Emily Heard (00:00):
Hello. This is Emily Heard, NACHC's Director of Health Center Governance, and welcome to today's webinar entitled, The Board's Role in CEO Succession Planning. Thanks for joining us. Before we get started, we want to review some housekeeping information with all of you. If you have any technologically-focused issues today, please contact my colleague, Zoe Grimaldi. You can see her email on your screen.

Emily Heard (00:26):
And then, just a reminder, the webinar materials were sent around by email to those of you who preregistered. I want to remind you that today's event is being recorded and will be available online on the MyNACHC Learning Center in approximately two weeks. The URL is also on your screen. We'll also send around an email to participants that have registered when that recording is available.

Emily Heard (00:52):
Also, after the webinar, we want to let you know that you'll be presented with a brief survey. We really encourage you to share your thoughts as this directly helps us inform future webinars and future trainings, and we really value your thoughts. Today, your phone and audio lines will be muted so we can minimize background noise, but we do want to hear from you during the webinar. Please enter your questions or comments in the chat box.

Emily Heard (01:18):
Though we have also shared my email address, you can also feel free to email your questions if that makes you feel more comfortable. I will moderate the chat box. I'll also make sure that I'm looking out for your email questions. And then, we will also be including some polls during the live webinar as well. In recent weeks, we've hosted at NACHC a series of webinars that have focused on various types of succession planning. First, we focused on the board's own succession planning.

Emily Heard (01:52):
Then, just earlier this week, we focused on board chair succession planning. And today, we're going to focus on how boards plan for CEO succession. Planning for CEO succession is an important role that helps in our board's play, but also one that we know can be difficult to broach. So, during our time together today on the webinar, we're going to outline the board's role and CEO succession planning, and identify core components of the succession planning process.

Emily Heard (02:18):
We're going to seek to understand that a CEO transition is actually different from succession planning, and we're going to learn about various strategies used by a community health center related to both CEO succession as well as transition. So first, I want to introduce your panelists. I'm joined today by my colleague, John Price, who has over 30 years of experience in health center governance. John frequently speaks on community governance at national and state conferences. He's frequently featured at NACHC's own conferences.

Emily Heard (02:51):
John currently serves as a board member and board chair of Golden Valley Health Centers, which is in California. And in addition to all of that, John is a consultant. He heads up artists and partners where he
helps work with all things in governance. And as I mentioned, my name is Emily Heard. I am the director of Health Center Governance Training here at NACHC. And in that role, I develop and implement training and technical assistance for community health center boards of directors.

Emily Heard (03:18):
I bring about 15 years of experience in nonprofit governance. I've helped physicians at Board Source, which is an organization which supports exceptional nonprofit governance, and have worked with various associations, providing direct consultation to boards and CEOs related to their partnership and other items. My email is here on the screen. Please do feel free to use it, whether it’s during the webinar or afterwards, should you have any governance-related questions.

Emily Heard (03:48):
So, as I mentioned, we are going to engage you during the time we have together. Zoe, would you please go ahead and load our first poll? You should see momentarily a poll that appears on your screen. We're really curious, who's on with us today? How would you describe your role? Are you a health center board member? Are you a health center board chair, a health center CEO? A health center staff member?

Emily Heard (04:16):
Perhaps, you're on staff at a PCA or maybe you're fulfilling a different role in listening to this webinar today. And we'll give it a few more seconds, Zoe, and then you can... I think now you're probably okay to go ahead and close that out. So, it will take just a few seconds for us to see the poll results. Sometimes, that happens quicker than I expect. All right, here. So, let's see. So, we have a number. About 25% of you on the call are help center CEOs, 8% board members, 8% board chairs, and the same, 8% help center staff.

Emily Heard (04:57):
A number of folks did not participate in the poll. I know a number of you called in, and so that is just fine as well. Welcome to all of you. Today, we're really going to lift up content that's already available to all of you on the MyNACHC Learning Center that I mentioned earlier. And we're going to draw a content from a resource guide titled, the Essential Guides to Sustainability, Succession, and Transition Planning. This guide was produced for NACHC by transition guides, which is now part of Raffa.

