

Board Governance:



Succession Planning



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The Promise Of Community Action

Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other.

Agenda



Board Oversight and Role



Succession Planning Overview

Short and Long Term
Plans



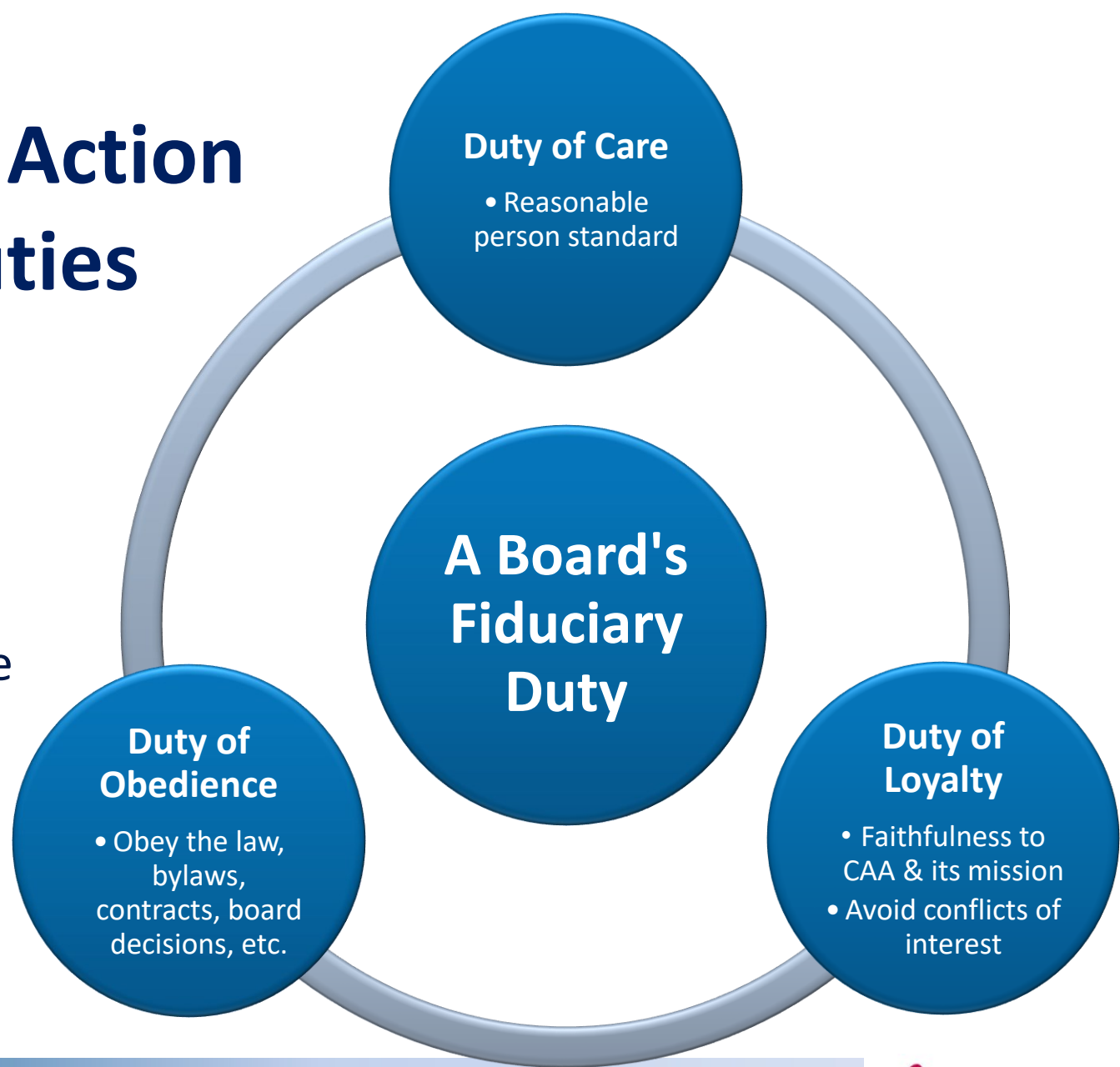
Managing Executive Transitions

The Community Action Board

- Community Action Boards are governing bodies that set out the high-level vision, mission, strategic direction for the organization
- Boards govern the entire agency, not only CSBG* and are the legal entity responsible for the agency
 - For a private nonprofit, the governing body IS the board
 - For public agencies, governing body is local government; duties delegated to the board may differ
 - Public agency boards may be limited to only CSBG and specific oversight or advisement tasks

Community Action Board Duties

Board members are **fiduciaries**. They have the duty to **act for someone else's benefit** and hold the **agency's interest ahead of their own**





Succession Planning is a Strategy to Fulfill Your Fiduciary Responsibilities

What is Succession Planning

- A systematic process for ensuring leadership availability, continuity, and appropriate development of an organization's leadership talent



Ways Succession Planning Helps Your Organization

Ensures
Continuity

Mitigates Risk

Identifies and
Develops
Talent

Improves
Performance

Reduces
Disruptions

Stakeholder
Confidence

Helps center a
long-term
strategy

Cost Savings

Ensures
Sustainability

Intentional
Processes =
Better Results

Why Succession Planning Matters

- The process is just as important as the product
 - What is the vision for and direction of our agency?
 - How do we actualize our commitment to diversity?
- Succession planning is more than the plan
 - Training strategy
 - Development of a leadership bench
 - Succession over multiple positions

Standard 4.5: The organization has a written succession plan in place for the CEO/ED, approved by the governing board, which contains procedures for covering an emergency/unplanned, short-term absence of 3 months or less, as well as outlines the process for filling a permanent vacancy.

