

Essential Guides to Sustainability, Succession and Transition Planning

PART 2

Executive Succession Planning Guide

Essential Guides to Sustainability, Succession and Transition Planning

August, 2013

This guide is intended to provide training and technical assistance to all health centers on the importance of leadership succession planning.

National Association of Community Health Centers

Health centers depend in large part on public financial help and need a unified voice and common source for research, information, training and advocacy.

To address these needs, the National Association of Community Health Centers (NACHC) organized in 1971. NACHC works with a network of state health center and primary care organizations to serve health centers in a variety of ways:

- Provide research-based advocacy for health centers and their clients.
- Educate the public about the mission and value of health centers.
- Train and provide technical assistance to health center staff and boards.
- Develop alliances with private partners and key stakeholders to foster the delivery of primary health care services to communities in need.

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TransitionGuides is a national consulting company specializing in sustainability and succession planning and executive search services for health centers and other nonprofit organizations. Our services are tailored to the unique needs of each organization. We value every organization's essential need for talented leaders, positioned to enable the nonprofit to survive and succeed. We add value to the organizations we serve through partnering with executives and boards to prepare for succession, to initiate action plans that advance organizational sustainability and to recruit and successfully onboard chief executive officers and other senior managers when transition occurs. Our consultants are all former nonprofit leaders who specialize in working with board and executive leaders. Since 1995, our TransitionGuides team has led over 400 nonprofit leadership search, transition, and succession and sustainability planning projects for organizations across the country. Our extensive nonprofit experience and knowledge offers guidance and processes that deliver proven results.

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Acknowledgement

The National Association of Community Health Centers (NACHC) initiated the production of the three-part *Essential Guides* series. The Guides, written by TransitionGuides, builds on prior educational materials developed by Don Tebbe, co-founder and thought-leader of TransitionGuides. Thanks to the TransitionGuides team which included Melody Thomas, Tom Adams, and Megan Lewis for their dedication and commitment to the accuracy and precision of each guide. A special thanks to the NACHC team, led by Julie Schmidt and included Sherry Giles, Program Associate, and Jaime Hirschfeld, who made this opportunity possible for TransitionGuides and those with an affiliation with NACHC.

This publication was made possible by grant number U30CS16089 from the Health Resources and Services Administration, Bureau of Primary Health Care. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the HRSA.

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Background about the series

The three guides were written specifically with health centers in mind. The guides were designed to help health centers strengthen the capacity of their organizations, especially those organizations that may be facing a chief executive or other leadership transition in the near future. As a companion to the guides, the Organizational Sustainability and Leadership Succession Mini-Tool Kit, provide organizations a jump start, in deciding where to best begin with Organizational Sustainability Planning, Executive Succession Planning and Executive Transition Management with step-by-step instructions and tools to get started.

The first guide, Part 1 *Organizational Sustainability Planning*, is a tool for assessing and strengthening the four areas critical to the organization's long-term sustainability by conducting an organizational sustainability assessment and using the results of the assessment to develop an organizational sustainability action plan.

The second guide, Part 2 *Executive Succession Planning*, provides an overview of three approaches to succession planning: The first is a detailed approach to "Succession Essentials" by developing a board-adopted Succession Policy and Emergency Backup Plan. The second is a list of important considerations for selecting an internal successor, and the third is an illustrative summary on combining sustainability and succession planning for maximum organizational benefit.

The third guide, Part 3 *Executive Transition Management*, presents a three-phase approach for managing turnover in a leadership position, especially the chief executive position. This Guide provides an opportunity to address transition issues, strategic direction, and an outstanding search when there is a change in executive.

While each of the guides can be used individually, together they are designed to help leaders strengthen their organizations and manage leadership turnover, adapt to changes in the environment and competition, and to increase the odds of remaining effective and true to core values over the long-term. This series aims at organizations with long-tenured executives and founders, relatively new executives and those seeking to address leadership succession and organizational sustainability.

The timing of the chief executive's departure can be a guiding factor in the choice of which tool to use. In health centers where the executive has no intention of leaving soon, or where retirement may be three or more years off, the Organizational Sustainability Guide can be an excellent tool for strengthening the organization, ensuring that when the transition occurs, there is a strong team in place with a clear plan for the future, solid systems and resources, and a resilient culture.

In agencies where the transition is two or more years away, the "Succession Essentials" in the *Executive Succession Planning Guide* can help the leadership understand more deeply the role of the chief executive and develop the tools, principles and understanding for how to best manage that transition when it does occur. Moreover, development of the Emergency Backup Plan ensures that the organization has a plan in place if something unforeseen were to happen to the incumbent executive. More importantly, the development of that backup plan provides a deep exploration of the chief executive role, and the sense of bench depth in the organization to back him or her up. These

organizations are often best served by combining sustainability and succession planning.

In situations where the transition is imminent – within the next 18 months or less – the *Executive Transition Management Guide* provides a well-tested framework for managing the entire transition process, including the search.

What is succession planning?

Succession planning can mean different things to different people, but generally, it has to do with plans that help organizations sustain effective leadership over time. A typical definition of succession planning is: A systematic process for ensuring leadership availability, continuity and appropriate development of an organization's leadership talent. Let's look at the keywords in this definition:

- **Systematic** –there's a proactive process in place that frames the organization's approach to succession planning.
- **Availability** – the process ensures that the appropriate people are available for the critical leadership positions in the organization, whether those people are the incumbents, someone who's ready to step in an acting capacity, or successors to be tapped when a transition does occur.
- **Continuity** – attention is paid to leadership continuity, which involves having people who are cross-trained for different positions and are ready to step in for a colleague on an emergency basis.
- **Appropriate development** – there's some focus on staff and leader development in the organization that is appropriate to the size, scale and resources of the organization.

Why plan for succession?

Succession planning conversations can be critical to the future sustainability of the organization, yet these are usually difficult conversations to have. Boards are often reluctant to bring the topic up for fear of sending the wrong signal to the chief executive. Chief executives, on the other hand, often avoid the topic because they fear the potential impact – that it sends a signal that they are looking for a different job, or the board might try to push them out, or they fear becoming a lame duck. The net result is that both sides avoid the topic and miss the opportunity to sustain the mission work of the organization, which is the real, true promise of succession planning.

Succession planning has many benefits. First of all, it gets us beyond an ugly truth that we typically avoid: *All careers end in a transition, eventually. It's just a question of when, how, and how well the transition is managed.* Here are some of the benefits that can be gained from succession planning:

Helps ensure organizational sustainability – succession planning results in a deeper understanding of an individual executive's role and responsibilities, and can open up the dialogue about bench depth within the organization, all of which furthers the organization's sustainability.

Helps mitigate risk – emergency backup plans ensure that there are cross-trained people ready to step in if something were to happen to an executive.

Increases the likelihood of successfully managed transitions – in part, succession planning is about developing a better understanding of the role of leadership positions in an organization. Better understanding leads to better decisions.

One goal of this guide is to help “normalize” the succession planning conversation and provide you with the tools to, at least, get the basic ingredients of succession in place, which we call “Succession Essentials,” a pair of documents: an Emergency Backup Plan for your chief executive position and a board-adopted Succession Policy. These tools will help you mitigate risk and provide a comfortable gateway into the succession planning conversation.