Emily Heard (05:31):
Today, we're going to focus primarily on the second part of the guide, which talks about, not a surprise, executive succession planning. But there are two other components to the guide. The first focus is on organizational sustainability planning, and then the last part on transition planning. And the URL is included on your screen. And we'll also make reference to this as we go along today. So first, let's define CEO succession planning. What is it?

Emily Heard (06:00):
First of all, we've already established that it is a board responsibility. Community health center boards are responsible for the selection and oversight of the health center CEO. And as part of that role, it is considered a good practice to undertake succession planning. Succession planning itself is the process of
ensuring effective chief executive leadership over time. Your CEO succession plan will likely address those emergency scenarios as well as circumstances that may be planned.

Emily Heard (06:31):
And really, what a succession plan does is it outlines guidelines and steps to take when action is needed to find the next CEO. So, it is not about naming a successor. It is about identifying what steps the board will engage in, when and if the time comes when a transition needs to occur. So, we are curious to know, and so you can go ahead as I advance the slide to load the next poll, does your health center currently have a CEO succession plan? Yes, no, not yet, we’re working on it.

Emily Heard (07:11):
As you enter your comments into the... as you start to answer the poll, we’re also curious to hear from you in the chat box. If you don’t have a CEO succession plan yet, is it difficult to talk about and why? And if you have started to discuss CEO succession planning, how have you started the conversation? So, I think you can actually go ahead and close out that poll. It should have been a quick one for folks to answer. And as we wait for the poll results, again, please do go ahead and enter in the chat box answers to the questions of the other questions that we’re posing here.

Emily Heard (07:59):
Again, it can just take a minute for the results to come up. All right. So, great. So, 25% of those on the call say that they already have a CEO succession plan in place. That's terrific. I hope you'll be willing to share some of your experiences as we go along today, 8% said no. And 25% said, not yet, but we’re working on it, which is great news. And then, a number of folks were not able to answer due to just being on audio, which is fine. So again, as we go along, we'd really love to hear from you.

Emily Heard (08:36):
And if you have any thoughts on why it's difficult to talk about or any tips that you've used to start the conversation, please feel free to chat those. So, why is talking about CEO succession planning difficult at times? It can be difficult because there's misconceptions about what it is. Succession equals the search or identifying an individual to become your next CEO. But as I said before, succession planning is really about ensuring effective chief executive leadership over time and planning for when a transition might be needed.

Emily Heard (09:12):
There's also a fear of offending at times, right? So, boards can be reluctant to bring it up because they think it'll send the wrong signal to the CEO. CEOs can avoid the topic because they think it might signal that they're going to leave. But if you can help identify and clarify what succession planning is, and really think about this as a good governance practice, it can really help normalize this for your board. Another reason that it can be difficult to talk about is that it surfaces the possibility of future change, and as we all know, change can cause anxiety.

Emily Heard (09:46):
So, what are some tools if you're having a hard time bringing this up in your boardroom that you can use to help normalize the discussion? Earlier this week, Kimberly McNally, who is a fellow governance consultant, led a webinar on board chair succession. And she really, on that webinar, challenged health
boards to think about the relationship between succession planning and the mission, and really teed up that succession planning is really critical to the success of your mission and to overall organizational sustainability.

Emily Heard (10:15):
Talk in your boardrooms about why it’s important. As I said before, it helps ensure organizational sustainability. It helps mitigate risk. So, in particular, we're going to talk in a minute about an emergency backup plan might include. And this includes elements to ensure folks are cross-trained to be able to step into the role. It increases the likelihood of successfully managed transitions. Think about the trauma that can happen in an emergency situation if your CEO needs to take a leave of absence and there's no plan in place.

Emily Heard (10:54):
Having a plan in place will outline the steps that you would take and implement immediately in those situations. And also, I want to draw your attention to the fact that the health center compliance manual in chapter 11 does note that the health center has to implement a necessary process for fulfilling key vacant staff positions. So, if you have a succession plan in place, once the vacancy occurs, you turn to your plan and you're already starting from a place of strength.

Emily Heard (11:23):
And then finally, I would challenge you to just consider with your board what risks do we face if we don't have this conversation? In the webinar that Kimberly McNally led on board chair succession, she also pointed out for boards that in undertaking your own board and board chair succession planning, you're modeling that it is something that your organization values and modeling it as something to also have in place for your CEO. So, let's talk a little bit about the process that is involved in CEO succession planning.

