

## **Leadership Continuity's Role in Sustainability**

*By Paula Del Giudice and Pat McCowan*

It can be a moment when even the most self-confident center leader is taken by surprise. Imagine as the chief executive, your board president approaches you and says, "Don't you think it's time our organization has a succession plan?" How would you react? Do you panic because you think they are getting ready to replace you? Perhaps, but hopefully, soon afterward, you realize that a plan to help retain talent and ensure continuity of leadership during times of transition is one of the greatest gifts you can give your community.

When organizational leaders think about capacity building and sustainability, they usually think of bricks and mortar and finances. When risk management plans are created, they seldom include mitigating the risk of staff turnover, lack of revenue diversity, or worse, a global crisis like the recent pandemic. Yet, excessive staff turnover, an executive director departure, a significant crisis, or the loss of a critical funder or vendor can quickly sink a not-for-profit organization without the resources to weather anything but a brief disruption of services or funding. These situations have become a reality for many community-impact organizations over the past three years.

Creating a succession plan can help mitigate some of these risks and doesn't have to be overwhelming if everyone: 1) understands the importance of having a succession plan, 2) understands the components of a succession plan, 3) understands how to modify the plan based on their organization's situation—life cycle, available resources, and culture of the organization, 4) commits to a steady, inclusive, and transparent process in the development of the plan, and 5) commits to an annual review of the plan.

### **Succession Plan Benefits**

Boards are often unprepared for navigating a successful leadership transition because they underestimate the risks and costs of bad hires and fail to make full use of the opportunities a transition presents.<sup>1</sup> Even the best boards can focus only on the technical aspects of filling a vacancy without considering the financial, emotional, and cultural changes often accompanying a leadership transition. Board members can be so relieved they have completed the hire that they consider the job done and don't adequately support the incoming executive. Remember, a not-for-profit organization's board is often comprised of volunteers with many other commitments and without lived experience of the risks and opportunities accompanying chief executive and board chair changes.

Some potential pitfalls of navigating a leadership transition without the benefit of a succession plan are:

- A board assessment is not done, and adjustments to the management-governance partnership are not made, which can lead to failed hires.
- Roles and responsibilities have not been clarified and adjusted for the organization's life cycle. This responsibility creep often occurs with long-serving, influential executives.
- The emotions and internal culture have not been taken into consideration. New leadership begins at a disadvantage without a process to create closure and transference of trust and power. Hiring a professional interim executive can often be the difference between a problematic or a transformative transition.
- Without revisiting the organization's vision, strategic priorities, environment, and life cycle, there is a greater likelihood of hiring a clone and missing the opportunity to evolve the organization.

- The recruiting, hiring, and training processes for the new leader are not clearly defined, which can lead to confusion and anger about who is responsible, accountable, consulted, and informed. Clarity on decision-making authority is crucial.

### What's in a Succession Plan?

Creating a thoughtful succession plan is more than writing a "how-to" document. Other than beginning with a leadership discussion about the importance of succession planning to the organization and its community, an organization can choose the level of complexity and sequence of the work plan based on its life cycle, staff size, culture, and available resources. For each transition plan, it is essential to include who and how the plan will be initiated, who will temporarily assume responsibilities (with what compensation), the anticipated timeline for the process, the communication plan, and the resources needed for the transition and support of the new hire.

Third Sector Company, a nationally recognized pioneer in advancing interim executive management, board leadership training, and succession planning, recommends including the following in a succession plan:

- A statement of what succession planning means to the organization
- Step-by-step directives and resources for managing expected and unexpected vacancies in key leadership positions (transition plans)
- Set of board-approved policies specific to leadership succession and transition
- Accounting of current human resource practices that promote leadership continuity
- Specific strategies that support the organization's commitment to developing the pipeline of diverse talent needed to achieve its goals
- A process for communicating about transitions, plan dissemination, and periodic review of the plan

### Leadership Transition Types

BoardSource, the recognized leader in not-for-profit board leadership research, leadership, and support, describes five different leadership transition types: Sustained Success, Underperforming Organization, Turnaround, First Hire, and Hard-to-Follow Executive.<sup>2</sup>

## Definitions

**Succession Plan** – A risk management plan that focuses on human talent development and leadership continuity with a holistic view of the organization. Some organizations include key vendors or funders in their succession plans, if they are relationship driven and not included another risk management plan.

**Transition Plan** – defines a process and resources for transitioning from one leader to the next.

**Career Plan** – focuses on the development of key talent.

**Employee Retention Plan** – a plan to mitigate employee turnover and strengthen continuity.

**Short-term vacancy** – a period of time defined by the organization, for which an expected or unexpected vacancy would not have significant impact on staff, operations, or the organization.

**Long-term vacancy** - a period of time defined by the organization, for which a vacancy would have significant impact on staff, operations, or the organization.

**Temporary vacancy** – a position vacancy for which the holder is expected to return. Organizations determine the maximum length of time they can hold the position open without significant harm.

## **Sustained Success**

What happens when a leadership transition occurs when the organization is going well and achieving sustained success? In these situations, boards might be tempted to find a replicate of the executive transitioning out, but this is not necessarily a wise choice. The board should base its vision on where the organization is headed, not where it's been. For instance, an executive skilled at turning an organization around might not be the visionary for creating where the organization can go in the future. This is the perfect opportunity for the board to do a "deep dive" into the expectations for the new executive to make sure the job is doable and aligned with the organization's strategic goals.