Three approaches to succession planning

While this guide is primarily focused on “Succession Essentials” and how to combine sustainability and succession planning, let’s look at three common approaches to succession planning.

Leader Development Planning

This approach involves an ongoing process of systematically assessing, acquiring, developing and aligning organizational talent in a way that builds the organization’s capacity. Often times, this is done within a framework called “talent management,” which also provides a critical link between organizational goals and performance. The idea is that the organization is forecasting its future leadership talent needs, and in turn, reviewing internal leaders, assessing whether they have the potential to move into those forecasted roles. If they do, they are then provided with the training, development and mentoring to increase their capacity to move into that new or expanded future role.

Departure-Defined/Arrival Succession Planning

This approach is often used when the CEO, particularly a long-term executive, plans to leave within the next 2 to 5 years or in the first year or two of a new executive’s arrival. Generally, there are two tracks in these plans: one focused on the organization and the other focused on the departing or arriving CEO. Organizational preparation work involves planning focused on organizational sustainability (see Part 1 *Organizational Sustainability Planning Guide*) and related capacity-building measures. The idea is to take the time prior to the search, or early in the tenure of a new executive, to assess the organization’s four core areas and to:

- a) Strengthen the business model and organizational strategy.
- b) Build leadership bench depth – both board and executive, and put in place or update the Succession Essentials (Emergency Backup Plans for executives and Succession Policy).
- c) Improve the organization’s resources, both financial and other resources.
- d) Pay attention to the health of the organization’s culture and addressing any disconnect between the organization’s culture and what’s really needed to ensure organizational readiness for an executive transition.

The executive preparation track typically focuses on helping the incumbent plan their exit from the organization and the handoff to his/her successor and/or on supporting the successful onboarding and ongoing development of the new executive and his/her relationship with the Board. In some

cases, the exit planning may also involve some work to help the executive retire gracefully. For example, if the organization has not been competitive on salaries or has been lax in providing a retirement plan, the departure-defined plan may also include a plan to bring the executive’s salary up to a competitive level, and/or help catch up on inadequate retirement funding. (Obviously, these matters should be carefully discussed with the organization’s legal and financial advisors.)

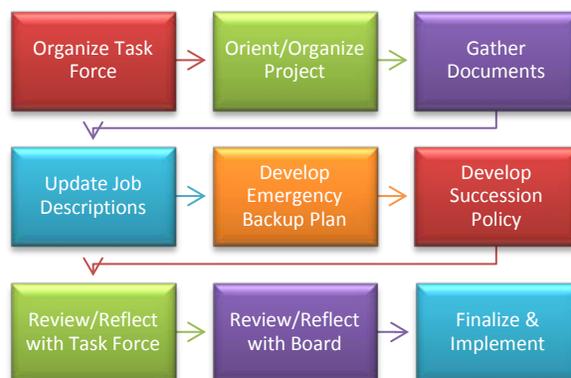
In some cases where a new executive is hired, there is an opportunity to review the strategic direction and business model and do leadership planning with a fresh perspective.

Succession Essentials

This approach is the subject of the next section of this guide. It provides the tools and processes to ensure leadership continuity for key positions in the event of unexpected absences as well as planned transitions. There are both “hard products” as well as “soft products” from this approach to succession planning. The *hard products*, or the tangibles, are two documents: an emergency backup plan, which is a multipage document that frames the agreement between the executive who is being backed up and the person or people who are identified to provide the backup. The other document is a board-adopted succession policy – a formal policy of the board that frames how the board will handle short and long-term unexpected absences of the chief executive as well as how they would manage the transition if the CEO decides to leave permanently. The *soft products* are equally valuable, and may include a deeper understanding of the leadership roles in an organization on the part of both board and executive leadership, a deeper understanding of leadership bench depth, as well as understanding potential gaps between the skills the organization requires and the skills of the current team. Someone once said that *the purpose of planning is not to make plans, but to change minds*. With these two documents, and as a result of this planning, your organization will have that “insurance policy” in case you need it (hard product), but more importantly, the planning process will lead to a deeper understanding of the organization and its current and future leadership needs (soft products).

This section describes the process of developing succession essentials as a process unto itself. The next section describes how to combine work on succession essentials with a sustainability review. If your organization has a long tenured or founder executive or a relatively new executive, the combination of succession and sustainability planning is recommended.

Figure 1 - Process overview for implementing succession essentials



Putting “succession essentials” in place in your organization

The remainder of this guide is a step-by-step action plan for implementing succession essentials in your organization.

Organize a small task force

In most cases its best to have a small team (3 to 5 members) working on this project. Typically, the task force should include the chief executive plus one or two members of senior management team and one or two board members. Board members might include the board chair and another officer, or the chair of your personnel committee if you have one. Staff members might include the COO and/or your HR director, if you have one. In larger organizations, there is more typically a Board Committee working with the executive or senior management team.

Orient the task force, organize the project and make assignments

Review this guide with the task force or Committee and management team, particularly this step-by-step action plan and the appendices. As for the assignments, someone needs to be assigned to the role of “author,” taking responsibility for the writing and rewriting of documents. In some cases, the organization may opt to have this process facilitated by a consultant experienced in this work. The role of the other team members is to contribute to the strategic thinking that goes into the plan, and to review the documents before they are submitted to the board for their review and approval.

Gather and update the supporting documents

The supporting documents that you will want to have on hand include the job descriptions for the individual positions for which you are creating backup plans as well as copies of the staff organization chart and strategic plan.

Make sure the job description(s) are up-to-date

Since you will be using the job descriptions as your “source document” for creating the backup plan, you will want to make sure that the job descriptions are up-to-date, ensuring that they actually reflect the current set of duties and responsibilities for the position for which you are developing a backup plan. Beyond the current reality for this position, consider how this position might evolve over the next several years, particularly over the next year. That should be reflected in the job description as well.

Develop the Emergency Backup Plan(s)

The remaining steps in the process, center around two documents, starting with the Emergency Backup Plan (See [Appendix 1](#) for a ready-to-edit template for an Emergency Backup Plan). It is best that the first draft be the responsibility of one individual, typically the executive whose position is being backed up, and then review the draft with the broader team.

Each of the sections below relates to a section in the Emergency Backup Plan template that you will find in [Appendix 1](#). The backup plan document is organized in three sections, the main body of the plan plus two attachments. The body of the plan provides the definitions and an overview. The first of the two attachments contains the current job description for the position being backed up. You should include it here so that it is available for ready reference if the plan needs to be implemented. The second attachment is the emergency backup plan detail, the heart of the backup plan

- a) **Rationale:** This section lays out the rationale for the plan. You will need to update position titles with your own organization's titles.
- b) **Priority functions of the position:** Identify the responsibilities that must be addressed in a temporary staffing situation for this position. Explore how this job is carried out in practice. Which of the responsibilities is most "mission critical?" Which require the most time and effort? Beyond the job description, what really happens on a day-to-day basis?
- c) **Business as Usual:** Here, you want to outline the topmost leadership activities that require attention during this temporary staffing situation. This should be no more than 3 to 6 items, seven at most.
- d) **Plan Implementation:** In this section, you will want to update the titles, as well as consider the appropriate steps to implement the plan, and to whom those action steps are assigned. You may also want to consider how much independence the president or/board chair should have in the implementation of this plan, as well as how much, and at what points, should the board chair consult with the executive committee or the broader board.
- e) **Definitions:** Here, you want to make clear your definitions, especially what's considered a "short-term" absence, as well as "long-term" absence. The template includes definitions that are fairly common.
- f) **In the event of a temporary, unplanned absence:** This begins to get into the heart of the matter.
 - i. **Who may appoint:** Consider how much independence the board chair/president should have without consultation with the executive committee of the board. Make sure to change the titles to reflect your health center.
 - ii. **First backup:** the first backup is the person primarily designated to back up the executive in this position.
 - iii. **Second backup:** in some cases, the first backup may not be available because he/she is out on extended sick leave, maternity leave, etc., or they may be involved in a new assignment that makes taking on this temporary role inappropriate or impractical. It is, therefore, a good idea to also designate a second backup.
 - iv. **Cross-training:** is a vital step of the succession planning process. Ensure that the individuals designated as backup have been cross-trained on the position and that they are, on an ongoing basis, kept abreast of information, trends and issues that relate to this particular position.

