

**10**  
**THINGS**  
**EVERY**  
**BOARD MEMBER**  
**NEEDS**  
**TO KNOW**

# Sustaining Great Leadership:

Succession Planning for  
Nonprofit Organizations

*Revised February, 2010*

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### ***Mission***

Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

### ***Ten Things Series for Nonprofit Boards***

Welcome to this series of short briefing papers for nonprofit board members. Whether a seasoned leader or first-time trustee, there is a continual need to revisit the expectations and demands of the critical board member roles in steering, supporting and safeguarding nonprofit organizations. In this series, First Nonprofit Foundation has identified topics of particular interest to board members and will provide digests of time-tested wisdom, emerging thought, and the insights of highly experienced practitioners. We trust these papers will succeed in helping nonprofits to develop and advance. As always, we welcome your comments and suggestions.

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*“Nothing endures but change”*  
—Heraclitus

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What Heraclitus wrote 2,500 years ago still rings true today: change is the one constant we can count on. Despite this, many nonprofits fail to prepare for the most predictable change of all—the departure of their executive.

That’s too bad, because leadership is everything in nonprofit organizations, which are typically small and heavily reliant on a deeply motivated staff. Boards that ignore their role in planning for sustained leadership put long-term success at risk. And that risk today is greater than ever before.

Why? There’s a tidal wave of nonprofit leadership transitions. Between 60 and 75 percent of nonprofit executive directors will leave their position in the next five years. Over the next decade, many baby boom leaders, who currently dominate the sector, will retire or move into less demanding work. Ten to fifteen percent of nonprofit organizations hire a new executive every year.

This guide is about how your board can sustain effective leadership over the long term by planning now for the time that your executive director or other key leaders leave. We call this succession planning. As you will learn, succession planning is a catch-phrase for a variety of actions. At a minimum, good succession planning includes the development of positive language and attitudes about succession, good emergency backup plans, a succession policy, an organizational culture that encourages the growth of new leaders, and adequate preparation for the planned departure of an executive. The steps and tools in this briefing booklet will increase the odds that your organization will sustain effective leaders—and success.

<sup>1</sup> Bell, J. and T. Wolfred, *Daring to Lead* 2006. San Francisco: CompassPoint Nonprofit Services and The Meyer Foundation, 2006, [www.compasspoint.org/assets/194\\_daringtolead06final.pdf](http://www.compasspoint.org/assets/194_daringtolead06final.pdf).

The following actions (each a section of this booklet) will get your board started on succession planning.

- 1. Agree on Your Terminology**
- 2. Reduce Anxieties**
- 3. Plan to Follow Through**
- 4. Build Support for Succession Planning**
- 5. Create an Emergency Backup Plan**
- 6. Develop and Adopt a Succession Policy**
- 7. Prepare for Executive Transition on the Horizon**
- 8. Make Executive Transition Win-Win**
- 9. Infuse Leader Development into Board and Staff Plans**
- 10. Learn More**

Sections 1 through 4 will help your organization get comfortable with succession planning, which is often surrounded by great anxiety. Sections 5 and 6 are must-dos for every organization. Sections 7 and 8 are especially for organizations that know their executive will leave within one to three years. Sections 9 and 10 will take your organization to the top level of organizations that are successfully sustaining leadership over the long haul.

These are not necessarily “steps” to be taken in a specific order. Rather, they are actions and approaches to succession planning that will ensure your organization minimizes anxiety, can handle planned or unplanned executive departures, seizes every opportunity, and is creating a culture that nurtures new leaders at every level of the organization.

While succession planning may sound like a daunting task, there’s good news: you can complete the basics—an emergency back-up plan and board-adopted succession policy—in one to three months. Time investment:

- 8-12 hours executive time
- 1-4 hours full board discussion
- 6-8 hours board discussion

Let’s begin!



# 1.

## Agree on Your Terminology

Typically, board members each carry their own notions of what succession planning is—ranging from immediately filling a vacancy to long-term leadership planning. The goal, regardless of the words you use, should be agreement that the organization seeks a plan to sustain effective leadership over time and multiple leadership changes. Because succession planning can make organizations “nervous,” your board (and executive) should start by agreeing on the language that best fits its situation.

Here are some of the terms boards have employed to frame succession planning in ways that helps everyone feel safe.

