

PD Quarterly

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All's Well that Ends Well — Solving the Succession/Retirement Planning Riddle

by Hilary Clarke

Strong educational and coaching programs are the keys to advancing effective succession and retirement planning initiatives in law firms.

Legal journals today are full of articles pointing to the number of baby boomer lawyers about to retire and lamenting — and citing the dire consequences of — the lack of succession planning in law firms. Due to the importance of succession planning, it is no surprise that many PD professionals are being asked to look at the issue and suggest solutions. This article seeks to provide some timely advice to help with that task.

Bottom line, PD professionals are in an excellent position to assist their firm's succession and retirement planning initiatives through their expertise and experience in training and coaching. As set out below, strong educational and coaching programs are the keys to advancing succession/retirement planning initiatives.

I. Why Is Succession Planning So Important?

But first things first. Why is succession planning so important? Strong succession planning has always been important to law firm success, but today it is mission critical. This is so because:

- Lawyers, like the rest of the world, are aging. Statistics say that 40% of lawyers practicing law in North America are either winding down their practices or thinking about doing so. Succession planning is required to be ready for the retirement of more and more senior lawyers;
- Effective succession planning ensures client retention following lawyer retirement. Client retention has always been a priority for law firms — it has always been more difficult and more expensive to get new clients than to keep existing ones.

Nowadays, however, when the market for legal services is either stagnant or shrinking depending on your source of information, holding on to existing clients is even more important;

- Strong succession planning allows for the preservation of senior lawyers' contributions beyond their client base — for example, their experience, expertise, relationships, referral sources, and reputation (which are key to the firm's ability to attract and retain work) and maximizes the firm's considerable investment in long-term partners;
- Succession planning generates opportunities for the next tier of lawyers (who, as we know, are finding it much harder to build practices and are looking more to their firms for assistance), thereby rejuvenating and growing the business and attracting and retaining young talent; and
- Succession planning gives clients, who are now much more savvy consumers of legal services, the comfort of continuity, predictability, and lower cost alternatives as their counsel of choice ages.

II. Addressing the Succession Planning Challenge in Law Firms — Investing in Retirement/Succession Planning Support

The need for succession planning today is self-evident. Why isn't it happening?

According to a 2013 report from Altman Weil, the number one reason that succession planning is so difficult in law firms is

that partners do not want to retire. So, the solution, I propose, is that firms and their PD professionals invest more time, energy, and resources in ensuring that partners want, and are ready, to retire.

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A willingness to engage in succession planning is return enough for investing in helping lawyers plan for and look forward to retirement and making sure that they are happier and successful in retirement. But there are other benefits to the firm:

- Retirees depart happy and loyal to the firm, apostles to their former clients and in the marketplace. They are a source of future referrals;
- Mutually beneficial post-retirement arrangements can be put in place (e.g., to get the benefit of a retiree's expertise/contacts after retirement);
- A reputation for compassion and commitment to long-term partners (which in turn will impact the firm's ability to attract and retain talent); and
- Better morale for those partners nearing retirement and the rest of the firm.

III. How Can PD Professionals Advance Succession/Retirement Planning?

The answer is simple — education and coaching. Training around succession and retirement planning is very important. They are rarely discussed at law firms, much less dealt with as part of the standard law firm training curriculum.

Three programs are well worth considering: a session for all

partners on succession planning, a session for junior partners/senior associates on how to become an effective successor, and a session for anyone who is interested in retirement planning. At first blush it may seem odd to have the latter session available to all but the fact is that it is never too early (or too late) to plan for retirement. Also, opening the session up to all avoids the suggestion (and potential complaint) that certain lawyers are being targeted for retirement.

A. Succession Planning Programs

There is significant value in a succession planning session focusing on:

- why succession/retirement planning is good for all.
- what is involved in effective succession planning — i.e., preserving not just the senior lawyer's clients but his/her entire contribution to the firm (including expertise, relationships, reputation, etc.).
- why succession planning is challenging and how the challenges can be surmounted. (As part of the session, it is valuable to present to the participants real-life succession planning problems for resolution.)
- emphasizing that successful succession planning requires the commitment and contribution of all firm members. Too often, it is suggested that the responsibility for effective succession planning lies solely with senior lawyers. In fact, succession planning is like a four-legged stool: it requires that four parties — senior lawyers, junior lawyers (i.e., successors), management, and the client — work together effectively to manage the process.

There is no question that senior lawyers can benefit from guidance as to how to develop/implement an effective succession plan. However, many firms have told me that junior lawyers also need guidance on how to be effective successors.

