

Succession Planning isn't just for Retirement

With Bryan Orander, Charitable Advisors

Introductions – Name, Organization, Role, What Do You Want to Discuss/Learn

Request for Confidentiality within the Group

Succession Planning is: An effort to protect the organization's capacity to perform key functions, sustain important relationships, and fulfill its commitments during a leadership transition.

Benefits of Succession Planning

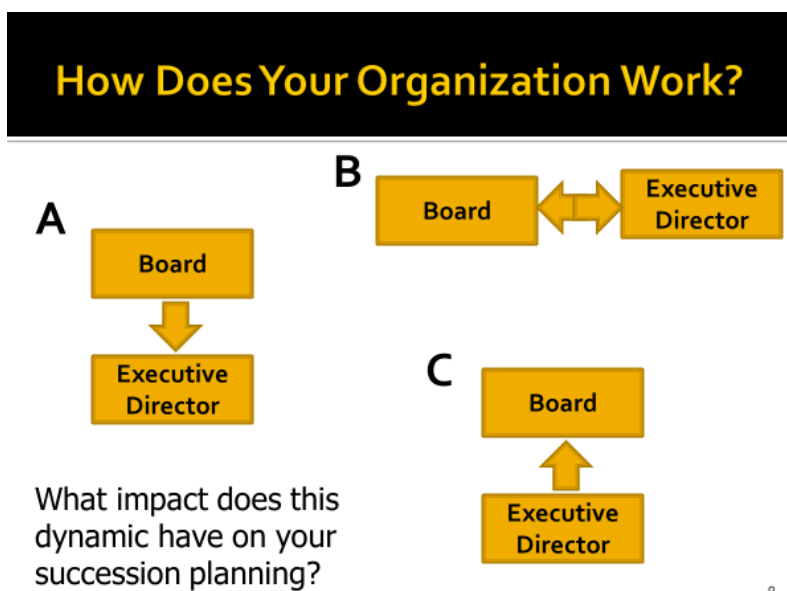
- Aligns staff development with strategic vision
- Builds leadership capacity of staff
- Develops pool of potential management successors
- Opportunity to diversify agency leadership
- Makes ED job more "doable"

Trends to Watch

- For more than 10 years, Daring to Lead studies from CompassPoint have been telling us that 70% of staff leaders will leave in next 5 years – but...
- Boomers are retiring but not at a predictable age
- Other senior leaders often in same age cohort
- Successful young leaders are moving on sooner
- Organizations are experimenting with co-leadership and team leadership models
- Many organizations are struggling to recruit and engage strong board members

Early Takeaways

- Succession Planning is not just for retirement
- Get basics in place
- Make it safe to talk about retirement and planned departures (spouse relocations, school, etc.)
- Staff are more comfortable with "Contingency Planning" language than "Succession"



Three Approaches

- Emergency/Contingency Planning
- Defined Departure
- Staff Development

Quick Case Examples

Organization #1

- \$11 mil arts and culture nonprofit
- 30 year CEO has 8 direct reports
- Board wants CEO to focus more on fund development and develop successors by engaging other staff in the community
- Three year timeframe set for retirement

Succession Strategy:

- Planning with board/consultant. Revised structure to create just three direct reports
- Coordinating planning and department reviews

Organization #2

- \$1 mil statewide association
- Shared leadership structure
- President grew agency from one staff to eight
- Health concerns create desire to leave unexpectedly but gives four months notice

Succession Strategy:

- No planning had been done
- Staff anxious about board understanding work
- Co-leader offended when board opens search

Organization #3

- Small history museum
- Founder/ED beyond typical retirement age
- Mainly foundation funding
- Staff paid as funds are available
- Ready to consider retirement, needs income

Succession Possibilities:

- Add new leaders to board or task force
- Explore partner/merger possibilities
- Explore foundation funding for FR capacity
- Explore scaling down programming

Objectives of Executive Transition Management (ETM)

- Build a stronger, more stable organization
- Reduce Executive Turnover - increase the "Fit" of the organization and current/future leadership
- Open the door to reflection and inspiration replacing possible hurt and confusion
- Assure all stakeholders that a well-planned, positive transition can/will take place
- Reduce risk/loss to the organization
- Reinforce the significance of the Board's role

