

BEYOND BIG CITY LAW



THE CANADIAN
BAR ASSOCIATION
Alberta Branch

A publication of the Canadian Bar Association Alberta Branch
Access to Justice Committee

Table of Contents

Foreword	ii
Ola Malik	
Introduction	iii
Cyril S. Gurevitch, QC	
Alberta Lawyers by the Numbers	1
Jocelyn Frazer	
Attracting Lawyers to Smaller Centres: The Medicine Hat Experience	4
Cathy Regier	
Local Law Schools Facilitating Connections	7
Maryanne Forrayi and Patricia Neil	
The Rural Energy and Agriculture Law Students' Society	10
Susanna Gafarova	
Rural Law Practice: Succession Opportunities	12
Robert Harvie, QC	
Succession Planning Part I: Solo and First Generation Law Firms	14
Arthur G. Greene, Esq. and William E. Howell, MBA, CPA/ABV/CFF ASA	
Succession Planning Part II:	18
Valuing Ownership Shares of a First-Generation Law Firm	
Arthur G. Greene, Esq. and William E. Howell, MBA, CPA/ABV/CFF ASA	
Checklists for Succession Planning	21
Jocelyn Frazer	
Big Opportunities in Smaller Communities	27
Anna Choles and Suzette Golden-Greenwood	
Tips and Pointers for Attracting Summer/Articling Students to Your Town	29
Ryan Armstrong	

Foreword

I, along with my co-chairs of the Canadian Bar Association, Alberta Branch Access to Justice Committee, Kendall Moholity and Kelly Ann Fenney, are delighted to present you with this electronic magazine devoted entirely to the issue of practising law outside of Calgary and Edmonton.

This publication is timely given the challenges which our profession is grappling with as far as ensuring that all Albertans have access to legal services. Much of this current discussion regarding access to justice focuses on a shortage of family lawyers, the increasing numbers of self-represented litigants, the dearth of lawyers willing to do work on a limited scope retainer basis, or the inadequate funding of Legal Aid. But there is growing concern of the effect that the retirement of lawyers working in communities outside of Calgary and Edmonton is having on access to legal services in those communities.

There is much to be worried about. Once a smaller community loses its lawyer to retirement, it loses an important thread in its community fabric. For lawyers are much more than just legal advisors in these communities: they become trusted members of boards, city councils, and volunteer organizations, they provide a calm voice when community affairs turn stormy, and they often lead in times of crisis. Lawyers are essential to all of our communities, but especially so in smaller ones.

But there are also signs that times may be changing. As Jocelyn Frazer points out, there has been a recent influx of younger lawyers in our smaller communities. It may be that they are recognizing that legal practice in these communities is modern, vibrant, busy, challenging, and profitable. A young lawyer in these communities will do work far beyond their year of call as compared with their colleagues in a big Calgary or Edmonton law firm. As these communities grow (and fast), the legal work is becoming ever increasingly complex and challenging. And there are other advantages too. If you practice in one of these communities, you're likely to be on personal terms with your circuit judge, court staff, your mayor, civic and business leaders. Business is booming and business is good.

As we know, our younger lawyers are struggling with the challenges of maintaining a rewarding work-life balance in the big cities. Billable demands are high, commutes take hours and by the time they get home, it is hard to believe that lawyers have any energy left to put their kids to bed. That's not to say that the practice of law in our smaller communities is casual. Talk to any lawyer who practices in these communities and they'll tell you that they're often busier than they'd like to be and that they're not sure how they can get the work done. But they'll also tell you of the rewards of being able to spend time with their families, see their kids grow up, or truly feel at home in a community that they are helping to shape.

The purpose of this publication is to provide you, who practice in communities across this province, with some practical advice and information about how you can attract younger lawyers to come practice in your communities. The solutions for attracting lawyers aren't in Calgary and Edmonton, but reside with you, in the experiences you have gained working in your communities over a lifetime.

You might feel that you need some help, though. You might be nearing retirement and haven't turned your mind to what you want to do with your practice. Maybe you haven't had the time to think about creating a firm website. Maybe ill health has sapped you of your energy. You love your community but feel powerless to confront the reality that one day you'll no longer be there to help your neighbours or your friends in the way that you always have.

This publication is written for you. Cathy Regier can tell you what out-of-the-box creative thinking has meant for her community. Maryanne Forrayi, Patricia Neil and Susanne Gafarova are here to help and are coming up with creative, energizing ways to create linkages between our law schools and our communities who are in search for lawyers. Anna Choles, Suzette Golden-Greenwood and Ryan Armstrong share their insight on how lawyers in smaller communities can attract younger lawyers. And Jocelyn Frazer, Arthur Greene, William Howell and the ever indomitable Rob Harvie, share some ideas as to how you can plan your firm succession.

This brings me to Cyril Gurevitch. Cyril has been relentless in sounding the clarion call for more attention to be paid to our communities outside of Calgary and Edmonton. He is seeing what's happening in Grande Prairie where a growing city is losing its lawyers. He devoted his CBA Presidency to exploring ways in which the CBA could attract lawyers to communities like his. His work with Dean Ian Holloway, Maryanne Forrayi and Cathy Regier in laying the groundwork for the Medicine Hat initiative speaks of his passion, energy and great love for communities across this province and for his commitment to the principle that the people in those communities should have access to a lawyer.

Cyril, this publication is dedicated to you. 

- Ola Malik

CBA Alberta Branch Access to Justice Committee Co-Chair



Ola Malik is a Municipal Prosecutor with the City of Calgary, a Canadian Bar Association Partner Organization. He is one of the co-chairs of the CBA Alberta Branch Access to Justice Committee alongside Kendall Moholity and Kelly Ann Fenney.

Introduction

I think they asked me to do the introduction because I am the oldest lawyer they could find whose passion relates to a legal practice in smaller centres outside of Edmonton and Calgary. As an old codger, I guess that means I bring perspective.

What interests me about a magazine devoted to rural practice is that it has been a long time coming. When roughly 1000 of the 8000 lawyers in Alberta work outside the two large metropolitan cities, we tend to be forgotten. But realize that those small legions of lawyers provide valuable legal services to approximately half the population of Alberta!

For the most part, the small town lawyer is a dying proposition. If they're lucky, regional centres are holding their own but are finding it harder to recruit articling students and junior lawyers. When I arrived in Grande Prairie from Edmonton almost 35 years ago, there were about 20,000 souls and 35-40 lawyers. Today, as the regional population approaches 120,000, we are only now up to about 50 lawyers. Many villages and towns have either had their practitioners bought out by the larger regional firms or have lost them entirely to retirement. Talk about having no Access to Justice!

So what have I learned from my 35 years as a lawyer working and living in Grande Prairie? The practice of law is inspiring, fulfilling and rewarding. The legal issues are complex, the work plentiful and the financial rewards arrive without having to

be made senior partner. Family life is much easier when you can drive home in 7 minutes for lunch or take your kids to their activities across town in about the same amount of time. One can become a pillar of the community and play varied roles as professional expert and charitable contributor.

As I see it, the major downsides to rural practice are reflected in the lack of mentorship, the distance and significant cost to attend continuing legal education courses, and the dearth of knowledge on important legal issues and cases which is more easily available in Calgary and Edmonton.

And so this publication on the practice of law in our rural heartland is important. The quality of the contributors and their easy-to-understand practical tips and advice will hopefully spur a broad ranging readership who will learn and benefit from their knowledge and expertise.

From this grey-hair, may we pass the torch! 🗣️

- Cyril S. Gurevitch, Q.C.
CBA Alberta Branch Past President (2012-13)



Cyril S. Gurevitch, Q.C. is a solicitor practicing with the Gurevitch Burnham law firm in Grande Prairie. He is a Past President of the CBA Alberta Branch, where his objective was to create a greater awareness of the challenges of rural and regionally-based practitioners. Cyril is married, and is an empty nester to three grown children.



Alberta Lawyers by the Numbers

By Jocelyn Frazer

INTRODUCTION

The changing demographics of the legal profession mean that lawyers in smaller communities are facing unique transition and succession issues. While the overall number of lawyers in Alberta continues to increase, the breakdown of those numbers is shifting. Law society membership data indicates some general trends: the profession is aging, more lawyers are choosing careers outside of private practice and the number of lawyers practicing in communities outside of Edmonton and Calgary is declining.

There are now approximately 8800 active lawyers in Alberta, 62% of which are men. Approximately 6150 are in private practice and approximately 2650 are in-house or government lawyers. Women make up 33% of the private practitioners, while they constitute slightly over 50% of in-house or government lawyers.

Without undertaking a formal statistical analysis of law society membership data, it's hard to draw definitive conclusions. However, some observations can be made:

- Overall membership numbers are increasing;
- The proportion of women in the profession is increasing;

- There are more students seeking admission to the Alberta bar than ever before;
- High numbers of lawyers, both men and women are leaving private practice;
- The profession is aging;
- The number of active lawyers over the age of 60 has tripled in the past 10 years; and
- The percentage of lawyers practicing in Calgary continues to increase while the percentage of lawyers in communities outside Edmonton and Calgary is declining.

MEMBERSHIP STATISTICS AS OF SEPTEMBER 30, 2014

PRACTISING

	Male	Female	Total
Calgary	2937	1909	4846
Edmonton	1761	1155	2916
Other	762	341	1103
Total	5460	3405	8865

STUDENTS-AT-LAW

	Male	Female	Total
Calgary	158	158	316
Edmonton	91	85	176
Other	34	34	68
Total	283	278	560

AGING BAR

Much like other sectors of the population, our profession is aging. There are proportionally fewer younger lawyers now than there were 25 years ago. In particular, there were actually fewer lawyers between the ages of 31 and 40 practising in 2010 than there were in 1990.

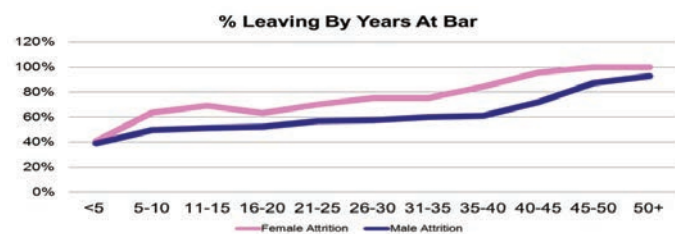
The number of lawyers over the age of 60 has more than tripled in the last 10 years. The numbers of younger lawyers has, by contrast, remained relatively stagnant or actually declined in some categories.

In 2011, the Law Society engaged a consultant to conduct a survey of lawyers practising in smaller Alberta communities. Survey data on respondent demographics and retirement plans suggests that there is a correlation between age and community size with a higher proportion of older lawyers moving toward retirement in the smallest communities.¹

GREATER OPPORTUNITIES ELSEWHERE

As is the case in other provinces, there are high rates of attrition of lawyers from private practice. But unlike other provinces, this isn't purely a gender issue. Within 5 years of being called to the bar, 57% of women and 49% of men will have left private practice. Many will move to in-house or government positions, but close to 30% (28% of women and 29% of men) will have left the practice of law entirely.

