

Succession Plan

Planning Information and Plan Template
April 2016

Introduction

Succession Planning is an important component of strategic planning. It is critical to the success of the organization and should provide for a process that recognizes, develops and retains top leadership talent.

Non-profit organizations that are committed to maintaining strong leadership create succession plans to ensure continuity of leadership, and regularly review and update these to align to current strategic plans. Succession planning can also outline development plan for each key position in the organization.

Steps for Succession Planning

1. Ensure your strategic plan and direction are up to date.
2. Review job descriptions and update as required to support strategic direction.
3. Identify core competencies and skills needed to lead the organization.
4. Scan the environment - review salary history, budget, and market rates for positions.
5. Develop and regularly review interim plans to address unplanned leaves.
6. Create succession plans for required positions.
7. Review and update hiring processes and recruitment strategies for key positions.
8. Identify future leaders and support staff with skills development.
9. Develop transition plans to support individual development and performance.
10. Review policies annually to support succession planning and hiring processes.

Overview - Succession Planning Steps

The succession plan decides what steps will be taken to transition to a new CEO. It is an outline or description of the process that the Board of Directors has decided it would use to recruit, hire and supervise a new CEO. This plan should include the following steps:

1. **Review strategic direction, objectives and results** for the next 2-3 years.
2. **Review performance measures and reporting.**
3. **Review key partnerships** and the potential impact your selection could have on future relationships, reorganizations, or organizational changes.
4. **Identify and engage stakeholders** who will be impacted by the process and transition, including the corporate office and client service team (site supervisors).
5. **Review feedback from the CEO on:**
 - ↳ the position and key skills and qualifications for a new CEO.
 - ↳ specific expertise a new CEO will need to advance strategic goals.
 - ↳ support a new CEO can be offered to support the transition process.
6. **Determine job description, skills profile, qualifications, leadership priorities and performance expectations** for a new CEO
7. **Determine** salary and benefits levels associated with similar positions.
8. **Define and assess budget requirements and impact** for the next 6 to 12 months.
9. **Engage the management team** to review their roles, responsibilities, and potential to support the organization through a leadership change.
10. **Determine if an interim appointment is needed.**
11. **Determine search and recruitment requirements.**
12. **Support Board/Director Role - assess director expertise, roles and responsibilities** and determine if additional training, talent, is needed for hiring/selection and transition of new CEO.
13. **Support Board Screening** considering the need for a dedicated Screening Committee.
14. **Define selection criteria.**
15. **Develop promotional and communication plans.**

SUCCESSION PLANNING CHECKLIST

Ensure your Organization is prepared for a change in leadership

1. Long term strategic plan and current business plan in place
2. Comprehensive tracking and reporting on business plan and management objectives
3. Clearly identified organizational chart with lines of authority and responsibilities designated
4. Board and staff leaders ready and prepared to step up in the event of a change
5. Accurate and up-to-date list of key stakeholders exists with at least one board member and one staff member having access. (stakeholders - funders, board members, staff members, active volunteers, partner organizations, key collaborations, caregivers, etc.)
6. Communication Strategy on who is contacted when and why during a transition.
7. Organized and central source for corporate documents including minutes, grants, contracts, vendors and account numbers.
8. Annual organizational work plan with key performance outcomes, annual calendar of key activities and funding/contract deadlines.
9. Annual operating budget 12-month cash flow projections compared to actual expenditures.
10. Board approved policies and procedures for personnel, finance, operation, etc.
11. Board approved succession plan for filling the position.

Succession Plan Details

CONTENTS

Unplanned Leave – Appointing an Interim CEO

Planned Resignation - Appointing a New CEO

STEPS:

- 1. Search Process**
- 2. Review and Revision of Job Description and Qualifications**
- 3. Screening Committee**
- 4. Selection Process**
- 5. Supervision**
- 6. Role of the Departing CEO**

UNPLANNED LEAVE - Appointing an Interim CEO

The board of directors will be responsible for appointing an interim executive director if a CEO leaves unexpectedly or is out for illness or personal reasons for a defined period of time.

It is expected that the position will be filled by an internal staff person or persons for a defined period of time, an external person can be hired to support the business and resource management.

