California, February 2018
- "The Risks of Managing a Firm Like a Business," The ABA National Legal Malpractice Conference, Colorado Springs, Colorado, September 2017
- "Leadership in Action," The MPF 2017 Leadership Conference, Atlanta, Georgia, May 2017
- "General Counsel and Their Managing Partners: Developing a Risk Management Partnership," The Legal Malpractice & Risk Management Conference, Chicago, Illinois, March 2017
- "Successful Partnering: Between Inside and Outside Counsel," The Chicago Bar Association, Program Faculty, Chicago, Illinois, 2003
- "Utilizing a National/Regional Program for Litigation," 40th Risk and Insurance Management Society Annual Meeting, April 2002
- "Inside Law Firm M&A's," *Illinois Legal Times* Roundtable Discussion, March 1998
- "Competitiveness Through Innovative Client Services: Meeting and Exceeding Client Expectations is the Future for Your Firm," Mid-Year Meeting/International Association of Defense Counsel, February 1996
- "Splitting the Pie: Determining Partners' Income," *Illinois Legal Times* Roundtable, November 1994
- "Building the Client-Driven Law Firm: Creative Ways to Get Lawyers to Listen to Their Clients," Fourth International Conference on Legal Services Marketing, Institute on Law Firm Management, October 1994
- "Client Surveys and Focus Groups," Association of Legal Administrators/Chicago Chapter, February 1994

Business Litigation, Fidelity Law, Corporate Governance and related areas:

- "Common Issues Which Arise in the Investigation of the Fidelity Bond Claim," American Bar Association, Tort Trial Insurance, Fidelity and Surety Law Committee, MidWinter Meeting, January 2013
- "Court Costs and Attorneys' Fees," American Bar Association, Tort Trial & Insurance Section, Fidelity & Surety Law Committee seminar "Financial Institute Bonds: From the Masters," Baltimore, Maryland, November 2008



- "Fraud in the Executive Suite: Internal Investigation, Employment Law Ramifications and Fidelity Coverage," Program Chair, Annual meeting of the American Bar Association/Fidelity and Surety Committee, August 1999
- "The Trial of a Loan Loss Case Against the Fidelity Carrier - A view from the Jury Box," Mid-Winter Meeting, International Association of Defense Counsel, January 1999 (mock trial participant as attorney for the Fidelity carrier)
- "Fraud in the Executive Suite," American Bar Association Annual Meeting, Atlanta, Georgia, 1999

Publications

- "Components of Effective Partner Compensation: Long-Term Focus (Perspective)," *Bloomberg Law*, September 15, 2017
- "Enduring Principles for an Effective Partner Compensation System (Perspective)," *Bloomberg Law*, May 17, 2017
- "How to Evaluate Law Firm Leaders (Perspective)," *Bloomberg Law*, March 1, 2017
- "How to Plan a Law Firm Leadership Succession Part II (Perspective)," *Bloomberg Law*, January 12, 2017
- "How to Plan a Law Firm Leadership Succession Part I (Perspective)," *Bloomberg Law*, November 23, 2016
- "How to Respond to Bullying in Big Law (Perspective)," *Bloomberg Law*, October 25, 2016
- "General Agreement (F) Notice of Legal Proceedings Against Insured – Election to Defend," chapter co-author, "Financial Institution Bonds 537-576," (Duncan L. Clore ed., 3d ed.) 2008
- "Chapter 78 Case Study: ServiceMaster's National Litigation Program," *Successful Partnering Between Inside and Outside Counsel*, West Group & ACCA, September 2000 (updated 2003)

Community/Civic Activities

- St. Rita Board of Directors (2015–Present)
- Constitutional Rights Foundation Chicago, Member, Board of Directors (2004–Present) Vice Chairman (2012–Present)
- DePaul University College of Law, Dean's Council (1990–Present) Chairman (2011–2012)
- El Valor, "Tocar el Futuro": Member, Civic Leadership Team (1996–2008) Member, Board of Directors (2005–2008)
- Hinsdale Hospital Foundation: Board of Trustees (1997–2003)
- Josephinum High School: Board of Directors (1992–1998) Chairman, Development Committee (1993–1995) Chairman, Board of Directors (1995–1998)
- American Cancer Society "Hoops for Life": Sponsor (1989–Present) Certificate of Appreciation Award (1997)
- St. Rita High School, "Valentine's Day Committee" Founding Member (1990–Present) Co-Chairman (1993) Chairman (1994)
- DePaul University Cornerstone Campaign, Law School Division, Vice Chairman (1992)
- Burr Ridge Meadows Improvement Association: Board of Directors, Elected Member, (1984–1986) Board of Directors, President (1985–1986)
- Infant Jesus of Prague Fiscal Board: Elected Member (1981–1983) President (1983)

BIOGRAPHICAL PROFILE

John Remsen, Jr.

President

TheRemsenGroup

Atlanta, Georgia

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John is widely recognized as one of the country's leading authorities on law firm leadership, management, marketing and business development. Since 1997 TheRemsenGroup has consulted with more than 400 law firms and thousands of law firm leaders to help them develop and implement long-term strategic objectives to improve cohesiveness, profitability and sustainability.

John is a frequent speaker and author on law-firm leadership and marketing topics. He has spoken at national and regional conferences of the Legal Marketing Association, Association of Legal Administrators, American Bar Association, and numerous state and local bar associations. His articles have appeared in dozens of highly respected legal publications, including the *ABA Journal*, *Law Practice Management*, *Law Practice Today*, *Law360*, *Legal Management*, *Marketing for Lawyers*, *Marketing the Law Firm*, *Managing Partner*, *National Law Review* and *New York Law Journal*.

Since 1988, John has been an active member of the Legal Marketing Association, and he has served as President of LMA's Southeastern Chapter, Executive Editor of *Strategies* (LMA's newsletter) and a member of LMA's national Board of Directors. He is also an active member of the Association of Legal Administrators and a popular speaker at ALA meetings and conferences.

In 2002, John created The Managing Partner Forum, a highly acclaimed conference series and community for managing partners and law firm leaders. More than 1,200 firm leaders from 900 law firms and 43 states have participated in 26 conferences. In addition, John distributes *The MPF Weekly*, an electronic newsletter to more than 10,500 firm leaders throughout the U.S., Canada and 28 other countries.