- v. **Authority and restrictions:** carefully consider how much authority the designated backup would have if they assumed the role. Generally, this is shaped by this individual's experience with the organization, level of maturity, etc. It also may be influenced by how their current role fits into the chain of accountability. For example, if the CFO were a designated backup, you would not want to grant that individual check signing authority, as it would violate your system of checks and balances.
- vi. **Compensation:** consider whether there will be a pay differential for the added responsibilities.
- vii. **Oversight and support:** typically, the board chair is the designated supervisor for the acting executive. These situations do require the board chair to step up his/her level of engagement with the organization for the duration.
- viii. **Communications plan:** the template outlines a fairly straightforward communications plan. You should inform your close-in, most critical stakeholders as soon as possible after the appointment of the acting.
- g) **Longer-Term, unplanned absence:** for short-term absences, in most cases, the designated backup can shuffle priorities to cover both positions – their own and the one for which they are providing backup. If it's going to be a longer-term absence (more than 2 to 3 months), then you should consider how to relieve the designated backup of their current position while they're filling in.
- h) **Permanent unplanned absence:** this section is straightforward and references the board adopted succession policy discussed in the next section.
- i) **Approvals and maintenance of record:** this plan is only as relevant as the availability of the designated backups. It will need to be changed if one of the backups leaves the organization, or if their job situation changes dramatically. It is recommended that it be put on the board calendar to be reviewed annually.
- j) **Appendix 1 - Attachment 1 – Job Description:** insert a copy of the job description here so you will have it as a reference in case the plan needs to be implemented.
- k) **Appendix 1 - Attachment 2 - Emergency Backup Succession Plan Detail:** as mentioned earlier, the details of the Communications Plan, Short-Term Staffing of Key Functions, Cross-Training Plan, Annual Calendar, and Critical Relationships, Contacts, and Information Inventory within this section are the heart of the backup plan.

In most organizations, it is advised that Emergency Backup Plans are developed by all senior or executive managers and for other managers or staff in key positions where an unplanned absence would negatively impact capacity to deliver services or meet mission. The Executive Director/CEO plan is more detailed because of the role of the Board in selecting and managing the top executive. Similar questions and process are used to develop plans for other managers. However, their plan is not as detailed because each person reports to the Executive Director or another manager.

Develop the Succession Policy

As mentioned earlier, the companion document to the Emergency Backup Plan is the Succession Policy, which is a board-approved policy. You only need this policy in place for the CEO position. It does not affect the other senior management positions, because those positions report to the CEO. The succession policy, therefore, will just address transition in the CEO position. See the template in [Appendix 2](#). The policy is a fairly straightforward document. Make sure that you change the “[Organization Name]” placeholders to your health center’s name, also changing the “CEO” title to “Executive Director” or whatever title you use for your organization’s chief executive role. A breakdown of the sections of the succession policy is as follows:

- a) **Guiding Principles:** this section allows the board to clarify its philosophy on open, competitive searches. Some organizations have a very strong philosophy of hiring from within. Most organizations find that, even if they have a well-groomed internal successor, the process is well served by an open, competitive search. That way, the individual who ultimately assumes the role – whether they are internal or external – has a clear mandate, having “won” the position through a competitive process. In some unique circumstances, there are exceptions where an internal successor is appointed without a competitive process. The board’s development of a succession policy clarifies its intent on this and other important questions. The second bullet relates to the fact that, often, and particularly with founder or long-term CEOs, the position grows up around them and the management structure may be a reflection of their talents, abilities and idiosyncrasies, rather than a more objectively designed structure. Be open to the fact that, when you are faced with a CEO transition, you need to look at the capabilities of the broader management team and hire with that context in mind.
- b) **Lines of Authority:** this simply clarifies that the selection of the chief executive is the responsibility of the board and selection of staff is the responsibility of the chief executive. It’s the board’s responsibility to ensure orderly transition for the CEO’s role. It is the CEO’s job to ensure orderly transitions among the senior management team and the staff, more broadly. In short, the board should review the Emergency Backup Plan and Succession Policy for the CEO position. Backup plans for the broader management team are highly recommended, but those should be reviewed and approved by the CEO. The board may want to be aware that those plans exist. Moreover, in the interest of organizational sustainability, they might even urge or require the CEO to develop those backup plans.
- c) **Emergency Backup Plan:** this section makes reference to the backup developed earlier in this document and the role those plans have in ensuring sustainability and orderly succession.
- d) **Board Action in the Event of Vacancy in the CEO Position:** this section lays out the top level process for managing the transitions, including the appointment of an acting or interim CEO. This process is covered in more detail in the Emergency Backup Plan.

- e) **Preparation Time Frame for Replacement of the CEO:** the section outlines the optimal period for the incumbent executive to notify the board of his/her desire to leave the position, or plan to retire, as well as the time required for successfully carrying out a full executive transition.
- f) **Role of the Outgoing CEO in Planned Transitions:** here, you want to clarify the role of the departing CEO in assisting the board in planning the transition to his/her successor. Generally, it's not a good idea to simply task the departing CEO with finding his or her successor. The appointment of a new CEO is the most important decision a board can make, and a CEO transition is a time for the board to step up, delivering a higher level of engagement with the organization than might be considered during times of "business as usual." In other words, this should not be dumped in the lap of the departing executive.
- g) **Initial Implementation of the Transition Plan:** this brief outline is designed to get a transition committee in place, and get them started on their plan to manage the transition and search.
- h) **Commitment Regarding Diverse Candidates and Staff Leader Development:** these bullets outline a commitment to developing internal candidates, but ensuring due diligence by conducting an open and competitive search process. Also, this is a place where the board should clarify its commitment to diversity.

Review and reflect with your committee/task force

A lot of ground has been covered with these two documents. The committee or task force's role is to review the documents prior to submitting them for board approval. To prep for the board discussion in the review with the committee/task force, here are some questions that you may wish to consider:

- Overall, what have we learned through the exercise of preparing these two documents? What insights do we have now about bench depth and/or organizational sustainability?
- Beyond getting these two documents in place, what are some key actions that we've identified that would further organizational sustainability and/or leader development?
- Turning to the documents themselves, does the process we have laid out appropriately reflect our organizational values and capabilities?
- Have we provided a sufficient level of detail, so that someone implementing the plan would have the appropriate level of guidance?

