

Community Foundation for Greater Atlanta and BoardSource

Executive Succession Planning:

A Leadership Priority

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BoardSource: The Leader for Nonprofit Governance

- **Over 27 years** of experience
- **Mission-driven** governance focused organization
- **Premier resource** worldwide
- Serving community of over **100,000 nonprofit leaders**



Proven Track Record

Transforming Boards:

- Exceptional Governance
- Oversight
- Accountability
- Leadership



Robin Hindsman Stacia, Psy.D

Relevant Experience:

- BoardSource, Senior Governance Consultant
- Principle, Sage Consulting Network, Inc.
- Previous Director of Consulting and Training – Maryland Association of Nonprofits
- Licensed Standards for Excellence Consultant



- Clinical Psychologist

About the Community Foundation for Greater Atlanta

Vision

To be the most trusted resource for growing philanthropy to improve communities throughout the Atlanta region

Mission

To strengthen our region by providing quality services to donors and innovative leadership on community issues

Goal

The Foundation expands its philanthropic reach and impact



Objectives

- Define Succession Planning and why it's essential to maintaining strong leadership,
- Share findings from research conducted by the Community Foundation for Greater Atlanta and the Georgia Center for Nonprofits,
- Review critical considerations about succession planning,

Objectives

- Understand the key differences between a succession plan and an executive transition,
- Understand the types of succession plans,
- Increase knowledge of specific details related to a departure-defined succession plan.

**CFGGA's
Commitment to Succession
Planning**



Community Foundation for Greater Atlanta and Georgia Center Nonprofits Research

- 54% of responding nonprofits did not have board approved strategic succession plans
- EDs claimed little knowledge of succession planning, and a lack of time for it
- Focus-group participants confirmed they experienced a loss of productivity where no transition planning had taken place. Financial, operational and political “surprises” diverted them from the work they had anticipated.

Community Foundation for Greater Atlanta and Georgia Center Nonprofits Research

- Fears of being pushed out or being forced to retire exist
- Volunteer board members sometimes see no need for change in structure
- The scale of succession planning is overwhelming: “I’m finding that succession planning touches everything we do. It’s about having the right talent. Having the right plan. Having enough money to hire, develop, train.”

BoardSource

Leading with Intent Data 2015



Leading with Intent: 2014 (Published 2015)

Respondents- 846 Chief Executive and 246 Board Chairs

How many years have you been a Chief Executive?

- 10 + years (41%)

How old are you?

- 50-64 years (60.5%)
- 40-49% (19%)
- 65+ (14%)

Does your board have or do the following? (YES)

- Written Succession Plan for the Chief Executive? – 34%

DETERMINING WHERE YOU ARE AS AN ORGANIZATION

Poll Question #1:

1a. Does your organization have a board approved emergency succession plan developed?

Enter 1a- yes

Enter 2a- no

1b. Does your organization have a board approved succession plan developed?

Enter 1b- yes

Enter 2b- no

The Who, What, and How of Board Performance



PEOPLE (WHO) Board Composition & Structure

Composition

- Size & Terms
- Composition/Diversity & Inclusion
- Recruitment & Elections

Structures

- Committees
- Meetings



WORK (WHAT) Board Responsibility

Strategy & Programs

- Mission, Vision, Programs
- Strategic Planning
- Strategic Issues

Ambassadorship

- Advocacy & Public Policy
- Fundraising

Financial Oversight & Accountability

- Financial Oversight
& Sustainability



CULTURE (HOW) Leadership & Board Dynamics

Board Development

- Role Clarity
- Orientation
- Assessment

Board Dynamics

- Chair & Board Succession Planning
- Group Dynamics & Board Member Engagement

CEO Relations

- Constructive Partnership
- Evaluation & Compensation
- CEO Succession Planning

Governing Boards

- The legal authority of a board is to establish policies that will affect the life and work of the organization, and accountability for the outcome of such decisions.
- Granted authority by state and supporters to represent public trust and ensure the organization carries out the purposes for which it was established in a responsible and accountable fashion.
 - Where organization's legal responsibilities rest
 - Come in a variety of structures, compositions, etc., but are always where the proverbial "buck stops":

Defining Succession Planning



Succession Planning

(Chief Executive Succession Planning: Essential Guidance for Boards and CEOs-
Nancy R. Axelrod)

- Executive succession planning is a structured process to ensure leadership continuity in key positions and to retain and develop knowledge capital and relationships for the future
- Succession planning can take on different forms and be completed for various situations.

