

Transition Guides



Essential Guides to Sustainability, Succession and Transition Planning

PART 1

Organizational Sustainability Planning Guide

Essential Guides to Sustainability, Succession and Transition Planning

August, 2013

This guide is intended to provide training and technical assistance to all health centers on the importance of leadership succession planning.

National Association of Community Health Centers

Health centers depend in large part on public financial help and need a unified voice and common source for research, information, training and advocacy.

To address these needs, the National Association of Community Health Centers (NACHC) organized in 1971. NACHC works with a network of state health center and primary care organizations to serve health centers in a variety of ways:

- Provide research-based advocacy for health centers and their clients.
- Educate the public about the mission and value of health centers.
- Train and provide technical assistance to health center staff and boards.
- Develop alliances with private partners and key stakeholders to foster the delivery of primary health care services to communities in need.

TransitionGuides

TransitionGuides is a national consulting company specializing in sustainability and succession planning and executive search services for health centers and other nonprofit organizations. Our services are tailored to the unique needs of each organization. We value every organization's essential need for talented leaders, positioned to enable the nonprofit to survive and succeed. We add value to the organizations we serve through partnering with executives and boards to prepare for succession, to initiate action plans that advance organizational sustainability and to recruit and successfully onboard chief executive officers and other senior managers when transition occurs. Our consultants are all former nonprofit leaders who specialize in working with board and executive leaders. Since 1995, our TransitionGuides team has led over 400 nonprofit leadership search, transition, and succession and sustainability planning projects for organizations across the country. Our extensive nonprofit experience and knowledge offers guidance and processes that deliver proven results.

For more information on TransitionGuides, contact our office: 1751 Elton Road, Suite 204, Silver Spring, MD 20903; (301) 439-6635; or www.transitionguides.com.

Acknowledgement

The National Association of Community Health Centers (NACHC) initiated the production of the three-part *Essential Guides* series. The Guides, written by TransitionGuides, builds on prior educational materials developed by Don Tebbe, co-founder and thought-leader of TransitionGuides. Thanks to the TransitionGuides team which included Melody Thomas, Tom Adams, and Megan Lewis for their dedication and commitment to the accuracy and precision of each guide. A special thanks to the NACHC team, led by Julie Schmidt and included Sherry Giles, Program Associate, and Jaime Hirschfeld, who made this opportunity possible for TransitionGuides and those with an affiliation with NACHC.

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Table of Contents

Background about the series	4
What is sustainability?	6
Four Elements of Organizational	8
Sustainability & Top Level Criteria	8
Figure 1: The Four Elements of Organizational Sustainability	8
Organizational Strategy/Business Model	8
Leadership	9
Resources	9
Culture	10
The Sustainability Planning Process	11
Organize a Small Task Force	11
Orient the Task Force, Organize the Project and Make Assignments	11
Gather and Update the Supporting Documents	11
Conduct the Sustainability Mini Assessment	12
Review the Mini Assessment Results with the Task Force or Teams	12
Drill Down on Your Sustainability Issue(s), if needed	12
Develop Your Action Plan & Secure Commitments	12
Case #1	12
Case #2	13
Case #3	13
Case #4	14
Implement Your Plan	14
Review and Adjust	15
Conclusion	16
Additional Reading	17
Appendix 1 - Organizational Sustainability Mini-Assessment	18

Background about the series

The three guides were written specifically with health centers in mind. The guides were designed to help health center strengthen the capacity of their organizations, especially those organizations that may be facing a chief executive or other leadership transition in the near future. As a companion to the guides, the Organizational Sustainability and Leadership Succession Mini-Tool Kit, provide organizations a jump start, in deciding where to best begin with Organizational Sustainability Planning, Executive Succession Planning and Executive Transition Management with step-by-step instructions and tools to get started.

The first guide, Part 1 *Organizational Sustainability Planning*, is a tool for assessing and strengthening the four areas critical to the organization's long-term sustainability by conducting an organizational sustainability assessment and using the results of the assessment to develop an organizational sustainability action plan.

The second guide, Part 2 *Executive Succession Planning*, provides an overview of three approaches to succession planning: The first is a detailed approach to "Succession Essentials" by developing a board-adopted Succession Policy and Emergency Backup Plan. The second is a list of important considerations for selecting an internal successor, and the third is an illustrative summary on combining sustainability and succession planning for maximum organizational benefit.

The third guide, Part 3 *Executive Transition Management*, presents a three-phase approach for managing turnover in a leadership position, especially the chief executive position. This Guide provides an opportunity to address transition issues, strategic direction, and an outstanding search when there is a change in executive.

While each of the guides can be used individually, together they are designed to help leaders strengthen their organizations and manage leadership turnover, adapt to changes in the environment and competition, and to increase the odds of remaining effective and true to core values over the long-term. This series aims at organizations with long-tenured executives and founders, relatively new executives and those seeking to address leadership succession and organizational sustainability.

The timing of the chief executive's departure can be a guiding factor in the choice of which tool to use. In health centers where the executive has no intention of leaving soon, or where retirement may be three or more years off, the *Organizational Sustainability Guide* can be an excellent tool for strengthening the organization, ensuring that when the transition occurs, there is a strong team in place with a clear plan for the future, solid systems and resources, and a resilient culture.

In agencies where the transition is two or more years away, the "Succession Essentials" in the *Executive Succession Planning Guide* can help the leadership understand more deeply the role of the chief executive and develop the tools, principles and understanding for how to best manage that transition when it does occur. Moreover, development of the Emergency Backup Plan ensures that

the organization has a plan in place if something unforeseen were to happen to the incumbent executive. More importantly, the development of that backup plan provides a deep exploration of the chief executive role, and the sense of bench depth in the organization to back him or her up. These organizations are often best served by combining sustainability and succession planning.

In situations where the transition is imminent – within the next 18 months or less – the *Executive Transition Management Guide* provides a well-tested framework for managing the entire transition process, including the search.

What is sustainability?

An essential question for any nonprofit leader is, “How do I build a sustainable organization?” Typically, these discussions have focused on financial sustainability, but the roots of financial sustainability are much more complicated than just how much money you have in the bank or what your recent financial statement says. This guide goes beyond finances and looks at four areas critical to organizational sustainability.

This guide has three purposes:

1. Unpack the sustainability question and review what factors drive organizational sustainability.
2. Provide health centers with an easy to use assessment tool – a sustainability mini assessment – that will help you identify which of four key elements are ripe for action in your organization. Actions that will help you increase your organizations sustainability.
3. Guide you through the process of developing an organizational sustainability action plan.

The first part of the guide discusses some terms and concepts that are used to develop the action plan and provide a frame of reference for the work that lies ahead.

Many leaders use the words “stability,” “sustainability,” and “vitality” interchangeably. While these terms are closely related each of them means something quite distinct:

- Stability – This is a basic level of health or firmness in an organization or an entity. It means that you have enough resources to carry out short- to mid-term activities. In the current environment, “stability” has almost become synonymous with the concept of financial stability. In that regard, financial stability typically means having enough money in the short- to mid-term to carry out an organization’s planned activities. There are other forms of stability other than financial. For example, emotional and political stability are often impacted during transitions involving a long term executive. The announcement of the executive’s pending departure can affect the emotional climate in an organization. In some cases it may even lead to some political instability, particularly in fractious environments where the executive has been the “political glue.”
- Sustainability – This involves having strong organization or “business” fundamentals in place that enable the agency to become or continue to be a high-value community asset over the long-term. Like a good sports team, the agency has a solid roster in place that understands the fundamentals of the agency’s “business” and carries out those fundamentals on a consistent basis. There are good systems in place. The organization is a humming machine.

