



Succession Planning For Board and Executive Teams

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Transition
 **Guides**

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Workshop Goals

The purpose of the workshop is to provide participants with an understanding of leadership transition management and succession planning and a framework for developing and implementing an Emergency Succession Plan within their organizations.

The workshop will include:

- An introduction to executive transition management and succession planning.
- An understanding of different types of succession plans.
- How planning can benefit the board, executives and their organizations.
- How organizations can benefit by reducing the risk of unplanned leadership transitions and a guide for developing a plan.
- A review of a sample emergency succession plan.
- A framework to begin working on developing a succession plan.

Agenda

- Welcome and Introductions
- Why This Conversation: Sharpening Our Learning Goals and Fine Tuning Our Agenda
- Overview of Leadership Transitions and Succession Planning
- Review Sample Emergency Succession Plans and How to Get Started
- Discussion and Resource Sharing
- Wrap up and Next Steps
- Adjourn

Terminology

- **Exit Planning**
 - Top-level planning associated with a CEO transition; term can embrace succession planning and/or executive transition planning
- **Leadership Transition**
 - A series of events that begins with the leaders/executives decision to depart and concludes after the complete on-boarding of the successor
- **Leadership/Executive Transition Management**
 - A three-stage process for managing of the executive/leadership transition
- **Emergency Backup Plan**
 - A written plan to address short-term and permanent absences of an executive
- **Succession Policy**
 - A board-approved policy that outlines how the board will address planned and unplanned CEO departures
- **Departure-Defined Succession Planning**
 - A well thought out set of activities and plans that ensure organizational sustainability by identifying areas of the organization to strengthen before the chief executive transition

What is a Leadership Transition?

- ***Leadership Transition***

- Begins with the leader's decision to depart (or the Board's decision to terminate)
- Extends through the recruitment and hiring
- Concludes with completion of first full budget cycle with new executive

- ***Leadership/Executive Transition Management***

- A three-phase approach--
 - Planning & Preparation
 - Recruitment/Selection & Platform Building
 - Post-Hire Installation & Support
- Holistic management of entire departure-recruitment-installation process

