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 **ThirdSectorCompany**
Empowering Nonprofit Organizations to Higher Ground in Their Service to Others

What You Can Expect

- ▶ Leadership Continuity = long-term sustainability for your organization
- ▶ Five options to begin building a culture of leadership continuity
- ▶ Tools and resources



Leadership continuity is about developing your most important resource.



Key Stats

BoardSource:

- ▶ 27% of nonprofits have an executive succession plan
 - 73% don't have a plan

Bridgespan Group:

- ▶ 68% of nonprofit execs will leave current position within 5 years

CompassPoint:

- ▶ 46% of nonprofits have less than 3 months of operating reserves

Executive Transition Can Be Costly

- ▶ Recruiting costs
- ▶ Relocation costs or other hiring inducements
- ▶ Onboarding expenses
- ▶ Accrued leave or severance for outgoing executive
- ▶ Salary increase for position

**Good succession planning
is an effective form of
sustainability planning.**

Succession Planning Terms




Succession Planning for Whom?

- ▶ Not just the Executive Director
- ▶ Not just senior leaders
- ▶ Not just paid staff



Create Conversation About Succession

- Take time to do it right
- Board + staff (retreat)
- Advance reading resource
- Use Leadership Continuity Assessment Tool to start the conversation



ARE YOU READY FOR SUCCESSION?
*The Nonprofit Leadership Continuity Self-Assessment
From Third Sector Company*



Create Conversation About Succession

- Talk about the questions and the scores
- What items seem most important?
- Take notes for future discussions
- Shift to more generative questions



Generative Conversation

How does this organization demonstrate that it values our people?

What would it look like to develop human capital with the same energy we use in developing financial capital?

What is our reputation as a place to work? How does that influence our ability to attract new talent and supporters?

Generative Conversation

What should happen if our executive director were to leave without warning? What if other key positions were suddenly vacated?

What is the reputation of our board? Why?

What should be the path to becoming chair of our board?

Create Conversation About Succession

- Highlight ideas that will advance succession work
- Apply those ideas when pursuing sections of your succession plan



Emotion

- Power
- Politics
- Circumstances
- Expectations



Emotion

- ✓ Be Transparent
- ✓ Be Accountable
- ✓ Be Participatory
- ✓ Focus on the Mission





Plan for Sudden Vacancies



- Nonprofit Information Inventory**
- Position Vacancy Strategies**
- Professional Interim Leadership**

Nonprofit Information Inventory

- Update yearly during budget process
- Review vendor relationships
- Control the distribution
- Provide to incoming leader once status is formalized



Position Vacancy Strategies

- ▶ Annual performance reviews
 - Good communication
 - Updated job description
 - Looking forward...
- ▶ Position contingency plans
 - Memo updated at each performance review
 - Include senior staff, other key positions

Professional Interim Leadership

- ✓ Experienced leadership on short notice
- ✓ Objective resource for best practices
- ✓ More time to recruit and hire next leader
- ✓ Specialized skills to match situation
- ✓ Shock absorber to ease change
- ✓ Solve problems before next leader arrives
- ✓ Assist with search process



Options for Beginning Your Succession Plan



Adopt Leadership Continuity Policies

- Chief Executive Succession Policy
- Regular compensation reviews
- Annual performance reviews
- Board self-assessment
- Board succession



Chief Executive Succession Policy

See template in resource materials
(not a substitute for legal advice)

Provides for

- Short-term absence
- Long-term absence
- Permanent vacancy

Chief Executive Succession Policy

- ✓ Annual review and board approval of policy
- ✓ Signed by all key participants
- ✓ Attach
 - Two org charts - current and provisional
 - Updated job description
 - Updated information inventory
 - Current list of board members
- ✓ Distribute as appropriate

Adopt Leadership Continuity Policies

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Board Succession

❖ Term Limits

28% of board have no term limits

Most common term limits configuration

- Two terms
- Three years per term

BoardSource
Leading with Intent, 2017

Board Succession

❖ Term Limits

❖ Career Path to Board Chair Role

❖ Three Stages of Board Chair Role

- Chair-Elect
- Board Chair
- Immediate Past Chair

Board Succession

- ❖ Term Limits
- ❖ Career Path to Board Chair Role
- ❖ Three Stages of Board Chair Role
- ❖ Chair-Elect Role in Work Groups

Options for Beginning Your Succession Plan



Retain and Motivate Your People

*What type of employer
do you want to be?*



HR Practices in a Succession Culture

- ✓ Accurate job descriptions for staff and volunteers
- ✓ Personnel file for each employee
- ✓ Budget for staff and volunteer training
- ✓ Updated volunteer and employee handbooks
- ✓ Performance reviews that look back and ahead
- ✓ Regular compensation reviews
- ✓ Inclusive and equitable hiring practices*

*Inclusive and Equitable Hiring Practices

- ✓ Inclusion/equity statement in job postings
- ✓ Build networks in diverse communities
- ✓ Post for more diverse audiences
- ✓ Drop non-essential qualifications from postings
- ✓ Post salary range, don't ask for salary history
- ✓ Ignore your biases about writing style, typos
- ✓ Diverse perspectives on interview committee
- ✓ Standardize interview process for all candidates
- ✓ Invite candidates to share additional info
- ✓ Consider what the candidate would add
(not how well they would fit)

Options for Beginning Your Succession Plan

Create
Conversation
About
Succession

Plan for
Sudden
Vacancies

Adopt
Leadership Continuity
Policies

Retain and Motivate
Your People with
Good HR Practices

Build a
Resourced
Strategic Plan

Build a Resourced Strategic Plan

KEY QUESTIONS

How much does your strategic plan cost?

Does that amount include the cost to develop and support human capital?

How would you develop the human capital your plan requires?

What does your strategic plan say about the value of people and their impact on your mission?



Succession planning safeguards your mission.



Succession planning develops your most important resource.





Questions?

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