

# Transition Guides



## Organizational Sustainability and Leadership Succession Mini-Tool Kit

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## Introduction and Overview of Organizational Sustainability and Leadership Succession Mini-Tools

Health center leaders have a lot at stake right now. Decades of mission-driven leadership committed to equal access to quality healthcare for all, has built an amazing network of community-based health providers. The values, commitment and skills of multiple generations of leaders have produced amazing results.

Today, one of the biggest questions facing the health center movement is how to sustain and build upon this amazing legacy. While it is tempting to take a “check the box” approach to succession planning, looking more deeply at the key functions of the position, and what backup you have for those functions, informs not only your emergency plan, but also your ongoing leader development and actions to “build your leadership bench”. As a companion to this document, NACHC is publishing three guidance documents, collectively known as The Essential Guides to Sustainability, Succession and Transition Planning: *Part 1 Organizational Sustainability Planning Guide*; *Part 2 Executive Succession Planning Guide*; and *Part 3 Executive Transition Management Guide*. This mini-kit provides a jump start that allows each organization to decide where to best begin this important work and next steps to get started.

### Quick-Study Tool Kit

#### **Tool 1: Organizational Sustainability Mini-Assessment**

This tool is a short mini-assessment questionnaire to identify organizational fundamentals that your health center has in place to assure long term viability. The sustainability review and action plan are described in more depth in Part 1 of the Guide series: *Organizational Sustainability Planning Guide*.

#### **Tool 2: Succession Essentials Mini-Assessment**

If you haven't done succession essentials planning as an organization, this tool will help you know the options for getting started. If you have done some of the succession essentials, it provides a guide to where you might want to go deeper.

#### **Tool 3: Getting Started on an Emergency Back-up Plan for your Executive Director**

This is a two-part tool. Part A is a worksheet to collect information to inform your emergency backup plan. This detailed guide provides a template for an emergency backup plan and a succession policy. Part B is a list of questions to assist you in using the information to complete the emergency plan.

#### **Tool 4: Planning Internal Succession Questionnaire**

This tool is intended to provide executives and board leaders with a framework and set of key questions to guide the consideration of internal succession as an option when preparing for executive succession.

#### **Tool 5: Planning a Successful Executive Transition Questionnaire**

The departure of an effective executive can be challenging for a Board and the organization. “Can we find someone we can work with as well?” “What will change under new leadership?” For different reasons, the departure of an under-performing executive is equally challenging. “Can we turn the organization around?” “Can we attract candidates with the experience we need?” All executive transitions are complex and bring with them both opportunities and challenges. This tool provides a set of questions to consider before rushing forward with placing ads and interviewing. A more detailed guide is found in the third and final of the Guide series: *Executive Transition Management Guide*.

## Exploring Organizational Sustainability- Tool 1: The Organizational Sustainability Mini-Assessment

This tool is a short mini-assessment questionnaire, typically completed by your Board, or relevant Board Committee, and your management team. A facilitator/process leader (or consultant) is appointed to facilitate the collection of the results and to lead a discussion of “what does this mean for our sustainability action plan?” Below are some suggested steps for completing – more detailed information is provided in the *Organizational Sustainability Planning Guide*.

1. Leaders complete the following mini-assessment.
2. Facilitator leads a review of the mini assessment results with the management team and Board, or Board committee (typically in two or more separate meetings and then a meeting of the Board Committee and managers).

These conversations are an opportunity to digest and explore the results of the mini assessment. Some questions to consider are:

- a. What do the collective results say about our health center’s key sustainability issue or issues?
  - b. Where were the similarities and differences between the board’s collective assessments versus the senior management team’s assessment? How do those similarities and differences further inform the sustainability planning process?
  - c. As we think about our sustainability issue or issues, are there places where we need to dig deeper? Do we need additional information to inform the action planning process?
3. Drill down on your sustainability issue(s), if needed.