- **Leadership Sustainability Planning.** This promises a goal of insuring effective leadership over time by preparing the organization for unplanned and planned leadership changes. It emphasizes building an organizational culture that supports and nurtures existing and potential leaders. We call this a “leader-full” organization.
- **Leadership Planning.** This frames succession planning as readiness for staff and board backup and succession. This approach emphasizes defining who leads in your organization and how existing and potential staff and board leaders can learn more about opportunities for advancement and development within the organization.
- **Talent Management and Development.** This term frames succession planning as a human resource process. In this process, top leaders in an organization assess its key leadership needs, current capacity, and “bench strength” (potential leaders ready to move up). This usually results in an annual review of talent and individual and departmental plans for building additional bench strength and backup capacity where needed. It is similar to leadership planning with the focus more on the top leadership and key positions.
- **Succession Planning.** Succession planning frames the issue as preparing for future leadership needs. Because many nonprofits are very small, the leader carries a lot of weight and a lot of organizational history. Planning ahead to pick a successor to the executive is thus critical. Some funders now ask to see an organization’s succession plan when reviewing grant applications. We have used this term for this booklet.

All of these terms are helpful. The act of talking about the meaning and implications of each will get you started out in the right direction, and help the board get comfortable with the topic. Having had the discussion, pick a term that works and move on.

## 2.

### **Reduce Anxieties**

Succession planning is about change. Change makes people anxious—which is why they so often put off planning. Clarifying your terms is a start toward reducing the anxiety, but there is more to be done. First, you must check in with your mission to be sure you have broad agreement. Then you must check in with each other to be sure you have adequate trust within the board and between the board and executive.

Begin by checking in on your mission and strategic direction. Review your most recent strategic plan, vision, and mission statements. Be sure that your mission and strategic direction are clear. If there are wide variations in opinion, you need to build consensus on mission and direction before moving into leadership planning. That's normal—and it's fine, because as you build agreement, you also build trust.

Checking in on trust is more difficult than checking in on mission, so take it slow. Honestly assess whether you have good trust and communication among board members and between the executive and the board. If there is some doubt, discuss the issues and take steps to improve. You may need to delay succession planning for a few months while you sort through any performance issues or lack of trust among the top leaders. Consider one example:

*Jane Jones had served as executive director of Community Service Inc. for 15 years. She was in her mid-50s and generally in good health. Over lunch, her board chair, inquired: "Jane, do we have a succession plan in place? We're working on those at the bank and I think we ought to have one for Community Service."*

*Jane caught her breath. “I haven’t thought much about that and don’t have any plans to go anywhere. I’d like to learn more about it and see how it might help us.”*

*As she drove home, she thought back over the past few board meetings and her last performance review. “Did I miss something? Is the board unhappy with me?” The voice of self-doubt festered for days as she relived the conversation.*

Board members may have similar doubts when the executive raises the topic. For example, the executive director says, “Several funders have asked us if we have a succession plan, and I think it is a good idea for us to develop one.” But some board members hear “He’s thinking of going somewhere else and we better get ready.”

Successful organizations are built on positive, open relationships between the executive and the board. Even where that trust exists, the worm of doubt can show up when the delicate topic of succession comes up. Imagine the fear that arises where there is already some strain in the executive-board relationship.

Take care, when you bring up succession planning, not to create unnecessary fear and anxiety—on the board, on the staff, or for the executive. To begin, the executive director needs to reflect on his or her readiness to talk about leadership sustainability and succession. Those who have been a founder, a long-term executive, or recently turned around the organization will likely be deeply attached to it. In some cases, the executive’s identity and that of the organization have become one. The executive may or may not be ready to begin this work with the board. If not, he or she should take the time to understand the resistance, learn about sustainability and succession planning, and clarify personal intentions.

Because of the emotions and possibility for misunderstandings, many organizations find it helpful to form a team with the executive and board chair or other board leaders. This team collects information, may attend training, and learns more to help lead and begin the conversation. Other boards choose to form a small sustainability or succession



planning work group from the board to begin the conversation (with or without consultant help). The important thing is to check in to make sure there is no undue fear and there is clarity about the intention of the process.

Where the board has performance concerns or the executive-board relationship continues to be strained, the stressors need to be addressed before succession planning. Resolution of such issues may require help from a board member or community resource skilled in board-executive relations or conflict resolution.



