



February 27, 2008
Brainerd, Minnesota
Gary Dietrich, CPCC - NorthWay Group

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Succession Planning - Leadership Transition

- Creating Sustainable Leadership in Nonprofits -

Agenda:

- **Introductions & Overview of Succession Planning**
- **Practical Self Assessment (Determining Your Risk)**
- **Emergency Succession Planning**
- **Breakouts - Planning & Preparation**
 - Case Study**
- **Leadership Transition - Practical Information**
 - Suggestions, Danger Zones**
 - Phases in the Process**
 - Developing Staff**
- **Questions, Closing Comments, Feedback**

Introductions:

1. **Name**
2. **Organization and position**
3. **As a participant today, my primary interest in succession planning is?**



Personal Observations Regarding Succession Planning

- **Limited attention given by most nonprofits**
- **Research information is readily available; succession in nonprofits is a national challenge**
- **Regionally there is a strong interest in reducing the risk of leadership change**
- **Several executive directors have shared that succession is a “stay awake at night” concern**

Succession Risk:

- 1. Take a few minutes and complete the brief assessment**
- 2. Add up the total number of yes and no responses**
- 3. No to four or more questions;
your organization may be at risk in the wake of a
departing leader**
- 4. Some variables, you will have little control over**

From the Executive Monograph
Series, used with permission -
TransitionGuides

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Strong Leadership Needed in the Nonprofit Sector

- **US nonprofits have tripled in number over the past two decades**
- **According to a study by the Bridgespan Group, nonprofit organizations will need some 640,000 leaders over the next 10 years - 2.4 times today's number of leaders**
- **As organizations grow the need for a strong management teams will increase**

*Christian Science Monitor,
August 13, 2007 edition

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Leadership Changes in the Nonprofit Sector

- **The sector is moving from relative stability to less stability in leadership**
- **Representatives of the large “baby boom” generation now in their 40’s and 50’s comprise 72% of all nonprofit leaders with 55% over the age of 50**
- **A third of executives are either long-time executives or founders**
- **Research estimates that 10% of nonprofit executive directors are changing each year**

*2004 Nonprofit Executive
Leadership Transitions Survey –
Annie E. Casey Foundation

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One Additional Study

- **75% of nonprofit executives plan to leave their position in the next five years**
- **24% of nonprofit organizations have developed any kind of a succession plan**

2006 “Daring To Lead Study”
Conducted by Meyer Foundation and
CompassPoint

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Succession Planning and Transition Management - What's at Stake?

Effective leadership is obviously a crucial ingredient for successful organizations

Transition can be particularly challenging for small and medium sized organizations where the executive director takes on several roles including leadership, grant writing, operations and/or service delivery

A challenge is to further develop effective leadership while minimizing the risk of a change

Approaching a Sensitive Subject

Initial founders of a nonprofit are especially likely to feel threatened by succession planning; it could feel as though they are “planning their own funeral.”

Some leaders feel they will be like a “lame duck” once they adopt a succession plan, in particular if the potential replacement is identified.

Directors worry that if they talk to their board about leadership change the board will think they’re leaving – boards may not want to talk about succession because they don’t want to risk the impression that they as a board have lost confidence in the leader.

Chronicle of Philanthropy

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MINNESOTA COUNCIL OF NONPROFITS

Principles & Practices for Nonprofit Excellence

“Nonprofits should have mechanisms including succession plans, to handle transitions in leadership and other key positions.”

- **What are these key positions in your organization?**
- **Do you have a succession process in place?**

Questions Regarding Leader Succession

- 1. If the executive is suddenly unable to serve – who will?**
- 2. Does the board of directors have the right mix of members for hiring a new executive?**
- 3. Is the executive director’s job doable – that is could the job be done by a “regular” human being?**
- 4. Is the salary of the current executive directive what you would expect to pay a new leader?**
- 5. Can your organization cover a fundraising dip?**
- 6. Are there any obvious candidates for the job?**
- 7. When was the last time that succession was on the board meeting agenda?**

Adapted from CompassPoint
Board Café’ website

Four Components to Succession/Transition

- 1. A planned succession policy – outlines the steps needed to make sure a transition is as orderly as possible:**
 - How much notice a departing leader is to give
 - If and how the current leader will be involved in a search
 - How much overlap, if any, will be planned for the leaders
 - Other issues considered as important in the organization?
- 2. Succession preparedness – leadership and board having processes and policies in place to ensure sustainability beyond the tenure of current executive.**
- 3. Emergency succession plan – details the steps a nonprofit will take after an abrupt departure.**
- 4. Transition planning – the knowledge and preparation of the organization in facing a transition.**

Succession Planning Operational Pieces

Succession planning is a shared responsibility between the executive director and the board of directors:

1. **Mission, Vision, Values**; are they clear, reflect the organization and appropriate?
2. **Current job descriptions**; are they current and reflect the duties, responsibilities and competencies for the executive director and staff?
3. **Task list**; what needs to be done daily, weekly, monthly, annually?
4. **Where are those critical things**?
5. **Who are the critical relationships** both organizations and contacts?
6. **Is there redundancy** in the critical functions (cross training)?
7. As a board ask the question - if the executive director were to suddenly leave **what are your critical issues of concern**?