Emily Heard (12:06):
There are common number of steps that boards will undertake as they go through this process. And what I would also encourage you to do if you have gone through this at your health center, please feel free to chat the process that you've used along the way. So, first and foremost, consider setting up a board task force to go through this process. It might be a small team, about three to five members. You might think about including your chair and other officers.

Emily Heard (12:36):
Of course, you want to be thinking about getting your CEO’s input along the way. From there, really developing a charter for the work of the task force. And the reason I recommend a task force and not a committee, is that this is really time-limited work. You'll have a beginning and an end to this project. So, developing a charter for the work of the task force would likely outline the types of deliverables that you would expect at the conclusion of the task force's work.

Emily Heard (13:04):
That would likely include both an emergency plan, and we'll talk more about what that entails in a minute, as well as the board adopted succession policy. From there, you'd really want to make sure that the task force had the documents that it needed to address succession planning. That might include things like making sure that you have an updated job description for the CEO as well as doing a little bit
of forward thinking about how is the role changing? And what might you need to be anticipating going forward?

Emily Heard (13:38):
From there, the task force would develop plans, and those plans would then be moved forward and then approved by the full board. Because again, this is a full board responsibility so your task force would do the legwork, would develop the plans, and then move forward for full board approval. So, what we’re going to do next is walk through what the two products from this particular task force might entail. We’re going to start with the emergency succession plan.

Emily Heard (14:07):
What I want to outline first and foremost is in the guidebook that I referenced at the outset of the webinar, there is a sample emergency succession plan. So, I would encourage you to visit the URL that’s on your screen. If you look at part two appendix one of that guidebook, you’ll see the actual sample emergency succession plan. And what I’m going to do is just walk you through the components, so things that would go in an emergency succession plan.

Emily Heard (14:38):
First, you’d want to include a rationale that would really lay out why is this plan being developed? It might say something like, the CEO was critical to the health center, and the purpose of the plan is to ensure continuous coverage of duties in the event of an unplanned or extended absence. The plan would also outline priority functions of the CEO role. What are those things that absolutely have to be covered in terms of situations where your CEO is going to be unable to fulfill the role?

Emily Heard (15:12):
How is the plan going to be implemented? Where and when? How quickly does the board need to meet to enact the plan if an emergency succession situation does arise? And then, you also want to establish definitions. The definitions that you establish are also going to help you plop forward various scenarios that may arise that would merit an emergency succession plan being implemented.

Emily Heard (15:38):
So, some of your definitions might include a temporary absence, which is a case when a CEO would return an unplanned absence, which is one that isn't anticipated. It might also define and differentiate between a short-term absence which might be less than three months, and a longer-term absence, which might be longer than three months. Then, you're going to go through and actually plot out what will happen in various scenarios.

Emily Heard (16:08):
So, for instance to give you an example, in the case of a temporary unplanned absence, so this is one where your current CEO is going to be back in the role but the absence is not planned. You want to think about things like, how is the plan going to be implemented? Who's going to appoint the acting CEO? And the answer to that is it's the board, right? But including that in your plan, it's really important.

Emily Heard (16:34):
Thinking about who might... a first and second backup be, because this is planning for a temporary unplanned absence, which means that the absence will end in a certain amount of time, really thinking through who in your senior management team does the CEO thinks that the board could tap to fill the role of CEO in an acting capacity in this time-limited period? It might be your COO. It might be your CFO.

Emily Heard (17:00):
The rationale between having a first and a second backup is if in cases where this is unplanned, your first backup may be on leave themselves or they may be on a vacation, right? So, you want to make sure that you have multiple individuals that you could tap into in this temporary case. You might also want to outline some expectations around cross-training, really making sure that your current CEO is keeping the first and second backup up to speed on the information that they would need if this type of situation arose and there was an emergency.

Emily Heard (17:33):
And those individuals needed to step into the acting CEO role. I'm thinking about authority, how might you need to reframe authority and what restrictions might you need to place on authority? So, for instance, if you're thinking about tapping your CFO as an acting CEO in case of an absence of your actual CEO, thinking about, okay, well then, what procedures might the organization need to put in place so as to not compromise the checks and balances that are in place for your CFO if they continue to also carry forward some of those duties during this period of time?