John's influence was underscored when he was inducted as a Fellow of the College of Law Practice Management in 2013, in recognition of his 25 years of demonstrated expertise in law firm leadership and management. Founded in 1994, the College honors those who "inspire excellence and innovation in law practice management." Membership is by invitation only and includes just 200 individuals.

And the College was not alone: in 2016, John was recognized by LawDragon as one of the "Top 100 Consultants and Strategists" to the legal profession; and in 2017, John was recognized as one of the world's top "leaders and influencers" in the business of law by the Association of International Law Firm Networks.

A native of West Palm Beach, Florida, John holds an MBA from The University of Virginia (1985) and a bachelor's degree in Business Administration from the University of Florida (1980). Prior to enrolling in graduate school, John was Executive Director of The Florida Council of 100, an organization comprised of Florida's top CEOs and other business leaders.

May 2021

MPF Webinar Series: The Law Firm of the Future



The MPF Webinar Series: Building the Law Firm of the Future

An Introduction to Law Firm Succession Planning

An MPF Webinar with Donald L. Mrozek, Esq.

October 13, 2021 – 2:00-3:00pm ET



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Welcome



Uri Gutfreund

National Law Firm Practice Leader, Risk Strategies Company
Founder, MP Roundtable



John Remsen, Jr.

President and CEO, Managing Partner Forum
President, TheRemsenGroup



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MPF Webinar Series: The Law Firm of the Future



Managing Partner Forum®
ADVANCING THE BUSINESS OF LAW



Donald L. Mrozek, Esq.

- Chairman, Hinshaw & Culbertson, LLP – 1989-2015
- Chairman, Consultants & Coaches for the Profession Practice Group
- 400 lawyers at 25 office locations
- Speaker:
 - Intl Assn of Defense Counsel (IADC)
 - American Bar Association
 - Legal Malpractice/Risk Management Conference
 - MPF Leadership Conference
- Education:
 - BSE – Northwestern University
 - JD – DePaul University College of Law



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MPF PROGRAMS IN 2021

- MPF Webinar Series – First Wednesday @ 2pm ET
- MPF Listserv and Conference Calls
- *The MPF Weekly* – Friday mornings
- MPF Website – www.ManagingPartnerForum.org
- “Virtual” MPF Fall Symposium – Succession Planning – Wed, Nov 3



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MPF Webinar Series: The Law Firm of the Future



MPF Fall Symposium

Passing the Torch: Guiding Your Law Firm through Succession

Now "Virtual" on Wednesday, November 3, 2021

 Ida Abbott President Ida Abbott Consulting	 August Aquila Chief Executive Officer Aquila Global Advisors	 Whitney Cunningham, Esq. Managing Partner Asprey Watkins & Diesel	 Uri Gutfreund Natl Law Firm Practice Leader Risk Strategies Company	 Tracy Kepler Risk Control Consulting Director CNA Insurance
 Gary S. Lesser, Esq. Managing Partner Lesser, Lesser Landy & Smith	 Eileen M. Letts, Esq. Chief Administrative Partner Zuber Lawler	 Donald L. Mrozek, Esq. Chairman Emeritus Hirshaw & Culbertson	 Morris Tabush Founder & President Tabush Group	 Raymond J. Werner, Esq. Of Counsel Saul Ewing Aronson & Lehr

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ADVANCING THE BUSINESS OF LAW

TODAY'S WEBINAR

- Registrant Survey Results – 115 firm leaders
- Today's Topic – **An Introduction to Law Firm Succession Planning**
- Audience Polling Questions
- Reflections from Don Mrozek
- Next MPF Webinar – December 1, 2021



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SUCCESSION PLANNING

Law Firm Demographics

SOURCE: American and Canadian Bar Associations

- 30%-40% of lawyers in private practice are beginning to retire, phase down or contemplate phasing down
- Most law firms have actively practicing lawyers in their late 60s and 70s, many of whom are rainmakers
- In 63% of law firms, partners aged 60 or older control at least one-half of firm revenue



ALBANY COUNTY BAR ASSOCIATION

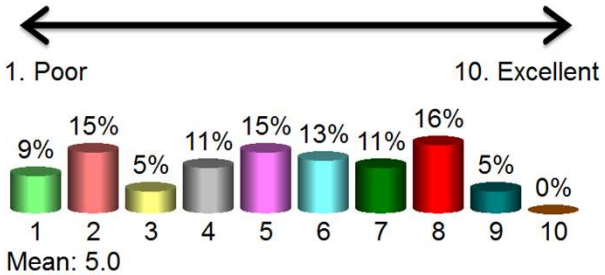
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Generally, how is your firm doing with succession planning issues?

← 1. Poor 10. Excellent →



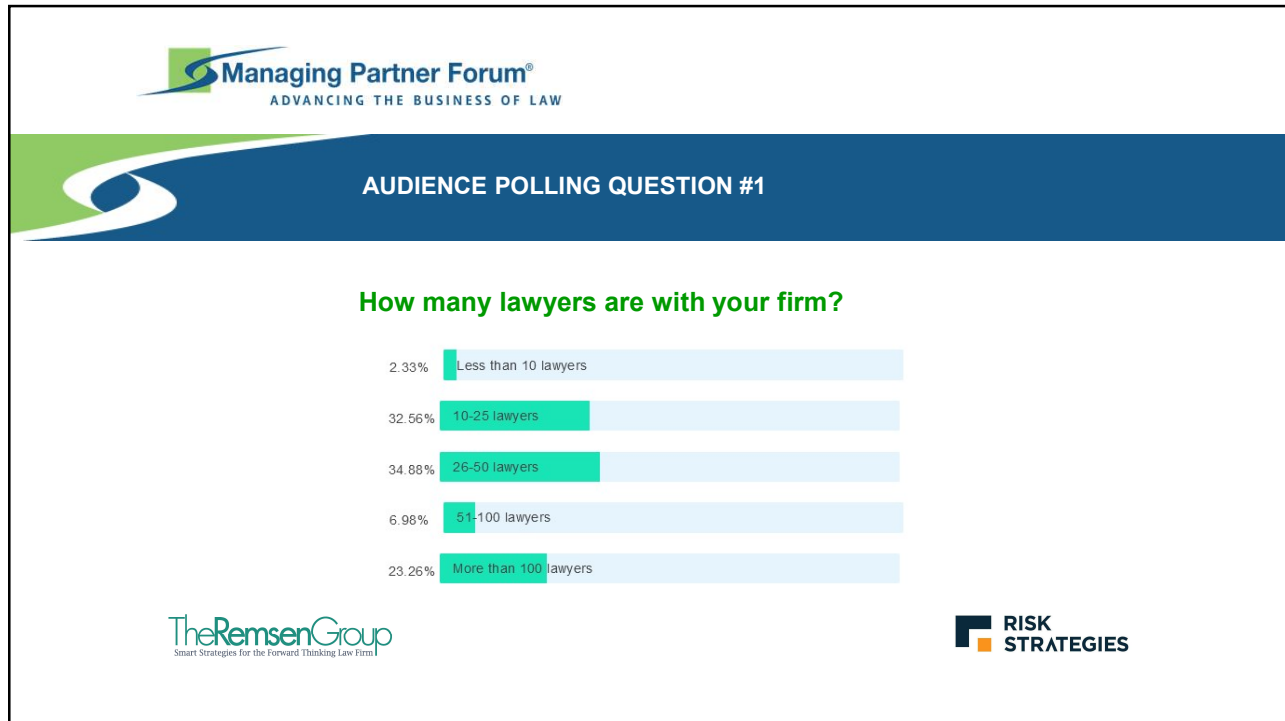
Rating	Percentage
1	9%
2	15%
3	5%
4	11%
5	15%
6	13%
7	11%
8	16%
9	5%
10	0%