# 3.

## *Plan to Follow Through*

It's easy to get hung up on this process—even to make too much of it. A real problem for organizations that face succession is failing to start or failing to finish. One executive we know had served as leader of a community building organization for many years. She and her board began talking about leadership sustainability as part of strategic planning. She attended a workshop to learn more about the topic and clarify her personal plans. After the workshop, she drafted a tentative succession plan, required by the board so that she could take a three month sabbatical to think about her next options. But when she returned, she got so busy that she never finished the plan. She told us, "It was on my 'to do' list for two years. Finally I realized I was stuck and asked a consultant for help. We finished a draft of the plan in two hours! I was amazed how simple it was once I decided to get help and get going."

The following steps have helped organizations start, complete, and maintain useful emergency back-up plans and succession policies.

1. Recruit one or two board leaders with the interest and skills to champion this issue. These champions should recruit others to form a sustainability or succession work group or task force (usually not a standing committee), or to make the tasks part of the governance or board development committee.
2. The work group should gather and review resources. They can keep the process simple by using existing templates and experienced consultants, rather than starting from scratch.
3. Set a timeline and completion date and stick to it. Often doing the work and finalizing it at the annual board retreat or a special board meeting helps move this process to a healthy closure.
4. Set a firm date on which the annual review of the plan will take place and a decision will be made about how to integrate leadership planning in the annual and strategic plans.



# 4.

## ***Build Support for Succession Planning***

Persuading the board, executive director, and staff to begin succession planning may take some doing. If you have already enlisted one or two leaders to champion this work, and your executive director is enthusiastic or at least supportive of doing it, then your foundation for planning is taking shape. To broaden support (or build it if nonexistent), the board should discuss both the risks of failing to plan, and the benefits of planning. Let's look at both.

### ***Risks***

We know of a sports and health organization that had been founded by a strong leader. She was board chair, then unpaid executive, and then moved back to board chair. She could never find anyone to hire as a new executive who could meet her standards. After three tries to hire a new executive, the organization failed. It could not handle the lack of direction, and lost funder support, forward momentum, clients—and finally, it lost itself in bankruptcy. And that is the number one risk of failing to plan for succession—going out of business. Ask around. It happens.

A second risk is the sudden and unprepared loss of a director. People in an organization often feel their leader is essential, that the organization can't "live" without him or her. But leaders depart all the time—due to new job offers, dramatic and sudden life changes, accidents, and other unpredictable causes. For example, the founding executive of a community development organization was hit by a car crossing the street one morning and died. Fortunately, the board had already begun a process of identifying and developing new internal leaders—which eased the loss and transition. The organization didn't go out of business, but the road back was long and difficult.

A third risk could be called "the bloom goes off the rose." Here, an organization becomes stale, out of touch, less effective. Perhaps its leadership needs have changed, or its community has changed. Leaders need to grow and change to stay relevant or a slow painful path to irrelevancy results. Consider the case of a social services agency that was led by the same executive for 25 years. At about year 15, she decided to move to another state and commute two hours each way daily and work from home a couple of days a week. The board, all long-term associates and friends of the executive, didn't see the obvi-

ous problems with this decision, so it never challenged her. Others did: funders talked privately about the lack of leadership and direction, and the community began to grumble. Finally, years of declining funding, service delivery, and reputation caused the executive to resign.

### **Benefits**

Successful companies and government agencies have annual, ongoing investment in growing new leaders, managers, and bench strength. The United States government, for example, has a plan that tells them how many senior executives will retire, and when. The program offers fellowships and in-service training programs to prepare a pool of successors. Similarly, a national insurance company does a detailed “bench strength” report every year to its board. In this report, the CEO specifies who is being groomed to replace each of twenty senior positions. The CEO notes each candidate’s readiness, strengths, and deficits that require further preparation.

This may seem impossible for organizations of limited size and resources. Regardless of size, you can adapt these practices and reap the following benefits.

The first benefit is that succession planning helps you “unpack” the executive and other top positions in such a way as to make them more sustainable. Often, long-time executives and managers have accumulated a mix of unrelated duties, suitable only for their particular background and experience with the organization. This mix can render the position (as presently defined) impossible to fill. However, when the organization begins emergency succession planning, it clarifies the key roles, functions, and relationships of the executive. Then, a plan is developed for cross-training other staff. Sometimes this process results in adding a part- or full-time position to make the position more sustainable.