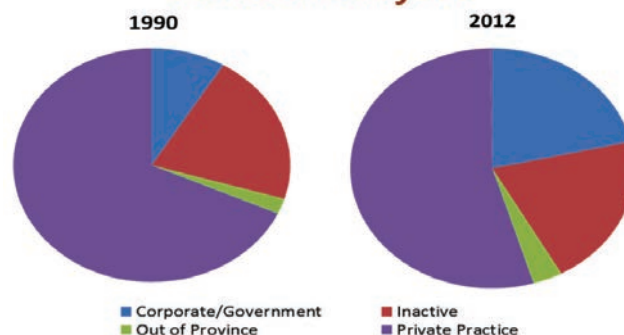
ATTRITION OF LAWYERS FROM PRIVATE PRACTICE



¹ Report on the Findings of the Survey of Lawyers Practising in Smaller Alberta Communities, Merrill Cooper, Guyn Cooper Research Associates Ltd., June 29, 2011.

So, while the numbers of practicing lawyers has increased over time, that doesn't necessarily translate into an increase in lawyers who are actively engaged in providing legal services to the public. Over the last 20 years, there has been considerable growth in the proportion of lawyers practicing in the in-house or government sector, at the expense of lawyers in private practice.

Alberta Lawyers



GEOGRAPHIC DISTRIBUTION SHIFTING

Geographically, 55% of Alberta lawyers are working in Calgary and 33% in Edmonton, and the remaining 12% work in other Alberta communities. Compare this to 2003, where 49% of lawyers were in Calgary, 32% in Edmonton, and 19% in other parts of the province. That means that while the number of lawyers in Calgary has steadily increased, the numbers for Edmonton have remained static, while the numbers in other parts of the province have declined. The geographic distribution for articling students is similar: 56% in Calgary, 31% in Edmonton, and 12% in other Alberta communities.

STUDENT NUMBERS ENTERING THE PROFESSION

For many years, the number of students-at-law registering in Alberta remained relatively consistent, with minor fluctuation from year to year for any number of reasons. For example, exactly the same numbers of lawyers, 402, were called in 2011 as in 1982. In recent years, however, there has been a noticeable increase in the number of students-at-law who are entering the profession. In 2013, 511 members were called to the bar compared to 334 in 2003. There are currently 561 students-at-law registered with the Law Society of Alberta. A large part of this increase is due, in part, to the increasing number of internationally trained lawyers seeking entry into the profession. Many of these law graduates are Canadian-born candidates who have gone abroad for their legal education, but a large number are new Canadians with international law degrees, many with prior practice experience.

The good news for lawyers outside of the major urban centres is that there has been a steady increase in the number of students articling in smaller communities in the last few years. That increase can be seen in both the actual number of students who are articling outside of Edmonton and Calgary as well as the number of communities that they are working in. In 2010, there were 306 students, working in 23 different communities. When you remove those students working in Edmonton and Calgary, that leaves 36 students-at-law in 21 different communities in Alberta. In 2014, by contrast, of 561 students-at-law, there are 68 students articling in 30 different communities outside of Edmonton and Calgary.

INTERPRETING THE NUMBERS

So what does this all mean in terms of transition planning for lawyers in smaller practice settings?


There is a strong drive for young lawyers to want to practice in the larger urban settings, particularly in Calgary. Yet we understand that there is intense competition for limited, high-end legal work. More and more, law graduates are seeking admission to the profession in Alberta and this creates opportunities for lawyers in smaller centres.

Since 2005, the Law Society has conducted exit surveys of lawyers moving from active practice to inactive or retired status. The feedback from those surveys indicates - except for those lawyers who have retired due to age or moved to another province to practice - that the greatest factors influencing the decision to move to inactive status were:

- More personally rewarding opportunities elsewhere;
- Lack of balance with personal life; and
- Dissatisfaction with the practise of law.

Law firms seeking to capitalize on this trend will market to the newer segment of the bar, emphasising the lifestyle opportunities afforded by practising in a smaller centre, the opportunities to participate more fully in the lives of clients and within the community, and the high quality legal work associated with such a practice. Some lawyers have created opportunities by sharing information on SoloNet - an online community for sole practitioners and lawyers in communities outside of Edmonton and Calgary. This provides an opportunity to share ideas, connect with other lawyers in similar practice settings, and to share information relating to practice and employment opportunities.

Other lawyers have created opportunities by affiliating themselves with firms in larger centers and creating a network of satellite offices.

Lawyers in smaller communities who are interested in transitioning their practice as part of their retirement plan are encouraged to plan ahead, develop relationships with younger lawyers, or with the career services offices at either of the Alberta law schools, or be open to the potential that an internationally trained lawyer may bring to their practice. 



Jocelyn Frazer obtained her LLB from the University of Alberta in 1989 and was called to the Alberta bar in 1990. She has practiced with a focus on Real Estate, Condominiums, Wills and Estates. Jocelyn currently holds the position of Equity Ombudsperson and Practice Advisor with the Law Society of Alberta.



Attracting Lawyers to Small Centres: The Medicine Hat Experience

By Cathy Regier

Nowhere is the access to justice more acute than in communities outside of the large urban centers. What may be surprising to many is that even in many of the smaller cities in Alberta there is a shortage of lawyers. As a result, there are legal services required in centers such as Medicine Hat which are being provided by lawyers who reside outside the community. In addition, many of the lawyers in these smaller communities are approaching an age where they are beginning to consider retirement. As a result, the problem of finding legal representation in smaller centres will likely grow.

The problem is particularly acute for legal issues where services are provided by Legal Aid counsel – criminal matters, child welfare and low income family files. As the legal community continues to age and retire, the problem is becoming more serious for clients that are small and medium sized businesses or generational farm/ranch families. This is an issue not only for the clients but also for lawyers who are concerned about how their long time clients will continue to receive quality, affordable, and timely legal services.

In 2012, as he began his CBA presidency, Cyril Gurevitch, Q.C. contacted our office to request our participation in what was then called the Small Communities Initiative. After some brainstorming, we

determined that our first step would be to convene a meeting of a number of interested lawyers as well as other stakeholders to determine what Medicine Hat might offer for interested lawyers and what might be done to find lawyers and bring them to our community.

Because of the nature of the legal profession, this was not a problem that could be solved in the same way as a doctor or teacher shortage in the same communities. There is no government program to pay incentives, to assist with moving costs or to help lawyers set up their firm. In addition, while it is easy for lay people to see why it is important to have doctors and teachers in their community, it is significantly more difficult for people to understand why it is important to have a vibrant legal community. Many people will have only a fleeting relationship with lawyers – to buy a house, draft a will and administer their estate. However, for people who require additional legal services – to get a divorce, to advise and help them grow a business, or to help them when they have been involved in a motor vehicle accident – it is vital to have local access to legal help.

When we looked at the lawyers that were in our community, one of the things that we noticed was that many of them had a connection to Medicine Hat before coming here to practice law. They had grown up in the

community or had spouses who had done so. At the same time, we noticed that many of the students who had come to Medicine Hat to article and did not have a connection to the community had left at the end of their articling year, or shortly after. As a result of those discussions, we determined that we wanted to focus our attention on trying to attract people who had grown up in or close to the community.

Once we started our discussions, it was clear that smaller communities do have a number of things to offer law students. Many of us have known for some time that our articling students get great variety of work and they generally see court time long before their big city colleagues. At the same time, many lawyers in smaller centers have managed to find a work/life balance that is more to their liking. The bar in many smaller communities is very collegial and prepared to help less-experienced lawyers. In the greater community, lawyers are often sought out for positions on local boards or community groups and are afforded a significant degree of respect well before having earned it. In addition, small communities have a great deal to offer young families, including varied educational opportunities and numerous extracurricular activities.

We were very lucky to have the assistance of Dean Ian Holloway, Q.C. and Maryanne Forrayi, Career Advisor, from the University of Calgary. The most important thing that they helped us to understand is that the small community mindset for seeking articling students is no longer congruent with the experience of many students. In the last 20 years, there has been a significant change in how, and perhaps more importantly when, articling students are recruited. In their first few months of law school, students are encouraged to think about where they would like to have a summer student experience. Large national firms begin to discuss summer positions with students before the end of their first semester. They are looking to see if students might possibly be a fit for their firm culture and to entice the best and the brightest students early on. A summer position gives the firm an opportunity to look at the student but also gives the student the opportunity to look at the firm. If both sides determine that they wish to continue a relationship, it is often that the student simply moves into an articling position with the firm.

On the other hand, firms or sole practitioners in smaller communities are often less certain about what kind of workload they will have and what kind of articling experience they will be able to offer students that far in advance. By the time many small firms realize they need an articling student, most, if not all students will have found articling positions. This leaves the smaller firms with no choice but to choose from a smaller pool

of students which may mean that they are unable to get students who fit with their firm culture or who are interested in practicing in the areas of law that the firm offers. The pool of students may be further reduced by having spouses who are unwilling or unable to relocate to smaller communities.

For us lawyers who practice in smaller communities, one of the things that must be done to ensure that the legal community continues to grow and be vibrant is to change the way we think about growth and expansion. There needs to be a mindful move towards succession planning. For many small community lawyers, a significant part of our retirement plan involves having someone buy our practice when we retire. If we do not become more proactive in attracting lawyers to our communities, our law practice will simply die with no one providing continuing legal services for our communities.

So, with Dean Holloway and Maryanne's help, we thought about how we could encourage lawyers to move to smaller communities. For the last two years in Medicine Hat we have had a send-off barbeque that our local bar association sponsors for students who are going to law school. The law schools have assisted us by sending out invitations to students who are enrolled in law school from our area. We invite the students to meet members of the bar, some of our local and circuit Judges and Justices, the CBA president, Dean Holloway and Ms. Forrayi, and even the provincial Minister of Justice. This is an opportunity for students and lawyers to meet and get to know each other. This provides student with contacts when they are looking to begin their articles.

We have also been encouraging lawyers to consider some alternate ways of offering articling or summer student positions. Some sole practitioners may not feel they have sufficient work or time or enough variation in their workload to provide students with the types of articles that they would like and have not taken on students in the past. However, lawyers with complimentary practices should think about pooling their resources and jointly hire an articling student which will provide great assistance for lawyers and a varied articling experience. We have yet to have any lawyers work together in this way but we have some that are considering the possibility.

