

Building a Business Development Culture and Strategy

A Management Guide for Law Firm Leadership



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Chapter 15:

Succession planning – ensuring client continuity when leaders retire

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Partner retirements present valuable business opportunities. Losing lucrative clients and engagements when partners retire can be very costly, even catastrophic, for a law firm. Retiring partners are often rainmakers who control major client relationships and generate a disproportionate percentage of firm revenues. Keeping those clients is important to the continued health, stability, and economic vitality of the firm.

Preventing the loss of good clients when a partner retires requires careful planning, ample time, and concerted effort. Through well-planned and thoughtful client transitions, the firm can keep many of these clients. It can also enhance the leadership and rainmaking skills of successor partners and increase revenues and firm stability by strengthening and expanding the retiring partner's client relationships.

The challenge is how to manage client transitions properly. That's why it's so important for firms to have a client succession and transition process that is transparent, consistent, systematic, and fair. It's why retirement must be de-stigmatized and treated as a normal part of a lawyer's career, not the onset of obsolescence. All of that is easier in a culture where people trust each other, value collaboration, and honor legacy.

Case study: An effective and successful client transition

In this case study, a client of mine talks about their retirement process:

"I was deliberate about succession planning for years, long before anyone knew I was thinking of retiring. About a year before I retired, I told major colleagues on my team what I was thinking of doing so that they would know that they needed to step up to hold onto the business, and I fought for them to have the opportunities to prove themselves. Then I told the client of my plans.

"To build trust, I shut up on client calls and made sure each of these team

members was well-prepared to speak on their subject; I was transparent with the team about the client's preferences and concerns; and I made sure the key players had their own relationships with the client and had roles where the client could see them in action before they had to hire them on their own. It was also a team effort to hold onto the work. No one person likely could have done it, as they all played more specialized roles than I did.

“In the end, my client was happy for me, knew and trusted the team I trained and left behind, and hired them for a \$20 million+ matter later the same year. These are significantly junior lawyers to me, but the client is comfortable because they've seen the team in action and know they provide excellent continuity. The client didn't hesitate to stay with them. It's wonderful for the client and for the team who have much more business – and credit – than they would have otherwise had at this stage in their careers.”

Developing an effective client succession and transition process

Some partners thoughtfully plan and carry out client succession and transitions on their own initiative (see case study). Because many others do not, firms can prompt them to do it through a retirement policy that applies to all partners when they reach a designated age or career milestone. That policy should include a process describing what partners should do about client succession in the years before they retire. Firm partnership agreements often include terms relating to when or how partners may retire from the partnership (e.g., how much notice they must give), but they usually do not go into detail about the retirement process.

To increase the chances of client continuity, a retirement policy can provide a mechanism for transitioning clients to successors before the partner retires. The policy informs partners that, at a designated point, they will be expected to discuss with the firm the process to be followed, including how and to whom they will transfer their clients, when they do decide to retire. Knowing that all their colleagues will have similar conversations at the same point reduces partners' anxiety and facilitates frank discussions about the future.

To develop an effective client succession and transition process, firms first need to appreciate that the firm, clients, retiring lawyers, and successor lawyers all have their own interests and needs. The firm can then decide what it wants to achieve with a client transition policy and design a process that

acknowledges diverse interests and needs, reconciles those that may conflict, and persuades partners that it is in their best interest to cooperate.

The firm's interests

It is in the firm's interests to have partners give as much advance notice as possible before they retire so that it can plan for and manage future staffing, financial, and leadership needs. If the firm wants to retain good clients, it needs strong leadership by other lawyers to replace the partners who retire. Effective succession practices ensure sufficient time to prepare for partner departures, carry out smooth client transitions, and advance the next generation of leaders and rainmakers.

Conversations asking partners about their retirement plans can be awkward. They require talking to partners who have devoted much of their lives to building and leading the firm about when and how they will leave it. Rather than risk upsetting or angering partners, firms delay discussions about retirement until they have no choice. But this avoidance poses problems.

Partners, too, may remain silent about their plans. They spend their last years at the firm focusing primarily on protecting themselves, especially their compensation. They hold tightly to their clients and leadership roles, frustrating the next generation of partners whose prospects for business growth, professional advancement, and leadership are blocked. They may coast along without exerting much effort, dragging down profits and further frustrating junior partners. When they do retire, it is often on short notice, making it difficult to plan smooth transitions of clients and leadership. As a result, junior partners may seek better career opportunities and clients may take their legal business elsewhere.

When the firm has a systematic retirement and succession process in place, it is more likely to retain both clients and junior partners. When successors are fully prepared and ready to take over, clients enjoy uninterrupted service and appreciate the smooth transfer of leadership. Junior lawyers can see a meaningful future in the firm because partners give them increasing responsibility, visibility, and credit; encourage them to develop their own relationships with the senior partners' clients; and share their contacts and opportunities to help successors build their own books of business.

By retaining and developing the firm's talent and leadership, the firm's reputation in the business and legal communities can be enhanced, not

diminished, when a prominent partner leaves. Being known as a firm with a deep bench of talent, where lawyers can maintain continuous service when a key lawyer leaves, is attractive to potential clients, referral sources, and laterals looking for a firm where they can move up and ahead in their careers.

In some jurisdictions, an effective client succession policy is also a matter of professional responsibility. Some state bars have rules regarding the responsibility of lawyers to put in place succession plans to protect clients. Firms should be aware of the rules of the jurisdictions in which their lawyers practice.

