



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

Succession Planning

Tim Wolfred
Wolfred Consulting
Tim@wolfredconsulting.com

Webinar Description

- **Succession Planning: Managing the Risk of Executive Departures** - Recent studies suggest that a significant percentage of senior nonprofit leaders will be retiring in the next five years. Yet most nonprofits do not have a succession plan ready to ensure a smooth transition when experienced leaders depart. And despite the fact that the lack of a succession plan keeps countless volunteer board leaders awake at night, the typical nonprofit board spends less than 2 hours every year talking about and taking action on the subject of succession planning. Attend this program to learn how to create a practical succession plan for your nonprofit.

Today's Agenda

- Succession Planning & its benefits
- Emergency Succession Planning
- Strategic Leader Development: Building the Bench
- Departure-Defined Succession Planning
- Board-Adopted Succession Policy
- Resources







Additional Benefits of Succession Planning

- ▶ Aligns staff development with strategic vision
- ▶ Makes the CEO position more “doable”
- ▶ Retains talented staff
- ▶ Engages and reassures the board
- ▶ Gives confidence to funders

7

Succession Planning: 3 Forms


1. **Emergency Succession Planning**
2. **Strategic Leader Development**
3. **Departure Defined Succession Planning**

8



Emergency Succession Planning

- ▶ *Definition:* Preparing for an unplanned departure
- ▶ A risk management best practice



Emergency Succession Planning Five Key Steps

1. Identify critical CEO functions
2. Name a backup for each function
3. Develop a cross-training plan for the backups
4. Name who would become Acting CEO
5. Specify board's monitoring & support role for Acting CEO

Emergency Succession Planning Example: Large Agency

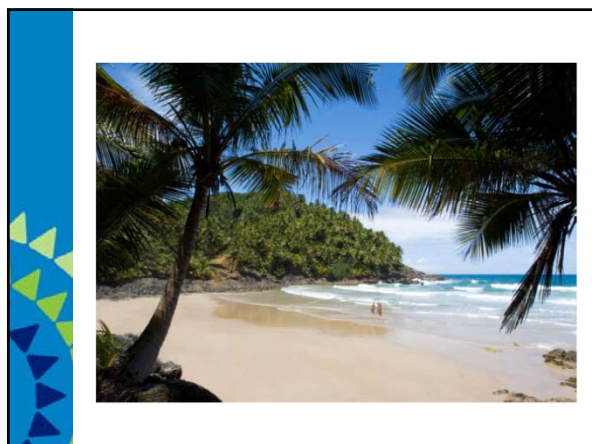
Executive Responsibility	Staff Back Up	Training Plan
1. Negotiate and sign grants, contracts, and subcontracts as authorized by the Foundation Board and assure that all agreements are properly fulfilled.	Operations Manager	ED will train Operations Manager in use of her grants management and tracking tool.
2. Oversee development of the annual operating budget and assure the ongoing fiscal health of the Council.	Deputy for Fund Development	Deputy will lead in developing the agency budget for 2015 and assist ED on the 3 year expense and revenue plan

Emergency Succession Planning
Smaller Organization

Back ups may include:

- Board Members
- Outside Consultants
- Former staff members
- Volunteers

Emergency Succession Planning
Templates & Tools
www.CompassPoint.org/et



Strategic Leader Development

Building the Bench

▶ Set of activities for developing a strong **pipeline** of future leaders for pursuit of **strategic goals** – supported by a **culture** of continuous learning, skill development and accountability

Overall Organizational Goals → Leader Development & Talent Management → Greater Mission Impact

Strategic Leader Development:

The Key Systemic Elements

- Current strategic plan
- Individual performance goals tied to strategic goals
- Professional development goals
- Professional development budget
- Annual evaluations – board and staff
- Shared leadership and delegation

Strategic Leader Development

1. Strategic Planning: What are your organization's strategic goals—for next year & five years out?

Strategic Leader Development

2. **Skills Inventory:** What competencies do you need to get there?

3. **Assess current competencies and identify gaps in skills needed**

- Develop the team you've got
- Recruit the talent you need

The Bridgespan Group

Bridgespan.org/Publications and Tools

- "Nonprofit Leadership Development Tool Kit"
- "52 Free Development Opportunities for Nonprofit Staff"
- "'Building Future Leaders' Diagnostic Survey"
- "Building a Talent Pipeline"

Departure-Defined Succession Planning

▶ The executive has announced a departure date, which presents...

▶ A special *opportunity for a reflection* on where you've been, where you want to go, and what it will take to get there

DDSP: Seven Key Steps

- 1. Conduct a Strategic Review**
 - What are our opportunities to build our community impact?
 - What are our organizational constraints?
- 2. Set fresh strategic goals – for program impact & for the needed capacity building**



DDSP: Seven Key Steps

- 3. Create the candidate profile – skills needed to successfully pursue set goals**
- 4. Recruit aggressively**
- 5. Screen & hire**
- 6. Get full closure with departing executive**
 - Goodbye rituals
 - Healthy separation
- 7. Carefully launch the new executive**

Succession Policy
Sample Elements

- **Board Action in Event of an ED Vacancy**
 - The Board shall quickly appoint a Transition Committee comprised of at least five and no more than seven members.
 - The Committee shall take time to assess the leadership needs of the organization before the search for a new ED is conducted

Succession Policy

- To develop a finalist pool reflective of the community, the organization shall work proactively to recruit a diverse pool of candidates for the ED position.

➤ Talent Development

- In order to provide career advancement for staff, the organization shall provide for the professional development of current employees.

➤ Emergency Succession Plan

- The organization shall maintain an up-to-date plan to be reviewed annually.

RESOURCES

"Avoid Transition Trauma with a Succession Plan," Melanie Herman and Erin Gloeckner, www.nonprofitrisk.org/library/articles/Avoid_Transition_Trauma.shtml

"Building Leaderful Organizations: Succession Planning for Nonprofits", Tim Wolfred, 2008, www.aecf.org/resources/building-leaderful-organizations

"Managing Executive Transitions: A Guide for Nonprofits", Tim Wolfred, 2009, Fieldstone Alliance

"Next Generation Organizations: Nine Key Traits", Marla Cornelius, 2011 www.compasspoint.org/research-reports

