Law Firm MSOs: What Managing Partners Should Know

Half of respondents to a live Managing Partner Forum poll expected a major partner retirement or transition within two years. In a separate registration survey, 76% said they needed more information before deciding whether to consider a private equity-backed **management services organization (MSO)**. For managing partners facing a transition, the question is where an MSO might fit into the firm's succession plan and what the partners would need to know before pursuing one.

At its November 18, 2026 "Building the Law Firm of the Future" webinar, MPF explored how law firm MSOs can support succession and day-to-day operations. The webinar covered how Righi Fitch Law Group evaluated its options and chose an MSO partner (Catalex), as well as how the firm explained the deal to lawyers and staff. The panelists also outlined how Catalex divides responsibilities between the MSO and the law firm.

Moderators

- **John Remsen Jr.**: President and CEO, Managing Partner Forum, and President, TheRemsenGroup
- **Uri Gutfreund**: Senior Vice President and Managing Principal, Ames & Gough

Panelists

- **Elizabeth S. Fitch, Esq.**: Founding Partner, Righi Fitch Law Group
- **Jeffrey Goldenhersh**: Co-founder and Managing Partner, Catalex Network

Key Takeaways

- **Start succession planning years before a transition.** Plan on a five-year horizon so firms have time to prepare future leaders and put the plan into practice.
- **Identify where the firm needs operational help.** Firm management was the most common reason registrants gave for considering an MSO. Finance, HR, and technology are among the functions an MSO can support.
- **Clarify who makes which decisions.** In the Catalex arrangement, the law firm retains authority over legal advice, matter selection, lawyer hiring and compensation, and client fees.
- **Look for completed deals and a partner who fits the firm.** Seek ethics advice early, ask advisers which transactions they have taken through closing, and consider how the prospective partner would work with the firm day to day.
- **Give lawyers and staff a chance to ask what the deal means for them.** Righi Fitch began with prospective equity partners and gave staff opportunities to meet individually with Catalex representatives.

- **Use firm data to prepare for rate discussions.** A 7-9% increase was the most common plan in the live 2027 billing-rate poll. Draw on profitability data to inform rate decisions and prepare talking points for negotiations.

Bringing on the Data!



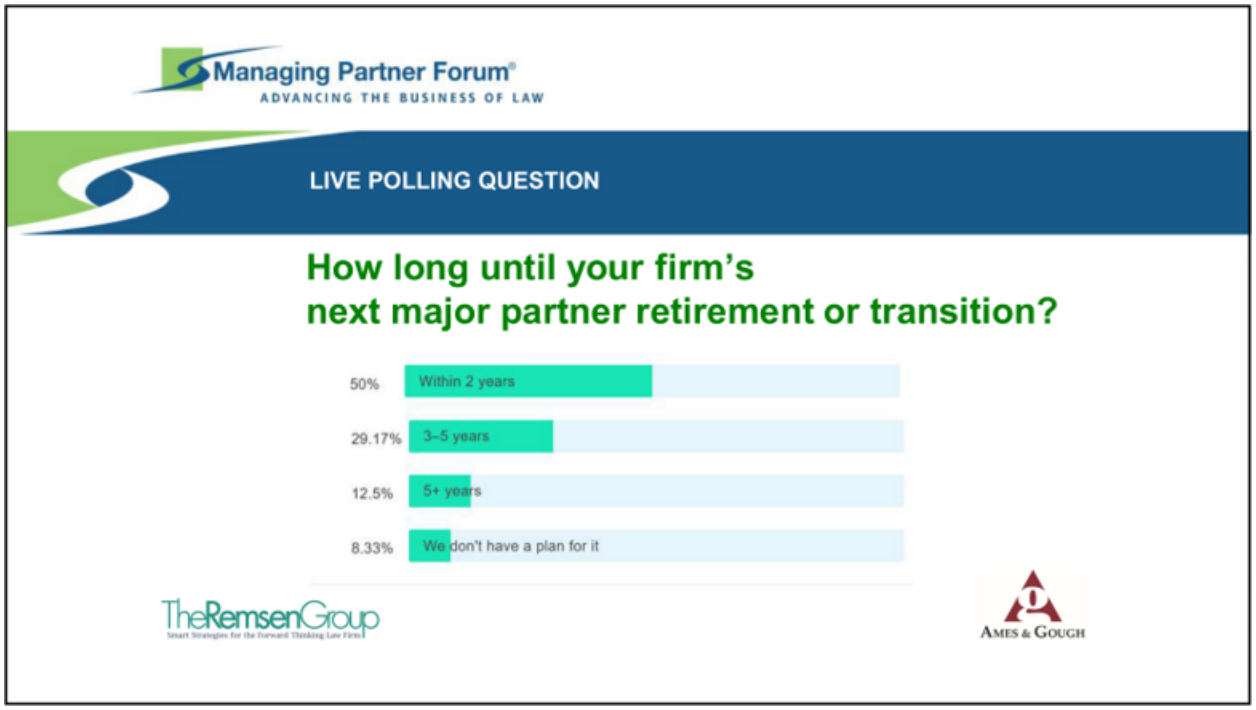
Live poll on firm size - half of respondents were at firms with 26-100 lawyers



