

Transition Planning: Taking the Long View

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Succession Planning: the Elephant in the Room

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One of the most uneasy discussions we have watched both boards and executive directors avoid is the issue of succession planning. Boards avoid the discussion because they don't want EDs to be offended by the conversation—offended to think the board is raising the issue because they are considering getting rid of the ED, when all they are trying to do is protect the organization from the inevitable, whenever the inevitable occurs. EDs avoid the discussion because they don't want their boards to worry that they might be considering leaving.

And then there are the situations no one wants to talk about—those where the ED maintains his/her control by virtue of the perception that no one else could possibly do his/her job. And in those situations, the ED definitely does not want to talk about succession planning!

In our experience, the reason boards and EDs alike avoid this conversation is because they don't really know what to say or what to do. They know they should do something to plan, but what?

Regardless of the reasons behind the failure to talk about succession planning, the cold truth is that no one lasts forever, and that none of us knows when the time may come, by choice or otherwise, for a key person to leave the organization.

And while our strongest recommendation is that the discussion about succession planning happen openly and honestly, under an umbrella of mutual trust, we also know sometimes that is not going to happen

Therefore, the following is an approach to succession planning that can be used both by those who want to address the issue head on, and by those who want to simply be sure the pieces are in place, without calling what they are doing "succession planning."

Systems vs. Individuals

The critical component to successful succession planning is, to the best extent possible, replacing reliance on individuals with reliance on systems. We know far too many nonprofit leaders who, when

asked the question, “Do you have a succession plan?” have answered, “Yes—Joe is my succession plan. He is my assistant, and he knows everything about this place!”

When we ask what would happen if Joe wasn’t the board’s choice, or if Joe left even before the ED leaves—well, that is when we typically see that deer-in-the-headlights look. “Now what am I supposed to do!?!?”

That is why the key to successful succession planning is to establish systems that make it possible for the organization to go on, as best as possible, when a key individual leaves. Systems, not individuals. And that goes for all key staff—the Executive Director, and any other critical positions.

Whose Responsibility Is It?

If there are no systems in place to ensure things will run smoothly in the event of the sudden departure of a key employee, who is accountable? With the board sitting in that box at the top of the organizational chart, the board is accountable for ensuring the smooth operation of the organization. That doesn’t mean the board has to DO the work, but board members do have to ensure the work will get done.

As the ED’s boss, it is further the board’s job to ensure there is a succession plan in place. Who else could be responsible for requiring that of your employee?

And if the ED does not have a succession plan for his/her own key employees, it is the board’s responsibility to ensure he/she creates one. Again, it is not the board’s responsibility to create that plan for the other staff, but they are accountable for ensuring such a plan exists.

On the flip side of this discussion, though—the flip side of “We’re doing this because we have to...” —is a great benefit. And the benefit goes beyond the establishment of safeguards if key employees leave. The benefit is that, by gathering the pieces of information needed and building the systems that can help the organization transition, the board will learn a great deal more about how the organization does its work. And that can only strengthen the board’s ability to govern.

The Board’s Role in Succession Planning

While we tend to think of operational issues when we consider succession planning (and the rest of this article does indeed address those in detail), when discussing succession of your Executive Director, the more important side is the strategic side.

Therefore, Succession Planning should start with the two most critical pieces of any organization’s overall being: Its Vision and its Values.

We have watched many founders retire over the years. And we have seen both great successes and horrible failures in the succession process. In our experience, Vision and Values are absolutely the two

most critical issues in determining whether your ED's successor will take the organization to the next level, or be gone within 18 very uncomfortable months.

We cannot stress this enough. Vision and Values are neither esoteric nor superfluous. They are, quite simply, everything.

- **Vision and Community Impact:**

For succession planning to prepare the organization for its next leader, the board must have a clear vision for the future the organization wants to create for the community, to know what community vision to seek in your Executive Director's successor. And while a vision for the future of the organization itself is helpful, it is more important that your leader have a vision for the community impact he/she wants to create.

