



***Conference Session:***

**BUSINESS SUCCESSION PLANNING**

**with**

**Grant Rawdin**

**Thursday, April 16, 2015**

**10:30 to 11:30 AM**

# 4/16: Business Succession Planning

## BUSINESS SUCCESSION PLANNING with Grant Rawdin

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### SESSION DESCRIPTION:

As the graying of the legal profession continues and the number of recent law graduates declines precipitously, current practitioners and firms have to even more seriously think about business succession. Left to accomplish this in the last years before partial or full retirement of key partners, a firm is likely to see a disorderly process and wasting of the assets that have been built.

Business succession is not an easy topic. It involves work to plan, risk to see the future correctly and psychological issues of transitioning to a next chapter in life. It involves the marshalling of assets and resources, income, reputation, goodwill and people. But done in a framework of honesty, improving the business aspect of the practice, and embracing and advocating the change that clients, owners and their successors will enjoy with a dignified and financially successful outcome.

Through the use of personal and business principles as applied to both law and the size and nature of law practices of the members of GLSA, this session seeks to provide an interactive presentation imparting knowledge, motivation and direction to begin or modify the planning process.

### ABOUT THE SPEAKER:



**Grant Rawdin** is Founder and CEO of Wescott. He founded the firm in 1987, which grew from the tax, business and estate services he provided to clients at Duane Morris LLP, a venerable AMLaw 100 law firm. Grant is an attorney, an accountant and a Certified Financial Planner™ and has served as advisor to many businesses, providing strategic, ongoing, and merger and acquisition advice. He is admitted to both the Pennsylvania and New Jersey Bars. Grant has been awarded accolades as a top financial advisor in the United States by Barron's (#22), CNBC (#3), Worth and numerous other media. His articles, research and advice have been regularly featured in scores of national, local, popular and industry publications. He is also a frequent guest on television and radio, and a speaker on a variety of issues at national conferences. Grant is a graduate of Temple University Beasley School of Law and Temple University, where he received his B.A. in English literature. He is the very proud father of four children and resides in Rydal, Pennsylvania with his wife, Laura Rawdin.



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**Business Succession Planning For Lawyers and Law Firms**  
Presented to the 2015 GLSA Annual Educational Conference  
Grant Rawdin, Esq.  
April 16, 2015 Philadelphia, PA

I. Introduction to this Session

- A. Who's here today? Size firm, number of lawyers, time horizon
- B. My 30-year experience planning for lawyers and law firms
- C. Differences and similarities to other professional practices and businesses: Capital leverage, distribution leverage and ethical issues; what do you own?
- D. Like writing a will: Retirement of lawyers is pretty much a certainty
- E. What we want to accomplish in our hour together?

II. Introduction to Succession Planning

- A. Aging of the legal profession
- B. Shortage of new lawyers and trained young associates
- C. Law is the second most sleep-deprived profession—what's first?
- D. Size of firm is very material in succession; market to transition to liquidity, stability
- E. Don't wait for the inevitable crisis. Make the potential problem an opportunity

III. What does Succession Mean?: Outcome types

- A. Sale: Outright internal or external
  - i. Assets to sell
  - ii. Stream of income or profits
  - iii. Valuation: Present value of projected income or percentage of future revenues or net profit

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B. Partial sale: Transition internally and maintain continuing interest

C. Close practice and exit

#### IV. What does Retirement look like to Firm Partner(s)?

A. Financial issues and readiness assessment

B. Psychological issues in transitioning to part-time and full-time retirement

#### V. Preparing for Succession

A. Assessing finances of firm:

- i. Total revenues
- ii. Diversity of revenues (number of unrelated clients)
- iii. Expenses
- iv. Profit margin: Greater than a salary as an employee?
- v. Length and term of existing contracts

B. Predicting the future

- i. Perception of future of practice
- ii. Assessing existing staff and ability to succeed to leadership substantively, client relations and in business management

C. Evaluating your preparedness

- i. Succession plan in place: Now or never?
- ii. Successor lawyers and training program
- iii. Formal successor agreements and partner track in place
- iv. Financial reporting and client systems in place

#### VI. Constructing the Plan

A. Who facilitates the process?: Internal work group or third-party consultant

B. Resources: Numerous publications, guides, ABA and PLI conferences on topic

C. What members of the firm are involved in the planning?

D. Documenting the plan: Agreements and internal succession committee construction



E. External communication plan

VII. Execution of the Plan

A. Disciplined and detailed road map

B. Stick to timeline

C. Form a committee of interested retiring and succeeding lawyers to track

D. Enhance systems and address issues that arise

E. Don't leave problems behind!

F. Faithfully introduce successors to client engagements early enough in the process