- **Intent:** Assure the agency has a plan in place should there be a vacancy for any reason in its CEO/ED role, both on a short-term and permanent basis.

Overview: Leadership Sustainability and Executive Transition Management



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Source: *Preparing for Your Community Action Agency's Future: Sustainability, Succession & Transition*, Transition Guides and Community Action Partnership

Succession Planning

- Developing a strategy for filling key roles on short/long term basis
 - Not just Executive Director!
- Intentional assessment of the organization's key roles:
 - Skillsets
 - Departure Horizons
 - Internal Capacity

Basic Strategies for Succession Planning

Leader Development Planning

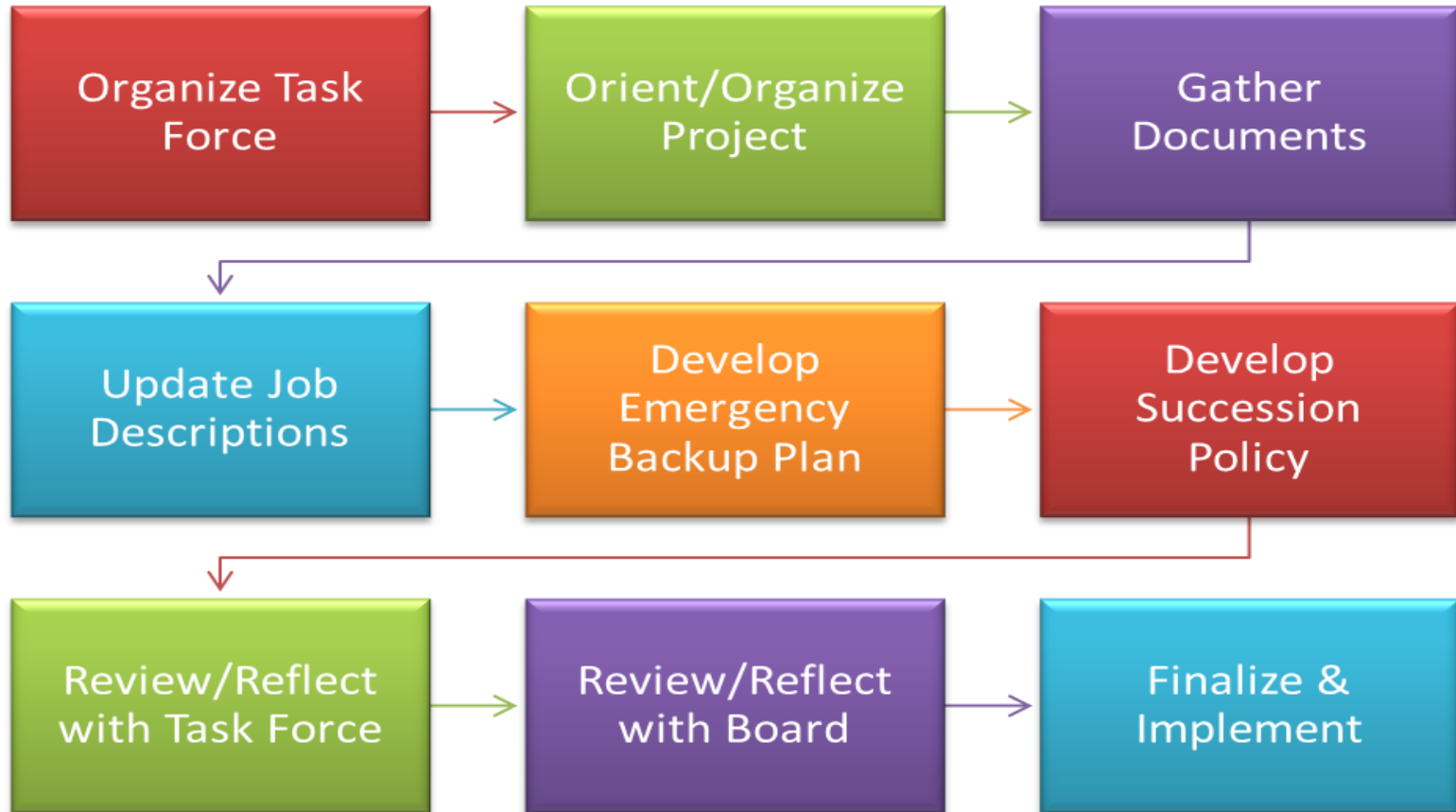
- Focuses on internal leadership development
- Connects “talent development” with organizational goals

Departure-Defined Succession Planning

- Review business model and organizational strategy
- Build leadership bench
- Grow key organizational resources
- Assess organizational culture

Process Overview for Implementing Succession Essentials

Preparing for Your Community Action Agency's Future



Source: Transition Guides/Community Action Partnership Succession Planning Toolkit

Step One: Organize a Small Task Group

3-5 members

CEO/ED + senior management team members
(typically includes representative from HR)

Board members (typically includes board
chair)

Step Two: Orient the Task Group



Review the Executive Succession Planning Guide



Define scope

Other positions?

