



Leadership Transition Planning

How Boards & CEOs
Must Plan

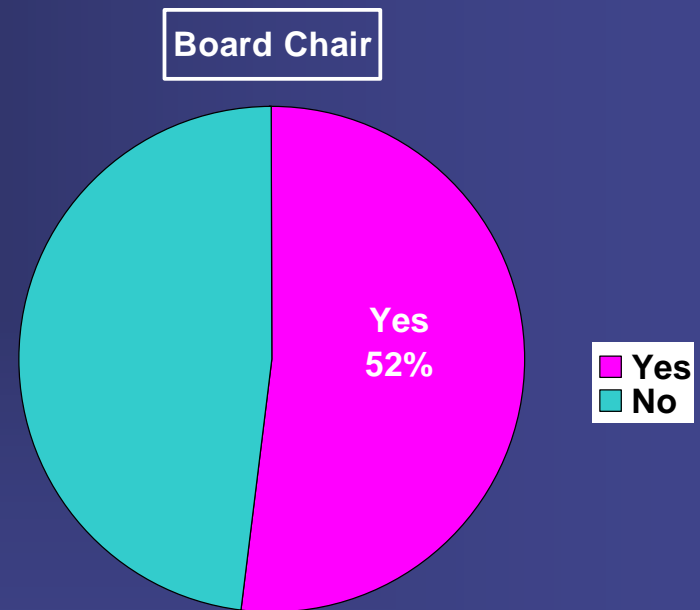
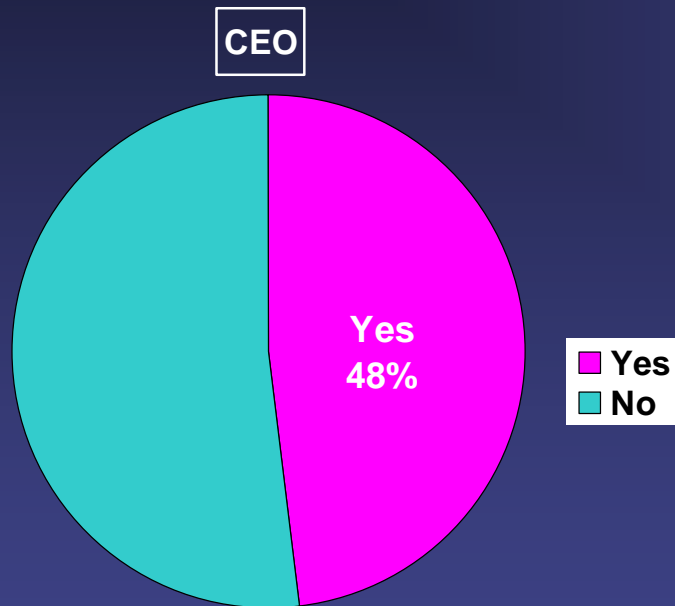


The need for nonprofit organizations to design and implement leadership succession planning has never been greater...

