WHITEPAPER

NAVIGATING SUCCESSION: Steering Your Firm Toward Strategic Continuity

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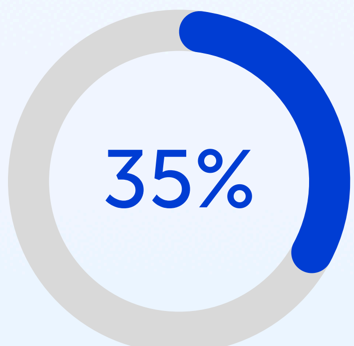
introhive

Every professional services firm must eventually plan for future business disruptions related to leadership and personnel changes. You might face these transitions when your executive or senior leadership members retire or resign, during mass layoffs of key employees, or when industry and market changes force you to reorganize your staff.

Practice Management: Building a Talent Pipeline

Preparing for both planned and unexpected shifts requires you to have a robust succession strategy. This means identifying, nurturing, and retaining talent aligned with your present-day objectives and future growth. Proactively building an effective succession plan is crucial — not only to ensure strategic continuity but also to maintain long-term financial viability and operational stability.



of organizations report having a formal succession plan

Historically, legal and accounting firms have **lagged** on adopting well-planned succession management. According to a **study** by talent development group ATD Research, just 35% of organizations report having a formal succession plan. Without a robust strategy, you open your firm to risks such as disrupted client relationships, loss of institutional knowledge, key person dependencies, talent shortages, and potential financial losses.

To ensure a smooth succession pathway, you need to proactively understand your organizational structure, forecast your growth trajectory, and develop a professional talent pipeline. Identify and nurture potential leaders within your firm, providing them with the necessary mentorship and development opportunities to prepare them for future roles.

Assess Your Firm's Current Situation

The first step in developing a robust succession plan is to analyze your present organizational structure, existing client and partner relationships, and the overall market. Start by looking internally at your leadership, key rainmakers, and personnel who are instrumental to your client relationships. Consider what qualities and skills they possess, who they are connected to both within and outside your firm, and the risks if these people eventually leave your organization.

Identify Potential Successors

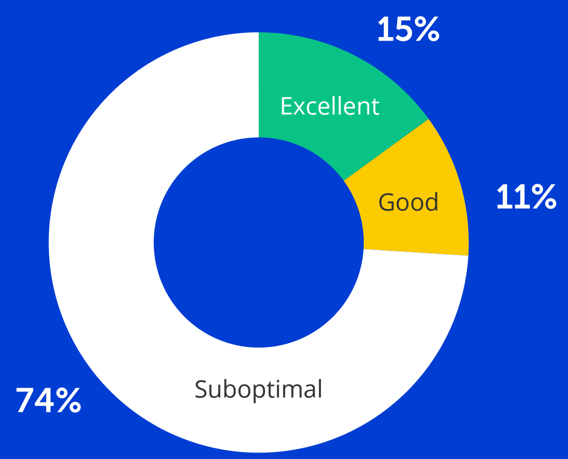
Planning for leadership and personnel transitions requires you to identify potential successors best suited for eventual or soon-to-be vacant roles. While you could start one-on-one conversations with senior executives and directors across your firm, this method lacks objectivity and risks losing some client relationships when leaders or associates leave. To objectively determine the best personnel replacements, leverage data and technology. Identify your organization's rainmakers, understand which clients each of your employees are connected to, evaluate the strength of those relationships, and identify any gaps in service delivery. Ensure that a successor's communication approach aligns with your clients to avoid risking customer relationships, affecting the client experience, and potentially resulting in attrition and revenue loss.

Bridging the Strategic Planning Gap in Law Firms

According to **BTI Group**, despite the fact that **69%** of law firm leaders indicate strategic planning is more important than ever, only **15%** would characterize their strategic planning as 'excellent', and only **11%** would describe it as 'good'.

How law firm leaders characterize their strategic planning

69% of law firm leaders indicate strategic planning is more important than ever



Develop a Professional Talent Pipeline

Once you leverage technology to determine potential internal replacement options, you must proactively work toward developing and retaining your talent roster. If you fail to provide attractive incentives and mentorship opportunities to your associates, you risk losing valuable talent, which could negatively impact the client experience. “When an advisor is retiring or leaving a firm, what’s difficult to understand is how to determine who from the firm is going to own the relationship with the client moving forward,” says Stacey Morrow, an Account Executive at Introhive. “That’s why we’re seeing more firms bringing in professional development opportunities for associates and junior partners. It’s about getting ahead of the ballgame because you don’t know when someone is going to leave.”

