



The Good, The Bad & The Ugly: Succession Planning & Executive Transitions

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SocialImpactArchitects



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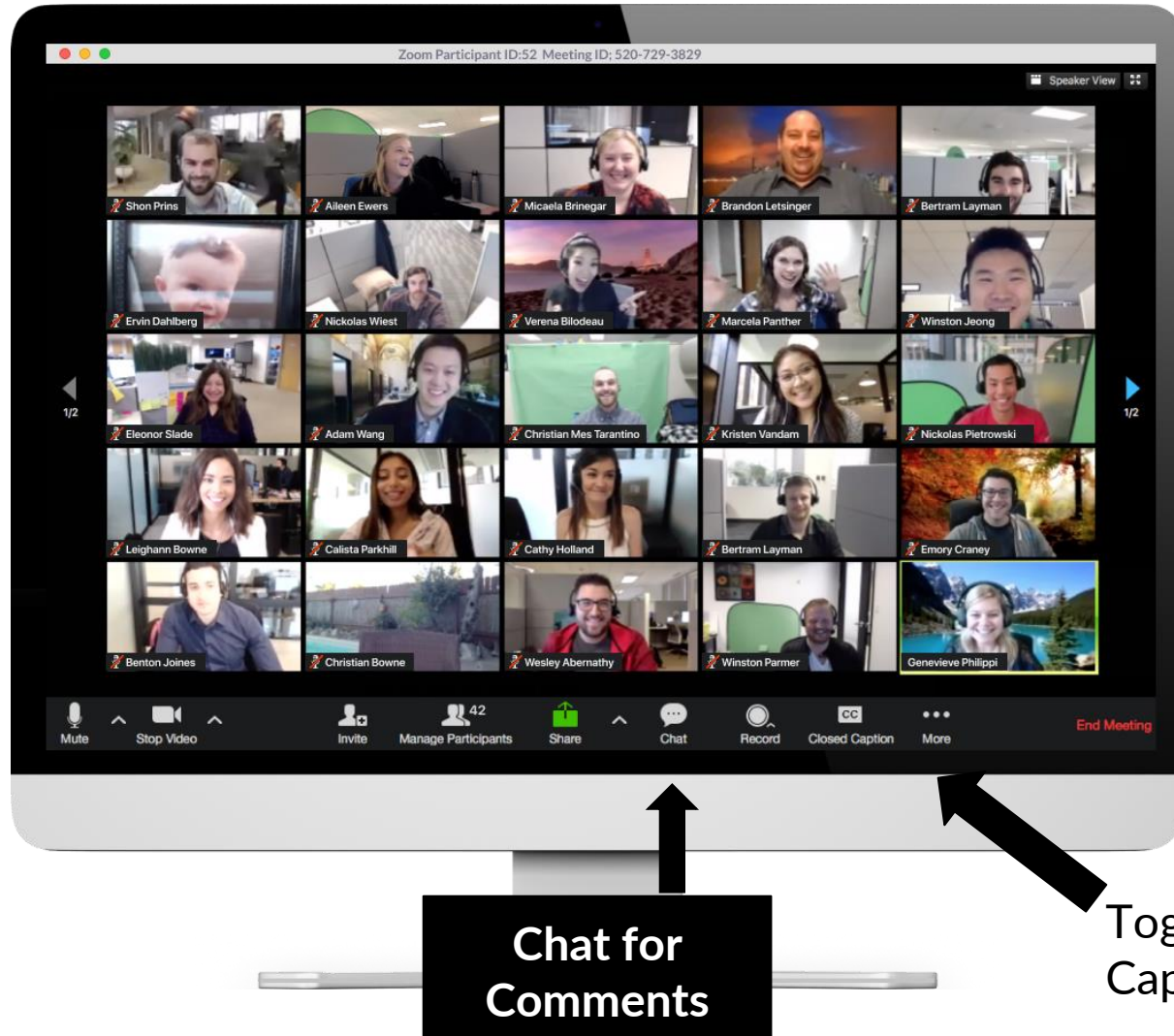
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Chat Storm #1

Name, Location, &
Organization

One Word with How You Are
Feeling Today





Goals



Create common language around nonprofit succession & executive transitions

Provide high-level best practices & examples

Answer key high-level questions using chat feature

Answer specific and confidential questions offline

Agenda



Succession:

A Unique 21st-century Trend

Definitions:

Buzzwords Defined

Importance of Planning & Mindset:

Common Opportunities & Challenges

Transition vs. Onboarding

Final Thoughts

Succession

A Unique 21st-century Trend

Why Succession Planning is a Trend?