- Vitality – The typical dictionary definition of vitality includes terms like exuberant strength or vigor; the capacity to live, grow and develop; powerful. In the organizational context, vitality pertains to the energy level and forward momentum of the organization. People within the agency are engaged, aligned and energized. When an organization is humming, you can feel it and everyone involved is engaged and excited to be part of the mission.

There is a hierarchy at play here – stability is a prerequisite for sustainability and sustainability is a prerequisite for true vitality. In other words, the organization must be stable in order to be sustainable. An organization’s immediate vital signs must be healthy before you can begin to plan for sustainability or take on any sort of long-term planning. In short, stability is the platform upon which sustainability occurs.

Similarly, sustainability precedes true vitality. Good systems and a well-oiled team are necessary conditions that precede the power, exuberant strength, and long-term vigor that comes with true vitality.

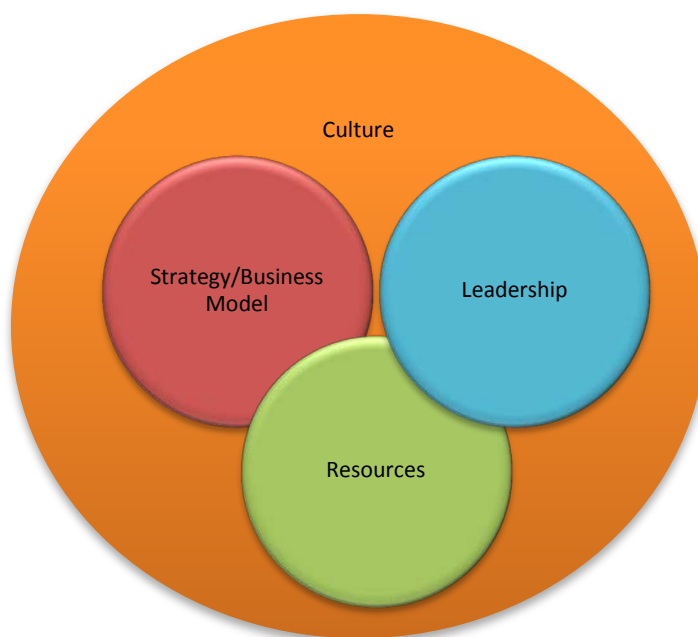
If you conducted a quick review of nonprofit management literature, you would see a wide variety of notions about what constitutes organizational sustainability and many different “mental maps.” Some of these maps emphasize program sustainability and pay little attention to other organizational factors. Other maps focus on finances and fundraising and are silent on other important factors, such as leadership. Still others focus on the business model. The vast majority of these ignore organizational culture. With that in mind, there are four points to consider as you begin to think about organizational sustainability:

1. The reality is that true organizational sustainability involves all these factors and more. But there are four areas that are critical: *organizational strategy/business model, leadership, resources and culture.*
2. There are probably one or more areas where your organization excels and one or at most two areas where your key sustainability “presenting issue” is located. Most likely, there’s an area that is riper for action than others.
3. These four areas are therefore interrelated. Organizations are systems, so as you focus on addressing your “presenting issue,” understand that there may be implications in other areas.
4. Beware of locking in on finances; your financial situation is only an indicator. It is easy to be naturally drawn towards the financial resource area in discussions about sustainability. Your health center’s financial situation is a marker of strength, action, and attention in other areas, such as strength of your business model, soundness of your organizational strategy, attention paid by leadership and the strength of their skill sets, and strength of your health center’s soft assets – all influenced, if not dictated, by organizational culture.

Four Elements of Organizational Sustainability & Top Level Criteria

There are four areas of sustainability and accompanying criteria that will be used in the action planning section and the Organizational Sustainability Mini-Assessment (see [Appendix 1, also included as Tool 1 in the Organizational Sustainability and Leadership Succession Mini-Toolkit](#)). The criteria presented here are not meant to be exclusive or exhaustive. In some areas, they may just scratch the surface. The idea is to get your team in conversation about these areas, particularly how they are interrelated, and then encourage you to name and build upon your assets and strengths, and to dig as deep as you need in order to address your health center's critical sustainability issues.

Figure 1: The Four Elements of Organizational Sustainability



Organizational Strategy/Business Model

- A solid business model (your business “rationale”) built on quality services/products that are needed by clients and valued by donors/funders
- A written plan outlining strategic direction; the plan is recent and relevant to the current market conditions

- A high degree of board, executive and management alignment about the direction and strategy; progress against the plan is frequently reviewed and is the subject of priority-setting discussions. For more information on strategic alignment and review please see [“Improving Performance, Scoring Success: Using Balanced Scorecards for Organizational Excellence”](#)

Leadership

- Staff and board leadership are in place to meet present and future leadership needs. For more information on developing future leadership please see [“Batter Up! Building Your Leadership Bench”](#)
- Clear roles and expectations for board, executive and staff; touch points and overlaps in the board and executive roles are clear and based on complementing strengths and not covering for deficiencies
- A strategy to recruit, develop and deploy new leaders, both staff and board leaders; processes in place and followed for new board member orientation and officer succession
- Emergency backup succession plans for all executives and key employees that include cross-training plans and a Board-adopted succession policy to guide planned executive transitions.

Resources

- Sufficient financial resources to meet the organization’s commitments in the short- to mid-term
- Favorable trends in revenue, expense and margin over the past five years, i.e., surplus or breakeven budgets; good financial ratios
- Good stewardship of the organization’s assets – financial assets as well as other assets, such as organizational reputation, intellectual property, etc.
- The organization’s funding or revenue streams have longevity – the majority are likely to continue beyond the current year’s budget or current grant cycle. There’s an appropriate degree of diversification among the revenue streams
- A proactive resource development strategy is in place that is tuned to the organization’s particular market – the present market as well as its future market
- A revenue development strategy that has a sound logical link to the business model and overall organization strategy

Culture

- A resilient organizational culture that is forward-focused, results-oriented and action-based
- The value and worth of the organization is widely understood throughout the board, staff and volunteers; virtually anyone on the team could make a compelling case for supporting the organization
- There is a defined and desired organizational climate. New employees as well as tenured ones have a shared understanding of desired, acceptable and unacceptable actions and behaviors.

The Sustainability Planning Process

The remainder of this guide is a step-by-step action plan for the organization and implementation of a sustainability planning project. For organizations with long-tenured executives considering departure in next 2-5 years and organizations with new executives within past two years, sustainability planning is most powerful when combined with succession planning. When done together, the organization takes a deeper look at its strengths and challenges in terms of both leadership continuity and how to best increase long-term sustainability and vitality. (See *Executive Succession Planning Guide*, p. 19 for more details on how to combine sustainability and succession planning.)

How you approach sustainability planning will be influenced by where you are in your strategic planning cycle. If you are beginning a new strategic planning process, you simply incorporate some of the concepts outlined under the four elements & criteria section above. If you do not want to revisit your strategic plan and want to address sustainability, this section lays out a sustainability planning process.