Emily Heard (18:12):
In terms of compensation, the plan might also specify that there would be a pay adjustment for the person that steps into the role of acting CEO. And then, also outline oversight. So, of course, the board would oversee the acting CEO. It might specify the frequency with which reports would be provided and how often the board chair would meet with their acting CEO. And then finally, you'd also want to include some sense of communication planning.

Emily Heard (18:40):
It's not uncommon for there to be a clause in an emergency succession plan that within 24 hours, key stakeholders would be notified of this temporary change. That's just one example of the type of situation that might be handled in an emergency succession plan. You might also plan for a longer unplanned absence in which case you would probably incorporate many of the same elements we just discussed, but you might want to tap somebody to serve.

Emily Heard (19:16):
Maybe it's somebody who's coming in from the outside to serve as a longer-term acting CEO so as your internal staff don't have too much of their time taken when it is a longer-term unplanned absence. In the case of a permanent unplanned absence, what you would simply do in that case is make reference to the succession policy that we will talk about next. And then, approvals. Again, the board would have to approve every action that is taken related to your emergency succession.

Emily Heard (19:46):
And then, you'd also include various attachments. Things like an up-to-date version of your CEO's job description as well as emergency details, emergency information that that person stepping into an
acting capacity would really need to have at their fingertips. And again, this is a high-level overview, but you can find a sample emergency succession plan in the essential guides to sustainability succession and transition planning, part two, appendix one. And again, the URL is on your screen.

Emily Heard (20:16):

The other type of succession product that your task force would draft and that the board would approve is a CEO succession policy. And this would address a permanent transition, whether it was planned or unplanned. A sample can also be found in the same essential guide in part two, appendix two, and that URL is on this slide. So, this is the plan that you put together for those times when your CEO is going to transition and it's going to be a permanent transition. So, what might go into this policy or plan?

Emily Heard (20:54):

Well, similar to the other, you'd want to have some introduction language and some guiding principles. So, a description of why the policy is being developed. It's to mitigate risk so the board can immediately focus on transition when or if the time comes for this. You might also outline some guiding principles. This really allows the board to clarify in advance what is this approach to internal succession? Internal succession is a great tool.

Emily Heard (21:24):

Some boards really take the posture that even if there is a well-groomed internal successor, they want to still move forward with a full open competitive search, which will help really validate that internal leader. And other unique circumstances, a board might specify that if there's a strong internal successor that it's going to pursue a process where it's still interviewed and vest that individual, but it might not go through a search.

Emily Heard (21:52):

And so, clarifying what are the guiding principles that would inform the situation for the board in advance can really be helpful. Then, you might have a section on lines of authority. This simply clarifies that it is the board's responsibility to ensure CEO succession. You might cross reference your emergency backup plan. And that really is just so the two plans really talk to each other. And then, you talk about board action in the event of a vacancy in the CEO position. And this would really lay down the top-level process for managing the transition.

Emily Heard (22:29):

It would include you outlining as a board what type of committee would be developed in this situation. Would you likely would be the formation of a search and transition committee comprised of board members that would really be tasked with engaging in the process for searching for your next CEO as well as for managing the transition. And just to note that this can take about six months of time once you're actually into a CEO transition instead of being cognizant of that as you're mapping out your policy, and your plan can really be helpful.

Emily Heard (23:05):

You might want to specify the role of your outgoing CEO in a planned transition. So here, you might just clarify that the role of the outgoing CEO is to have business as usual, to continue to lead the organization while the board fulfills this role in terms of thinking about what competencies are needed in your next
CEO and actually managing the search. And then finally, you're going to have a section that outlines the implementation of the transition plan.

Emily Heard (23:30):
And this is a brief outline that outlines the work of your search and transition committee that they can then use to take steps forward. Again, this is only implemented when or if the time comes when there is a vacancy that needs to be filled. And again, I would point you to the essential guide to sustainability, succession, and transition planning where you can see an actual plan. Just a couple of things to plug before I turn it over to John.

