

How Small Law Firms Can Tackle Succession Planning

Practical ways to focus on the future

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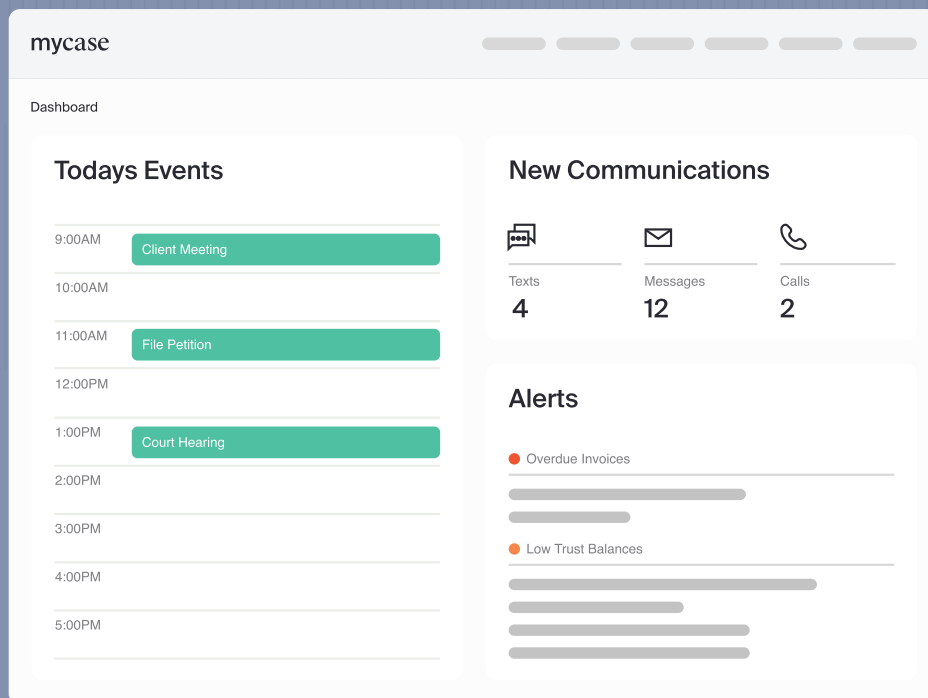
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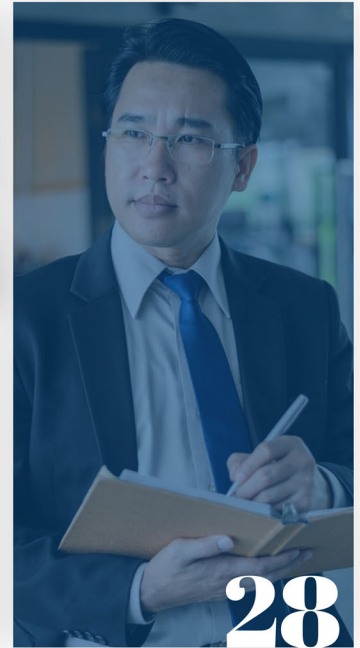
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Future-Proofing Leadership: Maximizing Technology in Law Firm Succession Planning

AMANDA R. KOPLOS, CLM, CPA

2024–2025 ALA President, Chief Operating Officer, Shuffield Lowman & Wilson, PA

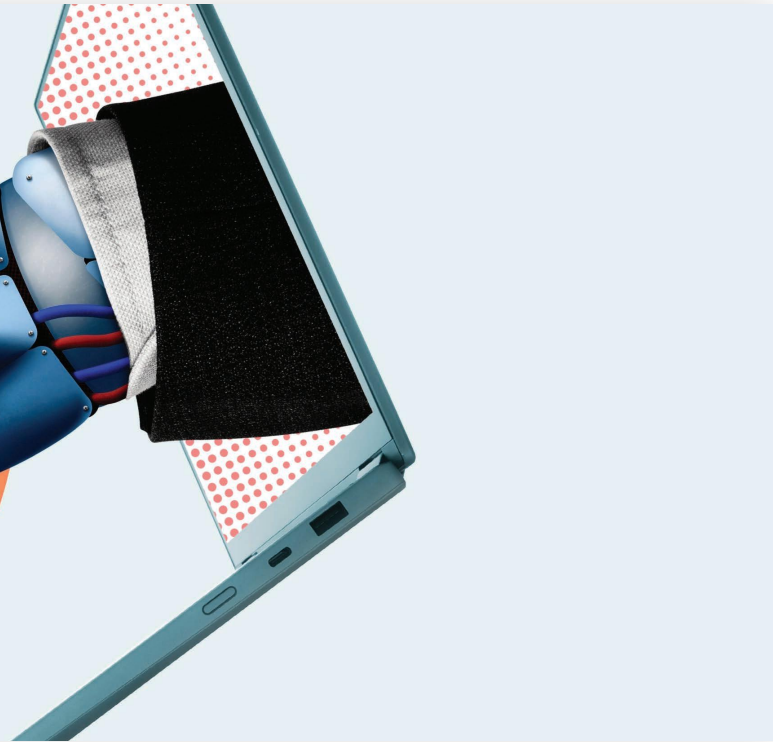
In today's fast-paced, cutthroat hiring market, the significance of proactive, forward-thinking and effective succession planning is paramount. In fact, we've devoted this year's print issue of *Legal Management* to this very topic, emphasizing its significance as a foundational element to successful law firms.

As law firm leaders, our challenges extend beyond identifying capable potential employees; we must also ensure the seamless and comprehensive transfer of knowledge when new talent joins the firm. Leveraging technology creatively and strategically can be a powerful tool in building a culture of learning, creating longevity in existing employees, and in smoothing the on-ramp for those who come next.

Here's how you can start leveraging your technological assets right now:

- **Maximize the capabilities of your existing software.**
The legal technology landscape has undergone dramatic changes in the past five years, fueled by an influx of venture capital money, a surge in mergers and acquisitions, the rapid integration of generative AI functionality in existing software, and a wave of new technologies promising to be exactly what your firm needs to solve problems you didn't know you had.

While the rapidly shifting market makes the evaluation of new products a daunting task bordering on a full-time job,



the benefit to consumers is many existing platforms are enhancing and expanding features to remain competitive. This makes it the ideal time to reassess your current software platforms to fully exploit their capabilities to optimize efficiency. For instance, if you purchased new practice management software three years ago, chances are you haven't revisited its workflow or automation capabilities. Similarly, your five-year-old document management system may now offer real-time document collaboration, which may not have been available when originally implemented. Finally, you may be able to capitalize on an acquisition and investigate a new product that is being offered by your existing provider. New bundles available may mean you can add new technologies with a reduced initial investment.