Life Cycles

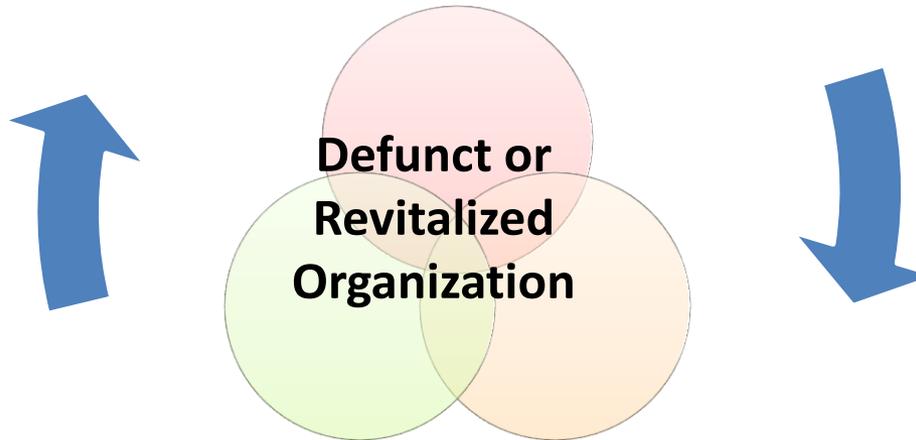
Founding board,
passionate, committed

Start Up



Expansion of programs, reach & connections; board relinquishes operational role

Adolescent



Stagnant

Mature

Lack of adaptive capacity;
complacency; declining
client base; unclear goals

Increases policy & oversight
functions; formalizes structure

Succession Plans- types and purpose:

Succession planning - three types of plans are recommended for all organizations:

- ❖ **Emergency Succession Planning** – A process that is in place in the event the executive suddenly departs – either permanently or for an extended period of time
- ❖ **Internal Leader Development** – A process that promotes ongoing leadership development for talent within the organization.
- ❖ **Departure-Defined Succession Planning** – A process that is in place for a future planned retirement or permanent departure of the executive.

Succession Planning

(Chief Executive Succession Planning: Essential Guidance for Boards and CEOs-
Nancy R. Axelrod)

- Is a **written planning document** that represents a proactive rather than reactive approach to ED/CEO leadership transition:
 - Creates the condition for incumbent CEO to succeed;
 - Aids in understanding the current and future strategy;
 - Ensures a sound infrastructure is in place for an emergency or whenever the search for a new executive is launched.

Succession Planning

- Reflects an ongoing, continuous process that boards implement, with help of current Executive Director/CEO;
- Is routinely reviewed and refreshed
- Can strategically position an organization for success before an expected or unforeseen Executive Director/CEO departure.

Succession Planning vs. Transition Management

SUCCESSION PLANNING

- Emphasizes the development of deep pools of leadership
- organizational memory, redundancy
- Builds current capacity
- Inoculates against crises caused by unplanned stressed like the sudden loss of leadership

TRANSITION MANAGEMENT

- The time limited process of transitioning from one leader to another.
- Involves the functions of maintaining daily operations while identifying the next leader.

Executive Transitions

- The search for a new executive is an intermittent event that is timeline driven.
- Failure to prepare and develop a succession plan well in advance can result in chaos when the current CEO announces his/her departure or abruptly departs.
- CEO transitions are critical and pivotal points in the organization's life and performance;
 - Viewed as the Board's most important roles: selection, evaluation and retention of the right leader.

What Action Should Your Organization Take Right Now?

Planning to Leave? <i>No Immediate Plan</i>	Planning to Leave? <i>1 to 2 years</i>	Planning to Leave? <i>1 year or less</i>
<p>Considerations:</p> <ol style="list-style-type: none"> 1. Succession Basics 2. Sustainability Planning 3. Leader Development 	<p>Considerations:</p> <ol style="list-style-type: none"> 1. Succession Basics 2. Departure-Defined Succession Planning 	<p>Considerations:</p> <ol style="list-style-type: none"> 1. Executive Transition Management
<p>Essentials:</p> <ol style="list-style-type: none"> 1. A <i>written</i> emergency backup plan 2. A cross training plan 3. Board awareness of how it will lead during a transition 4. Expand bench depth 	<p>Essentials:</p> <ol style="list-style-type: none"> 1. Organizational Assessment 2. Capacity Building 3. Strengthens strategy, resources and leadership 	<p>Essentials:</p> <ol style="list-style-type: none"> 1. Transition Preparation 2. Search and Selection 3. Handoff Planning 4. Successor On-Boarding

Succession Plans- Considerations Why

(BoardSource/Midwest Reserve Toolkit)

1. Our organization has a succession plan, we adopted and approved it a few year ago. – **the succession plans must be continuous, refreshed and updated at least annually.**
2. If your executive is suddenly unable to serve, or retires, the board has already identified the perfect candidates for the job. – **both internal and external “pre-identified candidates” should go through a formal search and selection process.**
 - Do they have the required leadership style, financial knowledge, necessary experience to take charge of the organization and continue to provide clients and funders with uninterrupted services?
 - Leaders are selected for the future needs- not for present conditions.