Whether your organization's vision is for a community where every person has his/her basic needs met; a community where the natural environment is revered; a community where the arts are held precious as an expression of the human spirit; a community that is compassionate towards all creatures, animal and human—whatever that vision may be, a commitment to working towards that vision must be the first criteria you seek in the replacement for your current CEO.

Having an ongoing Community Impact plan in place is helpful (and highly recommended), but if you do nothing else, be clear about the community vision you will be entrusting to your new ED.

- **Core Values:**

The other area that is critical for success is a clearly articulated, written set of core values, against which the board will measure its future director. Does the organization have a set of core philosophies that determine what behaviors are appropriate, and that provides guidance when tough decisions need to be

Story

A board who had never discussed Vision or Values had an ongoing disconnect with its visionary Executive Director. The ED was known throughout the community and across the country as a passionate leader in her field, accomplishing more than most humans could dream of when it comes to caring for those in need. The board, thinking all that "vision stuff" to be superfluous, formed a Succession Planning Committee comprised of business people who identified a list of business skills they wanted the replacement ED to have. When their ED retired, she was replaced with a CPA who had great business credentials.

In no time the staff rebelled, the organization's community partners rebelled, and the organization went into a tailspin that no business skills could cure. After 18 months, the new ED was gone. Finally, the board was ready to talk about the Vision and Values at the heart of the organization's work.

As you look at your community, at the founders who have retired and the replacements who have failed, you will be surprised at how often Vision and Values are at the core of that failure.

made?

If your organization has never discussed its core values, and does not have a means for measuring whether or not actions and decisions adhere to those values, you will not be able to determine if prospects for the ED position share those values. And it is important that those values not only be discussed, but written and adopted, to ensure that no one is operating under the assumption of values (assuming we all share the same values, because we all care about the organization), and that everyone clearly understands what is acceptable and appropriate.

As an aside, it is frequently these very issues that lead to a founder seemingly wanting to “hang on forever.” The more we interview those very founders, the more we find that the thing stopping their retirement is the fear that the board will “replace me with someone who doesn’t have a passion for our mission and vision.” If you can address that core issue, you will be taking huge strides in moving the organization to its next level, even if your current Executive Director stays on for another 20 years.

The Operational Pieces

Succession planning sounds like it’s hard—like it takes a lot of time, a lot of “planning” time. In fact, in most organizations, succession planning is just a matter of making sure there are some key pieces in place, to ensure as smooth a transition as possible. The following are some of the more critical of those pieces. If you have others you have used, we hope you will let us know, so we can add your thoughts to the list!

Note: These pieces relate not just to the Executive Director, but to other key positions as well—and some of those key positions may just be volunteers! If there is a mission-critical position that would cause serious problems if suddenly left vacant, you will want to be sure to have these pieces in place for those key positions. We suggest the Board and ED work together to determine which positions should be included when the Board talks about “key positions” or “key employees.”

- Current Job Description

Are the job descriptions for your key employees current? Or do they date back to when they were hired 10 or 20 years ago?

Part of the annual evaluation process for your ED should be the update of his/her job description, whether the update is done by the ED and the board separately, or jointly. This is a critical part of doing an effective evaluation anyway—having that tool as one among a handful against which to measure performance. By making this step a part of the regular evaluation process (you do regularly evaluate your ED, don’t you?), there is no stress that a request to update the job description might be coming from the board’s desire to use it to hire the ED’s replacement.

In addition, part of the evaluation process should also be to ensure the ED has updated job

descriptions for all HIS employees, for the same reason.

- **What Do You Do?**

Different from a job description, a task list is simply a list of what the employee does.

- What do you do every day?
- What do you do once a week (and when)?
- What do you do monthly? Quarterly? Annually?
- What do you do when it needs to be done, or check on intermittently?

This task list can be invaluable in the event of the sudden departure of a key employee, as it helps a replacement more quickly come up to speed. And in the event of a temporary departure, such as an illness or accident, that list can help to more easily distribute the employee’s workload among co-workers until he/she is back on the job.

