Planning for Leadership Succession: Success Strategies & Live Case Studies

4/16/13, 8:00 – 10:00 am
Hill Auditorium, Woodruff Arts Center

Georgia Center for Nonprofits

Leadership Series Event, Mary Bear Hughes, Senior Consultant, GCN Nonprofit Consulting Group
What IS Succession Planning?

• **Strategic Planning**
  – Planning for future talent and leadership needs of your organization

• **Emergency Planning**
  – A written, board-adopted plan for what takes place when an ED will be out temporarily or leaves unexpectedly

• **Departure-Defined**
  – The CEO plans to retire in 6 months-to-five years

Building Leaderful Organizations: Succession Planning for Nonprofits. 2008. Tim Wolfred, CompassPoint and the Annie E. Casey Foundation
What ISN’T Succession Planning?

A succession plan does not need to identify who will assume *permanent* leadership.
Succession: Strategic Planning

- IDs Talent and Leadership Needs
- Includes specific employee development programs
- Anticipates operational needs to support organizational strategy and program growth
- Results in a stronger organization: execution of the strategic plan and the capacity for enduring unexpected change.
Succession: Emergency Planning

• “I’m in charge here.” ?
• Written guide for a short- or long-term absence of the CEO – planned or unplanned
• For the unanticipated departure of the CEO
• Includes who leads, scope of authority, clear agreement on what happens if the departure is permanent
Succession: Departure Defined

• Anticipated departure of the CEO in 6 months-to-several years
• Preparing a plan for the transition – preparation, hiring, transitioning
• Examining the strategic plan for changes in priorities
• Preparing staff by increasing their leadership and skills
1999 CompassPoint report pointed to leadership gaps arising from Baby-boomer retirements, and therefore need for succession planning
2006

Just 29% of executives have discussed a succession plan with their boards.

Daring to Lead 2006, A Joint Project of CompassPoint Nonprofit Services and the Meyer Foundation
• Succession in nonprofits is a national challenge
• There is a strong interest in reducing the risk of leadership change
• Several executive directors shared that succession is a “stay awake at night” concern

Gary Dietrich, Northway Consulting Group, 2008
After 15 years of attention:

• Key proven practices not widespread
• EDs & boards still reluctant to talk proactively
• 17% of organizations have a documented succession plan (Nationally)
Succession Planning Survey 2013
Community Foundation for Greater Atlanta

• **73%** of Greater Atlanta nonprofits have no written succession plan in place
• **69%** have no emergency success plan in place
• **Nearly half** indicate they lack the knowledge to create a plan
No Emergency Succession Plan. Why?

- No Knowledge of how
- Board does not feel this is a high priority
- Organization can't afford (time or cost)
- Never seen as a necessary investment
- Other

Succession Planning Survey, 2013, Community Foundation for Greater Atlanta
There’s Good News

“Succession planning is a high priority for our organization. As the founder, nothing would make me happier than for our organization to be stronger when ... I am no longer in this position.”
Even if there’s still some Denial

“Succession planning is a high priority for our organization. As the founder, nothing would make me happier than for our organization to be stronger when and if I am no longer in this position.” (emphasis added)
Why Do It?

• Average Tenure of ED: 3-5 years
  – www.massnonprofit.org

• 75% of Executive Directors plan on leaving their position within five years.

• Of those, 50% will not seek new ED positions
Another Reason

33% of current executives followed a leader who was fired or forced to resign, indicating the frequency of mishires

Daring to Lead 2006, A Joint Project of CompassPoint Nonprofit Services and the Meyer Foundation
More Reasons

• Stabilize your organization in an emergency
• Strengthen it when no departure immediately takes place
• Deepen clarity about mission and priorities
• Further develop talent
• Engage board in strategic talent development
• Deepen stakeholder relationships
ED Concerns

“One of my main concerns is making sure that staff are being recognized, that they are growing, and that we’re retaining and developing the next cycle of leadership. I have nightmares about it. What if I got hit by a bus? What would happen?”

Daring to Lead 2011, A Joint Project of CompassPoint Nonprofit Services and the Meyer Foundation
4 Myths of Succession Planning

• Not needed until someone is ready to retire
• It’s just for the CEO
• We can’t plan. We can’t afford bench strength
• If I invest in employee development, another organization hires them away
Getting Started
Emergency Succession Planning Steps

• Define terms – planned, unplanned, duration
• ID temporary interim leadership & authority
• List priority ED functions & temporary staffing
• Implement cross-training plans
• Communication Plan
• Location of key documents, passwords
Strategic Succession Planning Steps

• ID talent needs to meet future outcomes & goals – board & staff
• Assess current talent – analyze gaps
• Create development plans – leadership, management, communications & functional skills
• Identify leadership development tools
• Include in sr. management evaluations
Departure Defined Succession & Transition

2-5 years in advance

Prepare the Organization

Conduct the Search

Plan for Success

start date
Key Success Factors: Succession Planning

• Board ownership and ED initiation of succession planning
• Commitment of the ED to developing an organization strong enough to survive 6 months without his/her leadership
• Communication Plan
Sample Plans

• Texas Commission on the Arts has many tools on its website
  – Sample Succession Policy
  – Sample Succession Plan

• These samples are excellent outlines

• Not full strategic succession plans
Transition
Job Satisfaction Among EDs

Daring to Lead 2011, A Joint Project of CompassPoint Nonprofit Services and the Meyer Foundation
Why are New Eds Unhappy?

• Fear of enormity of job
• Recognition that board does not understand the job the ED has to do
• New Eds frequently in smaller organizations; high turnover. Lack of reserves burns them out.
• Poor communication with the board about mutual expectations.
Why are New Eds Unhappy?

NO ONBOARDING PROCESS
Key Success Factors of Transition

• Active board participation
• Detailed orientation plan that includes introductions from board in a well-planned, well-timed manner.
• Total support from the board: Deflect end-runs
Selected MedShare Guiding Principles

- 18-month process to assure a broad base of organizational support for long-term success
- Flexible to assure responsiveness
- Establish mutual trust & confidence among stakeholders; care & candor
- Clarify, understand and modify expectations with regular feed-back on your performance
- You cannot fill two positions at once...
- Include & consider multiple constituencies

MedShare 2011
Welcome, Panel on Transition

• Atlanta Ballet
  – Arturo Jacobus, Executive Director
  – Elizabeth Adams, Board Vice Chair

• MedShare
  – Meredith Rentz, CEO & President
  – Charlie Evans, Board Vice Chair

• Woodruff Arts Center
  – Virginia Hepner, President & CEO