Mean: 5.0

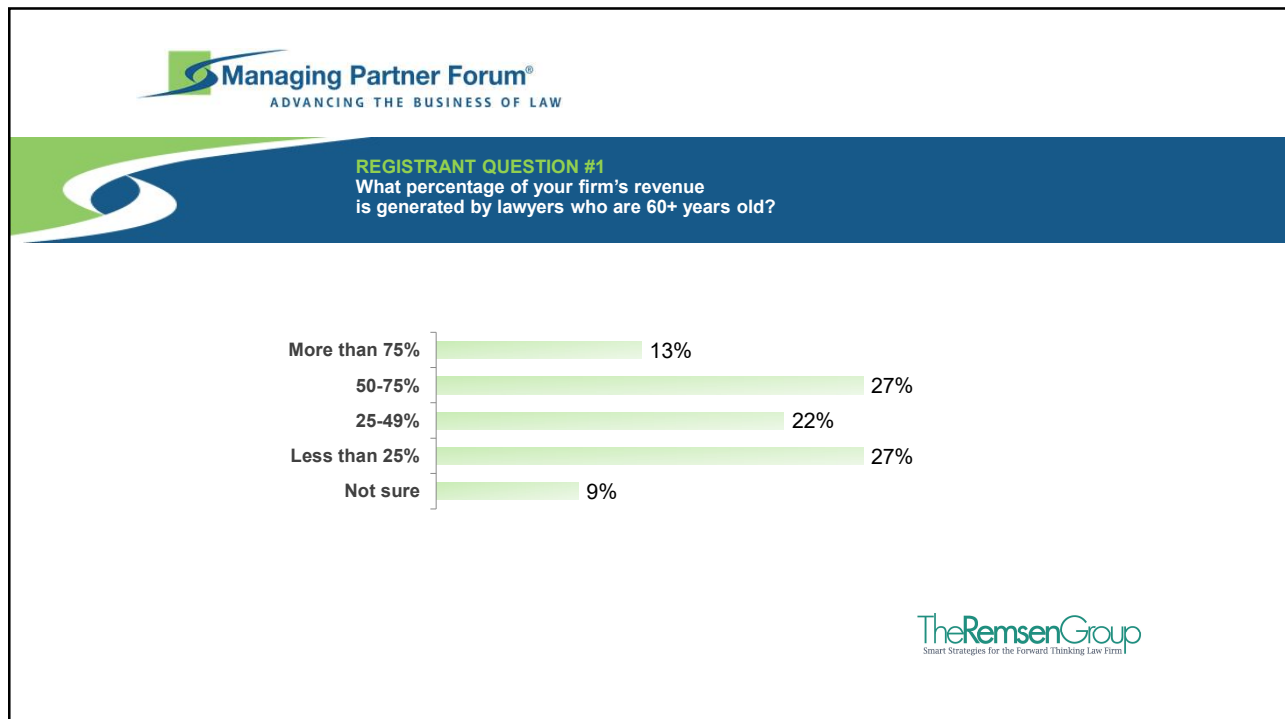


ALBANY COUNTY BAR ASSOCIATION

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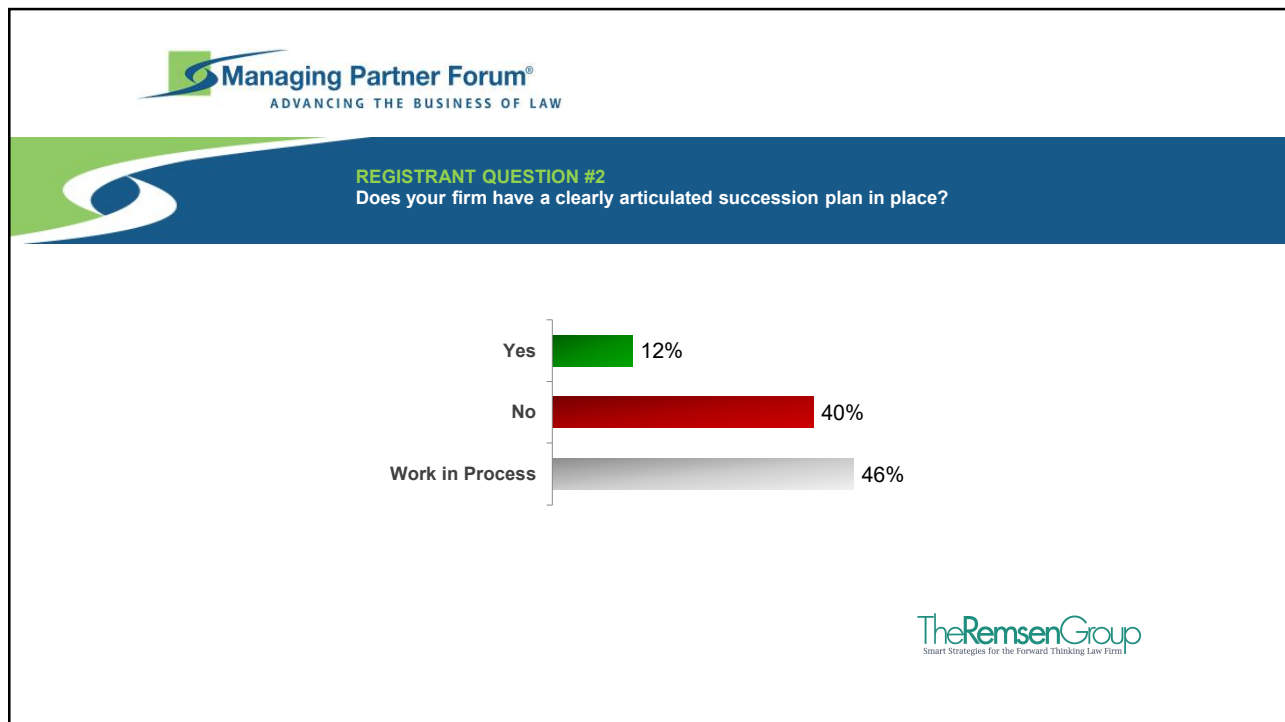