- **Think outside the legal tech toolbox.**

Walk through any ALA Expo Hall and you'll encounter a plethora of business partners ready to solve common law firm problems. But, outside of legal technology, there's a vast array of general business software that, while used globally, is often overlooked and underutilized by law firms.

“*Leveraging technology creatively and strategically can be a powerful tool in building a culture of learning, creating longevity in existing employees, and in smoothing the on-ramp for those who come next.*”

Tools like Asana, Trello and Slack offer robust options for managing tasks and streamlining workflows. They also provide employees with the tools to manage and organize their processes, and they offer the ability to build templates and structure so future team members aren't reinventing the proverbial wheel.

Other programs such as Notion expand on project management tools and give users the ability to collaborate on files while getting the added benefits of an AI assistant, built-in wikis, stored procedures and customizable templates. Another option in the interest of streamlining knowledge transfer between employees is to utilize screen capture software for current employees to record their daily processes. Programs such as Loom, Vimeo or even the native Windows application are user-friendly and existing employees can quickly teach skills — just by doing.

- **Invest in a knowledge management system.**

Investing in a knowledge management system (KMS) offers distinct advantages beyond the capabilities of traditional document, case or practice management

A NOTE FROM ALA'S PRESIDENT

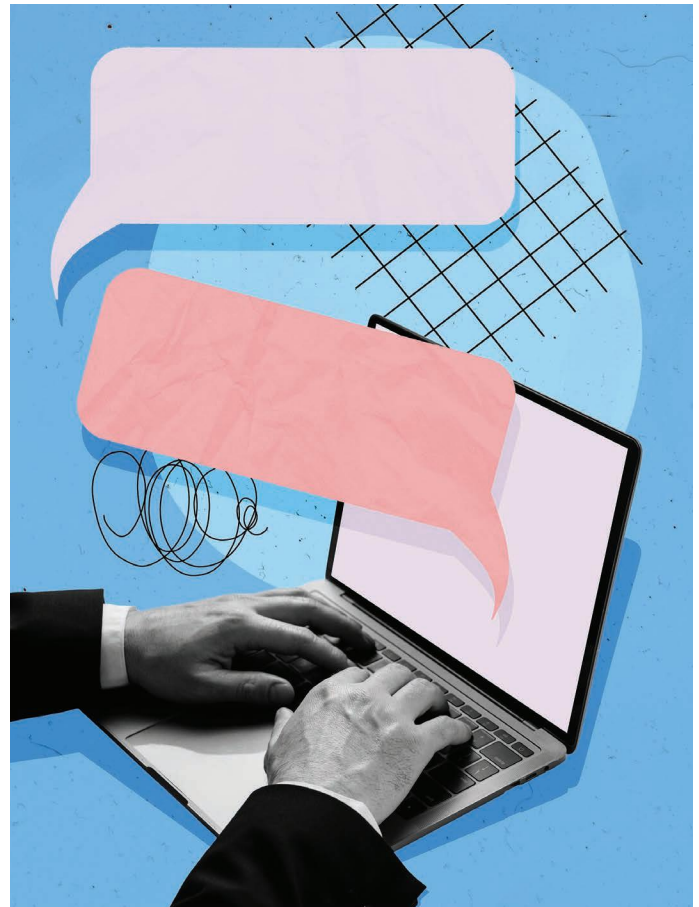
software. Unlike document management systems (DMS) — designed to house your client's documents — or case management software that is client-centric and targets the needs of an individual matter — or practice management software that is firm-centric and aims to optimize the efficiency and financial performance of the firm — a knowledge management system is, quite simply, designed to transfer knowledge among employees.

Essentially, a KMS allows attorneys and staff to utilize the firm's collective knowledge to better achieve tasks. Outside of law firms, companies use knowledge management systems to manage their FAQ content, and to house how-to articles, tutorials, case studies and webinars. While a KMS encompasses features found in a standard DMS — such as a centralized document repository and document management and version control — it goes further to incorporate knowledge sharing, legal research, training and development, and possibly client collaboration.

- **Utilize a third-party to develop customized, inclusive training.**

Given the pervasive high turnover rates across industries, law firms are grappling with significant challenges when it comes to software adoption and effective technology use among new hires. This has created an urgent need for specialized technology training integrated within a formal talent development framework. Many small to midsize firms likely do not have the resources for a dedicated full-time trainer to develop and deliver tailored and personalized training sessions.

However, customized, intentional and inclusive training is still possible through partnerships with training and consulting firms that focus on legal education such as Affinity Consulting Group or Traveling Coaches. Affinity's Affinity Insight or Traveling Coaches' Premier Learning go beyond content management by providing trainers who play a critical role in ensuring your programs cater to diverse learning preferences and incorporate various teaching modalities. This concierge level of care can be affordable for firms of all sizes. By equipping your team with tools and educational resources that bolster their skills, knowledge and expertise, you not only create a more engaged workplace but also accelerate professional growth and development.



Your firm's strategic focus on succession planning can be bolstered by a purposeful focus on embracing the advanced features and capabilities of current legal AND nonlegal technologies. By effectively managing and transferring knowledge and doubling down on your commitment to best-in-class training, legal managers can ensure both new and existing team members are well-equipped to contribute to the firm's success. ■

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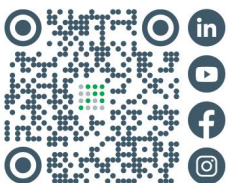
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Communication and Professional Growth: ALA's Approach to Succession Planning

ERYN CARTER, CAE

Executive Director, Association of Legal Administrators

One of my mentors would often say to me that when you start something, it is just as important to have an exit plan. It is often difficult for us to consider that we or someone who is a critical member of our team will not be there to make sure the project is completed or to ensure that the necessary business processes will continue without them. Considering how we might need to manage the departure of a colleague that will potentially disrupt the organization can be unsettling. However, the short-term discomfort of developing a succession plan often outweighs the long-term effects of not having a plan at all.

Succession planning is a critical component of ensuring business continuity so that key roles can transition seamlessly

when necessary. Whether due to expected occasions such as retirements and promotions, or unexpected departures, having a well-developed succession plan in place can mitigate disruptions and minimize stress.

The reality is that there will always be departures of one kind or another. I have realized that having a strategy to effectively execute succession planning ensures that staff are trained and prepared to step into key roles. ALA headquarters staff is comprised of veterans who have been with ALA for more than 20 years and newer staff with just a few months of experience with ALA. No matter the length of any individual's tenure, the Association is well positioned to manage the impact of transitions under any circumstances.