Here are two examples of organizations that made changes as a result of emergency succession planning. One, a large, multiservice nonprofit, had a thirty-year executive with 12 managers reporting directly to her. After “unpacking” her job functions, hiring a chief operating officer was an obvious step to sustainability. Another, a small, mostly-volunteer organization that served the homeless, decided to cross-train volunteers in certain key elements of its work and to hire a part-time executive assistant.

A second benefit of succession planning is the unleashing of new energy and talent. Younger staff have a deep hunger to grow and take on new responsibilities in the nonprofit workforce. For example, a Latino advocacy organization invested in leader development planning with its managers, most of whom were in their late twenties and thirties. In the process, the organization clarified roles, increased its impact, and trained managers in new skills.

A third benefit of succession planning is that the process tells all employees what leadership is and how to advance in the organization. For example, in a small environmental nonprofit, staff frequently deferred to the executive. He took a sabbatical, and during that period the staff had several discussions about the nature of leadership. When the executive returned, staff had determined that leadership could occur at all levels. Rather than deferring to the executive at all times, they became more assertive and self-starting. Managers achieved more and felt better, the executive began delegating rather than micromanaging, and the organization's impact improved.

Or, in a larger mental health agency, staff felt that a person had to be "known" by the CEO to get promoted. Through sustainability and succession planning, the organization identified attributes and competencies required for leadership at all levels of the organization. The organization then created management and training opportunities to help staff develop these competencies. The result was greater retention and internal advancement, and ultimately, a more sustainable organization.

# 5.

## **Create an Emergency Backup Plan**

Most organizations ease into succession planning by developing an emergency backup plan for the executive director. The executive is often the glue for the organization, so it makes sense to first ensure there is a plan in case of a sudden absence.

The purpose of the plan is to:

- (a) define a short- and long-term unplanned absence;
- (b) clarify who decides such an absence is occurring; and
- (c) state who assumes the functions and roles of the executive during the absence.

(In larger organizations with a management team or smaller organizations where the board volunteers carry out key duties essential to mission, it often is important to develop additional emergency backup plans for other key positions. The board should ask the executive to determine whether such backups are needed, and if so, get them in place after the executive backup plan is complete.)

In some instances, emergency backup planning is initiated by the executive director but staff lead the process. In others, it is initiated by the board or a board member and acted on by the executive and a few board members. Much depends on the size and operating style of the organization and its board. Either process works as long as executive and board communicate clearly about their respective roles.

Regardless of starting point, the board should review and adopt the emergency backup plan as a policy. At a minimum, the board should expect to be oriented to the fact that an emergency backup plan is being developed and that it will be brought back for board action. In cases where a founder or long-term executive is involved, it is quite helpful for a small group from the board to work with the executive on the emergency backup plan. This same work group also typically takes responsibility for developing the draft policy for the board to discuss and adopt.

The circumstances that bring this topic up and the group dynamics of the organization influence how to best get it done. In smaller, simpler

situations, almost anyone in the organization can craft a helpful plan as long as all the stakeholders are appropriately engaged. In more complex situations, a consultant with experience in emergency backup plans and succession planning may be helpful.

To get oriented to what an emergency backup plan looks like, view and download templates of emergency backup plans at:

[www.compasspoint.org/assets/520\\_emergencysuccessionplan mo.pdf](http://www.compasspoint.org/assets/520_emergencysuccessionplan%20mo.pdf).

[www.nonprofitadvancement.org/usr\\_doc/Emergency\\_Succession\\_Plan\\_Template.doc](http://www.nonprofitadvancement.org/usr_doc/Emergency_Succession_Plan_Template.doc)

[www.transitionguides.com/about/publications.htm](http://www.transitionguides.com/about/publications.htm).

The backup plan should include the following items:

- A written emergency backup plan
- Contact information for key stakeholders
- Instructions for informing key stakeholders of the unplanned absence
- A cross-training plan for designated executive backups
- Updated or new executive job description (if needed)

The process appears simple, but the time commitment and the possibility of emotional resistance is the main barrier. Some organizations send a team of the executive director and a few board leaders to one-day workshops (when available) or a consultant-facilitated retreat. The goal of either is to get the plan done quickly so that something is in place for an emergency.

