

SUCCESSION PLANNING: STRUCTURING A BUYOUT BETWEEN GENERATIONS

- I. PRAY for the Lord to bring the right person into your circles
- II. How did we (John and Nick) get here? (Considerations in Selecting a Successor)
 - a. John to talk about failed partnership with fellow practitioner and plan to wind down the practice over time until meeting Nick.
 - b. Nick to share story of starting his own practice and then joining forces with John (first as an IC, then through a joint venture agreement)
 - c. Worldview: Secular or Faith-Based? ["Preach always. Use words if necessary."](#)
 - d. Level of Experience: Would a new attorney (2-5 years experience) or more seasoned contemporary (10+ years minimum experience) work better for your practice area and style?
 - e. Goals & Objectives
 - i. If Transitioning with Another Christian Attorney, Establish a Kingdom Mindset. *See Colossians 3:17, 23-24* ("And whatever you do, whether in word or deed, do it all in the name of the Lord Jesus, giving thanks to God the Father through him...Whatever you do, work at it with all your heart, as working for the Lord, not for human masters, since you know that you will receive an inheritance from the Lord as a reward.")
 - ii. Second subpoint
- III. Sequence of Steps in Structuring the Transition
 - a. Ethical Considerations – ABA Model Rule 1.17 (**attached**)
 - i. Outright sale of the firm is an option (subject to requirements of Rule 1.17), but it limits flexibility/creativity for senior attorney (may want to work parttime) and may not work with younger successors
 - ii. Buyout under a partnership agreement is not covered by the ethical rules and affords maximum flexibility in structuring a practice transition
 - iii. Structure outlined below: Disclosure requirements to clients?
 - b. Step 1: The Trial Period (Independent contractor agreement)
 - c. Step 2: The Integration Period (Joint venture agreement is best vehicle to govern this phase), allowing senior lawyer to have "liquidity event" through outright payments as nominal member of practice or consultancy agreement
 - d. Step 3: Full transition to junior attorney(s), senior attorney's name may/may not still be on the door (successor's desire for brand name?)
- IV. The Financials
 - a. Cash is King
 - b. Who Absorbs the Transition Costs?
 - i. Generally, the senior attorney is in a better position to assimilate additional costs than the junior/successor attorney due to resource disparity
 - ii. However, it should be the goal of the junior/successor attorney to offset the additional costs as much as possible by increasing the firm's workflow and revenue
 - c. Setting Expectations for Successor's Contribution to the Practice and Measuring Performance/Results Over Time

**NOTES FOR SUCCESSION PLANNING:
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