Organize a small task force

In most cases its best to have a small team (3 to 5 members) working on this project. Typically, the task force should include the chief executive, plus one or two members of the senior management team, and one or two board members. Board members might include the board chair and another officer, or the chair of your personnel committee, if you have one. Staff members might include the chief operating office and/or your human resources director if you have one. In larger organizations, this work is typically led by the executive or senior management team and either the Executive Committee or an ad hoc Committee of the Board.

Orient the task force, organize the project and make assignments

Review this guide with the task force or teams, particularly this step-by-step action plan and [Appendix 1](#). As for the assignments, someone needs to be assigned to the role of “author,” taking responsibility for the writing and rewriting of the action plan. The role of the other team members is to contribute to the strategic thinking that goes into the plan, and to review the documents before they are submitted to the board for their review and approval. Some organizations may choose to work with a consultant experienced with this process to facilitate the process and discussions and draft the Action Plan for management and Board review.

Gather and update the supporting documents

The supporting documents that you will want to have on hand include your current strategic and/or business plan, your resource development plan, if applicable, as well as any other documents that you think will support the planning process.

Conduct the sustainability mini assessment

[Appendix 1](#) includes the simple, one-page Organizational Sustainability Mini-Assessment. Your board and senior management should complete the assessment and then discuss the results with each other to gain a deeper understanding of the similarities and differences in their assessment of each of the criteria.

Review the mini assessment results with the task force or teams

The task force should digest the results of the mini assessment. Some questions to consider are:

- a. What do the collective results say about our health center's key sustainability issue or issues?
- b. Where were the similarities and differences between the board's collective assessments versus the senior management team's assessment? How do those similarities and differences further inform the sustainability planning process?
- c. As we think about our sustainability issue or issues, are there places where we need to dig deeper? Do we need additional information to inform the action planning process?

Drill down on your sustainability issue(s), if needed

Consider whether additional information or research is needed on your key sustainability issue(s). In some cases, the issue or issues are obvious and the action plan readily apparent. In other cases, your presenting issue may not really be the core issue, but a pointer to some underlying factors. Sometimes, the need to drill down does not become obvious until you get into the action planning process. Do not get paralyzed with analysis, but you will certainly want to drill down to the real issue or issues. Good questions to ask are:

- Why is this so?
- Are there organizational strategy/business model implications?
- Are there leadership implications? Resource implications?
- Are there organizational culture implications?

Develop your action plan & secure commitments

Now that you have clarified your critical sustainability issue(s), you are ready to develop your action plan. As you begin your planning process, consider whether your sustainability issue points you to actions in one or more of the other areas. While it's impossible to consider all of the possible combinations of issues, here are some examples from TransitionGuides' base of experience:

Case #1

"Health Center #1" enjoys a great relationship with the key agencies in which it works. Several years ago, they developed a foundation with plans to build an endowment that would help secure the agency's future. They were disappointed with the results over the past

five years. They concluded that they did not have the appropriate level of staff leadership heading the foundation, nor the appropriate board composition. While the obvious presenting issue appeared to be in the area of leadership, by asking “why is this so?” they concluded that there were implications in other areas, most notably culture. While a robust fundraising program requires a certain level of entrepreneurship, the success of the agency was built on their adherence to state rules and regulations. They needed to enlarge their sense of organizational culture to embrace success in both areas. To do that, they spent time developing a “both/and” picture of success - how would Organization A look if it were wildly successful in fundraising and maintained its extraordinary success in state-funded client services. This picture of success continued to be a conversation throughout the organization, from board meetings to staff meetings. Returning to the leadership area, when they hired a new foundation director, they chose someone who had experience in supporting that kind of organizational culture change.

Case #2

Until four years ago, “Health Center #2” generated a small financial deficit each year over the previous 10 years. They had dismissed this as an artifact of the recession and “would be back in the black” after the recession. Fortunately, they had enough reserves to cover the deficits. As the economy improved, the organization’s financial picture did not. The immediate candidate was their business model. They did a drill down and concluded that was not the issue. Asking “why this is so?” the conclusion was that the situation was a result of a combination of issues, each of which had revenue implications. They found that they had weak execution on their organizational strategy, particularly the recruitment of new program participants. Moreover, a change in senior staff had led to less than optimal cost controls because of the loss of institutional history and relatively weak systems. A change in those two areas has put them back on track towards balanced budgets.

Case #3

Two years ago, “Health Center #3” experienced a change in CEOs. Two years into the job, the new CEO was frustrated and the board disappointed. The new CEO had a dramatically different profile than her predecessor. As part of the transition process, the board said they wanted someone who would shake things up and take the organization in new directions. The new course she charted certainly had that effect. Some long-term staff left the organization and the CEO felt stymied in carrying out the new strategy she had developed. Digging into the issue, there were implications in a number of areas. First, in culture, the strategy she developed rubbed against the organization’s relatively conservative culture, resulting in some staff departures and a sense of concern on the part of the board. In the area of leadership, the board did not consider how its role might change as a result of new leadership, new directions and new strategy. They had a cultural norm of deferring to the executive’s leadership and they had weak evaluation mechanisms. The organization had peaked a few years ago and really needed a new strategy. Securing board and executive

alignment on the new strategy was a good first step. The second step was getting the board to break out of a “business as usual” mindset and look at its role, contribution, and composition, in light of the new strategy. Finally, they had many robust discussions about mutually held expectations and put some new evaluation mechanisms in place that gave the board a better sense of being “on track”, and gave the executive the feedback and support that she finds valuable.

Case #4

“Health Center #4” is headed by the founding CEO who has 36 years’ tenure with the Center. In his own mind, he knew that he wanted to retire in two years, but had not discussed it with the board. For its part, the board collectively knew that he was at an age where retirement was certainly an option, but did not want to bring the topic up for fear of sending the wrong signals. The sustainability planning process opened up that conversation and gave them the freedom to really look at “what was the best and highest use of the CEO’s time” over the next several years and what preparations were needed for a successful succession. While they focused their action planning on leadership by strengthening the senior management team ahead of the transition, they also looked at implications for their business model and were mindful of the implications that organizational culture would have on the transition. Given the planned retirement, this organization chose to combine sustainability and succession planning. (See *Part 2 Executive Succession Planning Guide*)

Most likely, none of these cases mirrors exactly what is going on in your health center, but the point is that, in organizational sustainability planning, the presenting issue is often a pointer to actions that may involve several, or all, of the four core areas discussed. The key is to not rush to judgment, taking action on an issue that may or may not be a “root” issue, while not getting sucked into “paralysis through analysis.”

Moreover, as we see in Case #4, the combination of sustainability planning, coupled with succession planning (see *Part 2 Executive Succession Planning Guide*), can be an especially powerful combination, particularly for organizations where the CEO plans to retire in the next 2 to 5 years or a new executive was hired in past 1-2 years.

Implement your plan

Responsibility for implementation of a sustainability plan can vary widely based on organization size, culture, and life stage. Typically, this responsibility falls on the shoulders of the management team, supported by the board and its committees. In some cases, the board committees may be more involved than in others, depending on the issue, structure of the board, expectations, etc. For example, if your key area for sustainability is resource development, and your resource development committee is a key factor in carrying out the resource plan, then they would certainly have some responsibility for implementation.