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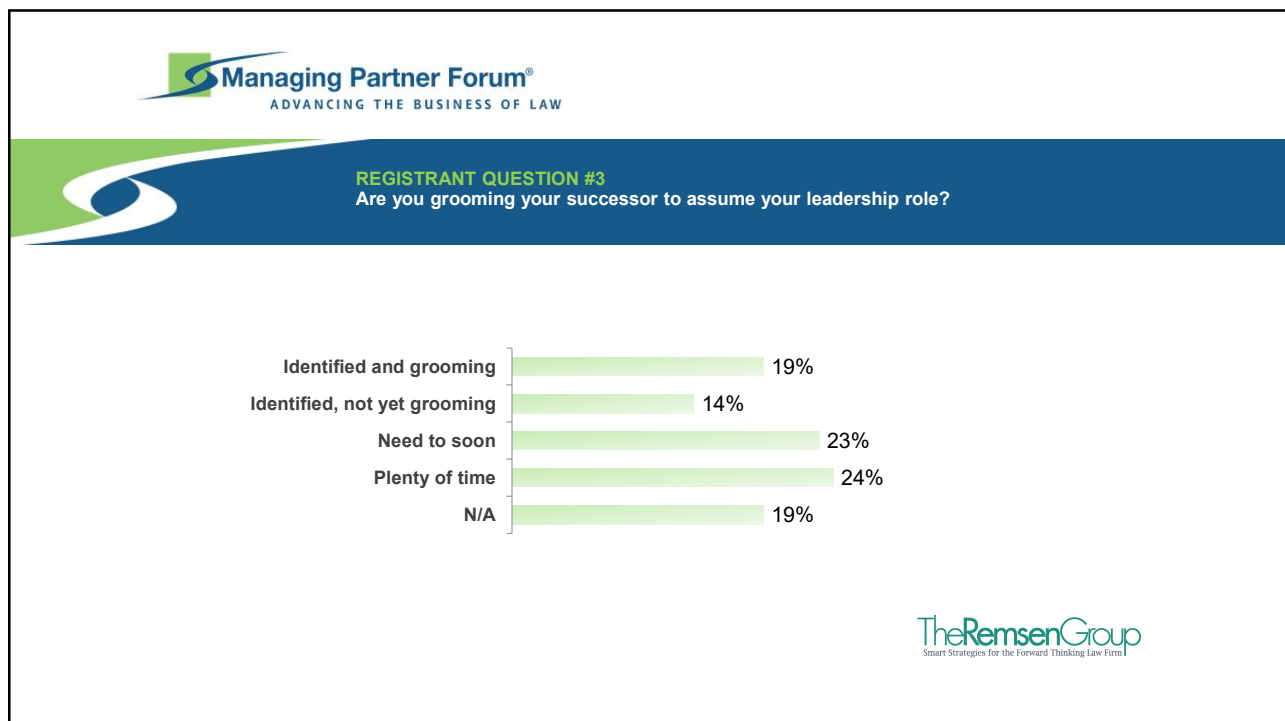