Revise the documents, as appropriate, and prepare the final drafts for the board. It may take several meetings of the task force to work your way through the refinement process and have the final drafts ready for the board review.

Review and reflect with the board

Now, you should be ready to engage the board. Send the documents to the board in advance, and have your committee / task force members ready to speak to their responses to the reflection questions outlined in step #7 above, as well as have them prepared to respond to board member questions. Again, the idea here is not to just have these documents in place, but to build the board's comfort level and competency with the topic of succession planning, particularly as a tool for furthering the sustainability of your organization.

Finalize, implement and put on the calendar for review

Now that the board has approved the final documents, the implementation can begin, particularly the cross-training, which is absolutely vital to ensure that you have successors in place who are ready to step into the position, if need be. Finally, these are not static – set-it-and-forget-it – documents. They should be reviewed at least annually. The backup plan will need to be revised sooner if the person providing backup leaves the organization, or if their role and/or availability changes substantially, essentially rendering them unavailable as a backup. Most organizations tie the annual review of these two documents to an organizational milestone that occurs every year, e.g., approval of the budget, adoption of the annual plan, performance review discussion, etc.

Finally, consider what you've learned throughout this process and how that might influence action plans in other areas, furthering organizational sustainability.

Implementing Departure/Arrival-Defined Succession Planning

This approach is often used when the CEO, particularly a long-term executive, plans to leave within the next 2 to 5 years or in the first year or two of a new executive's arrival. Generally, there are two tracks in these plans: one focused on the organization and the other focused on the departing or arriving CEO. Organizational preparation work involves planning focused on organizational sustainability (see *Part 1 Organizational Sustainability Planning Guide*) and related capacity-building measures. The idea is to take the time several years prior to the executive's departure, or early in the tenure of a new executive, to assess the organization's four core areas and to:

- a) Strengthen the business model and organizational strategy.
- b) Build leadership bench depth – both board and executive, and put in place or update the succession essentials (Emergency Backup Plans for executives and Succession Policy).
- c) Improve the organization's resources, both financial and other resources.
- d) Pay attention to the health of the organization's culture and addressing any disconnect between the organization's culture and what's really needed to ensure organizational readiness for an executive transition.

Getting Organized for Sustainability and Succession Planning

For purposes of simplicity of communication, we will use Sustainability and Succession Planning and Departure/Arrival-Defined Succession Planning to describe the same process. In fact, this form of succession planning is a combination of two practices – sustainability review and action planning (described in *Part 1 Organizational Sustainability Planning*) and Succession Essentials described above.

A key first step in this planning is to properly prepare and engage the key stakeholders in the process. Typically, in most organizations, the executive director and Board are key stakeholders. Depending on the size and culture, senior managers, all managers or in smaller organizations all staff may be important stakeholders. Other stakeholders – funders, government agency representatives, consumers of the services, and community leaders – may be important to involve. Typically, the process is led by the executive and/or a member of the management team and the Board Chair or other Board leader.

Executive Buy-in and Engagement

This type of planning is designed to support the success of the executive director and his departure or early tenure depending on the circumstance. Because the executive is central to any implementation of the action plan, s/he is vital to the process. For some executives, either after many years of service and heading for retirement or departure or just arriving, there may be hesitation and some concerns about initiating this process.

For the long-tenured executive or founder considering departure in 2-4 years, experience has shown the following types of concerns among others:

- **Timing ambivalence:** unclear about when to leave and a desire to not start any process prematurely
- **Reluctance to let go:** while intellectually recognizing the need to begin to delegate more and let go of some duties, an emotional or practical hesitation based on the situation
- **What's next is not defined:** lack of a vision or ideas about meaningful life and perhaps “work” after this position make it hard to begin to prepare for exiting.

In some instances, the first step in the process for departure-defined succession is for the executive to have some time and support to sort out any of the issues above. This can be done through conversations with trusted friends and advisors, executive coaching and/or participation in workshops around this topic.

For the arriving executive, depending on who initiates the process, how the person was selected (competitive process or appointment), and their experience, there may be a variety of questions or concerns to be addressed before starting. Among such concerns might be:

- Motivation for this planning – Is it intended to support the executive and staff or is it part of evaluating performance?
- Organizational timing – How does this fit into the ongoing strategic and annual planning processes? What is best time for this process?
- Executive overload – Has the executive been there long enough to get through the hectic first three to six months and begin to feel settled and somewhat secure in the position?

In many situations, the executive initiates the process and sees the value from the outset. Before getting under way, it is important to realize that the executive has a lot at stake and to support the executive in whatever personal preparation needed before engaging in this type of planning with the Board and management team.

For the Board and management team, readiness usually means agreement on why this process now and a shared agreement on what success will look like. This discussion usually shifts the focus from being all about the executive to a broader look at leadership continuity for all key management and Board leadership positions and an understanding of the benefit of linking a sustainability review to leadership succession planning.

Process Options for Implementing this Planning

Once there is executive readiness and agreement on purpose and hoped for outcomes, there are two ways to move forward. The decision on which way is right for your organization is largely practical – what works best in terms of time, focus and getting to a successful wrap-up for the leaders involved.

For some organization, this planning comes at just the right time and there is an eagerness to move forward and a willingness and ability to adjust other priorities to make time. Experience shows that concentrating the planning activities over a four- to six-month period increases participation, efficiency and in some cases the quality of results. You can imagine the challenge of a process that starts and stops because of other major activities over a year or two.

Option 1 is to do sustainability and succession planning as a parallel process. It may sound a little daunting; however, a number of health centers and other nonprofit organizations have used this approach successfully. It works best with a designated process manager from the management team or Board who has the time and experience to keep the two processes on track. For larger organizations or more complex processes, an experienced consultant may assist with the process management.

Here are the typical steps when succession essentials and sustainability planning are done at the same time as parallel processes:

- 1) Organize your leadership team from management and Board and agree on leadership, process management roles, and timing for the planning.
- 2) Conduct orientation for all managers to be involved. This orientation typically includes:
 - a) Briefing on what sustainability and succession planning are and why now in our organization.
 - b) Introduction to emergency backup planning and request for those doing emergency backup plans to complete a set of questions about key functions, backup, and cross training.
 - c) First discussion of sustainability, why it is important and the process for conducting a sustainability review and how this fits into ongoing planning processes.
 - d) Agreement on when managers will submit emergency backup input and to whom, and how this information will be used.
- 3) Conduct orientation for Board committee and Board. (Typically, either an existing Committee takes the lead or an ad hoc Sustainability and Succession Planning Committee is appointed with a Chair.) This orientation is similar to one for managers discussed above, except there is also a first discussion of the idea of developing a Board-adopted succession policy and a first discussion of what the big sustainability questions are from the Board's point of view. This discussion informs the discovery and data gathering phase that follows.
- 4) The process facilitator initiates a request for key documents to be reviewed to inform sustainability planning (strategic plan, financials, any recent organizational review or report, marketing or competition studies, etc.).
- 5) The leadership team (executive and/or designee and Board leaders) agrees on process for soliciting input from managers, staff and board on sustainability. This can be done through interviews, focus groups, surveys and other data collection methods.
- 6) Process facilitator designee reviews managers input on emergency backup plans and consults with executive and managers as needed to clarify plans. Plans documented using templates.
- 7) Process facilitator collects all data input and reviews key documents and prepares summary report for executive, management and Board Committee.
- 8) Executive and managers meet to review results of work on emergency backup plans and data on sustainability and begin to shape cross training plans for emergency backup and sustainability action plan. (This may require 2-3 meetings over a 3-6 week period.)
- 9) Board Committee meets and reviews summary from managers, draft of executive emergency backup plan and has first discussion of the succession policy and sustainability data and draft action plan. Committee may meet 1-2 more times to finalize documents.