Emily Heard (24:02):
Many organizations also focus on organizational sustainability planning prior to or at the same time as succession planning and that same guide, which is available free-of-charge on MyNACHC. All you have to do is set up an account through MyNACHC. It has a little bit of a mini assessment that can be used. And as I've said, I've tried to say a couple of times before. CEO succession planning is really a tool to help prepare your health center for the time when CEO transition comes.

Emily Heard (24:31):
I'm going to turn it over to John in just a minute. John's going to share his expertise and experience. He has somewhat of a cautionary tale. He's going to take a little bit into CEO transition and help us understand what can happen when there is no succession plan in place. And I do just want to acknowledge we have been getting some questions through the chat box, and we will make sure that we get to those as we get closer to the end of the program.

Emily Heard (24:57):
So, John, I'm going to turn it over to you.

John Price (25:01):
Okay. Thank you. So, our particular story and what I'll talk a little bit about is what we've experienced at Golden Valley. But also, I've incorporated the things that I've learned from other people around the country as I have given presentations on this. People are eager to share some of their experience. And so, it's been pretty helpful. So, in our particular thing, all right, the CEO is going to retire. And people look at each other and go, "Wait a minute. You mean, we got to get a new one?"

John Price (25:42):
And, of course, we do. We've got to do. Okay. "Oh, no. What do we do?" Relax, relax. It's not a problem. Just implement your succession plan. You've already done this. "But we don't have a plan. Well now, what do we do?" So, we came up with some steps. And so, here's very important steps. Don't panic. Step two, don't panic. Step three, don't panic. Step four, get out of denial, because the CEO is going to change and it will happen. And then, you can begin to develop your plan.

John Price (26:21):
So, it's important in many cases when a CEO, especially a long-term founding CEO or a long-term beloved CEO's going to retire, he or she gives you plenty of warning. But in my experience, you will go through this, the five stages of grief, Dr. Elisabeth Kubler-Ross, denial, anger, bargaining, depression, and...
acceptance. We went through that, and we had a few of older more long-term board members who almost couldn't accept the fact that the CEO needed to leave or that he wanted to leave, because he was in retirement age and had been in service for 40 years.

John Price (27:10):
And so, we came up with some things. We've established a CEO transition committee of the board. I think we had four or five board members. And then, these are some of the suggestions that I have, because this is when you have enough time, you have enough notice. If your CEO is gone, planned for this ahead of time, it is my suggestion that you hire a CEO, an interim CEO, that doesn't want to be the permanent CEO.

John Price (27:44):
And the reason for that, especially when you have long-term serving people, there's a culture in the organization and you need to do some homework. Some real good reasons to have a person who is not going to have the job, okay? And it's a buffer and you can create a little bit of distance so that the next person in doesn't always compared to the CEO that just left. Get some help. Get some professional help.

John Price (28:14):
And in the process, you're going to feel like you're going to need some serious professional help, but don't walk this road alone. There are people that can help coach you through this. Secure a consultant or a coach to help guide you and can actually help you map out tasks that need to be done. If you can have this in place ahead of time, that's the best. So, it is a very important thing to do an assessment of the organization, of your corporation. Well-run functioning, highly functioning boards and CEO teams will do these assessments regularly.

John Price (28:59):
So, if you're doing that, you don't have to be as panicked on this. But it's very important to find out who you are, not just who you think you are or what people have told you that you are, but what others see and what they think that you are. So, you're going to want to survey the staff. You have your transition committee to help with this. And I suggest if it works, you can also have a staff transition committee, not that they will make the decisions for you, but that you can have them feel like they're included in at least input and in expressing feelings.

John Price (29:44):
It was very important for us to do that because so many members of the staff didn't feel like they were being listened to. And so, we did that. It was very helpful. But you want to survey the strategic partners that you have. You want to survey the committee stakeholders and the people that you work with collaboratively because what you might find is that you are a little bit different as an organization than what you think you are.

John Price (30:11):
The other thing is the board needs to do its own self-assessment, and that actually needs to happen regularly, but it is especially important when there is a time of transition. Assess yourself, what are your weaknesses? What are your strengths? How do you work together? How well or how much do you trust each other? It's important to know that because it also speaks into what organization you're going to be.
John Price (30:39):
So, your assessment of the corporation and the board is complete. And so, then you might find yourself saying, "Well, wait a minute. What do we do about this stuff we don't like? And what happened to us? How come we are not who exactly who we thought we were? What should we do about the stuff that we do like?" So, use this opportunity to redefine or recommit to your mission, your vision, your values and the work that you do here. And this is not easy stuff.