Live poll on challenges over the next three to five years

How Partner Succession Put MSOs on the Agenda

Succession was a primary reason Beth Fitch's 20-lawyer firm began exploring its options. With two equity partners, the firm had to consider who would take on ownership and leadership responsibilities, how prospective partners could afford to buy in, and how the practice would continue to grow through the transition.

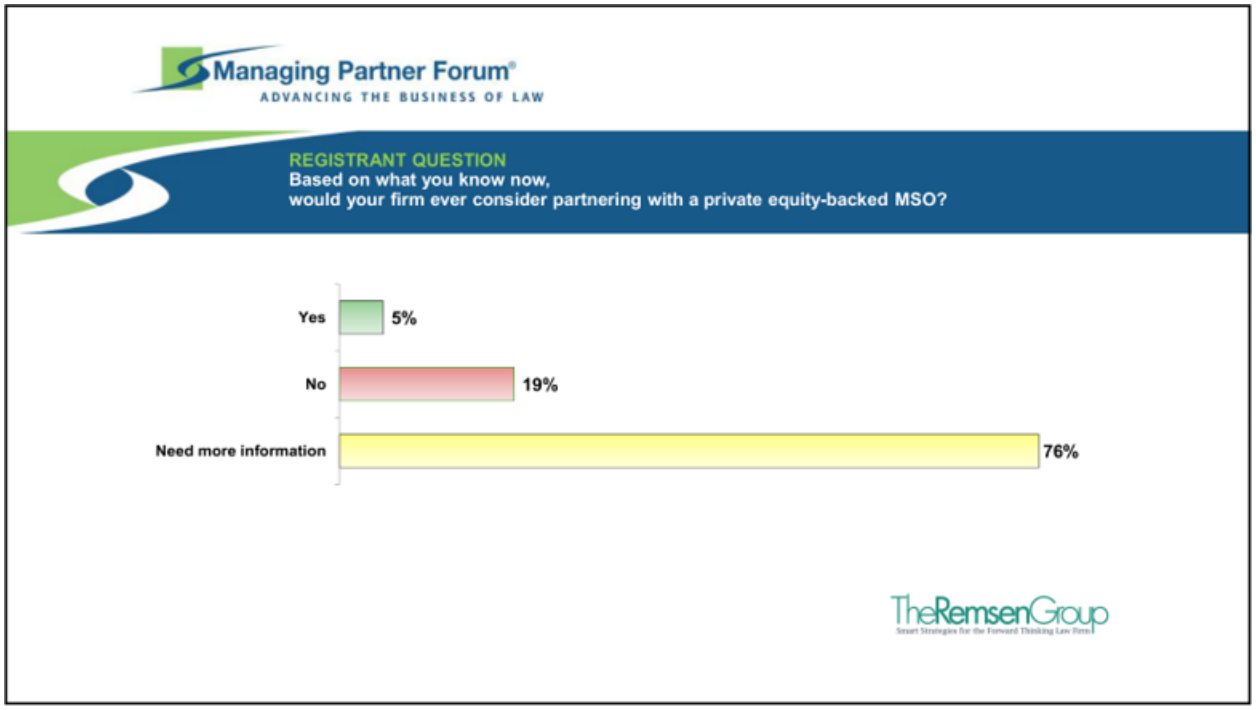


Live poll on the timing of major partner retirements and transitions

Beth recommended **working on a five-year horizon** so that the firm has time to put its succession plan into practice. At Righi