Succession Planning – Breaking Through the Force of Inertia

By Michael D. Short on August 6, 2013

I led a webinar on succession planning around key client relationships last week. The key themes from my presentation were focused on the fact that in many firms, and in particular many mid-sized, first generation firms:

- The majority of Partners are baby-boomers;

- These Partners are responsible for a majority of the firm's important client relationships;

- They also hold a majority of leadership positions;

- Time marches on and these firms are at the beginning of a major drain on brainpower and leadership experience;

- Generally speaking, the next generation of Partners (behind the seniors) was asked to serve existing clients and is therefore not as strong with respect to developing and/or maintaining client relationships;

- As a result (of the prior point), we are at the beginning of a client relationship feeding frenzy as the relationship Partners move on and the clients do not view the next generation of Partners as being sufficiently boardroom-savvy and/or as a trusted advisor; and therefore

- "Legal" is an industry at the beginning of a demographic crisis that is happening at the same time as a complete re-make of the basics of its business model.

The solution that I presented is a strategy based on a careful blend of adjustments to the Partner Track and structure, the compensation system, cash flows, firm culture, risk tolerance, professional development, lateral hiring…just about every important system and characteristic in any law firm.

I won't delve deep into those details here, but I do want to share with you an interesting post-webinar experience. I received several eerily similar questions from participants that all basically said, "We have been talking about this topic for years, Mike, but we cannot get past the facts that we know we have an issue and we know we need to do something. How do we break through the inertia?"

From a physics perspective, getting an object that is at rest to move requires a force exerted on that object. Otherwise, it remains quite comfortably at rest and in a state of inertia. For a partnership to allow a force of change to happen, a majority of the Partners must be accepting of both a) the need for the change, **AND** b) the strength of the force needed to make the change happen. I think many partnerships are comfortable with point "a" but the whole "strength of force" concept is the point of major disagreement. Why? Please revisit the list of "moving parts" to this discussion that I listed earlier and note that it is a lengthy list.

Here's what happens – the Partners will assemble for a two-hour meeting to solve the succession issue. They are confident that they can do it because it needs to be done and each participant is a bright, logical, and generally firm-minded person. The first hour is spent re-affirming that the issue exists and that something needs to be done. All in favor? A unanimous "aye" vote. The second hour then devolves into myriad tangential discussions that cannot be re-connected into a solution because each Partner is speaking to one of the related issues that is, for that person, the key issue. Meanwhile, no-one is speaking to *all* of the related issues that need to be addressed in concert. Most Partners view the needed solution in relation to one moving part, thus minimizing the force needed to move the organization.

Partners then think that their peers are missing the point because they are not speaking to the same point. Frustration grows – particularly after several of these meetings – and inertia becomes deeper because the force of change needed is dispersed.

Here's my key to success – create a holistic solution. Assign a small group to analyze the data, interview everyone individually, and create a "take it or leave it"/"you cannot debate and revise individual elements of it" package of revisions needed for each of the moving parts to align properly for your firm. Until you look at this issue in these terms, you will not generate enough collective force to make this change and you will endure more frustrating meetings with no conclusion.

What if the Partners don't support the proposed solution…even after the proper amount of discussions and education? Learn from the new feedback and keep revising and tweaking all elements as needed until the puzzle is solved. There are many combinations of factors that can create a solution. Be aware, however, that the longer the process takes the more likely another expediting force will be added to the process – time itself. This situation must be resolved years before any retirements start.

Time is of the essence.