

# SUCCESSION PLANNING

## The Nine Key Responsibilities of a Succession Planning Task Force

**What is one of the most pressing issues affecting nonprofits?** According to BoardSource's senior governance consultants (who work in the field every day), it's a lack of succession planning for the chief executive position. And they place much of the responsibility for the lack of planning at the feet of current chief executives — many are apparently resistant to planning, afraid that it encourages the board to think of CEO replacement sooner than they would like.

Succession planning, however, should start as soon as you onboard a new chief executive — because it is inevitable that he or she will leave someday. And it is best for your organization and your mission to be always be prepared, as transitions sometimes happen with little advance warning.

Succession planning begins with the board forming a task force with a clear charter and timeline. The task force will be accountable for developing the plan and presenting it to the board for approval. It should consist of board members, the chief executive, selected staff members, and possibly community volunteers, identified funders, and other stakeholders.

### SUCCESSION PLANNING TASK FORCE RESPONSIBILITIES:

Oversee the following steps:

- 1. Ensure the chief executive's job description is current and includes responsibilities that support the organization's sustainability.** Matching organizational needs with leadership competencies desired in the next executive is one of the most important features of executive succession. The succession planning process provides an opportunity to update the executive requirements and responsibilities. However, the position description should be reviewed and updated as needed on an annual basis and after any strategic planning process.
- 2. Ensure the organization has current internal and external communication plans.** Communication that is timely, meaningful, and transparent is integral to the success of an executive transition. The communications plans should focus on alleviating internal and external concerns about the organization's future direction and sustainability, particularly when the departing executive is a founder or long-term executive.

The plan should detail guidance for communication with all stakeholders, including but not limited to staff, funders, government contract officers, foundation program officers, civic leaders, major donors, key volunteers, past board members, and the community at large.

Events that might trigger communication include the following:

- Announcing the departure of chief executive, including resignation, retirement, and emergency or unplanned absence
- Announcing acting or interim leader
- Announcing search process and information
- Congratulating and acknowledging retiring executive
- Welcoming newly selected chief executive

## SUCCESSION PLANNING: THE NINE KEY RESPONSIBILITIES OF A SUCCESSION PLANNING TASK FORCE

3. **Request a board self-assessment.** Is the board effective and actively engaged in strong governance practices? Encourage board self-assessment to identify any challenge areas and then create and implement a board development plan to address those areas in need of improvement. The goal is to position the board for strong leadership before, during, and after any transition in leadership.
4. **Review and address board composition.** Ask the governance committee to identify any gaps in composition that should be addressed prior to a leadership transition to ensure exceptional governance and organizational sustainability and recruit accordingly.
5. **Ensure organizational sustainability is being addressed.** Assess the organization's alignment with the strategic plan or framework, operating performance, and capacity to meet future mission-related needs. The results from these organizational and leadership reviews should be translated into a set of professional competencies and personal characteristics that are desired in the next chief executive to meet the organization's core needs, as noted in step 6.
  - Conduct a comprehensive document review to determine if policies, programs, data, and services are aligned, utilized, and relevant. Ensure documents are reviewed, updated, and maintained on a network or other shared drive.
  - Gather input from stakeholders such as the current chief executive, board members, key staff, funders and volunteers. Ask the following:
    - » What are the organization's greatest strengths and areas for improvement?
    - » What major upcoming issues might impact the organization's ability to successfully provide services in the near future?
    - » What are the long-term considerations that might impact mission critical work?
    - » What changes might be needed to address those issues?
  - Evaluate organizational operations
    - » Administrative and program functions: How effective are the human resources functions, for example? Are there organizational programs/services that are not fully utilized by clients?
    - » Organizational relationships. Are the key external relationships held by more than one staff member? How well does the organization collaborate with other organizations in the community?
    - » Financial oversight: The organization's finances should be reviewed with a goal to ensure a strong financial position at the time of transition. Does the organization have financial reserves (unrestricted funding, if possible) sufficient to cover at least one year's worth of operating expenses? Has multi-year program funding been secured?
    - » Leadership and staff effectiveness: Is there an opportunity to share leadership responsibilities throughout the organization and reduce dependency (and operational workload) on the chief executive? Where are the opportunities to develop future leaders?
6. **Envision future executive leadership.** Aligning organizational needs with leadership competencies desired in the next executive is one of the most important functions of the executive search phase. The succession planning process provides an opportunity to update the executive requirements and responsibilities. It is critical to distinguish any functional differences between the current or departing executive and the replacement executive and to clearly understand the rationale for any differences. Some succession planning task forces will ask staff to work on the future visioning.
  - What are the top three to five objectives and/or challenges outlined in the strategic plan that fall under the executive's core responsibilities?
    - 1.
    - 2.
    - 3.
    - 4.
    - 5.

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- What are the key competencies required? Examples include skills in core leadership and management, strategic thinking, board oversight, staff management, agility, etc.
  - 1.
  - 2.
  - 3.
  - 4.
  
- What expertise and experience is desired? Examples include fundraising, financial oversight, building new facilities, etc.
  - 1.
  - 2.
  - 3.
  - 4.
  
- What is the required leadership style? Examples include high control or participatory.
  - 1.
  - 2.
  - 3.
  - 4.
  
- What leadership traits are not desired? Examples include cynical perspective, lack of internal initiative, self-promotion, etc.
  - 1.
  - 2.
  - 3.
  - 4.

Based on these objectives and preferences, is there an impact on the executive's job description? If so, make these changes to the proposed new executive's position description. If these objectives and preferences are required immediately, have a discussion with the current executive regarding his or her competencies to address these functional considerations.

7. **Determine search and transition costs.** As part of this succession plan process, the task force should determine any costs not covered in an annual budget. Costs to be considered include
  - outgoing chief executive severance or outplacement
  - advertising or search firm fees
  - signing bonus, relocation costs, or increased salary for new chief executive
  - contingent bonuses to keep key senior managers during the transition process
  
8. **Develop an executive transition timeline.** Successful executive transition is a lengthy process. The task force should develop an estimated timeline to help guide its implementation.

9. **Identify the responsibilities of an executive search task force.** Ideally, an executive search task force is launched at least 12 months prior to the departure date of the chief executive to oversee all the tasks essential to a successful transition. Its duties include the following:
- Oversee the transition and search activities
    - » Review and update, if needed, the documents in the succession plan, including the future vision, organization's current status, and profile of skills and characteristics needed in the next executive. Assure proper involvement of staff and departing executive on the future vision for the organization and successor's profile.
    - » Determine the best path forward regarding the transfer of key executive duties to staff, board, and/or the successor — especially financial oversight, fundraising, contracts management, and program oversight.
    - » Determine what level of support is needed for the search and transition. Considerations are a transition consultant, an executive search firm, or board-lead search committee. Consider interim leadership.
    - » Implement the communications plan.
    - » Include board members as appropriate in such duties as making personal contacts to recruit chief executive candidates, screening candidates, checking references, and forwarding finalists to the task force for selection and possibly negotiating terms of employment with the selected candidate.
    - » Promote a healthy closure with the departing executive. Acknowledge achievements, legacy, and consider goodbye rituals. Define his or her future role, if any, with the organization.
  - Assure a healthy beginning for the new chief executive
    - » Plan and conduct orientation to organization's programs, systems, people, and stakeholders.
    - » Establish clear lines of communication between board and chief executive.
    - » Delineate initial performance goals for chief executive.
    - » Identify professional supports desired by the chief executive, e.g., mentor or coach, training.
    - » Specify performance evaluation system for chief executive.