

# Succession Planning for Nonprofits of All Sizes

A reprint from *Blue Avocado*

by Jan Masaoka & Tim Wolfred

The term “succession planning” brings to mind a large corporation with a long-time CEO first choosing, then grooming, a successor. But this practice is sharply declining even in large corporations and is even less relevant to most community-based organizations. At the same time, more and more nonprofits are realizing that executive director transition is a crucial moment in an organization’s life: a moment of great vulnerability as well as great opportunity for transformative change. Succession should be a topic broached even when no one is anticipating a change in leaders. And of course, illness and other events can lead to sudden and unanticipated departures.

Planning for executive director transition is called succession planning—thinking in advance about how to set the stage for a strong transition. The Board Café’s sponsor—CompassPoint Nonprofit Services—has developed a comprehensive set of services for nonprofits anticipating or going through such a transition; in fact, CompassPoint’s fastest growing consulting area is in Executive Transition and succession planning.

Succession should be a topic broached now . . . whether or not you are anticipating a change in executives. Here are some questions and issues to be addressed now, and some that draw attention to longer-term planning. Taking steps now will increase your readiness for this inevitable occurrence and increase the likelihood of a positive transition.

- If the executive is suddenly unable to serve, is it clear to everyone who will be the Acting Executive until the board can meet and decide? Who will speak to the press? Consider creating an emergency or contingency succession plan just in case.
- Does the Board of Directors have the right mix of members for hiring the new executive? Sometimes a board that is best at supporting a strong executive is different from one that is well equipped to hire a new executive. For example, a board of all corporation vice presidents may raise a lot of money but may not understand the qualities that make for a successful nonprofit executive, or how to

look for and screen candidates. One criterion for board recruitment should be: “Will this person be a good addition to a hiring process?” Executive directors should ask themselves: “Do I want this person on the board that hires my replacement?”

- Is the executive director’s job doable—that is, could the job be done by a regular human being? Too often a successful executive director has, over time, taken on so many responsibilities that it would be nearly impossible to find another such superhero. In a similar light: “Is the management team able to do its job completely?” Sometimes a broadly skilled executive will “carry” one or more management team members who can’t handle their responsibilities on their own. A succession plan will identify the critical functions of the executive job, designate an emergency back-up for each function, and prepare the organization for both planned and unplanned executive transitions or vacancies.
- Is the salary of the current executive director much lower than what you should pay a new executive? Sometimes a successful, long-time executive is being paid much too little—which ends up pushing other salaries down and makes it unlikely that qualified candidates would accept such a salary. On the other hand, sometimes an executive is making much more than is appropriate. Succession planning should include a longer-term effort to bring all staff salaries—including the executive’s—into line with the market.
- Can you cover a fundraising dip? The chief money raiser in most nonprofits is the executive director. It will take time for his or her successor to develop the relationships with donors that are essential to the incumbent’s fundraising success. Succession planning should include raising funds for the transition: one 25-year executive we know is in the midst of a “legacy campaign” to give donors a chance to honor his community achievements with gifts to an agency endowment fund. Fundraising and business relationships can also be institutionalized by bringing board members and other staff into relationships now held only by the ED.
- Are there any obvious candidates for the job? In some cases an executive director may have been grooming someone internally for the job. In other cases it may be assumed that the Associate Director or Program Director wants and will get the job. There may be a board member who feels that he or she would be the best choice. The decision to hire is the board’s and any such unspoken assumptions should be brought to the board. If, for example, it does seem appropriate to groom a particular individual, the board should be part of that process. At the same time, it would also be a shame if a valued staff or board member were to depart on the mistaken assumption that the job has been promised to someone else.
- When was the last time that succession was on the board meeting agenda?

The executive director may worry that bringing up succession planning is a signal that she is planning to leave. At the same time, board members may worry that bringing up the topic will incorrectly send a message to the executive that they *want* her to leave. One easy way to broach the topic without either of these fears coming to pass is to begin the discussion with a distribution of this article.

## Other free resources online

### ***Capturing the Power of Leadership Change: Using Executive Transition Management to Strengthen Organization Capacity***

By Tom Adams, this monograph moves readers from seeing executive departure as a crisis to resolve as quickly as possible to understanding it as a powerful opportunity for organizational change.

<http://www.aecf.org/KnowledgeCenter/Publications.aspx?pubguid={B0F96F4C-DoCC-4964-B68F-01BC6C503BBA}>

### ***Building Leaderful Organizations: Succession Planning for Nonprofits***

A monograph by Tim Wolfred that successfully makes the point that succession planning is ultimately about leadership development on both the staff and the board.

[http://www.compasspoint.org/assets/526\\_buildingleaderfulorganiza.pdf](http://www.compasspoint.org/assets/526_buildingleaderfulorganiza.pdf)

### ***Interim Executive Directors: The Power of the Middle***

A monograph by Tim Wolfred discussing how interim executives can not only give boards enough time to make a wise hire, they can accomplish some important work that only an interim can do.

[http://www.compasspoint.org/assets/64\\_etmono2interimeds.pdf](http://www.compasspoint.org/assets/64_etmono2interimeds.pdf)

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