Whether in a workshop, retreat, or the board conference room, move ahead briskly with the following steps:

### *List the Executive's Roles and Functions*

The executive needs to list the five or six most important functions and key roles he or she plays in the organization. To complete this step, the executive can generate a first draft, or a consultant or trusted colleague can interview the executive and write a draft for the executive to review. Functions are the major tasks the executive performs within the organization to ensure its efficiency and success—what the executive does and who he or she oversees, for example. Roles are the positions the executive holds internally and externally, which may be informed by job title

or decision-making authority. For example, the executive typically has roles as the individual ultimately responsible for financial success and for service outcomes.

Once there is an initial list, other managers, staff, or board members (depending on the size and culture of organization) may review and comment on it. Other people can often add or see key roles or functions in ways the executive misses or takes for granted.

### *Determine Emergency Backup Staff*

The executive (or working group) should now proceed to a) list individuals who now or with training could carry out high priority functions; and b) select a person to serve as acting director in an emergency backup, plus one or two alternatives if that person is unavailable.

Listing individuals who can do parts of the executive's job is relatively straightforward and is usually led by the executive in consultation with the management team or participating board leaders. The second task—picking a standing appointee and alternatives—can be more complex. In smaller organizations, there may be no single person on staff with the capability to do the job. In larger organizations, there may be multiple possibilities and care is needed in thinking through who is selected and how others will interpret the selection.

Keep reminding those involved that emergency backup planning is not a process to pick a long-term successor or heir apparent; the goal is to ensure continuity of leadership in an emergency. While having one designated person is simplest, some organizations opt for co-leadership and others turn to a board member or consultant who works closely with the organization. Focusing on the roles and functions of the executive and who can best assume those for the short term helps guide this decision.

### *Create A Communications Plan*

The communications plan involves creating a regularly maintained contact list of which stakeholders need to be informed (along with how quickly) in case of an unplanned absence. Most organizations inform board and staff within two to three days. If clients need to know, they

are also informed. Depending on the nature and expected length of the absence, funders, government officials, and other stakeholders may or may not be informed. Most communication occurs initially within a week and then on a “need to know” or update basis, depending on the circumstances and length of departure.

### *Create A Cross-training Plan*

The cross-training plan is aimed at ensuring the designated backups receive orientation and training in any areas deemed essential for carrying out short-term leadership. For example, the person who will take over communications with key stakeholders needs to learn a little background about the most important of those stakeholders. Or, the person who will take over representation of the organization in collaborations and coalitions needs to learn about the history and relationships involved in those activities. Keep the list short, and ensure that the process and timeline for completing the training is realistic. Put someone in charge of making sure it happens.

### *Finalize the Plan*

The final section of the backup plan should suggest an annual review of the plan and designate who gets a copy—usually the board chair and vice chair or secretary, the executive, those named as backup, and in larger organizations, the human resources director. During this final step, most organizations also review who knows where key documents and passwords for computers and bank accounts are kept, to ensure backup for day-to-day operations.

The team working on the emergency backup plan should then finalize the language and prepare a draft for the board to discuss and adopt. The board should focus its discussion on the thinking that went into the plan, the decisions in the plan, and the implications for the organization in terms of long-term sustainability.



# 6.

## *Develop and Adopt a Succession Policy*

Every organization should have a written succession policy. First, it provides a framework for important conversation and planning before a leadership change happens. Second, it provides a structure and process to guide the organization when the change occurs. When an ending of any kind occurs, it is human nature to want to get out of the confusing time of ambiguity as quickly as possible. Our experience as nonprofit transition consultants has taught us that this urgent need to act is among the leading causes of failed transitions. The written policy adds security at a very insecure time.

A written succession policy usually addresses the following questions (often as separate sections of the policy):

- What are the roles of the board, the outgoing executive, the staff, and (in some instances) external stakeholders in planning for and hiring a new executive?
- Is the organization committed to managing both the transition and the search by setting up a transition and search committee (a recommended best practice)? What is the size and make-up of the committee?
- Will the staff be a part of the committee? How will staff be involved in the process?
- What is the committee's authority to recommend one or more finalists and what is the board's process for making the hiring decision?
- What is the organization's philosophy and practice in terms of filling key vacancies such as an executive director? Is there a culture of encouraging the development of leaders internally? Are internal candidates encouraged to apply? Is there always an external search?
- Will the organization consider using an outside consultant to assist with the transition planning and management and/or the executive search?
- What is the organization's commitment to diversity and cultural competency in its recruiting and selection process?

