



NCBA 2024 EXECUTIVE EXPERIENCE

Frisco, TX | April 9-12



Navigating M&A as a Law Firm

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Navigating M&A as a Law Firm

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M&A Dynamics

**“Key Man” Risk
& ABA rule 5.4**

Valuation Challenges

Market Fragmentation

Private Equity Interest

Exit Strategies



Typical Deal Structures

**Law Firm
Acquisition/Merger**

**Law Firm’s non-legal assets
are purchased by an Agency
and/or a Debt Buyer**

**Management buy-out
(MBO)**



Operational & Industry Trends

**Lagging Technological
Advancements**

Legal Network Optimization

Compliance Focus

Client Service Models



M&A Dynamics

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“Key Man” Risk

Acquisition limitations to lawyers

Client retention post-transition

Smooth leadership transfer

Talent acquisition & maintaining service quality

Goodwill Preservation

Valuation Challenges

Assessing intangible assets and client relationships

Assessing predictability of future earnings from collections

Adjusting valuation for market volatility and legal industry trends

Market Fragmentation

Regional market dynamics

Combining specialized legal services

Economies of scale and scope from consolidation

ABA Rule 5.4 Barrier to entry

Private Equity Interest

Need to deploy dry powder

Interest in scalable and technologically advanced models

Monitoring regulatory changes affecting non-lawyer firm ownership

Exit Strategies

Multi-year transition plans for key partners

Implementing buy-ins to empower junior partners

Continuity planning for client management and firm operations

Typical Deal Structures

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Law Firm Acquisition/Merger



Simple structure

Long duration

May require lender, often structured due to limited cash



Law Firm's non-legal assets are purchased by an Agency and/or a Debt Buyer



Positioning with a non-legal entity can add value if time allows

Adds strategic value to the right group

Higher upfront cash component



Management buy-out (MBO)



Limited upfront cash

Easiest with motivated senior attorneys

Lender support common for this transaction



Operational & Industry Trends

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Lagging Technological Advancements

Cloud platform necessity

API integration demand

Frustration with legacy systems

Mobile Accessibility

Data Analytics

Automated Communication

Legal Network & Cost Optimization

Strategic alliance building

Efficiency in legal networking

Nearshore/Offshore Utilization

Process Automation

Alternative Fee Arrangements

Outsourcing Non-Core Activities

Compliance Focus

Adherence to regulations

Cybersecurity enhancements

Regulatory Technology (RegTech)

Data Privacy Laws

Client Service Models

Client-centric customization

Flexible service offerings

Online Portals

Custom Legal Tech Solutions

Feedback Mechanisms

Transactions to Highlight

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Traditional Acquisitions



Acquired



January 2024



Acquired



April 2023

Strategic Merger with Transitioning Ownership



LEVY & ASSOCIATES

*Merged with
March 2022*



Transaction Rationale

Lloyd & McDaniel's acquisition of Cooling & Winter expands its reach in the Southeastern U.S., adding seasoned expertise and new offices in Georgia, Florida, and South Carolina. The move strengthens their creditors' rights practice and offers clients comprehensive recovery solutions. Joseph Cooling and Robert Winter join as Managing Attorneys, enhancing the firm's industry experience.

Transaction Rationale

Abrahamsen Gindin LLC's acquisition of Forster and Garbus LLP represents a traditional M&A deal aimed at expanding AG Law's regional footprint and service capabilities in the creditors' rights arena. This move leverages Forster and Garbus LLP's established market presence to diversify AG Law's client base, enhance its legal offerings, and strengthen its position in the market.

Transaction Rationale

The merger between Kodak Law and Levy & Associates is a strategic alliance characterized by the phased transition of the founding member of Levy & Associates. The deal enhances growth potential and market expansion under the stewardship of new leadership. It is crafted to combine the operational strengths and technological advantages of both firms, improving their collective service portfolio and market footprint, while guaranteeing a smooth transition that prioritizes continuity of service for clients.



Thank you!

We hope to see you at

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