KCBA KING COUNTY BAR ASSOCIATION

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1.0 Other-Office Management CLE Credit – A/V Approval #1061866

Recording Date – December 12, 2017
Recording Availability – January 23, 2018

Meeting Location	Date	Time	Topic
King County Bar Association 1200 Fifth Avenue - Suite 700 Seattle, WA	**Tuesday, December 12, 2017**	10:00 AM to 11:00 AM	Thinking About Retirement? Learn How to Prepare For and Sell Your Law Practice!

AGENDA

10:00 AM Presentation: 'Thinking About Retirement? Learn How to Prepare For and Sell Your Law Practice!', by Justin D. Farmer, Private Practice Transitions, Inc.

11:00 AM Evaluations & Adjourn

SPEAKER BIOGRAPHY:

Justin D. Farmer, Private Practice Transitions, Inc. – Justin D. Farmer is a lawyer, licensed real estate broker, and entrepreneur. As a lawyer, Justin has served as an Assistant Attorney General, private practitioner, and legal recruiter. He first attended the University of Washington where he received a Bachelor of Science having studied Marketing, Entrepreneurship, and Finance. Justin then attended Seattle University Law School where he served on the Student Bar Association as President and Treasurer, participated in Moot Court competitions, clerked for a Superior Court Judge, worked for a boutique real estate and business law firm, and interned with the King County Prosecuting Attorney's Office and Department of Assigned Counsel. After graduation, Justin served as an Assistant Attorney General in Olympia where he acted as "in-house" counsel to Washington's largest state agency and provided advice to various "business" divisions within the organization. He also has several years of business law experience, both transactional and litigation work. Justin has extensive experience as a legal recruiter and has mentored countless young professionals on the art of networking and career transitions. Justin formed the model that would later become Private Practice Transitions, Inc. in 2012 after having gone through the arduous task of vetting a private practice that he intended to purchase. Justin has combined his passion for business, entrepreneurial spirit, and business experience to form Private Practice Transitions.

HOW DO I EARN CREDIT FOR SELF-STUDY OR AUDIO/VISUAL (A/V) COURSES?

For pre-recorded A/V (self-study) programs, although the sponsor should apply for accreditation, **lawyers need to report the credits earned for taking the course.**

To add an approved course to your roster, follow the procedures below:

- Go to the "mywsba" website at www.mywsba.org/.
- Log in.
- Click on the "Access MCLE" link in the "MCLE Info" box on your home profile page.
- Click on "Add Activity." Search to find the approved course in our system. (See search suggestions on the screen.)

Adding a Recorded Course

Select Recorded Course from the Add New Activity screen.

This will prompt you to search for the activity in case the activity has already been accredited in the MCLE system.

You can search by Activity ID or by specific Activity Details. For the Activity Details search, you can use keywords for the title, sponsor name and date.

After entering your search criteria and selecting Search at the bottom of the screen, a list of possible activities will be provided.

You can select the correct one by clicking the Activity ID. This will take you to the specific activity. Entered the date(s) on which you began and ending viewing this recorded activity.

Then claim the correct credits for which you attended this activity in the Credits Claimed fields and click the Submit button at the bottom of the page.

You will receive a confirmation message at the top of your screen stating, “The activity has been added to your roster.

Preparing your Practice for Sale – And Selling it!

Justin D. Farmer, Esq.
President & Founder
Private Practice Transitions, Inc.

Summary

- Preparing Your Practice for Sale – And Selling it!
  - What you need to know to get started
  - Due Diligence
  - Creating a timeline
    - Preparation
    - Marketing
    - Negotiate & Close
  - Valuing your practice
  - Identifying the ideal buyer/partner
  - Structuring the deal
  - Avoiding pitfalls that make deals fail

What you need to know to get started

- **Ongoing**:
  - Preparing for sale should be an on-going process, begun now/well before sale
- **Longer-term:**
  - Strong team that is anchored to the Practice via incentive arrangements, non-competes, or bonus for staying through transition
  - Develop plans for growth
  - Tax planning for sale
    - Are you a sole proprietor?
    - Do you have a flow-through entity for single level of tax?
  - Estate planning in advance of sale

What you need to know to get started (cont.)

- **Nearer-term:**
  - Assemble team, including:
    - Business Broker
    - Financial Advisor
    - CPA
  - Stay-on and similar arrangements with key management
  - Begin assembling due diligence materials
- **Remember:**
  - **"Time kills all deals."**
  - **"Surprises may not kill deals, but they destroy value."**

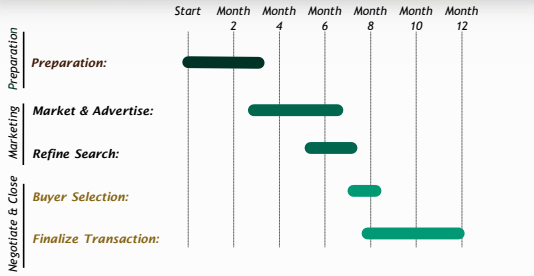
Due diligence: clean up your books

- This is an absolute must.
- Remember: your books will be wide open
- Be able to show exactly how you make your money and how much you make!
- Minimize the amount of Working Capital needed to run your practice.
- Reconcile your IOLTA Account!!!!

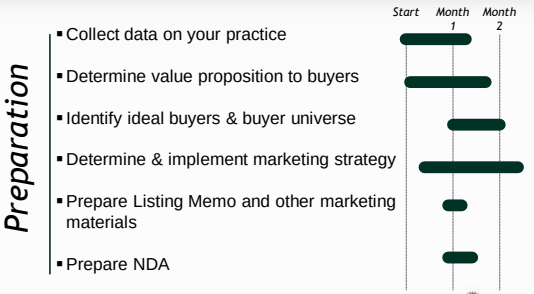
Create a Timeline

- How many years do you ***want*** to practice?
- How many more years do you ***need*** to practice?
- How long would you like to remain involved with the new owner?

