

## Successful Successions: A BoardWalk Guide

*Note: BoardWalk Guides are practical tools to guide nonprofit trustees and senior staff in tackling important (and, occasionally, urgent) challenges of leadership and governance. For other guides in this series, please visit [www.BoardWalkConsulting.com](http://www.BoardWalkConsulting.com).*

Turnover among board and senior staff members is a big issue for nonprofits, and it's about to become even bigger. Fifty-seven percent—better than one in two—of nonprofits surveyed in five separate studies we've reviewed<sup>1</sup> expect a change in leadership within five years of the survey date.

The projected turnover of board members is at least as great. A much cited study by Booz Allen Hamilton estimates 1.8 million new vacancies each year—on top of 1.2 million vacancies extant at the time of the study.<sup>2</sup>

The real talent deficit that is looming may be even larger. Although hard data is difficult to come by, at present there are around 12-15 million individuals filling some 15-20 million nonprofit board seats across the country. The majority of these board seats are held by baby boomers; that is, trustees born between 1946 and 1964. Unfortunately, there are roughly half as many Gen X-ers<sup>3</sup> available to take the place of retiring baby boomers. Even if older board members stay actively involved well past traditional retirement ages, the competition for successor board members is likely to be fierce.

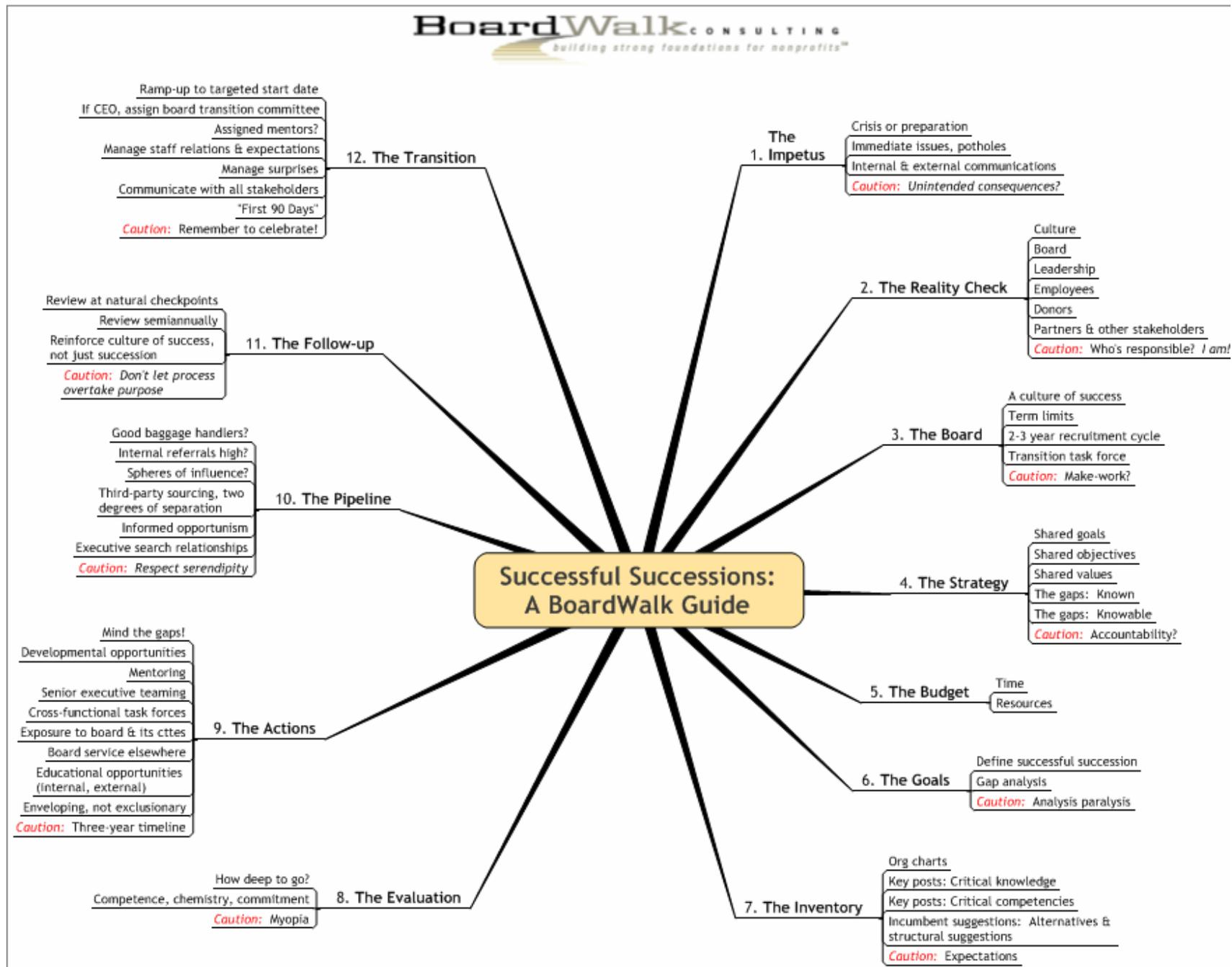
From a review of relevant literature and our experience with nonprofit leaders and board members, we have prepared the following template to guide your efforts to develop a meaningful succession strategy for your board or leadership team.