Consider whether additional information or research is needed on your key sustainability issue(s). In some cases, the issue or issues, is obvious and the action plan is readily apparent. In other cases, your presenting issue may not really be the core issue, but a pointer to some underlying factors. Sometimes, the need to drill down does not become obvious until you get into the action planning process. Do not get paralyzed with analysis, though you will certainly want to drill down to the real issue or issues. Good questions to ask are, “why is this so?”; “are there organizational strategy/business model implications?”; “are there leadership implications?”; “are there resource implications?” and “are there organizational culture implications?”

4. Develop your action plan and secure commitments.

Now that you have clarified your critical sustainability issue(s), you are ready to develop your action plan. As you begin your planning process, consider whether your sustainability issue points you to actions in one or more of the four areas reviewed (business model, strategy, leadership, resources or culture) or some other area.

## Tool 1: Organizational Sustainability Mini-Assessment

Please read the following questions and note your response. As it applies to your organization, is this statement completely true (yes), partially true (part), not at all true (no), or you don't know (DK)?

<b>Business Model/Strategy</b>	Our organization has a solid business model (what we do and how we pay for it) that has at least 5-7 years of life in front of it and is built on quality services/products that are needed by clients and valued by donors/funders.	Yes	Part	No	DK
	Our strategic or long-range plan (or business/organization strategy) is current and relevant to today's and tomorrow's market conditions. Progress toward the plan is frequently reviewed and is the subject of priority-setting discussions.	Yes	Part	No	DK
	Among the board, executive and management team there's a high degree of alignment about the direction and strategy.	Yes	Part	No	DK
<b>Leadership</b>	We have the staff and board leadership in place who meets our present and near-term future leadership needs.	Yes	Part	No	DK
	We have written succession plans in place for all key employees that include cross training plans. We have a strategy in place to recruit, develop and deploy new leaders, both staff and board.	Yes	Part	No	DK
	Our chief executive could go on a six-month sabbatical tomorrow and the organization would not miss a beat.	Yes	Part	No	DK
	Our board is a high-value asset to the organization. Processes are in place and followed for orientation of new board members and we have a pipeline of leaders and a process for board officer succession.	Yes	Part	No	DK
<b>Resources</b>	Our organization has sufficient financial resources to meet its commitments in the short to mid-term.	Yes	Part	No	DK
	Our organization's funding or revenue streams have longevity – the majority are likely to continue beyond the current year's budget or current grant cycle. We have an appropriate degree of diversification of revenue streams.	Yes	Part	No	DK
	A proactive resource development strategy is in place that is tuned to our organization's particular market – the present market as well as future market. There is a clear logical link between our revenue development strategy and our overall business/organization strategy.	Yes	Part	No	DK
	We are good stewards of ALL of the organization's assets, financial assets as well as "soft and social capital," the strengths that underpin the organization's work, such as community reputation, human capital, team capital, systems and processes, intellectual property, etc.	Yes	Part	No	DK
<b>Culture</b>	Our organization's culture could be described as resilient, forward-focused, results-oriented and action-based.	Yes	Part	No	DK
	The value and worth of the organization is widely understood throughout the board, staff and volunteers. Virtually everyone on the team could make a compelling case for supporting the organization.	Yes	Part	No	DK

## Exploring Succession Planning: - Tool 2: The Succession Essentials Mini-Assessment

There are three types of succession planning most common among nonprofit organizations. They include: 1) Succession Essentials; 2) Departure-/Arrival-Defined Succession Planning; and 3) Leader Development and Talent Management. This tool is intended to assist the Board and staff in determining their progress in completing the Succession Essentials and better defining next actions to complete or update the essentials – an emergency backup plan for the executive director/CEO and other key managers or staff, as well as a Board-adopted succession policy.

Typically work on the emergency backup plans for the executive director and managers/key staff and development of a Board-adopted succession policy are simplest and most productive place to start. There is a hard to refute case for emergency preparedness. Besides preparing the organization for unplanned absences of key leaders, it also introduces and advances more attention to leader development and talent management through “unpacking the jobs” and development of cross training plans. This mini-assessment may be completed by the executive director and Human Resources Director, or the whole management team, and may also include Board involvement. Once completed, it provides a guide to what is in place and what next actions are needed to complete your Succession Essentials. (See Tool Three for Getting Started on Emergency Backup Plan and the *Executive Succession Planning Guide* for more information.)