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Regularly reviewing succession plans to ensure alignment with organizational goals and changing business needs cannot be minimized.
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Here are some of the ways we manage succession planning at ALA to ensure staff is trained and prepared in case of any expected or unexpected departure.

Identification of Key Positions: The critical step in succession planning is to identify the key roles within the organization that are essential for the smooth functioning of the business and have a significant impact on its success. This is not simply about starting at the top of the organizational chart and working your way down. Members of the executive management team certainly hold key positions, but looking across and deep within the organization to understand how each position is connected to crucial business functions is important.

Talent Assessment and Development: To allow the succession plan to be active at all times, it is important to assess the available talent pool that might be needed to fulfill responsibilities left open due to a departure. Whether it is part of the performance review process or determining how to provide professional development opportunities, evaluating the skills, competencies, goals and potential of current employees on an ongoing basis can help to navigate the

impact of a transition. Based on this assessment, managers, together with the human resources team, can develop plans to address skill gaps and train employees for future leadership roles.

Succession Planning Review: Regularly reviewing succession plans to ensure alignment with organizational goals and changing business needs cannot be minimized. At ALA, this review process is currently managed by the Director of Human Resources and me. Larger organizations might establish a dedicated succession planning committee made up of key stakeholders from various departments to facilitate the process. Whatever the composition of the reviewing team, documenting the agreed-upon process is key.

Mentorship and Coaching: Mentorship and coaching play a crucial role in developing future leaders within the organization and arming them with the tools needed to respond to unexpected circumstances. Connecting employees with experienced mentors (whether formally or informally) allows them to gain valuable insights, guidance, support and confidence as they prepare for leadership roles. Mentoring

A NOTE FROM ALA'S EXECUTIVE DIRECTOR

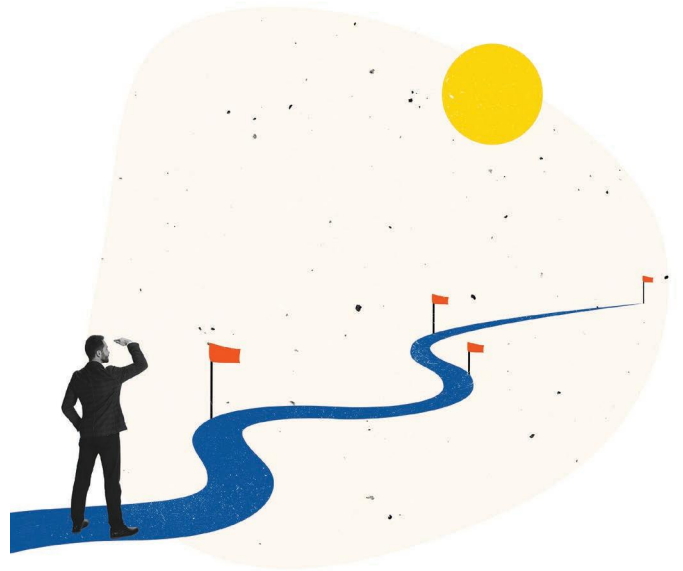
and coaching not only aids the development of potential successors but also fosters a culture of continuous learning and knowledge sharing within the organization.

Job Rotation and Cross-Training: In smaller organizations such as ours, cross-training is often required and viewed as a common, acceptable practice. We often operate with an “all hands on deck” mindset that requires the erasing of titles and hierarchy. I view this as essential to building a versatile and adaptable staff team who are invested in each other’s success. Exposing employees to different roles, departments and functions not only broadens their skillset but also prepares them for leadership roles that may require a diverse set of experiences. Cross-training ensures that there are multiple individuals capable of performing critical tasks, reducing dependency on any single individual.

Leadership Development: I believe that every member of the ALA staff is a leader. Investing in leadership development initiatives helps to uncover, nurture and cultivate leaders based on what is meaningful for them. Leadership training may include workshops, seminars, formal education or informal group discussions designed to reveal unique leadership, strategic thinking and decision-making abilities that may otherwise go unnoticed in the frenzy of daily activities. By nurturing and affirming leadership talent from within, we might eliminate the need for external hires.

Contingency Planning: Despite careful planning, we know that unexpected departures or disruptions can still occur. Shifting our minds to the “what if” space is daunting, but we often must operate in that space to manage other events in our lives. I consider contingency planning as the insurance policy for our organization. It may involve identifying interim leaders or establishing emergency protocols that we hope we never need to use.

Communication and Transparency: At ALA HQ, we have adopted the concept of “extreme transparency.” This means that staff always works to communicate any changes, plans or ideas with those affected or responsible for their implementation. Transparent communication fosters trust, encourages employee engagement, strengthens loyalty and commitment, and motivates individuals to invest in their own



career development. Even during times of uncertainty, I am confident that the staff team will rally behind each other to solve any problems that we face.

Succession planning is not a one-time event but an ongoing process that requires regular review and adjustment. As organizational dynamics and priorities shift over time, we strive to periodically review, evaluate and update our succession plan to ensure alignment with the evolving needs of the Association.

Planning for someone’s departure from our organization is not always the most enviable task, but it is one that is necessary to ensure the continued health of the Association. As a leader, one of my top priorities is to foster a culture where employees collaborate, share ideas and can comfortably work together to chart a bright future for ALA. With that communication in place, succession planning becomes a formality instead of a chore, and we can be prepared to keep serving our members no matter what happens. ■

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Is the Billable Hour Making It Harder to Succession Plan?

SHAUN JARDINE
Founder, Big Yellow Penguin

In August 2023, Law.com reported that law firms and their partners are getting frustrated with so-called “Zoom associates.” The article reflected a deep-seated issue within the legal profession, spotlighting the cultural and generational shift impacting law firms across the board.

One thing the article didn’t touch on — but which I think is key — is how the billable hour featured in this cultural change.

The generational shift in the workforce, with Millennials and Gen Zers becoming the majority, brings to light significant discrepancies between the aspirations of younger lawyers and the way things have always been done in the legal industry. One area under scrutiny is the expectations set by the billable hour paradigm. This discrepancy not only challenges the sustainability of current law firm models, but also raises crucial questions about effective succession

planning in an era marked by rapid change and evolving professional aspirations.

THE GENERATIONAL DIVIDE

Younger lawyers today are markedly different in their professional outlook compared to previous generations. They seek more than just financial compensation; they desire work that offers purpose, flexibility and a healthy work-life balance. This generational shift is not just about changing preferences but signals a deeper reevaluation of what it means to be successful in the legal profession.