Review & adjust

The results, accomplishments, learnings, and adjustments on your sustainability plan should be a frequent topic on board meeting agendas, as well as meetings of the senior staff. It should be included on every board agenda, creating an opening for the board and executive to have not only a robust discussion about “how is it going”, but also what’s needed to move the plan forward, and how the next iteration of the plan should look.

Conclusion

Organizational sustainability is the responsibility of the top-level leadership. The commitment to sustainability, the planning, plan oversight and periodic progress review must involve the CEO and top board leadership. Much like leadership succession, it's one of those core responsibilities that cannot be delegated. That said, involvement in sustainability planning should be broad-based. Your plan will be much stronger, and implementation will be much easier, with broader involvement from your team and their buy-in.

Finally, the process presented here offers a balanced approach to organizational planning. Quite often, organizations take on strategic planning and end up exhausting themselves in the process, failing to get to the leadership and cultural implications of its implementation. The approach offered in this guide provides a simple, but powerful, framework for keeping organizational sustainability and capacity building front and center in the minds and actions of the board and executive leadership. For many organizations, combining sustainability and succession planning yields the best results. For all organizations, attention to succession planning and leadership continuity is essential to future capacity to serve community. See *Part 2 Executive Succession Planning Guide* for both an introduction to succession planning and how to combine with sustainability planning.

Additional Reading

Bell, J., J. Masaoka, et al. (2010). Nonprofit Sustainability: Making Strategic Decisions for Financial Viability. San Francisco, Jossey-Bass. *Provides an excellent overview of organization-wide business plans and includes step-by-step tools to develop, modify, and adopt plans. Includes analyses of various earned income types, fundraising income types, and quantitative tools for analysis. Identifies five archetypal business strategies for organizations.*

Center for Civic Partnerships. (2001). Sustainability Toolkit: 10 Steps to Maintaining Your Community Improvements. Sacramento, CA, Center for Civic Partnerships. *A comprehensive tool for sustaining programs, but does not address overall organizational sustainability.*

Community Action Partnership. (2012) Batter Up! Building Your Leadership Bench. Washington, DC. Community Action Partnership. *A toolkit providing guidelines for implementing a systematic approach to meet short-term leadership needs while developing long-term strategies to cultivate the next generation of leaders.*

Community Action Partnership. (2012). Improving Performance, Scoring Success: Using Balanced Scorecards for Organizational Excellence. Washington, DC, Community Action Partnership. *A “do-it-yourself” planning toolkit, based on the “Nine Steps to Success™” balanced scorecard framework, to understand the overall planning and outcome measurement process to build internal capacity, a strategic plan and a strategy management system.*

The Finance Project. (2003). Sustainability Planning Workbook. New York, NY, The Finance Project. *A set of six workbooks with five planning modules: Plan to Plan, (1) Building a Sustainability Initiative, (2) Developing a Vision, (3) Creating a Strategic Finance Plan, (4) Building Organizational Capacity and Community Support, and (5) Developing and Writing the Plan.*

La Piana, D. (2012). The Nonprofit Business Plan: a Leader's Guide to Creating a Successful Business Model. Nashville, TN, Turner Publishing. *An excellent guide to developing a business plan including chapters on assessing your current business model and financial projections. Offers many examples through a number of case studies.*

Appendix 1 - Organizational Sustainability

Mini-Assessment

Please read the following questions and note your response. As it applies to your organization, is this statement completely true (yes), partially true (part), not at all true (no), or you don't know (DK)?

Strategic	Our organization has a solid business model (what we do and how we pay for it) that has at least 5-7 years of life in front of it and is built on quality services/products that are needed by clients and valued by donors/funders.	Yes Part No DK
	Our strategic or long-range plan (or business/organization strategy) is current and relevant to today's and tomorrow's market conditions. Progress toward the plan is frequently reviewed and is the subject of priority-setting discussions.	Yes Part No DK
	Among the board, executive and management team there's a high degree of alignment about the direction and strategy.	Yes Part No DK
Leadership	We have the staff and board leadership in place who meets our present and near-term future leadership needs.	Yes Part No DK
	We have written succession plans in place for all key employees that include cross training plans. We have a strategy in place to recruit, develop and deploy new leaders, both staff and board.	Yes Part No DK
	Our chief executive could go on a six-month sabbatical tomorrow and the organization would not miss a beat.	Yes Part No DK
	Our board is a high-value asset to the organization. Processes are in place and followed for orientation of new board members and we have a pipeline of leaders and a process for board officer succession.	Yes Part No DK
Resources	Our organization has sufficient financial resources to meet its commitments in the short to mid-term.	Yes Part No DK
	Our organization's funding or revenue streams have longevity – the majority are likely to continue beyond the current year's budget or current grant cycle. We have an appropriate degree of diversification of revenue streams.	Yes Part No DK
	A proactive resource development strategy is in place that is tuned to our organization's particular market – the present market as well as future market. There is a clear logical link between our revenue development strategy and our overall business/organization strategy.	Yes Part No DK
Culture	Our organization's culture could be described as resilient, forward-focused, results-oriented and action-based.	Yes Part No DK
	The value and worth of the organization is widely understood throughout the board, staff and volunteers. Virtually anyone on the team could make a compelling case for supporting the organization.	Yes Part No DK



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Table of Contents

Background about the series	4
What is succession planning?	6
Why plan for succession?	7
Three approaches to succession planning	8
Leader Development Planning	8
Departure-Defined/Arrival Succession Planning	8
Succession Essentials	9
Figure 1 - Process overview for implementing succession essentials	9
Putting “succession essentials” in place in your organization	10
Organize a small task force	10
Orient the task force, organize the project and make assignments	10
Gather and update the supporting documents	10
Make sure the job description(s) are up-to-date	10
Develop the Emergency Backup Plan(s)	11
Develop the Succession Policy	13
Review and reflect with your committee/task force	14
Review and reflect with the board	15
Finalize, implement and put on the calendar for review	15
Implementing Departure/Arrival-Defined Succession Planning	16
Process Options for Implementing this Planning	19
Figure 2 – Sustainability and Succession Planning Process (Parallel Process)	21
Figure 3 – Sustainability and Succession Planning Process (Sequential Process)	22
Considering Internal Executive Succession: Some Important Questions	23
Case Studies: Sustainability and Succession Planning	25
Case # 1	25
Case # 2	25
Conclusion & Additional Reading	26
Appendices	27
Appendix 1 – CEO Emergency Backup Plan	28
Sample Emergency Backup Plan Detail	34
Critical Information and Contact Inventory	35
Appendix 2 – CEO Succession Policy	37
Appendix 3 – Internal Succession Questionnaire	41

Background about the series

The three guides were written specifically with health centers in mind. The guides were designed to help health centers strengthen the capacity of their organizations, especially those organizations that may be facing a chief executive or other leadership transition in the near future. As a companion to the guides, the Organizational Sustainability and Leadership Succession Mini-Tool Kit, provide organizations a jump start, in deciding where to best begin with Organizational Sustainability Planning, Executive Succession Planning and Executive Transition Management with step-by-step instructions and tools to get started.

The first guide, Part 1 *Organizational Sustainability Planning*, is a tool for assessing and strengthening the four areas critical to the organization's long-term sustainability by conducting an organizational sustainability assessment and using the results of the assessment to develop an organizational sustainability action plan.

