



THE NEW ELLIS GROUP

Monday Monday

Connecting the Dots with Karen Kaplowitz



*Helping you create and reinforce the habits of successful career building,
gleaned from my work as a business development strategist, trainer and coach*

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Dewey Fallout: Get Ready to Respond to Client Concerns. Get ready for a lot more questions from clients about the stability of your law firm, especially if you are planning a merger or lateral move, in the wake of the implosion of Dewey LeBoeuf. Boards of directors and senior management are asking their general counsel to take into account the risks associated with Dewey-like situations in selection and retention of counsel. Firms with a stable partner base, a lock step compensation system, and low debt will clearly have a competitive advantage. Clients will be asking questions like these in selecting or continuing with their lawyers:

- Will our lawyers be distracted by their own problems in a move, merger, or law firm break up?
- Are our lawyers likely to remain in the same firm for the duration of our matter? Do they have any contractual relationships with their firm which will impact their doing so?
- Do the lawyers who will be on our matters have experience working together as a team?
- How long have our lawyers been with their firm? How well do our lawyers know the other lawyers in their firm whom they are recommending to us? Will they remain involved in oversight of our matters?
- Have our lawyers done enough due diligence themselves on their new firm's financial stability to assure our board that we are selecting a stable law firm for our significant matters?

The hardship from the trouble at Dewey will fall most heavily on lawyers who have worked there but the fallout will also expose other firms and lawyers to client questions about the stability of their firms.

Example: A group of lawyers who were considering a move to a new firm undertook additional due diligence to put themselves in a position to assure clients that the new firm would provide a stable home for them. They hired a lawyer who specializes in representing lawyers and law firms in mergers to advise them in their negotiations and to review the financial information of the new firm. They also sought out former partners of the new firm to learn why they left and whether there were any red flags about the new firm's financial stability or firm culture.

When they satisfied themselves that the new firm presented a stable opportunity, they prepared to communicate with clients that if they chose to move their work to the new firm, that the work would be handled without disruption primarily by the same team of lawyers. They also were prepared to assure clients that they had reviewed the new firm's process for integrating lateral partners and that they would meet and evaluate any lawyers assigned to the client's work. They also assured clients that they would maintain appropriate oversight on all of the client's work. Finally, they agreed that the new firm would hold the client harmless from any transition costs in moving their work to the new firm.

Are you prepared to answer the hard questions your clients will ask post-Dewey about the stability of your firm? Are you undertaking the type of due diligence in moves and mergers that will protect you as well as your clients?