For many, the billable hour model symbolizes the antithesis of their professional aspirations. It is seen as incentivizing long hours at the expense of personal time and well-being, thereby detracting from the quality of life and work satisfaction. The frustration among law firm partners concerning



“Zoom associates,” who are perceived to lack initiative and accountability, is primarily due to the incongruence between the billable hour model and the values of younger lawyers.

IMPACT ON SUCCESSION PLANNING

The traditional path to partnership, with its heavy reliance on billable hours as a measure of worth and progression, is increasingly at odds with what younger lawyers value in their careers. This misalignment poses a significant challenge to law firms’ succession planning, as the next generation of potential leaders may no longer aspire to partnership or may seek alternative career paths that align more closely with their values.

Moreover, the emphasis on billable hours can stifle innovation and efficiency, as it rewards time spent over the value delivered. Younger lawyers, who are more inclined to embrace technology and new ways of working, find this model restrictive and counterproductive. This not only impacts their satisfaction and retention but also hampers law firms’ ability to adapt and thrive in a competitive, rapidly evolving legal market.

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In my view, the legal profession stands at a crossroads, where the traditional billable hour model is increasingly incompatible with the aspirations of younger lawyers and the demands of modern clients.

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REDEFINING SUCCESS IN LAW FIRMS

To bridge this generational divide and ensure a robust succession plan, law firms need to redefine what success looks like within their walls. In my view, part of the redefinition involves moving away from the billable hour model toward value-based pricing, which aligns more closely with the expectations of both clients and younger lawyers. Value-based pricing focuses on the outcomes delivered rather than the time spent, encouraging efficiency, innovation and a client-centered approach to legal services.

Additionally, law firms must create career paths that offer flexibility, opportunities for personal and professional growth, and a focus on work that is meaningful and impactful. Providing clear and convincing evidence of mentorship and training, as highlighted by younger lawyers, is crucial in this regard. Mentorship programs should be designed to offer real-world applications and personal growth opportunities, addressing the younger generation's desire for guidance and development that extends beyond traditional legal skills.

CULTIVATING A NEW CULTURE

Addressing the concerns of younger lawyers and reshaping law firm cultures to support new models of work and compensation requires intentional effort and leadership commitment. It's a change management project. Fostering a culture that values innovation, flexibility and work-life balance is essential in making law firms attractive to talented young lawyers and ensuring they are equipped to lead the firms into the future.

This cultural shift also involves embracing technology and new ways of working to improve efficiency and client service. By doing so, law firms can demonstrate their commitment to innovation and their willingness to adapt to the changing legal landscape, making them more appealing to both clients and prospective employees.

Given all those efforts, we need to accept there is a new realization rate to measure: The realization is that time does not matter. It's the value that lawyers create for clients that is important. Clients are interested in the outcomes — not lawyer inputs.

In my view, the legal profession stands at a crossroads, where the traditional billable hour model is increasingly incompatible with the aspirations of younger lawyers and the demands of modern clients. Generative artificial intelligence will only hasten its demise.

Law firms that recognize this paradigm shift and proactively adapt their practices, cultures and business models will be better positioned for successful succession planning.

If lawyers can start creating pricing agreements that are properly scoped, list assumptions, identify what the lawyer

will and will not do, and seek to charge a price linked to the value they create for clients, they will have stronger firms. This will yield two major results: The firm will attract clients who are prepared to pay for that value, and the firm's attorneys will have a better work-life balance.

Once those policies are established, lawyers can improve their pricing confidence and the documents and the internal processes created can be refined, replicated and shared across the business and different practice areas. Think of how easy it would be to transition a book of business from a retiring attorney to their successor if all their processes and billing arrangements are written down and replicable.

By embracing value-based pricing, fostering flexible and meaningful career paths, and cultivating a culture of innovation and work-life balance, law firms can attract and retain the next generation of legal talent. In doing so, they ensure their sustainability, competitiveness and relevance in a rapidly evolving legal market. The future of law firms lies in their ability to adapt to these changes, ensuring a seamless transition of leadership and vision to the lawyers who will shape the profession in the decades to come. ■

About the Author



Shaun Jardine is a lawyer, former Chief Executive Officer of a Top 250 UK law firm, and Founder of Big Yellow Penguin. He is also the author of *Ditch The Billable Hour! Implementing Value-Based Pricing in a Law Firm*.

 bigyellowpenguin.co.uk

Continue the Conversation on the Billable Hour

What can penguins teach us about instituting change at your firm? Shaun Jardine was a guest recently on *Legal Management Talk* where we answered that question through the lens of shifting your billing method to value-based pricing (VBP). VBP can be a good way to consolidate the many different billable hour policies attorneys have while offering clients the quantity and quality of service they desire. We also talk about managing mindset changes and how billing policies can affect other key areas of legal administration, such as succession planning and recruiting young talent. Listen at alanet.org/podcasts or download wherever you get your podcasts.



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Frustrated with Your Firm's Succession Planning?

Here's how legal administrators can make the process easier.

DAVID E. WOOD

Principal, David Wood Consulting

The leaders of administrative teams managing the business of law firms play a unique role in strategic planning. A firm's management committee sets its strategic objectives, relying on the administrative leadership to evaluate the advantages and obstacles to achieving them. In a perfect world, this work is not complicated by firm politics, unreasonable demands or petty grievances.

But the world is far from perfect, and no class of leaders knows the complexities of firm politics better than legal administrators. The greater the sensitivity of a strategic objective to be investigated and assessed, the more carefully the lead business executive must tread. Issues surrounding partner retirements are among the most sensitive.

Baby boom partners are reaching their mid-60s to mid-70s and will soon leave their firms. Some will become unable

to practice through infirmity or disability. Some will keep working until the day they die. But most — sooner or later — will retire. Whether and to what extent a law firm should regulate the terms and timing of a partner's retirement, and whether and how to motivate retiring partners to transition their clients to younger lawyers, are controversial questions. How firms resolve them can be messy, and legal administrators must take care to remain neutral and objectively focused on both sides of every proposal — or risk being perceived as partisan.

To do this balancing act, a legal administrator must appreciate that there is a lot of frustration going around. Older partners are frustrated when pressed to talk about retirement — it is a third-rail topic for them. Younger partners are frustrated by what they perceive as poor management and regulation of lawyer retirement. Clients are frustrated with not knowing who will lead law firm service teams when their relationship partners leave practice.



Administrators will be able to do their jobs better when they understand the root causes of these frustrations.

I. PARTNERS DO NOT WANT TO TALK ABOUT RETIREMENT

Many older partners with large practices got to where they are by constantly reinforcing the value of their skill and experience. Being at the peak of one's career is an enviable, hard-earned position. But it carries a vulnerability, too: Once achieved, there is nowhere to go but down. To older partners, talking about leaving law practice can feel like an admission that this inevitable next step in their lives is about to begin.