- 10) Committee prepares and delivers report to Board with sustainability report and action plan, emergency backup plan for executive and a draft succession policy. Board either acts or sets a time for review and to act at the next meeting.
- 11) Documents listed above are adopted by Board with commitment to review annually at agreed upon meeting.
- 12) Executive and managers implement the plans and report progress periodically to Board.

While this process requires focus and consistent attention for a defined period, with appropriate leadership and process management, it is quite doable.

There are compelling reasons for some organizations to do these processes one after the other. Often the executive and managers begin with the emergency backup planning work for managers and then as they advance that goal, launch a few months later the sustainability review and board involvement in the planning. This works quite well as long as the Board is fully engaged and there is a facilitated discussion that brings the results of the work on succession and the sustainability review together for conversation by the managers and Board separately and together.

The Sustainability and Succession Planning Process, which typically takes approximately 4-6 months, either occurs parallel (process stages occurring at the same time) or sequentially (process stages occurring one-at-a-time) depending on the discretion of the chief executive and/or board chair.

The following two process charts summarize the difference between the parallel and sequential processes.

Figure 2 – Sustainability and Succession Planning Process (Parallel Process)

STAGE	Sustainability Planning Process	Succession Planning Process
PLANNING (1 Month)	Preplanning with Executive and Board/Board Chair	
	Organization of Sustainability/Succession Committee	
	Orientation Meetings: Board Orientation and Staff Orientation	
	Perform a Financial Review	Interviews and Unpacking the Job Discussions
	Organizational Review: Board & Staff Survey and Interviews	Emergency Backup Planning Worksheets
DEVELOPMENT (2 Months)	Organizational Review Meeting	Emergency Backup Plan Development
	Sustainability Plan with Recommendations Development	Succession Policy Development
REVIEW (1 Month)	Review Sustainability Plan and Recommendations with Executive and Committee (<i>Revision and Finalization</i>)	Review Draft Emergency Backup Plans and Succession Policy with Executive and Committee (<i>Revision and Finalization</i>)
APPROVAL (1 Month)	Board Review and Approval For Implementation (<i>Sustainability Plan with Recommendations, Emergency Backup Plan, and Succession Policy</i>)	

Figure 3 – Sustainability and Succession Planning Process (Sequential Process)



Considering Internal Executive Succession: Some Important Questions

Nearly half of current nonprofit CEOs were internal to the organization before their appointment – either a staff or board member. Nearly a third of executives leave involuntarily (*Daring to Lead (2010)*). Clearly, a lot is at risk when an internal candidate is selected as the executive. Simply put, many nonprofit executives come from within; some succeed and some do not.

Here are examples of possible scenarios – a typology of sorts for internal succession – for your consideration:

- 1) The Executive Surprise: occurs when a CEO grooms an internal manager to be the next executive without informing the Board. The executive simultaneously announces his departure and recommends his successor. This is messy for the Board and often does not end well for the departing executive or the organization.
- 2) The Executive-Board Collaborative Plan: occurs when the executive and the Board utilize ongoing attention to succession planning and leader development to reach consensus on an internal successor. This can be awkward for the potential candidate(s) and requires a thoughtful process and has high odds of success when done well.
- 3) The Board Punt: occurs when the Board abdicates its duty of executive selection by selecting a staff or Board member with insufficient attention to what is expected of the new executive and whether the selected successor has the full set of skills and attributes required for success. By definition, this approach has high risk for failure.
- 4) The Compromise: occurs when either an internal successor is recommended by the executive, or applies for the open position, or the Board is divided about whether to appoint the internal candidate without a search or to use a search to consider other candidates. Best practice with some rare exceptions is to compare the potential internal successor to external candidates. This gives Board more confidence and further empowers the new executive. Sometimes Boards choose to do a very limited search to quickly and without much expense produce a few candidates to compare to the internal candidate. This “partial search” is hard to do well.
- 5) Interim to Permanent: occurs when a short-term interim executive is selected as permanent executive. Sometimes Boards try out an internal candidate as interim executive for purpose of determining if a good fit. Other times a person who starts out as interim with no intention to apply reconsiders and seeks the position or is asked to consider applying. This is usually high risk for the interim and the organization with an occasional exception.

The examples of types of internal succession scenarios above highlight some of the potential challenges with leadership transitions that involve internal successors, including:

1. The problem of who chooses. In some situations, the departing executive wants to handpick or appoint their successor. This is a fairly common practice in the corporate sector where boards are dominated by executives, but a potentially dangerous practice for nonprofits whose boards are almost always largely external and independent. It is harder for the Board to own the executive selection decision when rubber-stamping the departing executive's recommendation.
2. The problem of pain avoidance. Clearly, some boards will gravitate to the internal successor "solution" because it's viewed as an easy way to avoid the work and decisions involved in full search. This approach may include elements of deferring to the executive or insufficient rigor below. It is a risky gamble for the Board and organization. shortcut where there is
3. The problem of rigor. Internal succession can involve situations where there's less rigor than might be applied to an external hire. These include situations where there may be less of a critical examination of the internal executive, an overreliance on the recommendation of the CEO, a lack of discernment about the link between their executive skill set and attributes needed to move the organization forward, or even a lack of examination of future direction and how that should influence the hiring decision. Insufficient attention to any of these important steps in CEO transition and search often results in short tenures for the new executive and/or a period of underperformance and struggle for the organization.
4. The problem of misdirected criteria. Often, even the best boards don't have a deep enough understanding of the CEO role to make a good choice without some solid exploration of the role and develop good criteria. Sometimes boards confuse *familiarity* with *experience*, or allow familiarity to trump experience, believing that familiarity will lead to a better fit.

Said another way, here are some common risks to be avoided in considering an internal successor:

- Breakdown in communication between departing executive and Board before or during the succession planning and transition.
- Lack of investment on the part of the board in the new executive.
- Hiring on hope and "good feeling" a talented person for whom the requirements for success for this executive position are too big a stretch or there is insufficient support to make success possible.
- The selection process is flawed and the Board and/or staff become divided around the selection decision.

See the Internal Succession Tool in [Appendix 3](#) for questionnaire to help guide internal succession planning and the Executive Transition Guide and Process Chart for more on the steps in well-planned and implemented executive transitions.

Case Studies: Sustainability and Succession Planning

The following case studies illustrate the various approaches to combining sustainability and succession planning and the benefits to the organizations and leaders.