For that reason, a program aimed at junior partners/senior associates about how to be an effective successor is worthwhile. The thrust of the session is that it is unrealistic for potential successors to expect clients/business to fall into their lap. Effective successors recognize that to be chosen as a successor requires effort and initiative on their part. For example, they have to develop the requisite experience, expertise, client management skills, and reputation. It also requires the right mindset — e.g., being enthusiastic about the work and the client and prepared to devote the time and energy (often on an unbillable basis) required for a successful transition. Last, the program typically covers the importance of “fit” (between the senior associate and the client being transitioned and between the senior associate and the retiring lawyer) and engages the audience in discussing how “fit” can be developed.

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B. Retirement Planning Program

Like succession planning programs, a program on retirement planning is a great way to encourage lawyers to think and talk about retirement. It is important that a retirement planning program cover three things:

- understanding (and being sensitive to) lawyer attitudes toward retirement;
- the importance of advanced planning to a happy and successful retirement;
- what to think about in developing your retirement plan.

(i) Lawyer Attitudes toward Retirement

First and foremost, it is helpful in a retirement planning program to talk about lawyer attitudes toward retirement. In my experience (from my own retirement and as a lawyer retirement coach and consultant), most lawyers have serious reservations

about (and in some cases downright dread of) retirement. When I chose to retire after practicing in a large law firm for almost 30 years, I experienced firsthand the concerns lawyers have about retirement. Apart from my own reservations, I vividly recall being told by some of my colleagues what a “brave” decision it was and being peppered by others with anxious questions about what I would do *all day*.

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It is important to explore why lawyers can find retirement difficult because it is helpful in identifying what may be holding them back. The reasons why lawyers don't want to think about retirement include:

- thinking about retirement makes them feel old and aware of their mortality;
- they are concerned about the loss of income in retirement (and whether that means they will be able to continue their current lifestyle and/or whether their long-term financial security will be in issue);
- they worry about the loss of their professional identity and status.
- they want to continue to be useful and productive and to have a sense of purpose and are not sure how to do that outside of practicing law;
- they foresee missing the relationships and camaraderie with colleagues and clients;
- they do not know how they will fill their days without work; and

- they worry about not having the challenge, stimulation, and adrenaline rush of practice.

Once lawyers are able to recognize what may be holding them back, they can take steps to deal with those issues as part of their retirement plan. For example, if they are concerned about losing camaraderie with clients and colleagues, they can work on building their social life outside of the firm before they retire.

While recognizing the challenges, it is also important to talk about the joys of retirement. Obviously lawyers are more likely to plan for retirement if they are looking forward to it.

When I first started to coach lawyers around retirement, it seemed incongruous to me that lawyers who had worked so hard during their lives would not look forward to retirement. Because of this conundrum, I became interested in how to help lawyers have happy and successful retirements. Like any good lawyer, I started with research. To find out what makes for a happy retirement for lawyers, I interviewed about 20 happily retired lawyers from seven large Canadian law firms about the joys (and challenges) of retirement.

The retirees I interviewed all acknowledged that retirement could be challenging for lawyers. Some found the lack of a regular paycheck disconcerting, particularly since a number had worked since they were teenagers. Others commented that it was tough to adjust to the change in pace — as one said, to go from “100 miles an hour to zero.” Some also commented on not feeling needed in the same way. As an interviewee said, “You go from your phone always ringing ... to no one returning your calls.”

They commented that not knowing how to spend your day when you are used to practicing law 24/7 can be challenging too. As was so colorfully put to me by one retired lawyer, retiring lawyers are like workhorses who have ploughed the same field every day for over 35 years. On retirement, they are told by the farmer that it is time for them to frolic in the meadow. To which the workhorse/lawyer responds in dismay, “Where is the meadow ... and what is frolicking?”

Despite the challenges of retirement, every retired lawyer I interviewed commented that the joys of retirement far outweighed its challenges.

Despite the challenges of retirement, every retired lawyer I interviewed commented that the joys of retirement far outweighed its challenges. When asked what was the best thing about retirement, the majority answered with a big smile, “No more docketing!”

Everyone I spoke to commented on the pleasure of having more time to do what they wanted to do: to travel, to spend time with family and friends, to focus on their health, and to be more physically fit. They relished the new-found opportunity to read and learn new things. The range of learning was remarkable — from becoming familiar with a new business to doctorate level university study, to learning how to play the piano. The retirees also commented that they were able to return to favorite hobbies and pastimes that they didn’t have time for before. A number developed entirely new interests in retirement: new leisure activities, new artistic pursuits, and new friends that they enjoy tremendously.

Many of the lawyers I interviewed did not retire to do nothing; rather they took up new “work” in retirement. What they did varied tremendously — from practicing law on a reduced schedule in a smaller firm or their own firm, to becoming mediators/arbitrators, continuing their work on boards, starting their own small business or becoming executives in existing businesses (often with former clients or in fields relating to their area of practice), or providing their grandchildren with much needed child care. Many commented on the thrill of doing something new, and how wonderful it was to get up in the morning and to do something you really wanted to do.

