

WHY SUCCESSION PLANNING MATTERS

Succession planning is planning for the expected exit from the practice of law. What if there is no plan? Consider what would happen if someone won the lottery, moved to the Caribbean, and threw their phone in the ocean over night? You cannot plan for succession without contingency planning. Contingency planning is planning for the unexpected exit from the practice of law.

When succession planning, be sure to address: (1) expertise, (2) client relationships, (3) referral sources, (4) community involvement, (5) firm leadership, and (6) financial planning. Ask the hard questions: which practice areas have no backup? If a client's attorney was not available, who at your firm would that client call? Are all of your attorneys building referral sources? Are your attorney spending the right amount of time in the right community involvement? Who will be the firm's next managing partner? Does your compensation structure account for practices slowing down as attorneys approach retirement?

Planning takes time - so start now, before you need a plan. Create processes around expertise, client relationships, referral sources, community involvement, and firm leadership. The entire firm needs to be rowing in the same direction. Keep in mind that younger attorneys will need guidance and support from more experienced attorneys. Set obtainable goals and hold attorneys accountable toward meeting their goals. Be sure to celebrate success.

With the proper planning, your firm will benefit from better attorney retention, better client retention, better firm knowledge retention, an exit pathway for partners, a culture of succession, and statutory compliance in those jurisdictions that require a written contingency plan. Additionally, with the proper planning, the founding partners will leave a legacy - a firm that lasts beyond their retirement.