

SUCCESSION PLANNING FOR A MID-SIZED FIRM



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By **Jeffrey Brochin, Esq.**

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EXECUTIVE SEARCH AND RECRUITMENT

william.anderson@greenpointglobal.com | pranav.menon@greenpointglobal.com
International Corporate Center, 555 Theodore Fremd Avenue, Suite A102 Rye, NY 10580
www.gpesr.com

The notion that your lawyer may be getting older is hardly a surprising one. But the idea of his or her firm aging? Many lawyers are still practicing well beyond the traditional retirement age of somewhere around 65, and in fact, about 40 percent of lawyers practicing today have already reached what used to be the retirement age.

As those lawyers retire from their firms, succession issues will come into play affecting such things as the firm's branding, reputation, and rainmaking techniques. Old and venerable firms seem to always be able to remain, well, old and venerable. But for the small- to mid-sized firm, keeping the firm alive after senior partners retire poses some very different challenges.

Revenue Reality Check

According to a 2017 study by the legal consulting company Altman Weil, Inc., over 60 percent of law firms rely on lawyers over 60 years old to bring in twenty-five percent of the firm's revenue. Put another way, as those senior citizen lawyers retire, a quarter of the firm's rainmaking ability could retire with them. That prospect alone should spur law firms to take a serious look at how their firm is going to weather financial longevity as senior lawyers leave. Like the client who delays taking estate planning measures, many firms procrastinate when it comes to their own succession planning.

Maintaining Client Relationships

Accompanying the issue of 'who will bring in the revenue' is the parallel concern of 'who will maintain what are likely decades-old client relationships?' The practice of law is built upon, perhaps more than anything, the interpersonal relationship between lawyer and client. It is not uncommon for a lawyer's social circles to have been the seedbed from which clients were brought into the firm, and for the lawyer who has been practicing for many years, the lawyer-client relationship has either been rooted in or evolved into a close friendship. For

the new, younger partner to move into that sphere has its obvious 'outsider' challenges. It is for that reason that as senior lawyers look to retirement, they should not only be grooming lawyers who can take over the professional leadership of the firm but also prepare both the upcoming lawyers—and the established clients—for a strategic transfer of the attorney-client relationship itself.

Why the Reluctance?

There are various reasons why retirement-age lawyers might not be eager to initiate succession plans, among them being the denial factor that they are 'never going to retire' but rather will 'die at their desks'. For others, there is the ego factor of 'there is simply no one who is going to be able to do the job as well.' However, it is not just retirement-age lawyers who oftentimes back away from facing the inevitable, but also younger lawyers who, out of fear of seeming to be overly ambitious or as upstarts, avoid bringing up the elephant in the room issue of succession, perhaps fearing that broaching such a subject might hurt their careers.

Timing of the Plan

While there are numerous examples of lawyers leaving their firms—and likely taking whole

Executive Summary

> The Issue

How should small- and mid-sized firms be dealing with the succession?

> The Gravamen

By approaching the subject early on, long before founding lawyers reach retirement, the health and longevity of the firm can be maintained in the eyes of the clients and the firm's younger lawyers.

> The Path Forward

Through open communication both internally and externally, new leadership can be groomed, and seamless succession transition sustained.

practice groups with them—to form new firms, examples of smaller firms continuing to survive once their founders retire or die and even flourishing going forward are harder to find. So just how does the small- to mid-sized firm prepare for the firm's succession?

Developing plans for leadership renewal within the firm as well as client stability from without are crucial to protect the firm's future interests and the legal careers of those dedicated lawyers—not yet of retirement age—who helped to build the firm. Experts advise starting early, while the founding partners are still active enough to oversee the transition of their life's work, rather than waiting until the issue becomes one of panic, fraught with succession uncertainties. Fears and/or rumors of instability—or even pending closure—of a law firm are certain to impact the loyalties of lawyers within the firm and also resonate with clients who rely on firm solidity and a permanent, reliable address for their legal matters.

Transition Management

When properly executed, a succession plan will maintain the branding of the law firm in the eyes of the client public (subject to rules of professional conduct that may restrict the use of the name of a lawyer who is no longer associated with a firm) thereby avoid any market perception of sudden change or confusion as to who runs the firm. If a name change is necessary, then the name(s) of continuing founders should be coupled with the names of newer, shining star partners as a

signal to clients that the same firm is continuing, just with the addition of new talent on the letterhead. By doing so, a reputation honed over a lifetime can be kept intact.

Transparent communications are essential both within the firm as well as to clients. Long before a founder retires, his or her pick for the successor who will serve the firm's trophy clients should be introduced, included in all client meetings, and handed client-contact assignments so as to raise the assurance level of the client and the working comfort level of both client and successor attorney. Such foreplanning and communication will also bolster the younger attorney's confidence that he or she is a key player in the continuation of the firm in the long run.

Introducing...