- The board will review and manage unplanned leave of a CEO in accordance with the signed employment contract.
- The board will review current staff members and positions to determine who might be appropriate for the position.
 - ➔ The board and CEO will conduct annual review to identify staff that would be most appropriate to provide management during a transition or unexpected leave. The board will review salary compensation and provide an adjustment for increased responsibilities during a transition.
- The board and committee chairs shall take on more of an active oversight role with the organization.
 - ➔ The board chair will act as the external spokesperson for the organization.
 - ➔ The board and committee chairs should review the budget and year to date financials to determine if any changes should be made for the remainder of the financial year.
 - ➔ The board and committee chairs shall develop a communication strategy.
 - The board chair shall act as the supervisor for the interim director. The Chair should expect to have weekly meetings (phone) with the interim CEO.
 - The board chair should prepare a letter to all key funders and stakeholders announcing the interim director and providing an outline of the succession planning timeline and steps.
 - The board chair should prepare a letter to all clients and caregivers announcing the interim director and next steps.
 - The board chair shall meet with the full staff to announce the interim position, the board role and outline expectations for the transition time frame. If a new CEO is going to be hired the succession plan, timeline, steps, and specific staff involvement should be discussed.
 - ➔ The board and committee chairs should expect to meet monthly during the transition period.

PLANNED RESIGNATION - Appointing New CEO/Executive Director

1.0 Search Process

The board of directors should outline a search process that can be reviewed and update annually. This search process is based upon the board taking an active role in the search and making the final decision as a group of the whole.

2.0 Review and Revision of Job Description and Qualifications

The first step will be for the full board to review the existing job description and qualifications. They should outline what skills, experience and background, expertise, management and characteristics they are seeking in the next Executive Director. The board will also need to establish a salary range and benefit package for the position.

As part of the process the Board will:

- Interview key stakeholders in the community to determine their recommendations and comments. Stakeholders include funders, peer economic development leaders both in the region and nationally, former board members, and community opinion leaders.
- Interview and seek staff input either as a group or in individual meetings to determine what would work best.

General categories for CEO performance include:

- Management (human resource, financial, and program)
- Fundraising including marketing and public relations
- Industry specific knowledge
- Strategic thinking and communication
- Leadership

The board will prepare a revised and updated job description and a description of the ideal candidate for use in screening potential candidates. This description should include salary range and benefit package description.

A review of the job description should address the following questions:

1. Will the job be the same as what is currently being done?
2. What do we want in a CEO? In what ways will it be different than the current structure – will it be different in year one, three to five years from now?
3. Do we want a different leadership model than we have had in the past? Do we want to restructure the position in any significant ways or our expectations about key responsibilities of this position?
4. What is our total compensation package? Can we make it attractive to people with different compensation priorities?

3.0 Screening Committee

The board shall establish a screening committee. This committee shall be chaired by the board chair or their designee. The committee should be composed of at least four other members who agree to manage the search process and recommend three finalists for consideration by the full board.

The Screening Committee will:

1. Consider adding an external service provider to the committee.
2. Discuss the feasibility of using a recruitment firm or consultant to help with the process.
3. Establish a budget and timeline for the process.
4. Create a marketing plan for advertising the position.
 - ↳ Develop a marketing kit (email PDF) on the agency and the position.

5. Develop ranking criteria and selection process to interview up to 7 candidates.
6. Ensure a mailbox is set-up to receive all resumes and applications.
7. Establish process to screen and review all submitted resumes.
8. Complete a background check on each finalist.

The screening committee will keep the board informed on the progress, candidates and the interview process. The Chair shall keep the staff informed of the process so that there is regular communication and updates to them.

4.0 Selection Process

The final three candidates shall be recommended by the screening committee to the full board. The board will develop interview questions and an interview protocol.

The board will need to decide whether they are paying for out of town candidates' expenses and what will be reimbursed. They will also need to design criteria and ranking process to guide the conversation.

The board chair should be authorized to make the offer to the selected candidate. Communication to the other candidates should also be undertaken by a board member.

The board should develop a communication plan to announce the appointment of the new executive director. This should include announcing to staff, funders, and key stakeholders. A press release should be prepared and submitted to local press and distributed in the newsletter.

5.0 Supervision

The board should establish a clear set of six month and annual performance objectives for the individual in written form. These objectives can be mutually developed but must be clearly understood by the board and the new executive director. Using an onboarding and orientation process, the board shall design the first day, the first week, the first month and the first six months of expectations and activities for the new executive. The new CEO/Executive Director should be evaluated based on these performance objectives which will act as a guide for the person in the position and the board.

The board chair will be responsible for developing an orientation to the agency, the board and key funders. If the person is from outside of the region, then the board should be prepared to assist with introductions and key meetings.

6.0 Role of the Departing CEO

The departing CEO shall be retained for a three month time frame in a consulting role to maintain and transition relationships with key stakeholders and potential partners.

The departing CEO agrees to mentor the new CEO for three weeks. This includes sharing the transition memo, reviewing the strategic plan and all key programs, introductions to community stakeholders and assisting in other activities to ensure a successful transition.