Leadership Transition Management

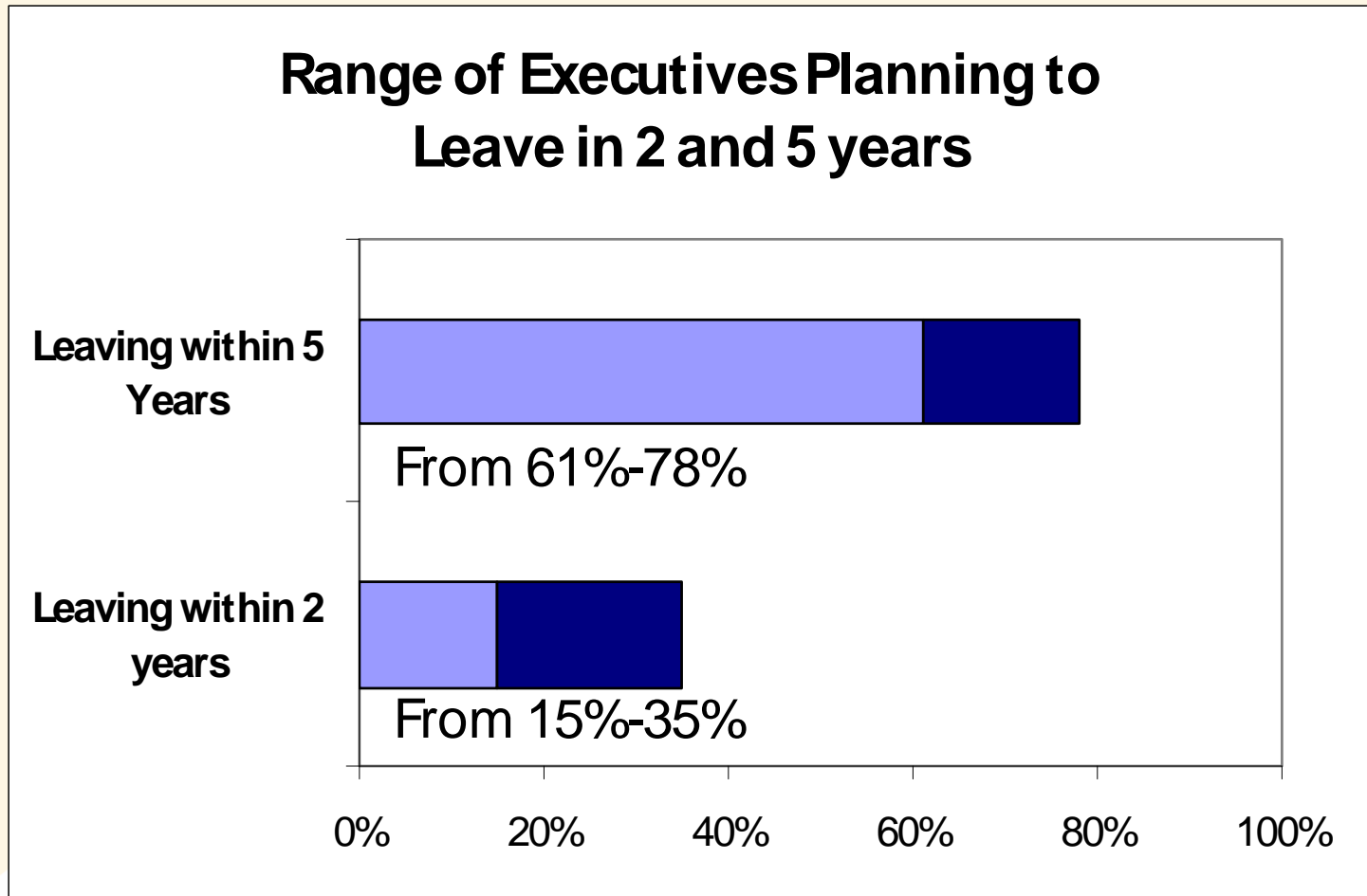
Goal and Outcomes

- Goal:
 - Increase the organization's capacity to deliver its mission under new leadership.
- Outcomes:
 - A new executive in place who fits current and future leadership needs of the organization;
 - Transition issues have been addressed or are in a resolution track;
 - Board and staff are prepared to work effectively with the new executive; and
 - Board and executive agree on priorities, roles, expectations and performance measures.

Transition Opportunities

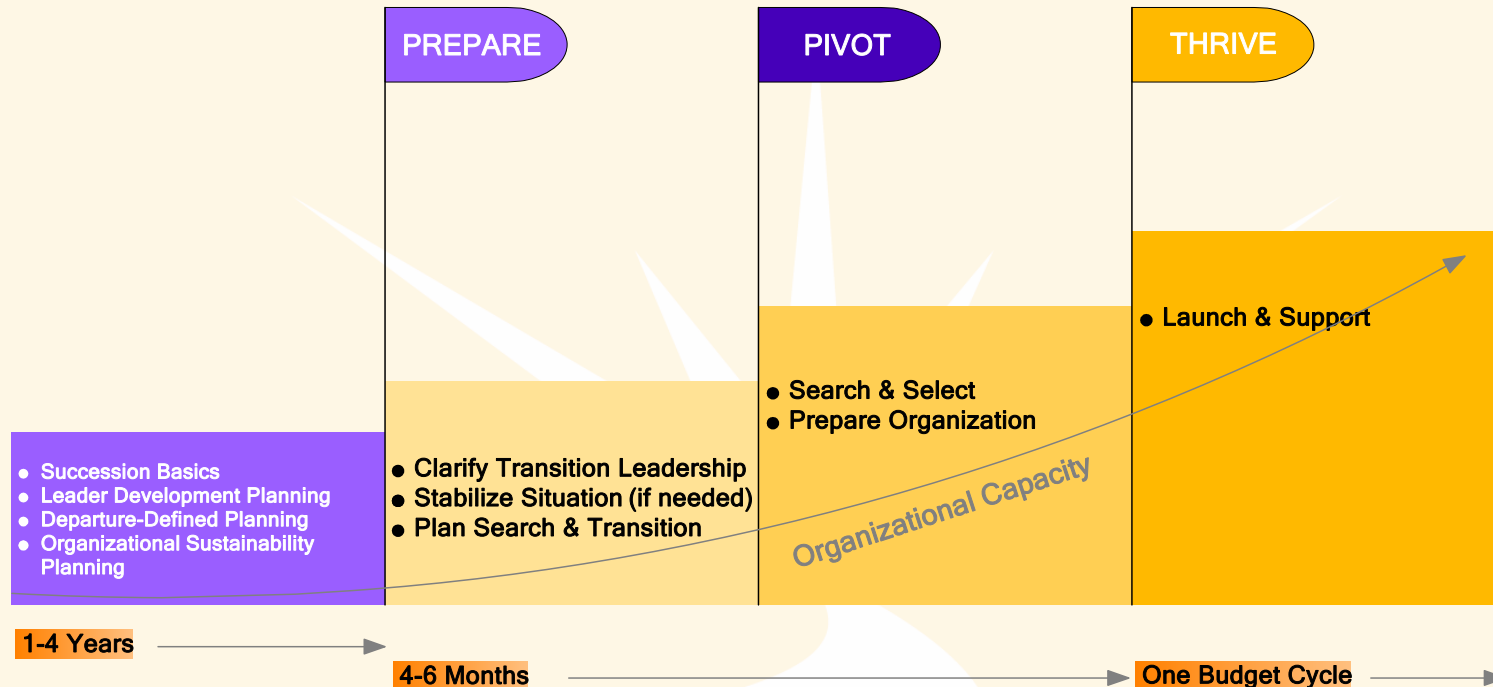
- Better match between the Leadership Team and the organization's direction and goals
- Board development and strengthening
- Expanded diversity in Leadership Team
- Increased stakeholder support
- Sustained or increased organizational effectiveness

