
Succession Planning and Sustainability in Nonprofit Organizations



Executive
Transition
initiative

*The second
in a series
concerning*

*leadership succession planning
from the Executive Transitions
Initiative.*

by Mindy Lubar Price

In the previous issue, we detailed the importance of having an emergency succession in place. This article will discuss succession planning as an ongoing part of organizational development and sustainability in nonprofit organizations. Effective succession planning requires a strong partnership, built on trust between the Executive Director and his or her board of directors. It is also an indicator of a healthy nonprofit organization, something to look for before funding an organization or sitting on a nonprofit board.

In the case of nonprofit organizations, succession planning means “building our bench strength” and developing a pipeline of leaders who are strong and capable. Leadership development in nonprofit organizations can be difficult due to scarcity of resources, time, and money. Nevertheless, the intention to develop and maintain strong leadership is a strong determining factor in an organization's future viability. Moreover, practicing ongoing succession planning principles keeps an organization prepared in the event that there should be a leadership vacancy. A successful pipeline includes both employees of the organiza-

tion and the board of directors: 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 fit with the organization's overall strategic planning process and need to be occasionally reviewed and updated - just like all other goals and objectives of the 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. When can this work begin? The answer is now. Succession planning is something to consider when an organization does 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 and sound fiscal practices, succession planning 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. If an organization's size permits, it is always a best practice 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. This does not mean that any of those indi-

viduals will necessarily be an interim executive director, nor does it mean that they are ultimately being groomed for the executive director position. Rather, it gives these individuals the opportunity to learn the essential roles and responsibilities of the executive director for their particular organization. With a succession plan in place, if there is an executive director vacancy, the process of managing that transition is much easier. 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.

Succession planning should be a shared responsibility between the executive director and the board of directors. 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 the responsibility of every executive director to identify strong leaders within his or her organization and 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 can also spur the board of directors to look at board succession planning as

well. Some organizations will establish a succession planning subcommittee of the board as either an ad hoc committee or a task force that meets at least annually or semi-annually to make sure that essential elements of succession planning are in place.

Senior staff welcome the opportunity to develop their leadership abilities. Staff are usually supported in their efforts to grow their programmatic or technical expertise, but are rarely given the opportunity to grow their broader leadership abilities such as administration, financial management, fund development and board relationship cultivation. When these types of responsibilities are valued and nurtured, a succession plan can be put into place more easily.

Not only is it essential to develop a succession plan, but once you have one, it is important to inform your staff, board, external stakeholders and funders. Staff will gain confidence, knowing that the organization is prepared for what could be a pivotal time of change in its life-cycle - an executive transition. The board and potential funders can invest their time and money with the assurance that the organization will last.

Succession planning should be 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:

◆ **Does the board of directors have the right mix of members for hiring a new executive?**

◆ **Is the executive director's job, as it currently stands, doable?** Particularly in founder-led organizations, an executive director's job can so large or unique that it is not practical that any new single individual will be willing or able to take it on. The new job description may have to be changed.

◆ **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 well to under-pay or undervalue an executive director.

Another important reason to do succession planning is that it directly impacts the effectiveness of the next executive director, since it allows an organization to remain as healthy as possible during a transition and gives a new executive director a clear map of where the organization needs to go. Succession planning is really about ensuring continuity in an organization's functions over time. This process has long been overlooked in the nonprofit sector, but organizations of all kinds are beginning to implement

succession strategies into their planning processes. Having a succession plan in place offers great rewards for the staff, board, funders and the larger community. The development of internal leadership benefits every organization and often cultivates new visions to help the organization fulfill its mission.



In addition to the strategies listed above, here are a few more steps an organization can take to ensure a smooth executive transition. 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:

◆ **Encourage** and provide opportunities for staff to attend conferences and seminars that emphasize leadership and management skills. Today's nonprofit leaders need to develop a myriad of talents in order to fulfill their complex and dynamic positions. An executive director who encourages his or her management team to expand their skills is not only strengthening the organization, but is also sending a strong message to the staff of how valuable they are.

◆ **Create** occasions for key staff to interact with the board. For example, department heads could be assigned to some board committees; or, some members of the senior leadership team might be asked

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to attend select board meetings.

- ◆ **Assign** responsibilities to senior staff that will help them demonstrate their leadership skills. This permits staff to gain confidence and demonstrate

their ability to handle complex administrative tasks. Make sure that these opportunities are creative, motivational and even inspirational.

- ◆ **Mentor** staff. Some of the best executive directors have received terrific mentoring from their board of directors,

which can be “passed on” to senior staff. The executive director should make time for this responsibility.

For more information on succession planning, please visit ETT's space on the Donors Forum website: www.dfwonline.org/page9977.cfm