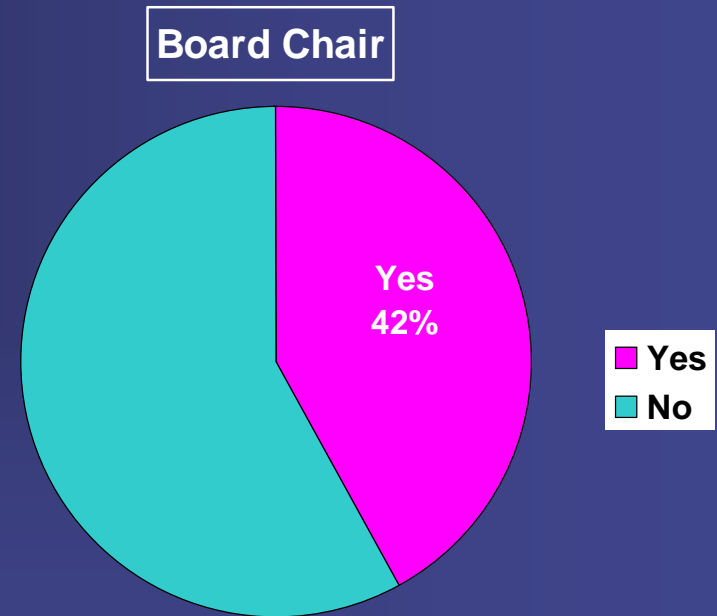
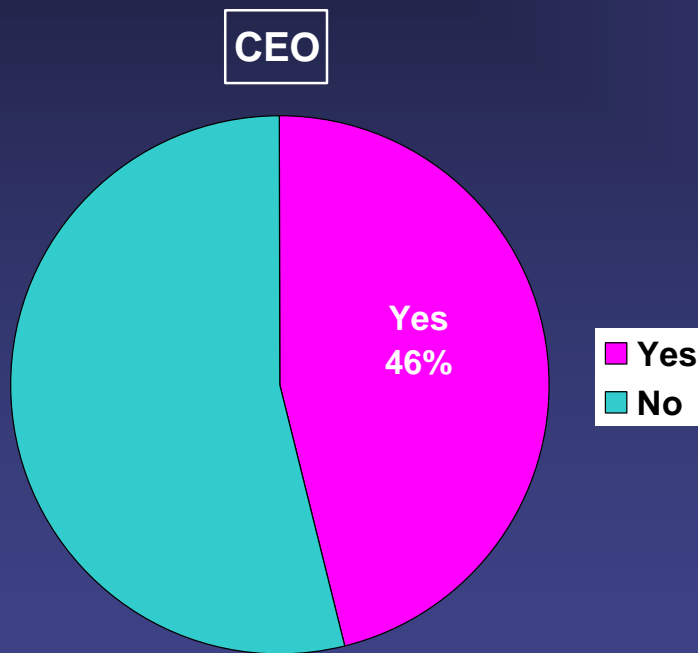
- From 1996 to 2006, the number of people between the ages of 55 and 64 in the US increased by 54%.
- A national leadership study completed by the *Annie E. Casey Foundation* in 2004 confirmed that Baby Boomers account for nearly 73% of the chief executives of nonprofit organizations and that 55% are over 50.
- These Baby Boomers are going to leave the sector in two waves: the first starting in 2010 and the second starting in 2020. A little over half of the Boomers (57%) in Executive Director positions are planning on leaving by 2010. Nearly 85% plan to leave during the next 7 years.



Have you discussed the issue of planning for a successor?

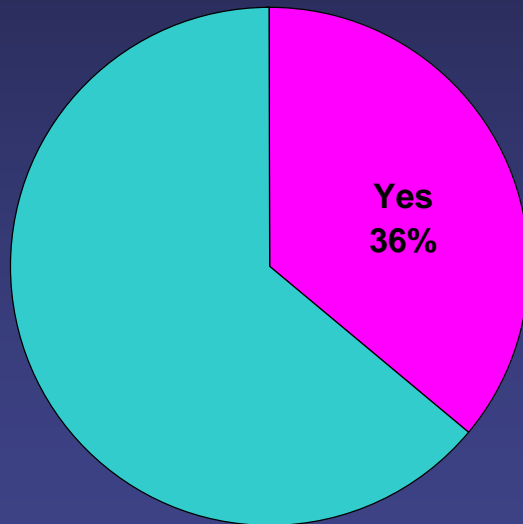


Did that discussion lead to the adoption of a written leadership transition plan?



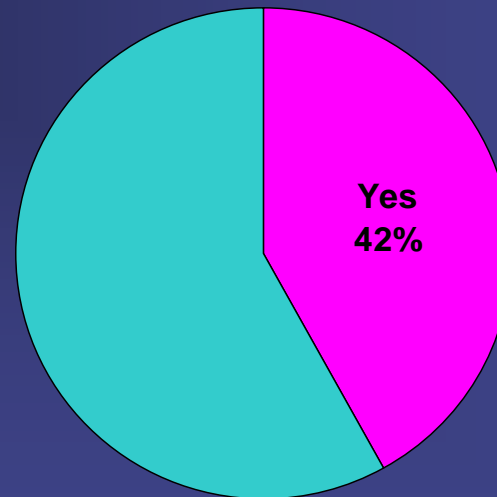
Do you have a “# 2 Person” in your Organization?

