



# **Succession Planning for Nonprofits: A Skill-Based Workshop**

***Sponsored by the Sherwood Trust  
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***Presented by***

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**CompassPoint Nonprofit Services**

# Building Leaderful Organizations

Succession  
Planning For  
Nonprofits

The Annie E. Casey Foundation

CompassPoint  
NONPROFIT SERVICES



# Succession Planning

## *What is it?*

- ▶ A risk management best practice
- ▶ A leadership development strategy
- ▶ A path to organizational resilience
- ▶ Preparation for a successful leadership handoff
- ▶ **A critical board and executive responsibility**

# Background: Lessons Learned

- ▶ Thoughtful succession planning prepares an organization for leadership transitions, *expected or unexpected*
- ▶ Lack of succession planning can result in a post-transition *meltdown*
- ▶ With a *long-term executive* a successful leadership transition requires a lot more up-front preparation than the five months required for search and screening.

# Benefits of Succession Planning

- ▶ Aligns staff development with strategic vision
- ▶ Builds leadership capacity of staff
- ▶ Makes the top position more “doable”
- ▶ Engages and reassures the board
- ▶ Gives confidence to funders

# Small Group Discussion

*Twenty minutes*

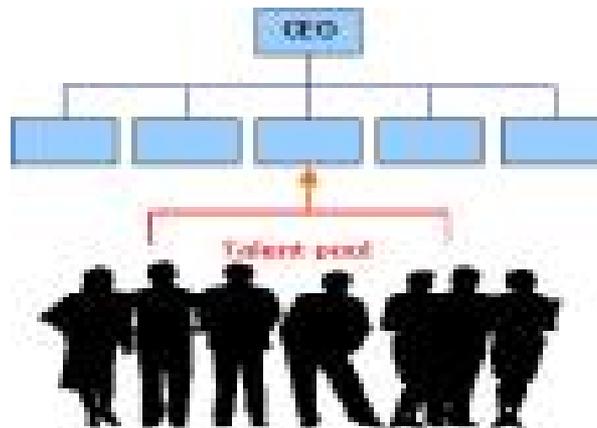
- ▶ Introductions among the group members
- ▶ Choose a Reporter
- ▶ Briefly, what's the status of succession planning at your organization?
- ▶ What questions about succession planning do you have?
- ▶ Choose **THREE QUESTIONS** for report out from your table

# Succession Planning: 3 Types

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

# Strategic Leader Development

- ▶ Definition: *Creating a culture of continuous learning, talent development and accountability*
- ▶ Aligning talent with strategic vision
- ▶ Pushing leadership up and down



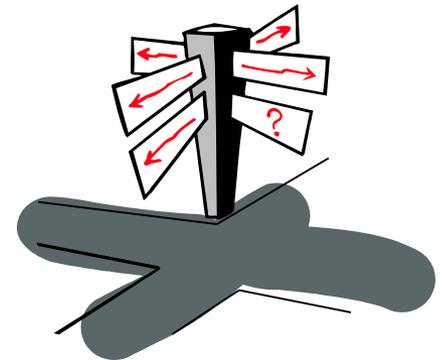
# Strategic Leader Development: The Key Cultural Elements

- Current Strategic Plan
- Performance goals tied to strategic goals
- Professional development goals
- Professional development budget
- Annual evaluations – board and staff
- Shared leadership & delegation

# Strategic Leader Development

## *Starts with STRATEGIC PLANNING*

- ▶ ***Vision:*** What are the organization's strategic goals—for next year & five years out?
- ▶ ***Skills:*** What competencies do you need to get there?