Elements of a Positive Transition

- Notice of at least 90 days
- Good relationships between departing leader, board, and staff
- Recently updated strategic plan
- Engaged board
- Capable staff leader(s) beyond the Exec Dir
- Leadership consideration of using an interim and doing an organization assessment prior to launching search for new Executive

Notes/Questions:

SAMPLE NONPROFIT

March Executive Committee Meeting Contingency Planning and Succession Discussion

Thursday, March XX, 2018

Succession Planning is critical to our immediate and long-term success because it:

- 1) protects our organization's capacity to perform key functions, sustain important relationships, and fulfill our commitments to the people we serve, our funders and donors, and the community, and
- 2) develops staff and volunteers (including board) for future leadership needs and opportunities

Key Questions we want to discuss:

1. Current Leadership team, tenure, individual strengths and expertise
2. How are very short-term absences covered right now for the CEO/Executive Director (like vacation)?
3. Assuming payroll is happening, the first concerns to arise in case of the Executive CEO/Director's unexpected absence would be?
4. What would the board's role be in case of an unexpected absence? Who's involved?
5. If the Executive Director/CEO were unavailable for more than a few weeks, we would need additional support in...?
6. What internal and external resources could we turn to?
7. If we decided we needed an Interim CEO/Executive Director, where would we look? What would be key experience and qualities needed in this person? Short-term vs. longer term?
8. Where do we find a list of key people/relationships and contacts? Where do we find passwords and access to computer and on-line data?

Use this information to fill in the blanks on the Emergency Succession Template

Keep In Mind

- Take people's fear and concerns seriously and address them head-on with openness, listening, and information (as it is available)
- Pay special attention to founders and long-term Executive Director transitions
- Be very intentional about working with staff that aspire to the position but are not viable candidates. Don't lose your whole management team because you are only thinking of the Executive Director/CEO
- Look for ways to build capacity and strengthen infrastructure through the transition

Departing Exec Challenges

- Committing to the transition
- Ensuring organization is on solid footing
- Letting Go .. of power and relationships
- Finding comfort in legacy
- Finding "next opportunity" (job, retirement)
- Ensuring personal financial picture is sound
- Cultivating support systems outside the organization

Board Challenges (Pre-Departure)

- Stepping up to the full responsibilities of role
 - Monitoring operations & deviations from budget/plan
 - Getting/Keeping informed of key organizational issues
 - Ensuring key commitments and responsibilities are met
 - Having a strategic plan and keeping it current and in use
 - Maintaining high engagement of board and committees
 - Members not creating own problems
- Supporting the outgoing leader
- Defining the transition process and committee
- Communicating the transition
- Developing an appropriate compensation package
- Retaining outside assistance, as available and desired

Board's Challenges Post Hire

- Shifting gears without disengaging
- Maintaining energy
- Adjusting to new Exec Leadership Style
- Building/supporting the new relationship
- Avoiding "savior" thinking
- Ensuring that legacy issues and thinking ruts don't derail the work

Questions or need an electronic copy of any of the forms we discussed? Please contact Bryan Orander at 317-752-7153 or Bryan@CharitableAdvisors.com

Preparing for the Inevitable: A Succession Readiness Checklist

When the following conditions are in place, an agency can expect a relatively smooth transition to new leadership whenever it might occur. An agency might determine which elements below are lacking in its current operations and then create a “succession plan” or “capacity building plan” that prescribes activities and timelines for filling the gaps. The agency is then ready for leadership transitions, foreseen or unforeseen. (Building a Leaderful Organization – Tim Wolfred)

Yes	Some	No	NA	
				A strategic plan is in place with goals and objectives for the near term (up to three years), including objectives for leadership talent development
				The board evaluates the executive director annually on general performance and achievement of strategic goals.
				The board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs—financial oversight, executive support and oversight, policy development, and strategic planning.
				The executive’s direct reports, based on annual evaluations, are judged as solidly skilled for their positions.
				The top management cohort, as a high performing team: <ul style="list-style-type: none"> • Has a solid team culture in place in which members support one another and can reach decisions as a group efficiently and harmoniously; • Shares leadership of the organization with the executive in having significant input to all major agency decisions; • Can lead the organization in the absence of the executive; • Has authority to make and carry out decisions within their respective areas of responsibility.
				Another staff person or board member shares important external relationships (major donors, funders, community leaders) maintained by the executive.
				A financial reserve is in place with a minimum of three months’ operating capital.
				Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the board and senior managers responsible for the agency’s financial strength and viability.
				Operational manuals exist for key administrative systems and are easily accessible and up to date.
				Top program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.