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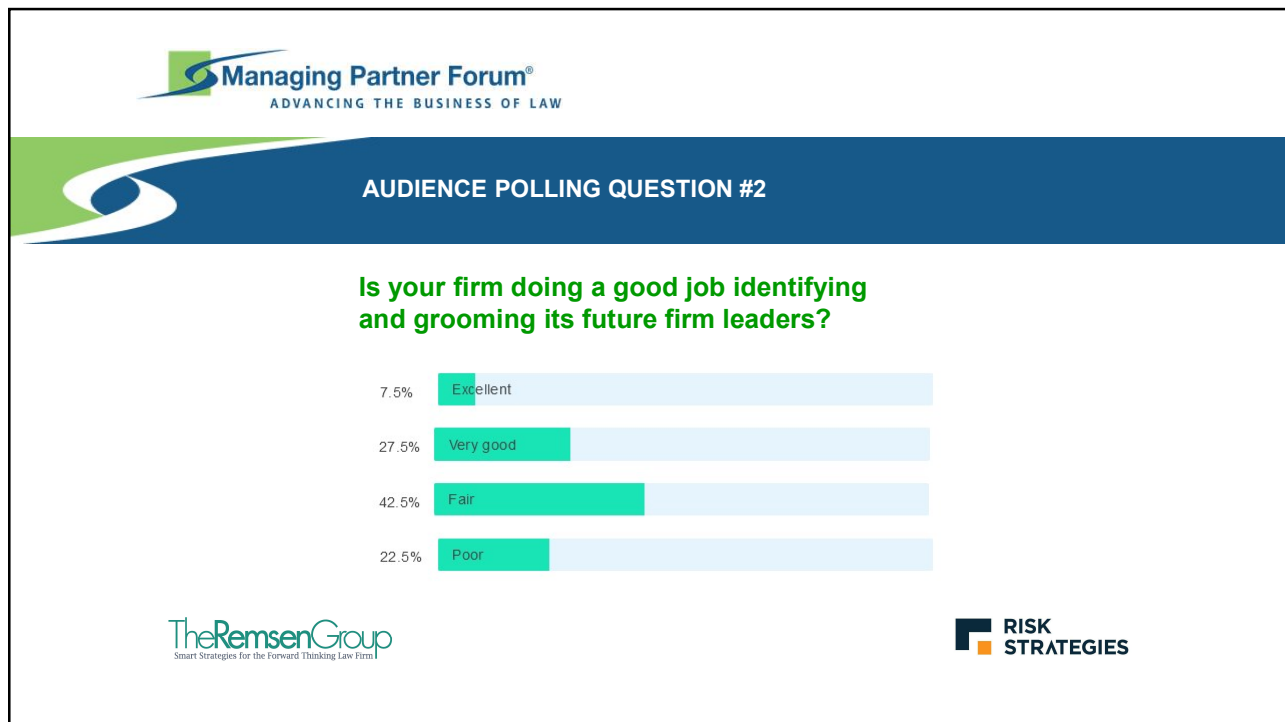
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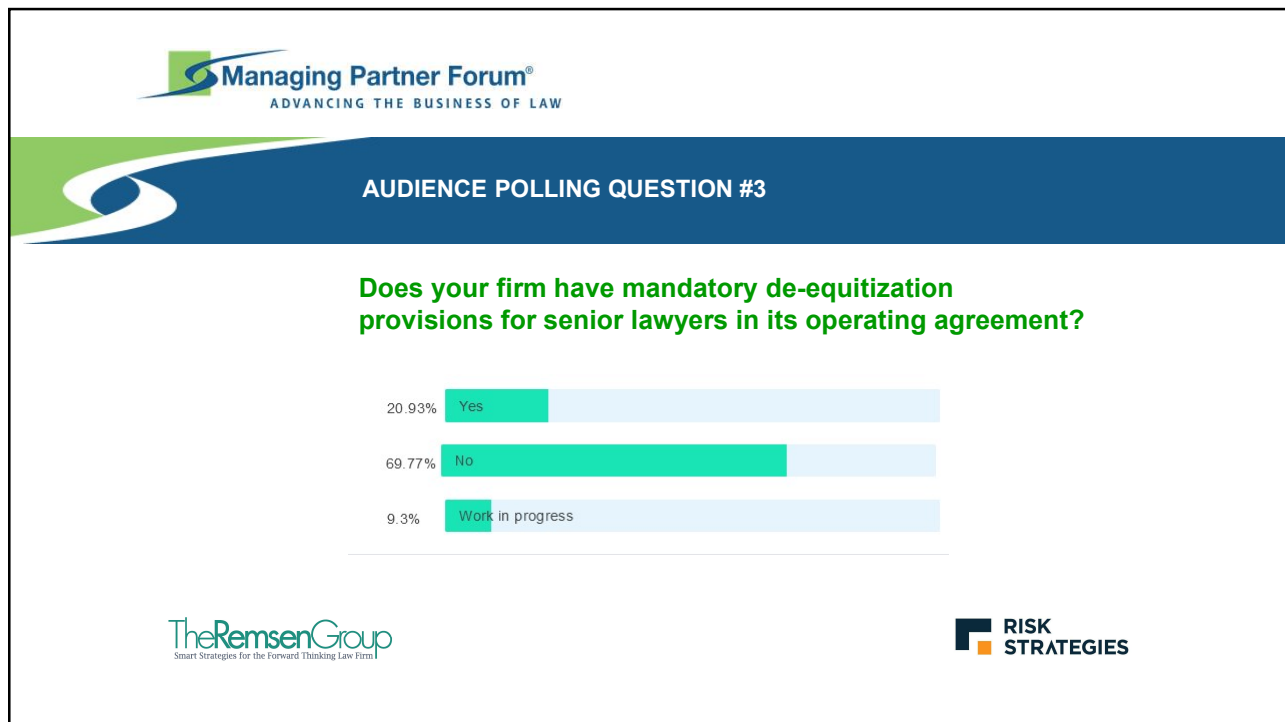
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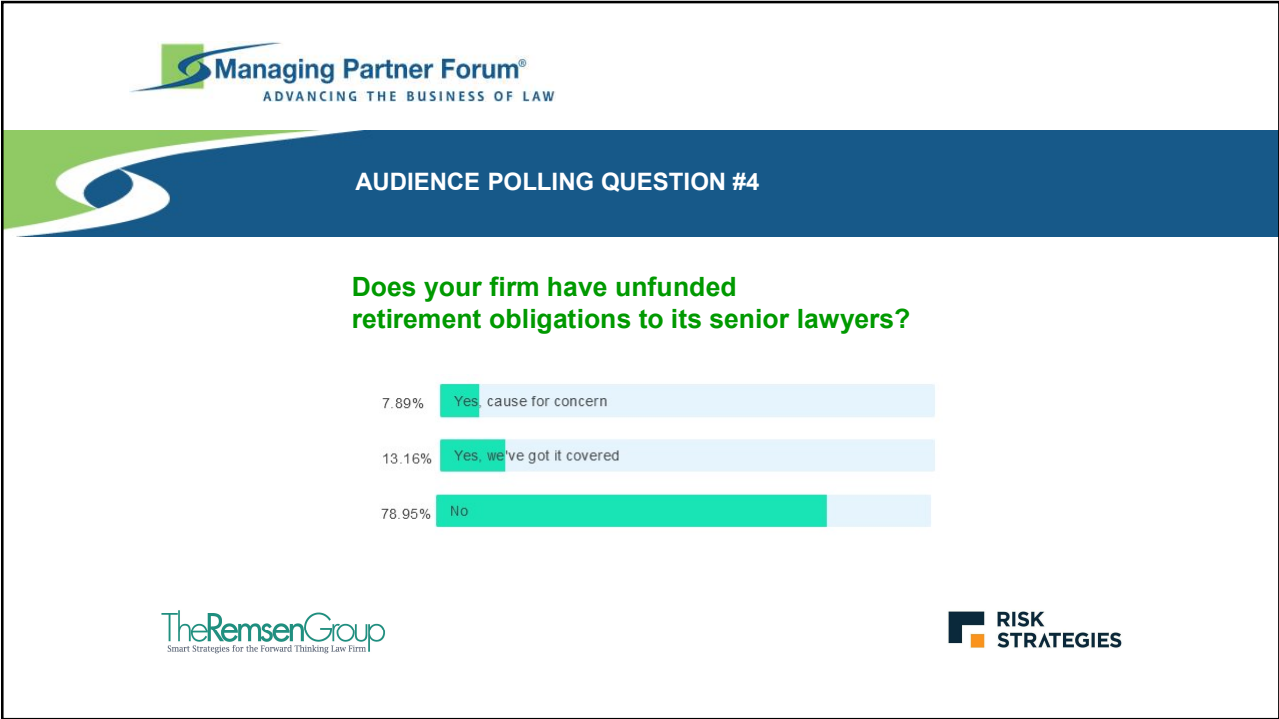
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EXITING THE PRACTICE OF LAW: STRATEGY AND PROCESS

Donald L. Mrozek
Chairman Emeritus
Leader, Consultants and Coaches for the Profession
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1. Value the firm thoroughly and objectively

- Revenue multiple
- Earnings multiple
- Capitalized cash flow

Caveat: The practice is only worth what an informed buyer is willing to pay. Most purchasers will look to the future revenue of the practice to finance a substantial portion of the sales price.