Review training and staff development?

Review mission and strategic direction?



Define roles

Step Three: Gather Supporting Documents



Job
descriptions



Staff
organizational
chart



Training/
development
plan



Strategic plan

Step Four: Update Job Descriptions

Review current job descriptions



Discuss how position responsibilities might evolve (not just what currently exists)

Step Five: Develop Emergency Backup Plan(s)

Covers short and long-term absences. Contains three parts:

- Body of the plan (includes definitions and an overview)
- Current job description
- Emergency backup plan detail

Emergency Backup Plan

1. Rationale: Purpose of the plan
2. Priority functions of the position: Mission-critical responsibilities
3. Business as usual: 3-6 leadership activities critical for the position
4. Plan implementation: Who is responsible and role of the board
5. Definitions: Short and long term, etc

Emergency Backup Plan

6. Plan details

- Who may appoint (role of board chair and executive committee)
- First and second backup
- Cross-training of backups
- Authority and restrictions (e.g. CFO role for check signing)
- Compensation
- Oversight and support (clarify responsibility of board chair)
- Communications plan

Emergency Backup Plan

7. Longer term, unplanned absence (more than two or three months)
8. Permanent unplanned absence (typically references succession plan)
9. Approvals and maintenance of record (annual board review to update plan details)

Step Six: Develop Succession Policy

- Only needed for CEO – but strongly recommended for other positions
- Other key positions to consider:
 - COO
 - CFO
 - HR
 - Head Start Director



Succession Policy

Guiding principles: external vs. internal, competitive search, experience with the Network

Lines of authority: Board selects CEO/ED and CEO/ED selects staff

Emergency backup plan

Board action in the event of a vacancy in the CEO/ED position (if no immediate replacement)

Preparation timeframe for replacement

Role of outgoing CEO/ED (selection and transition)

Initial implementation of transition plan

Community Action Template

Appendix 2 – CEO Succession Policy Template

[CAA]
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 [CAA] is adopting this succession policy for purposes of:

- 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.

- [CAA] 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 [CAA], the CEO's position is often shaped by the incumbent's talents and areas of specialized interest. 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 [CAA]'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.

Community Action Template

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 _____, 2014.

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

Step Seven: Review and Reflect with Task Group

What have we learned about bench depth and organizational sustainability?

Beyond the two documents, what are recommendations to improve organizational sustainability and leadership development?

Does the process just defined reflect organizational values and capabilities?

Is there enough detail?

Step Eight: Review and Reflect with the Board



Send documents in advance



Discuss questions (and other key issues) covered in step seven



Get board approval

Step Nine: Finalize and Put on Calendar for Review



Set annual review of documents



Follow-up discussions with staff and leadership team

What is an Executive Transition?

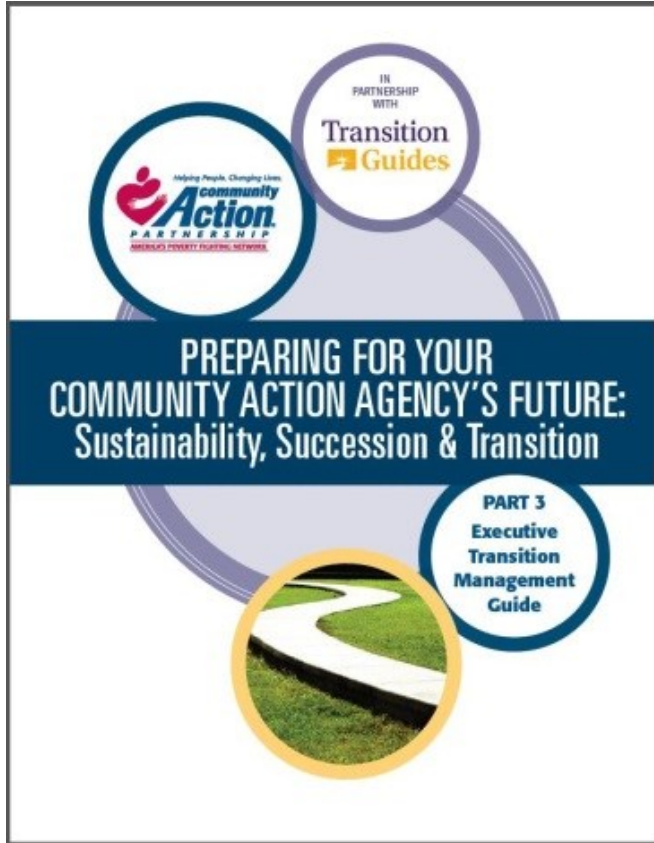
- ***Executive Transition***

- Begins: Executive's decision to depart (or Board's decision to terminate)
- Extends: Through the recruitment and hiring
- Concludes: Completion of the first full budget cycle with new executive