The answers to these questions result in a one- to two-page document, which is reviewed and adopted by the board. The process for developing the draft usually involves a small work group of board members, the executive director, and, in some larger organizations, one or more representatives of the senior staff.

Holding this discussion and forging a written succession policy is helpful for all organizations. It is essential for organizations where an executive transition is anticipated in the next one to five years.

# 7.

## *Prepare for Executive Transition on the Horizon*

This type of succession planning typically occurs when an executive, often but not always a founder or long-time executive, has a private plan to transition from leadership in one to three years. Such a transition is usually called a departure-defined succession plan. These are not transitions where the executive decides to take another job and plans to leave within 30-60 days of securing a new position. Departure-defined succession plans are defined by the executive's planning to carefully exit the organization, usually within one to three years. Often such executives are retiring, moving to part-time employment, or preparing to enter a new field or make a career change after some time off.

The benefits of departure-defined planning include:

- The executive has done her or his personal planning and has a clear timeline for leaving.
- The organization can privately prepare for executive transition without making any public announcements. As a result, the executive, board, and staff are prepared for transition, reducing or eliminating its trauma.
- The organization can take time to complete an organizational review (sometimes called a sustainability audit). This helps staff and board understand the organization's strengths and develop a blueprint for improvements consistent with its mission, goals, and resources.
- When the executive transition occurs, the organization knows the competencies, attributes, and "fit" it needs in the next executive. This helps it recruit and hire, which in turn improves the next executive's chances of success. It also helps the organization nurture the internal leaders needed to sustain mission effectiveness over time.

The depth and breadth of this type of planning is heavily influenced by the length of time before the executive plans to depart and what else is going on in the organization. Planning that happens more than two years in advance can address issues that can't be addressed when the executive is leaving in a year or sooner. Similarly, if the organization is in the midst of a major capital campaign, experiencing major growth, or downsizing, doing very much additional planning may not be possible; those issues take priority.

For example, in a community development and service organization, a founder had left to take a national position and returned six years later to lead the organization through a rebuilding process. As she approached retirement, she wanted to make sure the organization was in excellent health when she departed. She and the board contracted with a management support organization to conduct a full organizational review of the financial health, viability, systems, and leadership for each program area of the organization. This resulted in a plan for increasing funding, strengthening systems, and expanding the leadership team, to be carried out over the three years before the executive retired.

Most departure-defined succession planning includes:

- Support for the executive (for example, hiring a coach or consultant) to clarify the general timeline for departure, during which time the transition plan is kept confidential.
- Development of a communication plan for a public announcement, typically not more than nine to twelve months before the departure.
- Agreement on the financial terms of the departure and options for any future role by the executive director after departure.
- Updating or completion of an emergency backup plan and succession policy.
- Formation of a sustainability committee and engagement of an independent facilitator or consultant to assist with an organizational review.
- Creation of an action plan that addresses the findings of the organizational review by building on strengths and increasing capacity before and after executive departure.
- Discussion with any potential internal candidates about the succession policy and opportunities to continue to grow and develop as a leader.
- Perhaps pushing deeper into building a leader development organization, depending on the timing and organizational conditions.

As planning moves forward and approaches the one-year mark prior to executive departure, the process shifts to executive transition management. In this process, the board actively manages the transition to assure a good ending with the outgoing executive. The time between

the formal announcement and the actual departure can be awkward, but deft handling can ensure healthy closure and the foundation for a positive beginning with the new executive. This process also involves the search and selection of the new executive.

Note: some organizations “anoint” an internal candidate as the successor as part of the planning. In most of the cases we have witnessed, this does not work. Reasons include:

- The departing executive is ambivalent about leaving and delays the exit. Meanwhile, the selected successor gets impatient and leaves.
- The board is not included in the discussion and does not support the executive’s selection.
- The selected successor has a narrowly defined role or challenging role in the organization and it is difficult for the board and the staff to imagine the individual succeeding in the broader role of executive director.
- The board wants the benefit of a full search and decides on an external or another internal candidate.

A more successful approach is to invest in developing the skills of a number of staff who might eventually be executive in this organization (or another) and to encourage all interested to apply when the position becomes vacant.