While no one wants to make older partners needlessly uncomfortable, a legal administrator must gently press them to discuss retirement — even if only provisionally — to protect the partnership's financial interests. Transitioning clients to younger partners requires a several-year runway. Without knowing when this runway begins, the firm cannot monitor the succession process or help make it effective. Moreover, if several unplanned retirements

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While no one wants to make older partners needlessly uncomfortable, a legal administrator must gently press them to discuss retirement — even if only provisionally — to protect the partnership's financial interests.

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happen all at once, the firm's resources may be strained by writing checks for the balances of their capital accounts. Lead administrators can help avoid these stressors by urging discreet conversations about retirement as partners reach their late 50s and 60s.

A legal administrator can also propose initiatives for helping older partners prepare emotionally for retiring and honoring their contributions, as a matter of firm culture. There are excellent retirement coaching services that cater solely to lawyers. Retired partners can be paired with working ones to provide mentoring and support. A brief report at a partners' retreat about the status of key client transitions in progress demonstrates the firm's commitment to succession. All these measures help break the logjam preventing discussion of retirement.

2. PRESSURE FROM RISING STARS

Many junior partners chafe at the negative impact that poor succession planning has on them. When partners retire without transitioning their clients to successors, younger partners must develop new clients and new

matters to make up the loss of revenue just to keep profits steady. None of them will make any money from this work — it goes to backfilling a loss resulting from inadequate succession planning. In addition, at some firms, younger partners feel frustrated by unproductive senior partners who continue to earn a share of collections from clients they originated years earlier. If a firm cannot change these conditions, these younger partners will become a flight risk.

3. PRESSURE FROM CLIENTS

Clients know that their baby boom generation partners are aging, and they feel nervous that their firms are not making plans to avoid interruptions in service. When a partner suddenly retires with little or no notice, clients feel abandoned and the service relationships immediately fray. At that point, the loss of faith in the retiring partner's firm may be too acute for the relationships to be saved, even if a qualified successor is available.

This happens often enough that some clients are beginning to ask law firms and practice groups to identify the next-in-command slated to take over when the relationship partner leaves practice. Some are even amending their outside counsel guidelines to require firms and practice groups to disclose this information annually, and to amend this disclosure as team members are added or subtracted over time. Law firms that anticipate these client requests, and proactively propose succession plans before they ask, are more likely to enjoy lasting client relationships.

WHICH PATH WILL YOUR FIRM TAKE?

Law firms differ widely in how and whether they regulate partner retirements. Some place few if any guardrails around

when and on what terms a partner retires, making every retirement a negotiation with no baselines (such as a required retirement age and other limitations). Others regulate retirements rigidly, leaving little to negotiation.

Once a firm decides where between these two extremes it wishes to be, it can begin the process of implementing retirement policies that are consistent with its needs and culture. The legal administrators who understand the frustrations of older partners, junior partners and clients around retirement will be well-positioned to take the lead on this important work. ■

About the Author



David Wood is a retired trial lawyer who serves law firms and practice groups in planning and executing effective retirement succession strategies. Using the step-by-step process he developed to keep clients with his AmLaw 100 firm after he retired, Wood advises firms how to regulate partner retirements in a manner consistent with their cultures, and how to replicate his signal accomplishment as a retiring lawyer: the transfer of his entire \$6 million practice to younger partners he helped his clients come to know and trust.

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Hear More from David Wood on *Legal Management Talk*

David Wood recently sat down with *Legal Management Talk* to chat about crafting an effective succession plan and the role firm administrators play in helping the process run smoothly. Listen at alanet.org/podcast or download wherever you get your podcasts.

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How Small Law Firms Can Tackle Succession Planning

Practical ways to focus on the future

ERIN BRERETON
Owner, Chicago Journalist Media



While 3% more law firms now view succession planning as a goal and priority than in 2022, it's still a focus for less than a quarter of firms — ranking behind internal efficiency improvements, size growth and other objectives, according to Thomson Reuters' State of U.S. Small Law Firms report.

With no shortage of work tasks, small firms can struggle to dedicate much bandwidth to succession planning, says Suzette Welling, CLM, member of the Suncoast Chapter and President of Law Practice Edge, which provides law firm management, HR and other services.

"With a lot of smaller firms, it, you see a head-in-the-sand-type of approach," Welling says. "They know it needs to be done, but they just don't have the time to think about it, or they don't even know where to begin."

However, without a plan in place, if a key firm member leaves sooner than anticipated, productivity, client relationships and potentially profitability can quickly veer off course, says John Mitchell, Managing Director at professional service-based consultancy KM Advisors.

"In a 2,000-lawyer firm, they'd be one-tenth of 1% of the firm's business," Mitchell says. "In a small firm, they might be 10% — that creates a major cashflow problem for most firms."

CENTRAL PLAN CONSIDERATIONS

Smaller firms may not be able to add an entire department to oversee succession planning efforts. A dedicated employee, though, can help relieve some administrative and managerial tasks to free firm leaders up to focus on the future.

"One of the things you could start thinking about in terms of succession is what can I offload from somebody?" Mitchell says. "I've seen a lot of small firms get an outstanding executive director, or whatever title they choose to call that person — sometimes a [chief operating officer]. It's basically a senior staff person who is responsible for operations."

After identifying potential upcoming firm leadership needs and candidates to fill the roles, a firm can begin positioning for later success.

One of Welling's clients asked her to prepare what she describes as "almost a school for their up-and-coming partners," where senior attorneys will learn about topics ranging from realization rates to how to mentor younger attorneys and why it's important.

"We're going to be spending time on leadership [and] profitability," she says. "By educating them [on] all of these things that add not just to the bottom line, but to your firm culture, it makes a huge difference in retention — because today, that's what's most important to the people we're hiring."

MONETARY FACTORS

Firms' financial approach to retirement can be another succession planning element to consider.

Allowing enough time to fully acclimate clients to a new firm member so they trust the person is crucial, Welling says.

"Law practice is such a personal thing," she says. "You really have to be intentional about bringing other attorneys into the fold. If there isn't someone to take the place of that partner who is retiring or semi-retiring, they're just going to go someplace else."

Some firms continue to pay attorneys well to transition their clients to another firm member, Mitchell says — which may also necessitate a pay bump for the person who's taking over and doing more work.

"There's a period where you may not like the economics," he says. "But if the next generation is fully integrated and you do some important work for the client, it's way harder for that client to leave — because their next trusted advisor has been working with them for four or five years. If you try to do succession work in 60, 90, 120 days, it's rare that you're going to hold onto a client."