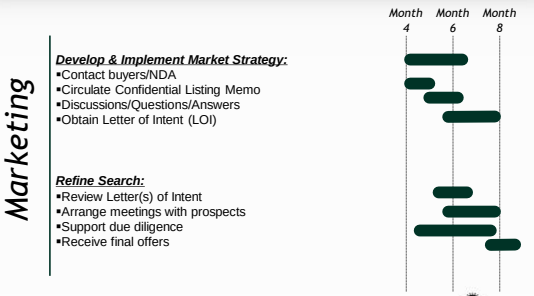
Create a Timeline (cont.)



Create a Timeline: Preparation



Create a Timeline: Marketing

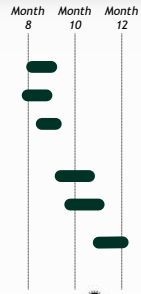


Create a Timeline: Negotiate & Close

Negotiate & Close

Buyer Selection:
- Evaluate final offers
- Further negotiate value/terms
- Select preferred buyer/partner

Finalize Transaction:
- Final verification of due diligence
- Negotiate/execute deal documents
- Close



Value your Practice

- Goodwill Value
- Job Value
- Mentorship
- Turn-Key Operation

Identifying a Buyer/Partner

- How are you going to find a buyer?
- How are you going to vet a buyer? How many years experience is needed to do what you do?
- What type of person will work best for your clients?
- Will you utilize social media in your search?

Structuring the Deal

- Seller Financing = Likely more money
- Cash Price vs. Financed Price
- Walk-Away Point
- Structuring alternatives
  - Stock purchase
  - Merger
  - Asset purchase
- Non-competes, Of Counsel, Employment agreements/consulting agreements

Pitfalls to Avoid

- Second-guessing yourself
- Disregarding settlement authority
- Being afraid to let go
- Not giving yourself enough time
- RIP: **R**etiring **I**n **P**lace
- Not understanding the market

Pitfalls to Avoid (cont.)

- Too afraid to let go:
  - This is my business!
  - I built it!
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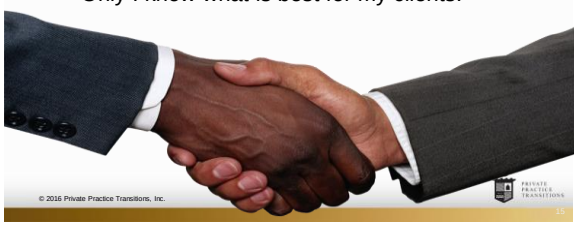

Pitfalls to avoid (cont.): Going it alone

- WSBA
- Business Brokers
- Personal Network

Questions?

Justin D. Farmer, Esq.
President & Founder
Private Practice Transitions, Inc.
www.privatepracticetransitions.com

Thinking About Retirement?

How to Prepare For and Sell your Law Practice

King County Bar Association, 1200 Fifth Avenue, Suite 700, Seattle

November 30, 2017 | 10:00-11:00 am

Presenter

Justin D. Farmer, Private Practice Transitions, Inc.

PowerPoint distributed at the program is also available in electronic format.

1. **Preparing Your Practice for Sale—And Selling It!**

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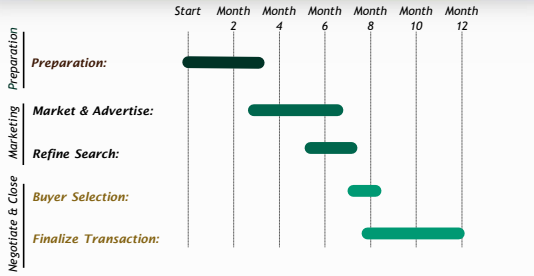

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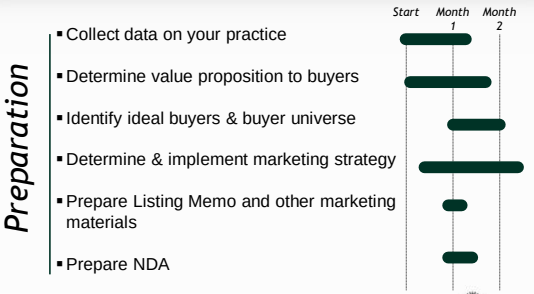

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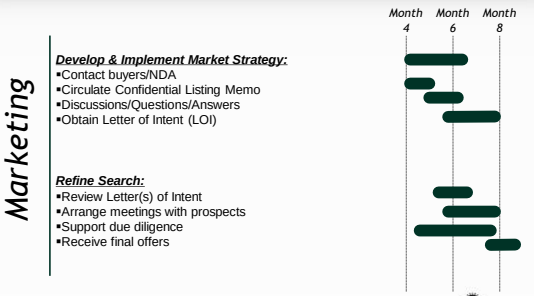

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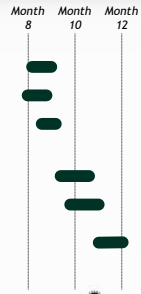

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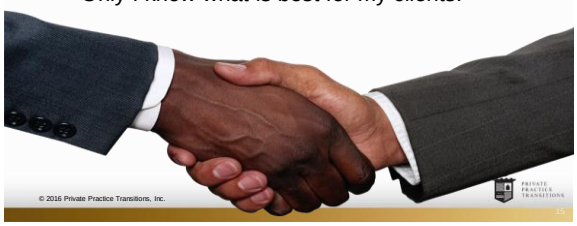

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