# 8.

## ***Make Executive Transition Win-Win***

Executive transition is a period of great opportunity and risk for non-profits—and deserves special attention. Through research and investments supported by W. K. Kellogg Foundation, Annie E. Casey Foundation, and local foundations around the country, boards now have access to executive transition management techniques that help them make the most of an executive transition.

Properly handled, executive transition is an opportunity to make any organization even better. But the transition must be handled with care, allowing time for proper “grieving” over the departure of the current executive, for assessment and decisions about how to change, and for embracing a new direction. Often, organizations will engage a consultant to guide them through the transition process. In some cases, transition management can even include the hiring of interim executives who specialize in keeping organizations running well while a full scale search is underway.

When your organization is preparing its succession policies, it should also collect and store information on change management and executive transitions. That will be relatively easy, as many of the resources on succession planning also cover transition.

Experience has shown that poorly handled transitions can wreak havoc on an organization. Meanwhile, carefully planned and managed transitions actually set the organization up for greater successes in the future. All of the steps in this booklet are essential steps to good transition management, but in the end, you should consult with outside resources (publications, workshops, and consultants) to take full advantage of the opportunities in such transitions.

If you have a transition pending, don't waste the opportunity. Done artfully, executive transition can be a win-win situation all around—for the community, for stakeholders, for the organization, for the board, and for the executive.

# 9.

## ***Infuse Leader Development into Board and Staff Plans***

Most people involved in leading a nonprofit are passionate about its cause. Over time, burnout and fatigue can sap the capacity and effectiveness of the most passionate leader. Organizations that depend too much on a few leaders are at risk when those leaders run out of steam or move on.

Deciding how to sustain great leaders and a great organization over time is not simple and varies significantly depending on organizational size and resources. There is enormous pressure to dedicate all available resources to the organization's mission and programs. Investments in leadership and infrastructure are often seen as "soft" and optional. This contrasts greatly with the culture at top for-profits and government agencies, where leadership development is considered critical. Such organizations invest large sums in their up-and-coming leaders.

The first step in crafting a leader development culture is to make the case for it. The first part of this case—the risk of the loss of one or more leaders—has been well-stated throughout this booklet. Consider, as well, the importance of good leadership skills to accomplishing the organization's mission. The goal is to nurture staff at all levels who can lead the charge for the organization's mission. Fortunately, two or three people—for example, board members, staff, the personnel committee or parts of each—can champion leader development.

Building a leader development culture actually involves many of the actions your organization has undertaken to create a good succession plan. It includes:

- A look at current leadership resources. This includes formal leaders (with titles), informal leaders, leadership assets and strengths, and what additional leadership skills are needed to better meet your mission.
- The creation of a short written description of what being a leader means in your organization. Typically such a statement describes expectations, behavior, and roles.
- Benchmarking your activities against other organizations. This includes studying how other similar organizations attract and develop leaders and deciding which approaches to use for your organization.

- Creating a written leader development plan. This includes not just drafting and approving a plan, but allocating resources to it and making some individual (or team) responsible for it.
- Making the plan part of the system. This includes integrating the leadership development plan into the annual and strategic plans of the organization by noting milestones and stipulating progress reviews.

Small organizations with budgets under \$500,000, may focus much of the discussion on clarifying roles of staff, board, and volunteers in providing the leadership necessary to thrive. Once these roles are clear (along with the developmental or educational needs associated with them), it is easier to reallocate funds or seek grants to support the development of leaders.

Larger nonprofits, will likely focus on management staff and on encouraging all staff to view themselves as leaders and contributors to the mission. This might involve monthly brown-bag learning opportunities, support to participate in a leadership class or program, or the creation of a formal program to develop leaders.

In most organizations, attention to leader development also involves attention to diversity. Research on social networks suggests that most people recruit and are most comfortable with people they know or who look and sound like them. This can result in homogenous organizations attempting to serve diverse populations. Age, gender, race, ethnicity, class, and physical ability are among the many diversity considerations to be considered in planning for a leader development culture.

How will you know you are successful in developing an organizational culture that constantly nourishes current and emerging leaders? Here are some measures other leaders and organizations have adopted.