- ***Executive Transition Management (ETM)***

- A three-phase approach
 - 1) Planning & Preparation
 - 2) Recruitment/Selection & Platform Building
 - 3) Post-Hire Installation & Support
- Holistic management of entire departure-recruitment-onboarding process

Community Action Template



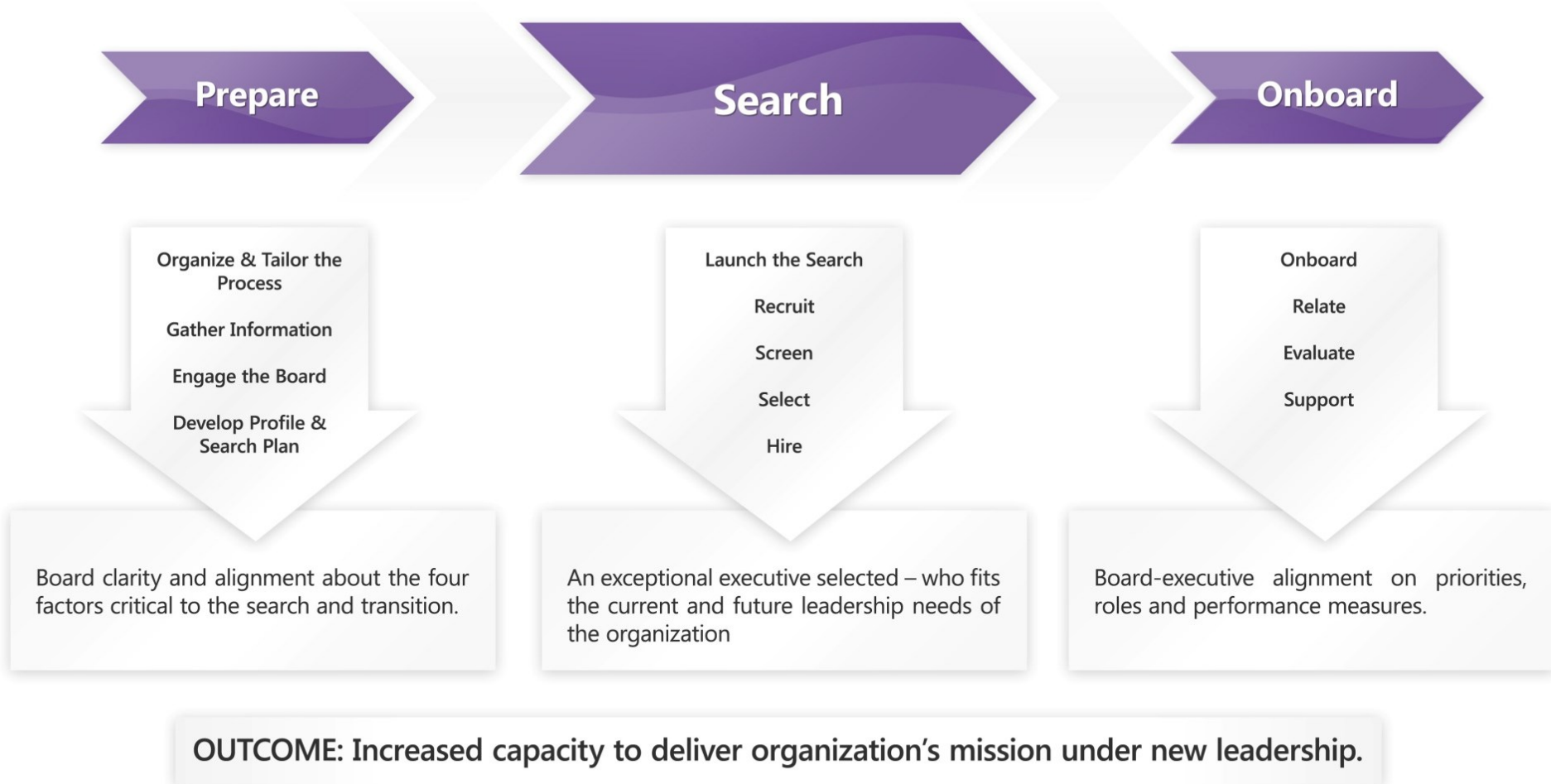
Appendix 1 - Sample Transition Timeline

CEO Search & Transition Time Line- Date

[Note: Assumes departure has been announced and transition committee has been appointed. If not, those items need to be added.]