# Strategic Leader Development

## ▶ Assess current competencies & identify gaps in skills needed

- ★ Performance reviews

- ★ “Strengths Finder”

“Strengths Finder 2.0”, Tom Rath, Gallup Press, 2007

## ▶ Fill in the gaps

- ★ Training

- ★ Recruiting

# Strategic Leader Development

## ▶ Build the Team for “shared leadership”

- ★ Delegation of duties & authority
- ★ Shared decision making
- ★ Shared accountability

# Next Generation Organizations

## *Nine Key Traits*

- ▶ **Impact driven**
- ▶ **Finance and business savvy**
- ▶ **Continuous learning**
- ▶ **Shared leadership**
- ▶ **Wired for policy advocacy**

# Next Generation Organizations

## *Nine Key Traits*

- ▶ **Multicultural and culturally competent**
- ▶ **Ambiguity of work-life boundaries**
- ▶ **Constituents as thought-partners**
- ▶ **Boards as value add**

[www.compasspoint.org/nextgenorgs](http://www.compasspoint.org/nextgenorgs)

# Emergency Succession Planning

- ▶ **Definition:**

  - ▶ Preparing for an *unplanned* HOS departure

- ▶ A risk-management best practice

- ▶ Creates a more “leaderful” agency



# ESP: Five First Steps

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

# Emergency Succession Planning

## A Resource

A template for an emergency succession plan is available at  
**[www.CompassPoint.org/ET](http://www.CompassPoint.org/ET)**

# Small Group Discussion

## *Twenty Minutes*

- ▶ Choose a reporter
- ▶ What elements of *Strategic Leader Development* have you undertaken in your organization?
- ▶ What's gone well with it?
- ▶ What barriers have you encountered?
- ▶ Choose EMERGING THEMES and THREE BARRIERS to report out.

# Departure-Defined Succession Planning

- ▶ Attention to the *personal and professional issues* of the departing executive director
- ▶ Thoughtful planning and activities to ensure *organizational sustainability*
- ▶ A special *opportunity for reflection* on where you've been, where you want to go, and what it will take to get there

# *DDSP: Five Key Steps*

- ▶ **Healthy closure with departing executive**
- ▶ **Strategic Vision update**
  - ★ Strategic Review
  - ★ Leadership Agenda
  - ★ Candidate Profile
- ▶ **Candidate recruitment**
- ▶ **Screening & hiring**
- ▶ **Launching the new executive**

# Executive Readiness

- ▶ **Organizational barriers to letting go:**
  - ★ **No obvious successor**
  - ★ **“No one else can do this job”**
  - ★ **Unfinished organizational business**

# Executive Readiness

- ▶ **Resources for getting ready**
  - ★ **A personal coach**
  - ★ **Peer networks**
  - ★ **Career planning**
  - ★ **Negotiating a departure package**
  - ★ **Workshops on “Next Steps”**

# Executive Departure Path

- ▶ What's next for me?
- ▶ Setting a date
- ▶ Dealing with legacy & unfinished business
- ▶ Attending to *final leadership tasks*
- ▶ Emeritus role defined
- ▶ Celebrations



By 605 @ <http://stephen60.wordpress.com>

# Creating a Succession Plan

- ▶ Engage the Board
- ▶ Engage the senior managers
- ▶ Set up a planning committee
- ▶ Acquire the needed resources
  - ★ Funding
  - ★ Consultants

# Creating a Succession Plan

- ▶ **Conduct a “strategic review” to identify vulnerabilities & opportunities**
- ▶ **Sources of input**
  - ★ Executive Director
  - ★ Managers & Staff
  - ★ Board
  - ★ Funders & peer agencies
- ▶ **Tools: Surveys & interviews**

# Creating a Succession Plan

- ▶ **The review questions: What are our vulnerabilities with departure of our ED?**
  - ★ **Resource connections**
  - ★ **Unique skills of the ED**
  - ★ **“Doability” of the ED job**
  - ★ **Management TEAM strength**
  - ★ **Board leadership / independence**
- ▶ **What are our opportunities to build our community impact?**
- ▶ **What are our organizational constraints?**

# Creating a Succession Plan

## ▶ Draft the Succession Plan

- ★ Set strategies to remedy the vulnerabilities & organizational constraints
- ★ Delineate the ED's transition tasks
- ★ Update the strategic vision for greater community impact
- ★ Update the ED job description and profile of skills needed to pursue the vision
- ★ Draft the timeline and plan to recruit a successor who has those skills

# Small Group Discussion

- ▶ Choose a Reporter
- ▶ Read through the “Succession Readiness Checklist”
- ▶ What are the top two or three items that your organization needs to attend to for succession readiness?
- ▶ Choose the top **THREE** that emerge at your table.