CEO



Yes
No

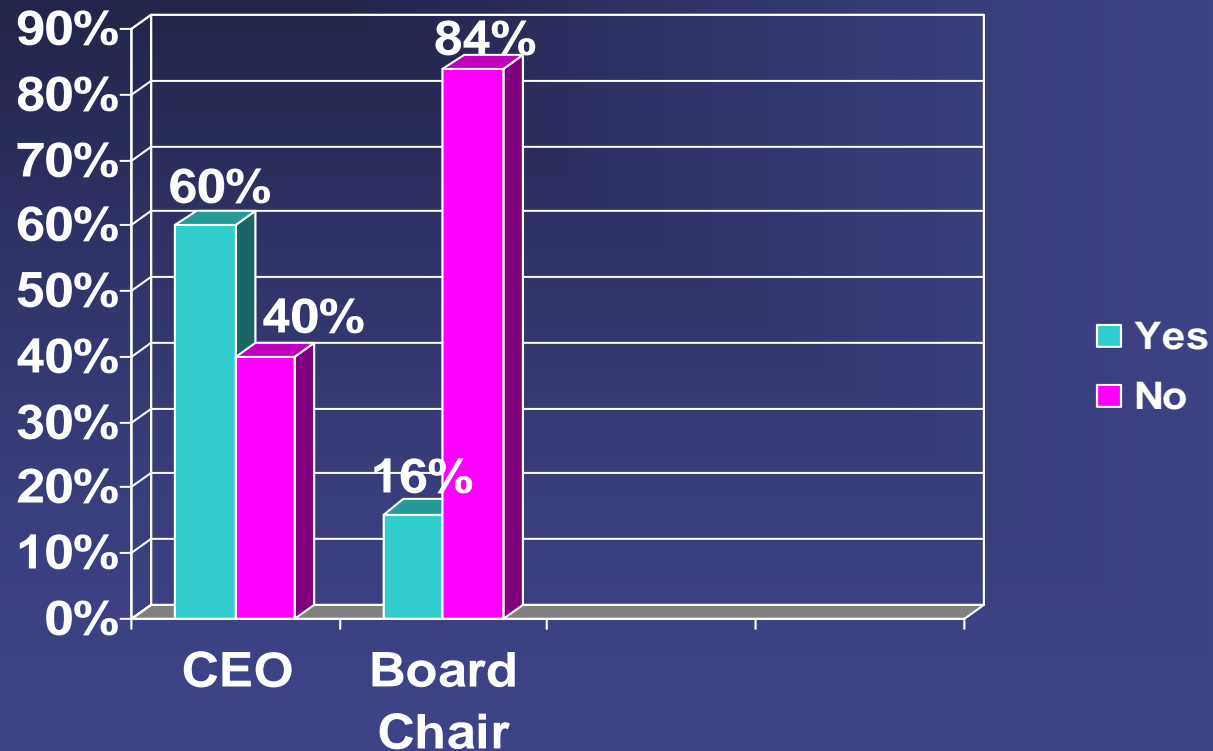
Board Chair



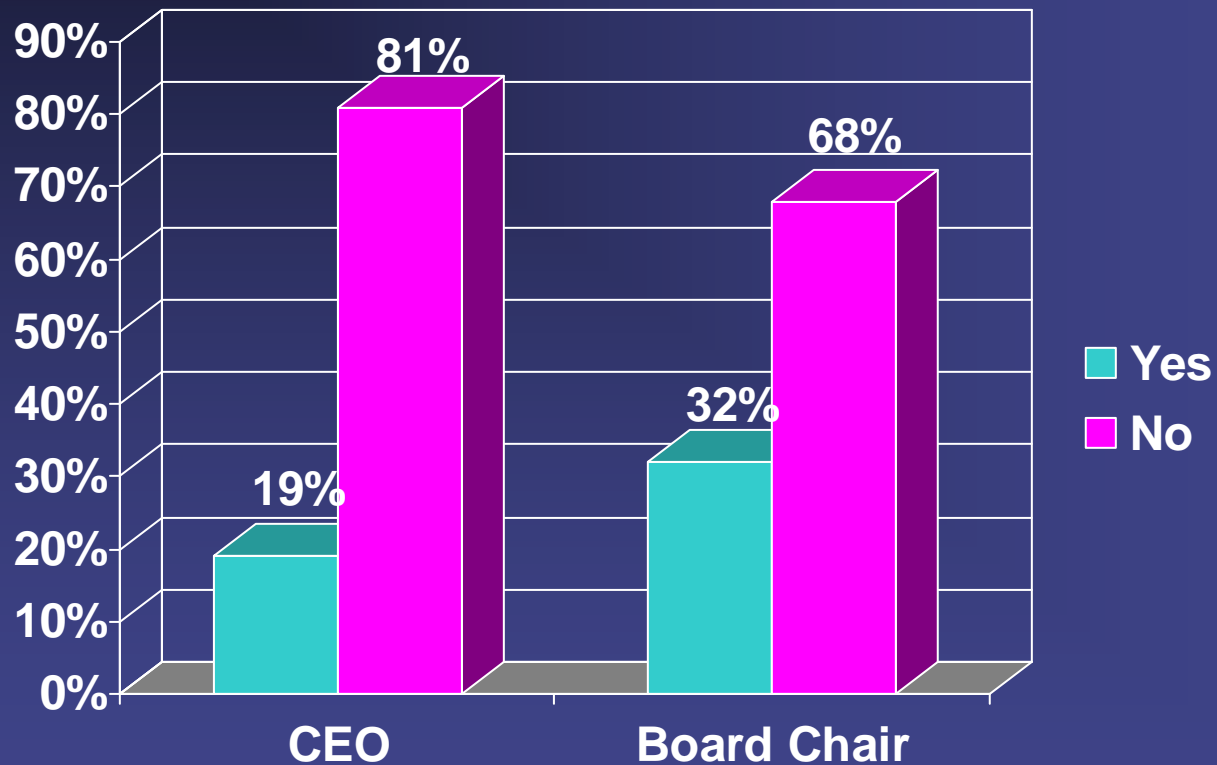
Yes