Some of our local firms have also become active with the Rural, Energy and Agricultural Law Students Association at the University of Calgary (for more on REAL, see Susanna Gafarova's piece at page 10). REAL is encouraging law students to think about having careers in communities outside of Calgary and Edmonton. They have had panels of lawyers from

smaller communities speak at functions and career fairs which are specifically tailored for firms outside of Calgary and Edmonton. Lawyers from Medicine Hat have been attending these functions and are making contact and developing relationships with students who are interested in practicing in a smaller community.

One of the other ideas that we are still working towards is having an interviewing date where students interested in coming to Medicine Hat could come to town and complete a number of interviews at once. This would help students because they can complete their interviews on the same day. Similarly, firms could have the opportunity to survey all candidates rather than having to see and decide on one candidate at a time. We are not likely to have this type of initiative up and running this year, but we are hopeful that we can coordinate it soon.

The Law Society of Alberta Task Force on Retention and Re-engagement discovered that 56% of women and 45% of men are leaving the practice of law in the first 5 years. While it had been understood previously that there were many young women leaving private practice, this study showed that young men were also leaving the profession. Lifestyle was one of the reasons that young lawyers were citing for leaving the profession.

It is our intention in Medicine Hat to impress upon young lawyers that by moving to a smaller center they can earn a good living, do interesting and challenging work, and maintain a lifestyle that provides a balance between work and family life. 🌱



Catherine A. Regier joined Pritchard & Company LLP as an associate in 1994, and became a partner in 2008. Her preferred area of practice is family law - divorce, collaborative divorce, mediation and adoption, where she believes in empowering clients to make sound decisions about their futures.



Local Law Schools Facilitating Connections

By Maryanne Forrayi and Patricia Neil

THE NEED

Attracting good legal talent to regional and rural communities outside of Calgary and Edmonton is a priority – whether to keep pace with regular growth in firms or to ensure adequate succession planning for retiring lawyers. At the same time, some students studying at our law schools inform us that they are interested in working in the communities in which they grew up but that opportunities are not always available when they approach firms, particularly for summer positions. In response, the law schools at both the University of Calgary and University of Alberta have made outreach to these regional and rural communities in Alberta a priority.

INITIATIVES AT THE LAW SCHOOLS TO SUPPORT REGIONAL OUTREACH

The University of Calgary and the University of Alberta together have made it a priority to reach out to regional communities, as well as offer opportunities to showcase opportunities in our regional and rural communities with the broader law school population.

The University of Calgary hosts a Small & Regional Firm Day in the winter term and has had great success

profiling regional opportunities to our students. The event has attracted small firm participation from centers throughout Alberta, including Lethbridge, Red Deer, Medicine Hat and Grande Prairie. Over the years, the University of Calgary has hosted lunch events with panels of lawyers from regional and rural communities and has partnered with our student group, the Rural Education & Agriculture Law Society (REAL), to organize events of interest to our students and those that raise awareness of regional opportunities. REAL organized a Lethbridge judge shadowing project in the spring of 2014, and is organizing a Red Deer Firm Hop in the spring of 2015, for students interested in practicing in Central Alberta. The Career & Professional Development Office staff have visited firms in Medicine Hat, Lethbridge and Red Deer, which has also contributed to helping make connections between our students and local firms.

For the past twelve years, the University of Alberta has organized an annual Small Firm Career Day which includes small firms from throughout Alberta. To inform our students about the practice in rural and regional communities, the University of Alberta has offered students a seminar on 'Opportunities Outside of Edmonton and Calgary'. Participating lawyers speak about their experience and it has resulted in

an increasing number of our students interested in pursuing practice in many of Alberta's regional and rural communities. To provide our students the opportunity to observe regional practice in central Alberta, the University of Alberta has held an annual Red Deer Firm Hop for the past four years. For other regional and rural opportunities, the University of Alberta's annual Job Shadowing Program allows students to experience a day of practice in those communities.

ACCESS TO JUSTICE: SMALL CENTRES PARTNERSHIPS WITH LOCAL BAR ASSOCIATIONS

The partnerships which the University of Calgary and the University of Alberta have developed with the Canadian Bar Association (CBA) and the local bar associations, have been increasing the profile of opportunities in regional communities. In our initial planning, an idea emerged that the best way to bring students back to their communities to practice law was to interest them to these communities before they accepted summer or articling positions with big city firms. We did this by showcasing the wonderful opportunities available in these communities. Hence, the University of Calgary and the University of Alberta collaborated with interested local bar associations, the CBA, and the Law Society of Alberta, and piloted "summer barbecues" with the communities of Medicine Hat and Grande Prairie. Law students from these communities (those about to enter law school and those already in law school) were invited to hear from, and mix with, local bar members. Our law schools continued with the event this summer with the Medicine Hat & Brooks Bar Association and extended the event to the Central Alberta Bar Society. These events were well attended by the profession, and students from both law schools were excited with the opportunities that these communities offered to them. Other communities have started to show interest in the event. This fall, the Lethbridge Bar Association hosted university students at its 2014 Fall Meet and Greet.

THE IMPORTANCE OF HIRING A SUMMER STUDENT

Students find out that firms are in search of the brightest and best law students very soon after they enter law school. In Alberta, the reality is that first year and second year law students are quickly recruited by Calgary and Edmonton firms. "Generally, students hired on for a summer position are hired back by that same firm for articles," comments Neil. Forrayi adds, "It is important that regional and rural firms also consider the option of hiring a summer student if they want to access that pool of students." Hiring a summer student allows the law firm to expose the student to the type of work and practice that the student could have in their local community. It will also give both the student and law firm an opportunity to get to know each other. If there

is a 'fit' between the law firm and student, and a long-term commitment by the student to the community, a strong relationship can develop with the student where the discussion about potential articles is a possibility. "One of our students went back to their community in the summer seeking summer work with a long-term interest in developing a practice in their hometown. Unfortunately, none of the firms were able to offer that student a paid summer position and this left the student looking at options outside their community" shares Forrayi. "If the local bar is willing to consider a summer student, it can pay off in the long-run for their practice," adds Neil. Some law firms have been leading the way in hiring summer students and have had success in attracting these students back to join the firm after law school.

HOW CAN A SUMMER STUDENT ASSIST THE FIRM

Some of the tasks that could be asked of a summer student, under the supervision of a lawyer, as published in the CBA "Recruiting Summer Students - Strategies for Success" document, include:

- Participating in client intake meetings to give the student a sense of the client-focused approach maintained by many rural law practitioners;
- Researching interesting areas of law relevant to client files. This includes having the student prepare a memorandum on the relevant legislation, case law, and administrative decisions;
- Drafting pleadings (statements of claim, statements of defense, affidavits);
- Drafting letters to clients, the courts, opposing counsel and other relevant persons;
- Helping lawyers prepare for court by organizing files, researching law, filling out court forms;
- Reviewing and improving internal law firm management practices and procedures. This might include having the student revise the firm's retainer, human resources practices, client accounts receivable processes;
- Preparing general client correspondence (i.e., newsletters, online blogs) about relevant legal topics and assisting with firm marketing; and,
- Helping service pro bono or low income clients under the supervision of a lawyer.

MAKING THE CONNECTIONS

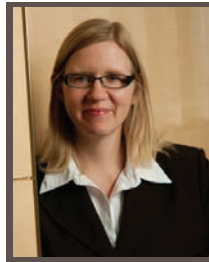
Making the early connection is important. The career offices at the University of Calgary and the University of Alberta provide starting points to help facilitate these connections. Please call us! The more we know about your interests and needs, the better we can direct students who will be a good fit. We also recommend a few other key things to increase your profile with law students:

- Attend any local events where the local bar association from your region hosts our students.
- Attend our respective Small and Regional Firm Days.
- Provide a formal job posting to our offices - tell us what you are looking for in a student and when you would like to hire. Given much of student communication is done online, it is important to provide us with this communication piece.
- Profile yourself in our Career Handbooks. We are pleased to include or update a profile for your firm.
- Profile yourself through the Canadian Directory of Legal Employers - for firms of 10 lawyers or less there is no charge to include a profile in this national database of law firms that is accessed by law students from across the country. Register at https://employers.nalpcanada.com/employer_login.

END NOTE

We have a good number of students who grew up in regional and rural communities and who are interested to practice in those communities. The University of Calgary and the University of Alberta are very interested in assisting regional firms to make the connection with students and to promote what is offered by their practice and the benefits of being part of their community. Our students who have worked in these communities are our best ambassadors for why practicing in these communities is an attractive proposition.

If you are interested in organizing a local event with students and/or hiring a student for your firm, we would be excited to make that opportunity available to our students. 🌐



Maryanne Forrayi is the Director of the Career & Professional Development Office in the Faculty of Law at the University of Calgary and regularly provides advice to law students and law firms on recruitment strategy and career planning. Contact (403) 220-2177; forrayim@ucalgary.ca.



Patricia Neil is Career Development Officer at the University of Alberta, Faculty of Law. Pat has been assisting students and law firms through the Career Services Office at the University of Alberta, Faculty of Law since 2002. Contact (780) 492-7305; pneil@ualberta.ca.



The Rural Energy and Agriculture Students' Law Society

By Susanna Gafarova

The Rural Energy and Agriculture Students' Law Society, also known as REAL, is one of the youngest student run clubs at the University of Calgary Faculty of Law. The club was founded in 2011 by a group of law students, Eric Dalke, Virgil Lowe, and Darren Schmidt, who recognized the under-representation of career opportunities available in smaller communities during the formal student recruitment period.

There are a number of factors that contribute to this under-representation and consequent lack of student migration to smaller communities. First, smaller firms and firms outside of Calgary do not have the resources, especially time resources, necessary to organize a formal recruitment process. Second, these firms generally cannot anticipate their needs for summer students, while the formal recruitment period tends to take place early in the academic year. As a result, the majority of firms that do participate in the formal hiring process are large city business firms. Therefore, it is not surprising that students tend to assume that majority of jobs are found in big law firms or that they actually want to practice corporate law after obtaining their law degree. This is an interesting phenomenon because after first year of law school, many students still do not know what area of law they are interested in or what the practice of law actually entails.

What is important then is that a law student keeps an open mind and stays informed of all available opportunities. In other words, it is important to avoid developing tunnel vision with respect to one's choice of law practice or even place of practice. Students may underestimate that a summer position in a smaller community is a great employment opportunity. A student in a smaller community is more likely to receive more of hands-on, practical experience where he or she will deal with real problems, real people, and the associated learning curve will prove to be much steeper than in a summer position with a big city firm.

In light of these issues, REAL set its mandate as promoting opportunities for students to network and secure summer and articling jobs in rural and mid-sized communities in Alberta. In particular, REAL promotes initiatives that inform law students about general law practice management, agricultural law, and energy law in these communities. A secondary purpose to REAL's core mandate is to support access to justice in Alberta.