- **Calendar**

Stemming from that task list, and in addition to it, have key staff fill out an annual calendar, where the board can quickly see all those things that happen regularly throughout the year, as it relates to “keeping the doors open and the license on the wall” as a client used to say. Take a large sheet of paper—flip chart sized if you like, but certainly 11”x17” at the smallest. Turn it horizontally, and create a calendar like the one below, labeling the first box with the month that starts your fiscal year.

JUL	AUG	SEP	OCT	NOV	DEC
JAN	FEB	MAR	APR	MAY	JUN

Have the Executive Director fill in the critical things that have to happen each month—reporting dates, licensing dates, filing dates, event dates.

And then the Executive Director will ask the same of his/her key staff. Every fall, we contact the university for interns. Every August, we prepare for the audit. And etc.

Combined with the task list, the calendar makes it less likely that something will fall through the cracks during the transition.

- **Where is Everything?**

One of the most confounding things to happen when someone leaves suddenly is the reality that you have no idea where they keep the combination to the safe (or who else knows it), the keys to the HVAC unit, the checkbook, the alarm codes, or any one of the hundreds of critical “things” we take for granted until we cannot find them. No matter how large or how small your facility, not knowing where stuff is can be one of the most frustrating aspects of the sudden departure of a key employee.

Have the ED require that the staff keep a list of key “stuff” and keep that list updated, in the event a critical employee other than the ED leaves. And then do the same for the ED. The easiest way to start the list is to have it stem from the Task List above. What do you do every day, and what do you need, that might not be readily obvious, to do that? Clearly we don’t want them listing every pencil in the place. But if they understand the purpose, they will be able to tell you that they keep the key to the safe hidden in the 3rd envelope in the file marked, “Birthdays.”

As an aside, this “search for stuff” often reveals other issues you may not have been aware of. For example, if the only key to the storage unit is on the key ring of the maintenance man, and he says, “I have the only key, because I don’t trust anyone else with it,” then that is probably a conversation worth pursuing for a whole number of reasons having nothing to do with succession planning. What is in the shed that is so valuable? Is there a problem with employee theft? Is the maintenance man paranoid? Should we be worried about better security for whatever is in there? You can see the range of questions that might stem from the simple question, “Where is everything?”

- **Critical Relationships**

For every critical employee making your organization work smoothly, there are probably a number of outside people who help make that work happen. For the bookkeeper, it may be the CPA, or the payroll service. For a program person, it may be a group of 6 other program representatives around town, to whom she turns when specific issues arise. Or it may be a multi-disciplinary team from within the organization that assists with specific functions.

Will someone new immediately know the relationships that are critical to getting the job done?

This will be another listing activity. For every task, program, or function of the job description (whatever makes sense given the employee’s role), have the employee make a list of who he/she absolutely relies on for ensuring that function gets done. This may be internal employees, volunteers, key community partners.

Depending on the complexity of the relationships, it is sometimes easier to depict the more complicated relationships graphically, rather than in a list. (And it is often easier for the new person, as well as the board, to understand that complexity of relationships if it is done graphically.) Whether that is done by bubble chart, by program flow chart, or however makes sense, getting those relationships down on paper is often one of the most overlooked steps in the succession planning process.

- **Fund Development / Rainmaking**

The hardest relationships to chart are often the friends that keep the organization going through their financial and other assistance. If your donor list is not complete, this is the time to get moving to ensure it is comprehensive, with the appropriate notes about who knows whom (and

from where), who maintains which relationships, special notes about birthdays, interests, and etc. Especially in small organizations, this information is often stored in the ED's head. Even if it requires an hour a week for 2 months, with an employee or volunteer taking notes to be typed into the database, while the ED verbally provides key information about each donor, you will be glad beyond glad you went to the trouble to get this done.

Once the donor list is intact, there are often other special people who fall through the cracks when transition time comes. These are the folks who may run into the former ED at an event, and when the ED asks, "Are you still helping out?" the reply is, "They've never even called me!" The most likely reason the board or the ED's replacement hasn't called is that they did not know this was someone important, simply because what that person helped with wasn't on the radar.