The second guide, Part 2 *Executive Succession Planning*, provides an overview of three approaches to succession planning: The first is a detailed approach to "Succession Essentials" by developing a board-adopted Succession Policy and Emergency Backup Plan. The second is a list of important considerations for selecting an internal successor, and the third is an illustrative summary on combining sustainability and succession planning for maximum organizational benefit.

The third guide, Part 3 *Executive Transition Management*, presents a three-phase approach for managing turnover in a leadership position, especially the chief executive position. This Guide provides an opportunity to address transition issues, strategic direction, and an outstanding search when there is a change in executive.

While each of the guides can be used individually, together they are designed to help leaders strengthen their organizations and manage leadership turnover, adapt to changes in the environment and competition, and to increase the odds of remaining effective and true to core values over the long-term. This series aims at organizations with long-tenured executives and founders, relatively new executives and those seeking to address leadership succession and organizational sustainability.

The timing of the chief executive's departure can be a guiding factor in the choice of which tool to use. In health centers where the executive has no intention of leaving soon, or where retirement may be three or more years off, the Organizational Sustainability Guide can be an excellent tool for strengthening the organization, ensuring that when the transition occurs, there is a strong team in place with a clear plan for the future, solid systems and resources, and a resilient culture.

In agencies where the transition is two or more years away, the "Succession Essentials" in the *Executive Succession Planning Guide* can help the leadership understand more deeply the role of the chief executive and develop the tools, principles and understanding for how to best manage that transition when it does occur. Moreover, development of the Emergency Backup Plan ensures that

the organization has a plan in place if something unforeseen were to happen to the incumbent executive. More importantly, the development of that backup plan provides a deep exploration of the chief executive role, and the sense of bench depth in the organization to back him or her up. These organizations are often best served by combining sustainability and succession planning.

In situations where the transition is imminent – within the next 18 months or less – the *Executive Transition Management Guide* provides a well-tested framework for managing the entire transition process, including the search.

What is succession planning?

Succession planning can mean different things to different people, but generally, it has to do with plans that help organizations sustain effective leadership over time. A typical definition of succession planning is: A systematic process for ensuring leadership availability, continuity and appropriate development of an organization's leadership talent. Let's look at the keywords in this definition:

- **Systematic** –there's a proactive process in place that frames the organization's approach to succession planning.
- **Availability** – the process ensures that the appropriate people are available for the critical leadership positions in the organization, whether those people are the incumbents, someone who's ready to step in an acting capacity, or successors to be tapped when a transition does occur.
- **Continuity** – attention is paid to leadership continuity, which involves having people who are cross-trained for different positions and are ready to step in for a colleague on an emergency basis.
- **Appropriate development** – there's some focus on staff and leader development in the organization that is appropriate to the size, scale and resources of the organization.

Why plan for succession?

Succession planning conversations can be critical to the future sustainability of the organization, yet these are usually difficult conversations to have. Boards are often reluctant to bring the topic up for fear of sending the wrong signal to the chief executive. Chief executives, on the other hand, often avoid the topic because they fear the potential impact – that it sends a signal that they are looking for a different job, or the board might try to push them out, or they fear becoming a lame duck. The net result is that both sides avoid the topic and miss the opportunity to sustain the mission work of the organization, which is the real, true promise of succession planning.

Succession planning has many benefits. First of all, it gets us beyond an ugly truth that we typically avoid: *All careers end in a transition, eventually. It's just a question of when, how, and how well the transition is managed.* Here are some of the benefits that can be gained from succession planning:

Helps ensure organizational sustainability – succession planning results in a deeper understanding of an individual executive's role and responsibilities, and can open up the dialogue about bench depth within the organization, all of which furthers the organization's sustainability.

Helps mitigate risk – emergency backup plans ensure that there are cross-trained people ready to step in if something were to happen to an executive.

Increases the likelihood of successfully managed transitions – in part, succession planning is about developing a better understanding of the role of leadership positions in an organization. Better understanding leads to better decisions.

One goal of this guide is to help “normalize” the succession planning conversation and provide you with the tools to, at least, get the basic ingredients of succession in place, which we call “Succession Essentials,” a pair of documents: an Emergency Backup Plan for your chief executive position and a board-adopted Succession Policy. These tools will help you mitigate risk and provide a comfortable gateway into the succession planning conversation.

Three approaches to succession planning

While this guide is primarily focused on “Succession Essentials” and how to combine sustainability and succession planning, let’s look at three common approaches to succession planning.

Leader Development Planning

This approach involves an ongoing process of systematically assessing, acquiring, developing and aligning organizational talent in a way that builds the organization’s capacity. Often times, this is done within a framework called “talent management,” which also provides a critical link between organizational goals and performance. The idea is that the organization is forecasting its future leadership talent needs, and in turn, reviewing internal leaders, assessing whether they have the potential to move into those forecasted roles. If they do, they are then provided with the training, development and mentoring to increase their capacity to move into that new or expanded future role.

Departure-Defined/Arrival Succession Planning

This approach is often used when the CEO, particularly a long-term executive, plans to leave within the next 2 to 5 years or in the first year or two of a new executive’s arrival. Generally, there are two tracks in these plans: one focused on the organization and the other focused on the departing or arriving CEO. Organizational preparation work involves planning focused on organizational sustainability (see Part 1 *Organizational Sustainability Planning Guide*) and related capacity-building measures. The idea is to take the time prior to the search, or early in the tenure of a new executive, to assess the organization’s four core areas and to:

- a) Strengthen the business model and organizational strategy.
- b) Build leadership bench depth – both board and executive, and put in place or update the Succession Essentials (Emergency Backup Plans for executives and Succession Policy).
- c) Improve the organization’s resources, both financial and other resources.
- d) Pay attention to the health of the organization’s culture and addressing any disconnect between the organization’s culture and what’s really needed to ensure organizational readiness for an executive transition.

The executive preparation track typically focuses on helping the incumbent plan their exit from the organization and the handoff to his/her successor and/or on supporting the successful onboarding and ongoing development of the new executive and his/her relationship with the Board. In some cases, the exit planning may also involve some work to help the executive retire gracefully. For example, if the organization has not been competitive on salaries or has been lax in providing a

retirement plan, the departure-defined plan may also include a plan to bring the executive's salary up to a competitive level, and/or help catch up on inadequate retirement funding. (Obviously, these matters should be carefully discussed with the organization's legal and financial advisors.)

In some cases where a new executive is hired, there is an opportunity to review the strategic direction and business model and do leadership planning with a fresh perspective.

Succession Essentials

This approach is the subject of the next section of this guide. It provides the tools and processes to ensure leadership continuity for key positions in the event of unexpected absences as well as planned transitions. There are both “hard products” as well as “soft products” from this approach to succession planning. The *hard products*, or the tangibles, are two documents: an emergency backup plan, which is a multipage document that frames the agreement between the executive who is being backed up and the person or people who are identified to provide the backup. The other document is a board-adopted succession policy – a formal policy of the board that frames how the board will handle short and long-term unexpected absences of the chief executive as well as how they would manage the transition if the CEO decides to leave permanently. The *soft products* are equally valuable, and may include a deeper understanding of the leadership roles in an organization on the part of both board and executive leadership, a deeper understanding of leadership bench depth, as well as understanding potential gaps between the skills the organization requires and the skills of the current team. Someone once said that *the purpose of planning is not to make plans, but to change minds*. With these two documents, and as a result of this planning, your organization will have that “insurance policy” in case you need it (hard product), but more importantly, the planning process will lead to a deeper understanding of the organization and its current and future leadership needs (soft products).