Initially, REAL's membership was small and events hosted by the club were informal guest-speaker events. The Minister of Agriculture and Rural Development, the Honourable Verlyn Olson attended one such event. Mr. Olson spoke about his legal career path before

assuming his current political role. Although these events were well attended, interesting, and engaging, they provided little opportunity for students to network and form connections with firms potentially interested in hiring a summer or an articling student. As a result, REAL began to actively recruit and retain members to assist with the planning of events that would directly support REAL's mandate.

At this time, REAL is involved in organizing and supporting the following events:

- Small Firm & Regional Career Day;
- Rural Judge Shadowing; and
- Red Deer Firm Hop (new event being launched this spring).

SMALL FIRM & REGIONAL CAREER DAY

REAL has been closely working with the Career & Professional Development Office (CPDO) at the University of Calgary's Faculty of Law with the goal of hosting an event where students have the opportunity to network with potential employers. This event formally became known as the Small & Regional Firm Career Day. In January 2014, this event consisted of a formal panel discussion represented by the lawyers practicing in smaller firms and in communities outside of Calgary. The panel discussion was then followed by a cocktail reception to cover the networking component. The Small & Regional Firm Career Day was a great success: over one hundred attendees representing practitioners and law students were present. The event also led to a number of students successfully securing articling positions with attending firms. In addition to being one of the event sponsors, REAL also supported the CPDO with organizing this event.

RURAL JUDGE SHADOWING

REAL organized a judge-shadowing event for the first time in February, 2014 at the Lethbridge court house. REAL contacted the Honourable Mr. Justice Jerke, who kindly assisted REAL in realizing this event. Twelve students expressed their interest in participating and REAL arranged for the travel to Lethbridge. This event proved to be more than just an opportunity to shadow a judge. One student who was interested in articling in Lethbridge used this trip as an opportunity to reach out to firms in Lethbridge. The student was successful and is now completing articles in Lethbridge.


RED DEER FIRM HOP

Based on student and firm interest, REAL's Marketing and Communications executive member is looking to host Rural Alberta Firm Hop for University of Calgary

Law students this coming spring, 2015. Expanding on the CBA outreach held to Red Deer firms in August, this would create an opportunity for students who are keen in practicing in Red Deer to meet and tour various firms there.

WHY IS REAL ABLE TO ATTRACT MORE STUDENTS AND WHAT DO STUDENTS SEE AS ITS VALUE?

REAL has become more active in promoting and marketing itself as a club since its foundation. REAL's involvement in the Small & Regional Firm Career Day certainly earned the club the spotlight among other clubs at the Faculty. Students who are not directly involved with the club see REAL as a "bridge" connecting law students to employment opportunities not openly advertised during a formal recruitment period. The value that students see in getting involved with REAL is the opportunity to directly connect with firms in smaller communities. Students also see the value of skill-development by being a member of REAL. It is an opportunity to further enhance interpersonal skills and problem solving skills by working in a diverse team of students.

REAL is always open to collaborate with lawyers or law firms in regional and rural communities. The CPDO will be the first point of contact on events related to hiring but REAL is happy to provide support by organizing events that promote the practice of law in regional and rural communities. If you are interested in working with REAL, please contact us at: realuclaw@gmail.com. 



Susanna Gafarova is a third year law student at the University of Calgary, Faculty of Law. Susanna became involved with the Rural Energy and Agriculture Students' Law Society in her second year of law school and is the club's current President. The club plans, organizes and hosts events to help students connect with small and rural firms.



Rural Law Practices: Succession Opportunities

By Robert Harvie, QC

In my humble opinion, the practice of law is hard and only getting harder. The courts, Law Societies, internet legal information, non-lawyer service delivery options, and the higher expectations that the public has of lawyers have made our jobs more challenging than would have been true 20 or 30 years ago.

As such, no lawyers, particularly the already-busy sole practitioner or the small firm lawyer, looks fondly to adding another challenge to their full basket of practice obligations. This is more than understandable. However, we are in Alberta and elsewhere seeing a “greying” of our profession in rural practice areas as the average age for practicing lawyers has trended ever upwards. This is resulting in a potential perfect storm for lawyers, clients and rural communities.

Two years ago, I wrote an article for Law Matters where I encouraged lawyers to be mindful and take prudent steps towards succession planning for their practices ([“Succession Planning, Not Now But Right Now”, Law Matters Summer 2012](#)). In that article, I referenced a British Columbia study showing the average age of lawyers in small communities was 50 years old with some communities having an average age of over 60. The recent CBA Futures Report on Demographic Trends

from June 2013 affirms this general trend and tells us that:

- a) The proportion of lawyers with more than 25 years of practice has increased from 20.4% of the profession in 2001 to 31% of the profession in 2010, all the while the proportion of younger lawyers has declined; and
- b) Nationally, 82% of young lawyers with less than 5 years’ experience practice in an urban centre while only 8.7% reported to be practicing in a rural environment.

We know that fewer lawyers are choosing to practice in rural communities. We also know that legal practices everywhere, including those of lawyers in rural communities, are becoming more complex. This is creating a perfect storm of a problem which is quietly sitting on the horizon for rural lawyers all over Alberta.

Those who choose not to consider transition and succession plans for their practices may suddenly find themselves running into circumstances where they have to retire on relatively short notice. Health fades, the ability to continue the rigors of the practice wanes, and those who have not made plans for succession will

leave their clients and their community in a very difficult position. Trying to sell a practice to a non-local lawyer with no community connection is difficult at best. If the rural lawyer's health fails, their legal practice, while initially a relatively significant asset, will quickly diminish in value. Further, clients and the communities that have come to rely upon that lawyer for legal assistance will find themselves without access to legal advice and assistance.

But I'm a "glass half full" kind of guy.

I don't see the current climate as a predicament but as an opportunity. How so? Well, as former Chair of the Law Society of Alberta Retention and Re-engagement Task Force, we have recently noticed a trend where lawyers have been choosing to leave the glamour of their downtown, large firm practice in growing numbers. While the reasons vary, a common theme for those responding to ongoing exit surveys conducted by the Law Society of Alberta seems to relate to lifestyle considerations.

The former "holy grail" of the big firm isn't necessarily the beacon of practice that it once was. More lawyers today than previously are making decisions to earn somewhat less of an income for a more controlled and predictable environment - in particular, the in-house practice.

Those same demographic considerations create an opportunity for small-city and rural practices to market themselves in a way which is more alluring than might have been the case 20 or 30 years ago. The lawyer in the small community has some very distinct advantages to big city practice:

- Commutes are shorter and less frantic;
- The relationship with clients is more direct and "person" oriented;
- The control over your environment is much more significant;
- You, rather than a committee of a hundred, gets to decide how to run your practice and decide on matters such as your letterhead, your office hours, or your waiting room artwork;
- For the younger lawyer in particular, being available to your children, their schools and activities can be a reality that may not exist when you work in a large urban law firm.

Also consider that the relatively lower numbers of lawyers currently practicing in rural centres makes

the potential income much more attractive than in years gone by (lower competition = higher return on investment). One local Lethbridge firm has taken to flying lawyers on a weekly basis to Fort McMurray Alberta. Why? Well, I'm guessing it's not to increase their frequent flyer miles, and it's not for the balmy mid-January weather. The opportunity for return on investment may be quite good in smaller communities while the number of lawyers (and competition) in large centres continues to grow.

So - for the rural lawyer, the **opportunities** to attract qualified and energetic young lawyers to practice in their town or community is very real and timely.

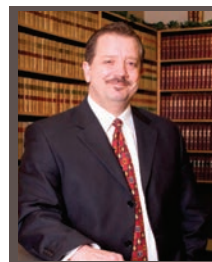
The trick, however, is to make the effort to seek out the future owner of your firm. It won't just happen by itself.

If you're in the "over-50 crowd", the time is NOW to bring in younger lawyers to facilitate a transition - not in the final year of your practice.

For the young lawyer considering practice in your community, if the offer is to sell them your practice a month before you leave, the reality is that they may see the lack of transition support as risky and awkward in a community they have no current ties in. Worse still, they may choose to just move in and "take it" from you, by setting up shop across the street. Prudent planning is a win/win for the new lawyer and the retiring lawyer. And remember that unexpected events such as health issues may force you to speed up the transition process in a way that doesn't give you, the incoming lawyer, or your community, time to properly adjust. By providing the new lawyer with support with transition issues and making the introduction to existing, or important clients, you are maximizing the value of your practice. That is good for you, the incoming lawyer, and your community.

So what's the moral of the story? While no one wants to add work to their plate, the need to plan for your retirement is real and ultimately cannot be avoided. You can either have retirement forced upon you or you can take control and make it work for you.

As Benjamin Franklin said, "You may delay, but time does not." 🕒



Robert Harvie, QC is a partner at Huckvale Wild Harvie MacLennan LLP in Lethbridge, AB, where he has practiced in family law for over 27 years. In addition to his practice, Rob has taught business law at the University of Lethbridge, and chairs the Editorial Committee for the CBA Alberta.



Succession Planning Part I: Solo and First Generation Law Firms

By Arthur G. Greene, Esq. and
William E. Howell, MBA, CPA/ABV/CFF ASA

If you are the founder of a solo practice or small law firm, chances are you think about the long-term future of your firm on a regular basis, yet the day-to-day demands keep you from taking steps to address it in any proactive fashion. Developing a plan is not as hard as you may imagine and the benefits from the effort spent are well worthwhile.

The goals of a succession plan should be (i) to make sure your clients' ongoing needs are well taken care of, (ii) to provide you with the flexibility to enjoy some personally rewarding retirement years, and (iii) to maximize the value you receive for the law practice you have built through years of hard work. It is only through a process of planning that begins well in advance of the time for the firm founder's retirement that these goals can be achieved.

First generation law firms are usually founded by lawyers who are both strong leaders and exceptional rainmakers. If the firm has grown over the years, the founder's focus in hiring additional lawyers has been for the purpose of servicing their clients and performing legal work, without succession in mind. As a result, the supporting lawyers frequently do not develop the

skills necessary to generate business on their own and successfully lead the firm. Without a successor-type lawyer in place, the retirement of the founder will challenge the very existence of the firm.

In this respect, every solo practitioner or small firm has a succession issue. Even those lawyers who say they love their work and have no plans to retire may be surprised to find that, over time, their feelings may change to, "I want to work when I want to work."

Sometimes, this feeling can creep in unexpectedly. By the time most lawyers reach their sixth and seventh decades of life they no longer want the demands of a full-time practice. In many cases, their practice or small law firm ends dismally due to unexpected events like illness, disability or death. Lack of any forethought in retirement planning results in some lawyers winding down their practices and closing the doors, an unfortunate finale to what could have been a lasting legacy.

Every founder of a solo practice or small firm needs to consider what they want for a retirement plan and whether the alternatives include transitioning the

law practice to a hand-picked successor. Making the decision may seem daunting and implementing it may seem formidable. In many instances, this is the cause of inaction. But many who take the steps say they wish they had done it sooner.