The client's interests

Clients expect commitment, excellence, and reliability from their outside counsel. They expect high performance from lawyers they know and trust. When partners retire, clients expect all of that to continue seamlessly.

Clients value having a single contact who understands their needs and ensures they receive high quality service. But they also appreciate a team of outside counsel they can call upon if they can't reach their main contact or need help beyond that lawyer's expertise. If they have an assortment of legal needs, they value a team with experts in relevant areas.

Clients expect to be told well in advance about their lead counsel's retirement, and to be consulted and involved in the selection of a successor. The final decision is, after all, theirs. They expect timely succession discussions, thoughtful plans, and new relationship partners who are suitable, compatible, and fully prepared to take over. Ideally, the successor is someone they have worked with before who is familiar with the client's business and legal matters, and who they know to have the expertise and work ethic they value.

Clients do not want to be presented with a last-minute announcement that their lead partner is leaving. They don't want a successor chosen by the partner or firm without their input or prior agreement. When a partner moves to another firm, clients understand that the firm could not provide a lot of advance notice. When a partner retires, however, especially if it is planned (or could have been) well in advance, clients resent not being told in ample time to consider their options, whether in that firm or another.

The retiring lawyer's interests

Retirement is one of the hardest transitions in a lawyer's life. Lawyers often resist retiring, and they especially resist giving up client relationships. Some want to retire but fear negative repercussions if they announce too soon.

Understanding the reasons behind their resistance enables firms to create strategies and conditions that foster trust and engage senior partners in succession and client transitions.

All career changes are stressful, but retirement is different. Every partner going through a significant career change, like switching firms or becoming a managing partner, faces challenges but has a general idea of what lies ahead. Their training and experience have prepared them for the move, and their career progression continues in an upward or lateral direction. But when senior partners face retirement from the job that has been at the center of their life and identity for decades, the future is entirely uncharted territory, full of unknowns and uncertainties, and without guides or guideposts. Perhaps most important, they fear the loss of status and professional identity once they are no longer law firm partners and leaders.

Adding to this anxiety is the need to relinquish long-term client relationships that have been the source of their success. Partners may feel possessive of the relationships they built and nurtured over a lifetime of practice. They may believe no one can replace them or provide the same level of care and attention their client requires. They may simply feel a need to be in charge or to be needed.

Aging and ageism are also factors. Our society values youth – as do law firms. Retirement is associated with getting older. Retiring lawyers themselves may be perfectly healthy and capable, but view retiring as a sign of oncoming decline or a reminder of their own mortality. Older lawyers can be highly valuable, but retiring lawyers are often treated by others in the firm as no longer important or relevant. Their history of contributions may be appreciated but they represent the past – the firm is focused on the future.

Senior partners want to be treated with respect, dignity, and fairness when they retire – not as if they are being pushed aside. They want to know what the firm expects from them before they leave, what they can expect from the firm, and what will happen to them when they plan to depart. Few firms provide clear guidance or cultural environments that make partners feel secure and safe enough to discuss their retirement openly.

When they do exist, firm retirement policies often generate confusion. They rarely spell out clearly how to retire or what happens when you do. Sometimes firms make exceptions in “special cases” or treat retiring partners differently for subjective or unexplained reasons. Lack of transparency and consistency about what happens when they announce their intent to retire, and especially the fear of punitive financial consequences, creates suspicion and distrust.

Perhaps the biggest deterrent for senior partners is fear of losing compensation. The uncertainty of what will happen if they announce their retirement makes it especially hard to let go of the compensation and credits they've earned. It isn't necessarily that these partners need the money, it's what that money represents – wealth, importance, and power. They have reached the top compensation levels through years of hard work and don't want to lose what they have attained. A drop in compensation may be insignificant financially, but of major importance to their ego.

If policies or decision-making processes are ambiguous, it will be hard for the firm to overcome the partner's fear and distrust. But when firms have a clear policy that spells out criteria, processes, and calculations, and if it applies that policy consistently to all retiring partners, partners are more likely to believe they are being treated fairly and more willing to speak about their plans.

This extract from the chapter 'Succession planning – ensuring client continuity when leaders retire' by Ida O. Abbott is from the title *Building a Business Development Culture and Strategy – A Management Guide for Law Firm Leadership*, published by Globe Law and Business.

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What does it take to develop and sustain a culture that values marketing, business development, and client care as shared responsibilities across the firm? Drawing on decades of experience advising law firm leaders, chief marketing officers, and partners, *Building a Business Development Culture and Strategy* provides senior management and practice leaders with actionable strategies for integrating business development into their organization's fabric.

Through practical frameworks, candid interviews with firm chairs and CMOs, and real-world examples, the book shows how to empower professionals at every level to contribute to the firm's brand and growth. Not only does it demystify how a strong marketing culture is built – from leadership vision and governance to talent development, systems, and incentives – it helps readers understand how to do this in the context of complex, partnership-based environments.

Now more than ever, firms are recognizing that isolated efforts, such as one-off trainings, CRM implementations, or inspirational retreats, won't transform behaviors. What's needed is a holistic approach driven from the top. This book fills that gap by offering managing partners, COOs, CMOs, and practice leaders a blueprint for building marketing cultures that align with firm strategy, reward collaboration, and sustain client loyalty.



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