An exercise that is helpful for a variety of reasons is to ask, "Who would you thank for making your job easier if this were your last week on earth?" It's funny, when we ask that question, and we get past the obvious ones, such as, "I would thank my staff, and the board," people fairly quickly get down to the REAL important folks. The guy who picks up the trash around the property once a month. The gal who always gives you a discount at the bookstore, because she loves the organization. Have the ED go back as if this were her last week on earth, and list everyone she would thank for making her job easier, more rewarding.

As I said, in addition to being a great tool for succession planning purposes, this is a powerful exercise for a number of reasons, and we are quite sure you will find many ways to use this list once it is created. But also, know that this is a joyful exercise to go through, and you will watch your ED smile as she thinks of all the people who help make the organization's work a success

- **Redundancy**

We have saved the most important for last. Humans have 2 kidneys. Hospitals have back-up generators. TV stations have extra cameras.

Does every critical position in your organization have that kind of redundancy? Because redundancy is one of the surest approaches to short term stability in the face of the loss of a key employee. There are 2 steps every board should take to ensure there is organizational redundancy, in the event of an emergency.

The first is to have a policy in place that provides for the following:

- *The Executive Director will ensure that no fewer than 2 other key employees are familiar enough with the critical duties performed by the Executive Director that those employees could ensure those duties are accomplished in the event of the Executive Director's sudden or extended absence.*
- *The Executive Director will further ensure that the same is true for each position considered mission-critical for the organization's overall functionality. For each key position, there shall be no fewer than 2 other employees familiar enough with the critical*

duties performed by those key positions, to ensure those duties are accomplished in the event of a sudden or extended absence by one of those key employees.

The Board may want to re-word these sample policies to better fit your organization.

Whether the key position is that of a volunteer or a staff person, or even (and especially in small organizations) a board member, there should be the requirement that someone else knows how to do the job. If the critical position is complex, there may be one person who can do one aspect, and another who knows other parts of the job. The goal is not that the job be duplicated in the body of one person, but that someone—or a group of someones—can get the job done until a replacement can be found.

I mentioned that there are 2 steps to this part of the process. The second step is monitoring. The question should be asked every year. It should be part of the evaluation process, ensuring the ED has asked these questions of his/her employees as well.

Your critical systems need back-up. And with the vast majority of nonprofit organizations, the most critical systems are people. Make sure there is enough redundancy to ensure a smooth transition.

- **Monitoring**

In all cases, as with all things related to boards, planning is only part of the process. The board must annually monitor to ensure its plans are being implemented, its directives being followed. Much of the work described in this article can be done as part of the ED's evaluation process, but it can also be monitored more officially at a board meeting—an Annual Succession Plan Review.

However you do it, it is the board that is accountable for ensuring this work is done. And the only way to ensure is to monitor.

- **Ask the Board**

Finally, ask the board for input. Depending on the organization, the board may have different things board members are worried about. So take 20 minutes at your next board meeting, and have board members list their answers to this question:

- *If the ED took his vacation this year and never came back, what would scare the pants off the board about having to ensure the operation keeps going?*

A Word about Succession Planning for Key Board Members

In some circumstances, there are key players on the board, who again, if they left, would leave the organization in a world of hurt. The most common of those situations is when a founder is still on the

board. (Having been one of those founders-on-the-board, I know this can be a tough one!) But there are other circumstances where a board member has made him/herself indispensable.

By selectively going through the activities noted for the staff, and especially asking, “What else is the board worried about?”, you will easily be able to build a plan for ensuring the smooth operations of the organization in the event that board member does leave.

A Bonus

The peace of mind that comes with succession planning is worth the time it takes to institute these systems. Once the systems are in place, updating them is typically an easy task. It is the gathering of this information in the first place, and making sure the organization is, to the greatest extent possible, relying on systems rather than individuals, that will make those employee transitions less stressful.

The side benefit is the same side benefit that happens any time the board institutes systems and learns more about the organization: more conscious governance. And that alone makes it an endeavor worth pursuing.