The first thing to recognize about succession planning is that it is a process, not an event. If your firm has ever created a strategic plan or long range plan, the approach and work involved are similar. The process should begin at least five to 10 years before the solo practitioner or founder of the firm intends to begin a transition. Identifying a successor and developing a step-by-step shift takes time. In most circumstances, if you are in your mid-50s, now is the time to set a plan in motion. Waiting until you reach 60 or 70 is waiting too long.

ELEMENTS OF A SUCCESSION PLAN

There are several aspects to a long range succession plan. They include:

- **Generational Spread of Partners** - Some aspects of succession planning are pretty simple. For example, as you grow your firm, make sure you hire from different generations. You would be surprised to learn how many small firms grow by adding lawyers from the same generation as the founder and end up with all the partners in the same age group.
- **Leadership Requirements** - Rarely do we see a successful firm without strong leadership, which therefore becomes a critical succession planning issue. Some believe leaders are born, not developed. Others embrace the concept of leadership training. We won't solve that debate, but the point to take away is that successful succession involves identifying or developing one or more effective leaders to succeed the founder.
- **Management Responsibilities** - Management is unlike leadership and involves different skills. Every law firm needs individuals who are organized and have the ability to carry out policies and effectively implement new plans. As firms grow, the majority of the management duties can be delegated to an office manager.
- **Entrepreneurial Spirit** - Lawyers who are founders of a small law firm have an entrepreneurial spirit. Without it, they would not have embarked on becoming business owners. Unless you focus on this factor in your recruiting process, you are likely to make hiring decisions

that surround you with lawyers who are not and never will be entrepreneurial and therefore not the firm's successors.

- **Transitioning Clients** - Clients are not commodities that can be easily transferred from one lawyer to another. They are not like mortgages that can be transitioned from one lending institution to another, with minimal notice to the consumer. The lawyer/client relationship is intensely personal. The successful transition of clients to successor lawyers takes more effort than most lawyers appreciate.

These elements need to be part of a comprehensive plan that will include recruiting, training, career development and sharing of clients. For some the effort may seem burdensome, but for those who can implement such a plan the financial rewards and lifestyle benefits will be well worth the effort.

ALTERNATIVE APPROACHES

Most small firms are unprepared when the founder wants to retire. At that point, what are the possibilities? Fortunately, there are still a number of approaches to take. For example:

- **Recruit a Successor** - Solos and small firms with no apparent successor may consider engaging in a process to hand pick a successor. The successor can be an experienced younger lawyer that can be groomed to become the owner of the business. There would likely be a fast track to partnership and an exit strategy with an appropriate compensation arrangement for the retiring lawyer. This succession approach covers a five- to 10-year period.
- **Merger** - Solos and small firms can consider merging with another small law firm. This type of arrangement usually involves a two- or three-year period to execute. Often, the retiring lawyer is provided an Of Counsel arrangement with appropriate compensation and benefits. The duties of the Of Counsel may vary, but a critical component is continued involvement with the clients as matters are transitioned to one or more other lawyers. Experience has shown that some continuing involvement of the retiring lawyer is critical to the new firm retaining the clients.
- **Acquisition by a Large Firm** - Solo practitioners and small boutique firms with a highly specialized practice, strong revenues and a solid client base can be attractive to some large firms. There have been numerous instances where large firms have brought in successful solo practitioners and offered

a mutually advantageous exit strategy for the solo. It must be noted, however, that only a few solos have practices that would produce the revenue necessary to be attractive to a large firm.

These approaches involve an analysis of the marketplace and identifying the most appropriate candidates for confidential inquiry. This process can identify firms that may have an interest, but, like so many lawyers, are so caught up in day-to-day business that they haven't found the time to focus on what may be good ideas.

ADVANTAGES OF TWO-TIER PARTNERSHIPS

The advent of two-tier partnerships came in the 1980s, at a time when many large firms found they had become partner heavy and, therefore, needed to slow the growth of partnership ranks. In recent years, more small firms have begun to adopt two-tier partnerships for different reasons. The primary advantage in small firms is that it allows for a gradual transition into partnership with the founder maintaining control of the most critical decisions for a longer period of time. The additional time also allows for development of the younger partner.

Under a two-tiered partnership, the second tier is made up of non-equity partners (sometimes called "income partners") who are salaried, not responsible for firm debt, not required to buy in, and they have no opportunity to share in the profits, except for the possibility of an employee-like merit bonus.

While the more significant decisions are reserved for the equity partners, the firm can be structured so that the non-equity partners participate in practice management issues and other routine decisions required by the firm. It represents an internal distinction; to the community and client base, they are "partners." The non-equity status provides time to groom lawyers and prepare them for the responsibilities of ownership.

COMPENSATION ISSUES

A proper succession plan requires the successful senior lawyer to begin transitioning clients to younger lawyers three to five years prior to an anticipated retirement. For this to work, the firm's compensation system needs to be structured so that the senior partner is rewarded, not penalized, for sharing his clients with the next generation of lawyers. While compensation is a major hurdle, there are a number of techniques that have been employed by innovative firms to protect the compensation of senior partners during such a transition.

CREATING VALUE

Financial considerations are always in the picture. How much value have you created? What is the value of the firm for the purposes of selling your ownership interest in the law firm? Valuing the law practice or the firm for purposes of selling an ownership interest to the next generation of lawyers is deferred and will be addressed in Part II of this article which [begins on page 18].

EXIT PLANS

When it comes to structuring the exit plan, Of Counsel arrangements or consulting agreements are excellent vehicles for providing the retiring partner with a reduced role and appropriate compensation, based on a variety of factors which may include the value of the business being transitioned. Lawyers structuring such an arrangement have great flexibility. Only lack of planning will stand in the way of developing an innovative approach for succession from one generation to the next and creating for oneself a beneficial wind-down to retirement.

CONCLUSION

Succession planning involves several specific considerations, which every firm should address:

- 1.** Making sure the ages of the firm's lawyers are balanced across more than one generation.
- 2.** Making hiring decisions based on the eventual future need for leaders and rainmakers.
- 3.** Educating all lawyers in the business of law; that is, how the financial model works and what is necessary to attract clients and lead to financial success and stability.
- 4.** Looking for opportunities to involve all lawyers in some aspect of management in order to evaluate whether they have the skills to become future leaders of the firm.
- 5.** Making sure the evaluation of the firm's lawyers includes contributions to the culture of the firm and its shared values in order to reinforce the importance of those qualities in the future leaders of the firm.
- 6.** Having a valuation process that can be employed to set a realistic value on the firm for purposes of supporting the transfer of ownership interests in connection with the plan for succession.

7. Developing a client transition plan which involves the next generation of lawyers participating with the firm's most important clients, while protecting the more senior lawyers on issues of compensation and status.

But back to the critical point, which is that small firms and solos need to plan for the future. Make decisions about growing the firm and move beyond hiring for the short term. Instead, create a firm identity and an institutional approach. Address succession planning and have an exit strategy that will allow clients to continue to be well represented and, at the same time, will permit the founder or other senior lawyers to retire gracefully, achieving rewards for the value of the firm they have created. ☺

This article was originally published in the CBA Small and Solo PracticeLink of September 2011 (http://www.cba.org/cba/practicelink/solosmall_finances/succession.aspx). It is reprinted with permission from the CBA.



Succession Planning Part II: Valuing Ownership Shares of a First-Generation Law Firm

By Arthur G. Greene, Esq. and
William E. Howell, MBA, CPA/ABV/CFF ASA

What factors are involved in valuing a law firm for purposes of admitting new partners and retiring senior partners? Regardless of the entity structure (partnership, professional association or professional limited liability company), law firms face issues of how to value interests in the firm for purposes of internal transfers (which we'll assume to be partnership interests in this article).

While general business valuation techniques are relevant, the personal service aspect of a law business presents complicating factors. Valuing ownership interests in a law firm is unique and far different than valuing interests in a manufacturing company or a retail operation.

BACKGROUND

Some firms do not require payment for acquiring an ownership interest and are referred to as "free in, free out." In other words, new partners are not required to pay for the purchase of an ownership interest and retiring partners do not receive payment for selling their share of the equity. In those cases, retiring partners

receive a return of capital and any other retirement-type benefits are usually limited to funded pension plans.

However, most law firms require new partners to pay for shares and retiring partners receive value for selling their ownership interest in the firm. Many firms are motivated by the desire to reward the founders and/or the current partners for the "sweat equity" involved in developing, growing or maintaining a successful firm. In other cases, the firms simply want the new partners to feel invested in the firm and may set a modest price that is more symbolic than actually representing a valuation.

In attempting to create a realistic valuation, it is important to start with an understanding of what is being sold. Likely to be included are hard assets, work-in-process, receivables and goodwill (value of clients retained going forward), with a reduction for any debt. The value of the firm's client base is both the most important aspect and the most difficult to evaluate. The client retention possibility will depend on the nature of the practice and the extent to which they consider themselves firm clients, as opposed to clients

of individual lawyers. In a sense, what is being sold is a network of contacts that represent nothing more than an opportunity to retain or acquire clients.

When we look at the legal profession, we see three methods used for valuing law firms:

ARBITRARY VALUATION PROCESS

For lack of a better approach, many small firms simply set an arbitrary price when transferring an interest in the firm between partners. Sometimes the amount to be charged is set out in the partnership agreement and other times it is set on an ad hoc basis when transactions occur. Although common, such an approach is not recommended. It lacks credibility and does not position the firm well for the long term.

FORMULA TECHNIQUE

Some firms develop a common sense formula to value the firm that focuses on financial data, without applying sophisticated business valuation techniques. A standard formula would include:

- The value of the real estate (if any);
- The fair market value (or book value) of any furnishings, equipment or other personal property;
- A percentage (perhaps 80%) of the receivables less than a certain age (say 120 days), after eliminating clearly uncollectible receivables from the list;
- A percentage (perhaps 70%) of the work-in-process, after eliminating old work-in-process that is unlikely to be billed; and
- Less any debt.

Formulas usually ignore good will, although that is not always the case.

The formula amount is then divided by the number of shares or points outstanding to get a value for each share or point, for purposes of valuing any transfer.

BUSINESS VALUATION TECHNIQUES

To apply a business valuation technique, let's start with the fundamental principles for valuing a company's earnings or cash flow. In such a process, the value of an ownership interest is considered to be a function of the factors listed below.

- The expected stream of benefits, typically in the form of cash flow
- The timing of receipt of the benefits
- The risk that actual benefits will deviate from the expected amounts and time frames

In the context of law firm succession, let's consider:

- **Benefit stream** - The purchase of an interest in a law firm should result in an expected benefit stream, which can be in the forms of higher compensation, higher bonuses, profit distributions, and so forth. The purchasing partner needs to compare his or her expected financial relationship with the firm relative to his or her market compensation. The difference between the expected financial relationship as a Partner and market compensation can be construed as the "benefit stream."