John Price (31:11):
The work that you do will help you define the type of leader that you need. You might be in an organization that is just running like a fine watch and it's perfect. And so, that helps you understand what leader... you might be somebody, an organization, that's in some real difficulty right now. Well, that will also help define the leader you need. There are many different types of CEOs, and one size does not fit all. And one organization might need somebody else.

John Price (31:49):
So, define the skills and the ability and the expertise you need in your new leader. You'll know that based on what you've learned about yourself and your board, and define, if you dare, the temperament and personality you discerned that you need for your corporation's new CEO. And that actually is in one of my opinions, a very important thing to do. Because again, different organizations need different leader. Now, I know it's scary, but you could pull that off.

John Price (32:24):
Define your CEO candidate profile. People out there, CEOs out there who are potential candidates, they need to know what you want. Tell them what you want. It's easy to say, "We are looking for a candidate that have these skills and these abilities, and do that." Develop your announcement. Your consultant can help you do this as well. I mean, in fact, ours actually did do this. They would develop the announcement and broadcast it to the target area.

John Price (32:59):
We ended up with lots and lots of resumes. And somebody has to distill that down. Some of them were easy to eliminate because they are people who didn't have a clue what they're actually applying for. So, my suggestion is to interview the top 10 candidates either in person or Skype, or video. But however you do that, do it the same way for everybody so that you have the same advantages and disadvantages for everyone. It's not different for one than the other. Sometimes Skype can be a little bit more difficult.

John Price (33:39):
And then, in that case then, somebody who's interviewed a person is actually going to look naturally a lot better. So, if you can, sometimes you can't, but if you can, interview people all the same. Distill the list again to the top candidates that you see. And then, find the three, the top three and then interview them. These are personal, face-to-face interviews. Have that candidate tour the facilities if you can and if it's appropriate. Watch the interaction between the candidate and the staff. Introduce them. Now, this is important.
One of our candidates sounded great on paper, sounded great in conversations, and really, really had what we thought were potential real gifts. But what we saw when we watched the interaction of the candidate and staff members is that often staff members would actually back up, physically back up, as the person talked, because his style was a little bit more aggressive, and he was a fixer. And boy, he was going to come in and fix things, and we'll watch staff back up.

John Price (34:57):
And so, we actually excused him very fairly early on the process. Get feedback from the staff as appropriate. Like, "Hey, you talked with candidate A and, hey, what's your impression?" It's not a decision-making thing on their part but it is helpful just to get impressions. Obviously, then once you've done all that, you've interviewed, you've watched, you've had candidates, you convene the board back to have a discussion and vote on a new leader.

John Price (35:35):
Discuss the parameters of what your compensation package should be. You should already be doing that as part of the assessment. You're going to want to look out there and see what the market is for CEOs at that level for your organization compared to other comparables. Appoint a designated person. We should have already done this, to meet with the CEO candidate, negotiates contract, and do those things that are necessary to bring somebody on board.

John Price (36:10):
The process here that I've listed with the interviews and personal face-to-face, this is very important. Most boards, you're probably not going to have everybody agree on everything. And in our particular case, it was definitely not an agreement. And so, what I got the board to commit to do was to follow through with the process that we had set up and just follow it all the way through.

John Price (36:44):
So, I had asked every board member to be at these interviews and to interact with the candidates, and have lunch and meals with them, and talk to them, and try as best as you can in a short period of time to get to know these folks. And so, we ended up doing that. And I was really proud of our board because then, once we went through the process, and we already knew that we were split halfway down the line on which candidate folks we wanted before we went through the interviews.

John Price (37:23):
And at the end of the interviews, because people really committed to doing the hard work and doing this, when it came time for us to take a vote of those board members that participated in the process, all of them did, except one. But of those people that participated in the process, the vote was unanimous on the candidate that we wanted, which was absolutely stunning to me. Because we went from one place to another place just because board member stayed faithful to the process and worked hard to make that happen.