Case # 1

“Health Center A” planned and successfully executed an internal succession. The retiring executive had served for 22 years as executive and was one of the first employees hired when the center opened. She had worked for the Center for 30 years. As she began to consider retirement, she attended a two-day workshop to learn more about succession and transition. As a result, she approached the Board Chair and recommended a sustainability and succession planning process focused on the organization, not her retirement. She assured the Board she would provide at least a year’s notice when she was ready to retire. As a result of the sustainability and succession planning, the Board became clear that there were several potential internal successors. The Board and executive agreed to provide additional learning through stretch assignments and executive coaching to all the senior managers as a way to expand the potential succession pool. When the transition occurred, only one of the senior managers applied. The Board decided to do a search and compare this candidate to external ones. The internal candidate was selected and after a well-planned onboarding and hand-off from departing executive, has now served successfully as CEO for three years.

Case # 2

“Health Center B” struggled with three executives in four years. This 30-year old Center hired an interim executive to stabilize operations. This Interim recommended sustainability review and succession planning to better understand where the organization was headed and the capacity of current management. This process resulted in a decision to reorganize the Board, which the Interim managed with the Board. They completed a Sustainability Action Plan, which as a result they hired a deputy director, which was also carried out by the Interim. Fifteen months after the Interim arrived, a reorganized Board and stronger management team completed planning for the hiring of a new executive. A well respected and experienced executive applied and was selected.

Conclusion & Additional Reading

Succession planning increases the odds of long-term success for organizations. Attention to leadership continuity and systems for planned and unplanned transitions of key executives and managers reduces risks and leverages the human and financial equity and mission results of organizations. For many organizations, the power of succession planning is amplified by combining with sustainability planning. (See [Appendix](#) for tools to assist in succession and sustainability planning and the Three Guide series)

Adams, T. H. (2010). The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations. San Francisco, Wiley/Jossey-Bass. *Comprehensive guide to the entire succession transition process.*

Wolfred, T. (2008). Building Leaderful Organizations: Succession Planning for Nonprofits. Baltimore, Evelyn & Walter Haas Jr. Fund and Annie E. Casey Foundation. Free download at: www.transitionguides.com/monographs-on-executive-transition-management

Appendices

[Appendix 1](#) - Emergency Backup Succession Plan Template

[Attachment 1 & 2](#) - Emergency Backup Plan Attachments: Job Description and Plan Detail

[Attachment 3](#) - Critical Information and Contact Inventory

[Appendix 2](#) - CEO Succession Policy Template

Appendix 1 – CEO Emergency Backup Plan Template

[HEALTH CENTER]

CEO

Guideline for the Appointment of an Acting CEO
in the Event of an Unplanned Absence of the Incumbent

Rationale

The CEO position in a nonprofit organization is a central element in the organization's success. Therefore, ensuring that the functions of the CEO are well-understood and shared among the executive team and senior staff it is important to ensure organizational stability and leadership continuity in the event of unplanned and unexpected change. This kind of risk management is equally helpful in facilitating a smooth leadership transition even when it is predictable and planned.

The purpose of this plan is to ensure the continuous coverage of duties critical to the ongoing successful operations of [HEALTH CENTER]. The board of directors is adopting policies and procedures for the temporary appointment of an acting CEO in the event of an unplanned and extended absence of the CEO. The board chair, or board vice-[president/chair] in the absence of the board chair, may determine the appropriate time to initiate the implementation of this plan.

While the board of directors acknowledges that such an absence is highly improbable and certainly undesirable, they believe that due diligence in exercising executive-level management functions requires that it have an emergency backup succession plan in place. It is expected that this plan will ensure continuity in the administration of the organization's day-to-day programs and operations, management of external relationships and supervision of staff and finances.

Priority functions of the [CEO] position

The full CEO position description is attached. (See Attachment 1)

Of the duties listed in the position description, the key functions of the CEO have a corresponding temporary staffing strategy for an acting CEO in the attached Emergency Backup Succession Plan Detail (See Attachment 2).

The positions assigned in the Temporary Staffing Strategy are based on [HEALTH CENTER's] organizational structure as of [January 2012]. In the event this plan is implemented and those assigned are no longer available or positions are vacant, the board chair may select other senior staff to support each of the key CEO functions. It is the responsibility of the CEO to ensure that positions have appropriate cross-training to successfully implement the temporary staffing strategy.

Business as Usual

This emergency backup succession plan and the staffing structure at [Organization Name] are intended to minimize disruption in quality service and maintain business as usual to the extent possible. In the absence of the CEO, unless otherwise determined by the board of directors, business as usual includes maintenance of the following (See Attachment 1):

- Leadership and vision
- Fiscal oversight
- Oversight and guidance on programs and reporting
- Maintain communication with key relationships
- Liaison with the board of directors

Emergency Backup Succession Plan Implementation

The board of directors authorizes the board chair to implement the terms of this emergency backup succession plan in the event of a planned or unplanned temporary, short-term absence of the CEO. The board vice-[president/chair] is authorized to implement this plan in the event that the board chair is unavailable or cannot be reached. Phone calls and conference calls are an acceptable substitute for any meetings designated in this plan.

As soon as feasible, following notification of an unplanned temporary or short-term absence, the board chair may convene an executive committee meeting to affirm the procedures prescribed in this plan, or to modify them if needed.

While this timeline may vary based on circumstances, the suggested steps for implementation are:

- The management team informs the board chair immediately of unplanned absence.
- The board chair appoints an acting CEO.
- The board chair informs the board of the acting CEO appointment.
- The board chair (and potentially other officers) consults with the acting CEO on the circumstances of the absence, organizational situation and related factors.
- After the board chair and acting CEO consult, stakeholders will be notified following the communications plan outlined below.

Definitions

- A *temporary absence* is one in which it is expected that the CEO will return to his/her position once the events precipitating the absence are resolved.
- An *unplanned absence* is one that arises unexpectedly, in contrast to a planned leave, such as a vacation or a sabbatical.
- A *short-term absence* is designated as three months or less.
- A *long-term absence* is designated as more than three months.
- A *permanent absence* is one in which it is firmly determined that the incumbent CEO will not be returning to the position.

Emergency Backup plan in event of a short-term, unplanned absence

Appointment of an Acting CEO

1. The board of directors authorizes the board chair to implement the terms of this emergency backup succession plan in the event of the unplanned absence of the CEO.
2. In the event of an unplanned absence of the CEO, a member of the management team shall immediately inform the board chair of the absence.
3. As soon as is feasible, the board chair may convene a meeting of the management team to affirm the procedures prescribed in this plan or to make modifications the board chair and team deem appropriate.

First backup for the CEO position

The board chair may designate [Name], [Position Title], to the position of acting CEO. His/her position description will specify that s/he may serve as acting CEO in the absence of the CEO unless otherwise decided by the board chair. S/he will have an emergency backup succession plan with designated appointees if s/he becomes acting CEO or if s/he is otherwise unable to serve her own functions as [Position Title].

Second backup for the CEO position

The board chair may also consider splitting duties among designated appointees based on the primary functions to be carried out. (See Attachment 2, Emergency Backup Detail, for complete listing.)

[Name], [Title], may serve as second backup for the position of acting CEO based on the discretion of the board chair. S/he may serve should [Name], [Title], be unable or unwilling to serve as acting CEO or as otherwise decided by the board chair. S/he will have an emergency backup plan with designated appointees.