This section describes the process of developing succession essentials as a process unto itself. The next section describes how to combine work on succession essentials with a sustainability review. If your organization has a long tenured or founder executive or a relatively new executive, the combination of succession and sustainability planning is recommended.

Figure 1 - Process overview for implementing succession essentials



Putting “succession essentials” in place in your organization

The remainder of this guide is a step-by-step action plan for implementing succession essentials in your organization.

Organize a small task force

In most cases its best to have a small team (3 to 5 members) working on this project. Typically, the task force should include the chief executive plus one or two members of senior management team and one or two board members. Board members might include the board chair and another officer, or the chair of your personnel committee if you have one. Staff members might include the COO and/or your HR director, if you have one. In larger organizations, there is more typically a Board Committee working with the executive or senior management team.

Orient the task force, organize the project and make assignments

Review this guide with the task force or Committee and management team, particularly this step-by-step action plan and the appendices. As for the assignments, someone needs to be assigned to the role of “author,” taking responsibility for the writing and rewriting of documents. In some cases, the organization may opt to have this process facilitated by a consultant experienced in this work. The role of the other team members is to contribute to the strategic thinking that goes into the plan, and to review the documents before they are submitted to the board for their review and approval.

Gather and update the supporting documents

The supporting documents that you will want to have on hand include the job descriptions for the individual positions for which you are creating backup plans as well as copies of the staff organization chart and strategic plan.

Make sure the job description(s) are up-to-date

Since you will be using the job descriptions as your “source document” for creating the backup plan, you will want to make sure that the job descriptions are up-to-date, ensuring that they actually reflect the current set of duties and responsibilities for the position for which you are developing a backup plan. Beyond the current reality for this position, consider how this position might evolve over the next several years, particularly over the next year. That should be reflected in the job description as well.

Develop the Emergency Backup Plan(s)

The remaining steps in the process, center around two documents, starting with the Emergency Backup Plan (See [Appendix 1](#) for a ready-to-edit template for an Emergency Backup Plan). It is best that the first draft be the responsibility of one individual, typically the executive whose position is being backed up, and then review the draft with the broader team.

Each of the sections below relates to a section in the Emergency Backup Plan template that you will find in [Appendix 1](#). The backup plan document is organized in three sections, the main body of the plan plus two attachments. The body of the plan provides the definitions and an overview. The first of the two attachments contains the current job description for the position being backed up. You should include it here so that it is available for ready reference if the plan needs to be implemented. The second attachment is the emergency backup plan detail, the heart of the backup plan

- a) **Rationale:** This section lays out the rationale for the plan. You will need to update position titles with your own organization's titles.
- b) **Priority functions of the position:** Identify the responsibilities that must be addressed in a temporary staffing situation for this position. Explore how this job is carried out in practice. Which of the responsibilities is most "mission critical?" Which require the most time and effort? Beyond the job description, what really happens on a day-to-day basis?
- c) **Business as Usual:** Here, you want to outline the topmost leadership activities that require attention during this temporary staffing situation. This should be no more than 3 to 6 items, seven at most.
- d) **Plan Implementation:** In this section, you will want to update the titles, as well as consider the appropriate steps to implement the plan, and to whom those action steps are assigned. You may also want to consider how much independence the president or/board chair should have in the implementation of this plan, as well as how much, and at what points, should the board chair consult with the executive committee or the broader board.
- e) **Definitions:** Here, you want to make clear your definitions, especially what's considered a "short-term" absence, as well as "long-term" absence. The template includes definitions that are fairly common.
- f) **In the event of a temporary, unplanned absence:** This begins to get into the heart of the matter.
 - i. **Who may appoint:** Consider how much independence the board chair/president should have without consultation with the executive committee of the board. Make sure to change the titles to reflect your health center.
 - ii. **First backup:** the first backup is the person primarily designated to back up the executive in this position.

- iii. **Second backup:** in some cases, the first backup may not be available because he/she is out on extended sick leave, maternity leave, etc., or they may be involved in a new assignment that makes taking on this temporary role inappropriate or impractical. It is, therefore, a good idea to also designate a second backup.
- iv. **Cross-training:** is a vital step of the succession planning process. Ensure that the individuals designated as backup have been cross-trained on the position and that they are, on an ongoing basis, kept abreast of information, trends and issues that relate to this particular position.
- v. **Authority and restrictions:** carefully consider how much authority the designated backup would have if they assumed the role. Generally, this is shaped by this individual's experience with the organization, level of maturity, etc. It also may be influenced by how their current role fits into the chain of accountability. For example, if the CFO were a designated backup, you would not want to grant that individual check signing authority, as it would violate your system of checks and balances.
- vi. **Compensation:** consider whether there will be a pay differential for the added responsibilities.
- vii. **Oversight and support:** typically, the board chair is the designated supervisor for the acting executive. These situations do require the board chair to step up his/her level of engagement with the organization for the duration.
- viii. **Communications plan:** the template outlines a fairly straightforward communications plan. You should inform your close-in, most critical stakeholders as soon as possible after the appointment of the acting.
- g) **Longer-Term, unplanned absence:** for short-term absences, in most cases, the designated backup can shuffle priorities to cover both positions – their own and the one for which they are providing backup. If it's going to be a longer-term absence (more than 2 to 3 months), then you should consider how to relieve the designated backup of their current position while they're filling in.
- h) **Permanent unplanned absence:** this section is straightforward and references the board adopted succession policy discussed in the next section.
- i) **Approvals and maintenance of record:** this plan is only as relevant as the availability of the designated backups. It will need to be changed if one of the backups leaves the organization, or if their job situation changes dramatically. It is recommended that it be put on the board calendar to be reviewed annually.
- j) **Appendix 1 - Attachment 1 – Job Description:** insert a copy of the job description here so you will have it as a reference in case the plan needs to be implemented.

- k) **Appendix 1 - Attachment 2 - Emergency Backup Succession Plan Detail:** as mentioned earlier, the details of the Communications Plan, Short-Term Staffing of Key Functions, Cross-Training Plan, Annual Calendar, and Critical Relationships, Contacts, and Information Inventory within this section are the heart of the backup plan.

In most organizations, it is advised that Emergency Backup Plans are developed by all senior or executive managers and for other managers or staff in key positions where an unplanned absence would negatively impact capacity to deliver services or meet mission. The Executive Director/CEO plan is more detailed because of the role of the Board in selecting and managing the top executive. Similar questions and process are used to develop plans for other managers. However, their plan is not as detailed because each person reports to the Executive Director or another manager.