The firm needs to perform a similar analysis. The firm is comprised of the current partners and there should be an analysis that determines that the firm's value is enhanced by adding the new Partner. The enhanced value may come from reduced risk by retaining talented professionals and also an increased likelihood for the achievement of buy-outs as Partners retire.

The expected benefit stream can be considered to be payments in any and all forms in excess of fair market compensation for the work performed by the Partner. Market compensation for a lawyer is not necessarily a single amount, though. A range may be worth considering, as many surveys will have results based on average, median, quartiles, deciles, and perhaps other metrics. The over-simplified use of average or median amounts may or may not be appropriate.

Compensation relative to market is a critical factor in the analysis and requires the careful exercise of professional judgment. Examples of factors to consider include subjective and objective measures regarding:

- Internal firm factors - business development, client relationships, active participation in marketing activities, staff utilization, billable hours, firm compensation structure, and so forth
- External benchmarks - compensation surveys and perhaps anecdotal information on what other firms are doing

Timing of receipt of the benefits - The value is dependent on the timing for receipt of the benefits. Given that the capital requirements of a law firm are

rather low, the cash basis profit may generally be available for distribution.


- **Risk of deviation** - Future benefits are typically discounted by a factor to reflect the risk of receiving a return relative to alternative investments that may be available to a buyer of an ownership interest. Rates of return for mature closely held companies can vary broadly, based on an assessment of perceived risk factors. Estimates in the range of 17% to 35% would not be unusual. For professional service firms, the risks may be within the range or possibly above the higher end of the range. Risk is higher when the profits generated by the firm (i.e., after considering market compensation) are directly attributable to the personal relationships between the law firm Partners and their respective clients.

The valuation process is based on an analysis of the firm and needs to include consideration of the above factors. Several valuation methods can be useful for determining the value of a firm based on its earnings or cash flow. Theoretically, they should all yield the same result.

The aggregate value of the firm's intangible assets (i.e., workforce in place, customer relationships, going concern value and so forth) is estimated by the extent to which the value determined from earnings or cash flow exceeds the net tangible assets. To establish a policy for buy-ins and buy-outs, there would be additional considerations although we deemed them to be beyond the scope of this article. Without being all inclusive, such factors that may warrant consideration include the standard of value, the premise of value, professional/personal goodwill, existence of either excess assets or a capital deficiency, applicability of discounts and/or premiums regarding rights and restrictions pertaining to the subject interest, state law and so forth.

Predictable profitability (after market compensation) across a broad cross-section of professional legal services (i.e., risk reduction) can significantly improve the transferable value of an ownership interest in a practice.

CONCLUSION

Valuing the shares of a law firm is not a math problem. In fact, the determinative factor will likely be whether the benefit to an associate moving into the partnership ranks will be perceived as justifying the purchase price. How much more will the associate earn as an equity partner? Finding the right dollar amount is the challenge. Valuing ownership interests in a law firm is more an art than a science. 

This article was originally published in the CBA Small and Solo PracticeLink of September 2011 (http://www.cba.org/cba/practicelink/solosmall_finances/valuation.aspx). It is reprinted with permission from the CBA.



Checklists for Succession Planning

By Jocelyn Frazer

INTRODUCTION

Succession planning is something that should be relevant to all lawyers in active practice, regardless of the stage that they are at in their career. All lawyers need to have a plan in place to ensure that client interests are protected in the event of their sudden illness, death, incapacity or impairment.

Essential information relating to client matters and the ongoing obligations of the practice must be able to be interpreted by an assisting lawyer regardless of whether that is a partner, associate, friend or formal custodian. For a lawyer in a small firm setting or sole practice, it is particularly important to have arrangements in place for another lawyer to step in and ensure that clients are not prejudiced and that your staff and family are not placed in an overwhelming position.

As the age demographic of the profession shifts, the potential for more lawyers to find themselves in a position where they are forced to leave practice suddenly is also increasing. When a lawyer does make a sudden exit from practice, and there is no succession plan in place, the plan is incomplete, or no arrangements have been made relating to access to the trust account, the costs to the practice and the risks to the clients can be significant.

In addition to circumstances beyond their control,

lawyers can decide to wind down their law practice for any number of reasons: change of career, pursuit of non-legal opportunities, retirement, moves to in-house counsel positions, judicial appointment, or parental leave. It is important to have a plan in place to deal with these career transitions in a systematic way and to allow sufficient time to cover the necessary steps.

Where the exit plan includes the sale of a law practice, prior planning can greatly impact the value that stands to be realized. Good practice management over the life of a practice (or at least the last five years) can go a long way toward creating an asset that someone is willing to purchase. There are both ethical and financial considerations that effect the sale of a practice and ultimately a great range in the values that are placed on these. It is important to be realistic in terms of what a lawyer stands to recover, and to allow sufficient time to adequately prepare and find the right person to take over the practice. This is not something that happens overnight and not every practice is salable.

The following checklists have been provided to serve as a starting point in developing a succession strategy for a law practice.

CHECKLIST: PLANNING FOR THE UNEXPECTED

1. Maintain an office procedure manual outlining all key aspects of your practice and a list of all law

office contacts. Some lawyers prepare a letter to their staff or spouse directing how matters should be dealt with in their absence. (see Chapter 57 of *Flying Solo: A Survival Guide for the Solo and Small Firm Lawyer Fourth Edition*, for a sample letter).

2. Maintain an office limitation system and client file diary system, accurately reflecting all deadlines and all reminders so that next steps on files can be easily reviewed. Keep these systems up to date.
3. Ensure that each client file contains sufficient detail that another lawyer taking over the file would know where the matter stood at any point in time.
4. Keep your time and billing entries current.
5. Obtain life insurance along with a disability policy to cover both your personal requirements in the event of loss of your earning power, and also to cover the costs associated with hiring another lawyer to administer your practice and cover cash flow requirements as the practice is closed or sold.
6. Make arrangements with a colleague or another lawyer for them to step-in if you are not able to practice, for whatever reason. Consider whether a formal agreement is appropriate – possible examples of such agreements are available on the LSBC website but it is important to check with your own Law Society’s audit department to understand how these agreements will be viewed. Law Society of Alberta R. 119.21(1) requires approval by the Executive Director for a lawyer who is not a lawyer of the law firm to sign on a trust account. Consider including provisions in your retainer agreement as to the provisions in place in the event of your death, incapacity or impairment.
7. Ensure that you have a valid will, including any terms required to deal with practice related issues. Also consider whether a Power of Attorney is required to deal with banking and trust accounting issues or your practice generally.
8. Make sure that your staff, partners/associates, and family are aware of the arrangements that you have made.

CHECKLIST: SELLING YOUR LAW PRACTICE

1. Review open files and determine whether any can be completed and closed.
2. Review closed files and determine whether any should be destroyed, stored at an alternative location, or will be transferred to a prospective buyer.
3. Consider a timeline for your exit from the practice. Do you intend to gradually step out, see this as a five-year plan, or need to exit quickly at any price?
4. Where possible, plan ahead and critically review your practice. Ensure files are well organized and well documented, that your limitations and reminder systems are comprehensive and up to date, that you have an effective system for screening for conflicts, that you have an effective trust accounting system.
5. Consider what you have to sell. Will you sell your hard assets such as equipment, furniture, leaseholds, or books? Generally, used books carry little to no value – online reference services have largely replaced law libraries. Used furniture, filing cabinets, computers and peripherals, are not worth very much but you can get an appraisal done to assist you in determining the value of these items. Leasehold interests may have value particularly if there is a reasonable amount of time left on the lease.

What about the immediate practice sources of revenue (receivables and work in progress)? Receivables are often best left to the seller to collect, but if included in the purchase price should be examined carefully, discounted for age, and the sellers cooperation in terms of information, taxation, and other collection steps should be provided for in the agreement. Consider selling these receivables to a collection agency (subject to an agreement restricting strong-arm tactics). The transfer of any current files to a successor is obviously subject to client consent.

What is your practice’s potential for generating future income (goodwill)? It is hard to place a value on the “goodwill” of a practice – the location of the practice, nature and size of the practice, terms of payment, stability of client base among other factors can influence value.

Consider whether the selling lawyer will remain during a period of transition, whether existing staff are likely to remain with the practice, whether efficient, effective business systems are already in place. Practices that have a high degree of personal goodwill – where the practice is dependent upon the personal characteristics of the individual lawyer have little value. You need to be evaluating your practice in terms of factors that generate a profit and are transferable to a buyer. What a prospective buyer is looking for is some degree of confidence that they will be able to achieve the same results going forward.

6. Review your financial records and ensure they are up to date. A prospective buyer will likely want to review items such as financial reports for the past 3 to 5 years, title to any assets to be included, debt agreements, equipment and office leases, maintenance contracts and subscription agreements for library services, filed business and payroll returns and any policies for excess insurance coverage.
7. Establish a value for your practice and terms that you would be willing to consider. A professional business valuator can assist in determining a figure. Factors that will influence value include:
 - a. Terms of payment.
 - b. Geography.
 - c. Nature of the practice.
 - d. Size of practice.
 - e. Stability of the client base.
 - f. Earn-out or pay-out based on collections can give buyer comfort in only paying for revenues received, and may provide incentive for seller to encourage clients to remain.
8. Describe what you are selling. Prepare a confidential information memorandum which will provide key information about your practices financial picture.
 - a. Include a short history of your firm and your practice areas.
 - b. Provide a general description of open files and the billable workload (without divulging any confidential client information).
 - c. Create a current financial picture of your firms operations.
 - d. Consider having all potential buyers agree to protect the confidential information relating to you practice by signing a confidentiality and non-disclosure agreement.
 - e. At this stage in the sale process you should not be disclosing any confidential or privileged information relating to clients including their identities.
9. Advertise the sale of your practice in local bar circulations or other sites as desired. Consider hiring an agent to assist you in marketing. Talk to other lawyers in your area. Internet bulletin boards and email listservs may be affordable alternatives for communicating the opportunities associated with your practice.
10. In arriving at a mutually acceptable sale price, other considerations may include how clients will be advised of the sale and their options regarding the transfer of files; whether the firm name will be transferred, what role the selling lawyer will retain and for how long.
11. Review Checklist: Closing down your law practice for other relevant steps.

CHECKLIST: CLOSING DOWN YOUR LAW PRACTICE

Dealing with open files

As you close down your practice, here are some suggestions for dealing with open files. Some of these ideas may not apply in your specific situation.

1. Decide when you will stop accepting new files to allow an orderly winding up of your practice.
2. Finalize as many open files as possible, ensuring that all final reporting is completed prior to wind-up.
3. Consider whether you have any ongoing obligations, such as undertakings, and make arrangements to be relieved of them or to have them transferred to another lawyer. Consider,

too, whether clients may be expecting you to take care of things like renewals, options, etc.

