



Fact Sheet: Executive Director/CEO Succession Planning

January 27, 2022

Why succession planning?

- What would happen to your community foundation if your ED/CEO is unable to be at work for 3 months?
- What would happen to your community foundation if your ED/CEO left with minimum notice?
- What would happen to your community foundation if your ED/CEO, who had led your organization for many years, decides to retire or move on to another organization?

The answers to these questions speak to the importance of having an ED/CEO succession plan in place. These plans help to mitigate many types of risk including reputational, financial, regulatory, strategic, operational and programmatic. Developing a succession plan also demonstrates responsible leadership throughout the organization, to your stakeholders and to the community at large. It's just good business practice.

Issues of concern

Understanding some of the issues around succession planning will help the Board understand the risks inherent with not having a formal succession plan. Addressing these concerns or fears will help the Board put in place the necessary mitigants when developing a succession plan:

- fear of losing ground and diminishing what has been built up over time with programs/services and funder/partner relationships
- finding a qualified successor due to organizational complexity/demands of the job
- not having a successor identified from within
- loss of history/lessons learned and big picture perspective
- high cost or lack of resources to hire a qualified person



- inability to attract top candidates due to competitive pay and benefits elsewhere
- organization will need to hire more than one person to replace ED/CEO
- maintaining strong fiscal management

Getting your ducks in a row (aka being prepared)

Include review of the plan in the annual risk assessment process and consider the following factors.

Organizational sustainability

- The ED/CEO is only one part of the leadership fabric of the organization. Succession planning needs to include planning for other key management and Board roles. This requires keeping in mind the sequence of departure of multiple key members of the organization, e.g. the retirement of the founding ED/CEO. Expect succession planning to be an iterative process.
- Explore opportunities to build succession planning into existing organization processes.

Annual review

- Minimize threat perceived by Board or ED/CEO by creating succession planning process as standard business practice. Embed with other annual review processes such as ED/CEO performance evaluation, annual risk assessment or other.

Leadership development

- Ongoing practice to identify, recruit and develop individuals with the necessary skills to carry out the vision.

Assure sustainability during transition

- ED/CEO assures that systems are strong for maintaining regulatory compliance and back-ups are in place for critical operational functions. The ED/CEO needs to identify his or her priority functions and create delegates.

Departure defined

- Identifying the forward moving goals and determining the skill set required while building the capacity of organization's leadership and operations to sustain beyond the current executive's tenure.

Annual ED/CEO review

- Conduct annual performance evaluations that include a review of the current job description, emergency succession plans and efforts to develop other leaders.



- A succession plan will mature with use and reflection. As ED/CEO gains more experience in their role and as your organization changes, it is important to review and revise the plan.
- Annual performance review should include discussion about succession planning (vacation, emergency and long-term)
- Create a routine review of the long-term succession plan and ED/CEO job description with the Board's each year.
- Ensure job description aligns with strategic plan and is reviewed annually and updated, if needed

Employment agreement

Use Employee Agreement to stipulate the required notice and transition period.

Retirement:

- Minimum of six months' notice
- Up to two years, with the first year as internal
- Planning with Board and made public in second year

Resignation

- Balance between individual and organization's needs with a minimum of 90 days.

Transition

- Explore opportunity to keep departing ED/CEO on a 'retainer' for off-site consultation with incoming ED/CEO for a time-limited period.

Short-term/emergency succession plan considerations

What is the Board's definition of short-term/emergency time frame for enacting this process?

Include review of authorized signers, Board Policy on second and third in command, list of planning documents, list of regulatory compliance documents.

Ensure key leadership and administrative functions can continue without disruption in the event of an unplanned, temporary absence, including

- Key deadlines (for grants, reports, regulatory reports, etc.)
- Key contacts (funders, donors, legislators, auditor, suppliers/vendors, volunteers, etc.)
- Passwords and account numbers
- Emergency contacts for staff and Board members



- Details of programs with links to documentation
- Details of operational and administrative practices with links to documents

Is there a need for an Acting or Interim ED/CEO?

Key questions to ask:

- What is the Board's definition of 'interim' for enacting this process?
- What is the ED/CEO departure situation that informs this need (i.e. resignation, retirement)?
- In the absence of the ED/CEO will an Acting or Interim ED/CEO be appointed? If not, how will the current responsibilities of the ED/CEO be handled?
- If so, who or what position becomes the Acting ED/CEO? (options: promotion of one staff to this role, staff work as a team under leadership of Board Chair, hire an individual on a part-time contract). Any other options to consider? What's the risk and what mitigants are in place to manage the risk?
- What is the period of service?
- Whether internal candidates are accepted?
- What are the attributes of typical candidates?
- What are the key points to consider when recruiting a temporary candidate?
- Whether acting/interim ED/CEO be a candidate for permanent position?
- What functions will the Acting ED/CEO be responsible for undertaking?
- What will be the compensation?
- What is their authority?
- What training is in place for the Acting ED/CEO?
- What oversight/support is needed for the Acting ED/CEO?
- How will key stakeholders be notified?