- Every person can state clearly how she or he contributes.
- Both formal and informal leaders are valued and recognized.
- Staff who are interested in advancing in formal leadership positions know the requirements they must meet to move forward.
- Managers and supervisors are encouraged and rewarded for actions that support leader development. Such actions might include access

to coaching, peer learning circles, courses or other educational opportunities, and opportunities for assignments that offer opportunities to lead and develop or refine key skills.

- The organization's strategic and annual plan reinforces the importance of attention to the development of leaders on staff.
- The organization has a written inclusiveness policy along with its emergency backup plan and succession policy, and is committed to building a diverse and sustainable leadership culture.
- Changes in leadership are handled calmly and without drama because there is a plan and confidence in the organization's investment in the development of internal leaders.

The resources that follow will help you get started on succession planning and executive transitions.

# 10.

## Learn More

Here are some resources others have found helpful on these topics.

### *About Succession Planning*

- Adams, Tom. *Stepping Up, Staying Engaged*. Executive Transition Monograph Series. Volume 5, Annie E. Casey Foundation, 2006.
- Gaskins Jones, Karen. "Preparing an Organization to Sustain Capable Leadership." *The Nonprofit Quarterly*. Spring 2007.
- Rothwell, William J. *Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from Within*. New York: American Management Association, 1994.
- St. Onge, Patricia. *Embracing Cultural Competency: A Roadmap for Nonprofit Capacity Builders*. St. Paul, MN: Fieldstone Alliance, Inc., 2009.
- Wolfred, Tim. *Building Leaderful Organizations: Succession Planning for Nonprofits*. Monograph Series, Volume 6, Annie E. Casey Foundation, 2008. (Download at [www.transitionguides.com/resources/CP%20Succession%20full.pdf](http://www.transitionguides.com/resources/CP%20Succession%20full.pdf))



## About Executive Transitions

- Adams, Tom. *The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations*. San Francisco: Jossey-Bass, 2010.
- Adams, Tom. *Founder Transitions: Creating Good Endings and New Beginnings*. Monograph Series. Volume 5, Annie E. Casey Foundation, 2005. (Download at [www.transitionguides.com/resources/docs/Founders\\_final.pdf](http://www.transitionguides.com/resources/docs/Founders_final.pdf))
- Adams, Tom. "Departing? Arriving? Surviving and Thriving: Lessons for Seasoned and New Executives." *The Nonprofit Quarterly*. Vol. 9, Issue 4. Winter 2002.
- Tebbe, Don. *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO*. Washington, DC: BoardSource, 2008.
- Wolfred, Tim. "Stepping Up: A Board's Challenge in Leadership Transitions." *The Nonprofit Quarterly*. Vol. 9, Issue 4. Winter 2002.
- Wolfred, Tim. *Managing Executive Transitions: A Guide for Nonprofits*. St. Paul, MN: Fieldstone Alliance, Inc. 2009.

## Websites

### TransitionGuides

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

Comprehensive site with articles, case studies, and tools for non profits related to leadership sustainability, succession planning, executive transition management, and related educational and consulting services.

### CompassPoint Nonprofit Services

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

Leading research and consulting organization for nonprofits, with numerous articles and research reports.

### Annie E Casey Foundation Executive Transition Monograph Series

[www.aecf.org/MajorInitiatives/LeadershipDevelopment/LdrshpResources.aspx](http://www.aecf.org/MajorInitiatives/LeadershipDevelopment/LdrshpResources.aspx)

Access to the entire series of monographs commissioned by the Annie E. Casey Foundation on this topic as well as other related materials.

Thanks for being a champion of well-led and inclusive organizations seeking to make a difference in world. Best wishes as your organization continues to hum!

### ***About the Authors***

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### ***Series Editor***

VINCENT HYMAN, series editor, is an award-winning writer, editor, and publisher. After leading the development of the nonprofit publishing center at Amherst H. Wilder Foundation and the publishing program of Fieldstone Alliance, Inc., he founded Vincent Hyman Editorial Services, with expertise in nonprofit management, foundation effectiveness, policy, marketing, and related issues. He is editor of scores of books, coauthor of *Coping with Cutbacks: The Nonprofit Guide to Success When Times Are Tight* and author of *The Nonprofit Risk Management Guidebook* and *Evaluating the Executive Director: Your Role as a Board Member* (both from First Nonprofit Educational Foundation). He has authored numerous web and print articles, and has three decades of experience in writing, editing, and organizational communications.





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