



Departure-Defined Succession Planning Tools

FEDERAL RESERVE BANK *of* KANSAS CITY
DENVER • OKLAHOMA CITY • OMAHA



Departure-Defined Succession-Planning Timeline

The future planned departure of the current executive may create anxiety and a fear of the future if the process is not properly handled. To help alleviate anxiety and create a shared understanding of the process among all those involved, the following timeline is recommended to help organizations prepare for the departure-defined planning process. It should be used to complement and drive the completion of the departure-defined succession-planning template on the following page.

Week 1:

1. Current executive meets with board chair to discuss their intent for a future departure.

Week 2:

1. Review and discuss the *succession-planning readiness questions*.
2. Review and complete the *Case Study: Why Succession Planning?*
3. Current executive and board executive committee meet to discuss departure-defined succession planning process and assign roles and responsibilities.

Week 3:

1. Current executive reviews and completes the *self-reflection questions*.
2. Address personal and professional barriers for the departing executive.

Week 4 - 5:

1. Identify the top three to five strategic objectives that fall under the executive's core responsibilities.
2. Identify leadership skills desired and leadership traits not desired for new executive.

3. Update job description for successor.

Week 6 - 7:

1. Identify the key spokesperson for the organization until the new executive is hired.
2. Define internal and external communication plan.

Week 8 - 9:

1. Form a succession planning committee and define roles and responsibilities, including departing executive.
2. Develop a timeline for the executive search strategy.

Week 10 - 16

1. Define internal and external communication plan to be used during the recruiting, hiring and transition process.
2. Conduct sustainability audit of the organization and develop strategies to address organizational and leadership vulnerabilities.

Week 17 - TBD:

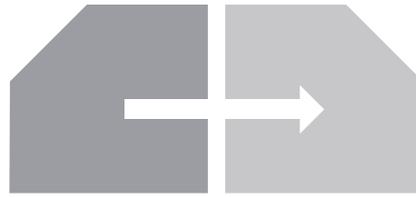
1. Conduct executive search for the successor.
2. Provide regular updates to the board and staff about the selection and hiring process.
3. Identify successor and officially hire them.

Upon Hiring Successor:

1. Search committee drafts and board implements the successor development and transition plans.
2. Successor is officially placed in executive role and works with the board to implement the 90-day transition period.
3. Board chair works with departing executive to make sure they understand the emeritus role, as agreed upon.

Note: The sequence of steps above is more important than the estimated time frames, which depend on the length of time before the departure and length of the search process.

Departure-Defined Succession-Planning Template



Organization Name:

Purpose:

The purpose of this departure-defined succession plan is to ensure continuous coverage of executive duties, critical to the ongoing operations and organization's sustainability, when a long-term executive or founder plan a future retirement or departure date. The objective for this process is to share the expertise of the departing executive with the successor while simultaneously preparing the organization, and departing executive, to fully support the successor.

Ideally the departing executive's input, along with involvement from the board and successor, will make this an effective plan to ensure continuity in external relationships and with staff, while promoting an environment of operational effectiveness under new leadership.

Steps to develop a departure-defined succession plan:

1. *Address the personal and professional barriers for the departing executive.* The departing executive should review and consider the *self-reflection questions*.
 - a. *Facilitate personal planning for departing executive* by providing *self-reflection questions* and/or access to a life coach.
 - b. *Understand and address founder syndrome, if applicable.* Communicate to the board and staff the potential

challenges associated with the founder's departure. Increasing the key stakeholder's awareness of their role in addressing the challenges in a founder transition is very helpful. William Bridges, in *Managing Transitions*, says that for a group to fully embrace the style and ways of a new leader they must first let go of the old.

- c. *Agree on parameters of the executive's emeritus role.* In collaboration with the founder, the board should identify strategies and boundaries to facilitate a successful transition. If there is an essential need for the outgoing founder to remain directly involved in the organization, then clearly define his/her role in supporting the successor's decision/direction even if different than the founder's. The founder's prior mentor role should change to a resource role.
2. *Update job description to ensure executive responsibilities and hiring requirements promote the organization's sustainability.* Matching organizational needs with leadership competencies desired in the next executive is one of the most important features of the executive search phase. This planning process provides a unique opportunity to update the executive requirements and responsibilities.
 - a. Attach current executive position description. Position should be updated as needed, preferably during the organization's strategic-planning sessions and should consider numerous questions.