4. Review wills to determine whether you have agreed to be executor or trustee. If you no longer wish to act in that capacity, consider asking the testator to revise the will or to add a codicil to appoint someone else. If the testator cannot be located, you may attach a renunciation to the will.
5. If you have any original documents held in safekeeping, determine if they are held on undertakings, on trust conditions, or on an agreement that will continue to apply. Seek written instructions from the necessary parties to alter the arrangements and to transfer the documents to a new location.
6. Write to clients with open files to notify them that you will be closing your practice and they will need to retain a new lawyer. Ask them to either pick up the original file or sign an authorization for you to release the file to a new lawyer. In this letter, tell the client about important deadlines.
7. Before transferring files to other lawyers, give them an opportunity to check for conflicts of interest.
8. If a client is picking up a file, give a date by which it should be picked up. Make a copy of the file for yourself. Ask clients to sign a receipt acknowledging that they received their files.
9. For each active file being transferred to another lawyer, prepare a detailed memo on the nature of the file and the work that remains to be done. Clearly note limitation, trial, chambers, discovery, or other pertinent dates. Keep a copy for your own records.
10. For cases that have dates set for questioning, court appearances, or hearings, discuss with the client how to proceed. Where appropriate, request new dates. Send written confirmations of these new dates to opposing counsel and to the client.
11. Legal Aid certificates cannot be transferred to another lawyer. You should notify the appropriate Legal Aid office of the files that are affected, and your reason for withdrawing, and send a final bill, marked 'Final.' The client will

need to be notified, instructed to contact Legal Aid and to seek a new certificate. (a note of caution: given recent changes to Legal Aid, the client may no longer be eligible and a new certificate may not be issued).

12. Choose a date on which you will check to see if all of your cases have one of:
 - A filed Notice of Ceasing to Act;
 - A filed Notice of Change of Solicitors; or
 - When necessary, evidence of authority to withdraw
13. Seek instructions from corporate clients for new addresses for their registered offices, prepare the necessary resolutions and notices, and file a notice of change form with the Registrar of Companies.
14. File a change of address notice at the Land Titles Office if named in any builders' liens, caveats, certificates of *lis pendens*, etc.
15. To inform the public and any clients you have not been able to reach, place an ad in the local newspaper that the practice will be closing on a specific date and who to contact after that date.

Dealing with closed files

1. Review closed files to determine whether they should be stored, destroyed, returned to the client, or transferred to the lawyer who will be assuming ongoing files. Check for anything belonging to the client but not in the client's file, such as items in your safety deposit box. Return all property held in safekeeping to its owners. Refer to the article "File Retention and Document Management" on the Practice Advisors' page on the Law Society of Alberta website for further information.
2. Where file information is stored in electronic format, consider how and where it will be stored and retrieved after wind-up.
3. Decide whether you will store any original wills or transfer them to another lawyer. Remember that you will continue to be responsible for any original wills in your possession.
4. Let the Law Society's Records department know where your closed files are located.

Finances

1. Review your time records and files:
 - a. Prepare and send out accounts for unbilled work in progress and outstanding disbursements.
 - b. If the billing is on a contingency fee basis, refer to the provisions in the contingency fee agreement relating to the amount to be paid if the lawyer withdraws, otherwise you will have to transfer the file to a new lawyer on trust conditions and once the matter is concluded the new lawyer will need to so advise you and a quantum meruit allocation will have to be applied.
2. Note that even after you cease membership in the Law Society or take inactive status, you may collect fees for work done while you were practicing. You may also be compensated for files transferred to another lawyer by receiving a percentage of future billings for work done by your practice.
3. Review trust accounts. After billing clients and deducting fees and disbursements where appropriate, return trust funds to the clients or as directed in writing by the clients.
4. If trust money is held under agreements with or undertakings to third parties, get the consent of those parties before transferring the money. If the money is held in trust, get the transferee lawyer to assume the trust conditions and get the entrustor to agree to substitute the transferee lawyer as the new trustee.
5. If you hold any unclaimed trust funds or funds that you cannot attribute to a client, Law Society Rule 119.27 sets out the procedure for paying them to the Law Society.
6. When all trust money has been disbursed, inform the bank that the trust accounts can be closed.
7. Prepare your final accounting form and file it with the Law Society as required).
8. Pay any outstanding firm liabilities including payroll, income tax withholding, trade debts, GST, WCB, etc.

9. Determine whether it will be necessary to leave open a general account with a reserve to satisfy any outstanding obligations or for receipt of any accounts receivable after your practice is closed.

Staff

1. Give staff sufficient notice of termination or compensation in lieu of notice. Verify statutory notice requirement.
2. Make arrangements to cancel or otherwise deal with any employee benefit plans.
3. Direct your accountant or bookkeeper to prepare Records of Employment, calculate all necessary holiday pay or other benefits accrued, prepare T-4 slips and make all necessary remittances to Revenue Canada.
4. If you have an articling student, make arrangements to assign the articles to another lawyer who is qualified to act as a principal.

Premises and office equipment

1. Contact your landlord as soon as possible and, if necessary, make arrangements to sublet or assign your lease.
2. Contact law schools, community colleges, and courthouse libraries to see if anyone will purchase all or part of your library. Notices in the local courthouse barristers' lounge or in a Canadian Bar Association newsletter might also locate buyers. You can also check with the Legal Archives Society of Alberta if you think you might have items of historical interest.
3. Dispose of office furniture and equipment.
 - Where equipment has been leased, contact leasing companies to end leases and maintenance agreements or to arrange assignments.
 - When neither cancellation nor assignment is possible, have sufficient funds available to continue the payments on the leases or to pay them out.
4. Notify publishers of legal directories and cancel subscriptions to books and journals and terminate any on-line advertising.

5. Send letters to all suppliers advising them that the practice will be closing and notifying them of the address to which future correspondence may be directed.
6. Notify public utilities.
7. Arrange to forward your telephone calls and mail.
8. If you have a website, consider running a notice for a short time advising that the practice is now closed and providing new contact information.

Memberships


1. Discuss membership status with the Law Society. You'll find the forms required to resign or become an inactive member on the Law Society website at www.lawsociety.ab.ca. A partial refund on a pro-rated basis may be possible if you move to inactive or retired status.
2. If you've paid for a Canadian Bar Association membership within the past month, contact the national office at 1-800-267-8860 to ask for a refund.

Professional liability insurance

1. Mandatory coverage – Contact ALIA to terminate your coverage if you are not going to be in private practice. You will still be covered for future claims arising from professional services rendered while you were insured, subject to the terms in place at the time the claim is reported.
2. Excess insurance – If you have excess coverage, check the policy for deadlines and terms for extending coverage to future claims. Excess insurance policies do not provide coverage for future claims unless you specifically arrange for it. If you purchased excess coverage through the Law Society's program, contact ALIA; if elsewhere, contact your insurance broker. If you will be practicing with a new firm, check to see if they have excess coverage that protects you for prior acts.

Other

1. Consider who else you need to tell about closing your office.

2. Appointments under a Power of Attorney remain (subject to any specific provisions in the document) in full force and effect regardless of whether you are practicing – contact any clients if you do not wish to continue acting and seek instructions.
3. Your status as a commissioner for oaths and notary public is dependent on your status with the Law Society of Alberta. For further information on what you can do, refer to the article "Am I a Commissioner or Notary?" on Practice Advisors' page of the Law Society website.
4. If you are leaving the practice of law, consider the reinstatement requirements should you return to practice in the future.
5. If you are no longer practicing law, but are still acting as estate trustee, mediator, and immigration consultant or otherwise providing services that are often, but not exclusively provided by lawyers, ensure that you are clear to clients and others in which capacity you are acting. 



Jocelyn Frazer obtained her LLB from the University of Alberta in 1989 and was called to the Alberta bar in 1990. She has practiced with a focus on Real Estate, Condominiums, Wills and Estates. Jocelyn currently holds the position of Equity Ombudsperson and Practice Advisor with the Law Society of Alberta.



Big Opportunities in Smaller Communities

By Anna Choles and Suzette Golden-Greenwood

The biggest struggle for a student looking for articles is to find firms outside of the big cities that are interested in taking on students. As law students, we saw big city firms wine and dine prospective students. These firms sent out representatives to campus, sponsored events and gave out freebies. It was hard to imagine that there were other firms in Alberta's regional and rural communities who might also be interested in hiring a student.

PUT YOUR FIRM ON THE (INTERNET) MAP

Students don't necessarily realize how busy rural practice can be. Consider that the staff of a smaller firm is working at full speed. So, taking a day off for lawyers of a small firm to travel to a career fair on campus isn't exactly practical. If you want to create interest in your firm and attract a student, get a firm website. Surprisingly (or not) students have all the time in the world to surf the web and look for their dream article while they sit in class (that's student speak for "multitasking!!!").

- Post job offerings for articling students and associates online (use the CBA webpage) and link to your webpage.
- Put together information about the firm, the town, surrounding amenities, the court locations, and describe how and when court sits.

- Describe the firm's expectations for students or young associates and the opportunities that your firm and community can provide in terms of community involvement and family life.
- Describe whether your firm pays for hotel and transport for CPLED classes.
- Provide information on housing, local realtors, show the affordability and how much further ahead a student can be if they come to work for you rather than staying in a larger, more expensive practice centre.

PITCH YOUR FIRM

There can be great opportunities for lawyers in smaller practice centers to quickly develop a busy and exciting practice as well as a public and professional profile. Smaller communities are often very excited to see new lawyers and other young people who come to their community for work. These communities recognize the importance of bringing in young professionals to maintain and grow their community. Let your firm know that students and associates are likely to have:

- Independence and conduct of own files early on;
- Possibility for rapid advancement;

- Team atmosphere; and
- Legal assistant and own office space.

Emphasize the assistance you are able to provide in growing and developing a practice. What are the unique experiences about your practice and your community that will make it an enriching experience for articling students and associates? Students, especially those without a lot of experience with life in smaller communities tend to assume that the practice of law outside of large centres will necessarily be focused on family, criminal, and real estate law. They may also assume that they will not have the same opportunities to develop a practice or gain experience in business, commercial law, or civil litigation. But this is wrong. Legal practice in smaller centers is varied, broad and challenging.

There is no question that practice in a regional and rural community is busy, hectic and with the same management challenges found in larger centers. You only have so many hours each day, you're dealing with a fixed judicial calendar in terms of judicial sitting, court days, you have to turn clients away due to caseload and sometimes, you end up with difficult clients. You may have to travel to neighboring towns and cities to meet with clients and other lawyers. And, on top of that, you need to find time for your commitments to your family, community and hobbies. In all, a very exciting practice that needs to be fully explained to any potential student.

