Russell Shapiro was quoted in the February edition of Accounting Today on his experience regarding partnership agreements. The article explains how crucial this document is, as it "legally defines the organization and serves as the cornerstone for many critical areas of its operation." And yet, these agreements are largely neglected by many organizations, both in terms of how well they are maintained, and how frequently they are referred to.

Shapiro, who drafts several of these agreements a year, noted that "There's a huge hesitation to make changes, because you often require a supermajority of partners to make them," he said. "A lot of times you have two classes of partners: those who are young and who want to grow the firm, and the ones who are on the cusp of retirement."

He also added that the time commitment (updating the agreement or redoing it usually requires a six-month time frame) can result in procrastination.

Often, because of how outdated the
documents can be, he will advise clients to start from scratch. Then, "[W]e prepare the changes and then there's a lot of interaction with the partners. There are often big issues that require a lot of discussion."

His suggestion is for firms to form a partnership agreement committee comprised of two partners from the "older" generation, two from the "younger" generation, and one "neutral" partner. This way, the committee can create an outline that offers security for the older generation of partners and control for the younger generation.