The answer that I got time and again as to what makes for a happy and successful retirement was advance planning. A key element is financial planning — figuring out what you will

spend in retirement and how you will earn the money you require. But as important was planning how you would spend your time in retirement.

(ii) The Importance of Planning Your Retirement

Thus, in addition to discussing lawyer attitudes toward retirement, it is useful to talk about the importance of planning for your retirement as part of a retirement planning program.

Much of the responsibility for the lack of retirement readiness lies at the door of senior lawyers, who are often not interested in, or feel too busy for, planning for retirement. Many naively believe that retirement will just evolve on its own without any preparation and planning. They are ignorant of the benefits of having a retirement plan.

There are a number of advantages to planning for retirement; for example:

- Research has shown that planning is the number one indicator of happiness in retirement.
- Planning reduces the stress of retirement, which is one of life's major stress events, like death and divorce.
- For obvious reasons, it is important to plan your finances in retirement, but it is equally important to plan how you will spend your time in retirement. Having a retirement plan means that the retiring partner leaves ready and enthused about how they will enjoy the next stage of their lives.
- It allows the retiring partner to ensure that the clients and practice in which they have invested for so many years are in good hands after they leave the firm.
- Planning leads to a positive exit from the firm and a good relationship with the firm and colleagues following retirement.

As noted above, an important aspect of planning is financial

planning. In my experience, lawyers have real difficulty (and have an excuse to put off) planning for retirement until they get their finances in hand. For that reason, I recommend that firms encourage lawyers to engage a financial planner and to get their financial house in order as early as possible in their careers. There is also value in the firm identifying financial planners who work well with lawyers to whom the firm could refer interested lawyers.

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(iii) Elements of a Retirement Plan

A retirement planning program should canvass the types of things that a retirement plan might include, such as:

- The timing of retirement
- Planning your departure from the firm
- Planning your next stage, which includes developing a retirement vision/goals and a retirement plan to get there
- Elements of a retirement plan, like:
 - ♦ financial planning
 - ♦ “working” in the next stage (“working” is in quotation marks because “work” may not be paid employment or what is traditionally thought of as work)
 - ♦ volunteering
 - ♦ family and social relationships
 - ♦ fun, recreation, travel
 - ♦ health and wellness

The value in a retirement planning program comes from giving lawyers insight into their attitude toward retirement (what they are looking forward to and what might be holding them back), educating them about the importance of advance planning, and suggesting things to think about as part of a retirement plan. As part of a retirement planning program, it is useful to incor-

porate individual exercises to start the participants actually thinking about and planning for their own retirement.

C. Retirement Coaching

Succession and retirement planning programs are a great way to introduce the topics and to get lawyers thinking about what they can/should do to formulate a succession and retirement plan. However, every lawyer brings his/her own set of issues and concerns to the table so there is no one-size-fits-all succession/retirement solution that can be instituted through a training program. Also, the issue with succession/retirement training (as with all other training), is that, for the training to make a difference, lawyers need to continue to implement what they learn after the session. For both these reasons, retirement coaching is a worthwhile addition to succession and retirement planning programs.

(i) *The Coaching Process*

The purpose of retirement coaching, like all other coaching, is to help clients bring about change in their professional or personal lives. The coaching process is in essence a conversation between the coach and the coachee, the agenda for which is set by the coachee. The coachee decides what change he/she wants to bring about and the coach's role is to manage and direct the conversation to help the coachee explore and clarify goals, evaluate options and strategies, make choices, and take action to accomplish the goals. Through the conversation, the coach facilitates the process by employing coaching tools and strategies, and offering advice, ideas, resources, and support.

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As indicated above, it is the coachee who decides what goals he/she wants to achieve through retirement coaching. The goals of

lawyers seeking retirement coaching differ; however, typically, they seek coaching in connection with:

- Making the decision to retire;
- Planning their departure from the firm; and/or
- Planning their next stage after they have retired.

Depending on the coaching goals, the areas covered in a coaching conversation vary. The end goal is, however, the same — to arrive at an action plan that will help the coachee accomplish his/her goals and to execute that plan.

In my retirement coaching, I use a series of questionnaires and other tools to help the coachee think and talk about — and explore options and plan for — his/her next step. I put to use all of the research I have gathered on lawyer retirement, including my interviews of lawyers who have retired happily. I provide advice, ideas, and support to help the coachee develop his/her plan and the discipline (through, for example, assigning “homework”) to ensure that the plan gets executed. If services are needed by the coachee that I do not offer (financial planning, counseling), I refer the coachee to experts who can provide the services required.