Continued on next page

Departure-Defined Succession-Planning Template *Continued*

b. What are the top three to five objectives and/or challenges outlined in the strategic plan that fall under the executive's core responsibilities?

(1) _____

(2) _____

(3) _____

(4) _____

(5) _____

c. Based on these objectives and/or challenges, is there an impact on the executive's job description?

(1) Key competencies (e.g., skills—core leadership and management, strategic thinking, board oversight, staff management, agility skills, etc.)

a. _____

b. _____

c. _____

d. _____

(2) Expertise and experience (e.g., fundraising, financial, building new facilities, etc.)

a. _____

b. _____

c. _____

d. _____

(3) Required leadership style (e.g., high control or participatory?).

a. _____

b. _____

c. _____

d. _____

(4) Leadership traits not desired (e.g., poor relationship building, poor board management, etc. These are common derailers in nonprofit organizations).

a. _____

b. _____

c. _____

d. _____

3. *Form a succession-planning committee with clear roles and accountability.* The committee will be accountable for developing, seeking commitment and implementing the departure-defined succession management plan. The committee will facilitate, manage and obtain board and executive approval of this critical leadership transition. The key difference for this committee from a standard executive search committee is the focus and time commitment to developing the successor and preparing the organization for a successful transition. The committee should consist primarily of board members and a few staff members; community volunteers, funders and other stakeholders can serve as ad hoc resources. The committee will also oversee the following steps:

a. *Determine the executive search strategy.* The committee should decide whether to use an executive recruiter or to conduct the search using board members, staff and other resources, such as social media tools and community contacts.

Continued on next page

Departure-Defined Succession- Planning Template *Continued*

- b.** *Update job description.* Matching organizational needs with leadership competencies desired in the next executive is one of the most important features of the executive search phase. This planning process provides a unique opportunity to update the executive requirements and responsibilities. It is critical to distinguish any job differences between the departing executive and the replacement executive and to clearly communicate the rationale for any differences. Refer to *sample job description*.
- c.** *Create and implement the successor development plan.* An effective plan will link the successor's development to key initiatives in the strategic plan, build effective relationships with stakeholders, and ensure an understanding of how the organization achieves its operational objectives and remains financially sustainable. A detailed development plan with stated outcomes can help measure the successor's development and avoid having him or her become the departing executive's aid. The successor will be better prepared to step into the leadership role. A plan left solely to the departing executive's discretion and oversight may inhibit the successor's opportunity to build credible relationships with stakeholders and to understand and address important operational initiatives and challenges.
- 4.** *Define internal and external communication plan.* Conversation is a key function of a healthy organization and is integral to the success of a transition. The communication plan for departure-defined succession planning can span several years as the successor is identified, hired and developed to assume the departing executive's role. It may help alleviate concerns about the organization's future direction and sustainability, particularly when the departing executive is a founder.
- a.** The plan should address communication with stakeholders, including but not limited to staff, funders, government contract officers, foundation program officers, civic leaders, major donors, key volunteers, past board members, and the community at large. The communication should be a coordinated process.
- b.** A well-prepared plan is helpful in a successful transition from a departing long-term executive to a successor. The plan should include: rationale for change, steps to achieve success and commitment to the successor, and a plan for the organization's continued future success. Communicate detailed information about the departure and transition to key stakeholders, including information such as strategic direction of the organization; why the executive is leaving; why the successor was selected; the successor's grooming process; and, how board, staff and other stakeholders are supporting the transition. Implementing a communication plan, which outlines contacts, during the transition helps avoid confusion and promote trust and credibility with the successor.

