

Planning for the future: Steps to a successful succession plan

By **Maeve O'Byrne**, president, Nanaimo & District Hospital Foundation, Nanaimo, British Columbia

It is important to put succession plans in place for all key positions within an organization, but it is especially important at the top. As development professionals, we recognize how legacy giving makes such a huge difference to our institutions. But how many of us think about our legacy as leaders? At the chief executive* level, succession planning is critical for the ongoing success and longevity of any health care foundation. (**Editor's note: Since titles vary, this article will use the term "CEO" to indicate the foundation leader.*)

As baby boomers continue to depart from top positions, it is important for organizations to take the time to ensure the transition between CEOs is well thought out and supports both the legacy of the departing CEO and the continued success of the organization. So, the question arises: Whose job it is to ensure that a solid, realistic and well thought out succession plan is in place?

Getting started

Anecdotal information indicates transitions are rarely planned and often unexpected or poorly structured. A small survey of hospital foundations in British Columbia found that 50 percent didn't have a succession plan in place; explanations ranged from "don't think it's important" to "it's on the radar for the current year."

Unfortunately, delaying the process can be detrimental—with lack of continuity the least of the problems that can arise when organizations are unprepared for the inevitable transition.

Although leadership transition is traditionally a board role, it is important to include the CEO as well. In fact, 80 percent of those surveyed agreed that any CEO

succession plan should involve the CEO as well as the board.

This does not mean the board needs to find a carbon copy of current leadership. Including the CEO can give board members a much broader understanding of the responsibilities and challenges involved with leading the organization and may help them decide on the skills required for a new CEO to lead the organization into the future.

Finding agreement

Often, the most difficult part of succession planning is agreement between the board and the CEO that the process needs to take place. Both the board and the CEO may feel some anxiety about this responsibility—with the board concerned their CEO is leaving them and the CEO concerned their job is in jeopardy or the board is unhappy with their performance.

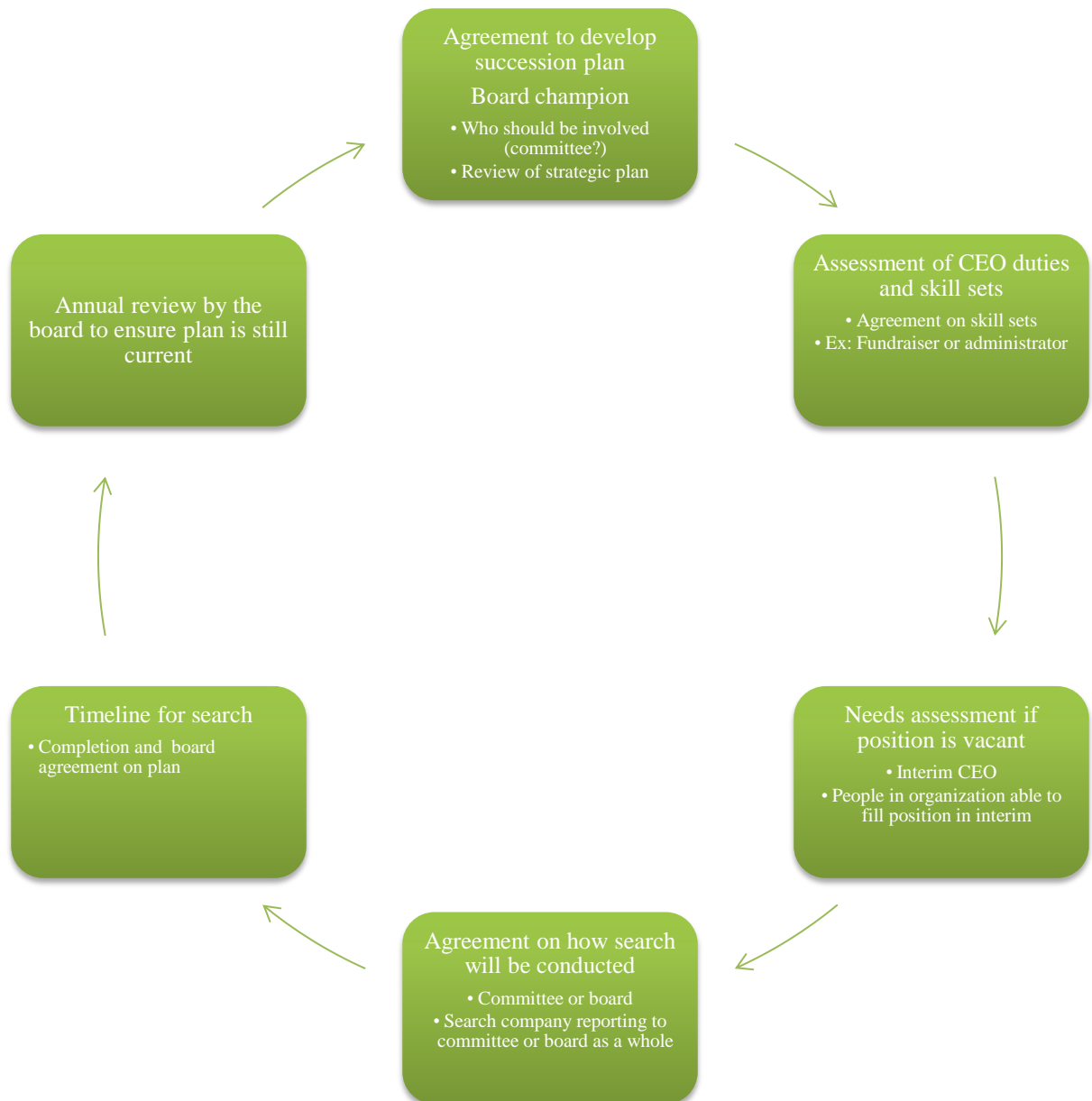
Succession planning means none of these things. Rather, it is an important part of the strategic planning process. It is a sign of the maturity and good health of an organization, as well as a demonstration of trust between the board and the CEO as they look to the future. As one CEO in the survey noted:

“It's not a personal process, but rather one that strengthens the health and sustainability of an organization. Our organization develops succession plans for not only the CEO/ED, but also for volunteer leadership positions. This helps to foster a culture of growth and development, for both staff and volunteers.”

Putting a plan in place

Once agreement to move forward is made, it often is a good idea to identify a board champion to oversee the process. The board also should decide whether they wish to create a committee or work on the plan as a whole.

The key elements of the succession planning process are shown below:



Key knowledge of the role and responsibilities of the current CEO is paramount, as well as an honest discussion about the characteristics needed in a future leader and how to set the stage for a smooth transition. There also needs to be an understanding that this is an opportunity for transformational change. Honesty and

trust between the CEO and the board are vital at this time.

The group must decide whether the board has the expertise to conduct an executive search or whether they should hire a consultant to work with them. At the same time, they need to be realistic about the time and cost it will take to conduct a search. If the timeline indicates the CEO will not be with the organization during the search period, there should be a discussion as to whether an interim CEO is needed or if there is sufficient internal talent to oversee operations.

There is merit to retaining an interim CEO as an alternative to hiring a successor immediately. Indeed, many organizations find this gives them time to adjust to the reality of a new leader, as well as an opportunity to review previously agreed upon leadership characteristics.

It also is important to note that a succession plan should be an overview of what the board agrees to do; it does not need to be detailed. However, items such as costs for an executive search should be noted and updated regularly to avoid surprises. The board also may decide to set aside funds (either over a period of years or in the current year) to cover this expense when the occasion arises.

Staying current

One of the surprises of the hospital foundation survey was that the foundations that did have a succession plan reported they seldom reviewed it. The CEO succession plan should be reviewed annually as part of the board orientation. This is particularly important when there is significant board turnover; new members may not be aware of the plan or may not agree with elements of a plan written years before.

The succession plan also should be reviewed whenever the organization updates its strategic goals; the skill set needed to move forward may change as the organization

changes and grows.

Finally, the CEO should ensure that all staff are aware of the plan, understand what it means to them and know the duties they may be called upon to perform if there is a delay in the hiring schedule. Most importantly, staff should have input into the succession plan. Their knowledge, understanding and input are vital to the success of leadership transition.

In conclusion

A well thought out succession plan is a tool every organization should have. It is a document demonstrating that the board and CEO understand the importance of looking to the future and ensuring that the success of the organization is not impeded by interruption of leadership.

The information contained in your succession planning document will be as unique as your organization. It protects against loss of knowledge when key people leave and looks ahead to the skill sets needed for success in the years to come.

References and resources

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