## Tool 2: Succession Essentials Mini-Assessment

Please read the following questions and note your response. As it applies to your organization, is this statement completely true (yes), partially true (part) not true at all (no) or you don't know (DK)?

<b>Emergency Backup Plan for Executive Director/CEO</b>				
Our organization has a written emergency backup plan for the chief executive.	Yes	Part	No	DK
This plan includes a designated first and second backup to stand in for the chief executive in case of an unplanned absence.	Yes	Part	No	DK
There is a cross training plan to prepare the first and second backups for assuming the chief executive's key duties.	Yes	Part	No	DK
There is a communication plan which describes who needs to know when and by whom in case of unplanned absence of the chief executive.	Yes	Part	No	DK

<b>Emergency Backup for Senior Managers/Key Managers or Staff</b>				
Our organization has a written emergency backup plan for senior managers/key staff.	Yes	Part	No	DK
This plan includes a designated first and second backup to stand in for the senior manager/key staff person in case of an unplanned absence.	Yes	Part	No	DK
There is a cross training plan to prepare the first and second backups for assuming the senior manager/staff person's key duties.	Yes	Part	No	DK
There is a communication plan which describes who needs to know when and by whom in case of unplanned absence of the senior manager/key staff person.	Yes	Part	No	DK

<b>Succession Policy</b>				
Our organization has a written succession policy to guide how the Board will fill the opening in a planned chief executive transition.	Yes	Part	No	DK
This policy states how the Transition and Search Committee is comprised and the role of the Committee.	Yes	Part	No	DK
This policy addresses how we will handle internal candidates and what kind of search we will do to find candidates.	Yes	Part	No	DK
This policy states our commitment to diversity and inclusiveness in our recruiting and hiring.	Yes	Part	No	DK

<b>Other Helpful Actions</b>				
Our organization regularly reviews and updates position descriptions.	Yes	Part	No	DK
Our organization routinely reviews bench strength against key competencies and functions.	Yes	Part	No	DK
Our organization unpacks jobs to make sure they have not become undoable by anyone other than current person in the position.	Yes	Part	No	DK
Our organization has a comprehensive list of all passwords, bank accounts, IT information in one place with more than one person familiar with details.	Yes	Part	No	DK
Our organization routinely reviews our emergency backup plans and succession policy.	Yes	Part	No	DK

### **Tool 3: Getting Started on an Emergency Backup Plan for your Executive Director**

This tool is intended to assist the Executive Director in preparing to develop a draft Emergency Backup Plan using the template found in the Appendix of the *Executive Succession Planning Guide*. Once the information on the following pages is completed, it is used both to develop the Emergency Backup Plan and to advance cross training and leader development.

#### **Tool 3, Part A: Emergency Backup Succession Plan President/CEO**

#### **Worksheet**

*First Backup: (Insert Name) Second Backup: (Insert Name)*

<b>Key functions.</b>	<b>Short term staffing strategies.</b> <i>(Define short-term: Under 3 months)</i>	<b>Long term staffing strategies.</b> <i>(Define long-term: Over 3 months)</i>
1. Strategic Leadership & Planning (Sustaining and advancing mission, vision, values & culture)  2. Policy Advocacy & Spokesperson  3. Funding Strategy & Relationship Development / Maintenance  4. External Relationships & Community Building  5. Management – People and Finances  6. Board Relations & Board Building	Insert name of backup Administration – Program & Planning –  Funding –	Same as Short term? Or different – please explain