Executive Transitions on the Rise??



According to surveys – Daring to Lead, Annie E. Casey Foundation

Leadership Sustainability & Leadership Transition Management Overview

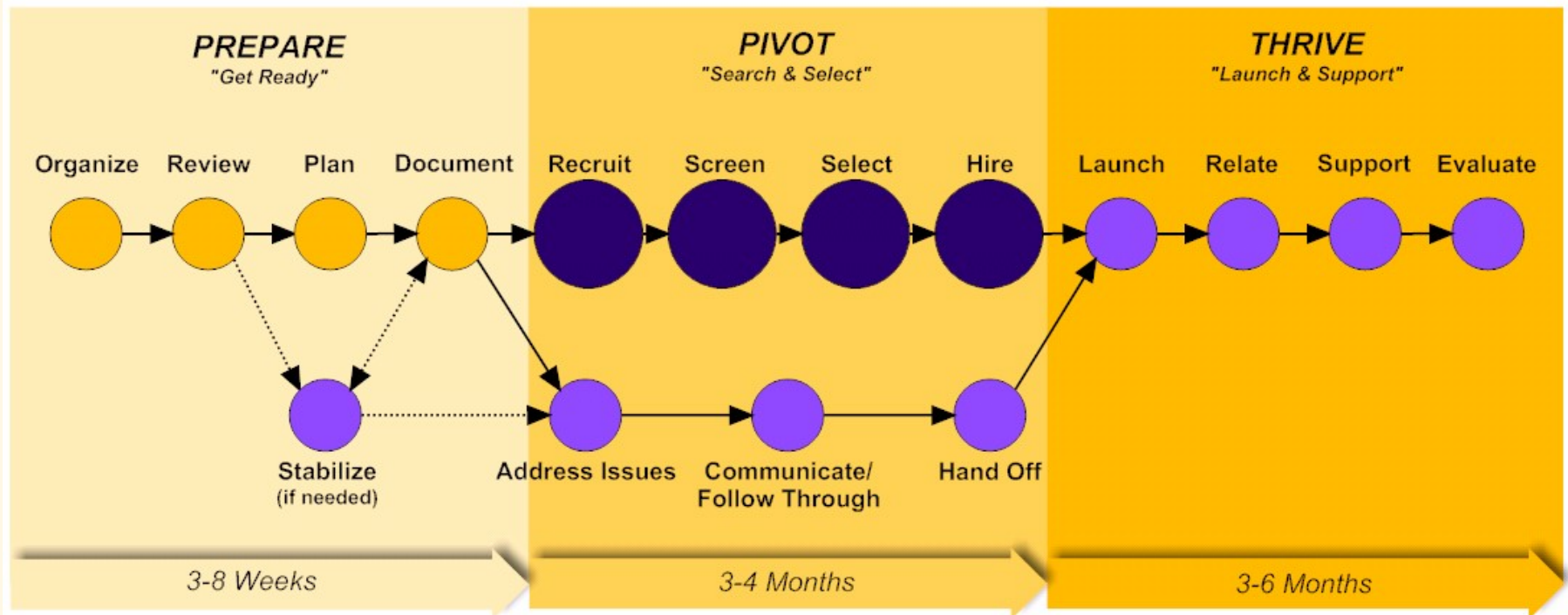


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Leadership Transition Management Process Overview



Goal: Increase the organization's capacity to deliver its mission under new leadership.