48% of CEOs
named a
timeframe of **5
years or less**, in a
recent 2022 study

22% named a
timeframe of **7
years or less**

Only **15%** of
CEOs have
succession plans

Top Reason:
67% say boards
have not made it
a priority

Important to Get Right THE FIRST TIME

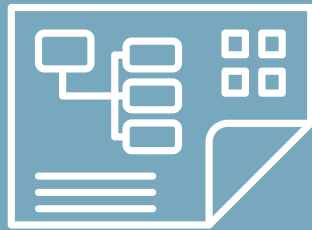
- The cost of replacing an employee is equivalent to 6-9 months of their compensation.

Definition

Buzzwords Defined

Succession Planning is:

A FUTURE-FOCUSED PLANNING EFFORT to protect the organization's capacity to perform key functions, sustain important relationships and fulfill its commitments during a leadership transition.



A TALENT MANAGEMENT effort to develop staff and volunteers (including board) for future leadership needs and opportunities.

Should be connected to strategic planning process



Types of Succession Plans

EMERGENCY

STAFF
DEVELOPMENT

DEPARTURE-
DEFINED

The shortcoming of Succession Planning is that it treats the departure and replacement of a leader as an **event**.



Recognizing the difference between an event and a transition:

Buying new furniture is an **event**



Events produce specific outcomes
(Truck delivers new furniture)

Moving to a new home is a **transition**



Transitions are slower and hard to measure
(Kids make new friends)

Executive Transition

An Executive Transition
Is:

The **DEPARTURE PROCESS** of a key leader that encompasses the period before, during and after they leave the organization.

An Executive Transition
Can Be:

A time of organizational vulnerability, doubt, anger and ambiguity.

A time of opportunity to commit and act to expand the capacity of the organization.

Executive Transition Is a...