Internal vs. External: An interim ED/CEO can be internal or external and have a varying expected duration. Interim ED/CEOs allow the Board time to prepare for the ED/CEO Search.

Internal Interim ED/CEOs usually provide short-term operating support. Major changes are typically suspended during this time. External Interim CEOs may be used to prepare the organization for a major change to operating practices or prepare for a merger. It is key to note when recruiting an interim ED/CEO on whether they are eligible to apply for the permanent position.



Board HR (or newly created Transition) Committee

During the Interim ED/CEO tenure, the Board HR or Transition Committee should increase the frequency of its meetings to lend additional support and increase communication to stakeholders.

Implementing succession plan:

Suspend organizational change

Suspend major organizational changes, including strategic planning, position changes, compensation packages and reorganization during transition.

Create a search framework

What are the skills, experience and expertise required to move the organization into its aspirational strategic direction?

Is this a time to disrupt the culture of the organization or maintain the organization's culture? Maintaining the organizational culture is more likely achieved with an internal candidate.

What is the desired reputation the incoming ED/CEO will have with the organization's key stakeholders?

Does the departure of the ED/CEO provide an opportunity to merge with another organization?

Role of Board

- *Strategic plan:*
 - Board needs to understand how having a succession plan in place is a risk mitigant
 - Recruitment process overseen by Board members (could be HR or a Transition Committee)
 - Board must be alert to emotional dynamics throughout the succession planning process

- *Clarity on role of Board (on going vis a vis ED/CEO) and during transition:*
 - Transition Framework:
 - Board and ED/CEO discuss departure
 - Board appoints Succession Planning Steering Committee
 - Committee meets and plans departure announcement
 - Board chair meets with staff



- Organization announces departure publicly
 - Committee holds planning session with staff
 - Board holds strategic review and leadership planning meeting overseen by Committee
- *Succession Planning Steering Committee:*

This Committee should consist of at least two Board members including the Chair as well as the CEO. Their responsibilities would be to conduct an organizational assessment, formulate key issues to be addressed during succession planning, and help design a working session for the Board (and staff) where the Succession Plan will be developed.

Amongst other things, the organizational review and assessment will include the following:

- Most recent strategic plan
- A statement of guiding principles
- Any documents reflecting recent organizational assessment
- Annual work plans of ED/CEO and most recent financial statements
- A review of Article of Association
- Job descriptions for ED/CEO and Board Members
- Annual Report
- Any documents on file reflecting succession planning

The Committee would develop a general framework for succession planning to facilitate future dialogue to determine which issues will be the major focus of the succession planning work session.

The Committee will meet to review the assessment (the priority issues that will be addressed in the work session) and finalize the succession planning work session agenda. They will also determine what needs to be in the work session meeting packet and what preparation participants must do before the session.

The work session should be no more than a half day involving all Board members and staff to identify the foundation's key strategies and actions that will comprise the succession plan. Suggestions include an opportunity to share stories of the foundation “at its best” as a vehicle for surfacing core values that the staff and Board would like to carry forward through a leadership transition.

Based on the work session, the steering committee will produce a draft succession plan and review it at a subsequent Board Meeting to gather any further input in order to



finalize the plan. The steering committee would be responsible for facilitating Board adoption and distribution of the final plan.

Search/hiring process

- Committee holds meetings to develop a job profile and search plan, which may include hiring/managing 3rd party firm to manage the search process (note: make sure the firm understands your culture, Board and strategic direction).
- Committee launches search and schedules periodic check-in meetings.
- Committee holds a resume review meeting.
- Committee conducts round one interviews (conducted by Committee).
- Committee holds a second planning session with staff.
- Short listed candidates visit the office and meet with staff.
- Round two interviews (conducted by ExecutiveLeadership).
- Board meets to ratify new ED/CEO.

CEO transition

Overlap between CEOs

- The existing ED/CEO vacates the on-site office from Day 1 and remains available, on-site as needed, to facilitate the transition of official documents, orientation to office logistics, introductions to stakeholders, etc.
- Duration of periodic onsite activities is likely to be between one to four weeks based on the entering ED/CEO's familiarity to the organization and community.

Technical Assistance

- Existing ED/CEO may stay on a retainer to be consulted as needed by the new ED/CEO in an advisory capacity.