Outcomes:

- A new executive in place who fits current and future leadership needs of the organization;
- Transition issues have been addressed or are in a resolution track;
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How Can You Personally Prepare For The Transition?

- Pick a date... and stick to it
- Some common personal barriers to executive readiness:
 - Inadequate financial preparations
 - Questions about future employment options & income
 - Inability to let go – your organization, status and professional identity
 - Fear of the unknown
- Some common organizational barriers to executive readiness:
 - Lack of an obvious successor
 - The job is too big
 - Unfinished business
 - Waiting for the perfect time
 - Board and staff resistance to change

How Can You Prepare Your Organization For The Transition?

- Attend to the big three: strategy, leadership and resources
 - **Organizational strategy/business model:** Is the business model still viable? Is your overall organizational strategy still relevant?
 - **Leadership:**
 - Board: Strengthen the board and prepare it to “partner” with your successor
 - Team: Strengthen your senior management team; address the issue of too many direct reports
 - **Resources:** Are your resource development methods relevant and productive? Can you build a financial cushion to leave your successor?
- Others:
 - **Job:** Make the CEO job more doable
 - **Systems:** Deal with any system issues that involve overreliance on you
 - **Culture:** Empower your team and shifting the culture away from overreliance on you
 - **Avert Compensation sticker shock:** Bring the CEO salary and benefits up to “market rate”

Transition – Coming to Terms with Change



Source: Bridges, William. *Managing Transitions: Making the Most of Change*.
2nd ed. Cambridge, MA: Perseus Pub., 2003.

Why Plan?

Advanced planning for changes in leadership helps to...

- *minimize risk* during transitions
- *supports organizational sustainability*

Types of Succession Planning

- **Emergency Backup Planning** (Succession Basics)
 - Two Elements: Emergency Backup + Succession Policy
 - *Benefits*: Prepares organization for unexpected transitions
 - Every organization should have this for CEO (and top management)
- **Strategic Leader Development**
 - Ongoing talent development and investment tied to your strategic goals
 - *Benefit*: Broadens and sustains leadership capacity – builds “bench” strength
- **Departure Defined Succession Planning**
 - Pre-transition planning 1 to 4 years in advance that addresses organizational and executive readiness for the transition
 - *Benefits*: Strengthens the organization in key areas prior to transition: strategy, leadership, management team, resources, systems, etc.

Emergency Backup Planning

Critical Elements

- **Understand** the executive's key functions and relationships
- **Designate** backup coverage in case of unplanned absence
- **Cross-train** designated backups
- **Develop** definitions, procedures and protocols for integrated Staff and Board Emergency Response (*e.g. what, when, who and how*)
- **Document** the plans and the succession policy
- **Prioritize** Capacity Building to Continue Positioning for Effective Transition Management
- **Communicate** the plan
- **Refresh** the plan annually

Strategic Leader Development Planning

Critical Elements

- **Convene** Strategic Visioning or Planning
- **Integrate** into ongoing strategic planning
 - Assess the organization and situation
 - Align and agree on a strategic direction
 - Understand organizational culture and forces driving the future
- **Understand** the key functions and relationships of the Executive & other key leaders
- **Develop** leadership recruitment and development plan
- **Refresh** the plan annually

Departure Defined Planning

Critical Elements

- **Perform** personal planning by the Executive
- **Define** a timeline for departure
- **Decide** on when departure announcement is public and priority actions before departure
- **Inform** Board leaders
- **Convene** a Transition Committee, when appropriate
- **Design** Transition Management Process
- **EMBRACE THE JOURNEY**



Succession Basics Discussion



The Succession Policy

- Board adopted policy
- Outlines the process of how a planned departure of the executive is to be handled

Elements of a Succession Plan Policy

- Statement of commitment to prepare for inevitable leadership change
- Statement of commitment to assess leadership needs before beginning a search
- Plan to appoint interim leadership to ensure continuity and stability

Elements of a Succession Plan Policy

(cont'd)

- Outline of succession procedures including:
 - Internal management succession to the interim position
 - Time frame for making the interim appointment
 - Time frame for appointing a board transition committee
 - Roles of the transition committee
 - Communication with stakeholders
 - Identifying a transition management consultant
 - Conducting an organizational assessment
 - Designing the search plan

