Succession Planning for a Sustainable Future

presented by
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presented in partnership with TransitionGuides.
About the Presenter

JEANIE DUNCAN

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• Adjunct Faculty, Center for Creative Leadership
• 20 year career in the nonprofit sector
• Services: strategy, sustainability & succession planning | executive transitions | interim leadership | board & staff development | executive coaching
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Agenda

• Welcome

• Sustainability & Succession Planning Overview

• A Closer Look
  – Emergency Backup | Succession Policy
  – Departure-Defined Succession Planning
  – Leader Development | Talent Management

• Questions & Answers

• Wrap up
Today’s Objectives

• **Explore** why attention to succession and transition is important and difficult.

• **Discuss** the balance of personal and organizational preparation.

• **Consider** next actions for executive and organization.
Why Pay Attention?

• 10% of executives transition every year.
• 30% of those executives leave involuntarily.
• 17% of organizations have a succession plan.
• Just 33% of executives are very confident that their boards will hire the right successor.
Obstacles to Action

• Executive and Board avoid the topic.
• Executive and Board unaware of ways to plan.
• Decision to rely on internal promotion of existing staff prematurely.
• Concern about cost of getting help.
Ideas & Tracks

Three Big Ideas
1. Sustainability Planning
2. Succession Planning
3. Executive Transition Management

Two Tracks
1. Chief Executive Preparation
2. Organizational Preparation
Stability, Sustainability & Vitality

**Vitality**
- Exuberant strength or vigor
- Engaged / Aligned / Energized

**Sustainability**
- Strong fundamentals in place
- Organization positioned to be a high-value asset over the long term

**Stability**
- Basic level of health
- Resources to carry out short- to mid-term activities
Sustainability – 4 Core Elements

- Business Model & Strategy
- Resources
- Leadership
- Culture
Strategy/Business Model

- **Business Model**: how the organization creates and delivers value and finances the process.
  - Has 5-7 years of life ahead of it.
- **Business Strategy**: an organization’s competitive advantage.
  - Is there a strategy in place?
  - Is the organization positioned to meet future needs and demands?
  - Are the board and staff aligned?
Leadership

- Leadership in place to meet current and future needs.
- Succession plans for top leadership.
- Board is a high-value asset, focused on mission, direction, leadership, resources, performance.
- Strong Board – Executive relationship.
- Attention to diversity.
Resources – Trends & Outlook

• Sufficient financial resources to meet short- to mid-term commitments (6 to 24 months).
• Revenue streams are diverse and have longevity.
• Favorable trends in revenue, expense & margin; good ratios.
• Proactive resource development strategy in place.
• Good stewardship of hard assets.
• Growth trends in soft assets.
Culture

- Agility – flexible, nimble in face of dynamic environment.
- Resiliency – bounces back quickly from setbacks.
- Future focused, results-oriented and action-based.
- The value and worth of the organization is widely understood throughout the board, staff, and volunteers.
The Sustainability Planning Process

- Organize
- Assess
- Plan
- Implement
- Review
Sustainability Planning

- Involves more than finances.
- Key responsibility of top leadership; can’t be delegated.
- Best if involvement is broad-based and connected to ongoing strategy development and succession planning.
Sustainability
Mini-Assessment
Why Plan for Succession?

- Transition is inevitable
- Minimizes risk
- Maximizes opportunity
- Builds bench strength
- Helps ensure success
- Supports organizational sustainability
Succession Planning

- **Two Frames:**
  - Replacement: Filling a position after departure.
  - Developmental: Developing internal leaders

- **Three Approaches:**
  - Succession Essentials
  - Departure-Defined
  - Leader Development
Succession Approaches

• Succession Essentials
  – Emergency Backup and Succession Policy

• Departure Defined Succession Planning
  – Essentials + Sustainability Planning

• Leader Development & Talent Management
  – Proactive, ongoing talent management and investment tied to your strategic goals
Succession Essentials

–THE BENEFIT –

Prepares the organization for unexpected transitions.
Succession Essentials

• Simplest and most effective place to start.