# The BOARD steps up

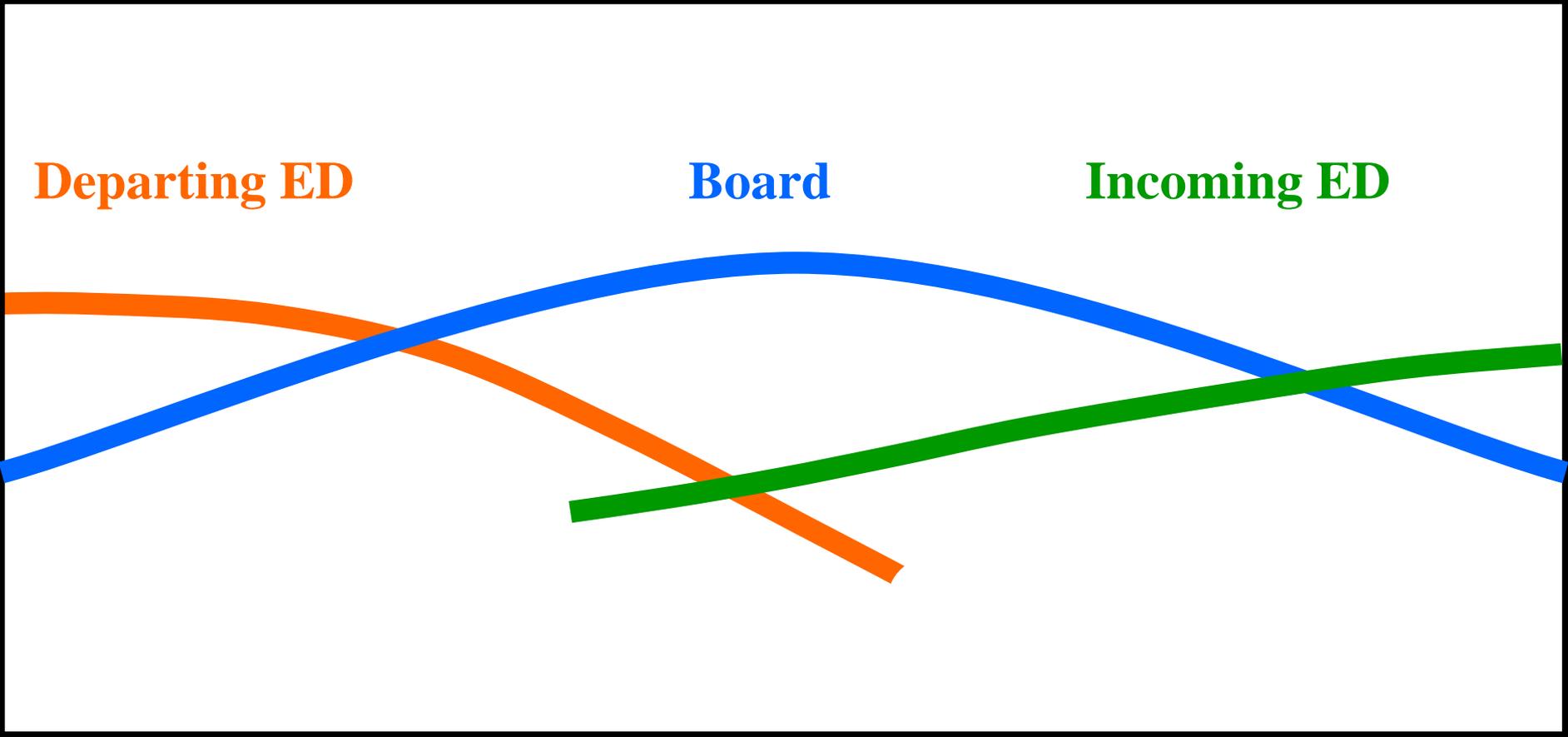
- ▶ Puts a committee in charge
- ▶ Attends to its own succession planning
- ▶ Supports the departing executive
- ▶ Addresses agency vulnerabilities
- ▶ Sets future directions
- ▶ Recruits & supports a successor who fits the future

