

SUCCESSION PLAN TEMPLATE*

Succession Plan

(Law Firm's Name)

Current Sole Proprietor/Partner(s):

Creation Date:

Review Date:

Establish goals and objectives

When developing a succession plan the owner needs to set the personal goals and vision for the law practice plus their future role in the law practice. The type of goals and objectives the Sole Proprietor/Partner could consider are:

- The amount of income to be comfortable in retirement
- If you want future involvement in the law practice or in another business
- The impact of selling or transferring ownership
- The goals and ideas of all interested parties and their wish or ability to buy you out
- The impact the Sole Proprietor/Partner departure will have on current law practice through key relationships with suppliers and clients

E.g. Estimate how long do you need to work to be comfortable in retirement. Do you want to stay active in the law practice? What impact on selling the practice to your partner(s) and anyone else with an interest in the law practice?

Identify Successors

Is there someone who can take over the ownership and management of the law practice? Each potential candidate has to be assessed individually as to suitability, capability, acceptability, commitment, determination, skills and experience. Once selected, the owner will need to identify when and how the training and handover can be done.

E.g. Who would be the most suitable, capable and skilled person to take over the law practice?

Estate Planning

E.g. Have you considered retirement income, financial and tax implications through the transfer/sale of goodwill?

Contingency Planning

E.g. Identify what could go wrong prior, during and after the transfer/sale of goodwill?>

Law Practice Structure and Transfer Method

Review and update the organisational and/or structural plan for all areas of the law practice and include agreements. Make sure current employees have clearly defined roles and responsibilities to

assist in a smooth transition to the new ownership and management. Ensure key management and specialised positions are filled as it makes the law practice more attractive and prepared for transition.

Each law practice is unique and must have plans built based on its uniqueness and current circumstances. Involve a team of professionals to aid in reviewing the alternatives and select the method best suited to your needs:

- **A fellow lawyer** can examine the legal implications and how to minimise potential conflicts between buyer and seller as well as looking after the interests of employees/partner(s)
- **An accountant** can help you prepare the financials, assist with valuation, advice on tax and structures

E.g. Add your law practice structure: Identifying roles, responsibilities and accountabilities.

Business Valuation

E.g. You may need to speak to fellow lawyers to measure and determine the value of the law practice at the time of disposal.

Exit Strategy

Planning to let go and not be involved in the day-to-day running of the practice is an important part of a succession plan. This part of the plan should detail a schedule of exit events, transfer method and timelines. This part of the plan should be communicated to all parties. This process is an opportunity for those affected to raise concerns and resolve these before implementing the succession plan.

E.g. Identify how you can reduce your involvement in the law practice

Implementation and Follow Up

E.g. How often this plan is to be reviewed?

*Extracted from Setting Up Practice (2014)