2. Explore options

- Internal sale – turnover to one or more lawyers in the firm
- Merger with another firm
- Sale of firm or practice: See ABA Model Rule 1.17
- Sale to outside investors: Utah and Arizona are leading the way



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3. Negotiate the transaction

- Price: Two components, value of the practice and consideration for employment contract
- Payment terms and security
- Employment contract
- Naming rights

4. Document the deal and execute the transaction

5. A few hints

- The process will take time so start early; in this respect law firm “sales” take longer to complete than business entity M & A
- Keep the payment and tenure obligations shorter rather than longer; recommend five years or less
- Get professional advice and assistance
- Be prepared mentally

HINSHAW

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MPF OBSERVATIONS

- **IMPORTANT QUESTION:** Is Yours a “Legacy” or “Mercenary” Firm?
- Be Proactive and Start Early
- Build Expectations into Firm Culture
- Implement Senior Attorney Succession Plans
- Consider Mandatory De-Equitization at 65-70 years
- Tweak Compensation System to Encourage Client Transfer
- Identify and Groom Future Firm Leaders
- Put Proactive Succession Planning in Place

Ownership, Governance, Client Transition, Compensation Implications



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CONTACT US

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MPF Webinar Series: The Law Firm of the Future



The MPF Webinar Series: Building the Law Firm of the Future

An Introduction to Law Firm Succession Planning

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LI Feature

LEGAL INDUSTRY/BUSINESS MANAGEMENT

Planning for the Future

When it comes to succession planning, law firms have plenty of room for improvement

It's a sad fact that 70 percent of first generation firms do not survive their founding partners. It's unfortunate to see once great law firms fall apart. Yet, we see it all around us. The reasons vary, but most often it's due to a lack of a thoughtful, deliberate succession plan.



JOHN REMSEN JR. & JOHN
STERLING

Succession planning and management involves actively preparing for the transition of leadership — be it the transition of managing partners and other lawyers holding leadership positions; succession of client relationships from rainmakers and client relationship managers; or senior administrative positions.

Succession planning generally serves two purposes. First, it enables a law firm to prepare for orderly transitions of key positions and major client relationships. Second, it prepares the firm for the untimely and unplanned loss of a critical leader as the result of unpredictable events, such as lateral poaching by search consultants, health issues or sudden death.

In October and November 2014, The Managing Partner Forum, in affiliation with Sterling Strategies and TheRemsenGroup, conducted an online survey about succession planning in which 85 managing partners — mostly from smaller and mid-size law firms — participated. The results serve as the foundation for much of this article on a most important, yet often neglected, topic.

LONG RANGE SUCCESSION PLANS

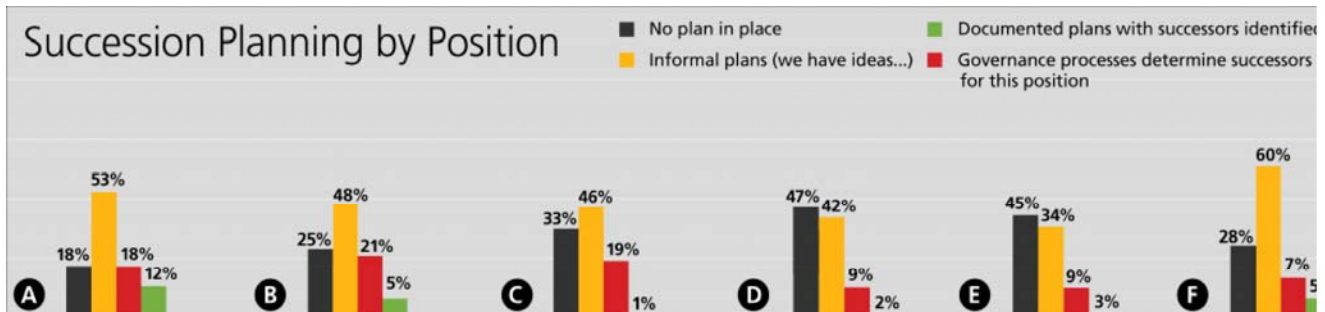
Longer range succession plans are helpful in managing the transition of a number of positions in a law firm. Most obviously, firms ought to have plans in place for the succession of leading lawyers, such as managing partners and chairs of executive/management committees. In addition, firms should have succession plans for C-level administrative leaders (at a minimum).

Unfortunately, our survey found that most law firms are doing very little effective succession planning. For example, only five percent of firms we surveyed said they have a documented succession plan in place for their top five client relationship managers. However, 60 percent said they have informal plans or ideas in the works for these employees.

In addition to planning for the transition of leadership roles and positions, firms should also plan

for the effective transition of other important contributions senior lawyers bring to their law firms. That includes transition of:

- The knowledge and expertise of senior lawyers via training, mentoring and knowledge management systems
- Client relationships cultivated and managed by senior lawyers
- Involvement in broader networks — especially leadership roles in community/civic organizations, prominent philanthropic causes, professional associations and industry groups



A: Managing partner (or his/her equivalent)

B: Chair of executive/management committee (or his/her equivalent)

C: Practice group leaders

D: Chief operating officer/firm administrator (or his/her equivalent)

