

Succession Planning: How to Hand Your Law Firm to the Next Generation

While conducting a year-end review of several client projects I worked on in 2014, I noticed a trend emerging. Though the types of projects and initiatives were disparate, there was a single, shared stumbling block that deterred the work from moving purposefully forward without a hitch. Whether working on new website builds, social media programs, content strategies or business development initiatives, generational and change-management issues impeded progress.



Jaffe Staff

Jason P. Grunfeld, a corporate partner and head of business development and marketing at Kleinberg, Kaplan, Wolff & Cohen, P.C., spoke at the 22nd annual Marketing Partner Forum in late January. During the session titled: "The Law Firm Rainmaker Redefined, Jason and his fellow panelists spent significant time discussing the passing of leadership roles to the next generation, as well as changes in management.

I spoke to Jason after his presentation, about the process his firm undertook to elect new leaders in various strategic roles including department chairs, managing partner, and the head of business development and marketing, and he confirmed my belief that certain practices lead to easier leadership transitions. Some of these practices include open communication amongst partners, eliminating committees to create more efficiency, having a plan and vision in place for transition and strong mentoring. All of these practices have developed over time, and are now a part of the culture at Kleinberg Kaplan.

Moving a firm from the first to the second generation of leadership is a difficult task. Generally, taking the time to develop an over-arching vision and strategy takes a backseat to day-to-day operational issues. As time goes on, marketing and business development programs, as well as other processes, can effectively grind to screeching halt.

The good news is that firms can navigate the leadership transition and change-management processes if they have focused intent. To ensure success, the topic needs to stay high on the agenda, and progress must be monitored and shared regularly. In other words, don't let it fall off the list – even when the challenges to change are more than just logistical.

Change Is Challenging

There are two main issues involved in transitioning to the next generation and change management in law firms:

1. How do you get founding and/or senior partners to relinquish control and power?
2. How do you get younger partners with leadership abilities to take on and focus on the role?

What's imperative is open and honest communication – and plenty of it. Firms must address impending issues and prepare to face pushback when developing a change-management plan.

Timing is another factor. The time to plan is not when founding and senior partners are looking toward retirement. The best transitions happen when new leaders are well-mentored and work alongside their predecessors.

In some instances, leadership transition is a very emotional issue for some of the parties involved. For a founding partner who has built the firm from the ground up, the firm is part of her/his identity, so letting go is difficult. Conversely, a younger partner may experience anxiety about assuming greater responsibility. All of this must be considered and managed during the process.

Change Management for Law Firms

There are many activities your firm can implement that support open communication and facilitate the eventual changes in leadership.

Institute an exit-planning program. Develop a program that is fair and provides for the continuity of the firm. Be sure to include lead time to introduce clients to younger attorneys who have the skills to perpetuate the relationship. Consider all of the knowledge the firm will lose when an experienced attorney leaves, and make preparations accordingly.

Develop mentoring programs in all practice and leadership areas. Good mentoring cannot be underestimated. It's one of the most significant factors in career success and the future health of an organization. Young associates are frequently assigned mentors when they first join a firm, but the "mentoring" is not monitored and thus falls by the wayside after a year or two. Make mentoring a priority at your firm so it doesn't go out of style.

Consider leadership, business and business development skills when hiring. There are tests that can be administered during the interview process to help determine the aptitude an individual has for developing and strengthening potential skill sets. In addition, personality-type tests show natural propensities for leadership, as well as other characteristics.

Provide leadership training to appropriate personnel. When attorneys or other professionals demonstrate effectiveness in a specific area, consider providing assistance to help them excel. This will accelerate the learning curve so the firm can take advantage of their skills earlier.

Provide business development training and coaching to attorneys. As we know, a firm must continue to generate business from existing clients and bring in new clients to prosper and thrive. Most firms do not have a plethora of great rainmakers roaming the halls. Identify those attorneys with natural skills and those who have the potential for improvement, and provide the necessary training.

Make discussions about planning for the future a priority. As stated above, don't let

discussions about your firm's future fall off the list while dealing with the day to day. If firms discuss potential future opportunities and obstacles regularly, addressing leadership changes will not be as intimidating.

Align compensation with the firm's goals regarding future plans. I've heard about and worked on many different types of plans that incentivize behaviors that firms encourage. These include compensation programs for introducing younger attorneys to new clients, handing younger attorneys responsibility for existing clients and mentoring younger attorneys into leadership roles. These may sound avant-garde to some, but they have proven highly effective for many.

As the old saying goes, an ounce of prevention is better than a pound of cure. Take advantage of the tactics that can keep change management top of mind and prevent your firm from grinding to a halt. If the topic of change is giving rise to negative reactions, start with open communication. Then continue and continue until the issues are not so difficult to discuss.

This article appeared on the National Law Review website on February 6, 2015.