Fitch, that meant looking at a merger or acquisition before discussing an MSO. The firm's broker introduced the model after the partners concluded that the first options they had explored would not work for them.

> *"I think you need to have a five-year plan to begin executing on it."*
>
> – Beth Fitch

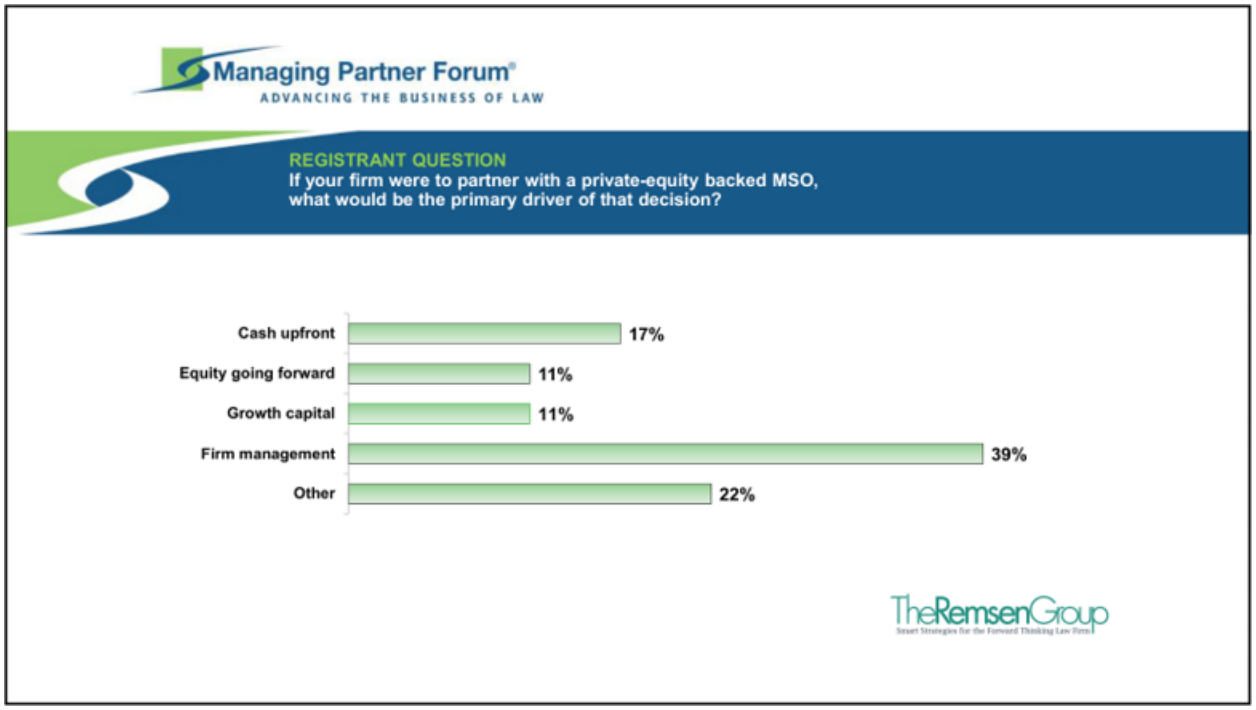
At registration, 5% of respondents said they would consider a private equity-backed MSO and 19% said they would decline. The majority who wanted more information had several questions to sort through, including what the firm would gain from the arrangement and which decisions its partners would continue to make.