Emergency Backup Planning

Critical Elements

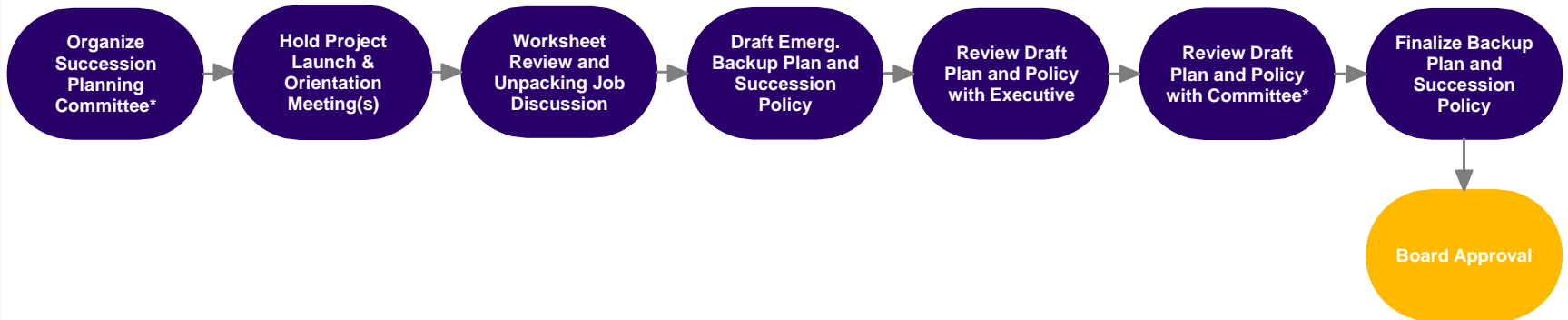
- Understand the Key Functions, Roles & Relationships of the Executive
- Designate backup coverage in case of unplanned absence
- Develop & Implement Cross-Training Opportunities
- Develop Definitions, Procedures & Protocols for integrated Staff and Board Emergency Response (e.g. what, when, who and how)
- Develop Transition Management Policy
- Prioritize Capacity Building to Continue Positioning for Effective Transition Management
- Circulate, review and refresh annually

Critical Elements Review

- **Understand** the key functions, roles and relationships
- **Designate** backup coverage in case of unplanned absence
- **Cross train** the designated backups
- **Document** the plans and succession policy
- **Communicate** the plan
- **Refresh** the plan annually

Emergency Backup Planning Overview

Chief Executive Plan Only



Chief Executive PLUS Executive Team

Same as above PLUS:

- Executive Team included in the Launch/Orientation Meeting
- Emergency Backup Plans Developed for identified Executive Team positions
- Emergency Backup Plan "At a Glance" (overview) provided

*Board involvement depends on the organization, in some cases it's from the beginning, in other cases it's after initial work on backup plan has been completed with the executive.

Sample Emergency Succession Plan

This is a Template for Procedures to Prepare in the Event of an
Unplanned Absence of the Executive Director

Emergency Succession Plan

For

_____ *(Organization Name)*

Leadership plays an essential role in the success of a nonprofit organization. And a change in Chief Executive leadership is as inevitable as the passing of time. This document will help a nonprofit organization recognize that planning for unplanned or temporary leadership change is a best practice -- in line with other plans nonprofits regularly complete (e.g., strategic plan, communications plan, fundraising plan). A Succession Plan can bring order to time a time of turmoil, confusion and high-stress. This template will help guide you through the process.

(Note: This document uses the term "Executive Director" to address the Chief Paid Staff Member throughout this template. Should your organization use a title other than Executive Director, feel free to use the title as directed by your organization's bylaws or practice.)

■ ■ ■ ■ ■ ■ ■ ■ ■ ■

The Board of Directors of _____ (Organization Name) recognizes that this is a plan for contingencies due to the disability, death or departure of the Executive Director. If the organization is faced with the unlikely event of an untimely vacancy, _____ (Organization Name) has in place the following emergency succession plan to facilitate the transition to both interim and longer-term leadership.

The Board of _____ (Organization's name) has reviewed the job description of the executive director. The job description is attached. The board has a clear understanding of the Executive Director's role in organizational leadership, program development, program administration, operations, support of the board of directors, financial operations, resource development and community presence.