Develop the Succession Policy

As mentioned earlier, the companion document to the Emergency Backup Plan is the Succession Policy, which is a board-approved policy. You only need this policy in place for the CEO position. It does not affect the other senior management positions, because those positions report to the CEO. The succession policy, therefore, will just address transition in the CEO position. See the template in [Appendix 2](#). The policy is a fairly straightforward document. Make sure that you change the “[Organization Name]” placeholders to your health center’s name, also changing the “CEO” title to “Executive Director” or whatever title you use for your organization’s chief executive role. A breakdown of the sections of the succession policy is as follows:

- a) **Guiding Principles:** this section allows the board to clarify its philosophy on open, competitive searches. Some organizations have a very strong philosophy of hiring from within. Most organizations find that, even if they have a well-groomed internal successor, the process is well served by an open, competitive search. That way, the individual who ultimately assumes the role – whether they are internal or external – has a clear mandate, having “won” the position through a competitive process. In some unique circumstances, there are exceptions where an internal successor is appointed without a competitive process. The board’s development of a succession policy clarifies its intent on this and other important questions. The second bullet relates to the fact that, often, and particularly with founder or long-term CEOs, the position grows up around them and the management structure may be a reflection of their talents, abilities and idiosyncrasies, rather than a more objectively designed structure. Be open to the fact that, when you are faced with a CEO transition, you need to look at the capabilities of the broader management team and hire with that context in mind.
- b) **Lines of Authority:** this simply clarifies that the selection of the chief executive is the responsibility of the board and selection of staff is the responsibility of the chief executive. It’s the board’s responsibility to ensure orderly transition for the CEO’s role. It is the CEO’s job to ensure orderly transitions among the senior management team and the staff, more broadly. In short, the board should review the Emergency Backup Plan and Succession Policy for the CEO position. Backup plans for the broader management team are highly

recommended, but those should be reviewed and approved by the CEO. The board may want to be aware that those plans exist. Moreover, in the interest of organizational sustainability, they might even urge or require the CEO to develop those backup plans.

- c) **Emergency Backup Plan:** this section makes reference to the backup developed earlier in this document and the role those plans have in ensuring sustainability and orderly succession.
- d) **Board Action in the Event of Vacancy in the CEO Position:** this section lays out the top level process for managing the transitions, including the appointment of an acting or interim CEO. This process is covered in more detail in the Emergency Backup Plan.
- e) **Preparation Time Frame for Replacement of the CEO:** the section outlines the optimal period for the incumbent executive to notify the board of his/her desire to leave the position, or plan to retire, as well as the time required for successfully carrying out a full executive transition.
- f) **Role of the Outgoing CEO in Planned Transitions:** here, you want to clarify the role of the departing CEO in assisting the board in planning the transition to his/her successor. Generally, it's not a good idea to simply task the departing CEO with finding his or her successor. The appointment of a new CEO is the most important decision a board can make, and a CEO transition is a time for the board to step up, delivering a higher level of engagement with the organization than might be considered during times of "business as usual." In other words, this should not be dumped in the lap of the departing executive.
- g) **Initial Implementation of the Transition Plan:** this brief outline is designed to get a transition committee in place, and get them started on their plan to manage the transition and search.
- h) **Commitment Regarding Diverse Candidates and Staff Leader Development:** these bullets outline a commitment to developing internal candidates, but ensuring due diligence by conducting an open and competitive search process. Also, this is a place where the board should clarify its commitment to diversity.

Review and reflect with your committee/task force

A lot of ground has been covered with these two documents. The committee or task force's role is to review the documents prior to submitting them for board approval. To prep for the board discussion in the review with the committee/task force, here are some questions that you may wish to consider:

- Overall, what have we learned through the exercise of preparing these two documents? What insights do we have now about bench depth and/or organizational sustainability?

- Beyond getting these two documents in place, what are some key actions that we've identified that would further organizational sustainability and/or leader development?
- Turning to the documents themselves, does the process we have laid out appropriately reflect our organizational values and capabilities?
- Have we provided a sufficient level of detail, so that someone implementing the plan would have the appropriate level of guidance?

Revise the documents, as appropriate, and prepare the final drafts for the board. It may take several meetings of the task force to work your way through the refinement process and have the final drafts ready for the board review.

Review and reflect with the board

Now, you should be ready to engage the board. Send the documents to the board in advance, and have your committee / task force members ready to speak to their responses to the reflection questions outlined in step #7 above, as well as have them prepared to respond to board member questions. Again, the idea here is not to just have these documents in place, but to build the board's comfort level and competency with the topic of succession planning, particularly as a tool for furthering the sustainability of your organization.

Finalize, implement and put on the calendar for review

Now that the board has approved the final documents, the implementation can begin, particularly the cross-training, which is absolutely vital to ensure that you have successors in place who are ready to step into the position, if need be. Finally, these are not static – set-it-and-forget-it – documents. They should be reviewed at least annually. The backup plan will need to be revised sooner if the person providing backup leaves the organization, or if their role and/or availability changes substantially, essentially rendering them unavailable as a backup. Most organizations tie the annual review of these two documents to an organizational milestone that occurs every year, e.g., approval of the budget, adoption of the annual plan, performance review discussion, etc.

Finally, consider what you've learned throughout this process and how that might influence action plans in other areas, furthering organizational sustainability.

Implementing Departure/Arrival-Defined Succession Planning

This approach is often used when the CEO, particularly a long-term executive, plans to leave within the next 2 to 5 years or in the first year or two of a new executive's arrival. Generally, there are two tracks in these plans: one focused on the organization and the other focused on the departing or arriving CEO. Organizational preparation work involves planning focused on organizational sustainability (see *Part 1 Organizational Sustainability Planning Guide*) and related capacity-building measures. The idea is to take the time several years prior to the executive's departure, or early in the tenure of a new executive, to assess the organization's four core areas and to:

- a) Strengthen the business model and organizational strategy.
- b) Build leadership bench depth – both board and executive, and put in place or update the succession essentials (Emergency Backup Plans for executives and Succession Policy).
- c) Improve the organization's resources, both financial and other resources.
- d) Pay attention to the health of the organization's culture and addressing any disconnect between the organization's culture and what's really needed to ensure organizational readiness for an executive transition.

Getting Organized for Sustainability and Succession Planning

For purposes of simplicity of communication, we will use Sustainability and Succession Planning and Departure/Arrival-Defined Succession Planning to describe the same process. In fact, this form of succession planning is a combination of two practices – sustainability review and action planning (described in *Part 1 Organizational Sustainability Planning*) and Succession Essentials described above.

A key first step in this planning is to properly prepare and engage the key stakeholders in the process. Typically, in most organizations, the executive director and Board are key stakeholders. Depending on the size and culture, senior managers, all managers or in smaller organizations all staff may be important stakeholders. Other stakeholders – funders, government agency representatives, consumers of the services, and community leaders – may be important to involve. Typically, the process is led by the executive and/or a member of the management team and the Board Chair or other Board leader.

Executive Buy-in and Engagement

This type of planning is designed to support the success of the executive director and his departure or early tenure depending on the circumstance. Because the executive is central to any implementation of the action plan, s/he is vital to the process. For some executives, either after many years of service and heading for retirement or departure or just arriving, there may be hesitation and some concerns about initiating this process.

For the long-tenured executive or founder considering departure in 2-4 years, experience has shown the following types of concerns among others:

- **Timing ambivalence:** unclear about when to leave and a desire to not start any process prematurely
- **Reluctance to let go:** while intellectually recognizing the need to begin to delegate more and let go of some duties, an emotional or practical hesitation based on the situation
- **What's next is not defined:** lack of a vision or ideas about meaningful life and perhaps “work” after this position make it hard to begin to prepare for exiting.

In some instances, the first step in the process for departure-defined succession is for the executive to have some time and support to sort out any of the issues above. This can be done through conversations with trusted friends and advisors, executive coaching and/or participation in workshops around this topic.