• Includes:
  – Emergency Backup Plan for executive and senior managers
  – Written Board Adopted Succession Policy
Emergency Backup Plan Contents

• An agreement between an individual and his/her backup(s)

• Identifies key duties and relationships and assigns responsibility to designated backup(s)

• Identifies needed cross-training
The Succession Policy
– serves as a statement of commitment to:

• Outline the process of planned departure
• Prepare for inevitable leadership change
• Assess leadership needs before beginning a search
• Appoint interim leadership to ensure continuity and stability
Succession Policy Content

• Focus on both transition and search
• Transition/search committee
• Succession procedures
• Organizational assessment
• Internal candidates
• Consideration of interim executive
• Search Plan
Departure Defined
Succession Planning

–THE BENEFIT–

Strengthens and readies the organization for the transition.
Departure-Defined Succession Planning

**Two Tracks:** Executive & Organization

**Goal:** Increase organization capacity for delivering mission under new leadership

**Outcomes:**
- Capacity building strengthens 4 critical elements
- Succession policy guides process
- Backup plans ensure continuity
Departure-Defined Process Overview

1 TO 4 YEARS TOTAL

3 TO 6 MONTHS
Leader Development & Talent Management

–THE BENEFIT –

Broadens and sustains leadership capacity and builds “bench” strength.
Strategic Leader Development

- **Vision**: What is the agency’s strategic vision and priority goals?

- **Skills**: What competencies do we need for success?

- **Leader Development**:
  - What competencies do we have?
  - Which are missing?
  - Who will acquire competencies needed and how?
  - How do we back them up?
  - How will we share leadership & decision making?
Attention to Leader Development

• Aligns staff development with strategic vision
• Builds staff leadership capacity
• Develops potential management successors
• Diversifies organizational leadership
• Makes the executive and all other leader jobs more “doable”
Actions to Advance Leader Development

1. Secure CEO, senior management, and board commitment, and establish the specific case for your organization.
2. Put succession basics in place.
3. Align HR practices and strengthen capacity to support and manage.
4. Make leader development a top priority and central to strategy.
5. Put talent management system in place.
6. Expand development and training opportunities.
Leader Development Tools

- External Training
- Mentoring
- Mastery Experiences
- Intentional Coaching
- Action Learning
- Group Case Study Work
Next Actions

• Engage the board
• Engage the senior managers
• Set up a planning committee
• Get started on succession essentials
• Implement basics in leader development
• Tap in to resources
Resources

• **Next Steps Workshop**
  – **July 18–19, 2013** (Baltimore, MD)
  – **August 19–20, 2013** (Philadelphia, PA)
  – Two-day intensive succession/transition planning
  – For founders and long-term executives
  – Confidential space for addressing personal and organizational issues and concerns

• **More information**
  – www.TransitionGuides.com
Resources

• *The Nonprofit Leadership Guide*
  – Covers Leadership Transition and Leadership Development

• May be ordered from TransitionGuides:
  – www.transitionguides.com
Resources

• Chief Executive Transitions: How To Hire And Support A Nonprofit CEO
  – Covers Executive Transition Management

• May be ordered from BoardSource:
  – www.BoardSource.org
Resources

- **Annie E. Casey Foundation monograph series**
  - Building Leaderful Organizations
  - Ready To Lead? Next Generation Leaders Speak Out
  - Capturing The Power Of Leadership Change
  - Founder Transitions: Creating Good Endings And New Beginnings
  - Interim Executives: The Power In The Middle
  - Up Next: Generation Change And Leadership Of Nonprofit Organizations
  - Stepping Up, Staying Engaged (Boards during transitions)

- **Free and available online at:**
  - www.TransitionGuides.com/resources/monographs.htm
Questions

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Wrap up
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