Executives' Priority Functions

- Purpose: *Description of the essential functions and relationships of the Executive that will be implemented through a temporary staffing strategy.*

Key Executive Functions	Temporary Staffing Strategy

Communications Planning

- Purpose: *Identifies who should be notified of the unplanned absence, the person(s) held accountable to communicate the unplanned absence and the time which the contact should be notified.*

Important to Notify	Notification Responsibility	Notification Timeline
<i>Staff</i>	<i>Supervisor</i>	<i>Immediately</i>

Cross Training Planning

- Purpose: *Identifies the area of expertise which must be assigned to someone in the event of an unplanned absence so the organization can function as normal , while identifying who will train and be trained and the expected duration of the training.*

Area of Expertise	Trainee/Trainer	Time/Duration
<i>Human Resources</i>	<i>HR Assistant/ HR Director</i>	<i>Once weekly for 12 weeks</i>

Relationship Management

- Purpose: *Identifies the critical relationships which must be maintained and the staff member held accountable to ensure the relationship is maintained along with the contact information or location where the contact information is stored for easy access.*

Critical Relationships	Responsible Staff Member	Contact Information Location
<i>Payroll Company</i>	<i>HR Director</i>	<i>Database</i>

Implementation

- General statement that describes the conditions to initiate the succession plan
 - Who
 - Under what circumstances
 - Timeline



Next Steps and Resources

What Action Should You Take Right Now?

- Clarify if you definitely want to leave, want to stay or are undecided
- Take a self-care check and see if you need a day off, vacation or sabbatical **before** clarifying what you want to do and when
- Take necessary actions to get personal clarity
- Avoid being pressured into speculating on plans before you want to or announcing prematurely (*without a transition and communications plan*)
- Address any sticking points that make you feel held hostage or limit your choices

What Action Should The Organization Take Right Now?

- **No immediate plan to leave?**
 - Consider implementing Succession Basics
 - Ensures that you have a *written* emergency backup plan
 - Builds in cross training
 - Ensures that the board has given forethought to how it will lead during a transition
 - Consider Sustainability Planning – good management
 - Consider Leader Development Planning to expand bench depth
- **Plan to leave in 1 to 4 years**
 - Consider implementing Succession Basics
 - Consider Departure-Defined Succession Planning
 - Combination of organizational assessment and capacity building
 - Strengthens identified core areas, typically strategy, resources and leadership
- **Plan to leave in one year or less**
 - Consider Leadership Transition Management, especially the “prepare” phase
 - A holistic, three phase approach to managing the preparation, the search and selection, the handoff planning and the on boarding of a successor
 - Prepare, Pivot & Thrive

Success Tips

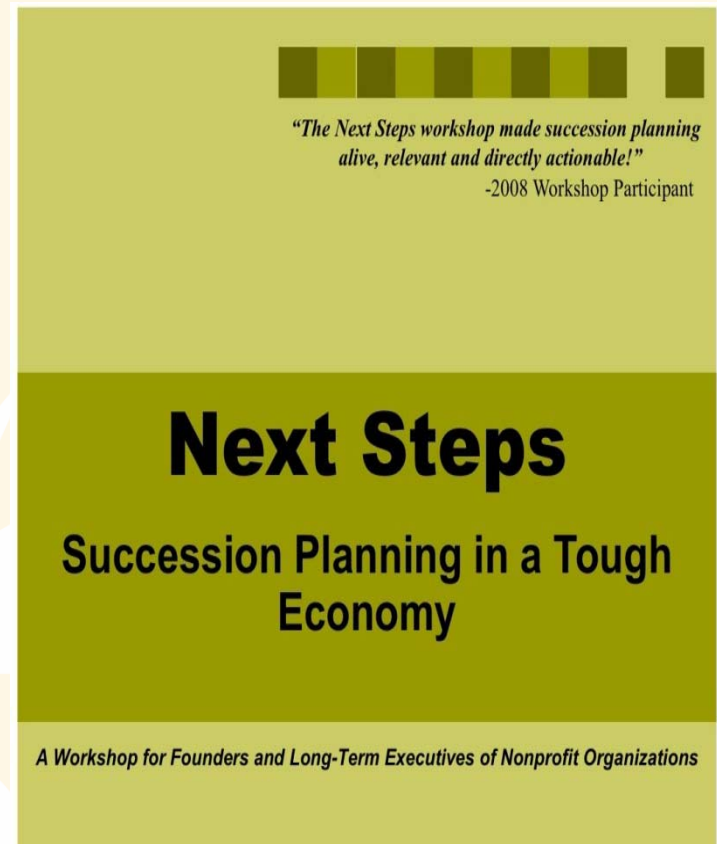
- Don't wait for the perfect time or try to do it all
- Get started and make incremental progress
- Requires a champion, dedicated resources, and ongoing commitment of leaders and managers