It is not just at the time of onboarding that new talent needs to be well publicized, but also as that talent moves up through the ranks and makes partner or senior partner. The roster of rising stars must be identified and bolstered in the eyes of clients long before their file is handed over at the end of the retiring lawyer's tenure. The stable of next-generation leaders who will be leading the firm should have both name and reputation recognition at least a couple of years in advance of the founding lawyers leaving

Action

- 1 Deal With It:** The topic of firm succession should be frankly discussed by both the founding lawyers and the next generation of firm leadership in an open and frank discussion.
- 2 Transparent Communications:** Communications surrounding the future of the firm should be communicated not only among founders but also to those individuals who will be playing a key role as the founders retire.
- 3 Passing the Baton:** Of utmost importance is that clients feel a comfort level in working with the next generation of firm leadership in order to void having any trophy clients jump ship due to uncertainties over how their legal affairs will be handled upon their lawyer's retirement.
- 4 PR and Publicity:** All changes in the firm should be presented as dynamic and positive, from the onboarding of new talent to the promotion to partner and the transactions and lawsuits successfully handled by those rising stars.

the firm. In fact, the services of a consulting and PR firm should be considered as part of the long-term campaign of familiarizing the public with the seamless integration of the younger generation into the firm's leadership and, by extension, confidence in the continuation and longevity of the firm.

Succession planning does not have to be viewed as the death knell of what came before it, but rather, just the opposite: as an opportunity to burnish the legacy of the founders while putting the firm on solid footing heading into the future.

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OF DISCUSSION.
WE’VE WITNESSED
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TO REALIZE THE
IMPORTANCE OF
PROPER PLANNING
AND EXECUTION.”**

—PAUL GELLER, NAME PARTNER
OF ROBBINS GELLER RUDMAN &
DOWD

Further Reading

1. <https://cl.cobar.org/departments/staying-ahead-of-the-succession-planning-curve/>
2. https://www.americanbar.org/groups/professional_responsibility/resources/lawyersintransition/successionplanning/
3. <https://www.haysellc.com/resources/20-five-reasons-for-law-firms-to-succeed-at-succession-planning>
4. <https://mcca.com/mcca-article/5-keys-to-effective-succession-planning/>
5. <https://www.law.com/dailyreportonline/2022/08/02/law-firms-are-struggling-to-implement-succession-plans-as-they-look-to-fill-gap-between-generations/>
6. <https://news.bloomberglaw.com/us-law-week/in-law-firm-succession-planning-messaging-matters>





Jeffrey Brochin, Esq.

GREENPOINT STAFF COUNSEL AND
CONTENT EDITOR

After receiving his Juris Doctor degree from The John Marshall Law School in Chicago, Mr. Brochin served as an Administrative Law Judge with the Illinois Department of Labor for six years where he presided over cases dealing with job separation issues and matters pertaining to contested Unemployment Insurance claims. He also co-wrote the agency's administrative rules, and periodically served as a 'ghost writer' for Board of Review decisions.

Following that position, he was Director of Development for a Chicago-area non-profit college where he was responsible for High Net Worth donations to the institution. For the next eighteen years he practiced as a solo practitioner attorney with an emphasis in the fields of Real Estate law and Commercial Contracts transactions, and was an agent for several national title insurance agencies.

In 2003 he was recruited to head up a U.S. title insurance research office in Israel, a position he held for four years, and between 2007-2017 he participated in litigation support for several high-profile cases. He has taught Business Law as a faculty member of the Jerusalem College of Technology, and has authored a wide variety of legal White Papers and timely legal articles as a professional legal content writer for GPL clients. Separate from his legal writing, he has co-authored academic articles on Middle East security topics that have been published in peer-reviewed publications.



William H. Anderson, Esq.

MANAGING DIRECTOR

William Anderson is Managing Director and Head of Law & Compliance. He leads the GreenPoint practice in providing regulatory, legal, and technology solutions to law firms, legal publishers, and in-house law departments around the world, overseeing our team of experienced US attorneys and data and technology experts. Will has over 25 years' experience working with corporations to improve the management of their legal and corporate compliance functions. Will began his legal career as a litigator with a predecessor firm to Drinker, Biddle LLP. He then served as in-house counsel to Andersen Consulting LLP, managing risk and working with outside counsel on active litigation involving the firm.

Will has leveraged his legal experience interpreting regulations and appearing before federal (DOJ, SEC, FTC) and state agencies (NYAG) to oversee research and other areas at Bear Stearns. In this capacity, he counseled analysts on regulatory risk and evolving compliance requirements. Will also consulted on the development of a proprietary tool to ensure effective documentation of compliance clearance of research reports. Will then went on to work in product development and content creation for a global online compliance development firm pioneering the dynamic updating of regulated firms' policies and procedures from online updates and resources. Will holds a Juris Doctorate with High Honors from the Washington University School of Law in Saint Louis and is admitted to state and federal bars. He lives in Pawling, NY, with his wife and daughter.



Sanjay Sharma, PhD

FOUNDER AND CHAIRMAN



Pranav Menon, Esq.

LEGAL RECRUITMENT MANAGER
AND DATA PRIVACY SPECIALIST –
LAW & COMPLIANCE | GPESR



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