John Price (38:01):
When your CEO is chosen and you want to do this, you want to celebrate this. This is a big good thing for you. And so, you want to arrange the ability to introduce the CEO to community and staff. We had receptions and we had some other things. We celebrated the CEO, and it was a great time. We also early
on met with a CEO to review the goals and basically setup a system or began to set up a system for performance evaluation, because as all of you know, you don't evaluate the CEO like you evaluate any other employee.

John Price (38:47):
It's a whole different process and should be. Establish an onboarding process, and we did that with our consultants, and the process, it allows for coaching and training as a new CEO. Especially if the CEO is a first-time CEO, this is a very important thing. The coaching and training, it is a great thing. It also helps instill confidence in the CEO, whoever he or she is, reduces the initial anxiety of the job, even if it's a longtime CEO, a new place, new people, new everything, there's going to be some anxiety.

John Price (39:29):
Also, executive training and coaching can be a very important retention tool. And that's an important thing to recognize because in a study that was done, it's called Daring to Lead, it was a study of a national nonprofit leaders, found that among current executives, those who are in their job, 33% follow the leader who was fired or forced to resign indicating the frequency of mis-hires and unclear expectations between boards and executives.

John Price (39:58):
So, it's really important to have clear expectations and goals and to have done the homework. The more homework you do, the more hard work you do in the front part of this process, the less you're going to have a mis-hire. And if you're coaching and bringing somebody on board, the less likely that is too. The new leaders need intentional support, intentional support and development as they build efficacy in their new role. Okay.

John Price (40:30):
And this level of onboarding is distinct from new hire orientation. We're not talking about, "Okay, here's our health insurance, here's our package for this, here's the rules for this." We're talking about a very intentional onboarding process for a high-level leader, and it's important. And it's often missing from many nonprofit transitions. And so, I've reached the end of my formal prepared remarks, and I'll turn it over to Emily.

John Price (41:04):
Unless Emily, you can think of something I left out?

Emily Heard (41:07):
No. Thank you so much, John, for sharing what started as a cautionary tale around you're not having a succession plan in place, and there should have been some denial. But then, ultimately, your guidance on managing a successful transition. And I do have some questions from the chat I want to pose in just a minute. But listening to John talk about both his experience managing and leading a CEO, an actual CEO transition at Golden Valley as well as his consulting expertise on what really goes into a successful transition.

Emily Heard (41:43):
Maybe, I also want to flag that in your succession planning, in that plan, you might also want to identify a few things. You might want to give some consideration to and have a pre-conversation about whether the board would want to engage a search firm when you have to implement that policy. Having clarity on whether you'll engage a professional consultant in that capacity will make it easier when you do have to implement your succession plan.

Emily Heard (42:11):
John also really mentioned that his board took time during the transition period to identify the competencies that were needed in the next CEO, and you can even flash out in your succession policy that part of your process is going to be going through that exercise. And then, John also referenced transitioning, the transition and intentional onboarding, and that could also be something that you could lay out in your succession policy, that you don't have to get down to the level of granularity.

Emily Heard (42:39):
But you might also just want to task that search and transition committee that you're likely identifying in that policy that part of their role would really be to ensure the successful onboarding for your new CEO. So, John, those are some takeaways that I had listening to you. I will say one of the questions we got through chat was, from a board chair I think or a board member, that yes, the board chair who leaves the board and in their situation, their CEO has been in place for multiple decades.

Emily Heard (43:14):
And so, there is a sense that perhaps broaching this topic of succession planning might offend that leader. So, what guidance or what response would you provide in that circumstance?

John Price (43:28):
Sure. I wouldn't worry about offending the CEO, because if that CEO has been in place for 30 years, obviously, there's probably a pretty good relationship going on already. But it is important, and in really high-level CEOs that I know, are not going to be offended by this, because it's not about a person. It's about the organization, and it's important for the organization especially to have something in place as an emergency plan.

John Price (44:02):
And I'm glad you pointed that out so well in the very beginning that there are documents or there are opportunities in resources that you can have access to that can help you at least to have an emergency plan in place. And in establishing an emergency plan, maybe you already have that. But talking about it at that level will help with the idea of not offending somebody. But it's very important that you're open and honest about this.

