

# SUCCESSION PLANNING

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**April 31, 2015**



# What We'll Cover:

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- Succession Planning
- Leadership Development



Now What Do We Do???

# Succession Planning

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**Succession planning ensures that the agency (or a department in the agency) continues to operate effectively when key staff leave**

- **Managerial**
- **Supervisory**
- **Unique - hard to replace skills**

# Succession Planning for the Executive Director

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**Is not only about determining your organization's next leader, it is a continuous process**

- **Assesses organizational needs, and creates a climate for an executive to succeed.**
- **An effective succession plan is linked to the organization's strategic plan, mission and vision...**

# Succession Plans Can Lead to:

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- **New Board leadership**
- **Sharpened strategic direction**
- **Improved financial management**
- **New funding opportunities and**
- **Promotion of thoughtful approaches to organizational restructuring and mergers.**

# Role of Board of Directors

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**Executive and Management succession planning is a board-driven process**

- **The Board creates the succession plan**
- **After receiving notice from the Executive Director or a high level staff – the Board puts the plan into action**

Nonprofit Executive Succession-Planning Toolkit: Federal Reserve Bank of Kansas City, Denver, Oklahoma City, Omaha

# Succession Planning Readiness Questions

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- **Is your organization in a position to implement a succession plan that was previously adopted and approved?**
- **If there is a sudden change, have you identified candidates for the job?**
  - **If yes, do they have leadership, financial knowledge, contacts, experience to take charge?**
  - **If no, what is plan for hiring a knowledgeable E.D. and to provide uninterrupted services.**

# Succession Planning Readiness Questions

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- **Would agency be able to sustain a decline in income or fundraising without the E.D.?**
- **Do funders trust that the organization can succeed without the current E.D.?**
- **Does the board have the right mix of people to effectively hire a new E.D.?**
- **Will the organization lose institutional knowledge and contacts if your E.D. were to suddenly leave?**

# Succession Planning Readiness Questions

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- **Is the E.D.s current level of responsibility realistic or has the E.D., in good faith, taken on too much responsibility at the expense of staff development?**
- **Are there other positions besides the E.D. that would leave the organization vulnerable if they were to become vacant?**

# Types of Succession Plans

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- Short-term, temporary (1 – 3 months) unplanned absence
- Long-term temporary (> 3 months), unplanned absence
- Permanent Change in the Executive Director (unplanned)

# Executive Plan to Include:

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## **Name of Acting Executive Director**

- **If that person is not able to serve**
  - **First back-up**
  - **Second back-up**
- **Split executive duties among designated employees**

## **Compensation plan for acting ED**

- **Temporary Increase**
  - **Bonus**
  - **No additional compensation**
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# Short-Term Plan Components:

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## **Board oversight**

- Who is responsible for overseeing the work of the acting E.D.?

## **Decision for when person returns**

- Between Board Chair and the E.D. for the E.D.
- Between the E.D. and staff person for others

## **Communications Plan**

- Notification of appointment of interim E.D.
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# Short-Term Plan Components

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- Information and Contact Inventory
  - Non-profit status
  - Financial Information
  - Legal Contact
  - Payroll Information
  - Facilities
  - Insurance

# Long-Term Plan Components

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- Short-term components, plus
- Consideration to temporarily fill the position of the person who is serving as Acting Executive Director

# Communication Plan

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- Within 48 hours after an Acting Executive Director is appointed, the Board Chair and the Acting Executive Director meet to implement a communications plan including:
  - The kind of information that will be shared and with whom
  - Communicating the organization's temporary leadership structure to staff, the Board of Directors, and key supporters/funders
- Within 5 business days, the Board of Directors issues a press release with general information appropriate to the situation.

# Program Specific Succession Plans

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Include:

- Short and long-term plans
- Communication plan
- Information and Contact Inventory
- Reporting Schedule/Requirements

# Program Specific Succession Plans

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Include:

- Performance evaluation schedule/due dates
- Financial information:
  - Program Budget
  - Computer Passwords
  - Client Records

# Why Develop Internal Leadership?

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Succession Planning, when coupled with a comprehensive Leadership Development program, can prepare an agency for any unexpected departure of key staff, while also increasing the capacity of the organization to adapt to change and meet the challenges of the future.

# Why Develop Internal Leadership?

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- Build agency capacity AND build employee capacity
  - Strengthen human resources
  - Tap the intellectual capital in the organization
  - Help employees realize their career plans within the organization
  - Improve employee morale by giving them a way to better themselves and be challenged
  - Allow the organization to respond to changing environmental demands
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# Determine the Agency's Leadership Development Needs

- Assess the Present Work and People Needs
  - A. Position Impact/Risk Assessment Description
  - B. Vacancy Risk by Retirement
  - C. View of Bench Strength by Position
- Assess the Future Work and People Needs
  - A. Planned Strategic Initiatives



# Determine the Agency's Leadership Development Needs

**Position Title:**  
**Incumbent**

**Function:**

**Responsibility:**

**Authority:**

**Involvement in strategic objectives**

**Position Impact: High Medium Low**

# Determine the Agency's Leadership Development Needs

**Retirement Eligible:**

**Marketability:**

**Other Factors (e.g life events):**

**Involvement in strategic objectives**

**Vacancy Risk: High  
Low**

**Medium**

# Determine the Agency's Leadership Development Needs

## Bench Strength Assessment by Position

Position Title:

# Ready Now	# Ready within 1 year	# Ready within 2 years	# Ready within 3 – 5 years

Action Plan:



# Determine the Agency's Leadership Development Needs

	Current Onboard	Retire Eligible Now	Retire Eligible thru 2016	Now	2016
Senior Leadership	3	1	2	33%	66%
Senior Management	6	1	3	18%	50%
Mid-Level Management	10	1	2	10%	20%
Other Supervisors	15	3	3	20%	20%

# Determine the Agency's Leadership Development Needs

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## Assessing Future Work and People Needs

Initiatives (for example)	Skills Required to Achieve	Skills Required to Maintain
New Strategic Endeavors		
1.		
2.		
3.		



# Succession Planning Versus Leadership Development

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**Succession planning is a form of risk management**

**What is the agency's current 'bench strength?'**

**Leadership Development is proactive**

**It is about "cultivating talent" in the agency through  
planned development activities**

# Succession Planning and Leadership Development

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“Succession Planning and Leadership Development are natural allies because they share a vital and fundamental goal: getting the right skills in the right place.”

(Conger and Fulmer)

# Succession Planning and Leadership Development

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Succession Planning is a way to ensure that an agency is prepared for any unexpected change in personnel in key agency positions. The Executive Director and Chief Financial Officer are examples of such key positions.

Succession Planning protects the agency and the people it serves from a disruption in services or operations that can happen when an individual in a leadership position leaves the organization.

# Succession Planning and Leadership Development

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However, Succession Planning by itself does nothing to develop a long-term strategy to ensure the stability of the organization.

Succession Planning needs to be part of an agency-wide and comprehensive Leadership Development program in order to enable the organization to develop, support, and retain staff with the skills and qualities needed to lead an agency in the 21<sup>st</sup> century.

# Succession Planning and Leadership Development

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Success  
without  
succession = **FAILURE**

# QUESTIONS

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