Succession Plans- Considerations Why

(BoardSource/Midwest Reserve Toolkit)

3. We need to maintain our funders trust that the organization can succeed without the current executive. – the succession plan includes details about all critical funder relationships to ensure continuity and responsiveness. Importantly, a plan to shared relationships is important.
4. Our organization might be vulnerable to a decline in income or support without the executive. Is the executive the primary fundraiser? - board and staff must work with the executive to maintain ongoing relationships with funders and be engaged in the process.
5. Our executive is the brain-trust, our organization could lose institutional knowledge and contacts if our executive were to suddenly leave. -the succession plan leads to knowledge sharing.

Succession Plans- Considerations Why

(BoardSource/Midwest Reserve Toolkit)

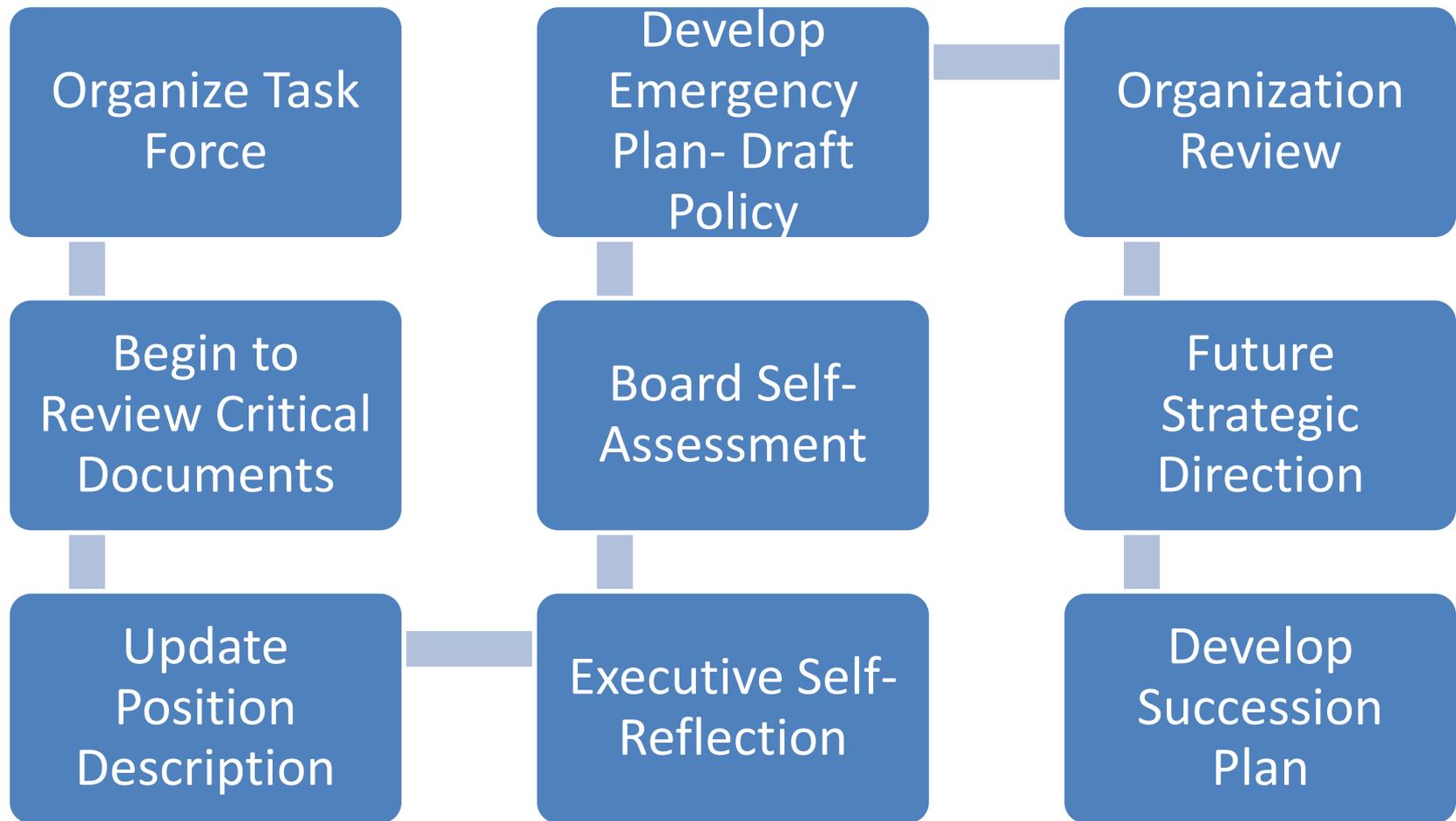
6. Is the executive's current level of responsibility realistic, or has the executive, in good faith, taken on too many responsibilities? – **the succession plan includes a development of the position description and current evaluation of roles and responsibilities. What skills need to be replicated in the new executive versus those that could be developed among staff or board members.**
7. Does the board have the right mix of talent to effectively hire a new executive for your organization? Is the board's functioning an asset or liability for attracting a strong leader?- **succession planning requires that the board assess its readiness and identify strategies to manage the executive transition. Completing a board assessment is a recommended element of a proactive succession plan.**