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<sup>1</sup> An average of the expected leadership turnover cited in separate studies by the Council on Foundations, Georgia Center for Nonprofits, United Way of New York City, Annie E. Casey Foundation, Maryland Association of Nonprofits. Expected turnover within five years of the cited study ranged from a low of 42% in the Georgia study to a high of 78% in the Maryland study.

<sup>2</sup> "Board Recruitment in the Nonprofit Market," by Booz Allen Hamilton and Volunteer Consulting Group

<sup>3</sup> 38-50 million Gen X-ers (depending on age range selected) vs. 78 million baby boomers



## 1. The Impetus

Your approach to succession management will of course be quite different if you have the opportunity to plan for it. Said differently, part of the reason for having a succession *strategy* in the first place is to minimize the impact of surprises.

Whether you are in crisis mode or preparation mode, several questions are essential: What are the immediate issues that must be dealt with? Are there potholes to be filled, gaps to be closed, funders to be alerted, colleagues to be consulted? Is public silence the best posture, or is full transparency called for? Since perception can become reality, context is key, and even a precipitous departure can provide the opportunity for strengthened relationships with your various constituencies.

## 2. The Reality Check

Probably the most important factor influencing the success of your succession strategy is the culture—the value system—of your organization. A hard-nosed business approach may be tough to sell in a social service environment, just as a touchy-feely or laissez-faire approach will be awkward for a society of engineers. The best plans are those that will work in the context of the organization at hand, not just in some theoretical workshop.

The role of the board is also critical (and is the subject of the next topic). In brief, precedents start with the board, and how the board acts on succession issues will determine how the rest of the organization does.

Some staff leaders and board members may be threatened by succession planning, as they feel forced to acknowledge their own limits. Others will embrace the initiative as a way of ensuring the organization's legacy (and, occasionally, their own). Whichever is the case in your nonprofit, succession planning offers the opportunity for a reality check for the organization. Its mission, its staff, its board and its supporters.

In the course of our work, we are often asked to meet with young professionals and graduate students. Among the advice we usually give: “If you don't take charge of your career, someone else will.” The same concept holds true for succession management.

### 3. The Board

As noted above, all precedents of note start with the board. If succession strategy is important to the board—and practiced *by* the board—it will be viewed as important by the rest of the organization. If the board pays lip service to succession, by ignoring issues of board development, for example, the rest of the organization will be slower to grasp why they should care about succession issues.

Best board practices are beyond the scope of this BoardWalk Guide, but a few tips are important to note:

- A nonprofit's culture of success emanates from the board. Strong boards attract supporters, expand options and enhance careers.
- Term limits for board service help ensure healthy rotation and self-renewal within the board. Since by definition they put an end date on a particular member's service, they also help reinforce the whole concept of succession planning at the board level. Term limits have many benefits, one of which is that they constitute a low-cost way to keep everyone focused on the need for a succession strategy.
- Transition task forces can be a useful tool for both planned and unplanned succession initiatives. If a small group of board members is routinely tasked to help the board support key transitions, then those transitions will be much less disruptive than they otherwise might be.

Several recent executive search clients of ours have established transition committees as part of the executive search process. Once the new CEO is chosen, the transition committee takes responsibility for smoothing the way, both internally and externally. Again, because the board takes the issue seriously, other constituents become more invested as well.

One risk to board engagement in transition management below the level of CEO is the prospect for make-work activities; that is, plans get crafted to meet presumed board needs rather than for their own intrinsic value to the organization. In general, the board is responsible for its own succession and that of the CEO; the CEO is responsible for developing and defending the succession plan for the rest of the organization.

## 4. The Strategy

Successful successions at the top of an organization require broad consensus on the core issues of goals, objectives and values. Full agreement is not necessary—some contention and dissention is constructive—but the overall direction should be clear (and clearly articulated), since movement without direction equals chaos.

It is generally unwise for a board to look to the next incumbent to address the big issues that the board itself has not grappled with successfully. At heart, strategy is best determined at the level of the board, even when it emanates from the office of the CEO, just as execution is usually the CEO's prerogative, even when it is being prompted by the board.

There are always gaps between vision and goals—that's the point of a vision, no?—and those gaps can be used to inform the succession process. As is often the case, the real question is one of accountability: If everyone is responsible for a goal, then no one really is. As in so many things, the board sets the tone, whether by design or default, even when the board may not realize it!