John Price (44:36):
And if you really do think somebody would be offended, I'm actually wondering about that, because people who care about the organization and people who want the organization to succeed past themselves, and I think that's every good CEO that I know wants that to happen. I wouldn't worry about doing that. And I think he could approach it in a way that it says perhaps we need to at least get some things in place.
John Price (45:07):
And you can do that without... I think you can do that without having an offensive feelings.

Emily Heard (45:14):
Thanks, John. And I would concur with what John said. I think often, the emergency planning piece can be a nice entry point to the conversation. I think teeing this up as it’s not about when you’re leaving actually, it’s about the board having some risk mitigation tools in place so that we’re prepared. And quite frankly, so the board can have some discussions that it might need to work through, right? So, really thinking about, what is his philosophy around succession?

Emily Heard (45:41):
So, that you're not also navigating those dynamics when your long-term leader does decide that it is time for them to move on. So, I think just coming at it from those different angles, of course, being really respectful in terms of how you broach the conversation and honoring legacy, and the great contributions that a long-time leader would have provided to your health center.

John Price (46:10):
Yeah. And we, in our particular case, we had plenty of time, a plenty of nodes. We had six months. Unfortunately, we had some folks who just couldn't deal with it. When I talked about denial, I mean, there was a lot of denial. And it took a while for me to get just to have the board to talk about this with each other, let alone anything else. I mean, one board member said, "Oh, we just need to offer him some more money, he'll stay." And you didn't listen to him talk about the adventures he wants to go and the things he's going to do.

John Price (46:45):
And then, you're going to have to realize that this is going to happen. And so, we lost a good four or five months just not talking about it amongst ourselves, because we literally have some folks that couldn't, they wouldn't. And so, talking about it upfront is actually helpful for the board to realize, "Hey, wait a minute, this is your responsibility." It's not just a responsibility, it is the responsibility. It's the most important thing you as a board will do in terms of the future success of the organization.

Emily Heard (47:26):
Thanks, John. Thanks for being so candid in sharing your experience. I think that it's always helpful to have that firsthand cautionary-

John Price (47:34):
Yeah. And so, we had a few challenges when we started. But I will tell you, because of what we did, we developed a plan, we worked the plan. We stayed the course, we did it. And I will tell you, the outcome is beyond phenomenal for us. It is just phenomenal how good things have turned out after going through that.

Emily Heard (48:02):
Excellent. Well, thanks for sharing that to the bright light at the end of that tunnel.

John Price (48:06):
Yeah, the bright light and it's not a train.

Emily Heard (48:10):
Excellent. Well, folks, we really want to encourage you, if you do have additional questions after today, you have my email address. We'll make sure you have that again at the end of our time together, but please feel free to email me. And again, the essential guide to sustainability succession and transition planning are available on MyNACHC. It is a free resource. So, all you have to do is register for MyNACHC and you'll be able to access that and access to sample plans that we've talked about.

Emily Heard (48:39):
And then, just a little bit of a plug, we have other recorded webinars available at MyNACHC. We've recently added one on board succession planning. Coming soon is one on board chair succession planning. And then, we also just recently did a two-part series for those that are brand-new to board service, really truly a one-on-one introduction to board service webinar. Again, please feel free to email me. Don't forget about your primary care association. Many of primary care associations have phenomenal governance of resources, and we encourage you to access them.

Emily Heard (49:13):
And then finally, we want to hear your thoughts. Just as you exit out today, you'll be directed to a short survey where you can provide your feedback about today's webinar. Also, we welcome suggestions that you have for future webinars and resources. And I just want to thank John very much for sharing his expertise. John is also sharing out his email, and I'll make sure that when we send around the slides, that we also include John's email so you can reach out to him and be able to access his great knowledge as well.

Emily Heard (49:45):
So, thank you, John. Thank you to everybody on the call.

John Price (49:49):
Yes. Feel free to reach out to me if there's anything I can help you with. Make sure if you would, put a reference in the reference line to this webinar or to NACHC, because I still am an active CEO of my own construction company and I get a lot of email, but I'd be glad to help if I can.

Emily Heard (50:09):
Thanks so much, John. John wears many hats. But we're so grateful that he is wearing this governance hat. All right. Well, thanks everybody. Hope you enjoy the rest of your day. And please, feel free to reach out to John or I if you have questions going forward. Bye, bye.

John Price (50:22):
Bye.