Integrate External Support Into a Firm’s Succession Strategy

While you may look internally for potential successors, you might also explore external options, especially if there’s a perceived lack of appropriate candidates for certain C-suite roles. However, hiring senior leaders externally does pose challenges and is generally riskier than promoting from within. A Harvard Business School **study** found that organizations doing well financially but hiring external CEOs saw significant drops in business value. In contrast, in rare cases where organizations performed poorly, external hires added considerable value. Internal CEO promotions showed less impact on business performance in both scenarios.

Client Relationship Management: Ensuring Continuity in Key Accounts

Addressing Succession Planning Risks

Developing a robust succession plan comes with several potential risks. If you create or implement a succession strategy without properly considering your clients' needs and preferences, you risk losing high-value customers, which could significantly impact your bottom line. Additionally, when a key advisor leaves your firm, you may experience a loss of institutional knowledge. Advisors who part ways with your firm might take important clients with them and potentially poach other employees.

"There's something called key person risk," which refers to the loss of a key individual at the firm," says Dr. Ryan O'Sullivan, Introhive's Global Account Manager. "That's something that human resources teams are involved with, where they identify key people and put plans in place for if and when they leave." Talent shortages can also expose you to the risk of hiring less qualified professionals for key roles. Both scenarios can result in revenue loss and affect your firm's overall performance.

The Impact of Leadership Development on Your Bottom Line

Introhive has found that professionals at the director level and below hold approximately

5.6x **more relationships on average than C-level and VP-level employees combined.**

This underscores the need for talent pipelines to ensure seamless client transitions, sustained service quality, and consistent client satisfaction and retention.

Understanding Client Dynamics

To develop a robust succession plan, you need to understand your firm's client experience from onboarding to potential attrition. Recognize the magnitude and depth of your current relationships and understand "who knows who" and who's connected to whom. Assessing the strength of these relationships is crucial for anticipating client churn if a personnel member leaves. "Professional services firms generate most of their revenue from a small number of clients," says O'Sullivan. "Existing clients typically feel the same set of values and trust with their point of contact at a firm. When it comes to succession planning, it's very important to understand that dynamic."

Leverage data and technology to assess your organization's client relationship roster. Platforms rooted in client intelligence can surface information about your existing relationships. Use technology to analyze clients' financial and expense data to determine the costs of onboarding, retaining, and losing clients. "How can firms become proactive instead of reactive to client information?" says Brett MacDonald, a Senior Account Executive at Introhive. "That can be tied to technology. Rather than finding out a client's about to leave, how can you proactively use technology to get on top of the situation?"

Integrating Client Input into Succession Strategies

When planning for succession in client-facing roles, it's essential to prioritize the preferences and comfort of your clients. Implementing a structured feedback system that consistently collects insights on client satisfaction with their service team after each major project is key as is a crucial part of **key account management**. While many firms lack such a system, adopting this approach ensures clients feel acknowledged and appreciated. This is critical for preserving robust client relationships during times of transition.

Prioritize and Anticipate Client Needs

When seeking potential personnel replacements, it's crucial to consider the client experience at every stage of the process and proactively incorporate clients' needs into your succession strategy. Ensure your clients aren't caught off guard by any staffing changes by maintaining consistent communication and creating multiple touchpoints throughout your organization's teams and practice groups. Prepare for unforeseen departures as early as possible and notify clients in advance of any disruptions. Early warnings of personnel changes can help decrease client resistance and allow you to nurture their comfort with new points of contact.

To understand and anticipate client needs, leverage relationship intelligence insights. These insights help gauge client engagement levels and understand the monetary value of key accounts, so you know where potential risks and opportunities lie. Relationship intelligence tools assess the number of interactions your professionals have had with clients, the financial value of those exchanges, and the nature of those connections — whether through email, video conference calls, or in-person meetings, which are strong rapport signals. Additionally, consider which personnel members are best suited to work with certain clients from a personality, shared interest, and cultural perspective. If an advisor and client clash, it can damage your firm's relationship and affect revenue generation.

Fostering Multi-Threaded Client Relationships

Introduce qualified junior associates and managers to key accounts to strengthen your firm's client relationships as one cohesive unit. This often means dismantling traditional professional services mindsets that glorify siloed client relationships and the 'little black book' approach, favoring more **collaborative client engagements**. "It's important not to take a short-sighted approach," adds MacDonald. "How can firms set themselves up for the future? There should be multiple advisors engaged with and building relationships with clients to protect the firm from things like retirements or mass resignations."

Simultaneously, ensure you support associates and advisors in developing **'activator' behaviors** — habits that drive firm-wide revenue growth. By fostering these practices, you ensure possible successors develop multi-threaded networks, making it difficult for clients to cut ties with the firm during employee attrition.

