



# WINDING DOWN YOUR PRACTICE



Ellen Freedman, CLM  
Law Practice Management Coordinator  
Pennsylvania Bar Association

# Winding Down Your Practice

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1. Speaker biography
2. PowerPoint handout

Note: A PDF of the seminar materials listed in this Table of Contents can be downloaded directly to your computer

from **<http://tinyurl.com/PBA-WindingDown>**

**\* HOW TO DOWNLOAD THE SEMINAR MATERIALS:**

Enter the URL in your browser, and you will go to the download page on Hightail. On the top left is the Title of the seminar. There are two options in orange buttons immediately to its right. One is Save, the other Download. Select **Download**. Then, select **Save**, then **OK**. You will then see your Windows Explorer window open. The title of the file will show under File name. Navigate to the folder in which you want to save the document, and then hit **SAVE**. Hightail does *not* work on a Mac. Use a PC to download and save.

3. Slowing Down, Moving On or Retiring – White paper by Marion Laffey-Ferry
4. Sample Letter 1
5. Sample Letter 2
6. Sample Letter 3
7. General Agreement
8. Specialized Agreement
9. Checklist for Closing Your Practice
10. Closing Your Practice – article
11. Best Practices for Client File Closing and Destruction – article
12. Managing the Mountain of Paper: Records Management in the Law Firm – article

13. Closing a Firm: Problems That Many Don't Anticipate – article
14. Expect the Best, But Plan for the Worst – article
15. Failed Promises, Failed Plans – article
16. Rule 1.4 [Communication]
17. Rule 1.17 [Sale of a Practice]
18. In the Absence of Good Data, One Cannot Make Good Business Decisions – article
19. PBA Formal Opinion 2007-100 [Client Files – Rights of Access, Possession and Copying, Along with Retention Considerations]
20. Pennsylvania Unclaimed Property Annual Reporting Manual

## ELLEN FREEDMAN, CLM



Ellen serves as the Law Practice Management Coordinator for the Pennsylvania Bar Association. In that capacity she assists PBA's members with management issues and decisions on the business side of their practice, including areas like technology, financial management and profitability, human resources, marketing, risk management, setting up a practice and so forth. PBA members are encouraged to contact Ellen through the 800 "Hot Line" at PBA headquarters, (800-932-0311 x2228) or through email ([lawpractice@pabar.org](mailto:lawpractice@pabar.org)).

Ellen is founder and President of Freedman Consulting, which assists PA law firms with a full range of issues and projects on the business side of the practice. More


information about Ellen and her law practice management services may be obtained at <http://www.FreedmanLPM.com>. Ellen also publishes the Law Practice Management blog at [www.PA-LawPracticeManagement.com](http://www.PA-LawPracticeManagement.com).

Ellen holds the designation of Certified Legal Manager through the Association of Legal Administrators (ALA), the credentialing body for the CLM degree. Of the 11,000+ members of the ALA, approximately 260 are certified legal managers. Ellen was one of the first 20 in the nation to have achieved this designation. She holds a Certification in Computer Programming from Maxwell Institute, and a Certification in Web Site Design and a B.A. from Temple University.

Ellen managed inside law firms for twenty years. Most of that time was spent in a mid-size (35+ attorney) firm environment. She launched her consulting practice in 1998, and joined the Pennsylvania Bar Association in 1999.

Ellen is an associate member of the American Bar Association, and its Law Practice Management and General Practice & Small Firm sections. She was a member of the Association of Legal Administrators for over 20 years, and founded the Independence Chapter. She is a frequent author and speaker on law firm management issues on a national level.

**Winding Down  
Your Practice**




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**PBA's Law Practice Management Coordinator  
Ellen Freedman, CLM**



assistance for your firm in:

- Human Resources
- Technology
- Financial Mgt / Profitability
- Equipment buying
- Strategic planning
- Marketing
- Start-up / Closing / Sale
- Risk management
- and much more

**800-932-0311 x2228**  
**LawPractice@PaBar.org**

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Closing a practice takes a good deal of time and a lot of emotional strength. It should be organized and guided by a simple but comprehensive written plan so that all necessary steps are taken.