Continued on next page

Departure-Defined Succession- Planning Template *Continued*

- c. The communication plan should also outline procedures that promote two-way communication. Creating an environment that allows for input from stakeholders, particularly staff, can help identify transition issues, as well as comment on successes. An ideal time to solicit stakeholder input regarding the successor's progress is during the mid-year performance review. Input provides an opportunity for feedback and adjustments to the development plan.
5. *Position the organization for future success by conducting a sustainability audit.* This is an ideal time to assess the organization's alignment with the strategic plan, operating performance, and capacity to meet future client needs to ensure sustainability. Conduct a sustainability audit by completing the following steps:
- a. Gather input electronically or by phone from stakeholders such as the departing executive, board members, key staff, funders and volunteers. Use good survey practices to ensure confidentiality and trust for those who provide data. Soliciting feedback is valuable in determining organization performance and recommending adjustments. Standard questions that may help you gauge your current performance include:
- (1) As you look at the organization's mission what are the organization's greatest strengths and areas for improvement?
 - (2) What major upcoming issues may impact the organization's ability to successfully provide services?
 - (3) What changes might be needed to address those issues?
- b. Additional items to explore during the sustainability audit process will help you gather data about effectiveness, financial position, community engagement and leadership.
- (1) Operational effectiveness of administrative and program functions: How effective are the human resources and financial functions? Are there organization programs/services that are not fully utilized by clients?
 - (2) Resource relationships: Are the key external relationships held by more than one key staff member? How well does the organization collaborate with other agencies in the community?
 - (3) Financial oversight: The organization's finances should be extensively reviewed with a goal to ensure a strong financial position prior to a leadership transition. Does the organization have financial reserves (unrestricted funding, if possible) sufficient to cover at least six months' worth of operating expenses? Has multi-year program funding been secured?
 - (4) Leadership and staff effectiveness: Is there an opportunity to share leadership responsibilities throughout the organization and reduce dependency (and workload) on the executive? Where are the opportunities to develop future leaders?

Continued on next page

Departure-Defined Succession- Planning Template *Continued*

- (5) Board effectiveness: Is the current board role still appropriate for the senior executive that is taking over? Does the board membership need to be modified to better compliment the new executive's skills and competencies? This is particularly critical when a long-term executive is departing and the board was built to reflect their strengths and preferences. Complete the *Board Membership Matrix* to identify the current board composition and determine if changes should be adopted.
- c. Design and implement strategies to address organizational and leadership vulnerabilities. It is important that the sustainability audit results be communicated, developed into an action plan and addressed. Gaining commitment and following through on implementing the plans are critical.
- d. The results from the sustainability audit can also be translated into a desired set of personal and professional competencies that match the organization's core needs. This list can also be used to update the senior executive's job description for their developmental purposes.
6. *Promote successful transition of new executive.* The board president and successor should agree on and implement a transition plan. Although the successor has been working with the organization for a period of time and has completed a development plan, the first 90 days in the new executive role brings challenges. An effective 90-day transition plan includes:
- a. The board's written goals and expectations of the successor for the first 90 days and 12 months.
- b. Participation in a formal orientation program as well as meetings with board members, staff, funders and volunteers.
- c. A structured feedback mechanism with pre-identified key stakeholders to assess progress and potential barriers to a successful transition.

Continued on next page

An organization had completed a thorough sustainability audit and identified a plan of action but never implemented the action plan. Three years later, the founder departed and the "developed" successor took over the leadership reins. The successor failed and was removed. Some of the key issues that contributed to the successor's failure were identified in the audit but never addressed. An example was the reluctance of the founder to focus the organization's efforts on key programs. Instead the organization continued to be "all things to all people" finally resulting in a critical financial shortage that was, in part, blamed on the successor when he tried to narrow the scope of services.

Departure-Defined Succession- Planning Template *Continued*

- d. Access to development resources for the new executive, such as reading materials and/or leadership training programs to help them better understand the challenges of leading a prior peer group and succeeding as long-term executive.
- e. Depending on the complexity of the challenges, a transition coach may be retained to facilitate a successful executive transition and help manage obstacles.

7. *Approval of Departure-Defined Succession Plan.* This succession plan will be approved by the executive committee and presented to the full board of directors for review and approval.

Signatures AND copies kept of this document by:

- Board President _____
Date: _____
- Executive _____
Date: _____
- Human Resources _____
Date: _____

NOTE: Corporate attorney has copy but signature not required.