It's not uncommon to offer time-related compensation at retirement — for instance, as long as a client stays with the firm for the next three or four years, a departing attorney gets a certain percent of the profits, according to Doug Miller, Chief Operating Officer at Sutter O'Connell, which employs approximately a dozen attorneys in Cleveland and Nashville.

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“The best practice, everybody will tell you, is have it defined in your partnership or shareholder operating agreement — is there an age? Is it when your book drops off?” Miller says. “They’ve got a book of business, and they want to be paid for it; how does that [happen]? If you have some kind of framework, that helps.”

Running the numbers can confirm if the plan will be feasible.

“Some firms, you're a 25% owner,” Miller says. “You get 25% of the assets. That can literally bankrupt a [firm if] they don't take into account uncollectible debts. You may not have the cash for that.”

ENACTING THE FIRM'S SUCCESSION PLAN

Rounding partners and administrators up for a retreat each year can generate great ideas about how the firm can move forward; Welling suggests implementing a system of checks and balances to monitor the firm's progress toward 90-day, one-year and other objectives.

One of the law firms she's worked with established a partnership track and attorney benchmarking system that defined the criteria required to reach equity partner and other levels.

“It helps partners who may be thinking about retiring in the future, because they now have associates who know what they need to do to take over one day,” she says. “The associates are taking some responsibility for that by making sure they are reaching out and asking for the assignments and experience that will help them.”

Knowing when leadership members will step down is critical so firms can provide opportunities for younger firm members to advance.

During his more than three-decade career working in law firms, Miller says he's seen talented associates leave because, as they were preparing to take over for a retiring partner, the person decided not to leave.

Long-time firm members can sometimes struggle with the idea, Mitchell says, because their work is so closely tied to their identity — which poses later challenges for firms.

“You're really in a tough spot in a small firm, if you don't have some processes in place ahead of time that people get socialized around,” Mitchell says. “For instance, a lot of firms keep changing what mandatory retirement is; or they change it for [one] person — for this rainmaker, we're going to say 75 now,' and when the person gets to 74 and a half, it's, 'We're going to make it 78.' Then they keep waiting, hoping the person steps down.”

Attorneys may not always tell leadership their intended timeline for leaving has changed.

“You've got to communicate and check in, and not just assume it's all going according to plan,” Miller says. “Maybe now he's feeling good, so he thinks, 'I might as well work.'”

TROUBLESHOOTING PROSPECTIVE CONFLICTS

Moving into another position, such as of counsel, could be a way for the firm to retain an attorney's specialized skills or



relationships, Mitchell says, without having the person remain in a leadership, client management or equity partner role.

Law firms may also tap into external resources to help both the firm and employees who are approaching retirement age prepare for what the future will look like.

A financial advisor, for instance, can help firm members confidently determine when they'll be able to exit the workforce

and still maintain their desired lifestyle. If providing regular access to one is outside of the firm's budget, advisors who charge a fixed fee — often a percentage of the assets under management — to create plans might be an option, Mitchell says.

Similarly, a solo practitioner could turn to a career coach for guidance on the timing and scope of their post-workforce life; or a small firm might bring a coach in to offer seminars and help individual attorneys realize they may have other options.

Due to the personal relationships small firm leadership members tend to have with each other, they can struggle to address situations where health considerations may be preventing a partner from performing at an effective level, according to Mitchell.

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“In a 2,000-lawyer firm, you might not know this person very well, even if they're a big rainmaker,” he says. “But in a smaller firm, they may have been your mentor. You have to take action, and it's really, really hard.”

While keeping a psychologist on retainer may not be realistic for smaller firms, they can possibly obtain a referral or other assistance from a local mental health service provider, Mitchell says. If the firm has an employee assistance program, he also advises calling its 800 number to inquire about resources.

“If it's something we think is impacting their ability to practice — whether it's behavior or cognitive abilities or emotional stability — it's helpful to get somebody who has professional expertise to help you have the conversation,” he says. “In a smaller firm, ideally, partners are close enough that they know

each other's families. A life partner, spouse or an adult child could be helpful to get that person in to see [a] health care [provider]."

ADDITIONAL IMPORTANT PLANNING ASPECTS

Considering all the possible angles a succession plan could encompass, law firm leaders might understandably feel overwhelmed with options when they try to create one. Mitchell advises firms start small, instead of worrying about how to construct an overly intricate strategy.

"A good plan that is well-executed will always be better than an outstanding plan that has mediocre or no execution," he says. "Assess your risk — if someone has a health issue; or other law firms are trying to compete in a space you used to dominate — what could we do to mitigate some of that risk? That's enough to get going."



The Attorney Journey: Succession Planning

No attorney wants to think about what happens when they stop practicing, but it's crucial to have those conversations now. Debbie Foster, Partner at Affinity Consulting, joined *Legal Management Talk* to discuss how to bring up those difficult conversations and why it's important to not only your firm, but your clients, to have a solid plan in place in case a lawyer retires or has to stop working. Listen at alanet.org/podcasts or download wherever you get your podcasts.

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The end result doesn't need to be a fancy document or overflowing binder that addresses every potential outcome. Ensuring firm members are on the same page, Mitchell says, is more important; things should begin to fall into place after that.

"The biggest thing with succession planning is it's a mindset," he says. "Everybody sees why this is important — this is why we are always thinking about how to develop our younger people: Who's coming after our clients, when it is going to be our time to step down, and how we make sure that's a smooth transition. If you believe succession planning makes sense, then you can start to figure out the steps." ■

About the Author



Erin Brereton is a freelance writer, editor and content strategist who has written about the legal industry, business, technology and other topics for 20 years.

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Your Partners Will Not Always Be Here: Law Firm Succession Planning

Early and proactive planning can lead to the long-term success of the firm

KATHRYN N. SCOURBY, CBCP
Principal, KNS Consulting

What if one or more of these things happened in your firm tomorrow?

- **Your managing partner suddenly loses their life overnight.**
- **Your three biggest revenue producing lawyers leave overnight without notice to move to another firm.**
- **Several key partners announce without notice that they are retiring at the same time.**

Would your firm survive? When thinking about law firm succession planning, it's important to remember that it is not just about partners/lawyers retiring from your firm when they reach "retirement age." Unfortunately, over the last few years, law firms of all sizes have experienced sudden, unexpected deaths of partners, illness-related deaths and groups of lawyers leaving firms without warning. In some instances, these circumstances have thrown law firms into a tailspin from which they could not recover.