Sample Nonprofit

Succession Planning - Summary Timeline

2016	2017	2018	2019	2020	2021
Board Leadership	Gil Smith, Board Chair		Mary Heaton, likely Board Chair		20 th Anniversary
	Mary Heaton, Vice-Chair		TBD		
		ID next vice-chair			
			Search & Transition Committee led by new Vice-Chair		
Senior Staff Leadership					
	Hire/Promote COO	C-level staff leader team focus	Developing C-level and next level leaders	Key staff Retirements Likely to begin	
	Reorganizing senior staff team	Bill retirement from full-time role			
CEO/Transition	Assembling C-level Team	Developing C-level leaders as successors	7/1 Announcement	7/1 Handoff	Emeritus role
		Board Chair, State Association			
Major Organization Activities/Events					
Wrapping up Capital Campaign		Review of Dev Office			
Department Effectiveness Work					
	Strategic Planning and Implementation		Plan Implementation		Strategic Planning
	Paying down debt				
		CARF Survey			CARF Survey

Date

Succession Planning Framework (Draft)

I. Organizational Level Thinking

Organization Chart

- Two Years ago
- Today
- Two Years out
- Five Years out

Employee Philosophy/ Retention Efforts

- Compensation and Benefits
- Culture – Hiring and Orientation
- Supervisors and Managers role in Coaching/Mentoring/Performance Evaluation
- Formal Training and Development
- Regular conversations and communication about personal performance, aspirations, development and role in organizational success
- Promoting from within

Strategic Reflection/Staff Development

- Key skills in the organization today
- Skills becoming more important
- Skills losing importance
- Skills lacking in our organization
- Definition of potential Career Paths
- How can organizational training and development help meet these needs?
- What changes will be required in defining position needs and hiring processes?

Matrix – Identifying and developing High Potential

High Growth Potential	Improve/Re-assign	Prepare for future role	Prepare for future role
Possible Growth Potential	Improve in current role	Improve in current role Coach/Mentor	Prepare for future role
Low Growth Potential	Coach/Move/ Remove	Improve in current role	Coach/Encourage/Find Best Placement
	Low Performance	Meeting Expectations	Exceeding Expectations

II. Position- Specific Thinking

Current Job Description

- How has this position evolved? How does the description need to change?
- What are the 3-5 focus areas that consume 70-80% of time and energy?
- What are the 1-2 focus areas that have the greatest impact when/if time is available?
- How Does This Position Contribute to the Overall Success of the Organization?
- What specific organizational goals does success in this position contribute to?

Contingency Planning

- Identify Key Functions and responsibilities with emphasis on those that no one else does/knows
- Identify Key Relationships with emphasis on those that no one else does/knows
- Document unique processes and relationships
- Review how coverage is handled for a short period of time and define strategies to extend interim coverage to 90 days in case of illness or turnover.
- Develop a list of people/organizations with contact information that would need to be informed in case of serious illness or turnover.
- Define plan to keep partner staff and managers adequately informed to be able to pick in case of a crisis.

Successor Development

- Who are potential candidates to fill these position in the future (in coordination with organization matrix above)
- What are plans to further develop these individuals for this role or similar role sin the organization? (see “Person-specific Thinking” below)

III. Staff Member-Specific Thinking

- Personal and Professional Aspirations
- Satisfaction in their role and loyalty to the organization
- Strengths in the Role
- Development Needs
- Opportunities to Excel in Other Roles
- Regular performance conversations
- Annual development plan – one goal defined by supervisor and one by staff member

Sustaining Board Leadership

Succession Planning for the Board

In many regards, planning for the succession of board leaders is just as difficult as planning for the succession of staff leaders. Though we always hope to know well in advance when a board leader will be leaving, careers, family, or illness can often throw well-made plans off course. In addition, new board leaders need time to learn about the organization, the board and staff team, and their role – and to learn all this on a part-time, volunteer schedule.