Planning the Work Working the Plan!

Departure Defined Succession Plan



Succession Planning Process Map



Big Picture Implications

- Vision
- Stability
- Viability
- Crisis
- Morale
- Day to day operations
- Relationships
 - Stakeholders
 - Funders
 - Volunteers
 - Staff

Departure-Defined Succession Plan

Effective Board leadership = Succession Plan

1. Executive Position Review

- Ensure an up-to date executive position description, understanding of current roles & responsibilities
- Annual performance expectations- measurable indicators
- Performance plan and appraisal- annually
- Complete current compensation salary, retirement and benefits review

DETERMINING WHERE YOU ARE AS AN ORGANIZATION

Poll Question #2:

2. Does your Board complete an annual ED/CEO performance plan and evaluation?

Enter 1- yes

Enter 2-no

Departure Defined-Succession Plan

2. What is the Organizational Strategy

- Determine at regular intervals whether you're going in the right direction.
- Is there a current strategic plan?
- Identify the top 3- 5 strategic objectives that fall under the executive's core responsibilities.
- Identify leadership skills and traits desired in the Executive to move these strategies forward

Departure-Defined Succession Plan

3. Develop mutual expectations of the executive and the board- create a constructive partnership.

4. Develop a process for completing a board self-assessment and ongoing evaluation of board processes and governance.

DETERMINING WHERE YOU ARE AS AN ORGANIZATION

Poll Question #3:

3. Has your board completed a board self-assessment within the past 2-years.

Enter 1- yes

Enter 2-no

Departure-Defined Succession Plan

5. Whether emergency or planned succession- the plan must contain strategies for the following:

- Communications Plan
- Financial Oversight Process
- Interim Management- identify options for managing during the transition period
- A process- committee to manage hiring a new chief executive

Executive Succession Planning- highlights

- Align mission, vision, values
- Conduct an organizational and board governance assessment
- Focus on strengthening systems, knowledge sharing and bridging relationships
- Understand strengths and challenges that will face the next CEO & the organization
- Create a profile of skills & characteristics needed in the next CEO

Achieving Sustainability

- ❑ **Stability:** this is a basic level of health or firmness in an organization or an entity. It means that you have enough resources to carry out short to midterm activities.
 - In the current environment, “stability” has almost become synonymous with the concept of financial stability.
- ❑ **Sustainability** – this involves having strong organization or “business” fundamentals in place that enable the agency to become or continue to be a high-value community asset over the long-term.
 - There are good systems in place. The organization is a humming machine.

Succession Planning 2015 Cohort Participant Outcomes

- Written Succession Plan Policy – 100%
- Written Emergency Succession Plan- 100%
- Written Departure – Defined Succession Plan- 100%
- Written Executive Position Description- 100%
- Board/CEO Shared Collective Vision- 100%
- Board engaged in a self-assessment process or have a plan-100%
- Would recommend this succession planning program- 100%

Discussion

- How do we get started?
- What's the role of the current ED/CEO?
- How do I get my board engaged?
- Who should be on the succession planning committee?
- What should we do - ED is expected to retire in the next 6 months?
- We just hired a new ED/CEO- do we need to start this now?
- Others....

What's next for the Community Foundation

- 2016 Embrace the Future: Succession Planning for Nonprofit Organizations program for a cohort of 15 nonprofits
- Information about this webinar will be posted as a news item and linked under the Nonprofit Effectiveness and Best Practices sections on our website
- Continue to award Nonprofit Toolbox grants for organizations that need consulting assistance with succession planning and executive transitions

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