A LAW FIRM'S TRUE STORY

Picture this situation: A 30-attorney firm with three offices in the Mid-Atlantic went from flourishing and successful to out of business within a year due to the sudden death of the managing partner. Imagine if you were the law firm manager (an ALA member) having lunch with your managing partner on a Friday and then finding out that this same partner had very suddenly passed away that night.

At the same time, one of your successful partners had been diagnosed with cancer. You can only imagine the scramble that this firm was now facing with no one leading the firm or at the helm. The law firm manager found herself in the position of having to manage the firm herself and trying to hold it all together. It soon became clear that many of the lawyers started to disengage with working with firm clients and wanting to be a member of this firm. Within five months, a group of five lawyers left in one day. Over the next several months, other firm lawyers started to move to other firms and just one year later, the five attorneys who were left notified the law firm manager that they had decided to close the office doors.

Within one year, this once flourishing firm had shuttered its doors. The law firm manager spent the next several months

working hard to help find other employment for the remaining staff, close the office, and then retired from her decades-long professional career as a law firm manager.

This true story — sad as it is — is not unlike stories that we hear of in the law firm world from other firms from small to midsized to large, global firms. One thing that these firms most likely had in common: no written, well-thought-out succession plan.

So, what does succession planning in a law firm look like and why are succession plans needed? These plans allow firms to prepare for transitions of key positions and major client relationships when shareholders or key partners leave the firm and help firms be prepared for any untimely loss of a critical firm leader. When partners leave a firm (whatever the reason), there needs to be an effective transition of knowledge and expertise of the senior partners/lawyers via training, mentoring and knowledge management systems. There also needs to be an effective transition of client relationships from retiring lawyers to other lawyers in the firm.

WHEN IS A GOOD TIME TO START THINKING ABOUT LAW FIRM SUCCESSION PLANNING?

The best time for law firms to be thinking about succession planning is far in advance of lawyers retiring. It's critical to have plans in place in case of an unexpected situation that may happen to a key leader in the firm. Less than 13% of lawyers surveyed by the Remsen group in 2021 had documented plans in place, and there were very few firms that had plans in place for sudden departures.

"Begin the succession planning conversation and process with your manager/director-level reports," says Terri J. Oppelt, CLM, SPHR, SHRM-SCP, Director of Operations at Johnson Shapiro Slewett & Kole LLP, and a member of the Greater Los Angeles Chapter. "This proactive approach demonstrates your commitment to the firm's stability and work continuity and shows you have the firm's best interest in mind. It also prepares you for this task and makes you more knowledgeable when starting a conversation about strategic planning for the firm with your managing partner. You will be able to explain its significance, required efforts and goals. Managing partners, and generally most attorneys, often prioritize client work over

critical firm projects, sometimes due to uncertainty about how to start or concerns about time and energy demands.”

Neglecting the issue of succession can be detrimental to the overall productivity of current lawyers in the firm, so the optimal time is when managing partners and other key partners/shareholders can have meaningful discussions and put plans in place before something happens unexpectedly.

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PROFESSIONAL RESPONSIBILITIES OF LAWYERS

Succession planning in law firms is no longer just a “nice-to-do” exercise that law firms say they “should” do to make their firm better. In fact, succession planning is considered part of the overall professional responsibilities of lawyers and those that manage their firms. The *ABA Model Rules* listed below define the rules that lawyers must follow in working with and maintaining relationships with their clients, including if they are leaving their firm or withdrawing from an engagement with a client:

- Model Rule 1.4 — Communications with Clients
- Model Rule 5.1 — Responsibility of Partners, Managers and Supervisory Lawyers
- Model Rule 1.6 (c) — Duty of Confidentiality
- ABA Formal Opinion 489 — Joint Communication to Clients Regarding Departing Lawyers
- Applicable state laws

Interestingly, the ABA has a section on its website on law firm succession planning and provides a chart that shows four states (Florida, Iowa, Maine and Michigan) currently have mandatory requirements for lawyers and their firms to have written succession plans. Many other states have recently begun proposing rules that would require lawyers to file written succession plans to protect clients in the event a lawyer needs to withdraw from a client representation due to death, illness or a departure from a law firm.

For example, the Texas State Bar is urging law firms to evaluate their contingency plans in the face of ever-growing amounts of unexpected losses of lawyers and has created a succession planning toolkit to provide comprehensive resources to law firms to ensure they have written plans in place. The first step in creating a comprehensive plan is to designate a plan “custodian” who will have responsibilities in the event an unthinkable event happens in a law firm.

LAWYERS LEAVING THE FIRM THROUGH RETIREMENT

Creating law firm succession plans is not only critical due to an unexpected loss or departure of lawyers, but also because the complexion of law firms can change when lawyers are considering retirement or being encouraged to retire from their firms. There has been a plethora of articles written on this topic and one thing is clear... this topic can be the “elephant in the room” that no one wants to address.

Many lawyers who have spent years practicing law and are nearing the time for either mandatory retirement or voluntary retirement have fears and often face and experience a “retirement” version of a midlife crisis. Their fears include:

- Fear of becoming a “previously important person.”
- Fear of losing their “personal identity” and self-worth that has connected them for years to their law firm, practice of law and their professional accomplishments.
- Fear that clients will leave if the lawyer retires. Who will take care of my clients?

So, how can law firms best tackle these lawyer fears and create viable succession plans? Having conversations with lawyers at a certain point in their career can help with

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Begin the succession planning conversation and process with your manager/director-level reports. This proactive approach demonstrates your commitment to the firm’s stability and work continuity and shows you have the firm’s best interest in mind.

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decision-making far in advance of the time they are considering retiring. Discussions should include asking partners to consider their future and how they might feel about the following:

- Would the partner want to leave the law firm entirely?
- Would the partner want to step back on their law practice but still practice law with fewer hours and less compensation?
- Would the partner want to take on an administrative role in the firm?
- Would the partner want to take on a mentoring role in the firm?

If partners determine that they might want to keep some sort of role within the firm, the following are things to consider when creating a role for “retiring lawyers” within the firm. This will help keep the partner engaged, yet moving toward retirement from the firm and ultimately from the practice of law:

- Pro bono work
- Civic and charitable activities
- Nonprofit/for-profit boards
- Mentoring younger lawyers
- Teaching at law schools
- Administrative work within the law firm

MENTORING LAWYERS: WHAT WILL MAKE SUCCESSOR LAWYERS SUCCESSFUL

One of the key areas in a firm that lawyers who are moving toward retirement can contribute to is helping the firm with

mentoring newer and younger lawyers. Partners who have been rainmakers in bringing clients to their firms can begin working with associates or newer partners to introduce them to their clients so that working relationships with the clients can continue once the partner has retired from the firm.