	Activity	Responsibility	Target Date(s)	Estimated Time Needed
Prepare	Conduct Transition Committee Project Launch Meeting	Trans Committee	Week 1	1 hour
	Conduct Board/Staff Interviews & Review Documents		Week 1-2	-
	Conduct Transition Planning Session w/ Sr. Staff		Week 2	-
	Draft Position Profile		Week 2	
	Preview Org. Review & Position Profile	Trans Committee	Week 2 or 3	
	Conduct Strategy and Leadership Review Session	Board	Week 3	1.5 to 3 hours
	Review & Finalize Profile & Search Plan (Meeting or Call)	Trans Committee	Week 3	1.5 hours
	Launch the Search		Week 3 or 4	-
	Conduct Recruiting Outreach		Week 4 to 10	
	Receive Resumes, Vet Promising Candidates, etc.		Week 4 to 10	-
Search	Provide Periodic Search Updates: (email)			-
	Search Check In Meeting (or Call)	Trans Committee	Week 7 or 8	45 minutes
	Conduct Resume Review Meeting (or Call)	Trans Committee	Week 11	1.5 hours
	Round 1 Interviews	Trans Committee	Week 13	~8 hours
	Conduct Site Visit Coaching Session w/ Sr. Staff		Week 14	-
	Site/Office Visit & Meet with Departing Exec. & Sr. Staff	Semifinalists	Week 14	-
	Conduct Final Reference Checks		Week 14	-
	Round 2 Interviews	Exec or Trans Committee	Week 15	4-6 hours
	Meeting to Ratify Selection	Board	Week 16	1.5 hours
	Finalize Offer		Week 16	-
	Notice Period (Exec. Gives Notice to Current Employer)	-	Week 17	-
	Plan On-boarding Process	Trans Committee	Week 17	1 hour
	Announce Appointment	Staff - Guided by	Week 17	-
	Conduct Entry/Onboarding Planning Call/Meeting	New Exec. & Board Chair	Week 18	45 min.
	Support Exec. To Develop a 90-Day Entry Plan	New Chief Executive	Week 18	-
	New Chief Executive's Start Date	-	Week 22	-
	Implement Orientation Plan	New Chief Executive w/ Members of the Exec. Committee & Mgt Staff		-
	Conduct Posthire Check-In Call #1	Calls New Exec.	30 days post-start	30 min.
	Conduct Priorities/Roles/Expectations/Performance Measures Discussion	New Chief Executive & Board	~60 days post-start	2-4 hours
	Conduct Posthire Check-In Call #2	Calls New Exec.	90 days post-start	30 min.
Conduct Posthire Check-In Call #3	Board Chair	90 days post-start	1.5 hours	

Process Overview: Executive Transition Management



Source: *Preparing for Your Community Action Agency's Future: Sustainability, Succession & Transition, Transition Guides and Community Action Partnership*

1. Preparation

- Ensure the organization is ready to search/hire:
 - Organization is stable – financially, politically, emotionally
 - Smart, committed & available chair & committee
 - Take the time - understand the current & future leadership needs
 - Requires assessment, reflection & planning
 - Board is clear about the Four Big Questions driving the search:
 - Who do you want to hire? What's the profile?
 - Why? Why that profile? Link to future direction?
 - What do you want new executive to do? Priorities?
 - What do you need to do to get ready?

1. Preparation

Address the organizational barriers to executive readiness:

- Lack of an obvious successor
- Unfinished business
- Waiting for the perfect time
- Board and staff resistance to change

Others:

- Make the CEO job more doable
- Deal with system issues: what needs fixing & areas over-reliant on CEO
- Bring the CEO salary and benefits up to “market rate”