Emergency Succession Template



**A written and approved plan defining action resulting
from unplanned or temporary leadership change**

**An “Emergency Succession Plan” can bring order in a
time of turmoil, confusion and high-stress**

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Emergency Succession Plan

Checklist for Emergency Succession Plans:

- **Document important organization information**
- **Prepare organization charts for current structure and the structure with an interim director**
- **Approve the succession plan with executive committee/board, update plan annually**
- **Signed agreement by board chair, executive director and individual designated as potential acting director**
- **Copies of plan retained by board chair, executive director and acting director appointee**

Breakout Activity:

**Pair up with another person;
if you are here as a team - from your organization**

**Based on the information presented describe your
organization readiness as it relates to succession
planning and potential leadership transition**

**The other person please listen:
not a discussion, rather a reflection on your
organization's preparedness and awareness**

After about five minutes we will switch roles

Break



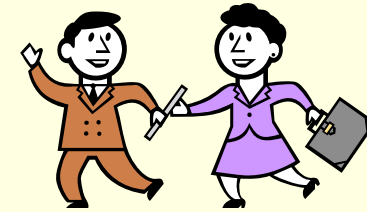
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Debrief of Breakout



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Succession - a Case Study



- **Executive Director is a founder (18 years as a servant leader)**
- **The Director announces plans to retire in 11 months**
- **The Director has determined a successor (department manager); this person has been invited and has attended various work sessions normally attended only by the Executive Director**
- **Board appears to have deferred the selection process to the Executive Director**
- **Some staff provide indirect feedback to board members regarding the candidate's nonalignment with organization values**
- **Director begins to question their decision to identify this manager as the successor**
- **Board begins to recognize their role in the selection of a new director**

What might you have done differently? Now what?

Executive Transition



The executive transition is the period of time that begins with the executive's decision to depart (or the board's decision to terminate) and extends through the hiring and successful completion of the six-month evaluation of the new executive.

Effective transition includes the management of the entire departure-recruitment-installation process.



Adapted from TransitionGuides;
Executive Transition vs.
Executive Search

Overall Considerations at Time of Change

- 1. Focus your attention on the transition, not the search**
- 2. Resist the temptation to act before having a solid plan**
- 3. If you are facing a crisis, focus on stabilizing the organization above everything else**
- 4. Take care of the staff**
- 5. Reach out for help if necessary**

In some cases, special grants may be available for support!

Adapted from TransitionGuides;
Executive Transition vs.
Executive Search

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Suggestions on Hiring Executive Director

- 1. First consider the organizations needs**
- 2. Let the board pick the successor**
- 3. Keep all board members involved in the process**
- 4. Do not automatically promote a deputy**
- 5. Adopt a detailed, written plan for the hiring process**
- 6. Pair new leaders with a mentor or provide an executive coach to aid in leadership change**

Adopted from:
The Chronicle of Philanthropy

Suggested Steps in Hiring Executive Director

- 1. Determine future needs of the agency and develop an ideal candidate profile**
- 2. Plan the hiring strategy and recruit applicants**
- 3. Screen applicants**
- 4. Assess candidates**
- 5. Hire director**

Final steps: establish and maintain good relationship with new director; (clear expectations, formal evaluation process)

“A Step-by-Step Guide”
Popular Government – Summer 2000

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Transition Success Factors

- 1. Take time to clarify how the transition can be beneficial**
- 2. Identify clearly the type of transition; organizational startup, turnaround transition, founder/entrepreneur succession, underperforming organization**
- 3. Assess your organization's health, needs and resources; use the time to sharpen the mission, vision and goals**
- 4. Give attention to each phase of the process; getting ready, recruiting, and post hiring**
- 5. Recruit a diverse group of finalists**
- 6. Offer a competitive compensation including benefits**
- 7. Consider outside assistance if needed**

Lessons and practical tips based on a field
research project of the
Neighborhood Reinvestment Corporation

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Three Phases of Executive Transition, Key Considerations and Decisions