No



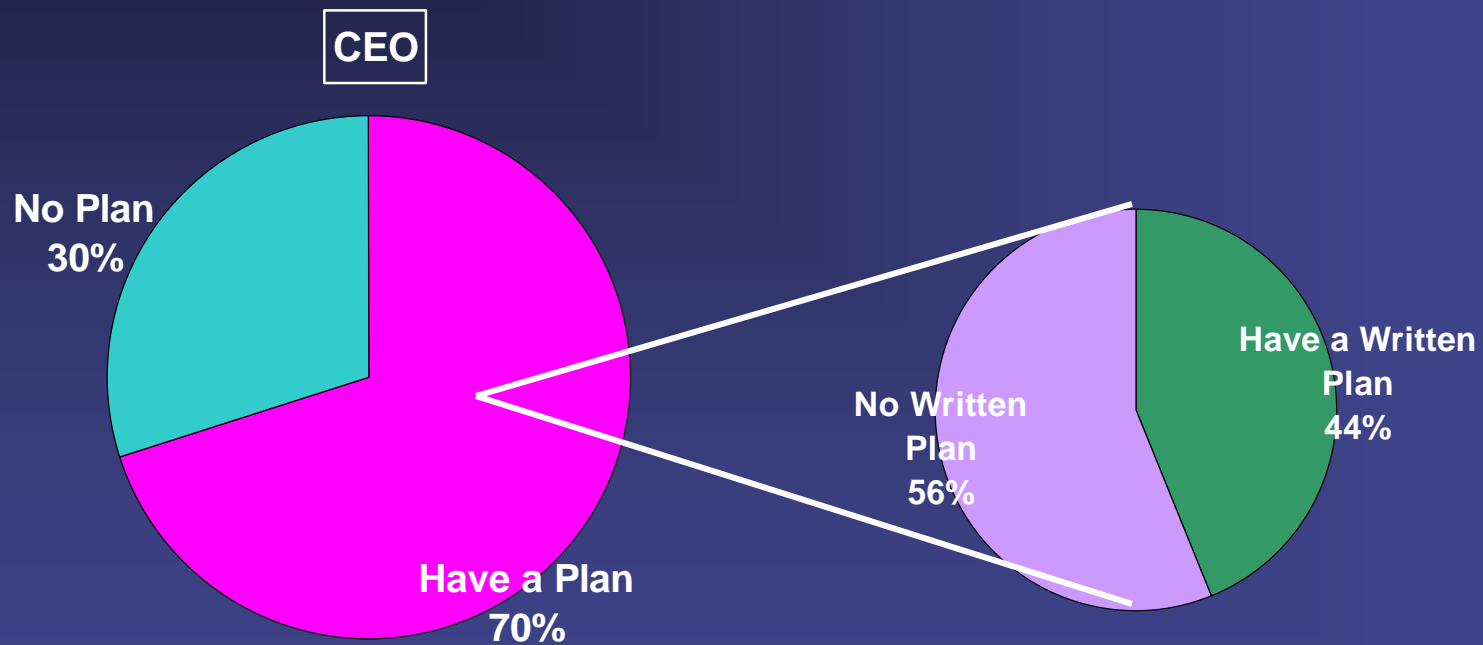
Is it your belief that the # 2 Person is the CEO's eventual successor?