Minimizing Resistance and Encouraging Client-Centricity

Drawing from the financial industry, integrating financial incentives into succession planning can be a powerful strategy for fostering buy-in and minimizing resistance. Discretionary bonuses are effective tools to motivate your partners to actively engage in transitioning clients to the next generation within the firm.

Consider implementing a "billing" tier of credit to encourage professionals across practice areas to proactively cultivate and sustain client relationships. Compensating professionals for their individual contributions to client development fosters a collaborative culture and a client-centric approach, bolstering client loyalty and minimizing risks associated with turnover.

Are Your Client Relationships Multi-Threaded for Long-term Connections?

Introhive has found that an average of

20,580

existing contacts are missing from a firm's client relationship management platform.

Of those missing contacts, an average of

11,326

are senior level stakeholders with purchasing power and influence.

Future-Proofing Your Firm's Succession Plan

Proactively planning your succession strategy and prioritizing clients sets you up for strategic continuity by preemptively addressing potential risks. Leverage technology and client data to identify key people at your organization and devise a roadmap for how to proceed if those individuals leave.

Start by assessing your current personnel, client and partner relationships, operations, and performance. Next, forecast your growth while accounting for your long-term business objectives. Use internal data and technology, such as client intelligence platforms, to gain a clear picture of these variables and inform your selection of potential successors. While you can look either internally or externally for replacements, remember that external hires pose several challenges. As you develop your succession strategies, ensure you leverage objective client insights to prioritize the client experience, especially when refining and modifying your plan.

Refine Your Firm's Strategy

After developing and implementing your succession plan, proactively and consistently monitor its progress, particularly its impact on clients and your firm's bottom line. As you refine and iterate your succession strategies, ensure flexibility and set attainable goals to make personnel transitions as seamless as possible. Stay open to constant feedback and communication with clients and employees, and be ready to adjust your succession strategy if necessary.

Engage in continuous dialogue with clients and staff, and periodically monitor your client and financial information to objectively determine the effects of your succession plan. "About one month into the succession plan's implementation, firms can analyze their data to identify how relationships have shifted, which relationships are the strongest, and if client profitability has changed," Morrow says. If a connection has weakened, proactively introduce that account to other advisors to rebuild the relationship. Simultaneously, leverage your financial data to assess whether revenue from a particular client has dropped.

Forecasting for Sustainable Growth and Continuity

Integrating Client Insights

As part of ongoing forecasting, develop long-term client outlooks to understand how your customer relationships might evolve amid leadership and personnel changes. Leverage relationship intelligence platforms to gather insights on historical interactions with clients, which can inform your client forecasts by highlighting clients at risk of attrition, those open to new service offerings, and ways to strengthen these relationships through strategic succession planning.

Once you collect and assess your client data, work to effectively implement it into your succession strategy. “Data is only as good as it’s being used,” MacDonald says. “It definitely needs to be incorporated into a firm’s succession plan to be of real value and to receive buy-in from partners who are transitioning off or on a client account.”

Adapting to Market and Workforce Changes

Regularly update your succession strategies to reflect market and workforce changes, ensuring your firm remains agile and responsive. As Baby Boomer leaders retire and Gen Z enters the workforce, adjust your succession plans to address the changing dynamics and expectations of both clients and employees. This approach not only mitigates risks associated with leadership transitions but also positions your firm to capitalize on new opportunities for growth and innovation.

By continuously forecasting and adapting your succession plans, you can future-proof your strategies, ensuring your firm remains competitive, resilient, and capable of sustaining strong client relationships in an ever-evolving business landscape.

Why Introhive?

Introhive is a Client Intelligence Platform that empowers you to build client-centric succession strategies, leading to sustained growth and success for your professional services firm.

1. Identify your firm's current relationship roster with objective client insights.

2. Forecast your firm's relationship health by analyzing historical client data with key advisors.

3. Grow your talent pipeline by nurturing activator behaviors to increase your firm's rainmakers.

4. Use timely relationship insights to prioritize clients at every stage of succession strategy development.

5. Monitor your client relationship data to refine and improve your succession plan.

Use client intelligence to unite as One Firm, drive transformation, and increase revenue.

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Our Contributors

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Dr Ryan O'Sullivan is a senior executive, board member, business adviser, startup investor and university guest lecturer. He has spent his career perfecting and then evangelizing a 'relationship first' approach to growing revenue. This has resulted in many awards and accolades over his career, including the most net-new clients in a year on multiple occasions, fastest net-new client in the organization's history, first strategic deal (total contract value over $50 million) in a new country and largest deal in the organization's history. He has won deal of the year and salesperson of the year on multiple occasions and has been the number one annual revenue earner many times, often for consecutive years.

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