

Successful Succession Planning

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How Many of You Are???

CEO/Executive Director?

Board President?

ReStore Manager? Other?

**What is/was your experience with
leadership change?**

What practice worked best?



How Transition Works...



Goals for this Session...

See Succession Planning as a significant, strategic and exciting opportunity to increase the capacity and sustainability of your Habitat organization!

VERSUS

Seeing succession planning as something to be dreaded or ignored...



Today you will (hopefully)...

- 🏠 Understand the key components of a successful succession plan
- 🏠 Have the ability to create a succession plan for your Habitat organization
- 🏠 Learn how others have handled succession planning
- 🏠 Gain insight into strategies for improving success

Succession Planning Defined

Executive succession planning is a structured process to ensure leadership continuity in key positions, and to retain and develop knowledge capital and relationships for the future.

Succession Planning....

- 🏠 Is not only about determining your organization's next leader, it is a continuous process that assesses organizational needs, and creates a climate for an executive to succeed.
- 🏠 An effective succession plan is linked to Habitat's strategic plan, mission and vision!

Why think of Succession Planning Now?

15% of all non-profit CEO's are replaced
EVERY year

AND

60-75% of non-profit CEOs plan to leave their
position in the next 5 years!

CompassPoint Nonprofit Services and the Meyer Foundation, surveyed 1,900 nonprofit leaders and found that **75 percent** planned on leaving their positions within the next five years!!!!

Let's Avoid this Conversation....

- 🏠 Fear that the Board will offend the CEO
- 🏠 Fear on part of the CEO that they will be replaced
- 🏠 Fear that promoting one person will lead to resentment
- 🏠 A plan is too rigid to meet changing demands
- 🏠 Lack of time to think through the process

Transition Impact

- 🏠 Can strengthen or weaken Habitat.
- 🏠 Can be transformational!
- 🏠 Sustaining effectiveness during transition is a major achievement!
- 🏠 Focus beyond transition -- focus on emerging a stronger, more dynamic Habitat organization!



Transition Can Be Costly

Both leaders and funders know the organizational risks with poorly executed transitions:

- 🏠 Survival fear/responsibility panic – can we do this?
- 🏠 Time commitment and anxiety
- 🏠 Authority and Power issues
- 🏠 Staffing fears and concerns...

What examples/thoughts do you have??



What About Your Habitat organization?

- 🏠 Are you anticipating a retirement/departure of your top Exec in the next 1-5 years? Less?
- 🏠 What has been done to prepare at your organization?
- 🏠 Can your Board manage this transition in an efficient, responsible manner?



Succession Planning for Emergency, Planned or Strategic Change

- 🏠 Emergency = Vacancy is sudden and unexpected -- **QUICK** action is needed.
- 🏠 Planned Departure = Staff announces a departure date; transition is hopefully long and planned.
- 🏠 Strategic Change = organization decides to go in a different direction; departure hopefully orderly.

ACK! IT HAPPENS TO YOU!

Your longtime CEO suddenly leaves....

Rumors are rampant as to why but no one, including the CEO, is speaking on the record.

What do you do??????????????



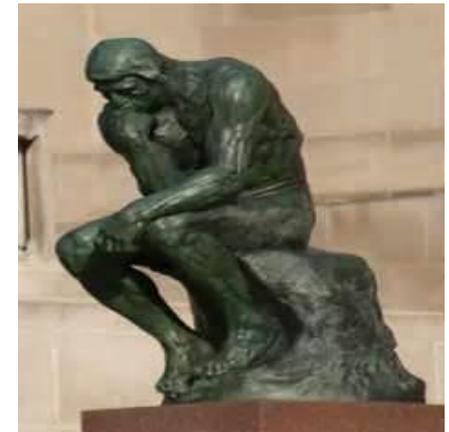
Emergency Succession Planning

Don't Panic!



Don't Rush...

Slow Down and THINK!



