




**Hello Goodbye:
Succession Planning 101**

August 10, 2015
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On average, boards spend
only 2 hours a year
on CEO succession planning.

2010 Survey on CEO Succession Planning
Rock Center for Corporate Governance at Stanford University
<http://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/cgri-survey-2010-ceo-succession.pdf>

2014 Survey on Succession Planning


- 6/10 organizations do not have succession plans
- 2/3 of leaders will be leaving organization within 5 years (30% in the next 2 years)

Third Sector New England: Essential Shifts for a Thriving Nonprofit Sector
<http://tsne.org/tsne-releases-leadership-new-england-report>



Why?

Every organization faces leadership transitions!

"Baby Boomers are getting to be 60, 65, and it's time for them to move on to other things."

Tom Flannery, Mercer Consulting




Image: health.usnews.com

THE NONPROFIT TIMES

CEOs Want Second Act: Top Jobs Opening Up

Some of the nation's largest foundations have seen a new chief executive take over this year. Robert Galbreath will be the latest one to leave when his five-year term at the helm of the MacArthur Foundation expires at the end of this month. Since the start of the year, new CEOs have taken charge at the W.K. Kellogg Foundation and Bill & Melinda Gates Foundation which leads the James D. Wolfensohn Foundation, The Council for Advancement and Support of Education (CASE) and Pittsburgh Foundation and more besides.

A horde of nonprofits CEOs announced their retirements in recent months, including Peggy Collins at The Ad Council, Jane Gilbert at The ALC Association, Valerie Lane at Davies Pines and Susan Camp of the Guttmacher Institute.

"Baby Boomers are getting to be 60, 65, and it's time for them to move on to other things," said Tom Flannery, a Boston, Mass.-based partner with Mercer consulting.

The inevitable conversation around when someone is going to retire and what they plan to do is very different than 50 years ago, when the plan was typically to head south and play golf. "When we have come and went today, they want to serve on a board, be an advisor, use the knowledge they've built up, but they don't want the 9-5 grind. That's a big change," Flannery said.

"It's opening up a lot of talent that a lot of firms are wanting to publicly traded companies," he said. The problem that exists is finding the right matchmaker between candidates and board members and organizations, he said. Some consultancies have organizations that focus on helping nonprofits find board members.

<http://www.thenonprofitimes.com/news-articles/nonprofit-ceos-want-second-act-top-jobs-opening-up/>







SUCCESSION PLANNING: NOT JUST FOR OLDER LEADERS

I talk to our board of directors and one of the questions they ask me from time to time is: What happens if you get run over by a truck? It's a good question for a board to ask. I tell them: I'm staying away from trucks and generally living a clean life.

Michael Dell, Founder & CEO of Dell, Inc.


Barriers to Succession Planning

“Succession planning is one of the most avoided conversations by both boards and CEO’s...”
-Help4Nonprofits

“Why do I need succession planning? I’m very alert, I’m very vibrant. I have no intention to retire.”

Sheldon Adelson
CEO Las Vegas Sands Corporation



What is Succession Planning?




Do we need a successor NOW?

CEO Succession Planning

“...Succession planning works best when **board members and the incumbent chief executive collaborate in advance** in a purposeful manner to create the conditions for a successful executive leadership transition—whether or not it is expected in the near term.”

- Nancy Axelrod, BoardSource Founder -

What about succession planning for other key leaders?

- First, determine if succession plans are needed
- Responsibility of management team
- Consider other options like cross-training



- ### Consequences
- **Planned**
 - Onboarding
 - Transition
 - **Unplanned**
 - Lose expertise from the departing CEO
 - Domino effect on staff... & other stakeholders (e.g., funders, partners)

- ### How to approach succession planning?
- Establish a CEO performance review process
 - Clarify back-up personnel for the CEO's key activities
 - Keep the CEO's position description up-to-date

- ### CEO Succession Planning Steps
1. Assign responsibility
 2. Focus on *how* and *what*, not *who*
 3. Adopt a timeline for the project
 4. Keep the full Board involved
 5. Adopt and disseminate the succession plan

- ### Elements of a Succession Plan
- CEO Position Description
 - Draft Advertisement
 - Providers of Interim CEO Services
 - Major Vendors/Partners list
 - Organizational Chart

Nonprofit Risk Management Center
Find the answer here | nonprofitrisk.org

Emergency Succession Plan

Consider adding the following elements:

- Organizational charts
- Essential information
- Multiple copies

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Sample Emergency Succession Plan

Note: Executive Transition considers it a best practice for nonprofit agencies to have in place an emergency succession plan to cover the sudden and unexpected absence of their executive officers. Provided here is a sample plan developed as an illustrative model for a nonprofit agency. This model offers suggestions for how to identify the key leadership positions covered by the plan and the agency's resources best qualified to step into the executive role in an emergency, and providing the cross training necessary to prepare the back up managers to carry the leadership functions. The major role benefit in implementing this plan is a management team with enhanced leadership skills.