While it can be difficult to develop a highly specialized practice, this is not unlike the challenges that a lawyer in a larger practice centre faces. The difference is that unlike simply being a number in a larger firm where you get pigeon holed into doing certain type of work, you'll have no choice but to diversify your practice area when you live in a smaller centre.

Further, the local bars are often close knit, excited to see new young lawyers coming to the area, and are often willing to refer their overflow or files that they cannot take on to the new lawyer in town as soon as they are aware of your student's practice areas.

PITCH YOUR COMMUNITY

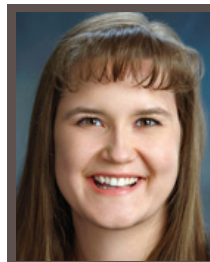
While it's important that you pitch the firm's opportunities, pitch the terrific opportunities which your community provides. But that requires an honest approach. Recognize some of the potential issues facing articling students when they move their families to smaller communities. It can be socially isolating at first and there is often a deficit of other young professional with whom to network and develop connections. Recognize that unless your student is originally from that area and has friends and family there, they will lack social and support structures. Help them build connections with the community, invite them to community events, and help

connect them with other young professionals. This will help them grow roots and make a strong connection with their new community. Here are some of the things you need to tell a prospective student about:

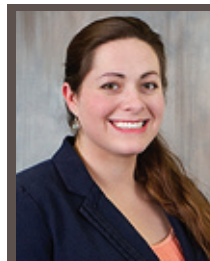
- How are the schools and childcare facilities?
- What are the types of social events in your community (annual rodeo, pumpkin festival, garlic festival, weekly farmers market)?
- What types of networking and community involvement activities are available?
- What is the housing situation? What is the affordability of housing in your community as compared to a larger practice centre?
- What are some of the community associations or volunteer organizations that could use a lawyer to sit on their board or become involved?
- Is your community family friendly? What opportunities are there for children in term of sports and other activities? Does your community have many other young families? Where is the community's main social hub where families get a chance to meet and socialize?

CONCLUSION

Fundamentally, the most important element in attracting potential articling students and associates to your practice is letting them know that you are out there. Having an internet presence through a firm website is essential. If the students don't know that you exist, they will never find you. Students who practicing law in a regional or rural community have exciting opportunities to develop their legal skills and build a practice. You know that. That's why you're where you are. Now your job is to explain that to someone else. 🗣️



Anna Choles BA (Hons), LLB is an associate at Pahl Howard LLP in Leduc. As a law student she undertook significant legal research and policy work through the Alberta Law Reform Institute, the Centre for Constitutional Studies and as a public policy intern in Washington DC.



Suzette Golden-Greenwood BA (summa cum laude), JD is an associate at Lamoureux Culham LLP in St Paul. Suzette was a research assistant over three summers at the Alberta Law Reform Institute. Before moving to Canada, Suzette ran several businesses in San Diego.



Tips and Pointers for Attracting Summer/ Articling Students to Your Town

By Ryan Armstrong

I can't say that I have much experience trying to attract articling students to Lloydminster. In truth, I've only had to find one student, and we were successful in getting that student to accept articles with us for the 2015 year.

Recruiting students to Lloyd (as we call our fair city) presents specific challenges. Lloyd is located on the Alberta-Saskatchewan border, which means that lawyers here practice in both provinces. We are some distance away from Edmonton and the closest Queen's Bench Judicial Centre. Weather can be brutal, especially during winter. But we also have two nearby law schools to recruit from, being the University of Alberta in Edmonton and the University of Saskatchewan in Saskatoon. Our location gives our firm a tremendous breadth of practice opportunities and makes for exciting practice.

Law firms in Lloyd serve a broad and diverse range of clients. Municipalities, oil service companies, oil industry suppliers, farmers, agriculture suppliers, real estate developers and builders, among others. We provide advice to individuals and families who need our help with employment, family law, real estate, criminal and civil issues and more.

Here are some general tips and pointers that might prove to be useful if you're looking to attract a student to practice in your community. I hope you'll find them useful.

BE HONEST AND REALISTIC ABOUT THE COMMUNITY YOU LIVE IN

I was born and raised in Lloyd. I worked here every summer during my university years. My parents and siblings still live here and I'm raising my family here. So one could question whether I am biased about the place in which I have made my home.

Lloyd isn't for every student, at least not at first blush. You have to outline the pros and cons and create a recruiting strategy. Those of us who live and work in Lloyd are fortunate to have an economy and population that is strong and growing. We are a younger community with a need for legal service in all of the general legal practice areas. As the need for legal services grows, so too are the opportunities for doing interesting, varied, and well-paying legal work.

If you want to advertise your community, find out what the prospective student is looking for. It could be the nightlife (restaurants, bars/clubs), fitness (gym,

yoga or dance classes, conditioning classes), the opportunities for community involvement (churches, volunteer opportunities), or the outdoors. But it could also be many of those quality of life issues that might be less apparent: good schools with a great student-ratio, affordable housing, employment prospects for a spouse, and various child care options.

I live on an acreage outside of Lloyd which is a 20 minute drive from the office (25 in bad traffic or if I'm stuck waiting for a train). If you live in a condo or house in Lloyd, you're probably only a 5-10 minute drive away from work.

Larger cities have a greater number of entertainment options in terms of the arts, theatre, concerts, and live sports. That being said, Lloyd has a vibrant cultural scene, hosts some great live acts as well as touring shows, at affordable prices. And, if you feel starved of NHL hockey, Lloyd is only 2 hours from Edmonton and just a little longer to Saskatoon, if that's where your favourite band is playing.

Give the interested student an honest and realistic idea of what life in your community looks like. Don't be negative or downplay the great opportunities that come with living in a small centre community. But don't sugar coat it either. If you do, they'll find out sooner or later.

IF YOU DON'T HAVE STUDENTS KNOCKING AT YOUR DOOR, THEY MIGHT NOT KNOW YOU ARE THERE.

Law firms in smaller communities usually don't have annual summer student or articling positions. Similarly, these firms don't have the exposure created by large advertising campaigns or the sponsorship of law school activities. If you are interested in attracting a student for either a summer student or articling student position, it will have to be your law firm that takes the first step. Students are busy with their studies and aren't likely to make a drive out to a community (which they may not know or have even heard of) to look to work there without some information in hand first. So take the information about your firm and community and get it out there...If you don't, why would they ever come knocking?

THINK LONG-TERM: GET INVOLVED WITH THE YOUTH IN THE COMMUNITY

If you want to be a mentor for a young student who might become a prospective summer or articling student with the right guidance, act like one. Volunteer to speak at a career day or career fair at a Junior High or High School. Be a mentor for someone looking to pursue a career in law, or "take a kid to work". If you

step forward and offer your time to speak to students to discuss career options in law, you might be surprised by how often you'll be taken up on that offer. At a minimum, your community involvement will reflect well upon the prestige of your position within the community and will demonstrate that there is an opportunity for that student to live and work in your community and earn a living as a lawyer. While you may not remember every student you appear in front of, someone out here will remember you if they're thinking about writing the LSAT and applying to law school. If you make that connection early enough, then while it may take years for you to re-connect, there will be a student that simply approaches you about an opportunity for a summer or articling position. Remember, more people will notice you than you think solely by virtue of the position you hold and the trust you have garnered. Use your status and position within the community to cultivate relationships and serve as a role model for those seeking a career in law. If you do, you may just have secured a future student!

CONTACT THE STUDENT SERVICES (CAREER SERVICES) OFFICE OF LAW SCHOOLS

In my experience with recruiting, the career/student services' offices at university law schools have an abundance of information. It is their job to provide information for students. They want information about opportunities in your firm or community from you and they will work with you to get that information out to students. They are a great resource and I highly suggest that they are the first place you consider when looking to obtain information before you advertise any recruiting opportunity.

Find out what recruiting events the Career Services offices put on and inquire generally about the services they offer. It may be as simple as putting an email out to students about an opportunity in your community, or attending at a Career Fair and talking about your experience in your community, or hosting your own recruitment tour... The possibilities are endless.

BE CREATIVE IN THE WAY YOU MARKET YOUR COMMUNITY

Law firms in Lloyd participate in a "Rural Project Initiative" which is supported by the CBA in Saskatchewan and the University of Saskatchewan's "Small Urban and Rural" Committee. The law firms in our community planned a day of information and networking (lunch, tour of the City, walking tour of firms, and wine and cheese). The U of S organized and paid for the transportation and promoted the event on campus. It was a great event which only came about by thinking creatively and proactively.

STAY COMMITTED

Attracting a summer student or articling student to your community takes work. Don't let your work go to waste. Think ahead and provide your student with the information in advance of when they're going to ask for it. If you can sell your community through the articling or summering period, generate enthusiasm and be knowledgeable about how life in that community feels like, you're student will be more comfortable that they're not taking a leap in the great beyond...

MONEY MATTERS

Whether it be during the first meeting with a small group of potential recruits or in discussions with a student that has shown real interest, you know that the issue of compensation is going to arise. You need to be prepared to answer the compensation question. Do your research.

For example, find out the salary range paid in your community (for articles and for first year associates). If there is no comparable, ask at the University or phone some of your colleagues. Don't be afraid to ask for information - people are more than willing to provide it along with some of their own advice. There will be a broad range of salaries. A smaller firm in a smaller community won't be able to pay the top salary paid by a larger regional or national firm, but that won't be expected. You may have to compete with other employment options by way of salary, but you may not have to...

All of the students will have basic living expenses, but they may also have specific needs such as student debt, a family to support, or kids' activities. A smaller firm or sole practitioner likely can't "carry" the cost of a student or associate forever, and this should be clearly communicated. But the flip-side to this issue is that an associate who has established and developed a practice will want to be paid better than at a typical 2nd, 3rd, or 4th year associate salary. If you are looking to transition or slow down and you're looking to hire a motivated student, explain what the earning potential from a full practice might be and give the student opportunities to develop and expand their practice. The busier they become, the lighter the load for you, and the reward for the motivated student will be higher earnings and better pay. 🍷



Ryan Armstrong was born and raised in Lloydminster. He obtained Bachelors degrees in Business and Law from the University of Saskatchewan before returning to Lloydminster to article and practice with Robertson Moskal Sarsons. Ryan resides on an acreage outside of Lloydminster with his wife and two children.



THE CANADIAN
BAR ASSOCIATION
Alberta Branch

Beyond Big City Law
A publication of the Canadian Bar Association Alberta Branch
Access to Justice Committee

November 2014 © Canadian Bar Association Alberta Branch
710, 777 - 8 Avenue SW, Calgary, AB T2P 3R5
Phone: (403) 263-3707 Fax: (403) 265-8581 Email: mail@cba-alberta.org
Web: www.cba-alberta.org

ALL RIGHTS RESERVED

No portion of this paper may be reproduced in any form or by any means without the written permission of the publisher.