Emergency Steps (continued)

- 🏠 Board Chair should convene a meeting to reaffirm procedures prescribed or make modifications to existing plan...
- 🏠 Don't have a plan? Usually Board authorizes Executive Committee to implement emergency plan
- 🏠 Identify most vital duties of CEO (not entire job description, but most important items)
- 🏠 Outline sequence of events...what needs to happen first? Identify key senior staff
- 🏠 Prepare a viable Communications Plan

Communications Plan Should:

- 🏠 Include consistent message about reason for departure/transition
- 🏠 Do best to maximize organization's ability to continue top quality service and focus on mission
- 🏠 Develop messages (possibly different) for media, funders, volunteers, homeowners...
- 🏠 Evolve over time (like the Strategic Plan)

Challenge to organizations

- 🏠 Fear: Can we do this without leader?
- 🏠 Can we envision a new CEO/Founder?
- 🏠 Departure will expose weaknesses (You will discover how much the CEO/Board does).
- 🏠 What if CEO's greatest asset is relationships with funders?



WHAT ARE YOUR THOUGHTS/EXAMPLES?????

Planned -- Legacy and Letting Go

- 🏠 There is no simple recipe for leaders seeking a positive transition. Each CEO/Founder/Leader and their Habitat organization is unique.
- 🏠 Important to detach sufficiently to engage in a process of clarifying what legacy or values the organization should sustain and what can be changed.
- 🏠 Updating the Strategic Plan can sharpen the legacy.
- 🏠 Looking for a clone will only lead to disappointment.
- 🏠 As much as possible, provide balanced and positive perspective on CEO/Founder's contributions. Can be helpful if CEO/Founder says what they want to be remembered for.



Getting the Board on Board (or why Boards sometime fail at transitions)

- 🏠 Failure to recognize the “real” role the CEO plays.
- 🏠 Assume “all nonprofits have deficits and don’t know how to operate” and hire to fix that.
- 🏠 Don’t think through future needs and direction, don’t understand or value constituency’s best interests.
- 🏠 Do not recognize organizational problems are related to a stage of growth not internal weaknesses.

Other thoughts? Examples?



Boards Can Get it Right!

- 🏠 Board members are there for Habitat's mission -- not because of profession or connections.
- 🏠 Involve staff and other stakeholders in hiring new CEO.
- 🏠 Board should talk to staff, homeowners, funders about CEO and Habitat!



Boards/Staff Can Get it Right!

- 🏠 When CEO says he or she is leaving, do an “exit” interview about CEO beliefs, style and experience with Board and other stakeholders.
- 🏠 Assess the Habitat organization so that desired characteristics for new CEO are clear.
- 🏠 Board needs to challenge their assumptions about what the organization needs.
- 🏠 Board and Staff have to understand organization's needs for next five years. Reflect on the future...review Strategic Plan....
- 🏠 Identify and focus on qualities that are essential for Exec leadership regardless of who is hired.



Boards/Staff Can Get it Right!

- 🏠 Is interim management needed?
- 🏠 Identify key leadership functions of position to be filled.
- 🏠 Cross-train staff in those key functions— transitions can take more time than planned.
- 🏠 Plan quality good-bye event and end for departing staff, Founder, CEO...
- 🏠 Don't rush to hire!



Good Transition Model

- 🏠 Long-term CEO announces departure in one year.
- 🏠 CEO wants an orderly succession.
- 🏠 CEO helps recruit a more experienced Board, Board became more engaged, CEO defers more to Board, Board became stronger!
- 🏠 Strategic plan is updated - encouraged by Board to CEO as part of exit strategy.
- 🏠 CEO recommends transition management consultant or Board appointed Search Committee to work with entire organization.
- 🏠 CEO attends only one of successor selection meetings, shares thoughts about process and desired attributes of successor.

Good Transition Model (continued)

- 🏠 CEO is kept informed through monthly conference calls with transition committee and consultant.
- 🏠 Transition Chair and CEO have lunch/meeting once a month to keep CEO informed and talk about CEO's process for letting go.
- 🏠 CEO invited to meet final pool of candidates and provides input to search committee. **DOES NOT MAKE RECOMMENDATION!**
- 🏠 Board makes final selection.
- 🏠 Both organization and retired CEO thrive.
- 🏠 ***Hand-off was intentional; the CEO contributions were celebrated; Board stepped up; CEO let go AND was included in process!***



Increasing Odds for Successful Transition

- 🏠 Current CEO/Key Staff/Board have open lines of communication.
- 🏠 They work together to plan transition AND they include key staff.
- 🏠 Have adequate time to do a good job, focus on getting the task done.
- 🏠 Identify issues, accept them as inevitable (but not personal) and find a way to resolve them with wise and well-timed decisions.
- 🏠 Openly and thoughtfully address both personal, personnel and organizational issues related to transition.
- 🏠 Work through conflicting visions about how leadership transition will occur.
- 🏠 Board may use a consultant/firm to help them carry out transition management steps and possibly perform an assessment of the organization.