# Board Leadership

**Departing ED**

**Board**

**Incoming ED**



# **DDSP: Five Things Not to Miss**

- 1. Board ownership & leadership**
- 2. Attention to closure with the exiting executive**
- 3. Managers' inclusion in future planning**
- 4. Openness to organizational truths**
- 5. Excitement for the future**

# Succession Planning Tools

▶ [www.compasspoint.org/et](http://www.compasspoint.org/et)

## ▶ Tools

- ★ Emergency plan template
- ★ Sabbatical planning checklist
- ★ Succession readiness checklist
- ★ Self-reflection tool for executives

▶ [TimW@compasspoint.org](mailto:TimW@compasspoint.org)

# next steps

## Two-Day Intensive Workshop

*June 27-28, 2011*

For Founders & Long-term Executives

- ★ **Best practices for managing succession & transition**
- ★ **Confidential space for addressing personal issues & concerns**

*More information:*

**[www.compasspoint.org/nextsteps](http://www.compasspoint.org/nextsteps)**

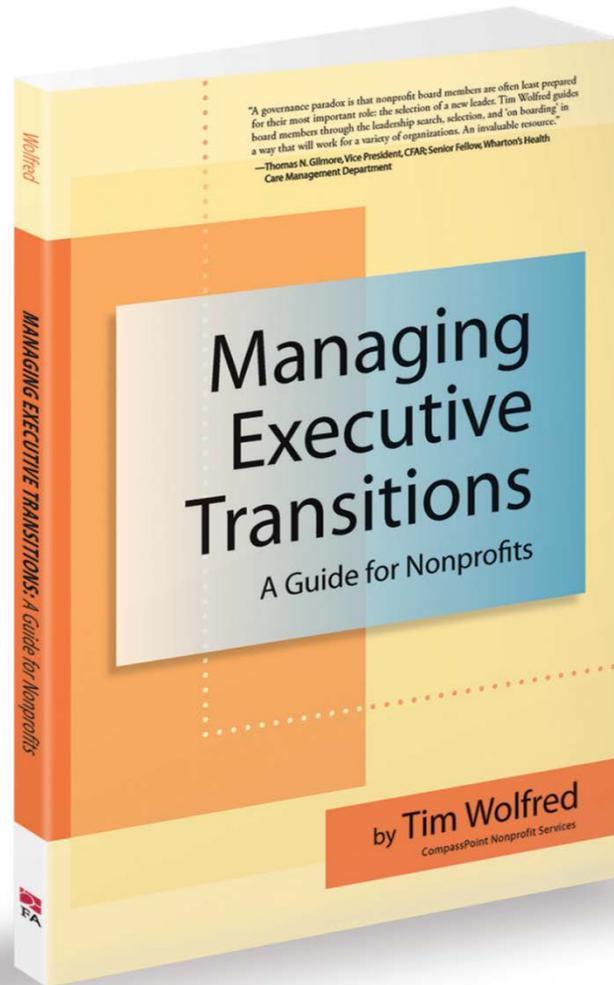
**[ShevaD@compasspoint.org](mailto:ShevaD@compasspoint.org)**

# Succession Monographs

- “Founder Transitions”
- “Capturing the Power of Leadership Change”
- “Building Leaderful Organizations: Succession Planning for Nonprofits”
- “Interim Executive Directors”

<http://www.aecf.org/KnowledgeCenter.aspx>





[www.managingexecutivetransitions.com](http://www.managingexecutivetransitions.com)