E: Other director level administrators

F: Top five business originators/client relationship managers

EMERGENCY PLANS

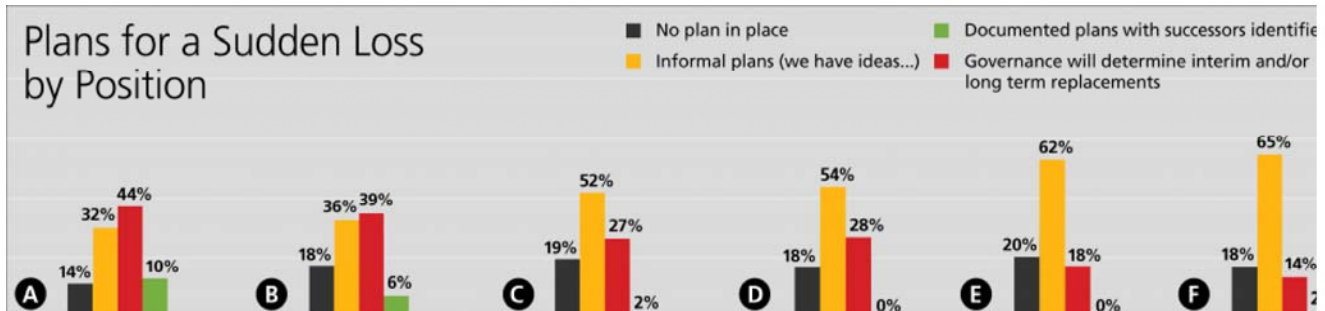
Generally speaking, longer range succession planning and transition should be managed over a period of years, not months. However, that is not always possible. At Wyatt, Tarrant & Combs, a 200-lawyer firm based in Louisville, Kentucky with six office locations, their managing partner stepped down suddenly in the mid-2000s after being seriously injured in an auto accident. So, when Managing Partner William Hollander was entering his final year of his second term in 2013, he committed himself to making an early decision regarding whether or not to serve another three-year term. When he made a clear decision in May to pass the torch, the firm had seven months to seek a successor and manage the transition. Current Managing Partner Franklin Jelsma noted the transition was “orderly and cordial... We had the transition lined up by the end of summer.”

With all that said, having a clear plan and process in place for succession management also prepares firms for the sudden, unexpected loss of important leaders. At a minimum, firms ought to have an idea of who would replace their managing partner and the leaders of their most important practice groups. However, that does not appear to be how they practice. Only 10 percent of firms have documented plans in place in the event their managing partner suddenly departs the firm. And the numbers are even lower for replacing other leading positions in the event of an emergency departure; in fact, none of the firms we interviewed said they had a documented plan in place should their chief operating officer or other director-level administrators suddenly depart the firm.

These survey results make clear that firms are not at all well prepared for the sudden loss of important people in their organizations. Overwhelmingly, firms will simply muddle through if they unexpectedly lose key people. There is small solace in having a governance system that provides a mechanism for electing a new chair and/or managing partner – the change is still sudden and disruptive.

BEST PRACTICES FOR SUCCESSION PLANNING AND MANAGEMENT

The point of planning now and not later is underscored by Dr. Larry Richard, the world's leading psychologist on the lawyer personality. "People naturally start to slow down when retirement is in sight. Productivity suffers. Chronic underperformance eventually sets in," he says. "Over time, firm profitability declines and young up-and-comers start to leave. A 'psychological energy' is established and starts to infect the firm's culture." Neglecting the issue of succession, he says, can be detrimental to the firm. So where can we start?



A: Managing partner (or his/her equivalent)

B: Chair of executive/management committee (or his/her equivalent)

C: Practice group leaders

D: Chief operating officer/firm administrator (or his/her equivalent)

E: Other director level administrators

F: Top five business originators/client relationship managers

Managing partners and senior staff

A number of practices can help with planning for the succession of managing partners and other senior leaders. Best practices include:

- Developing management and leadership capabilities via a series of less demanding roles, such as committee chair, practice group leader or executive committee membership
- Sending prospective leaders to executive leadership programs at leading business schools
- Naming a deputy managing partner or a managing partner-elect to allow for a year or more of active transition
- Leveraging professional development resources available through the ABA's Law Practice Division
- Involving prospective future firm leaders in peer groups or international networks, such as Meritas, ALFA (American Law Firm Association) International, Lex Mundi or TAGLaw

Generally speaking, law firms are not taking advantage of these resources to manage leadership succession deliberately. However, according to the following chart, firms do appear to make good use of executive or management committees to provide continuity — as well as using them as a source for the next managing partner.

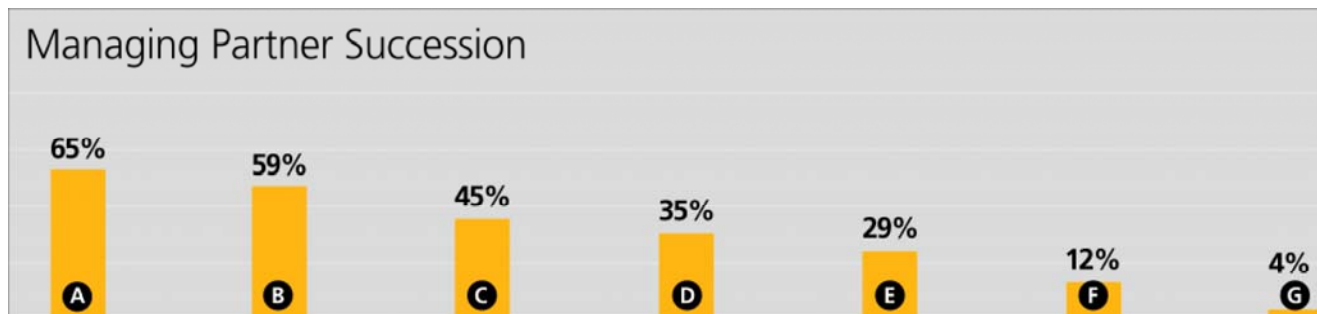
At Lewis Wagner, a 40-lawyer firm based in Indianapolis, Indiana, the partners elect a deputy managing partner who automatically steps into the role after serving as chair of the firm's executive committee for three years. "The committee has a clear mission, which is to monitor and advance the firm's strategic plan," says John Trimble, the firm's current Managing Partner. "Importantly, the future managing partner receives invaluable training and experience in an important leadership role before assuming the managing partner role." Trimble also chairs Defense Research Institute's Law Practice Management Committee.

Administrative Roles

Most firms — almost 75 percent of those surveyed — said they do almost no planning for the succession of senior administrative roles. Best practices for those positions generally involve traditional human resource-based succession planning approaches. That includes knowing the

candidates for promotion among C-level and director-level administrative leaders. Pragmatically that involves two related activities:

- First, evaluations of mid- and senior-level administrators should include an assessment of whether individuals have the potential to be promoted one or more levels. That evaluation should also include an identification of the training and professional development necessary for the individual to make that transition to a more senior role.
- Second, using those evaluations as a resource, firms should create a depth chart for their senior administrative positions, and understand who can step in on an interim basis and/or permanently.