Increasing Odds for Successful Transition NOW

- 🏠 A Strategic Plan is in place with goals and objectives for the near term (up to 3 years), including objectives for leadership talent development.
- 🏠 The Board evaluates the CEO annually on performance and achievement of previously discussed goals.
- 🏠 The Board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs – financial oversight, executive support and oversight, policy development and strategic planning.
- 🏠 The top leadership team of the organization currently functions as a high-performing team.
- 🏠 A continual discussion of succession planning is openly discussed.

Increasing Odds for Successful Transition NOW

- 🏠 A financial reserve is in place with a minimum of three months' operating capital.
- 🏠 Financial systems meet industry standards. Operational manual exist for key administrative systems and are easily accessible and are up-to-date.
- 🏠 Top staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.
- 🏠 Other staff/Board members share external relationships (major donors, community leaders) maintained currently by CEO.

Best Emergency Succession Plan Templates:

There are literally thousands of Succession Plan Templates (just Google Succession Plans)....

Many are copyrighted, yet they urge you to use! The best ones I believe are available at:

- ✓ compasspoint.org (Compass Point)
- ✓ nonprofitadvancement.org (Center for Non Profit Advancement)
- ✓ aecf.org (Annie E. Casey Foundation)
- ✓ [Boardsource.org](http://boardsource.org) (Board Source)....

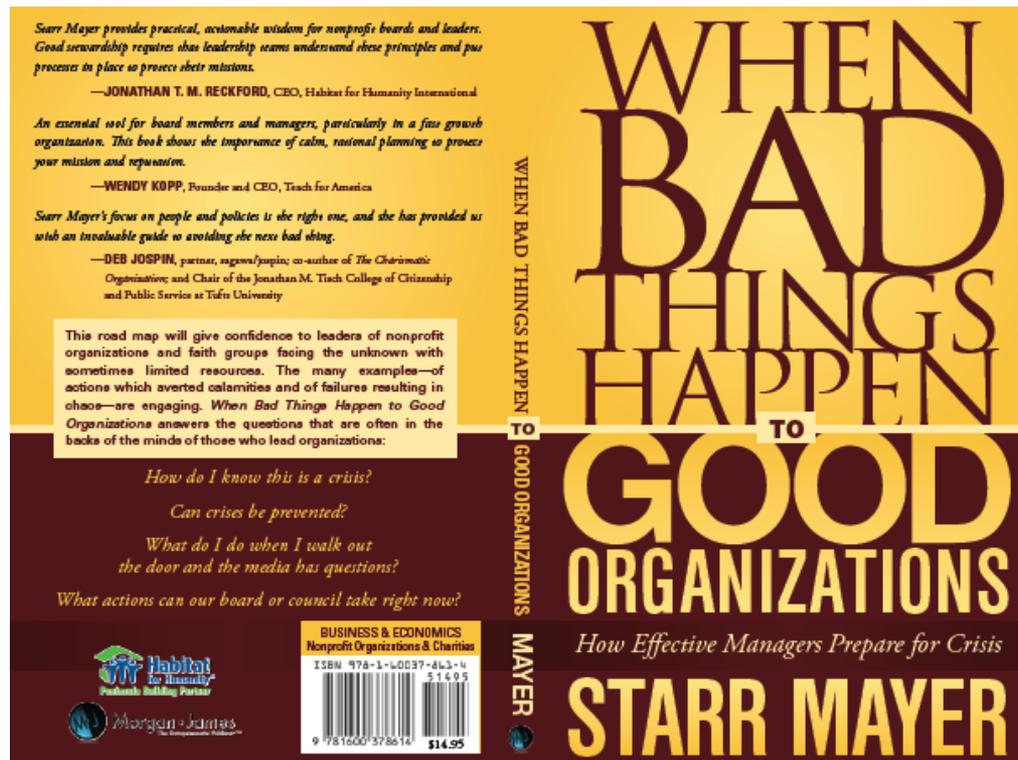
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When Bad Things Happen To Good Organizations

by Starr Mayer, former Habitat CEO, HFHI staffer



Key Questions for organization To Ask – NOW!

- 🏠 Do we have a succession plan?
- 🏠 Do we have a way of hiring new personnel? Is the Board prepared to take that on?
- 🏠 How much funding and fundraising power do we lose if the current CEO leaves?
- 🏠 How much institutional history and how many connections do we lose?