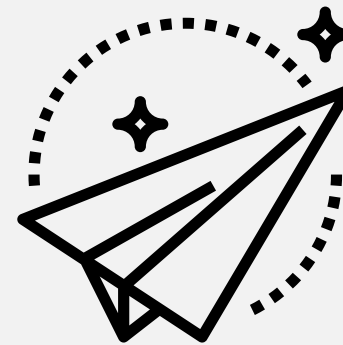
TIME OF HIGH RISK

- Possible interruption of services
- Potential disruption of key relationships

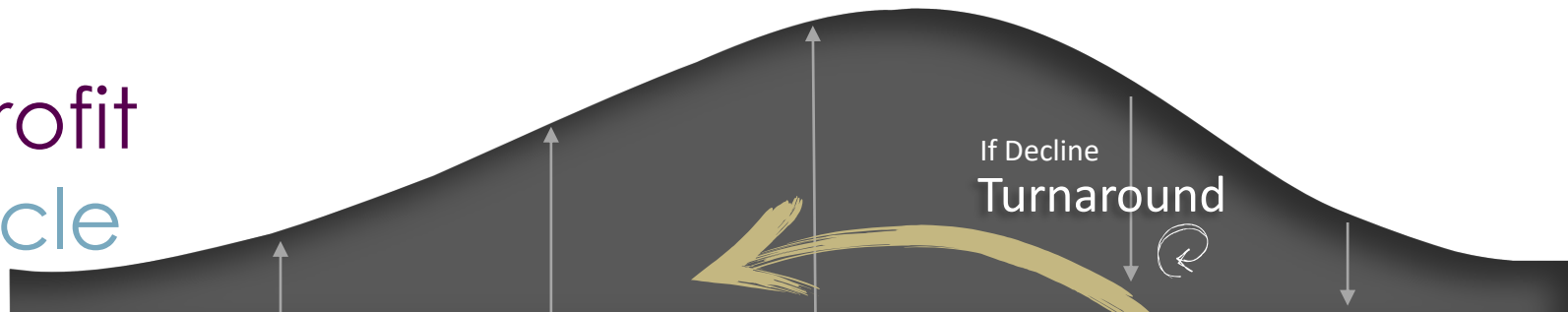













TIME OF GREAT OPPORTUNITY

- Organizational re-assessment
- Reviewing mission and strategic direction
- Increasing board & community engagement
- Establishing an effective leadership team
- Building capable leadership over time



Nonprofit Lifecycle



	Idea 	Start-up 	Growth 	Maturity 	Decline 	Crisis 
Impact 	Informal – Need established, best practices integrated & pilot launched	Pilot successful – Lessons integrated into design / Measurement starts	Established in marketplace – Strong results, partner-of-choice & consistent delivery	Consistent results through robust evaluation / Focused on continuous improvement, scale & system-building	Need exists, but nonprofit isn't partner-of-choice / Market duplication from other nonprofits	Demand near zero / Intense competition for resources & energy
Governance 	Not yet developed	Formal governance starts – Most likely homogeneous group	Board expansion – More diversity with more focus on planning & oversight	Board is more policy- & strategy-focused / Delegates management to Executive Director	Board members hard to recruit, retain & engage / Low focus of strategic issues	Board not fulfilling fiduciary responsibilities
Culture & Operations 	Entrepreneurial Founder using volunteer resources for guidance / Culture is defined by Founder	Flat organization – Decisions are likely made by Founder / Volunteers needed for hands-on support / Culture is action-oriented	Founder has hired or becomes Executive Director and is key decision-maker with Board guidance / Increased division of labor & accountability as staff is hired / Culture is results-oriented / Volunteers are used as resources	Leadership is often second or third generation from Founder / Clear division of labor & accountability among staff / Culture is well-defined and serves as a competitive advantage / Volunteers are seen as ambassadors	Increasing turnover of staff & volunteers / Decreased ability to attract top talent / Decreased transparency	Inability to fill key roles / High contention & division among staff / Mistrust of leadership
Revenue 	Most are in-kind	Limited financial resources – Lives hand-to-mouth	More diverse financial resources with established relationships with funders, but still unpredictable	High degree of financial diversity with established relationships with multiple funders / Endowment exists / Higher degree of financial predictability	Funders are not renewing contracts and not contacting organization / Low cash reserves / Decreasing donor retention & loyalty	Cash reserves insufficient to cover operating expenses / Long-time donors tapped out
Brand 	Not utilized	First official marketing materials – Primary method of marketing is word-of-mouth	Build-out of marketing & communication needs, including public & media relations	Sophisticated marketing & communications plan using multiple channels / Everyone equipped to tell story	Decreased public interest / Issue area not discussed in the media	Unable to attract media or public attention / Messaging does not resonate with public

CEO Transitions Unplugged

Consider Lifecycle & Needs of Strategic Plan

- Maturity / High-Performing
- Start-Up to Growth
- Merger & Acquisition Opportunity

Consider CEO Longevity

- First Hire
- Founder CEO
- Legacy CEO
- Short-term CEO

Consider Internal Candidates Staff AND Board

- Associate Executive Director
- Legacy Staff – Succession & Transitions
- Current and Past Board Members



Chat Storm #2

Which transition are you dealing with?