Was the issue of CEO transition planning an agenda item at either of your last two annual strategic planning sessions?



Do you have a plan wherein a person has been identified who would lead the agency in the absence of the CEO? If so, does this plan exist in written form?





Seven Steps to Leadership Transition Planning™



Defining Our Terms

Management Succession

Crisis Management Planning

EXECUTIVE TRANSITION MANAGEMENT

Interim Leadership Plan

Leadership Training & Development

Management Development

Leadership Replacement

Leadership Succession



Leadership Transition Planning

A COMPREHENSIVE, CONTINUOUS
PROCESS OF ENSURING THE
ORGANIZATION'S READINESS AND
CAPACITY TO RESPOND TO A
PLANNED OR UNPLANNED CHANGE IN
TOP LEADERSHIP.



Pyramid of Leadership Transition Planning



Paradigm of Organizational Leadership Alignment



Pyramid of Leadership Transition Planning



Defining a Key Person

The contribution of the Key Person to the affairs or activities of the organization is recognized to be of major or even critical importance. A Key Person is defined as someone who influences the performance, integrity or reputation of the organization as a whole as well as the level of job satisfaction among his or her colleagues.



Defining a Key Person

A Key Person Is Someone...

1. who has or has access to valuable and important information or knowledge that is not available anywhere else in the organization.
2. whose personality, demeanor, or style has a substantial and positive influence on the morale and productivity of coworkers.
3. who displays an unusually high level of loyalty to the organization.
4. whom the organization has invested substantial resources in their professional or personal development in the interests of the organization's future.
5. who takes an exemplary interest in his/her work, colleagues and work place.

(Courtesy of Jean Roberts, *Managing Governance in Nonprofit Organisations in Australia*, 2004)



Pyramid of Leadership Transition Planning



Four Basic Scenarios CEO Leadership Transition

	<u><i>UnPlanned</i></u>	<u><i>Planned</i></u>
<u><i>Permanent</i></u>	Resignation Termination Death	Retirement Reorganization Merger
<u><i>Extended</i></u>	Personal Health Issue Family Crisis	Sabbatical Unpaid Leave Time Scheduled Medical Procedure



Pyramid of Leadership Transition Planning



Sample Checklist of Procedural Documents

- Possession, Access, Distribution and Location of the Leadership Transition Plan Document
- Process/Timing of Annual Updating of Plan (FY)
- Restrictions of Authority
 - Payroll Administration
 - Personnel Hiring & Firing, Changes in Benefits
 - Check Signing, Deposits, Investments
 - Alteration of Current Management Chart
 - Licensing, Accreditation, Regulatory Filings
 - Purchase Order Authorization
 - Contracts and Grants Renewal
 - Changes in Current Operating Budget



Sample Checklist of Procedural Documents

■ CEO Prerequisites under Transition Scenarios

- Key Person Life Insurance
- Disability Insurance
- Lump Sum Retirement Annuity
- Health Care Benefit Continuation for family
- Retention Bonus/Split Dollar Insurance Policy
- Deferred Compensation Plans
- Long Term Disability Insurance



Pyramid of Leadership Transition Planning

