

Succession planning for nonprofits: a key piece of the transition puzzle

Succession planning is vital to maintaining an organization's stability and safeguarding its future. It provides leadership continuity, reduces operational disruptions, and allows for rational responses during times of both opportunity and crisis. Much like strategic planning, you're putting a plan in place that will ensure a smooth transition when needed. Yet, many nonprofits fail to have that plan ready when the time comes.

To offer some first-person perspective on this important issue, Heritage Bank of Commerce's (HBC) Celeste Drake, senior vice president of Nonprofit Banking; and Ervie Smith, nonprofit consultant and industry expert working with HBC, spoke recently with several local nonprofit leaders. They discussed the importance of succession planning for key leadership positions and nonprofit boards, and shared insights into best practices for starting the process and who should be involved. Participants included Dawn Hogh, executive director, Cancer CAREpoint; Michele Lew, CEO, The Health Trust; and Robert Raffo, board chair, Center for Excellence in Nonprofits (CEN), as well as audit and advisory partner, Hood & Strong.

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TABLE OF EXPERTS



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Here are some excerpts from the discussion.

What is the history and current state of succession planning in your organization?

Dawn Hogh

Soon after I joined Cancer CAREpoint, our executive director was planning an extended vacation and that's when he started a conversation with the board about both emergency and transitional succession planning. The board and the ED approached me about being the interim for both of those periods. We're now starting a new process and having the conversation about what a succession plan should look like for both the emergency and the transitional scenarios moving forward.

Michele Lew

Succession planning has to be a partnership between the executive director and the board. As executive director, my role is to draft the plan for the board to review and refine. We must make sure that succession planning is regularly on the agenda at our board meetings, so that the plan doesn't just sit on the shelf but instead receives periodic reviews.

Robert Raffo

Center for Excellence in Nonprofits recently went through a transition with our CEO, and the idea of succession planning came from her. We were very fortunate because when she hired directors, she hired people that she would share her responsibilities with so they knew exactly how the organization ran. When our CEO did need to transition out, the succession plan was implemented. Even though it was created for an emergency situation, it was something that was able to be put into place for a permanent transition.

Our board also has a succession plan in place. Every year we have a board survey and every other year we have board interviews. We do this with the idea of making sure we have future committee chairs and future officers identified.

How do you build talented leadership from within your organization to become internal candidates for board or key staff succession?

Dawn

A board succession plan is really important. We look at how we are going to keep the board leadership growing as we recruit new board members. I think it's a great idea to formalize that as part of the governance and executive committees and get that going in terms of a written plan, too. Key staff is something I focus on all the time. It's really important to be thinking about the possibility of transitions so that you're not caught by surprise without a plan. The performance review process is a way that we do that. We identify the goals of the individual and the organization, and how we can meld those together to keep developing people in the organization, or transitioning new people into the organization who can fill those roles. It's part of our inherent process.

Michele

Organizations need to get more intentional and explicit in talking about board succession planning. At The Health Trust, we have an active board recruitment committee that is having these conversations for the board. At the staff level we have been intentional about creating more professional development opportunities. We train managers on understanding budgets and putting together financials. We also bring department heads together so that they can learn from each other and potentially fill in when people have to take emergency or planned leave.

What was involved in CEN's successful transition process between outgoing CEO and the new CEO?

Robert

At the end of March, the CEO notified me as board chair that she was going to be leaving for personal reasons. I notified the executive committee of our board and we met formally with the CEO to discuss certain issues. We then had a board meeting and announced to the board that the CEO was transitioning out. At that point, the board discussed the most effective way of dealing with the transition, which was to set up a transition committee that met with the CEO. Together we drafted a job description for the CEO position based on where the organization is today and business forecasts three years from now. There was some division on the board between whether to do an internal or an external search. We decided to start internally. We talked to the directors in the organization and two of them had been identified as potential successors to the CEO in our emergency plan. One of the individuals rose to the level of interest and ability. We determined that the emergency plan we had in place was going to work and the idea was to see if that interim successor wanted to take on the role full time, which she did.

The new CEO took over on August 1, so it was a very nice transition period. Because there was crossover between the outgoing CEO and the successor, the two of them started working together very closely. Plus, I was already meeting with the existing CEO on a weekly basis. When the new CEO was identified, she joined our meetings so that on August 1 it was a very easy and seamless transition into that CEO role.

What cautionary tale can you share about an organization that did not have a succession plan or the plan failed in creating a smooth transition?

Dawn

I once worked at an organization where the CEO left abruptly and the communication was not very good between the board and the remaining staff. As far as I could tell, there was no emergency succession planning or transitional succession plan. A lot of productivity was lost because it wasn't clear who was in a position to make decisions. It really ground the organization to somewhat of a halt until the board defined an interim operating plan. It caused a big disruption to the work of the organization.

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Michele

One lesson I learned the hard way was the importance of good, internal communication in a succession plan. In my former ED life, after 10 years I decided it was time to move on. I met with the board chair one-on-one to share my plans. We decided that the next step would be for the board to hold a special session to talk about next steps. In the short time it took me to drive from that meeting back to the office, the board chair had contacted some staff to help set up the special board meeting. In those conversations with staff, it became clear why they needed a special board meeting. When I returned to the office, I walked into a bunch of shocked folks who had already heard that I was leaving. It was not how any of us planned for the news to be shared. I should have thought about this ahead of time and figured out how we were going to do the internal logistical planning. It's not a mistake I will make again.

How did the CEN board communicate with staff and donors on the change of leadership?

Robert

The transition committee prepared a timeline for everything that had to occur during the transition, including communication to staff and donors. We were very careful about the order of all of this because we had a major event coming up for the organization and we did not want the emphasis to be on the CEO transition. Prior to the event, once we had chosen the new CEO, we had meetings with the staff and informed them of the changes. It was a very smooth transition. We then notified certain major donors. The outgoing CEO and the new CEO met with these donors one-on-one so they were aware of what was happening and knew the person who would be taking the reins. At the end of the event, we had a little teaser about more news coming from CEN in the next week. During that week we met with the rest of our donors and then made the public announcement.

We positioned the transition as a strength for the organization, and made it clear that we had this plan in place. There was a lot of discussion about how and when we were going to communicate this transition to all parties involved, including staff. The board was concerned that if donors, staff or constituents heard through the grapevine and not through a formal announcement, the transition would be received poorly. We gave a lot of thought to timelines. Our transition team did a great job in outlining all of that.

Why do many nonprofits avoid or hesitate to discuss succession planning?

Michele

When the topic of succession planning comes up, people often think that a successor has to be named. In reality, you can design a succession plan without having a specific individual in mind to take charge. Getting over that hurdle is one barrier that can get boards and executive directors on the right path.

Dawn

Succession planning can feel like a big task to take on when you consider all of the components, including the board, executive director and key staff members. If we break the process into chunks, it becomes more manageable and not quite so intimidating.

Succession planning is essential for any nonprofit organization striving to achieve its mission. Learn how the team at Heritage Bank of Commerce can help you figure out this important piece of your transition puzzle. Email us at NonprofitServices@herbank.com.

Find nonprofit leadership resources, materials and trainings, including help with developing and implementing effective succession plans.

- **Center for Excellence in Nonprofits**
www.cen.org
- **Silicon Valley Council of Nonprofits**
www.svcn.org
- **BoardSource**
www.boardsource.org
- **CompassPoint**
www.compasspoint.org



“We are growing an organization with big dreams and an even bigger vision of what is possible for our community. Our partnership with Heritage Bank of Commerce has been important to our growth and sustainability. They are helping us continue to be there for our clients in their time of need.”



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