- First Hire
- Founder CEO
- Legacy CEO
- Short-term CEO
- Other



Importance of Planning & Mindset

Common Opportunities & Challenges

Planning Makes THE Difference

- Build a stronger, more stable organization
- Reduce executive turnover - increase the “fit” of the organization and current/future leadership
- Open the door to reflection and inspiration, replacing possible hurt and confusion
- Assure all stakeholders that a well-planned, positive transition can/will take place
- Reduce risk/loss to the organization
- Reinforce the significance of the board's role



Mindset Matters: Emotional Response

“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

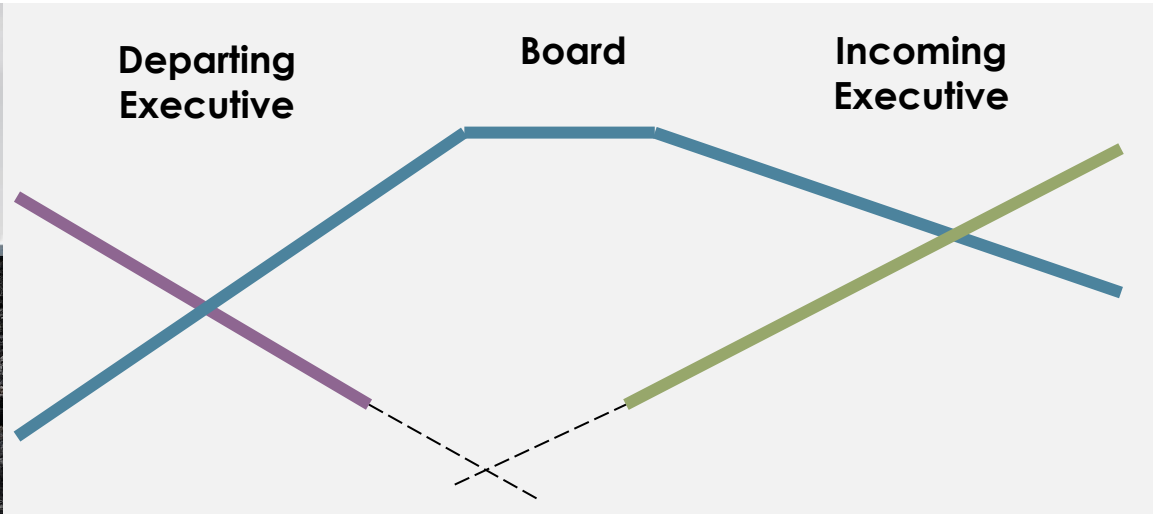
– Charles Darwin



Deep Dive: <https://socialimpactarchitects.com/impact-mindset>

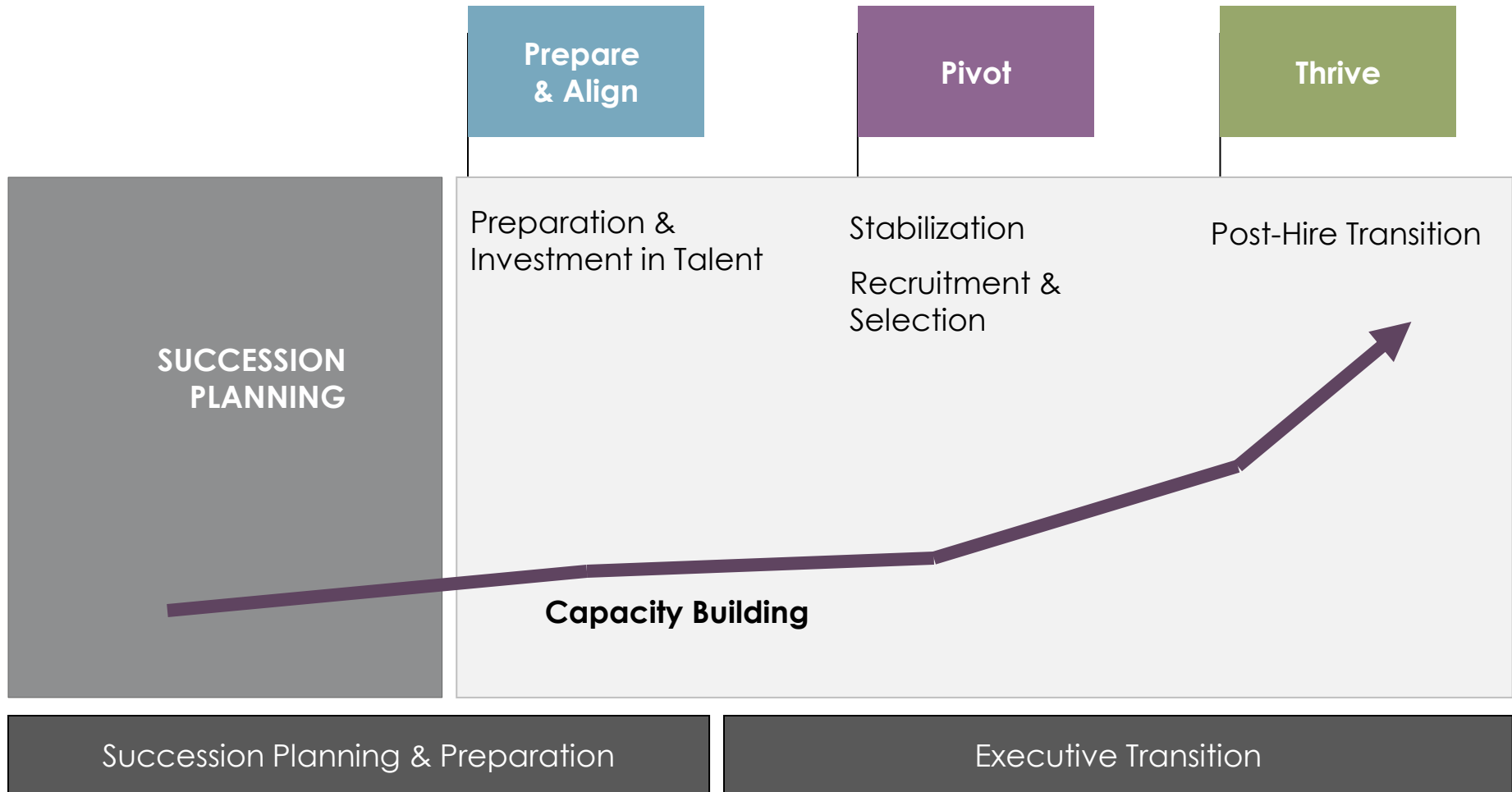
Theme #1

Board Leadership Bridges The Transition