Most important to communicate temporary change of leadership.	Accountable for communication.		Timeline for communication.
Board Chair, Board & Management Team  Charter Board  Staff  Community Partners  Organizations  Community Involvement Boards	Insert Name of person responsible		Immediate (ASAP upon notification)  12 – 24 Hours  24 – 48 Hours  2 Days – 1 Week  To Be Determined (according to circumstances)
Remaining cross-training areas	Staff to be cross-trained in areas		Plan and/or timeline for training.
1. Understanding Financial Structure and Reading Documents  2. Understanding External Relations, Advocacy Strategies & Community Building  3. Big Picture Strategy & Relations <ul style="list-style-type: none"> <li>• Program Implementation</li> <li>• Funding and Funders</li> <li>• Financial Structures, Reports &amp; Documents</li> <li>• External Relations</li> </ul>	<b>INITIAL TRAINING/ TRAINEE</b> (Insert name)	<b>SUPPORT TRAINING/ TRAINER</b>  Management Team  Management Team  Management Team	(Examples – change to fit your needs)  Meeting with internal & external trainers  Meeting with internal & external trainers  Monthly Executive Team Meetings
Underlying Assumptions to remain Business As Usual			
(Examples – change to meet your needs)  1. The Acting President/CEO and Executive Team have the authority to lead and manage the organization.  2. The organization will operate under the current strategic plan.  3. The Acting President/CEO may hire and terminate managers and staff based on the approved staffing plan for the year.  4. External relations and policy work essential to the day-to-day operations will be maintained.			

5. The Board Committees under the Committee Chairs will continue meeting and carry out their work plan(s).
6. The Acting President/CEO shall render proper attention to all reports, compliance and standards obligations.

**Critical relationships to be maintained**

**Staff accountable for maintaining critical relationships**

**Critical relationships contact information**

Insert names

**(If too many, develop a list of key relationships and attach as an Attachment)**

### **Tool 3, Part B: Getting Started on Emergency Backup Planning Worksheet**

After completing the Emergency Backup Succession Plan President/CEO Worksheet on the preceding pages, use these questions to reflect on what is in place for emergency backup planning and what additional work is needed.

1. For which positions, in addition to executive director/CEO, are emergency backup plans needed? List the positions here and consider asking those leaders to complete the worksheets on the preceding pages (after the executive director plan is completed). Other senior managers, other key staff?
  
2. How up to date and accurate is each job description? What changes, if any, are needed to describe the job today and going forward?
  
3. What are the 5-8 most important functions of CEO? (see worksheet on preceding pages)
  
4. What backup is there for these functions? (see worksheet on preceding pages)
  
5. Who are the first and second backups?
  
6. What cross training is needed?
  
7. What key relationships need to be handed off?
  
8. What is the communications plan for informing stakeholders?
  
9. Who keeps the critical inventory of passwords, computer codes, etc.?
  
10. What else is important to your planning?

## Tool 4: Planning 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, a lot of nonprofit executives come from within; some succeed and some don't. The purpose of this mini-tool is to offer a framework and set of key questions for boards considering hiring an executive from within the organization.

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 and 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 has a change of heart 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.

There are potential challenges with leadership transitions that involve internal successors, some of which include:

1. *The problem of who chooses.* We see some situations where executives want 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.
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 pain involved in full search – a shortcut bypassing having to think about the leadership challenges ahead.

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.
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 conflate *familiarity* with *experience*, or allow familiarity to trump experience, believing that familiarity will lead to a better fit.

As the challenges and typology above indicate, there are loads of risks in considering internal succession. Among the most common are:

- 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.

## **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 the 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?

- 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 are 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?

## Tool 5 - Planning a Successful Executive Transition: Some Important Considerations

Executive transitions are exciting times of change full of new opportunity. They also bring risks and challenges which require effective leadership and attention to more than searching and finding the next executive. As important as the search is, experience shows repeatedly that without attention to the key transition issues and the emotional work of good ending and good beginning, the best search may not work. This tool offers a set of steps and questions to consider at each step along the process. Attention to these steps and questions increases the odds of a successful transition. For more details, see the *Executive Transition Management Guide*.