Tips for Preparation

Clear about handling internal candidates

Clear about commitment to diversity

Resist the temptation to hire too quickly

Strive for a good ending with the current executive

Consideration of bringing on an Interim ED/CEO

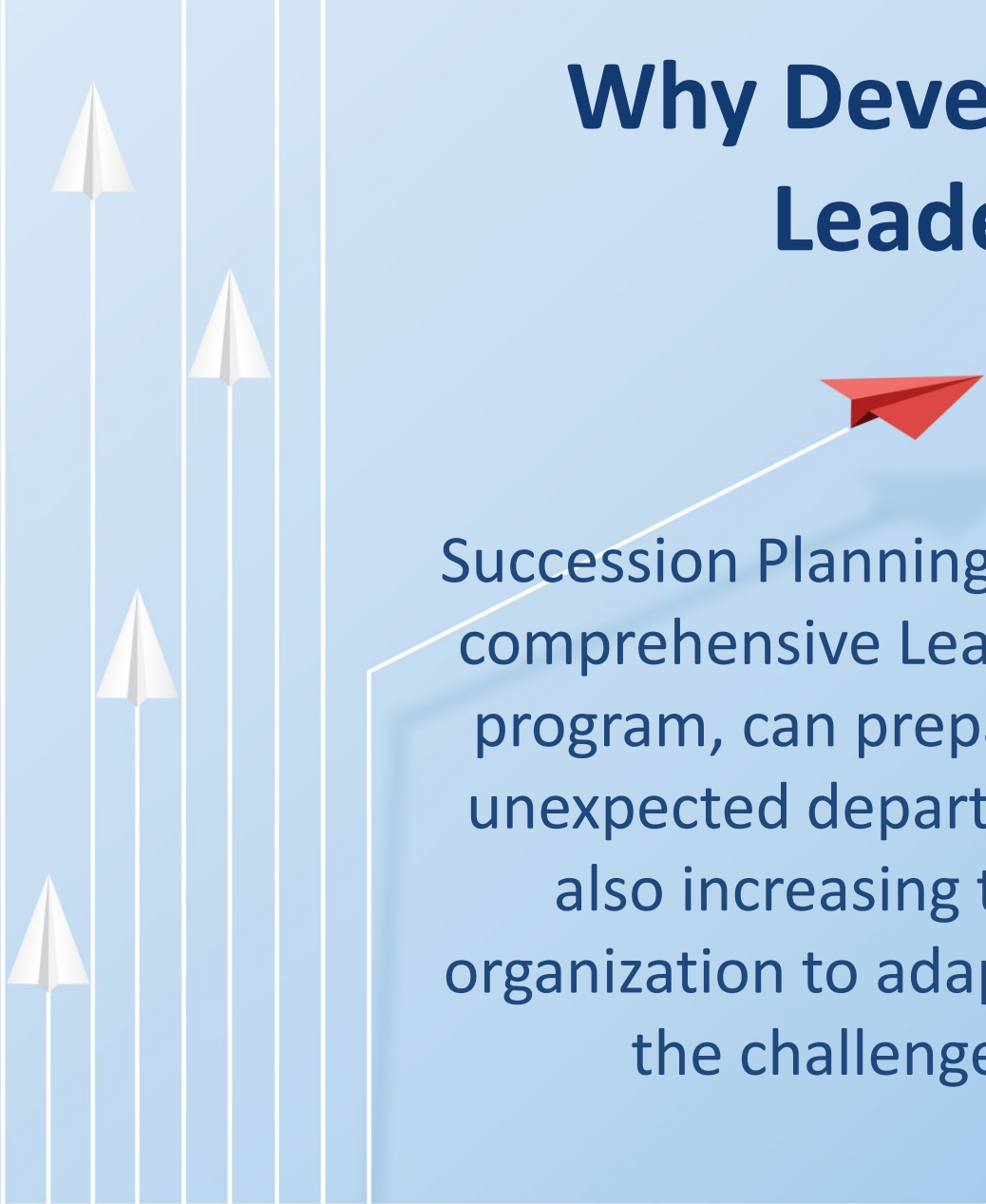
2. Search & Selection

- Clear position profile that's not a dusted off old job description
- Smart, strategic search plan to market the position
- Robust outreach to build the pool
- Diverse finalist pool; to achieve begins with strategic outreach
- Multi-stage vetting & interviewing process that nets a deep understanding of candidates
- Engage the staff in the process, but not in committee interviews
- Identify & address legacy issues and/or make them known to finalists - transparency

3. Post Hire/Onboarding

- Appropriate announcement plan and actions
- Provide a solid orientation for the new executive
 - Strive for a great launch
- New executive develops 90-100 day entry plan, ideally before “day one”
- Pay special attention to relationships – handoffs; new executive builds them early
- Pay attention to the board-executive social contract
 - Agree on 12-18 month priorities
 - Clarify roles, responsibilities & expectations
 - Phases and challenges of taking charge
 - Establish performance monitoring & evaluation process

Why Develop Internal Leadership?



Succession Planning, when coupled with a comprehensive Leadership Development program, can prepare an agency for any unexpected departure of key staff, while also increasing the capacity of the organization to adapt to change and meet the challenges of the future.

Why Develop Internal Leadership?

Build agency capacity

Strengthen human resources

Tap the intellectual capital in the organization

Help employees realize their career plans within the organization

Improve employee morale by giving them a way to better themselves and be challenged