Registration survey on whether respondents would consider a private equity-backed MSO

What Firms Want From an MSO Partnership

Firm management was the most frequently selected reason registrants might consider an MSO, at 39%. Upfront cash drew 17%. Beth said **cash mattered** in her firm's decision, alongside its **need for operational expertise** to support growth and succession.



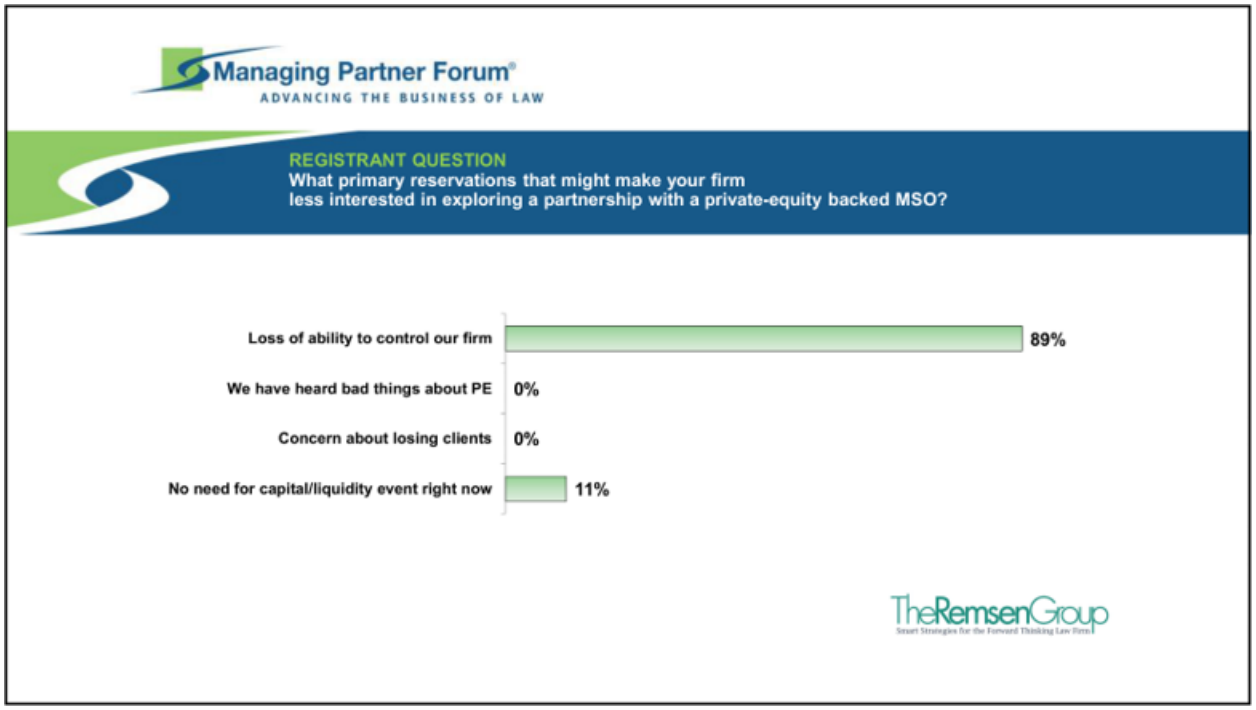
Registration survey on why firms might consider an MSO

Jeff Goldenhersh said small and midsize firms can struggle to build the back-office support they need as they grow. He described an arrangement in which **an MSO can provide expertise in finance, human resources, and technology**. An MSO serving several firms can also share infrastructure and purchasing costs across those firms.

The technology discussion illustrated what that support can mean in practice. Buying a tool is one decision. Evaluating how it fits the firm's work, getting it into use, and training people to use it all take time. Jeff pointed to that workload as one reason firms may look for help with AI integration and other technology investments.

Who Makes the Decisions in an MSO Partnership?

