

Law Firm Finance

For forty years, Altman Weil has studied and researched law firm economics, advised firms on their individual financial performance and made critical recommendations to enhance firm profitability. In that time the economic equation has changed, and, with increasing lateral mobility, accelerated law firm growth and the approach of retirement for the Baby Boom generation, it is about to change again.

We advise on these key areas of law firm finance:

- **Capital Structure:** Our goal is to understand, not only a firm's short-term financial position, but to project the firm's future capital needs and identify resources to meet those needs. We will work with you to establish your firm's financial and demographic profile, and develop a multi-year projection of capital requirements considering key elements, including working capital, retirement of older partners, plans to bring in new partners, infrastructure and debt. We also assess how the capital program interfaces with compensation, buy-in requirements and withdrawal entitlements so that the entire economic continuum of a partner's association with a firm works effectively together.
- **Compensation:** Altman Weil is the national consulting leader on compensation for law firms. We will work with your firm to establish a compensation system that is internally equitable, externally competitive and takes into consideration the non-economic performance factors driving your firm's strategic objectives. We can advise you on partner, associate and support staff compensation programs that will allow your firm to attract and retain the highest quality lawyers and staff.
- **Buy-in Obligations and Withdrawal Entitlements:** With the increase in lateral mobility among lawyers, establishing a rational and effective strategy to financially add and subtract partners is more critical than ever. We can advise your firm on how to set and structure the contributions of new partners as well the entitlements of withdrawing partners, while making the system internally consistent with your current compensation and capital programs.
- **Retirement and Succession Planning:** As the first wave of Baby Boomers prepare to retire, law firms must take the time to formulate a thoughtful retirement and succession strategy that includes finance, compensation, timing, transition, management and client issues. We will help you work through the issues of mandatory retirement ages, benefits to retired owners, return of capital, and any unfunded obligations.

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- **Unfunded Retirement Programs:** The profession still wrestles with these programs, mostly inherited from an earlier era that predated qualified retirement programs for law firm partnerships. We can assist you in assessing the efficacy of your current program and work through changes as appropriate.
- **Turnarounds:** When a law firm is faced with a potentially devastating financial crisis caused by excessive debt, cash flow deficits, or other operational problems, we can help. Altman Weil consultants work with law firms on organizational restructuring, identifying unprofitable offices and/or practices, reducing overhead and other expense burdens, as well as assisting to refinance debt or renegotiate vendor contracts. Through these efforts, a firm can return itself to a profitable footing or prepare to merge with or be acquired by a more profitable law firm.
- **Profitability:** Our consultants can assist firms struggling to increase partner profits in this intensely competitive legal marketplace. We will identify bottlenecks to profitability and recommend best practices for implementation.

How You Benefit:

You position your firm to have adequate capital to operate and to grow now and in the future, while prudently managing the economic relationships between the partners and the firm. You ensure your firm's financial health and maximize profitability.

See why Altman Weil is the leader in legal consulting. Visit www.altmanweil.com or call (610) 886-2000 to learn more about our services.