

Succession Planning and Sustainability in Nonprofit Organizations

Executive Transitions Initiative

Donors Forum Newsletter, Fall 2005

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This is the third article in an ongoing series about leadership transitions as a part of the new Executive Transitions Initiative (ETI) at the Donors Forum of Wisconsin. In the previous newsletter we detailed the importance of having an emergency succession in place. In the event that an unanticipated, and often times sudden, departure of the Executive Director, whether it be a termination, a resignation, or illness or even death. In this edition we want to talk more about succession planning as an ongoing part of organizational development and sustainability in nonprofit organizations. Effective succession planning requires a strong partnership, built on trust and mutual goals between the Executive Director and his or her board of directors.

So what do we mean by succession planning? In the case of nonprofit organizations, it means “building our bench strength” or developing a pipeline of leaders who are strong and capable. It goes without saying that doing leadership development in nonprofit organizations can often times be difficult due to scarcity of resources such as time and money. Nevertheless, the intention to develop and maintain strong leadership deep within an organization is a strong determining factor in the organization’s future viability. Moreover, succession planning itself can increase an organization’s ability to successfully work through an actual executive transition. Practicing ongoing succession planning principles keeps an organization in a preparedness state in the event that there should be a leadership vacancy. So who is included in this pipeline? Well, it includes both employees of the organization as well as the board of directors. Think of it as including a pipeline of people who are able to take on a variety of leadership roles within an organization at a time of need.

Strategies to develop these leaders need to be intertwined with the organizations overall strategic planning process and need to be updated just like all other goals and objectives of the organization. Developing this pipeline needs to be kept at the forefront of all stakeholders minds in an organization. This type of succession planning when incorporated into all practices of an organization helps to strengthen the organization’s capacity for long term sustainability. So when can this work begin? The answer is now and on an ongoing basis. Succession planning is something to think about when an organization is doing its annual budget preparation. Take a look at how many resources can be dedicated to staff training and development and to board leadership development. Just like effective fund development, sound fiscal practices, clear human resources

policies and procedures, succession planning elements and outcomes can be brought into an organization's practices immediately. In addition to providing external opportunities for staff and board to grow their leadership capabilities, it is also important for staff to be "cross trained" in each other's duties and responsibilities and for board members to also be familiar with each other's roles and responsibilities. If an organization's size permits, it is always a best-case scenario to have two to three individuals on the senior leadership team ready and prepared to fill in for the executive director in the event of an unanticipated absence. It does not mean that one or all of those individuals will necessarily be an interim executive director and/or does it necessarily mean that they are ultimately being groomed for the executive director position. It really means that these individuals are having the opportunity to learn the essential roles and responsibilities of the executive director for their particular organization.

So who is responsible for succession planning? Well, it is a shared responsibility between the non profit's executive director and its board and directors; however, in most cases it really is up to the executive director to drive the process. It is important to note that in larger organizations the succession planning goes beyond just the roles of the executive director and looks at the entire senior management team. It is really the responsibility of every executive director to identify strong leaders within his or her organization and do all that is possible to help them grow. It is also incumbent upon the executive director to clearly delineate his or her key tasks as the top professional at the organization. The executive director however cannot develop a succession plan in isolation of the board of directors or it will never be successful. Talking about staff succession planning often times can spur the board of directors to look at board succession planning as well. Some organizations will establish a succession planning subcommittee of the board that either is an ad hoc committee or a task force, but one that meets at least annually or semi annually to make sure that essential elements of succession planning are in place.

Senior staff are very appreciative and welcome the opportunity to develop their leadership abilities. What is important is for them to realize that there is no guarantee that they will actually succeed their current executive director. If there has been a cohesive succession plan and subsequent implementation in place, when and if there is an executive director vacancy, the process of managing that transition is extremely easier than if no succession planning has taken place. The ensuing transition management and search process can be maintained at a very healthy pace when an organization is able to support day-to-day functions because of their succession plan. Many times staff are supported in their efforts to grow their programmatic or technical expertise, but are not given the opportunity to grow their broader leadership abilities such as administration, financial management, fund development and board relationship cultivation. When these sorts of responsibilities are valued and their aspects nurtured, a succession plan can be put into place more easily. Not only is it essential to develop a succession plan, but it is also important to communicate that you have one, to staff, board, external stakeholders and funders. It is a wonderful sense of peace to know that your organization is prepared for what could be a pivotal time of change in its lifecycle – an executive transition.

Please know that succession planning is a process and topic that should be identified and addressed even when there is no reason to believe that a leadership transition is about to happen. Tim Wolfred and Jan Masaoka of Compass Point Nonprofit Services, a program partner to the Executive Transition Initiative in Wisconsin recommends that organizations ask themselves the following questions when developing a succession plan: 1) Does the board of directors have the right mix of members for hiring a new executive? 2) Is the executive director's job, as it currently stands, doable? Oftentimes, particularly in founder-lead organizations, an executive director's job has grown to be so large that it is not practical that any new single individual will be willing to take it on. While doing succession planning, the essential and critical functions of the executive director's position must be clearly delineated. 3) Is the executive director's compensation level equitable? Another essential aspect in succession planning is an analysis of the compensation for the current executive director. It does not serve any organization any well to under pay and undervalue an executive director. In addition to an evaluation of the executive director's salary, a thorough succession planning process will also include a strategy to bring all staff members' salaries up to market levels, recognizing that this takes a lot of time and resources.

If you are not convinced yet, another important reason to do succession planning is that it really can impact the success of the next executive director. Succession planning allows an organization to remain as healthy as possible during a transition and gives a new executive director a very clear map of where the organization needs to go and what his or her expected outcomes will be. So, succession planning is really around ensuring continuity in an organization's functions over long periods of time. Succession planning has long been overlooked in the nonprofit sector; however now is an exciting time as nonprofit organizations of all kinds are beginning to look at this issue and implement succession strategies into their planning processes. One of the best aspects of succession planning is that there are unimaginable rewards related to it. For example, the development of internal leaderships has great benefits to every organization and often cultivates new visionary individuals and helps the organization fulfill its mission.

In Carol Weisman and Richard I. Goldbaum's book, "Losing Your Executive Director Without Losing Your Way: The Nonprofits Guide to Executive Turnover", they suggest the following ways to groom nonprofit leaders: 1) Encourage and provide opportunities for staff to attend conferences and seminars that emphasize leadership and management skills. Without a doubt, today's executive directors and nonprofit leaders need a myriad of talents in order to fulfill their complex and dynamic positions. An executive director who supports and encourages his or her management team to expand their skills base is not only strengthening the bench strength of the organization, but is also sending a strong message to the staff of how valuable they are. 2) Create occasions for staff to interact with the board. The board and the executive director really need to make a concentrated effort to provide opportunities for key leaders to interact with the board. It might be a good idea for department heads to be assigned to some board committees. Moreover, some members of the senior leadership team might also be asked to attend select board meetings. 3) Assign responsibilities to senior leaderships that will help them demonstrate their leadership skills. This permits staff to feel confident about

and demonstrate their ability to handle complex administrative tasks. Make sure that these opportunities are creative, motivational and even inspirational. 4) The executive director should take the time, recognizing that this is hard to do, to mentor staff. On a related note, some of the best executive directors have also received terrific mentoring from their board of directors.

Congratulations if you were one of the non profits that is living and breathing succession planning as a means to support your organizations long-term viability and sustainability.