A. We rely on our executive/management committee to ensure continuity.

B. We look to our executive/management committee as a pool of talent and knowledge for succession.

C. We use practice group leader and/or committee chair roles to groom future leaders.

D. Our governance process/partnership agreement spells out how successors are selected/elected.

E. We send potential future leaders to conferences and other leadership training forums.

F. We have "deputy" positions for key jobs (e.g., Deputy Managing Partner).

G. We have developed formal succession plans and "depth charts" for key positions.

TRANSITIONING CLIENT RELATIONSHIPS

In addition to planning for succession of key leadership roles, firms need to plan for and manage the succession of significant client relationships. Frankly, firms should always be working to broaden and deepen major client relationships.

Clients who work with multiple partners or multiple practices are much more likely to be retained year-over-year. So, it is always in the best interests of the firm to get multiple people involved in major client relationships.

As a partner approaches retirement (a five-year horizon is not too long and in some cases may be too short to start planning), more active steps should be taken to transition key relationships. That can and should be done in a way that protects the senior attorney's status and compensation as relationships are transitioned to younger partners. Very few firms — less than 25 percent in the Managing Partner Forum survey — have mandatory retirement policies, so managing this process requires firms to have the discipline and courage to broach the topic of retirement as partners approach age 60. Many partners may plan to work well into their 60's or even their 70's, but that does not obviate the need to have the conversation and begin planning.

Some quotes from surveyed managing partners regarding planning for retirements help to illuminate the points above:

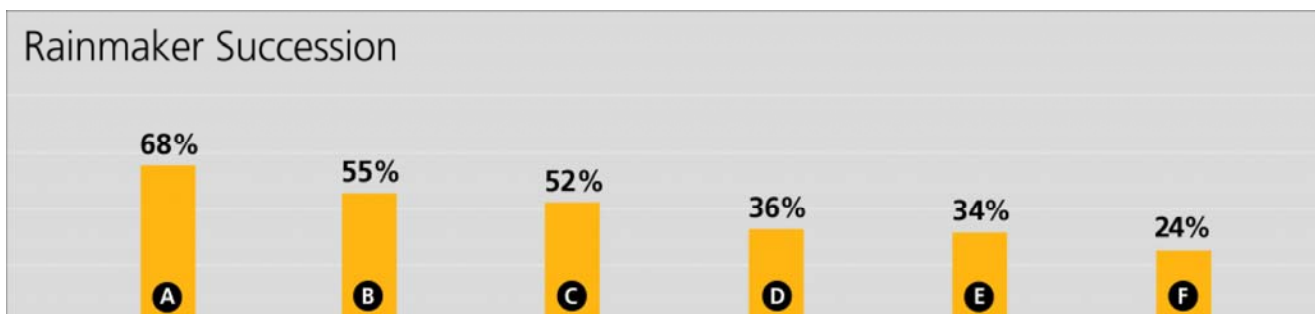
- *We have a senior attorney policy that requires each attorney aged 60 and older to file with the Management Committee each year a senior plan. The senior plan is to state what the attorney's plans for work are for the next five years and whether that plan includes scaling back and/or retirement. If the plan includes retirement, the plan is also to include a proposal for transitioning his/her clients to other attorneys in the firm.*

- *(We hold) annual meetings starting well before retirement and allow plans to develop both on the firm's goals and individual's goals. Follow through on reviewing how the plan is progressing during the year is required. Teaming in our approach to clients and matters is very important to smooth transitions.*
- *One thing we do is that all attorneys 65 or older must meet with a portion of our Executive Committee on an annual basis to review their clients and what efforts have and will take place to ensure a smooth transition. A report is then given to all shareholders at our regular monthly meeting.*

Furthermore, firms may want to take the following steps to actively manage the transition of important client relationships:

- Give younger lawyers direct access to clients as much as possible so the clients build trust and confidence in the younger lawyers. Clients hire lawyers, not law firms and, if the only lawyer they know at the firm isn't there anymore, they go shopping.
- Establish client teams consisting of both senior and junior lawyers. Through these teams, information is shared and activities are coordinated.
- Establish industry practice groups. Here, again, the firm should be promoting a team approach to marketing and business development with senior lawyers working hand-in-hand with junior lawyers.
- Make sure your firm's compensation system rewards sharing and teamwork, not hoarding and control. Senior lawyers should be rewarded for successful transition.

John Trimble of Lewis Wagner says his firm has a policy of sharing clients with multiple lawyers. "We refuse to track client origination credit," Trimble says. "Rather, we track origination at the matter level. It's up to the clients to call whoever they want to handle their matters. It's a system that's worked well for us over the years."



A. We actively work to broaden client relationships to multiple partners and multiple practice areas are serving key clients.

B. We maintain back-ups internally on major matters and/or for large client

TRANSITIONING EXPERTISE

Finally, there is a need to manage succession around the knowledge, expertise and networks partners contribute to the firm. That succession should be integrated into the broader discussion of eventual retirement and it should consider the following:

relationships to ensure someone can pick-up matters in the event of an emergency.

C. We work directly with key clients over multiple years to introduce depth and to plan for future succession.

D. We let things develop naturally and hope for the best.

E. We seek opportunities for secondments or other approaches that embed younger attorneys at key client.

F. We tend to scramble in the final year before a partner retires to transition his/her key relationships.

- **Does the partner have unique, hard to duplicate knowledge or expertise?** If so, is there a protégé in place and is that person growing and developing at a pace sufficient to position the firm to carry-on effectively after the senior partner retires? If not, can that void be filled via lateral hiring? In addition, can/should the firm be adopting knowledge management tools to institutionalize aspects of that partner's expertise?
- **Is the partner a leader in the community?** How does that leadership manifest itself (for example, elected positions, leadership of/involvement in civic organizations, prominence in philanthropic circles, etc.)? Community leadership generally requires a person to have a genuine interest and passion for being actively involved — that passion can and should be tapped from an early age and stage in one's career.
- **Is the partner active in industry and/or professional organizations?** If so, does that involvement directly benefit the firm? Firms should actively work to transition younger partners into associations where the firm knows it wants to remain prominent. Expect that transition to take a number of years.

MOVE FORWARD OR FALL BEHIND

The legal marketplace is evolving rapidly, right before our eyes. As always in the marketplace, there will be winners and there will be losers. We believe – and the evidence backs this up – that law firms which embrace succession planning will be better positioned for success, both today and in the future.

ABOUT THE AUTHORS

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