## 5. The Budget

As with any initiative, project or program, development of a succession strategy requires appropriate resources. Time is the scarcest commodity, but some money may be necessary as well. Unfortunately, succession planning falls easily into the category of ***Important but Not Urgent***—until a key role becomes vacant unexpectedly. Ideally, succession will be part of the normal, formal dialogue between the board and the CEO and the CEO and the senior staff. At a minimum, no performance review (even a review of the board itself) can be considered complete if it does not include a discussion of succession.

## 6. The Goals

Nonprofit organizations rarely have the bench strength to make succession planning as robust a reality as their corporate counterparts can, but lack of managerial resources should not become an excuse for not trying.

At the very least, all nonprofits can state what a successful succession strategy should look like. Here are some examples from actual nonprofits:

- “All candidates for appointment at the director level or above must have the potential for promotion to the next higher level.” If you make hiring decisions based solely on the need of the moment, you will miss a key opportunity to start developing tomorrow’s leadership. Not every role has promotion possibilities, but surely most of your senior people should. You should hire with future possibilities in mind, not just the status quo.
- “We have a back-up person in place or identified for every mission-critical role.” In other words, don’t wait until the time of a crisis to develop contingency plans!

If you are developing your first succession plan, start by analyzing the gaps in your most critical areas. The point here is to craft a plan you will actually use, not one that satisfies some arbitrary need for security. In short, don’t bring a \$10 solution to a \$5 problem.

## **7. The Inventory**

An effective succession strategy requires effort on the part of lots of people, not just the senior-most leaders.

Start with your organization chart, of course, but don’t forget to inventory your group’s knowledge and competencies in addition to its people. For many nonprofits, a lot of the institutional wisdom is held in individual heads, not in hard drives or filing cabinets. Your longest-serving employee knows more about relationships and processes than your newest employee is ever likely to. Now is the time to capture that knowledge (a side benefit: what you learn can make a great feature in your newsletter).

One key to succession planning is the opinion of incumbents. They should not be the only source of suggestions, but they should not be overlooked either, especially when it comes to spotting opportunities for improvements (if not, there may be another issue at work). The risk to some succession discussions, of course, is that they can raise expectations (or anxiety) about mobility, so the need for discretion is clear.

Don’t overlook external inventories. Donors, partners and vendors all have worthwhile perspectives to offer.

## 8. The Evaluation

Having conducted an inventory of resources, you are now ready to evaluate the succession choices available to you. Competence, chemistry and commitment will be central to your evaluation. The weight you assign to the three components may reflect your sense of urgency; in a pinch, you'll be tempted to take a warm body, whereas with lots of lead time you'll likely focus more on preparation for the next role. Just keep in mind that any choice you make will necessitate some trade-offs against the ideal; there are no perfect candidates.

Succession planning offers you the opportunity to be creative and strategic in your thinking, so resist the urge to pick the first alternative. Unless you're in crisis mode, a managerial opening offers the very real possibility of expanding your options by expanding individual horizons and capabilities. Myopia is not an asset here.

## 9. The Actions

As the Brits would say, "Mind the gaps." The whole point of developing a succession strategy is to anticipate the gaps you have or might have in the organization and then to develop processes and people to fill those gaps. As a larger entity-building exercise, succession planning may be without peer, as it gets everyone focused on what's next.

Among the opportunities you are likely to uncover, here are the more appealing:

- *Career development:* Who are your high-potential people, both on the board and within the staff? Whom might you have overlooked? Who may have topped out in their current role but might still offer significant potential in another? Who are your mission-critical folks? Who needs (or deserves) a mentor?
- *The management team:* What opportunities are you missing for executive teaming? Are silos a barrier to organizational progress or career expansion? Might your larger initiatives profit from cross-functional task forces? <sup>4</sup>
- *Board and staff:* Who gets exposure to the board, and whom does the board get to know?

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<sup>4</sup> See [The Five Dysfunctions of a Team](#), by Patrick Lencioni, for a fuller treatment of this common concern.

- *External service:* How many of your people offer volunteer service elsewhere, either at the board level or in some other substantive role? Are they learning from other organizations' experiences, or are they primarily home-grown? Are there natural alliances that could be furthered by such activities?
- *Education:* Do you routinely provide formal educational opportunities to your senior team, via either internal resources or external seminars and programs? Do you have a budget for staff education? Does your board budget include a specific sum for board education and enrichment?
- *Attitude:* Is your approach to employee development enveloping or exclusionary? That is, are you protective of your assets or supportive? Would your colleagues describe your nonprofit as a learning organization?

This is an extensive list for even the most sophisticated organizations. We suggest you tackle a three-year horizon for evaluating the progress of any changes you might implement.

