Executive Transition and Succession Planning

with Bryan Orander
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Bryan Orander..
Opening Questions

- How many of you know a long-time nonprofit leader who has recently retired?
- How many of you have had a key person leave?
- How many have had a key board member rotate off or leave and not had other leaders?
Outline of our Time

- Introductions
- Why is this a hard conversation to start?
- Succession Planning
  - Preparing for Leadership Transition
  - Key Staff
  - Board Leadership
- Your Take Aways: First Draft of an Emergency Succession Plan
What is the conversation about succession like in your organization? What are common concerns?
Succession Planning is:

- An effort to protect the organization’s capacity to perform key functions, sustain important relationships, and fulfill its commitments during a leadership transition.
Benefits of Succession Planning

- Aligns staff development with strategic vision
- Builds leadership capacity of staff
- Develops pool of potential successors
- Opportunity to diversify agency leadership
- Makes ED job more “doable”
- Builds board leadership and ownership
Thoughtful succession planning prepares an agency for leadership transitions, expected or unexpected.

A successful leadership transition for a long-term ED requires a lot more up-front effort and time than the search that takes 3-4 months.

Lack of succession planning can result in a post-transition meltdown.

An effort to develop staff and volunteers (board) for future leadership needs and opportunities.

Pull out your “Quick Sheet”
How Does Your Organization Work?

A

Board

Executive Director

B

Board

Executive Director

C

Board

Executive Director
Recognizing the difference between an event and a transition

- Buying new furniture is an event
- Moving to a new home is a transition

Events produce specific outcomes (Truck delivers new furniture)

Transitions are slower and may defy the definition of their completion (Kids make new friends)
William Bridges - Transitions

The Ending:
Loss, Letting Go...
Relinquishing Old Way,
Old Identity

The Neutral Zone:
Confusion, Direction Finding,
Re-patterning

The New Beginning:
Commitment, Rebirth, New Energy, New Sense of Purpose
Types of Succession Plans

- Emergency
- Staff Development
- Departure-defined
**Definition:** Preparing for an unplanned ED departure

- A risk-management best practice
- Creates a more “leaderful” agency
Drafting your CEO Emergency Succession Plan

- Let’s take 10 minutes to fill in three blanks and walk through a draft of your Emergency Succession Plan for your Executive Director/CEO
Drafting your CEO Emergency Succession Plan

- Who fills in for your ED/CEO when they go on vacation? Can they truly be “out of touch”?
- What would suffer first if your ED/CEO was unavailable for 30 days? 60 days?
- Who maintains your list of key organization contacts?
- Who could help cover and/or serve as a resource?
- Who would the board leadership convene?
- How will you ensure programs and reputation are maintained?
Types of Succession Plans

- Emergency
- Staff Development
- Departure-defined

How many of you think of staff development as a succession planning strategy? Why?
What are the handful of really critical roles in your organization – staff and volunteer?

If your CEO/ED or other key staff left your agency tomorrow, what would be your major vulnerabilities?
Types of Succession Plans

- Emergency
- Staff Development
- Departure-defined

The shortcoming of Succession Planning is that it treats the departure and replacement of a leader as an event.
Executive Transition is..

The departure process of a key leader that encompasses the period before, during, and after they leave the organization.
An Executive Transition can be:

- A time of organizational vulnerability, doubt, anger, and ambiguity
  Or
- A time of opportunity to commit to and act to expand the capacity of the organization
Quick Case Studies
Questions - Case Studies

- What issues and opportunities stand out?
- What are the first 2-3 things you would do if you were the Executive Committee?
Youth-serving organization
28 staff, $1.4 mil budget
Founding Exec Dir retiring after 15 years
One year notice of departure
Wants to remain involved with the organization, maybe on the board
Funding - grants, donations, United Way, Gov’t
Ran $20K deficit the past year.
Organization B

- Low Income Housing Ministry
- Staff of 4 with Budget of $750K
- Exec Dir of three years has just been fired by the board for financial irregularities
- Funding from churches and individuals
- Agency has great reputation among faith community
- Mostly new board members
Executive Transition is a...

