

# Guide to Succession Planning

*“Organizations that survive and thrive are the ultimate indicator of success when replacing a founder/executive director. “*

Succession planning is the work that is done to ensure that an effective transition occurs when a key staff member will be transitioning. An analogy for the organization is ‘putting out the welcome mat for a new home owner.’ This requires pre-planning. And it means getting your house in order for someone new to step into. It is not easy as it involves doing both practical tasks and making attitude adjustments along the way.



Staff and board members need to design their succession plan not just to choose the new executive but also to provide support as he or she finds his or her legs in the new role and assure that the separation of the current leader is considered. Three major tasks involved in succession planning are explained in this guide. They include:

1. **Organizing-Succession Planning Efforts And Team**
2. **Separating- By The Founder Chief Executive**
3. **On-Boarding - The New Chief Executive**

## 1. Organizing Succession Planning Efforts and Team

Major tasks include:

- A. Establish a succession planning team
- B. Review the entire staff team & identify where internal talent can be used and where external talent must be found
- C. Define critical and preferred competencies and experiences for candidates
- D. Set preferred hiring wage range (see Appendix)
- E. Create internal (long, detailed) and external (short, summarized) position description (see Appendix)
- F. Develop hiring process, appoint hiring team, and prepare supporting materials (advertising, screening, interview protocol, reference questions, etc.)
- G. Hire best fit talent
- H. Confirm employment contract terms (terms of service, etc.)

**Notes:** The process starts by engaging the board or a sub-team of the board in the development of a forward-looking skill and experience profile. What is most critical is creating and continually refocusing succession on the moving target of the knowledge, skills and abilities the next CEO will need in order to effectively lead. Boards can--and really must--play an important role in succession planning. In this effort, managers have to remember that the search for a "ready now" candidate is tough. Thus, it can take some time and work to do right.

**More Info:** [http://www.stanford.edu/group/e145/cgi-bin/spring/upload/handouts/Founder-CEO\\_Succession-OrgScience.pdf](http://www.stanford.edu/group/e145/cgi-bin/spring/upload/handouts/Founder-CEO_Succession-OrgScience.pdf)

# Goodbye



## 2. Founder Separation

*“Never lose track of the fact that you are creating something that will be owned by the community. Your job is to ‘sell your shares’ bit by bit so that more people can own the place. Sell all the shares until they are eventually gone, and it becomes theirs, not yours.”*

- Advice from a Founder to other newly disengaging founders

### Major tasks include:

- A. The departing administrator usually goes through three phases of transitioning out:
  - a. Delegation – this stage begins when the administrator decides they must begin a process to allow others to glimpse and/or share the top duties and goals they hold in order to systematically bring others in to assist with leading
  - b. Separate Identities – this is when the transitioning leader sees a life for themselves that is not bound up in the organization, and is able to picture someone else ‘walking in the path they paved’ besides themselves
  - c. Institutionalization – this is when the exit is in sight, and the founder finishes important work, gets the institution set to go on efficiently without their involvement, and major pieces are in place for work to flourish without them
- B. The Board of Directors embarks on the succession plan to fill the upcoming position of top leadership. This is done well ahead of the end of employment date of the departing administrator.
- C. The Board of Directors decides what, if any, the role of the departing administrator is (e.g., part-time overlap for administrative guidance; part-time technical role(s), or no role)

### Notes:

Even after a succession event, many managers—and even some successor CEOs—want the Founder-CEO to stay with the organization in some capacity. As one person said, “*You can replace an executive, but you can’t replace a founder.*” -Susan Stevens

However, this can be difficult for the new leader. Once the new CEO has entered the organization, the deposed Founder-CEO has to negotiate a new role. For the organization’s new CEO, the continuing involvement of the Founder-CEO can introduce some very different “taking charge” challenges than when the previous CEO does not stay with the organization.

In lifecycle theory, an important phenomenon is the *transference of sole organizational ownership* from the founder to both the board of managers and to the management counterpart. This transference implies shared ownership and interdependence. The organization no longer belongs just to the founder. The founder's gift has gone public. It is now co-owned by the community represented by the board and staff.

**More Info:** Founders Lifecycle including details on the three transition phases and details Retrieved on May 6, 2014 from <http://www.susankennystevens.com/founders-lifecycle>

### 3. On-board the Successor

*“Work with the board as you develop into the work. Partner with staff that is strong in areas where you are weak. Be authentic and remember it is about the strength of the organization, not about you looking good.”*



The best on-boarding strategies provide a fast track to meaningful, productive work and strong employee relationships. The most neglected step when it comes to succession planning is preparing for what happens *after* the successor is named. Making succession a sink-or-swim shock is simply too risky to endure. There is no such thing as a "ready now" candidate. Anyone named as a successor has learning to do and mistakes to recover from. Boards need to be aware of this and communicate realistic expectation, provide support, and work together closely during the first phase.