Loss of control was the primary reservation for 89% of respondents to the registration question about what might make them less interested in an MSO. The webinar made that concern concrete by asking who would set client fees, choose which matters to take, and supervise the people doing the work.



Registration survey on what might make firms less interested in an MSO

Jeff described Catalex as a separate entity that can acquire nonlegal assets and provide administrative services for a fee. In the arrangement he outlined, **the law firm remains responsible for legal advice, matter selection, lawyer hiring & compensation, and client fees**. The MSO can provide reporting on rates, billing, or client profitability for the partners to use in making those decisions.

> *"The law firm. Full stop."*
>
> – Jeff Goldenhersh on who sets client fees

The division of responsibilities gets more specific when it comes to staffing. Jeff said the law firm continues to employ its lawyers, while Catalex can employ nonlawyer staff such as paralegals and legal assistants. He described working with the partners on the staffing, policies, and support they need. Beth emphasized **getting advice from legal ethics specialists** early in the process so the firm can evaluate its proposed arrangement in the jurisdictions where it practices.

How Righi Fitch Vetted Its MSO Partner and Rolled Out the Deal

Righi Fitch evaluated two other MSOs before spending six months on due diligence with Catalex. Beth said financial review was part of the process, as were shared values and trust.

The partners wanted to know how they would work with the people on the other side of the deal. They consulted three ethics experts and drew on advisers with experience in medical MSOs and completed transactions.

The firm planned how to communicate the deal during those six months. It first spoke to lawyers it saw as potential equity partners, who wanted to understand what the arrangement would mean for their path to ownership. It then briefed non-equity partners, addressed ethics questions, and brought longtime members of the firm into the discussion ahead of an all-firm meeting. Staff could also meet individually with Catalex representatives. **Beth reported virtually no internal resistance.**

She said that within 60 days she had a clearer view of which clients were profitable and where the firm's rates were falling short. That information helped the partners make decisions about clients and rates. It was a concrete example of the operational support that had prompted them to explore the arrangement.

> *"So you think you have data? Well, actually, I didn't."*
>
> – Beth Fitch

What Firms Plan for Billing Rates in 2027

In the live poll on planned 2027 billing rates, 48% of respondents selected a 7-9% increase and 33% selected 4-6%. The 1-3% and 10%-or-more increase options each drew 10%. No respondents said they were not sure yet.



Live poll on planned 2027 billing rate increases.

Beth called 7-9% a realistic target in insurance defense and said her firm was getting rates from some new clients that were 20% higher than what it charged some existing clients. For existing clients, she described preparing talking points and allowing time for negotiation. Jeff added that higher rates can give firms more room to compete for lawyers on compensation.

What's a Firm Leader to Do?



MPF's closing guidance for firm leaders.

MPF closed with six recommendations for firm leaders, including steps that apply whether a firm is evaluating an MSO or planning for succession on its own.

- **Define the firm's five-year vision.** Uri Gutfreund urged partners to clarify where they want the firm to go and what they want to preserve before evaluating a transaction.
- **Start succession planning early.** Give the firm time to prepare future leaders and work through how a transfer of ownership and responsibility would happen.
- **Explore the options and do the due diligence.** Beth recommended starting with ethics advice. Jeff urged firms to ask prospective advisers which transactions they had taken through closing, ideally in legal services and in the firm's own practice area.
- **Plan meaningful rate increases for 2027.** The discussion pointed to using rate and profitability data to inform those decisions and preparing for negotiations with existing clients.
- **Invest in associate development.** MPF called for a dedicated program. The earlier discussion of recruiting and retention underscored the importance of developing the lawyers already at the firm.
- **Pay attention to firm culture.** Beth treated shared values and trust as part of her assessment of prospective partners. The experience of working with each candidate helped her firm decide whom it could work with over time.

The discussion of law firm MSOs brought the succession question back to the partners themselves. Knowing who could lead the firm next, what support that generation will need, and which decisions must stay with the lawyers gives partners a basis for judging whether an MSO would help them carry out their plan.