- **Time of High Risk**
  - Possible Interruption of Services
  - Potential Disruption of Key Relationships

- **Time of Great Opportunity**
  - Organizational Re-Assessment
  - Reviewing Mission and Strategic Direction
  - Increasing Board & Community Engagement
  - Establishing an effective leadership team
  - Building capable leadership over time
A strategic plan
The board evaluates the executive director annually
The board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs
The top management cohort:
  ▪ Shares leadership of the organization with the executive
  ▪ Can lead the organization in the absence of the executive;
  ▪ Has authority to make and carry out decisions within their respective areas of responsibility.
Another staff person or board member shares important external relationships
Three month financial reserve is in place
Financial systems/reporting meet industry standards.
Operational manuals exist for key administrative systems
Top program staff have documented their key activities and cross-trained
Objectives of ETM

- Build a stronger, more stable organization
- Reduce Executive Turnover - increase the “Fit” of the organization and current/future leadership
- Open the door to reflection and inspiration replacing possible hurt and confusion
- Assure all stakeholders that a well-planned, positive transition can/will take place
- Reduce risk/loss to the organization
- Reinforce the significance of the Board’s role
Stretch Break
ETM Process Overview

PREPARE
“Get Ready”
- Organize
- Strategic Review
- Leadership Agenda

PIVOT
“Search & Select”
- Recruit
- Screen
- Select
- Address Constraints
- Facilitate Transition
- Hand Off

THRIVE
“Launch & Support”
- Launch
- Support
- Evaluate

3-8 Weeks
3-4 Months
3-6 Months
Elements of a Positive Transition

- Notice of at least 90 days
- Good relationships between departing leader, board, and staff
- Recently updated strategic plan
- Engaged board
- Capable staff leader(s) beyond the Exec Dir
- Leadership decision to use an interim and do an organization assessment prior to launching search for new Executive
Benefits of Using an Interim

- Reduce day-to-day involvement of board
- Don’t rush the search – take time to define needs and to find the right person/fit
- Board can lay a stronger foundation - address important issues or opportunities before hiring
- Allow current staff to remain in their roles and be part of a search process if they are interested in the position.
- Stabilize organization that is experiencing significant difficulties to make the position attractive to ideal candidates
Internal vs. External Interims

- Advantages of Internal
  - Know the organization and people
  - Lower outlay of funds

- Advantages of External
  - Objectivity
  - Specialized skills not possessed by staff
  - No expectations with current staff about succession
  - Board sees benefits of having a “seasoned” leader

- Suggestions:
  - Interims should not be candidates for the position.
  - A board member who serves as interim should resign
More Case Studies
Questions

- What are the personal questions and considerations raised in this situation for the Executive Director?
- What are the organizational questions and considerations?
- What should the board be considering?
- What should the staff be considering?
20 year old Small, Niche History Museum
Board and Executive Director excited to hire first development director three years ago.
She left after nine months
Her successor lasted a little more than a year.
Your new development director has expressed that he feels he is starting from scratch.

What advice would you give this organization?
Mary Ann has been the board chair of a health education nonprofit for five years.

She agreed to be chair to support her friend who is the Executive Director.

She is fine running meetings but doesn’t really want to be “in charge” of the board.

Mary Ann feels trapped because no other board members want to be chair.

What advice would you give this organization?
30 year Exec Director.
Burned out, but loves the organization and people.
Doesn’t want to be in charge, but needs income and wants to move down the hall and work for new Exec Director.

What advice would you give this organization?
Planning for Board Succession

- Back to your Quick Sheet
- Are there 1-2 board members who really hold things together or keep things moving or ??
- What steps should your board be taking to prepare for their eventual departure?

See “Sustaining Board Leadership”
Four Quick Tools for Senior Staff and Executive Committee

- Quick Sheet
- Emergency Succession Template
- Staff Coverage and Succession Worksheet in Board Conversation packet
- Thinking About Board Succession
Keep In Mind

- Take people’s fear and concerns seriously and address them head-on with openness, listening, and information (as it is available)
- Pay special attention to founders and long-term Executive Director transitions
- Be very intentional about working with staff that aspire to the position but are not viable candidates. Don’t lose your whole management team because you are only thinking of the Executive Director/CEO
- Look for ways to build capacity and strengthen infrastructure through the transition
Q & A and Takeaways

Thank you for your time and attention

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