



Week of **January 6, 2009**

The Motivation for Selling Out

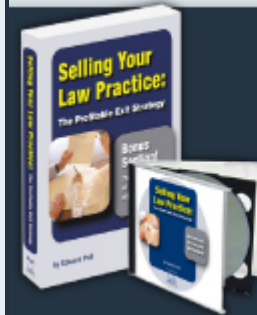
Ever since the financial crisis first hit, my phone has been continually ringing. More than ever before, lawyers want to know how to sell their practice, how to value it (a requirement before selling) and then how to transition into life beyond the law. See *Selling Your Practice: The Profitable Exit Strategy*. Yes, not everyone is in panic mode. But, everyone is impacted one way or another. One could view the current situation with the attitude that whenever there is change (a much over-used word today), there is also opportunity.

If the stock market hits a low, there will be those with the cash ready to buy and make a great deal of money in the long term when the market rises. The same likely holds true for law practices. Those law firms that are well run and free of debt will also be positioned to take advantage of many opportunities to be offered by purchasing other practices. And when a law firm is wary or unsure of its current efficiency and effectiveness, a review or audit of the firm from a law practice management consultant may be a good prelude to either a sale or purchase.

When coaching lawyers on selling their practices, I typically start with several questions that, in my opinion, set the stage for all further deliberations. How do these questions resonate with you?

- Why do you want to leave your practice?
- What do you want to do with your life once you leave practice?
- Do you want to retire, or start a new adventure?
- Can you achieve the same objective without selling your practice?

In discussing the value of his law practice as a prelude to selling, one client mentioned to me the figure given to him by his financial planner, a number designed to assure his



Selling Your Law Practice: The Profitable Exit Strategy

In 412 eye-catching pages, *Selling Your Law Practice* literally covers everything involved in the selling and closing of your law firm.

You will discover how to:

- Determine the value of your practice
- Set your sale price
- Evaluate and describe your practice's unique characteristics
- Negotiate the sale more effectively
- Anticipate transition issues
- Review state's Rules of Professional Conduct for selling a practice

The CD contains the sample contracts, forms, and financial worksheets from the book in Word and Excel so that the reader/user can reproduce and modify them for your personal circumstances. You don't have to recreate or re-type them. The Excel spreadsheets contain the arithmetic formulae built in where appropriate.

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standard of living. This was the number he wants for the purchase price of his practice. I suggested that the two numbers were unrelated, and that the value of the practice may be more or less than the number his financial planner wanted for his style of life.

This caused us to return to the reason he wants to sell his practice and the time frame for achieving a sale. The more urgent is the desire to sell, the lower will be the price; the less urgency, the greater will be the price. Neither number has much to do with what it will take to reach and maintain your desired standard of living. Such a number may impact your decision to complete a transaction, but really has nothing to do with an objective valuation of the practice.

Not every law practice is salable. Some practices are so small and so personal in nature that the purchasing attorney might not succeed in keeping the clients. This, however, is a rarity. Even the smallest and most personal practices might be saleable for the right price and under the right terms. A business is worth only what someone is willing to pay for it, and time is an important consideration. The value may be different at different points in time. But determining value and price are the prerequisites for a sale.

Personal Commentary

Bankruptcy will be an important practice area for the legal profession, obviously, in 2009 and 2010, as we continue to move through the major upheaval in our economy. And our law firms will benefit. Many are now seeking to bolster their bankruptcy practice groups.

However, one aspect I did not expect was that lawyers and law firms will likewise face economic hardships...and I'm not addressing the obvious issues coming from the collapse (for other reasons of the large firms such as Heller, et al.).

I'm addressing the more mundane, the traditional, average lawyer, the lawyers that make up the bulk of our profession. When these lawyers are in trouble, the entire profession needs to wake up and pay attention.

I was just contacted by an attorney asking me to value a law firm for purposes of the lawyer's personal bankruptcy. His law practice is an asset of his personal estate. Times are hard

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What Readers Are Saying...

"There has been little written about how to evaluate and sell a law practice, much less how to close a practice. With this book, Ed Poll has stepped up to fill that void."

-James E. Brill, former Chair of the American Bar Association Law Practice Management Section

when the helpers need help themselves.

Best wishes,

Ed Poll

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