Cross-training plan for appointees

The CEO, in collaboration with the board chair, will develop a plan for training the potential appointees in the priority functions of the CEO which are listed in section 2 above. The cross-training plan is attached to this document. (See Attachment 2, for detailed Cross-training Plan.)

The CEO will have the responsibility of handling the logistics of the plan's implementation.

Authority and restrictions of the appointee

The person appointed as acting CEO will have the authority outlined below, except as may be further defined by the board chair.

- Staffing – is authorized to hire and terminate management staff after consultation with the board.
- Financial – [will or will not] have check signing authority. Is authorized to expand resources, in consultation with the board treasurer and [president/chair].
- Public Policy – is to take public policy positions on behalf of the organization with board chair approval.
- Media – is authorized to speak on behalf of the organization or designate a spokesperson.
- Contracts – is authorized to enter into and execute contracts after consultation with the board chair and/or board treasurer.
- Programs – is authorized to develop new programs and assume new programmatic responsibilities on behalf of the organization in consultation with the management team and board as necessary.
- Collaboration/Partnerships – is authorized to enter into partnerships or develop collaborations with external parties in consultation with the management team and board as necessary.

Compensation

The board chair, in consultation with the executive committee, may consider a salary adjustment for the acting CEO.

Oversight and support for the Acting CEO

As with the CEO, the board chair and board of directors will have the responsibility for monitoring the work of the acting CEO. The acting CEO will provide regular updates, and will meet with the board chair more often as the acting CEO and board chair may determine necessary. The board chair will also be alert to the special support needs of the acting CEO serving in this temporary leadership role, and act to address them.

Communications plan

Within eight (8) hours after an acting CEO is appointed, the board chair and the acting CEO will meet to implement an external communications plan to announce the organization's temporary leadership structure, including the kind of information that will be shared, and with whom (e.g. major donors, state associations, partnering agencies, etc.). (See Attachment 2)

Within 24 hours after an acting CEO is appointed, the board chair and acting CEO will implement the communications plan to announce the organization's temporary leadership structure to the management team and the board of directors.

Notifications will take place in sequence on the following timetable:

- Within 24 hours, the board chair will notify the board of directors, the [strategic alliance partners and really close-in stakeholders], and the management team by phone, conference call, or meeting.
- Within 24 hours, the acting CEO will notify the staff by email or meeting.
- Within five business days, the acting CEO will notify the donors and key stakeholders by phone or email.

A staff member designated by the CEO will maintain updated Key Contact information in the organization's database for easy access on an ongoing basis. (For a full overview of the communications plan, see Attachment 2.)

Emergency Backup Plan in event of a long-term temporary, unplanned absence

The procedures and conditions to be followed will be the same as for a short-term absence with one addition: The board chair will give immediate consideration, in consultation with the executive management team, to temporarily back-filling the position left vacant by the acting CEO. This is in recognition of the fact that, for a term of more than three months, it may not be reasonable to expect the acting CEO to carry the duties of both positions. The position description of a temporary appointment would focus on covering the priority areas in which the acting CEO needs assistance.

Emergency Backup Plan in event of a PERMANENT unplanned absence

The procedures and conditions will be the same as for a long-term temporary absence with one addition: The board chair may appoint a transition and search committee in accordance with the terms of [Organization Name's] Succession Policy and follow the procedures set forth in the Policy.

Approvals, updates and maintenance of record

Emergency Backup Plan Approval

This emergency backup plan will be approved by the full board of directors and reviewed annually at a formal board meeting to make any needed changes in the designated backup appointees. The board chair may review and amend the plan at other times if a standing appointee or backup is no longer available to serve in an acting CEO capacity. The board chair may reevaluate the plan when new designees are appointed.

Signatories

The board chair, the CEO, and the designated backup appointees will sign this plan.

Maintenance of Record

The board chair, the CEO, and the designated backup appointees will maintain copies of this plan.

Approved by:

[HEALTH CENTER'S] Board of Directors on _____

Acknowledged by:

I acknowledge that I have reviewed this plan.

Board Chair

Date

CEO

Date

First Backup

Date

Second Backup

Date

Appendix 1 – Attachment 1 and 2 – Emergency Backup Attachments

Emergency Backup Plan Attachments:

- Attachment 1: Job Description
- Attachment 2: Emergency Backup Plan Detail
- Attachment 3: Critical Information and Contact Inventory

Sample Emergency Backup Plan Detail

Name: [insert name and title]

First Backup: [insert name and title of first backup]

Second Backup(s): [insert name and title of second backup]

Communications Plan

- List the **Key Contacts** by name and title.
- List the **Contact Manager**, person responsible for making contact with the key contact, by name and title.
- List the **Contact Method**, typically phone call, email, formal letter, or meeting.
- List the **Contact Timing**, when the contact manager should notify the key contact.

Short-Term Staffing of Key Functions

- List the **Key Functions**, typically supervision, fundraising, board liaison, among others.
- List the **Short-Term Staffing**, typically one or two staff members or outside contractor.
- Clarify any changes to the short-term staffing strategies if the absence becomes a long-term absence.

Cross-Training Plan

- List identified areas requiring specific training, typically the same as or related to the key functions.
- List the **Trainee(s)** by name and title.
- List the **Trainer(s)** and or **Training Source**.
- Describe the **Training** required and the time it will take to completely train the trainee(s).

Critical Relationships

- List the **Critical Internal and External Relationships** to be maintained during a leave of absence.
- List the **Person(s)** accountable for maintaining the relationships.
- Provide the **Contact Information** for the critical contact, typically email address and phone numbers.

Annual Key Events/Milestones Calendar

- List the **Key Events/Milestones** of the chief executive on a weekly, monthly, quarterly, and or annual basis.
- List the **Associated Activities/Responsibilities** required to ensure the key events/milestones are planned and handled appropriately.

[HEALTH CENTER]

Critical Information and Contact Inventory

Last updated: _____

Employer Identification Number (EIN) #: _____

Corporate and Financial Records

Include specific location of all records:

- IRS Determination Letter
- IRS Form 1023
- Bylaws
- Board Minutes
- Corporate Seal
- Current and previous Form 990s
- Current and previous Audits
- Financial Statements
- State or District Sales-Tax
- Exemption Certificate
- Blank Checks
- Computer passwords
- Donor Records
- Client Records
- Vendor Records
- Volunteer Records
- Employee/Personnel Records
- I-9's
- Human Resources Documents
- Office Lease/Building Deed
- Office Safe
- Authorized Signatories Procedures

Corporate and Financial Contacts

Include contact/representative's name, company, account number, phone & fax numbers, and email address:

- Auditor
- Banks
- Investments
- Legal Counsel
- Computer Systems
- Telephone Systems
- Building Management Systems
- Office Security Systems
- Payroll

Insurance Information

Include contact/representative's name, company, policy number, phone & fax numbers, and email address:

- General Liability
- Directors and Officers
- Medical/Health Insurance
- Dental Insurance
- Vision Insurance
- Workman's Compensation
- Disability: Short-Term
- Disability: Long-Term
- Retirement

Appendix 2 – CEO Succession Policy Template

[HEALTH CENTER]

CEO

Succession Policy

Introduction

A change in executive leadership is inevitable for all organizations. It is a time of both risk and opportunity. It is a period in an organization’s history when the board president must increase his/her level of engagement. It is also a time when some may seek assurance of the organization’s viability and long-term sustainability.