Next Actions

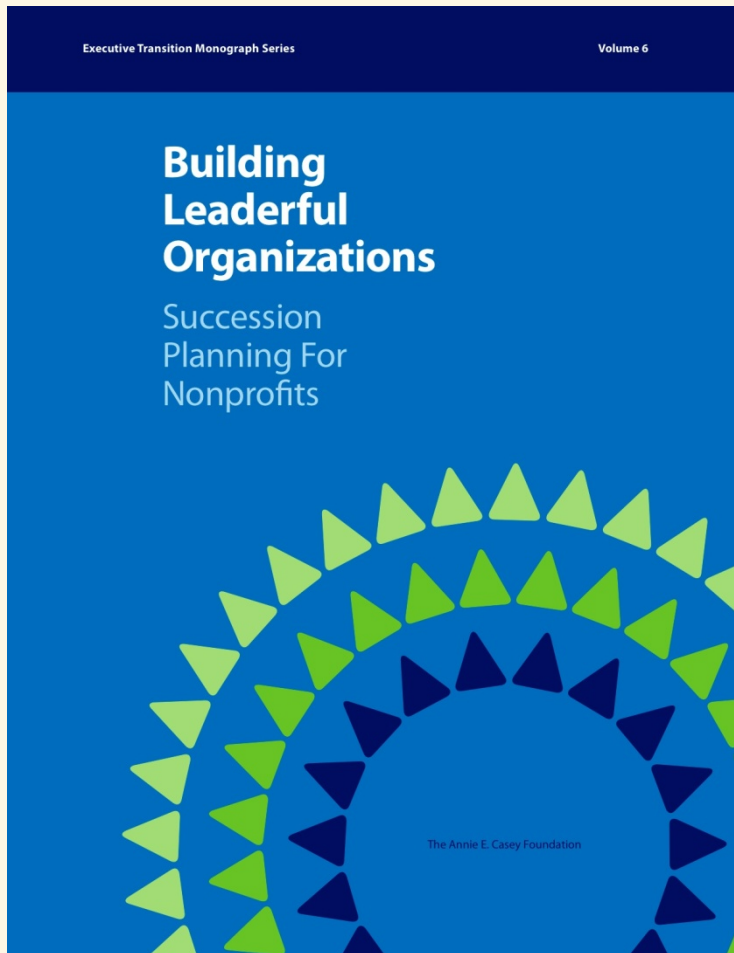
- Engage the Board
- Engage the Senior Managers
- Set up a Planning Committee
- Get started on “Succession Basics”
- Consider “Next Steps” workshop

Resources

- **Next Steps Workshop**
 - Two-day intensive workshop on succession planning
 - For founders and long-term executives
 - Confidential space for addressing personal and organizational issues and concerns