## 10. The Pipeline

Succession planning also offers you the opportunity to assess your own pipeline for talent. One airline CEO we know told his people, "If you want to have terrific Vice Presidents on your team, you better have hired some terrific baggage handlers twenty years ago." Few nonprofits can take such a long view, but we think every receptionist, every program officer and every fundraiser ought to be hired with a view to larger roles than just the one being filled. Otherwise, you are already engineering your own turnover!<sup>5</sup>

The cheapest pipeline, and the most telling, is your own employee base. Are your current colleagues eager to refer their associates and networks? Yes, too much reliance on internal networking can risk promoting a homogenous culture, but internal referrals and promotions are a great sign of how compelling your current people find the work. The absence of such referrals is often an early warning sign of something being amiss.

In our executive search work, we routinely examine our client's needs with the goal of identifying other people and institutions who already have—or who could be led to have—a vested interest in the client's success. Your organization has cheerleaders, supporters, allies and other such parties with a vested interest in your success; are you tapping these sources on a regular basis. Enlightened self-interest is a powerful motivator, and the more such alignments you nurture, the more sources of support you will have for your work.

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<sup>5</sup> See [Good to Great and the Social Sectors](#), by Jim Collins for the value of getting the right people in the right seats on the bus.

Networking of this sort will create opportunities for what we call third-party sourcing, which is intentional tapping of your network's network. Collectively this approach facilitates a process of informed opportunism: The good people you know also know good people you don't, and your goal is to give them a reason (or an opportunity) to connect you.

For your more senior staff and board roles, an executive search firm can be a compelling resource. (Executive search is one of BoardWalk Consulting's core services for clients, and thus we acknowledge our own bias.) If you do use a search firm, be sure to connect with one for which work in the nonprofit space is a principal focus. Your search is too important to be left to an amateur or a dilettante! <sup>6</sup>

Lastly, don't get so focused on your requirements that you overlook a serendipitous opportunity to make a creative hire. Some of the most compelling finds will be those that differ in some fundamental way from what you thought you were looking for.

## **11. The Follow-up**

If you've been intentional enough about your succession strategy to get this far in our guide, then you will want to establish patterns for following up on the progress and impact of the various initiatives you're testing.

We suggest that you review your plan at natural checkpoints, such as the addition or loss of a key staffer or board member, the receipt of a major donation, the accomplishment of a major strategic goal. At the very least, succession should be a formal agenda item with your leadership team—staff and board—at least every six months.

Your goal should be to reinforce a culture of success—we all win here—not just one of succession. Just be careful not to let your process overtake your purpose. You are not building systems for the sake of systems but as a way to encourage the development of your people and the exponential growth of your organization.

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<sup>6</sup> For more on conducting a full search, see our article "12 Steps to a Successful Search," downloadable [here](#).

## 12. The Transition

Succession strategies endure their fiercest test when people and role change. As child psychiatrists know, it's the transition points in a split household that cause the most difficulty after divorce, and the same is true for management changes.

If notice is sufficient, the entire team will have time to ramp up to the anticipated change; if not, other dynamics apply. In either case, we find it useful in the very most senior roles to have the board (in the case of a change in CEOs) or the CEO (in the case of subordinate changes) appoint a transition task force to serve as mentors, guides and informal support mechanisms for the new player(s). Some clients actually designate an outside mentor, an *eminence grise* with deep ties to the mission who can stay above the day-to-day politics.

Whatever approach you use, the goal is to clarify expectations and minimize surprises, especially among your own people and your closest supporters. Accordingly, an atmosphere of open communications is key, whether with the management team or with external stakeholders. How you manage the first ninety days of a major transition will have lasting impact far beyond the immediate concerns.<sup>7</sup>

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<sup>7</sup> Two books worth a look for those taking on new leadership challenges: [\*\*The First 90 Days: Critical Success Strategies for New Leaders at All Levels\*\*](#), by Michael Watkins, and [\*\*You're in Charge--Now What?: The 8-Point Plan\*\*](#), by Thomas J. Neff & James M. Citrin. Both are written for a corporate audience, but both have much relevance to senior leaders in the nonprofit sector as well. For those joining the nonprofit sector for the first time, we find invaluable a new book by Laura Gassner Otting, [\*\*Change Your Career: Transitioning to the Nonprofit Sector\*\*](#).

## Conclusion

We offer this guide as a conversation starter, not a definitive treatment on the subject, and we welcome feedback on your own experience with succession strategies and processes. Transitions are major flex points for a nonprofit entity, and it is safe to say that no one has figured out the last best approach that will work for everyone.

If you would like help designing or executing your own succession strategy, please reach out to us at one of the contact points below.

Respectfully,

BoardWalk Consulting  
*“building strong foundations for nonprofits”* ®

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