Sustainability, Succession, and Transition Planning 101: 
Best Practices in Sustainability and Succession Planning and 
Leadership Transition

Tom Adams, Raffa P.C.

About Tom Adams

Former President of TransitionGuides
Former senior executive of NeighborWorks America

Led research projects supported by the W. K. Kellogg Foundation and the Annie E. Casey Foundation on nonprofit leadership transition and succession

Author of articles, monographs and recent book The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations

#OFNCONF
About Raffa, P.C.

Focuses on making the world a better place

Contributes to client’s abilities to achieve their missions and deliver their promises to the world.

Keeps organizations compliant, effective, and efficient with practical back office support and deeper strategies that create sustainability

Provides expertise in consulting, accounting, nonprofit search, and technology services that help advance client’s organizational missions.

RAFFA, P.C.
1899 L Street, NW,
Suite 900
Washington, DC 20036
(202) 995-7245

Learning Objectives

- Learn how leadership, strategy, resources, and culture come together to influence organizational sustainability
- Discover the three types of Succession Planning and the benefits of each type.
- Explore the executive transition process and considerations relative to internal succession for a chief executive.
Why do YOU DO this work?

Coming to Terms with Change

TRANSITION

New Beginning:
- Commitment
- Rebirth
- New Energy
- New Sense of Purpose

Neutral Zone:
- Confusion
- Direction Finding
- Re-patterning

Ending:
- Loss
- Letting Go
- Relinquishing Old Way
- Old Identity

What is Sustainability?

How is it **DIFFERENT** than stability or vitality?

Stability, Sustainability & Vitality

**Vitality**
- Exuberant strength or vigor. Capacity to live, grow and develop. Powerful.

**Sustainability**
- Strong organizational fundamentals in place that enable the nonprofit to be a high-value asset over the long term.
- Prerequisite for true vitality.

**Stability**
- Basic level of health. Firmness. Enough resources to carry out short- to mid-term activities.
- Prerequisite for sustainability.
Four Core Elements of Sustainability:

**Business Model/Strategy**

*Business Model:* How the organization creates and delivers value, and finances the value-creation process.

- Has at least 5-7 years of life in front of it.
- Built on quality services. Needed by clients. Valued by donors/funders.

*Business Strategy:* A coordinated set of actions aimed at creating and sustaining a market position in order to carry out your nonprofit’s mission.

- Is there a strategy in place? Is it written?
- Does it position the organization to meet future needs and demands?
- Are the board and staff aligned with it and about it?
Four Core Elements of Sustainability:

**Leadership**

- Leadership in place to meet current and future needs
- Succession plans for top leadership
- The Board is a high-value asset to the organization
- The Board’s work adequately covers its three core roles:
  - Shaping mission and direction
  - Ensuring leadership and resources
  - Monitoring and improving performance, including its own
- Strong, positive relationship between Board and executive
- Diversity plus cultural and intergenerational competence

---

Four Core Elements of Sustainability:

**Resources**

- Financial resources: sufficient, diverse, well-managed
- Physical assets (facilities, campus, etc.) are maintained
- Human resources (staff, volunteers) are sufficient, stable, engaged
- Technology aligns with the business model
- Reputation/brand: understands its reputation in the community
- Proactive resource development strategy in place
- Good stewardship of hard assets AND building soft assets
Four Core Elements of Sustainability: **Culture**

- "Sacred values" clear to board and staff
- Decision-making authority defined
- Agile and resilient
- Agreement on commitment to diversity and inclusion
- Culture and future direction aligned
What Is Succession Planning?

Why Plan for Succession?

- Ensures Organizational Sustainability
- Increases Transition Success
- Mitigates Risk

Gets us beyond the simple truth that we avoid:

All careers eventually lead to a transition…
It’s just a matter of when and how well managed
Succession Planning: Three Approaches

1. SUCCESSION ESSENTIALS
   - Executive Backup Plan
   - Succession Policy

2. LEADER DEVELOPMENT
   - Proactive Talent Management

3. DEPARTURE-DEFINED
   - Succession Essentials
   - Sustainability Planning

Succession Planning: Essentials

The “Essentials”
Emergency Backup Plans
and
Board Adopted Succession Policy
Succession Essentials: Emergency Backup Plans

**BENEFIT:**
Ensures Continuity

- Understand Key Functions & Relationships
- Designate Backup Coverage
- Cross-Train Backups
- Develop Procedures & Protocols
- Document Succession Plan & Policy
- Prioritize Capacity Building
- Communicate the Plan
- Refresh Annually