Phase I: Getting Ready	Phase II: Recruiting	Phase III: Post-Hire
<ul style="list-style-type: none">■ Deciding short-term who's in charge of what■ Assessing organization priorities and health■ Hiring interim manager, particularly if not ready to hire or in crisis■ Developing profile of new executive attributes, knowledge, skills■ Setting a competitive compensation strategy■ Saying an appropriate good bye to your departing executive■ Understanding and dealing with departing executive's legacy	<ul style="list-style-type: none">■ Agreeing on a recruitment strategy, including a diversity outreach■ Proactively seeking candidates■ Screening and ranking candidates against a profile■ Completing thorough reference checks before final interviews or selection■ Spending informal time with finalists and introducing to key stakeholders■ Selecting and negotiating■ Having a back-up plan if first candidate declines■ Completing letter of appointment	<ul style="list-style-type: none">■ Welcoming and introducing new executive■ Orienting new executive to organization and community■ Making agreements between board and new executive on three- and six-month work plan■ Agreeing on executive evaluation process■ Executive development planning by new executive with board support■ Agreeing on when to revisit strategic plan and direction of organization

Three Phases of Executive Transition, Frequent Issues and Obstacles

Phase I: Getting Ready	Phase II: Recruiting	Phase III: Post-Hire
<ul style="list-style-type: none"> ■ Rushing to hire ■ Making hasty decisions with out assessing needs ■ Becoming frozen and indecisive, too much process ■ Employing overly rational process that ignores feelings of loss, anger, etc. ■ Underestimating time and help required ■ Not asking for help when needed ■ Denying real condition of organization ■ Recruiting too soon ■ Misreading needs of the organization; attempting to hire executive exactly like (or opposite) departing executive ■ Hiring an inappropriate interim manager, often someone liked and admired on staff or board but not experienced in what's needed 	<ul style="list-style-type: none"> ■ Advertising a non-competitive salary, limiting applicant pool ■ Expecting a diverse pool without outreach and networking ■ Getting buried in resumes and process with inadequate systems ■ Appointing "obvious successor" with insufficient thought or checking ■ Doing reference checks too late to influence finalist selection ■ Appointing a new executive with board divided on decision ■ Not fully disclosing to finalist condition of organization and first year expectations 	<ul style="list-style-type: none"> ■ Not welcoming or introducing new executive to community ■ Board succumbing to exhaustion and abandoning new executive during first 30-60 days ■ Micromanaging ■ Giving insufficient priority to shifting roles and relationship building in first month ■ New executive becoming overwhelmed; ignoring board, stakeholder relationships and/or staff; having difficulty in balancing all three ■ Holding back surprises for new executive and board ■ Paying no attention to work plans or evaluation system

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Used with permission from
 TransitionGuides

Common Pitfalls

In conducting executive transition organizations often make common mistakes which you should attempt to avoid;

- 1. Lack of documentation**
- 2. Grooming “a” successor**
- 3. Rushing the transition**
- 4. Looking back, not forward**
- 5. Not paying attention to the outgoing executive’s role**
- 6. Not paying attention to staff in the process**



Annie E. Casey Foundation
Staying Engaged, Stepping Up

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Development of Leaders From Within

- 1. Policies - practices linked to mission and vision**
- 2. Open information flow regarding key issues**
- 3. Staff has opportunities to exercise leadership in challenging ways**
- 4. Individual's and organization's values encourage mutual respect and recognition of talent and experience**
- 5. The organization reinforces mutual accountability for outcomes and teamwork**
- 6. There is a willingness to experiment and learn together – to seek better ways to deliver services – and to increase effectiveness**

Nonprofit Quarterly
Spring 2007

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Junior Executives - Their Role in Preparing to be Leaders

- 1. Become familiar with the technical side of nonprofit management**
- 2. Identify personal talents and strengths as a leader**
- 3. Develop a personal network of support**
- 4. Become comfortable with asking**
- 5. Engage in dialogue with leaders from other generations**

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*From live discussion
“The Chronicle of Philanthropy”
October 10, 2007

Key Benefits of Succession Planning

- **A responsible board gives attention to executive transition and is prepared**
- **When hiring take your time, being without an executive for a time may be preferable to the grief that can come from moving too quickly (bad fit)**
- **Use the transition as an opportunity to rethink the organization, where we've been and where we are going**
- **Development of staff from within will help support sustainability and the capacity to deliver on the mission**

Adapted from;
Managing Executive Transitions,
Neighborhood Reinvestment Program

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Final Thoughts on Planning for Succession/Transition

- **Reduces the risk of significant problems at the time of organization transition**
- **Encourages a broader objective look at organizations by leaders and boards**
- **From a regional perspective will provide a healthier environment for organizations and leaders in the nonprofit and social sector**
- **Will enhance process and help identify additional committed candidates to be prepared to take over as leaders**

Questions



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For Additional Support

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