Allow the organization to respond to changing environmental demands

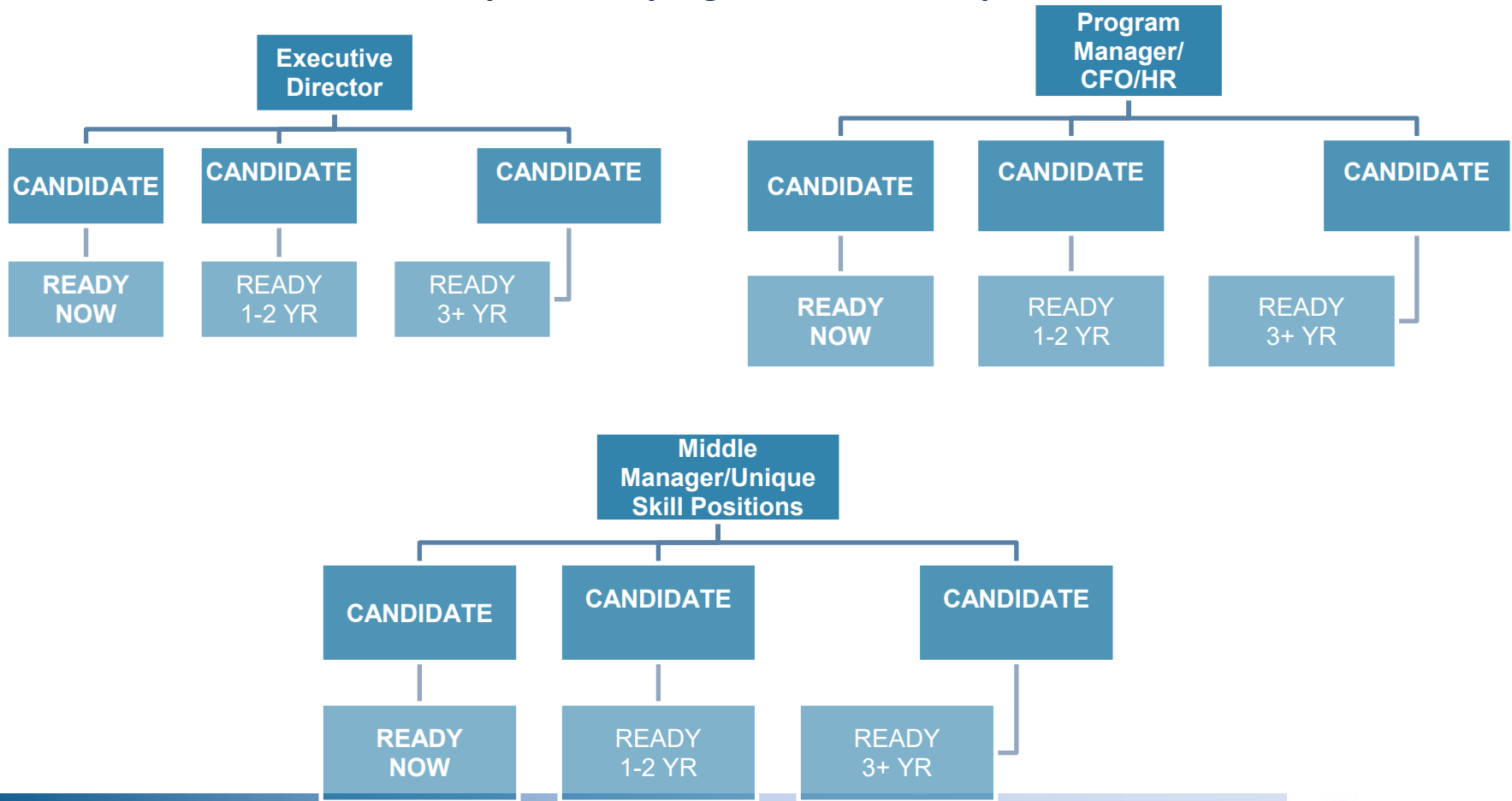
Building Leadership Within the Agency

Leadership Development Checklist

- Obtain a commitment to a leadership development program
- Assess the agency's present work and people needs
- Assess the agency's future work and people needs
- Establish a succession planning program
- Identify and develop individual talent
- Evaluate individuals and the program

Assess Bench Strength By Organization

Batter Up! Developing Your Leadership Bench



Leadership Development Cycle

Make Commitment to
Leadership Continuity

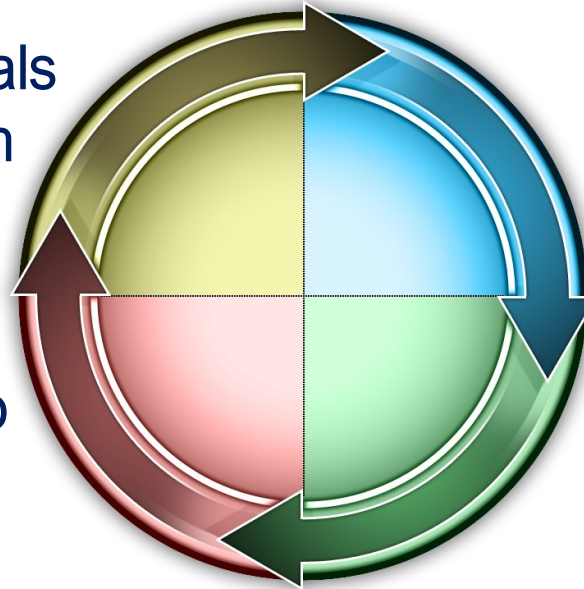
Evaluate Individuals
and the Program

Establish a Succession
Planning Program

Identify & Develop
Individual Talent

Assess the Present
Work and People
Needs

Assess the Future Work
and People Needs



Tips and Tricks

In many ways the selection of a new Executive Director is the most important decision the Board will every make.

BE READY!

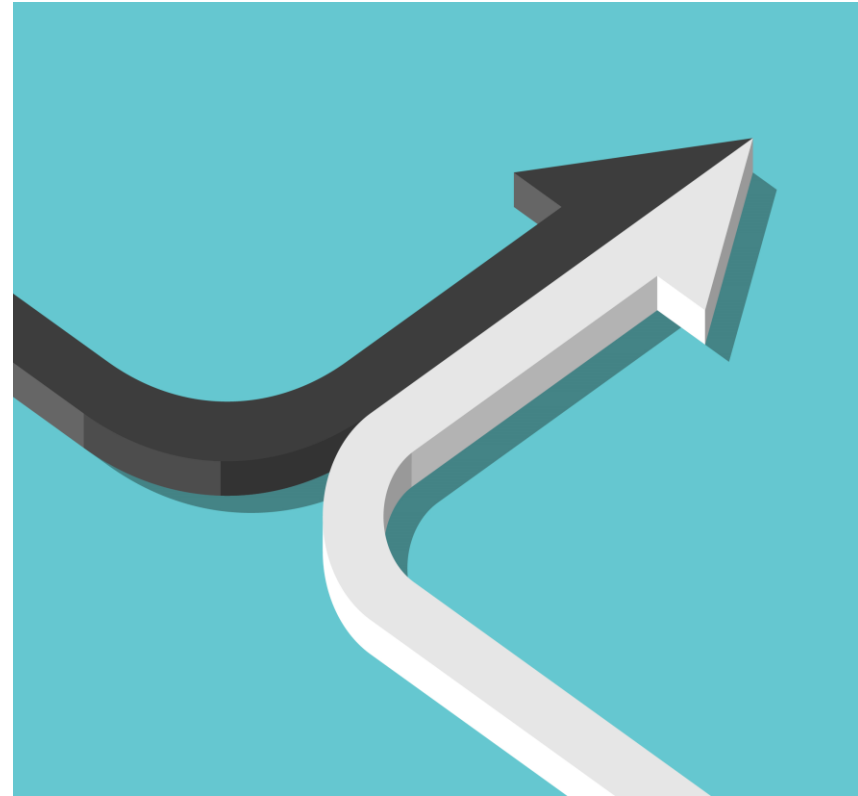
Don't be afraid to ask for help. Hiring a Community Action Executive Director may be unlike any other hiring board members have done.