#### Major Tasks:

1. Provide relevant information to candidates on the terms and conditions of their prospective employment prior to signing an employment contract.
2. Provide regular opportunities for new hires to familiarize themselves with the workplace, and create an environment conducive for new hires to ask questions and seek information.
3. Provide new hires, from the first day of employment, with information and opportunities to build important workplace relationships.
4. Develop on boarding solutions linked to specific business needs such as familiarizing them with major projects, professional associations, etc.
5. Identify key colleagues and stakeholders with whom new hires should immediately establish positive relationships and have board members or staff introduce them if possible.
6. Openly, and frankly, discuss the on boarding process during regular board meetings. How is it going? What is needed now? Why might this situation exist?

**Notes:** According to the Corporate Leadership Council, new executives generally “fail” for five main reasons:

1. They fail to establish a cultural fit;
2. They fail to build teamwork with staff and peers;
3. They are unclear about the performance expected of them;
4. They lack political savvy; and
5. Their organizations do not have a strategic, formal process to assimilate new executives into the organization.

Crucial support must be provided--a good team, wise and accessible mentors, executive coaching and a feedback-rich environment--to create a setting in which the new CEO can be the most effective.

Source: Retrieved on May 6, 2014 from <https://www.opm.gov/policy-data-oversight/training-and-development/hit-the-ground-running-establishing-a-model-executive-onboarding-framework-2011.pdf>

### Founders' Advice to Other Departing Founders



The following comments, from those who have departed an organization they founded, are intended to provide specific perspectives about the experience and be useful to those who are facing this transition.

- *"Take your time and get the business set up and structured properly. Work on getting a good board in place. Establish a system before you go."*
- *"When you decide to go, it helps if you have a life to move towards. If you exit with a sense of loss, you will feel incomplete."*
- *"Leave at the top of your game and before people think you should. Listen to your radar systems. Give the institution enough time and enough space to articulate the future vision without you."*
- *"Your board of directors is the most important link and bridge in your transition out. They need to understand the management aspects of the organization so they will have the necessary tools to hire and evaluate your successor."*
- *"Before you leave, make sure the organizational history is written down and officially approved by the board."*
- *"Work yourself out of a job. Look at it with the idea of training others to carry on the work. It's one thing to think 'this is mine forever.' But as a founder, it's not yours to keep."*
- *"When you do leave, take a complete break. Don't hover around. Let the new person run alone."*

More Info: Founders Lifecycle Retrieved on May 6, 2014 from  
<http://www.susankennystevens.com/founders-lifecycle>

## Position Description (PD)

What is a comparable position to what your Administrator does? After reviewing numerous titles such as Executive Director and others, the best fit appears to be Chief Executive (CE). Bruce Albright reviewed the basic CE duties and below is an adapted list specific to his role and current job.



How do you use it? First, use it to document what is needed to fill the opening. The internal PD should be very thorough. Using it, the personnel team could shift duties to other staff and not require them of a new hire. Or a task may be discontinued. You may also seek examples of like organizations for similar roles to develop the job description. Finally, remember that the post for hiring is usually much shorter and more concise than the comprehensive internal PD. Once a new person is hired, the internal PD can be used as a road map and/or task guide.

### **Occupational Description:**

Chief Executives determine and formulate policies and provide overall direction of public sector organizations within policy and guidelines set up by a board of directors. They plan, direct, or coordinate operational activities at the highest level of management with the help of subordinate executives and staff managers (from DEED, 2014). Areas of major responsibilities include: Governance, Financial, Implementation of Major Activities, Community Outreach, Data Management, Professional Development, Facilities Operations, Communications-External and Internal, and more.

### **List of Responsibilities of Administrator/CEO:**

1. Presides over board of Managers, management committees, or other governing boards.
2. Confers with board members, organization officials, and staff members to establish policies and formulate plans.
3. Directs, plans, and implements policies and objectives of organization or business in accordance with charter and board of Managers.
4. Directs and coordinates activities of workers in public organization to ensure continuing operations, stewardship of public resources, and increased productivity.
5. Develops plans, organizes, and administers policies and procedures for organization to ensure administrative and operational objectives are met.
6. Consults with staff and others in government, business, and private organizations to discuss issues, coordinate activities, and resolve problems.
7. Directs organization charged with administering and monitoring regulated activities to interpret and clarify laws and ensure compliance with laws.
8. Administers, interprets, and explains policies, rules, regulations, and laws to organizations and individuals under authority of commission or applicable legislation.
9. Prepares, reviews, and submits reports concerning activities, expenses, budget, government statutes and rulings, and other items affecting business or program services.
10. Promotes objectives of institution or business before associations, public, government agencies, or community groups.