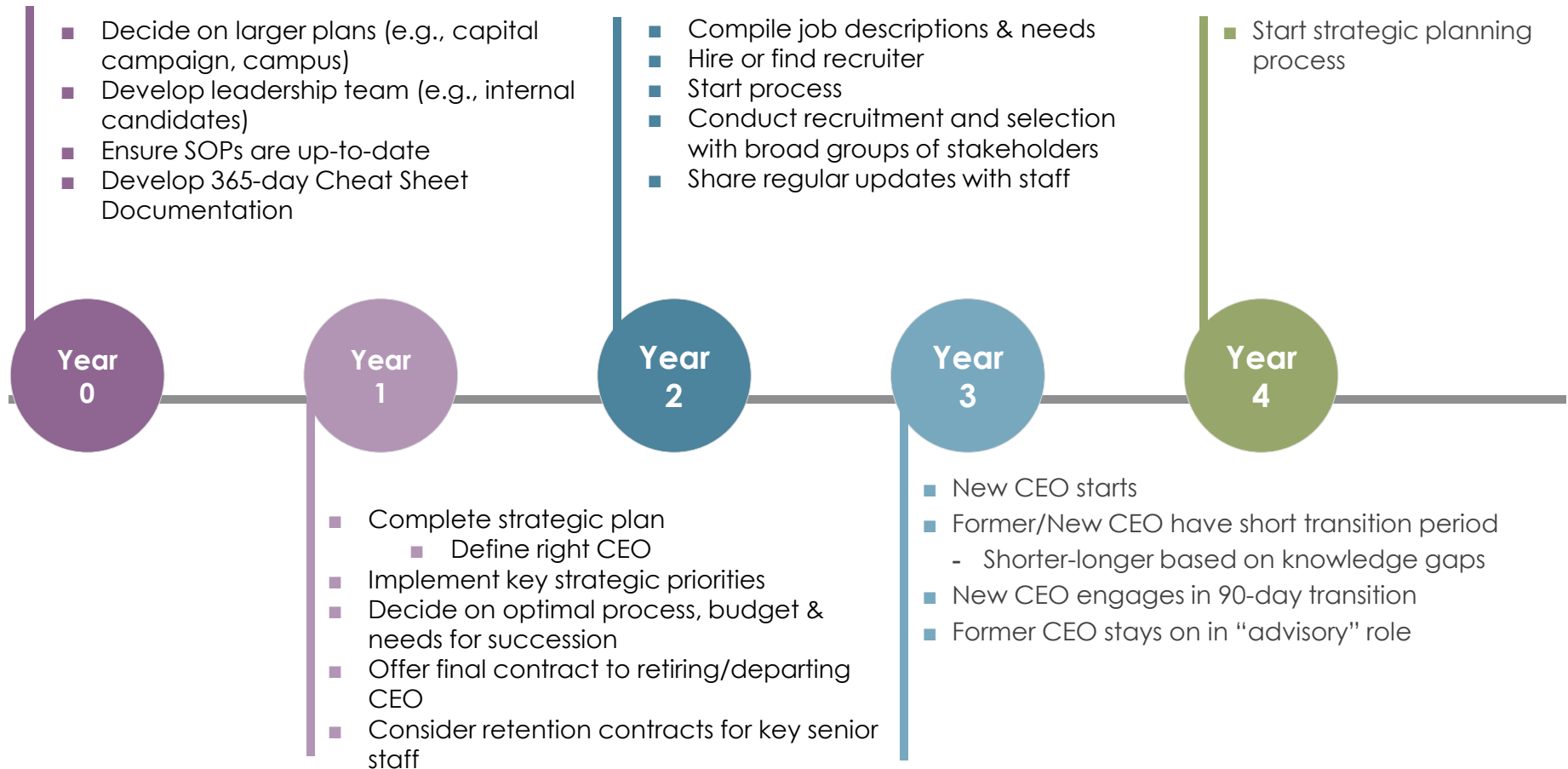
Theme #2

Early Planning Is Key to Success



Source: www.TransitionGuides.org

Sample Succession Timeline



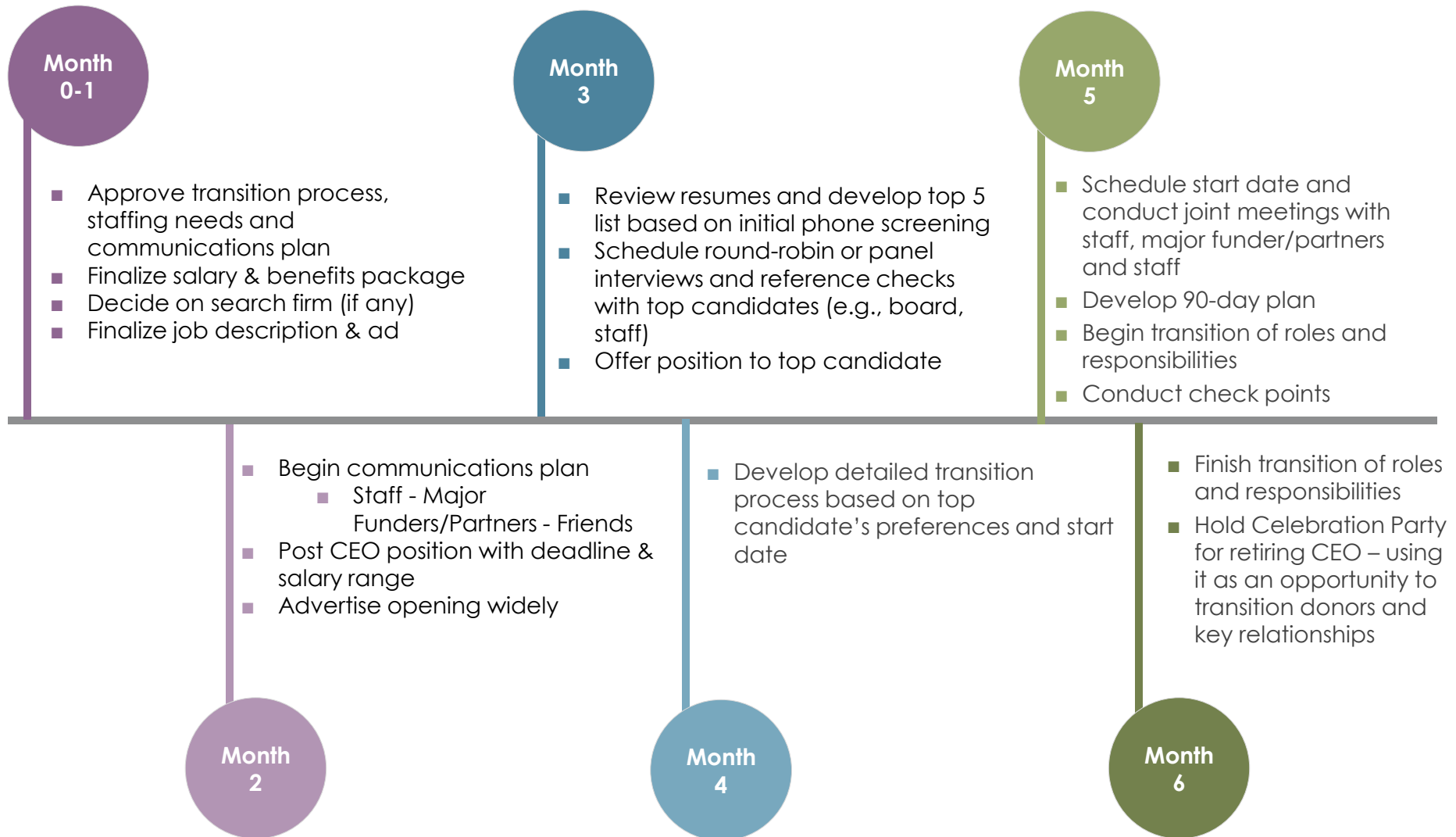
Chat Storm #3

Do you have a succession
plan – of any kind?

Yes (thumbs up) / No
(thumbs down)



Sample Recruitment Timeline



Checklist for Positive Transition

- Notice of at least 90 days
- Good relationships between departing leader, board and staff
- Up-to-date strategic plan
- Engaged board
- Capable staff leader(s) beyond the Executive Director
- Past culture of continuous improvement (e.g., Board and CEO evaluations, dashboards, Executive Sessions)
- Reserve of at least 3 months and strong financial management and reporting system
- Standard Operating Procedures well-documented

Theme # 3

It Is An Emotional Earthquake