Mentoring these lawyers in the firm, if done correctly over a series of years, can help these lawyers develop qualities that will be critical for lawyer/client success once the partner shifts their relationship away from direct client relationships.



These qualities should include:

- Good leadership abilities
- Excellent management skills
- Contributing to the culture of the firm
- Participating in the orderly plan for transition of retiring partners
- Being proactive in developing relationships with clients early on

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All firms should consider requiring partners at a certain age to complete a succession plan document/template that would provide details of their potential plans.

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FIRM FINANCIAL REVIEW AND CREATING WRITTEN SUCCESSION PLANS

The partnership and executive management of a firm should be asked to consider a review of a firm’s financial information. This review should consider the following questions:

- What would firm revenue look like without the current top three to four key equity partners?
- What would firm revenue look like without the current top three to four key clients (if partners left and took clients with them)?
- Could the firm sustain these losses?

All firms should consider requiring partners at a certain age to complete a succession plan document/template that would provide details of their potential plans. The individual succession plan document can be updated as necessary every few years. As part of this plan document, partners would be asked:

- To provide details of when they want to consider retirement and if they anticipate full retirement or want to continue working at the firm on some level.
- To identify potential successors based on suitability, commitment, skills and experience and their plans to work with and mentor potential successors.
- To identify current clients and identify potential successors for each client.
- To identify risks in their practice if the succession plan is not in place or fails. What is the partner’s contingency plan?

NOT EASY, BUT NECESSARY

The topic of law firm succession planning is clearly not an easy one for lawyers to wrap their arms around. But avoiding

the topic and not implementing a plan in a law firm can only lead to possible chaos, loss of revenue, loss of reputation or drastically — as in the case of the small law firm described above — closure of the law firm’s doors.

Having a well-thought-out plan that all lawyers in the firm can understand and buy into will go a long way to keeping a law firm resilient and successful and one that clients will keep turning to for their legal work. Plus, it’s an opportunity to showcase the vital skills you bring to the table.

“By successfully managing your project and now this one, you showcase your skills and ability to lead such initiatives effectively,” says Oppelt. ■

About the Author



Kathryn N. Scourby, CBCP, is the Principal of KNS Consulting, LLC, and a Certified Business Continuity Professional and Certified Cyber Resilience Professional. She Kathy consults with professional

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The Cost of the Generational Divide: Leadership's Inability to Let Go Puts Your Firm at Risk for Losing Talent

JENNIFER GILLMAN
Founder, Gillman Strategic Group

I often recite the story of an 80-year-old lawyer who held on too long running his firm and wouldn't retire.

He was a great lawyer and continued to be a great lawyer at 80. He was mentally sharp and physically fit. He could handle his workload, the firm was running smoothly and he wanted to work. He controlled the firm, the relationships and every aspect of the practice. Clients loved him.

That's what ended up destroying the firm.

In truth, when I tell this story, I'm not talking about one firm. It's a story I've seen repeatedly, and it always ends poorly. At some point, the managing partner must move out of the

firm, and he'll want to sell or pass the clients on to someone else — but he can't. The firm has no value and no way to transfer the relationships.

So the firm dissolves, and decades of dedicated relationship-building lose all value. That's the cost of the generational divide.

EVERYBODY KNOWS THAT NOBODY LIVES FOREVER

I don't think I'm spoiling anything by pointing out that our lives are finite, and no career lasts forever.

When you are 80 years old, everyone in the firm knows it. They know that the clock is ticking.



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Law is a relationship business. Clients trust their lawyers, and this trust is built over time. An introductory lunch — no matter how fancy — won't cut it. Transferring a relationship can take years.”

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The next generation of lawyers is rarely content to sit around, wait for the inevitable, and pick up what's left. They've worked for the rewards and opportunities of leadership and want autonomy, more significant equity percentages and a long-term future for themselves.

They won't see a future if the current leadership won't step aside and make room.

So, a firm's best lawyers, the ones building business and interested in leadership, leave. Their leaving creates a capability and experience gap. The firm ends up with the aging partner (or partners) at the top and young, hardworking lawyers starting their careers at the bottom, while nobody in the middle moves into leadership to ensure a solid future.

We call this gap the generational divide, and it's not due to a lack of talent or a desire to stay with the firm; it's a direct result of leadership's inability to pass the torch. Hardworking, dedicated lawyers will want opportunities. If they can't get them at their current firm, they'll move to the next one.

IF YOU DON'T PLAN, YOU AREN'T IN CONTROL

Law is a relationship business. Clients trust their lawyers, and this trust is built over time. An introductory lunch — no matter how fancy — won't cut it. Transferring a relationship can take years.

I do know of a specific example of an older partner falling ill at a firm. He hadn't planned for retirement and didn't want to leave, but he was physically unable to practice law anymore. So, he wanted to sell his practice quickly.

The problem was that he had nothing to sell. He had owned the relationships and never did anything to transfer them to someone else, so the firm evaporated along with his income and expectations of a buy-out.

Because he didn't plan, he couldn't control the situation.

WITH A PLAN, YOU DECIDE WHAT'S NEXT

The alternative is to plan early for a graceful exit. The exit can include continuing to practice law or bringing clients to the firm in some capacity. It doesn't mean you have to leave the law entirely.

But you must promote, support and transfer control to the next generation. That's the only way they will stay and the only way to avoid the generational divide.

Once you have a plan and know your future, you can start the long process of transferring relationships. You introduce your successor(s) and gradually have them take on more client work and responsibilities as you fade out.

The process of letting go and transferring ownership is very hard for many successful managing lawyers who've built strong practices. As hard as it may feel, though, letting go and transferring ownership is the only way to retain the option to continue practicing (or not), earn an income, and have something to sell when the time comes.

DESIGN A LEGACY ON PURPOSE

The difference between those who do and those who don't plan their legacy is stark. It's the difference between determining your fate and losing it all. Successful lawyers tend to believe they've got it all under control. But they

aren't in control of the next generation, client's preferences or the importance of relationships.

So, instead of waiting for the inevitable to happen, decide what you want for the future, put a plan in place and nurture the next generation. It will require some letting go, but it is the only way to ensure you get what you want. ■

About the Author



Jennifer Gillman is a candidate-facing recruiter dedicated to helping lawyers find their ideal firm. Her mission is to help law firm partners, solo practitioners and small practice owners get more from their careers. As a lawyer herself, she understands the challenges of the profession. Learn more about her and the 6 Pillars of Be(coming) a Happy Rainmaker at happyrainmakers.com.



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35 Years

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Carolyn K. Bradford
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