Use your resources:

- State CSBG Offices- may be able to assist with discretionary funds to support certain activities related to E.D. transition
- State CAA Association support

Merger Opportunity

- Mergers are an often ignored opportunity. Leadership transitions can be a good time to consider mergers. One report indicates that for 80% of mergers studied, an executive director had recently left or was soon to retire in one of the pre-merger organizations. (BoardSource)



Succession Planning Common Challenges

Refusal to admit
the need

Avoidance of the
uncomfortable
conversation

Lack of Time and
Resources

Resistance to
Change

Identifying
Successors

Not taking the
opportunity to
consider the
options

Unpredictable
Leadership
Departures

Overlooking
Organizational
Culture

Knowing When It's Time To Leave

- Are you personally prepared to move on?
 - Employability/retirement; have something to move to
 - Financially prepared
 - Emotionally prepared
- Are you still the right leader?
 - Do you fit the current and future leadership needs/opportunities?



Tools and Resources

- [Dynamic Duo: A Guide to Enhancing the Board & Executive Director Partnership](#)
- [Assessment and Risk Resources Portal](#)
 - Organizational Assessment
 - Risk Assessment
- [Preparing for Your Community Action Agency's Future Part: 2 Executive Succession Planning Guide](#)
- [Preparing for Your Community Action Agency's Future Part 3: Executive Transition Management](#)
- [NCAP State Association Playbook](#)
 - Appendix II Succession Plan Process
- [Joining Forces: Evaluating Merger Opportunities](#)
- [Combining Forces: A Merger Manual for CAAs](#)
- [Mergers as a Strategy for Success](#)
- [CAA Leaders Legal Guide](#)

More Resources

- Bridgespan Group
 - Nonprofit CEO Transitions Resource Center
- BoardSource
 - Executive Transition and Succession Planning
 - Power of Possibilities (Mergers and Alliances)


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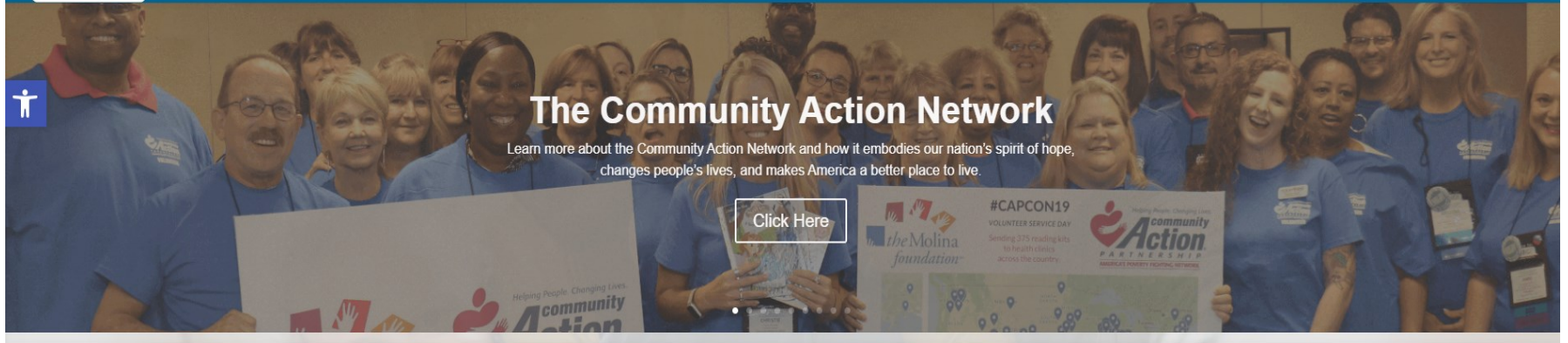
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Fighting Poverty

The US Census Bureau estimates that 11.4% of the population lives in poverty. We work to end poverty across the country.



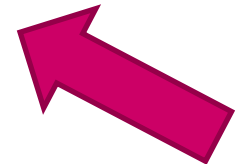
Community Action Network

We have over a thousand agencies in local communities, as well as state associations and national partners.



Tools and Resources

Find all of our Training and Technical Assistance webinars, toolkits, useful information and other resources.



Questions?

Contact

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