## **Hard-to-Follow**

A founder or long-time executive is common in equine-assisted services (EAS) centers. A hard-to-follow leader can be a founder, an executive who has been in the role for over seven years, or even a founding or long-tenured board member. Transitioning past a hard-to-follow leader can upset the organization's culture, performance expectations, relationships, and perhaps even its structure, which can cause challenges for the board.

A transition in long-term leadership is an opportunity to bring fresh ideas, energy, and perspective to the organization's work. At the same time, it's a wonderful opportunity to acknowledge the legacy of the long-term leader, find a suitable new role for the outgoing leader, and honor their strengths. Boards and outgoing leaders should think long and hard about whether that new role should be a seat on the board. Moving to the board might set up a dynamic for the new executive that makes it difficult, if not impossible, to succeed.

## **Underperforming**

Worrying about the future and wondering if the organization's business model is accurate or needs changing is the hallmark of this transition type. This is the perfect opportunity for the organization to be brutally honest about the base problems of the underperforming organization. Those issues should be front and center when building the forward-thinking plan. It's a great time to reorient the executive's job to fit the organization's needs. It should be that breath of fresh air needed to give life to the organization.

## **The Scariest Transitions—the Turnaround**

Managing an organizational turnaround is not for the faint of heart. A turnaround is often required when an organization's performance or financial situation has reached a perilous state. It can also be necessary if there's some mismanagement or scandal involved.

A board should consider an experienced interim executive to help stabilize the organization. An interim executive is skilled at serving in a temporary role to assess the situation, reassure the staff, volunteers, and donors, create a plan for working through any financial challenges the organization might face, and assist the board in hiring and onboarding a new executive.

## **First Paid Leadership Position**

Leading a start-up or moving from an all-volunteer organization to one with paid leadership is an intense opportunity that might be overwhelming for a leader who hasn't faced that kind of challenge before. The board might consider choosing someone with that kind of experience as their first executive. Another alternative is to hire a temporary executive with relevant experience and a permanent executive once the necessary structure is established.

One of the most important tips is to manage expectations. Improved performance or greater impact from a heretofore volunteer organization takes time and won't happen overnight. Also, it takes time to build a successful program.

### **Helpful transition tips**

During leadership transitions, board members are often called on to be more involved in the organization's operations. It is crucial for the successful transition for board members to return to their governance roles and allow the new executive and their team to build the operational future together.

Sometimes, boards can become more reliant on the executive for work on governance and board meetings. An executive transition is a good time for the board to take ownership of those items that may have slid off their plates and onto the executive's. A transition team can be helpful to the board and the executive through the transition. This team often includes representation from key staff, volunteers, community members, and supporters.

The organization's communications during the transition are critical to the success of the new leader and the organization. An organization should always lead with transparency and provide as much information as possible in a straightforward and positive manner. Employees, volunteers, supporters, and the community will be reassured when they hear that a plan is in place and the future is bright.

Impartial coaching for both departing and incoming executives is important. If the board employs an interim executive director, this can be a good role for that individual. An executive transition is an excellent time to refresh an existing strategic plan and ensure the organization's priorities remain relevant to its success. Items may have shifted during take-off and landing!

### **Starting Suggestions**

Deciding where to start and how can seem overwhelming. Here are a few suggestions to make those first steps seem less daunting:

- Articulating the importance of leadership continuity to your organization's sustainability can be a good place to begin the journey.
- Consider who would be important to include in a succession planning work group and how to present the concept in a way that doesn't create panic or concern. Having an executive director create a draft transition or succession plan independently and then seek "buy-in" from other leadership is not as likely to be successful. Why? It is less likely to encompass different viewpoints, be remembered, or have much-needed ongoing engagement. This can result in not getting support for needed policies and resources, the plan not being used when needed, or shortcuts that ignore the emotional aspects of transitions.
- Locate succession planning resources. (You can find a few from the authors at <https://xanthusconsulting.com/services/succession-planning/>.) When searching, be aware that some succession plans are really position transition plans. Know the difference.
- Get clarity on plan components and terminology in context for your organization.
- Look at existing documentation, policies, decision-making guidelines, risk management plans, communication plans, and position descriptions to become familiar with them and identify potential gaps. If you don't already have one, a document that lists essential accounts, vendors, funders, names, contacts, passwords, and locations needed for key positions is critical. This will help pin down a timeline for the process.
- Identify the key leadership positions that, if vacant, would significantly impact the ability to operate or deliver services. Do not forget the board of directors.

- Discuss communication and dissemination plans for any vacancies and the succession plan.

Hopefully, now you understand why launching or strengthening your organization's leadership sustainability is one of the greatest gifts you can give, and the undertaking seems less scary.

## NOTES

1. Allison, M. (2002) Into the fire: Board and executive transitions. *Nonprofit Management Leadership*, 12(4), 341-351.
2. Tebbe, D. (2019) *Chief executive transitions: How to hire and support a nonprofit CEO* (2<sup>nd</sup> ed.). Washington, DC: BoardSource.

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