Key Questions for organization To Ask – NOW!

- 🏠 Can we survive a short downturn in funding?
- 🏠 Can we continue our **MISSION**?
- 🏠 Is our CEO doing too much? Should we adjust the job description while we can?
- 🏠 Can some of the CEO's skills and connections be replicated by current staff/Board members?
- 🏠 Are there other key positions besides CEO that would cause issues if our organization lost that staff member?

What other questions should YOU be asking now?



Sample Emergency Succession Plan For Habitat organization

In order to ensure continuous coverage of executive duties critical to the ongoing operations, the Board of Directors of Habitat for Humanity _____ {organization Name} recognizes that this is a plan for contingencies due to the disability, death or departure of the CEO. If the Habitat organization is faced with the unlikely event of an untimely vacancy, _____ {organization Name} has in place the following emergency succession plan to facilitate the transition to both interim and longer-term leadership.

While the Board acknowledges that such an absence is highly improbable and certainly undesirable, the Board also believes that due diligence in exercising its governance functions requires we have an emergency succession plan in place. It is expected that this plan will ensure continuity in external relationships and in staff functioning.

Sample Emergency Succession Plan For Habitat organization

Please review your handouts.....A good succession plan should contain some of the following:

Authority and Compensation of the Acting CEO

Board Oversight

Communications Plan

Is this a Temporary Succession? Short Term? Planned? Unplanned? Permanent?

Sample Emergency Succession Plan For Habitat organization

Checklist for Acceptance of All Types of Emergency Succession Plans

- **Succession plan approval.** This succession plan will be approved by the Executive Committee and forwarded to the full Board of Directors for its vote and approval. This plan should be reviewed annually (*easy to do during yearly budget approval*).
- **Signatories.** The Board Chair, the CEO, the Deputy Director/COO/Acting Executive Director and the attorney for the organization shall sign this plan.
- **Organizational Charts.** Two organizational charts need to be prepared and attached to this plan. Prepare and attach an organizational chart reflecting staffing positions and lines of authority/reporting throughout the organization. Prepare and attach a second organizational chart that reflects how that structure will change within the context of an emergency/unplanned absence of the CEO.
- **Important Organizational Information.** Complete the attached Information and Contact Inventory and attach it to this document. Also attach a current list of the Habitat Board of Directors.
- **Copies.** Copies of this Emergency Succession Plan along with the corresponding documentation shall be maintained by the Board Chair, CEO, the Acting CEO appointee and the attorney for the Habitat organization.

Sample Emergency Succession

Sample Information and Contact Inventory

Knowing where your organization's key information is located is critical so that if an emergency succession should occur, your Habitat organization would be able to quickly continue work in the most efficient and effective way.

Top 20 items should include:

1. IRS Determination Letter
2. Signed Habitat Core Documents
3. Mission Statement
4. Bylaws
5. Board Minutes
6. Employer Identification Number
7. Current and previous Audits
8. Current and previous 990's
9. State/District Tax Exempt Certificate
10. Blank Checks/Deposit Slips
11. **Passwords** – email, Facebook, website etc...
12. Donor Records
13. Homeowner Closing/Documents
14. Volunteer Records/Liability Waivers
15. Auditor Contact Information
16. Banks (including account numbers, type accounts, etc)
17. Investments/Financial Planner/Broker Company
 - Who is authorized to make transfers?
 - Wire Transfers
 - Authorized Check Signers
18. Is there an office safe? Safe Deposit Box? Who has keys?
19. Office Leases, Deeds, Insurance, etc.
20. Office, ReStore Security Systems? Keys?

Sample Emergency Succession Plan For Habitat organization

Insurance Information: Company/Underwriter/Policy Number

Top 10 items should include:

1. General Liability / Commercial Umbrella
2. Directors & Officers Liability
3. Health Insurance
4. Dental/Vision/Café Plans
5. Unemployment Insurance
6. Workers' Compensation
7. Disability Insurance (short-term) Disability Insurance (long-term)
8. Life Insurance
9. Long Term Care
10. Retirement Plan/SEP/403b

Signatures of Approval:

Board Chair _____ CEO _____
Acting CEO _____ organization Attorney _____

Questions? Hopefully Answers!

Janet V. Green

CEO since 2002 – plans to retire someday!

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