Point Person/Committee - Identify who will “take the lead” in attracting, orienting, and growing the talent on the board. This is one of the most important roles of the board and seldom can be shouldered effectively by the Executive Committee. Realize that multiple strategies will be required to build and maintain a strong leadership culture. The Governance Committee would be typical.

Identifying Leaders – the most informal, watching the board work and observing those people who bring the passion for our efforts along with leadership skills, organizational skills, and discipline to get things done.

Replicating Leaders – each board officer and committee chair is challenged to develop their own successor and have that person ready before they are needed.

Recruiting Leaders – as the governance committee is recruiting new candidates, they are looking for new members who bring leadership experience and skills from other boards or a similar team environment.

Leadership Roles – whether heading a special event, a task force, or other short-term effort, look for ways that board members and other volunteers can develop and showcase their leadership skills.

Learning from Participating – though conventional wisdom suggests that every conversation have the fewest possible people involved, open the doors of most board and committee meetings to any board member who is interested with the hope that they will develop new interest and learn more about how things work within the organization.

Immediate suggestions to consider:

- Over the next 3 months, each Board Officer and Committee Chair should be able to name at least one person who would be able, willing, and reasonably prepared to step into their role if they were unable to continue.
- Discuss putting into practice the identification of the next board chair one year prior to the time they will take office and build a culture of strong leadership.
- Review your By-laws and consider putting officers on two-year terms, if they aren't already. Discuss how board member term limits fit with officer terms. You will need to be growing multiple leaders and identifying them early in their tenure.

Nonprofit Board Succession Planning Worksheet

Framing: Though unexpected job circumstances or health issues can derail the best of plans, a board that is attentive to its own sustainability and succession will be better prepared to maintain the positive, engaged culture that your nonprofit needs. It is both an honor and a unique opportunity to serve as a nonprofit board leader. Most potential board leaders need to be invited into a discussion to explore how their capabilities and passions align with the potential roles. Don't say "no" for a promising leader, ask them.

Person/Committee taking the lead on building and sustaining our board team _____

- 1) Pull a current board & committee list. The format below can help think through the next 24 months of leadership moves and identify gaps in typical board officer and executive committee roles. Modify titles to match your organization.

	Last Year	Current Year	Next Year	
	YE -June 30 or Dec 31, 2017	YE-June 30 or Dec 31, 2018	YE-June 30 or Dec 31, 2019	YE-June 30 or Dec 31, 2020
Board Chair/President	Ontay	Ontay	Keesha	Keesha
Board Vice-Chair/VP	Bob	Keesha		
Governance Cmte Chair	Bob	Keesha		
Treasurer	Nicole	Nicole	Terrance	
Finance Committee Chair	Nicole	Nicole	Terrance	
Secretary	Jimmy	Marjorie	Marjorie	
FR/Mktg Committee Chair	Terrance	Lin	Lin	
Other Committee Chair				

- 2) What are the key leadership roles you need to focus on filling?

- 3) The next level is to look at committee structure and identify both gaps and rising leaders who can take or share committee leadership or move into officer roles, immediately or after some additional experience.

Committee Leadership Succession

Committee	Governance	Finance	Fund Raising/Marketing	Other
Current Committee Chair	Keesha	Nicole	Lin	
Committee Co-Chair	none	Terrance	none	
Possible next Chair/Co-Chair(s)	unsure	Emily	unsure	
Committee Members	Mary Lee Kathy Pat	Emily Sarah Willis Bart	Marcus Donna Erika Alyson Terrance	

- 4) Do we have any board members who are not part of a committee? Roger and Elle
- 5) Who do we see as Rising Stars among your current team? Terrance, Erika, Pat
- 6) Do we have any board members who have termed out over past couple years that would be good additions to recruit back and that would not displace new/growing leaders? Not sure

What activities do/can we provide for learning and development?

- Mentoring – You will likely hear “board mentoring” described as wonderful or frustrating. Creating an early connection and providing a sounding board/resource for new members is really important, but busy schedules and personal priorities often make it harder than expected.
- Open Meetings – suggest more board members rotating through committee meetings
- Visit your own programs and programs of similar organizations
- Accompanying current leaders to meet with supporters and/or partners
- Attend community meetings on topics where our organization works