- Take people's fears and concerns seriously and address them head-on with openness, listening and information (as it is available).
- Pay special attention to founders and long-term (a.k.a., founder light) Executive Director transitions.
- Be very intentional about working with staff that aspire to the position but are not viable candidates. Don't lose your whole management team because you are only thinking of the Executive Director.
- Be very intentional about other staff and board members who may want to transition with this leader.
- Look for ways to build capacity and strengthen infrastructure through the transition.

Early Board Challenges

- Stepping up to the full responsibilities of role:
 - Monitoring operations & deviations from budget/plan
 - Getting/keeping informed of key organizational issues
 - Ensuring key commitments and responsibilities are met
 - Having a strategic plan and keeping it current and in use
 - Maintaining high engagement of board and committees
 - Members not creating own problems
- Supporting the outgoing leader
- Defining the transition process and committee
- Communicating the transition
- Developing an appropriate compensation package
- Retaining outside assistance, if available

Early Departing CEO Challenges

Committing to
the transition

Ensuring
organization is
on solid footing

Transferring key
relationships

Letting go

Finding comfort
in legacy

Finding “next
opportunity”
(e.g., job,
retirement)

Ensuring
personal
financial picture
is sound

Cultivating
support systems
outside the
organization

Importance of Transition vs. Onboarding

Common Opportunities & Challenges

Chat Storm #4

Looking back at your last role, did you have a proper transition into the organization?

