Successful Succession: Keep Your Best Clients When Boomer Lawyers Leave

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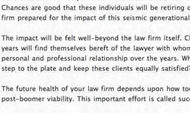

The demographic phenomenon known as the baby boom has been shaping all aspects of American life since its advent in 1946—from an unprecedented number of students when the boomers were young, to an unprecedented number of workers during their adult years, to an unprecedented number of retirees in the years ahead. There is no escaping the impact of this generation.

For the next 19 years, about 10,000 people a day will turn 65—including many of the nation's most experienced and respected attorneys. The American Bar Association estimates that there are 400,000 baby boomer lawyers—approximately one-third of the nation's current total. Before long, golf courses may be as crowded as highways.

Take a careful look at your law firm's most-influential leaders and biggest rainmakers. Chances are good that these individuals will be retiring over the next two decades. Is your law firm prepared for the impact of this seismic generational transition?

The impact will be felt well-beyond the law firm itself. Clients who have been well-served for years will find themselves bereft of the lawyer with whom they have built and maintained a personal and professional relationship over the years. Who at your law firm is prepared to step to the plate and keep these clients equally satisfied?

The future health of your law firm depends upon how today's leadership plans for the firm's post-boomer viability. This important effort is called succession planning.

OBSTACLES TO PLANNING

Afraid to Plan. In order to plan for the future of your law firm, you need to know the retirement plans of the firm's senior lawyers. Obtaining this knowledge is easier said than done. It can be problematic to simply start a conversation about the subject. Many senior lawyers avoid raising the issue on their own due to a variety of real or perceived fears, including potential reduction of compensation or loss of clout among partners. Others resist any conversation that involves thinking about the end of their professional career—with its hints of their eventual mortality.

Junior lawyers whose future is at stake have their own fears about starting the conversation. If handled incorrectly, broaching the topic of succession could in some firms be political suicide. Younger lawyers fear being perceived by their elders as putting their self-interest ahead of the firm's.

Too Busy to Plan. Lawyers are notorious for contemplating every possible way in which a client deal or transaction can go wrong—even if it would not occur for years. Paradoxically, when it comes to the future of the law firm, thinking ahead is hardly a blip on their radar screens. Each lawyer's focus is on day-to-day issues such as handling client crises, billing and collection matters, or dividing up firm profits. They cannot see the forest for the trees.

Too Selfish to Plan. There are also some partners who, quite frankly, care about themselves more than they care about the firm. If they have a big book of business, they are usually tolerated. These lawyers will disrupt the law firm by leaving under their own terms, planning only for themselves and not their colleagues.

STARTING THE DISCUSSION

In theory, any discussion about succession planning should be started by the firm's managing partner or management committee. Alternatively, influential and well-respected partners can raise the issue.

In reality, many of these individuals suffer from the fears mentioned above. In that case, one effective tactic is to camouflage the firm's succession planning within its strategic planning process. This can be particularly effective when the strategic planning process is facilitated by an outside consultant. Unlike the lawyers in the firm, outside consultants have no vested interest in the outcomes of succession planning.

The best way to engage selfish partners in the process is to focus on the client side of succession planning. Even partners who do not particularly care about their colleagues typically care very much about their clients. When the emphasis is placed on meeting client needs, and not on the firm, the chances of getting their attention substantially improves.

NUTS AND BOLTS

The objective of creating and executing a succession plan is to ensure continuity in firm management and client relationships.

Management. Responsibility for transitioning firm leadership falls to the managing partner or management committee and, at larger firms, the practice group heads. Firms led by managing partners should elect or select a successor to be "assistant managing partner" to work with the incumbent managing partner for months, or even years. This allows time for the new leader to be mentored and gradually assume management responsibilities. Firms led by committee should adopt a rotation process that maintains continuity while providing a steady infusion of fresh blood and future leaders.

Client Relationships. Transitioning the clients of a senior attorney to the next generation is the most challenging component of any succession-planning equation. Client input is essential. Success requires managing and finessing human relationships, a task that—even with the best of intentions—is never easy. It can take years to successfully transition a client relationship.

The successor lawyer needs time to obtain the necessary expertise and client/industry knowledge. More importantly, it takes time for clients to feel the requisite "comfort and chemistry" that is so crucial for a successful lawyer-client relationship. Finally, time should be set aside to accommodate any adjustments to the plan. There will be inevitable bumps in the road that will require some time to absorb shocks and make any necessary repairs.

Furthermore, a comprehensive client-transition succession plan is actually multiple plans. Each senior lawyer needs a plan and, within that plan, there must be a plan for each significant client. Remember, however, that all clients are not created equal. Allocate the bulk of your time and efforts to the clients that are most crucial to the firm's bottom line.

In order to put together a client transition plan, ask the following questions:

- Which firm clients are being served by senior lawyers?
- How long do these senior lawyers intend to work?
- Are any junior lawyers serving those clients? If not, who can be introduced to the relationship?
- What types of training and mentoring do these junior lawyers need? How long will that take?
- What are the clients' concerns about the potential loss of the firm's senior lawyers? Do they have successor preferences?
- Are any of your key clients going through their own transition process? Do you have a relationship with the client's post-boomer generation?
- How will successor lawyers be introduced to clients—both socially and in a working relationship?

The answers to these questions will help your firm develop a plan to transition clients. Will your plan work? Only if your firm has asked and answered one additional crucial question: What will motivate the senior attorney to begin to let go? More often than not, the answer is money. Without the proper financial incentives, the client-transition plan is destined to fail.

In most law firms, the firm's compensation policy must be adjusted for those impacted by the plan. If the firm's policy is heavily weighted towards billable hours, senior lawyers are unlikely to delegate to junior lawyers. If the firm wants senior lawyers to delegate work, the senior lawyer needs to be rewarded for taking that action. Additional adjustments will most likely be necessary in compensating for origination and nonbillable time (*e.g.*, mentoring). For any client-succession plan to work, the senior lawyer must be provided with some level of income protection that rewards the lawyer for furthering the goals of the plan.

Flexibility, communication, and accountability are also critical to the success of any succession plan. Since each lawyer may want or need a different time-frame for transitions—to address personal as well as client needs—plans must be flexible. Firm management, senior lawyers, junior lawyers, and clients must communicate regularly to ensure that the expectations of each party are being satisfied. If not, individuals must be held accountable to get them back on track.

Finally, any succession plan should take into account the role of a retiring lawyer after the client transition has been completed. Can the lawyer add mentoring or marketing value to the firm in an "of counsel" role? If the cord is to be cut completely, has the firm provided resources to ease the individual's change to a retirement lifestyle?

NEVER TOO LATE

With one-third of the nation's lawyers contemplating retirement, it is time to start or ramp-up your firm's discussion of succession planning. It is never too late. Even a few months or a year of planning is preferable to a crisis situation generated by the precipitous retirement of a critical partner who rides off into the sunset never to be heard from again. I can guarantee that this unhappy scenario occurs more often than you would expect!

If your law firm wants its best clients to stay when your baby boomer lawyers leave, succession planning is the most effective insurance policy to accomplish that goal.

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