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Breaking Up a Partnership Doesn't Have to Be Hard

By **Rogge Dunn** | May 23, 2018 at 03:31 PM

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When law partnerships end, breaking up is always challenging: finding new space, building a new website and planning your SEO. The breakup can be acrimonious, or worse, lead to expensive and time-consuming litigation. But it doesn't have to be that way.

My former law partner of 16 years and I are living proof. Amid our recent decision to go our own ways, we followed valuable lessons that can assist others who choose to split up.

The first of these is that an office breakup is similar to the end of a marriage. And just as in personal matters, listening, diplomacy and flexibility can be the difference between a messy split and a smooth and cordial separation. Be fair. No, be more than fair. We checked our trial lawyer egos at the door. Each of us gave the other things we knew were important to the other.

This lesson goes back to the very beginning of a business relationship. Most management experts believe a law firm, or any other partnership, must have a well-defined written partnership agreement. The agreement should detail what happens if one or more partners decide to leave. That's the advice I give my clients.



Ironically, that's not what my law partner and I did when we joined forces. Rather than follow conventional wisdom, we operated on a handshake agreement rooted in my fifth-generation Texas hubris. The handshake approach works only when you know your partner's character and heart. If you go the handshake route, be sure you have experience with and absolute trust in your law partner.

Our handshake agreement meant that by the time we reached a decision to dissolve our firm we had no established process on how to dissolve the firm. Legally we were bound, of course, by the default provisions of the Texas Business Organizations Code. As a result of our unique business partnership, we needed to discuss an array of issues that included everything from how to transition attorneys and administrative staff to who would retain our firm's website, phone numbers and office space.

Our collaborative work also included how to inform clients. Rather than let clients hear about our decision through dueling separate announcements, we chose to talk about it publicly and together. Our public disclosure included placing a joint announcement in the Dallas Bar Association's *Headnotes*. In short, we were able to work together – even at the end – in a friendly, fair and orderly manner.

That was certainly not the case in a high profile law firm split in 2017 involving New York's Cellino & Barnes. In that train wreck, *Above The Law* reported that Barnes accused Cellino of poaching the firm's attorneys. He called Cellino's behavior "reprehensible" and claimed that Cellino told firm attorneys that "the 'Cellino' name was 'better' than the 'Barnes' name – analogizing the firm to Harley-Davidson and saying 'no one ever calls their motorcycle a Davidson.'"

I've represented lawyers in more than a dozen law firm breakups, including partners fighting over a \$4 million fee. As plenty of Texas partnership lawsuits and trials prove, the consequences of a bitter fight can be economically disastrous for one partner, the other or both. See *Gary Cruciani vs. Baron & Budd*. (\$8.8 million verdict).

The Zeughauser Group recent study of law firm mergers and competition revealed that 84% of law firm leaders in Texas are optimistic about their firms' future. However, the harsh reality is that most partnerships won't last. A recent study by the CMO Council, a global network of executives dedicated to the exchange of business issues, determined that the failure rate for strategic partnerships was 60% or more. Therefore, an optimistic outlook is no guarantee that a partnership will not have to be dissolved sooner than anyone thinks.

While the topic of a possible split is not the cheeriest of things to discuss, it's important to address the dissolution issues early and know how you will dissolve your partnership. Doing so ensures that you and your law partners can be optimistic about your firm's future, and focus on providing excellent counsel to your clients.

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