Best Practices for Small Firms

- Discuss, agree upon and document the circumstances and obligations for buyout in the event of death, disability, withdrawal or involuntary expulsion.
- Discuss impairment — how to identify and what will happen.
- Agree upon and document how the practice will be valued.
- Obtain signature of spouses to honor agreement upon divorce from or death of spouse.
- Agree in advance and document obligations upon dissolution of the firm including:
  - Purchase of an extended reporting period endorsement (the tail) for professional liability insurance.
  - Proper management of closed files, including those of former attorneys still held by the firm. Agreement to pay for fair share of future storage costs.
  - Notification to clients and the public.

Additional resources for PBA members only

- The extensive resources of articles, videos, sample forms and checklists in the “Members Only” Law Practice Management section of the PBA website: www.pabar.org
- Members of the Solo and Small Firm Section of the PBA
- The PBA Law Practice Management Coordinator: Ellen Freedman, CLM lawpractice@pabar.org 1-800-932-0311, ext. 2228
- The Ethics Hotline: Victoria White, Esq. Victoria.White@pabar.org 1-800-932-0311, ext. 2214

Meeting Your Ethical Obligations to Clients

PENNXYLVNA BAR ASSOCIATION
Your Other Partner

Pennsylvania Bar Association
Solo & Small Firm Section
Pennsylvania Bar Association
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Introduction

Without proper advance planning, the only option available in Pennsylvania for a solo attorney who experiences sudden disability or death is to have a conservator appointed by the court.

The problem is that the conservator’s responsibility is to protect clients but not the practice itself. Conservators quickly dismantle the practice by sending active client files to other attorneys and disbursing available trust funds.

Best Practices for Solos

Arrange for emergency back-up in advance ... Someone who

- is authorized to run your practice in your absence; pay employees and bills; invoice clients, collect and deposit receivables; issue trust funds.
- can take care of client needs; assess deadlines; contract with other attorneys where necessary, to do the work; file praecipes for change of appearance where needed.
- can sell or close your practice. Make your desires known in advance.

Inform existing clients that you have made contingency arrangements in case of emergency, and include in your engagement agreement.

You will need these documents

- A written surrogacy agreement
- Operating agreement
- Power of attorney for bank accounts, safe deposit box and tax returns
- Specimen signature designation for qualified retirement plan(s)
- A will that makes your wishes clear

Succession planning is essential to every attorney’s practice. Recognizing that the future is unpredictable, attorneys should strive to lessen the impact of unexpected interruption in their relationships with clients by taking protective measures.

The Pennsylvania Disciplinary Board

Create a roadmap of your practice for your surrogate

- Filing system — electronic and physical; document management system and how to reach vendor
- Calendar / conflict system
- Property / rental information
- Payroll information; employee contact information
- Business debt obligations
- Claims pending against you or the firm
- Office safe combination; location of safe deposit box and key; computer password(s)
- Client list
- Vendor list, including what you order from whom
- Service contracts in place and who to contact
- Retirement plan; deposit requirements; contact information for plan administrator, if any
- Firm’s CPA and attorney
- Details of insurance carrier(s) and coverage(s)
- Location of computer backup and instructions, including any necessary password
- Outside IT support vendor contact information

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