CompassPoint Executive Transitions works with many clients to implement short and long term succession plans, ensuring the ongoing success of our clients. If you are interested in learning more about our executive departure plans contact us at info@compasspoint.org or call (414) 742-9000.

EMERGENCY SUCCESSION PLAN (Agency Name)

Procedure for the Appointment of an Acting Executive Director in the Event of an Unplanned Absence of the Executive Director

- 1. Rationale:**
 - In order to ensure the continuous coverage of executive duties critical to the ongoing operations of Agency Name and its services to clients, the Board of Directors is adopting policies and procedures for the temporary appointment of an Acting Executive Director in the event of an unplanned and extended absence of the Executive Director.
 - While the Board acknowledges that such an absence is highly improbable and entirely avoidable, it also believes that the absence is covered by emergency succession planning that a true emergency executive departure plan. It is expected that this plan will ensure continuity to external relationships and to staff functioning.
- 2. Primary functions of the Executive Director position at Agency Name:**
 - The full Executive Director position description is attached.
 - Among the duties listed in the position description, the following are the five functions of the Executive Director to be assumed by an acting director:
 - a. Act as the organization's principal trustee, representative, and spokesperson to the public community.
 - b. Support the Board of Directors.
- 3. Succession plan in event of a temporary, unplanned absence - SHORT TERM:**
 - a. Definition:
 - A temporary absence is one in which it is expected that the Executive Director will return to the position within 90 days.
 - b. Procedures:
 - The position and conditions shall be the same as for a long-term temporary absence with one addition:
 - The Board of Directors shall appoint a Transition and Search Committee to plan and carry out a transition to a new permanent executive director.
- 4. Approach and maintenance of record:**
 - a. Succession plan approval:
 - This succession plan will be approved by the Executive Committee and forwarded to the full Board of Directors for its vote and approval.
 - b. Signatories:
 - This plan shall be signed by the Board President, the Executive Director, the human resources administrator, and the appointee designated in this plan.
 - c. Maintenance of record:
 - Copies of this plan shall be maintained by the Board President, the Executive Director, the Agency Director, the transition and search committee, the human resources administrator, and the Agency Name corporate attorney.

Approved by the Board of Directors
Prepared by the Human Resources Department

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Emergency Succession Plan

The Executive Committee may also consider the option of appointing executive officers during the designated appointment.

- 1. Authority and restriction of the appointee:**
 - The power appointed as Acting Executive Director shall have the full authority to decisions making and independent action as the regular Executive Director.
- 2. Compensation:**
 - The Acting Executive Director shall receive a temporary salary increase to the same level as the executive director position or 75% above his/her current salary, whichever is greater.
- 3. Board committee responsibility for oversight and support to the Acting Executive Director:**
 - As with an Executive Director, the Executive Committee of the Board will have responsibility for monitoring the work of the Acting Executive Director. The Executive Committee will also have the responsibility of handling the logistics of the plan's implementation.
- 4. Communication plan:**
 - As soon as possible after the Acting Executive Director has begun carrying an appointed absence, Board members and the Acting ED shall communicate the emergency leadership transition to the following key supporters external to Agency Name:
 - Government contact officials
 - Foundation program officers
 - Civic leaders
 - Major donors
- 5. Succession plan in event of a temporary, unplanned absence - LONG TERM:**
 - a. Definition:
 - A long term absence is one that is expected to last more than 9 months.
 - b. Procedures:
 - The position and conditions to be followed shall be the same as for a short-term absence with one addition:
 - The position and conditions shall be the same as for a long-term temporary absence with one addition:
 - The Board of Directors shall appoint a Transition and Search Committee to plan and carry out a transition to a new permanent executive director.

Approved by the Board of Directors
Prepared by the Human Resources Department

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True succession planning requires teamwork. It is a process, not an event.

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Thank You!

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