*Easy Self-Audits for the Busy Law Office*  
by Nancy Byerly Jones

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Reasons to  
Conclude Your Practice

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Retirement Age



75 IS THE NEW 65!

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Health issues



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Wealth, or the lack thereof



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Accept position with court



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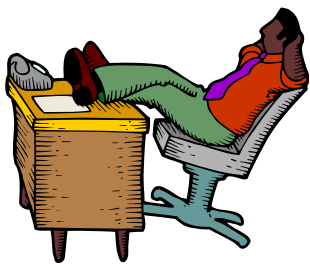
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Accept in-house position



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### Change of career



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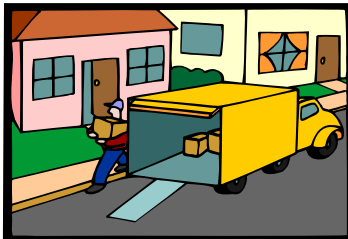
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### Relocation



Good riddance to PA snow?

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### What are your choices?

- Die with your boots on
- Close your practice
- Sell your practice
- Transfer over time
- Transition your practice

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### When should you start planning?

Death / Disability	Emergency planning should be done <b>NOW</b> for solo or small firms
Closing	3 – 5 years ahead AND as leases are renewed
Selling	1 – 3 years ahead
Transitioning	5 – 10 years ahead

The day to really start planning is the day you open your practice!

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### Transition

- Identifying the time frame
- Identifying the types of work to be transitioned
- Identifying the people to whom work will be transitioned
  - Need a “next generation”
  - Training / developing / locating

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### Transition

- Carefully vet personality, ethics, workstyle, skills & abilities of those already onboard
- Spell out terms in partnership agmt
- 5+ years ahead start
  - Transferring client relationships
  - Transferring referral sources
- Keep your promise about retiring

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### Death / Disability

- Effect on Peers
- Effect on Clients
- Effect on Family
  - You
  - Spouse
  - Children (Adult / Minor)



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### Sale of a Practice (Rule 1.17)

- Deceased or disabled or totally retiring lawyers
  - Must sell ENTIRE practice - no cherry picking
  - Notice to clients by mail
  - Cannot change terms of engagement
  - Notify where client files will be maintained and preserved
  - Selling attorney must transfer to inactive status
  - Sale cannot create a conflict of interest

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### Transfer Over Time

- Consideration
- Notice
- Status
- Consultant
- Of Counsel
- Your License

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### Finding a Buyer

- Serendipity
- Word of mouth
- Advertising
- Broker
- Consultant
- Bar association
- Know what you're looking for
- Sign non-disclosures

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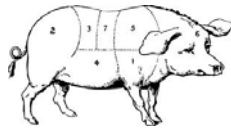
### Remember two things:

1. Value is relative and subjective
2. Pigs get fed

BUT

Hogs get

*Slaughtered !*



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### Closing the firm



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**Notifications**

- Clients
- State & Local Bar Associations
- Insurance Companies
- Vendors
- Post office and other mail and package delivery services
- Boards on which you serve as Director
- Public notice
- Memberships

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**Client Files**

- Rule 1.15 – Safekeeping Property
- Notifications to former clients
- If critical deadlines are looming complete as many client cases as possible
- Disposition of open files
- Disposition of closed files

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**Business Considerations**

- Buying “the tail” [Extended Reporting Period Endorsement – ERP-- converts policy to “occurrence” basis]
- Leases
- Service contracts
- Tax liabilities and final filing requirements
- Trust account closing
- Outstanding liabilities
- Sale of office equipment, furniture, library books
- Subscriptions

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### Staff Considerations

- Provide sufficient notice
- Counsel employees on benefits
- Cancel benefit plans
- Settle up on unpaid payroll
- Provide assistance to employees seeking other employment

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What we expect ...



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What we get ...



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### Summary

- Allow sufficient time – plan in advance
- Make a written plan or checklist
- Pay special attention to liability & ethical issues
- Make sure people know how to get in touch with you
- Prepare to show data which will demonstrate the value of your practice
- Keep promises to protégé

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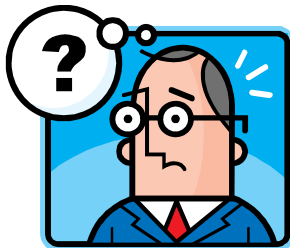
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### Questions



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### Connect with me !

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**LawPractice@PaBar.org**

*Blog:* [www.PA-LawPracticeManagement.com](http://www.PA-LawPracticeManagement.com)

*Facebook:* [www.facebook.com/freedmanconsultinginc](http://www.facebook.com/freedmanconsultinginc)

*LinkedIn:* [www.linkedin.com/in/ellenfreedman](http://www.linkedin.com/in/ellenfreedman)

*Twitter:* @PA\_PMA

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