A succession policy for the CEO position is a routine risk management and sustainability planning tool. The policy ensures organizational sustainability by providing a proactive, orderly plan for executive leadership transitions.

To that end, the Board of the health center is adopting this succession policy for the following purposes:

- Focusing board attention on leadership team development through annual communications between the CEO and board about the depth of staffing and succession plans for management team positions
- Establishing principles, role clarity and procedures to support positive leadership transitions that foster good endings and beginnings with departing and arriving leaders, and build organizational capacity when a planned or unplanned executive leadership change occurs.

The board president shall be responsible for implementing this policy and its related procedures, and for annually reviewing and updating the policy as needed.

In the event of a planned or unplanned leadership transition, the board shall immediately appoint a transition committee, which shall plan and manage the transition, including the search for a new CEO.

Guiding Principles

- Health center is open to and will consider both internal and external candidates when filling the CEO position. A national search will be conducted unless the board concludes that a current staff member is appropriate and available for the job.
- In organizations such as health center, the incumbent's talents and areas of specialized interest often shape the CEO's position. That person's departure might necessitate other organizational changes including the creation of new positions and/or realignment of current positions.
- The preeminent goal of a transition to a new CEO is maintaining continuity of health center's mission-related work. A transition also presents an opportunity for the organization to continue to grow and develop.

Lines of Authority

1. The selection of the CEO is the responsibility of the board.
2. The current CEO has the responsibility to continuously identify, encourage, and help to develop senior managers within the organization who are qualified to meet future leadership needs, whether that be on a temporary or permanent basis.
3. The current CEO has the responsibility to plan for the orderly transition of all senior managers.

Emergency Backup Plan

1. Related to the position of CEO: To be prepared at all times for a leadership transition, the organization shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of the CEO. This plan is approved by the board and should be reviewed annually. The plan can also serve as the transition plan when there is a vacancy in the CEO position.
2. Related to management team positions: To be prepared at all times for a senior management transition, the CEO shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of members of the management team. Those plans shall be provided to the board president and made available to the board.

Board Action in the Event of Vacancy in the CEO Position

1. Organizational Assessment: The board or transition committee shall take time to assess the leadership needs of the organization before the search for a new CEO is conducted. The assessment shall include a review and update (if needed) of the organization's strategic plan. The assessment will be designed to help assure the selection of a qualified and capable leader who fits well with the organization's mission, vision, values, culture, goals, and objectives, and

who has the necessary skills to lead the organization.

2. Option of appointing an acting or interim CEO: To assure the organization's operations are not interrupted while the board assesses the leadership needs and recruits a new CEO, the board may appoint an acting CEO from among senior executive staff, or hire an interim CEO from outside the organization.
3. Duties of the acting/interim CEO: Among such duties will be to ensure that the organization continues to operate without disruption, and that all organizational commitments previously made are appropriately executed, including but not limited to: speaking engagements, grant and contract obligations, reports, licenses, certifications, membership renewals, and other obligations to funders and other stakeholders.
4. Simultaneous transitions for the CEO and senior management positions: After appointing an acting or interim CEO from within, the board may make other temporary senior management appointments from among other senior management staff, external hires, or whatever combination of those options best assures continuity in leadership and program success through the transition period and afterwards.

Preparation Time Frame for Replacement of the CEO

1. The optimal period for the CEO to announce his/her departure from that role – or proposed commencement of a new role in the organization – is at least six to twelve months before the date of departure.
2. The organization's board understands that the time required for successfully completing a planned leadership transition is approximately eight to twelve months.

Role of the Outgoing CEO in Planned Transitions

The departing CEO, unless otherwise directed by the transition committee, will be involved in some transition activities such as: fundraising, communicating with funders and other stakeholders, and briefing the incoming CEO. The departing CEO's role during the transition and after the new CEO starts shall be developed in consultation with the board president and/or transition committee and communicated to the board.

Initial Implementation of the Transition Plan

1. Within fifteen (15) days of the announcement of a planned departure, the board president shall appoint a transition committee. This committee shall be comprised of at least three members of the board. Other external stakeholders and/or staff may be recruited to advise or assist the committee at the discretion of the board president and transition committee.
2. The transition committee will develop a transition plan that addresses: the appropriate preparation prior to launching the search, the conduct of the search and selection process, and the post hire follow-through to ensure the successful onboarding of the new CEO.
3. The transition committee shall be responsible for implementing this transition plan and

further developing the plan as needed. At its first meeting, the transition committee shall determine its role, including responsibilities related to conducting the search process. (The transition committee may recommend that the board president appoint a separate search committee, while the transition committee manages the overall transition process for the organization.) The committee shall also discuss and decide on how the senior staff will be substantively involved in the transition planning process and consulted in the selection process.

4. The transition committee shall also determine the need for consulting assistance (i.e., transition management consultant and/or executive search firm) based on the circumstances.
5. As needed, the board president shall authorize an organizational assessment and schedule a board retreat to review and refresh the organization's strategic plan.

[Organization Name] Commitment Regarding Diverse Candidates and Staff Leader Development

1. In order to provide career advancement for staff, the organization shall encourage the professional development of current employees.
2. In order to support the board's due diligence and ensure that the best possible candidate is hired, the organization shall implement a search and selection process that is open to internal and external candidates.
3. In order to develop a finalist pool that is reflective of the community, the organization shall work proactively to develop a diverse pool of candidates for the CEO position.

Adopted by the Board of Directors on the _ day of _____, 20__.

[First Name] [Last Name], [Title]

Appendix 3 – Internal Succession Questionnaire

Tool 4: Considering Internal Succession Questionnaires

Here are some questions for consideration:

- 1) If you are considering an internal successor, are any of the four challenges or “problems” above looming or risks for your transition?

- 2) As you look at the typology of what sometimes occurs in internal succession considerations
 - a. What type or scenario currently describes your situation?

 - b. What type or scenario do you think is ideal for your organization?

 - c. What opportunities come with possible internal succession?

 - d. What risks come with possible internal succession? What are actions to help reduce those risks?

- 3) Is there agreement between executive and Board about the potential for internal succession and the process that will guide leader development and consideration of internal candidates?

- 4) Are the Board and staff aligned around strategic direction and what will be required for the new executive to succeed? Is there a position profile to guide selection?

- 5) Does the process respect and treat fairly all internal candidates from Board and staff?

- 6) Is there a clear policy that avoids conflicts of interest for Board candidates and ensures confidentiality for all candidates?

Reflection Questions for Executive Director/CEO

- 1) What is your understanding of your responsibility for “grooming” a successor? Is it “find and recommend one candidate” (usually not recommended) or “support development of your executive team”, one or more of whom may have the potential to be your successor?

- 2) How often do you and the Executive Committee have a conversation about the management team of the organization and your progress in building the team and adding bench strength?

- 3) What are your key functions and duties as executive? When you depart, is it likely the position will require the same or different skills and competencies?

- 4) If you are in discussion with the Board about possible internal successors, what assumptions about:
 - a. Position requirement for next executive and how they might change?

 - b. When transition might occur?

 - c. What are strengths and challenges or growth areas for any possible internal candidates?

 - d. Your succession policy and whether there is always an external search?

 - e. Your role, if any, in selecting your successor?