Yes (thumbs up) / No (thumbs down)

Theme #4

Transition Is More than Onboarding

When leaders fail, the top themes are:

- **69%** - Poor grasp of organization and impact
- **65%** - Misfit with culture
- **57%** - Trust issues with peers and board
- **48%** - Lack of understanding/background in business model
- **28%** - Disagreement over strategy

75% of executives considered themselves underprepared for a position because of inadequate onboarding.

Onboarding vs. Transition

Onboarding

- Formal, short-term & agenda-driven orientation program
- Driven by HR/Talent Department & Governance Committee of Board
- Lasts 2 weeks – builds knowledge

Transition

- Longer process of interactions, both formal and informal
- Driven by everyone – the old leader, the new leader, the supervisor and existing team
- Lasts for at least 6 months – builds long-term relationships and culture

Board's Challenges Post-Hire

Shifting gears without
disengaging

Maintaining energy

Adjusting to new Executive
Director's style

Building/supporting the new
relationship

Avoiding "savior" thinking

Ensuring that legacy issues
don't derail the work

New Executive Director

Early Challenges

Understanding everything about the organization and people – RIGHT NOW

Building solid working relationships

Setting good priorities with limited knowledge

Building support for likely changes

Building rapport, trust and buy-in with former Executive Director, staff and board teams

Dealing with personal & organizational transitions

Maintaining personal balance and well-being

Final Thoughts

Theme #5

The More You Plan, The Better It Will Go

READINESS CHECKLIST:


- Do you agree that succession planning is important for your organization right NOW?
- Is succession planning normalized in your organization?
- Do you have a succession plan? Emergency and planned?
- Do you have a succession planning team in place? Do you need help or an outside facilitator?
- Are you investing in professional development of your current team?
- Is a CEO leadership transition coming? Where are you in the nonprofit lifecycle? What type of CEO do you have?
- Do you have a strategic plan? Do you know what type of leader you need to take the organization to next level? Is the board and staff in agreement? Do you have the right salary for this type of leader?
- Do you know what process you want to follow for the executive transition? Will you use internal or external resources? Do you have a budget for recruitment & overlapped positions?
- How will you manage conflict and tough conversations? How do you plan to do internal and external communications?

Chat Storm #5


As we close, what is your
AHA for this webinar?




Q&A




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Founder & CEO, Social Impact Architects

EDUCATION

- MBA, Duke University's Fuqua School of Business
 - Selected as CASE (Center for the Advancement of Social Entrepreneurship) Scholar
- Adjunct Professor – University of North Texas and SMU

AWARDS & HONORS

- "Best for the World" Small Business List – B Corp, 2015 & 2016
- TEDx Speaker, "Everyone Can be a Changemaker," 2015
- Huffington Post's Top 10 Social Sector Blog, 2014
- Next Generation Social Entrepreneurs Award, 2010

COMMUNITY LEADER

- **Dallas, Texas** – Dallas Commission on Homelessness, Mayor's Task Force on Poverty, Leadership Dallas, Leadership North Texas & Junior League
- Dallas Regional Chamber, Young ATHENA Award, 2014
- Dallas Business Journal's 40 Under 40 Award, 2012
- **Cincinnati, Ohio** – Founder, Flywheel: Social Enterprise Hub



For additional info

**Social
trendSpotter**

Latest Trends in the Social Sector

<https://socialimpactarchitects.com/blog/>

CHECK OUT:

SUCCESSION PLANNING

<https://socialimpactarchitects.com/succession-planning/>

RE-CENTERING OUR CULTURAL NORMS

<https://socialimpactarchitects.com/nonprofit-trends-2023/>

TOP QUESTIONS ON STRATEGIC PLANNING

<https://socialimpactarchitects.com/top-questions-on-strategic-planning>

STRATEGIC AND/OR BUSINESS PLANS

<https://socialimpactarchitects.com/business-strategic-plan>

HIGH IMPACT + HIGH PERFORMANCE

<https://socialimpactarchitects.com/sustainability-high-impact-high-performance-social-sector-organizations-2>

ACTION MAPS

<https://socialimpactarchitects.com/turning-strategy-into-execution-action-maps>

DASHBOARDS

<https://socialimpactarchitects.com/nonprofit-dashboards>