(ii) *Issues Addressed in Retirement Coaching*

As noted above, one size does not fit all where retirement and getting ready for retirement are concerned. As a result, retirement coaching is very much tailored to the individual. That said, issues that are typically addressed through retirement coaching include:

- Dealing with reluctance/fear of retirement and building enthusiasm/optimism/confidence around the next stage;
- Making the decision about when to retire;
- The importance of planning for retirement;
- The two stages of retirement planning:
 - ♦ a good ending with the firm; and
 - ♦ a bright future post-transition
- Planning a good ending with the firm, which includes:

- ◆ reflections on legacy;
- ◆ preserving legacy/succession planning;
- ◆ firm and lawyer shared interest in a good ending;
- ◆ a transition agreement with the firm; and
- ◆ staying connected to the firm post-transition
- Planning a bright future, which involves:
 - ◆ development of a retirement vision/goals and a retirement plan; and
 - ◆ elements of a retirement plan, referred to above.
- Executing a succession/retirement plan; and
- Succession and retirement planning resources

(iii) Why Retirement Coaching Works

Retirement coaching works for three reasons. It:

- Helps lawyers plan for retirement/succession;
- Holds lawyers accountable to carry out their plans; and
- Supports lawyers through the process.

Coaching Helps Lawyers Plan for Retirement

Coaching requires lawyers to make time in their busy lives to think about and plan for their next stage, be it retirement or an encore career. Once they are required to take that time, lawyers can often figure out what they want to do and how they will bring it about. If they are stuck, discussing the issue with a coach brings the clarity necessary to move forward.

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Coaching Holds Lawyers Accountable to a Retirement Plan

Insight into what you want your retirement to look like and how you will bring it about is only the first step. Any plan is only as good as its execution. Having a coach to hold them

accountable is tremendously helpful for lawyers since they respond better to deadlines imposed by others (an occupational requirement!).

As noted above, as part of my coaching, I assign steps in the plan as homework to be completed between coaching sessions. Assigning homework brings about change because lawyers are loathe to report that they have not done their homework. More importantly, when they put their retirement plan into action through the homework, lawyers see the benefits and that reinforces their commitment to continue with the retirement plan.

Coaching Supports Lawyers Through Change

Last, coaching provides support for lawyers through the planning process. We are all more effective in making change if we have help, but lawyers benefit in particular. This is so because lawyers often lack resilience — the ability to bounce back from setbacks. They can get discouraged by the inevitable bumps in the retirement planning process. Lawyers also have a strong sense of urgency and so get impatient and unhappy if the planning process takes longer than they think it should. A coach instills confidence in the lawyer's ability to retire happily and successfully and provides important perspective on progress in the retirement plan.

(iv) Why Hire External Retirement Coaches

The number one reason for hiring external retirement coaches is that it provides a way for lawyers to have a confidential discussion about retirement. In my experience, the vast majority of partners will not talk about retirement unless they are assured that the firm will not know about it. Many partners are convinced that if management knows that they are even thinking about retirement, it will be the end of their careers at the firm. So strong is the desire for confidentiality that I strongly recommend that firms offer retirement coaching on the basis that the firm not know who is accessing the coaching.

The second benefit of hiring an external retirement coach is

that an external coach (particularly if a retired lawyer) has the training, experience, and empathy required to have the awkward and sometimes difficult discussion with partners about succession/retirement. While it can be a difficult discussion, once lawyers feel comfortable in the environment, they generally welcome the opportunity to discuss retirement with a coach. Often, there is no one they feel comfortable openly talking about retirement with — or they have discussed it or thought about it frequently but always end up “stuck” and unable to move forward with a retirement plan. A coach gives them an opportunity to talk about their retirement ideas, challenges, and plans confidentially with a coach who is sensitive to the issues around lawyer retirement and relates to their experience, whose only agenda is to help them achieve their goals, and who can provide a broader perspective and expert guidance. With that kind of support, lawyers are much better able to think through and plan for retirement.

I believe it is difficult for firm management to carry out succession planning/retirement planning without outside help. Apart from the reluctance of partners to discuss succession/retirement with management because of concerns about what it will mean for their future at the firm and “hidden agendas,” these kinds of discussions take time and energy (there may not be a quick fix), as well as a familiarity and ability to deal with the psychological and emotional issues around succession/retirement, which many managers whose plates are already very full do not have.

IV. “Live Long and Prosper” — The Role of PD Professionals in Getting Succession and Retirement Planning Right

Today, succession and retirement planning is not just a strategic objective. It is a competitive necessity and critical to law firm longevity and prosperity. As noted above, training and coaching are key to successful succession and retirement planning. Given their expertise in, and responsibility for, lawyer education and coaching, PD professionals can play a very important role in moving their firms forward in this key area.

About the Author



Hilary Clarke, JD, CEC is a former lawyer, now a Certified Executive Coach and the founder of Potentia, a coaching and consulting business that helps lawyers realize their full potential in their careers and in their retirement. Hilary became an expert in succession and retirement planning first in her role as a law firm

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