On-Boarding/orientation



- Committee begins planning for on-Boarding process – **see Appendix for sample on-Boarding process**
- Organization announces new ED/CEO
- ED/CEO starts work
- Orientation/post-hire process begins
- ED/CEO completes 90-day plan and engages in 90-day-check-in-review
 - Identify how the incoming ED/CEO will be supported to develop necessary knowledge and skills
 - Six-month evaluation
 - Annual performance evaluation of ED/CEO

Resources:

[A Timeless Toolkit for Executive Succession](#) (Board Effect)

[Acting & Interim Chief Executives](#) (BoardSource)

Community Foundation of Northwestern Alberta CEO Succession Plan Policy

[Executive Transition Timeline](#) (BoardSource)

[Guide to Nonprofit Succession Plan with Sample Plan](#) (Nonprofit Leadership Centre)



APPENDIX

NEW EXECUTIVE ONBOARDING TRAINING PLAN

Setting up the transition for success requires thoughtful investment of the current ED/CEO and Board of Directors time. Executive transitions call on the Board to step up to a higher level of engagement and to lead the organization through a crucial period that will determine its future course.

When a lax onboarding process leaves the new executive struggling to succeed, the organization squanders a crucial learning opportunity and diminishes its effectiveness.

Helping a new executive succeed starts well before that person is hired. The Board needs to be clear about where the organization is headed before recruiting begins. Think three to five years down the road about potential growth, restructuring, new programs, or strategies.

Taking stock of the organization can also help the Board identify any tough choices that it might want to address before the new executive takes over.

Boards can also help facilitate a connection between the incoming and outgoing leaders, even before the new executive starts. It is encouraged to establish weekly appointments with the executive prior to officially starting. New executives are encouraged to build a comprehensive agenda of different topics to develop a learning plan and an action plan. What was I going to do with my first 30, 60, 90 days? What I was going to say in my first staff meeting?

Current ED/CEO and Board Chair to provide information sessions on:

| Topic | Responsibility of | Date Completed |
|---|-------------------|----------------|
| <p>History of the Organization</p> <ul style="list-style-type: none"> <input type="checkbox"/> Organization and the “WHY” <input type="checkbox"/> Overview of Operations <input type="checkbox"/> Organizational / Board / Staff structure <p>Governance</p> <ul style="list-style-type: none"> <input type="checkbox"/> Certificate of Incorporation <input type="checkbox"/> CRA Registered Charity documents <input type="checkbox"/> Board Governance Policy | | |



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| <ul style="list-style-type: none"><input type="checkbox"/> Imagine Canada Accreditation (if relevant)<input type="checkbox"/> Board and Employee Contact Information<input type="checkbox"/> Policy Manual<input type="checkbox"/> Vision, Mission, Principals and Values of the organization both locally and nationally<input type="checkbox"/> Board and committee roles and responsibilities, as well as, Terms of Reference Manual<input type="checkbox"/> ED/CEO board reporting process and risk management reporting <p>Strategic and Business Plans</p> <ul style="list-style-type: none"><input type="checkbox"/> Annual Calendar<input type="checkbox"/> Special projects, ie Vital Signs, Community Foundations of Canada special programs <p>Risk Management strategies</p> <p>Financial Management</p> <ul style="list-style-type: none"><input type="checkbox"/> Most recent Audited Financial Statements and T3010 Filings<input type="checkbox"/> Internal processes and controls<input type="checkbox"/> Monthly and annual reporting<input type="checkbox"/> Budget management<input type="checkbox"/> Investment management<input type="checkbox"/> Asset's overview and investment structure<ul style="list-style-type: none">o Endowment portfolioo Flow through portfolioo Operational funds and cost recovery feeso Grants <p>Administration and internal controls</p> <ul style="list-style-type: none"><input type="checkbox"/> Board / Committee Calendar<input type="checkbox"/> Organizational chart<input type="checkbox"/> Staffing roles and responsibilities<input type="checkbox"/> Database and/or software program<input type="checkbox"/> Human Resources Procedures<input type="checkbox"/> Passwords and inventory of systems and programs<input type="checkbox"/> Facility lease agreement and relationship | | |
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| <p>Grant Management</p> <ul style="list-style-type: none"><input type="checkbox"/> Process and procedures<input type="checkbox"/> History<input type="checkbox"/> Focus and/or priorities <p>Stakeholders</p> <ul style="list-style-type: none"><input type="checkbox"/> Donors, fund holder relations and stewardship<input type="checkbox"/> Committee members<input type="checkbox"/> Founders and Ambassadors<input type="checkbox"/> Government – municipal, provincial and federal relations and partnerships<input type="checkbox"/> Investment manager<input type="checkbox"/> Community Foundations of Canada<input type="checkbox"/> Colleagues across Canada<input type="checkbox"/> Media<input type="checkbox"/> Local partners | | |
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