**Emergency Backup Plans for:**
- CEOs
- Senior Management

---

Succession Essentials: Succession Policy

- Board-adopted policy

**BENEFIT:**
Ensures Board Agreement

- Outlines how to handle a planned executive departure
- Statement of commitment:
  - Prepares for inevitable leadership change
  - Assesses leadership needs before beginning a search
- Plan to appoint interim leadership

---

#OFNCONF
Succession Planning: Leader Development

BENEFIT:
Broadens and Sustains Leadership Capacity & Builds Bench Strength

GOAL
Increase organization’s capacity to deliver its mission under new leadership, whenever the transition occurs

OUTCOMES
• Capacity-building plan strengthens the four critical elements of organizational sustainability
• Succession policy outlines the board’s policies & roles for a chief executive transition
• Backup plans and cross-training for continuity
Why do Sustainability and Succession Planning?

- Ensures continuity
- Builds bench depth and internal capacity
- Key responsibility of top leadership; can’t be delegated
- Best if involvement is broad-based and connected to ongoing succession planning
  - Minimizes crisis of an unplanned absence
  - Identifies “organizational gaps” in coverage
Where to Start?

- What from this discussion would add value to your organization?
- Who would need to be convinced of the value and importance given other competing priorities?
- Who might you see as an advocate or champion?
- What would help make the case clear and compelling to act now or at a later date?
- What is the biggest barrier to action?
- What is your next action?
CEO Process Overview

**Preparation**

Ensure The Organization Is Ready To Search/Hire:

- Organization is stable: financially, politically, emotionally
- Smart, committed & available chair & committee
- Take the time; understand current & future leadership needs
- Requires assessment, reflection & planning

Outcome: Increased capacity to deliver organization’s mission under new leadership.
Preparation
Ensure The Organization Is Ready To Search/Hire:

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?

Personal Considerations

Factors to Consider:

- Retirement/financial readiness
- Clarity and enthusiasm for what’s next?
- Exit Planning and option of exit agreement with Board
- Your role during and after transition
- Timing considerations
**Individual Planning**

*Trouble Letting Go*

Leading the Organization

- Percent of CEO's Energy
- Succession Begins → Succession Ends

Adapted from *Succession: Are You Ready?* by Marshall Goldsmith

---

**PERSONAL PLANNING**

*Effectively Letting Go*

Leading the Organization

- Preparing the Organization
- Creating a Great Rest of Your Life

Succession Begins → Succession Ends

Adapted from *Succession: Are You Ready?* by Marshall Goldsmith
Timing Considerations

- **When to start sustainability and succession planning** - now, make part of annual planning
- **How to introduce early planning** - best practice about organization, not you
- **When to announce** - typically 9-12 months before departure date (set firm date)
- **How long does search/transition planning and search take** - typically 6-9 months
- **How long is overlap period with successor** - depends on situation, usually shorter than you or board imagine

Framework for Boards & CEOs

**Social Contract**
An agreement between people, setting out the rules for interaction and spelling out acceptable behavior by mutual consent.

**Board-Executive Social Contract**
The purpose is to align the team’s energies toward the goals.

**Leadership Agenda**
- Priorities
- Arts
- Aspirations
- Goals
Board and Executive Relationship

1. Establish clear priorities

2. Clarify roles & expectations
   • Executive’s expectations for the board
   • Board’s expectations for the executive
   • Touch points & overlaps (can be sources of tension)

3. Have a plan for ongoing monitoring & periodic evaluation of performance
   • Executive’s performance
   • Board’s performance

3 Success Factors

Resources

ANNIE E. CASEY FOUNDATION MONOGRAPH SERIES

Building Leaderful Organizations
Ready to Lead? Next Generation Leaders Speak Out
Capturing the Power of Leadership Change
Founder Transitions: Creating Good Endings and New Beginnings
Interim Executives: The Power in the Middle
Up Next: Generation Change and Leadership of Nonprofit Organizations
Stepping Up, Staying Engaged (Boards During Transitions)
Next Shift: Beyond the Nonprofit Leadership Crisis

AVAILABLE ONLINE AT:
www.Raffa.com/NewsandResources/Publications
Resources

The Nonprofit Leadership Transition And Development Guide Includes:

- Leadership Transition and Leadership Development
- Strategic Succession Planning
- Three Critical Stages of Transition
- Fortune 500 Talent Management Methods

Order via Amazon.com

- Kindle Edition: $25.49
- Paperback: $34.29

The Next Steps Workshop

Nonprofit CEOs
A Next Steps Planning Workshop

Sustainability, succession, and transition planning for founders and long-tenured executives

January 25-26, 2016 – Washington, DC

More information: Melody Thomas
mthomas@raffa.com
(202) 955-7242
Thank you