11. Participates in activities to promote business and expand services, and provides technical assistance in conducting of conferences, seminars, and workshops.
12. Delivers speeches, writes articles, and presents information for organization at meetings or conventions to promote services, exchange ideas, and accomplish objectives.
13. Plans, promotes, organizes, and coordinates public community service program and maintains cooperative working relationships among public and agency participants.
14. Establishes and maintains comprehensive and current record keeping system of activities and operational procedures in business office.
15. Reviews and analyzes legislation, laws, and public policy and recommends changes to promote and support interests of general population, as well as special groups.
16. Implements corrective action plan to solve problems.
17. Negotiates contracts and agreements with federal and state agencies and other organizations and prepares budget for funding and implementation of programs.
18. Directs activities of organization to plan procedures, establish responsibilities, and coordinate functions among departments and sites.
19. Directs and coordinates organization's financial and budget activities to fund operations, maximize investments, and increase efficiency.
20. Prepares budget and directs and monitors expenditures of department funds.
21. Prepares reports and budgets
22. Reviews financial statements and activity reports to ensure that organization's objectives are achieved.
23. Directs and coordinates activities of business or department concerned with production, pricing, sales, and/or distribution of products.
24. Directs business functions, such as advertising, purchasing, credit, and accounting.
25. Directs and coordinates activities of business involved with buying and selling investment products and financial services.
26. Establishes internal control procedures.
27. Administers program for selection of sites, construction of buildings, and provision of equipment and supplies.
28. Negotiates or approves contracts with suppliers and distributors, and with maintenance, janitorial, and security providers.
29. Develops, directs, and coordinates testing, training, and feedback to staff about quality of service.
30. Directs in-service training of staff.
31. Assigns or delegates responsibilities to subordinates.
32. Conducts or directs investigations/hearings to resolve complaints and violations of laws.
33. Testifies in court, before control or review board, or at legislature.
34. Directs and conducts studies and research, and prepares reports and other publications relating to operational trends and program objectives and accomplishments.
35. Evaluates findings of investigations, surveys, and studies to formulate policies and techniques and recommend improvements for personnel actions, programs, or business services.
36. Analyzes operations to evaluate performance of organization and staff and to determine areas of cost reduction and program improvement.

If the Watershed is self-administered (instead of contracting with Houston Engineering), then add this duty to the job description.

37. Screens, selects, hires, transfers, evaluate, and discharges employees.

## Sources of Salary and Position Responsibilities Data

Three sources of information are included to guide salary range decisions for when the time comes to hire a new administrator. The information is intended to provide a big picture about compensation from several perspectives.

### 1. State and Local Government Salary and Benefits

State and local government employers spent an average of \$42.51 per hour worked for employee compensation in September 2013. Wages and salaries averaged \$27.38 per hour and accounted for 64.4 percent of compensation costs, while benefits averaged \$15.13 per hour worked and accounted for the remaining 35.6 percent. Retrieved on May 6, 2014 from <http://www.bls.gov/news.release/ecec.nr0.htm>

### 2. Salary Comparisons to Like Jobs

A. Chief Executives - Minnesota Department of Employment and Economic Development  
Detailed Occupation Data Retrieved May 6, 2014 from  
<https://apps.deed.state.mn.us/lmi/projections/detail.asp?code=111011&geog=2708R01000>

Geography (click title for details)	OES	
	Employment	Median Wage
<a href="#">EDR 11 - 7 County Twin Cities</a>	6,090	>\$80.00/hr
<a href="#">EDR 1 - Northwest</a>	210	>\$80.00/hr

Annual wage of 40 hrs/week x 52 weeks is 2080 hrs x \$80 = \$166,400. Holidays and vacations need to be considered also.

#### B. Other Watershed Administrators

One opening was found in Minnesota in the Sauk River Watershed District as of March, 2014 - Administrator for new hire posting @ \$68,000 to \$80,000 plus benefits=\$108,800 estimate of total compensation package with total expenditures listed as \$2,240,345

### 3. Salary by Size of Operation

Another way to analyze compensation is to look at the size of annual revenue and expenditures.

***“Executives of organizations in the \$9-10 m annual fiscal range average \$157,726. “***

Source: *Mn Council of Non-Profits Salary Survey*, July, 2012 (most recent edition)  
Retrieved on March 5, 2014 from Northfield Public Library reference librarian

## Credits

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