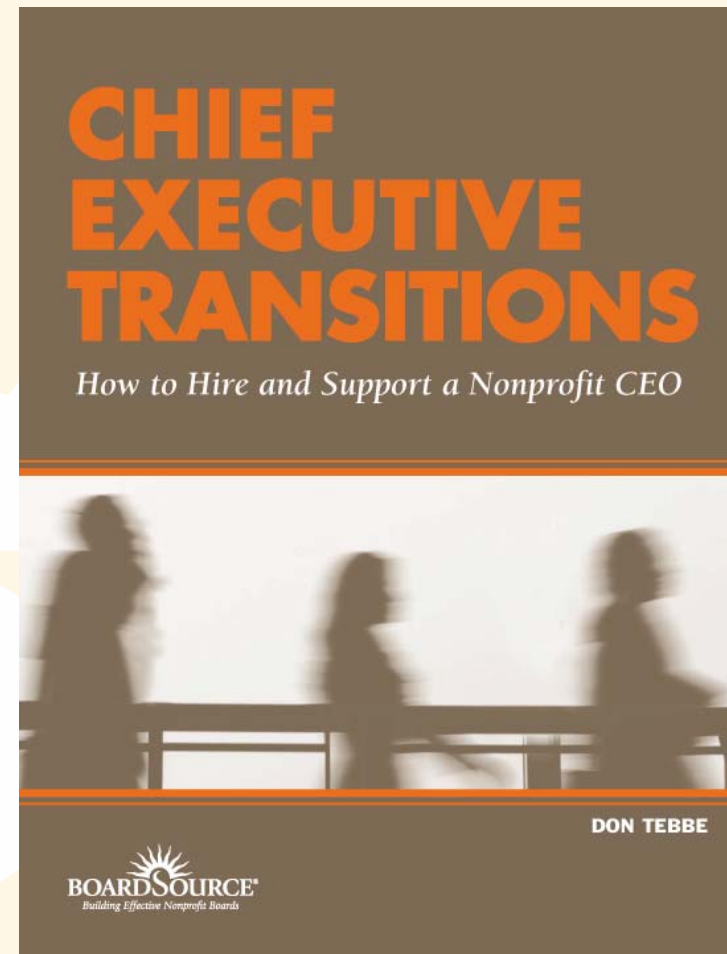
Resources



- **Annie E. Casey Foundation monograph series**
 - Building Leaderful Organizations
 - Ready To Lead? Next Generation Leaders Speak Out
 - Capturing The Power Of Leadership Change
 - Founder Transitions: Creating Good Endings And New Beginnings
 - Interim Executives: The Power In The Middle
 - Up Next: Generation Change And Leadership Of Nonprofit Organizations
 - Stepping Up, Staying Engaged (Boards during transitions)
- **Free and available online at:**
 - www.TransitionGuides.com/resources/monographs.htm

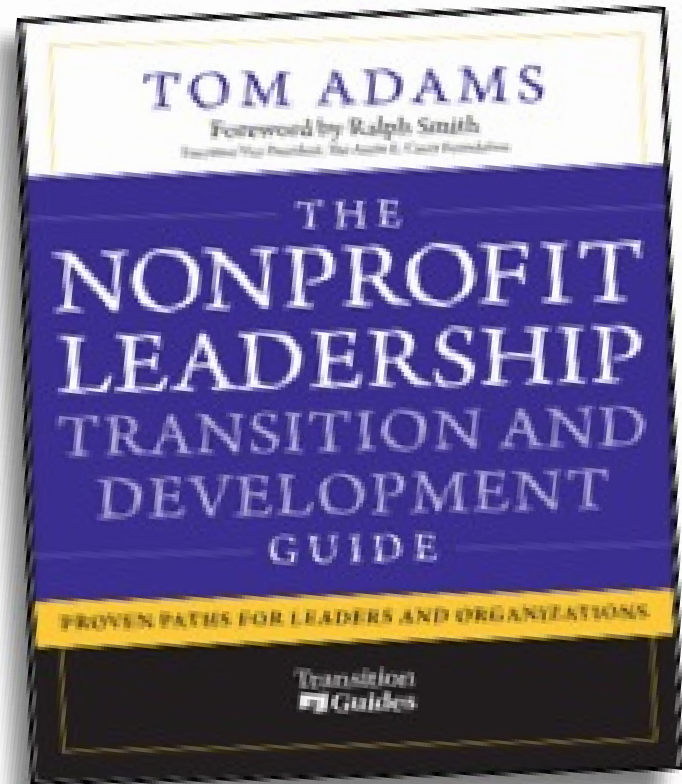
Resources

- *Chief Executive Transitions: How To Hire And Support A Nonprofit CEO*
 - Covers Executive Transition Management
- May be ordered from BoardSource:
 - www.BoardSource.org



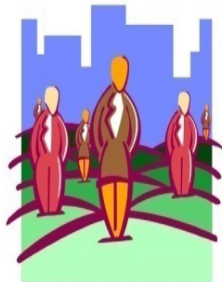
Resources

- *The Nonprofit Leadership Guide*
 - Covers Leadership Transition and Leadership Development
- May be ordered from TransitionGuides:
 - www.transitionguides.org



Resources

Leader Development & Emergency Succession Planning An Organizational Planning Workbook



A TransitionGuides Product

Developed by
Karen Gaskins Jones
JLH Associates
Training Consultants

In consultation Tim Wolfred, CompassPoint Non-profit Services
Tom Adams & Victor Chears, TransitionGuides

Illustrated June 2004 ©

- *Leader Development
Emergency Succession
Planning Workbook &
CD-ROM*
 - Includes forms and guidance for completing emergency backup plan
 - Available for order from TransitionGuides:
 - www.TransitionGuides.com/about/publications.htm



Discussion and Questions