<b>Tool 5: Executive Transition Process Questionnaire</b>	
<b><u>Process</u></b>	<b><u>Questions to Consider</u></b>
<b>Prepare:</b>	
1. Organize the transition / search committee	1. Does the committee reflect the past, present and future leadership of the organization and its diversity? 2. Does the committee charge include both oversight of transition issues and search? If not, what is the charge? 3. How is the board involved and when is the executive selection? 4. Will you engage a consultant or search firm?
2. Announce the departure	1. Do the executive and board agree on exit message and who delivers it? 2. Is there a communication plan to avoid surprises or important stakeholders not knowing? 3. How will staff be involved in the process and who is communicating with the staff?
3. Understand the transition	1. What is precipitating this transition? 2. What is organizational health? 3. Using typology in the Guide (p.x) what kind of transition is this? What are implications for transition and search? 4. How is input being sought from the board, staff and stakeholders about the condition and needs of the organization? 5. Who is collecting that information and facilitating discussions about the transition and search with the board and staff?

<p>4. Clarify who's in charge</p>	<ol style="list-style-type: none"> <li>1. Is the current executive in charge until successor begins?</li> <li>2. If not, who are you considering to serve as an interim executive? What skills and competencies must the interim have to be successful?</li> <li>3. If the interim executive is from the staff or board, is it clear that they are not a candidate for the position?</li> </ol>
<p>5. Engage the board</p>	<ol style="list-style-type: none"> <li>1. What is the culture of the Board and its involvement?</li> <li>2. What is the current state of the board-executive relationship?</li> <li>3. What, if any, change is desired in Board roles, its way of relating to the executive, composition, etc.</li> </ol>
<p>6. Develop the profile and search plan</p>	<ol style="list-style-type: none"> <li>1. Is there a written summary of 12-18 month priorities for the new executive and of the competencies required for success, which can be shared with candidates?</li> <li>2. Is there a search plan that includes proactive outreach to achieve a diverse and qualified pool?</li> </ol>
<p>7. Identify the transition issues and begin the handoff plan</p>	<ol style="list-style-type: none"> <li>1. What are the priority transition issues, based on the organizational review above?</li> <li>2. Which issues ought to be addressed before the new executive starts and which after?</li> <li>3. Is there a planned handoff report from the departing executive?</li> </ol>
<p><b>Search and Select:</b></p>	
<p>1. Recruit</p>	<ol style="list-style-type: none"> <li>1. Is the profile of the desired finalist clear and agreed to by the Board and management team?</li> <li>2. Is there a proactive outreach effort to attract the candidates with desired attributes?</li> <li>3. What are the actions necessary to ensure a diverse and inclusive finalist pool?</li> </ol>

<p>2. Screen</p>	<ol style="list-style-type: none"> <li>1. Is the screening process and criteria clear?</li> <li>2. Besides a formal interview, what else is planned with semi-finalists as a two way “get acquainted” opportunity?</li> <li>3. Who is doing reference checks? Are the questions clear?</li> </ol>
<p>3. Select</p>	<ol style="list-style-type: none"> <li>1. Will the Committee recommend one or more candidates to Board?</li> <li>2. What is the final decision process?</li> </ol>
<p>4. Hire</p>	<ol style="list-style-type: none"> <li>1. Who will negotiate with the finalist?</li> <li>2. Is the salary and benefits package clear and competitive?</li> <li>3. Is there overlap with the outgoing executive? If so, how long and for what purpose?</li> </ol>
<p><b>Onboard:</b></p>	
<p>1. Plan</p>	<ol style="list-style-type: none"> <li>1. Is there an orientation and briefing file for new executive?</li> <li>2. Is Board engaged in welcome and planning onboarding?</li> <li>3. Is there a 90 day work plan for new executive?</li> </ol>
<p>2. Relate</p>	<ol style="list-style-type: none"> <li>1. What actions are taken to introduce the new executive to key stakeholders?</li> <li>2. How are the board-executive relationship and the performance management approach being addressed?</li> </ol>
<p>3. Support</p>	<ol style="list-style-type: none"> <li>1. What resources are available to the new executive?</li> </ol>
<p>4. Evaluate</p>	<ol style="list-style-type: none"> <li>1. Is there agreement between the board and the executive on a 90-day informal review and 6 month evaluation and process?</li> </ol>