For the arriving executive, depending on who initiates the process, how the person was selected (competitive process or appointment), and their experience, there may be a variety of questions or concerns to be addressed before starting. Among such concerns might be:

- Motivation for this planning – Is it intended to support the executive and staff or is it part of evaluating performance?
- Organizational timing – How does this fit into the ongoing strategic and annual planning processes? What is best time for this process?
- Executive overload – Has the executive been there long enough to get through the hectic first three to six months and begin to feel settled and somewhat secure in the position?

In many situations, the executive initiates the process and sees the value from the outset. Before getting under way, it is important to realize that the executive has a lot at stake and to support the executive in whatever personal preparation needed before engaging in this type of planning with the Board and management team.

For the Board and management team, readiness usually means agreement on why this process now and a shared agreement on what success will look like. This discussion usually shifts the focus from being all about the executive to a broader look at leadership continuity for all key management and Board leadership positions and an understanding of the benefit of linking a sustainability review to leadership succession planning.

Process Options for Implementing this Planning

Once there is executive readiness and agreement on purpose and hoped for outcomes, there are two ways to move forward. The decision on which way is right for your organization is largely practical – what works best in terms of time, focus and getting to a successful wrap-up for the leaders involved.

For some organization, this planning comes at just the right time and there is an eagerness to move forward and a willingness and ability to adjust other priorities to make time. Experience shows that concentrating the planning activities over a four- to six-month period increases participation, efficiency and in some cases the quality of results. You can imagine the challenge of a process that starts and stops because of other major activities over a year or two.

Option 1 is to do sustainability and succession planning as a parallel process. It may sound a little daunting; however, a number of health centers and other nonprofit organizations have used this approach successfully. It works best with a designated process manager from the management team or Board who has the time and experience to keep the two processes on track. For larger organizations or more complex processes, an experienced consultant may assist with the process management.

Here are the typical steps when succession essentials and sustainability planning are done at the same time as parallel processes:

- 1) Organize your leadership team from management and Board and agree on leadership, process management roles, and timing for the planning.
- 2) Conduct orientation for all managers to be involved. This orientation typically includes:
 - a) Briefing on what sustainability and succession planning are and why now in our organization.
 - b) Introduction to emergency backup planning and request for those doing emergency backup plans to complete a set of questions about key functions, backup, and cross training.
 - c) First discussion of sustainability, why it is important and the process for conducting a sustainability review and how this fits into ongoing planning processes.
 - d) Agreement on when managers will submit emergency backup input and to whom, and how this information will be used.
- 3) Conduct orientation for Board committee and Board. (Typically, either an existing Committee takes the lead or an ad hoc Sustainability and Succession Planning Committee is

appointed with a Chair.) This orientation is similar to one for managers discussed above, except there is also a first discussion of the idea of developing a Board-adopted succession policy and a first discussion of what the big sustainability questions are from the Board's point of view. This discussion informs the discovery and data gathering phase that follows.

- 4) The process facilitator initiates a request for key documents to be reviewed to inform sustainability planning (strategic plan, financials, any recent organizational review or report, marketing or competition studies, etc.).
- 5) The leadership team (executive and/or designee and Board leaders) agrees on process for soliciting input from managers, staff and board on sustainability. This can be done through interviews, focus groups, surveys and other data collection methods.
- 6) Process facilitator designee reviews managers input on emergency backup plans and consults with executive and managers as needed to clarify plans. Plans documented using templates.
- 7) Process facilitator collects all data input and reviews key documents and prepares summary report for executive, management and Board Committee.
- 8) Executive and managers meet to review results of work on emergency backup plans and data on sustainability and begin to shape cross training plans for emergency backup and sustainability action plan. (This may require 2-3 meetings over a 3-6 week period.)
- 9) Board Committee meets and reviews summary from managers, draft of executive emergency backup plan and has first discussion of the succession policy and sustainability data and draft action plan. Committee may meet 1-2 more times to finalize documents.
- 10) Committee prepares and delivers report to Board with sustainability report and action plan, emergency backup plan for executive and a draft succession policy. Board either acts or sets a time for review and to act at the next meeting.
- 11) Documents listed above are adopted by Board with commitment to review annually at agreed upon meeting.
- 12) Executive and managers implement the plans and report progress periodically to Board.

While this process requires focus and consistent attention for a defined period, with appropriate leadership and process management, it is quite doable.

There are compelling reasons for some organizations to do these processes one after the other. Often the executive and managers begin with the emergency backup planning work for managers and then as they advance that goal, launch a few months later the sustainability review and board involvement in the planning. This works quite well as long as the Board is fully engaged and there is a facilitated discussion that brings the results of the work on succession and the sustainability

review together for conversation by the managers and Board separately and together.

The Sustainability and Succession Planning Process, which typically takes approximately 4-6 months, either occurs parallel (process stages occurring at the same time) or sequentially (process stages occurring one-at-a-time) depending on the discretion of the chief executive and/or board chair.

The following two process charts summarize the difference between the parallel and sequential processes.

Figure 2 – Sustainability and Succession Planning Process (Parallel Process)

STAGE	Sustainability Planning Process	Succession Planning Process
PLANNING (1 Month)	Preplanning with Executive and Board/Board Chair	
	Organization of Sustainability/Succession Committee	
	Orientation Meetings: Board Orientation and Staff Orientation	
	Perform a Financial Review	Interviews and Unpacking the Job Discussions
	Organizational Review: Board & Staff Survey and Interviews	Emergency Backup Planning Worksheets
DEVELOPMENT (2 Months)	Organizational Review Meeting	Emergency Backup Plan Development
	Sustainability Plan with Recommendations Development	Succession Policy Development
REVIEW (1 Month)	Review Sustainability Plan and Recommendations with Executive and Committee (<i>Revision and Finalization</i>)	Review Draft Emergency Backup Plans and Succession Policy with Executive and Committee (<i>Revision and Finalization</i>)
APPROVAL (1 Month)	Board Review and Approval For Implementation (<i>Sustainability Plan with Recommendations, Emergency Backup Plan, and Succession Policy</i>)	

Figure 3 – Sustainability and Succession Planning Process (Sequential Process)



Considering Internal Executive Succession: Some Important Questions

Nearly half of current nonprofit CEOs were internal to the organization before their appointment – either a staff or board member. Nearly a third of executives leave involuntarily (*Daring to Lead* (2010)). Clearly, a lot is at risk when an internal candidate is selected as the executive. Simply put, many nonprofit executives come from within; some succeed and some do not.

Here are examples of possible scenarios – a typology of sorts for internal succession – for your consideration:

- 1) The Executive Surprise: occurs when a CEO grooms an internal manager to be the next executive without informing the Board. The executive simultaneously announces his departure and recommends his successor. This is messy for the Board and often does not end well for the departing executive or the organization.
- 2) The Executive-Board Collaborative Plan: occurs when the executive and the Board utilize ongoing attention to succession planning and leader development to reach consensus on an internal successor. This can be awkward for the potential candidate(s) and requires a thoughtful process and has high odds of success when done well.
- 3) The Board Punt: occurs when the Board abdicates its duty of executive selection by selecting a staff or Board member with insufficient attention to what is expected of the new executive and whether the selected successor has the full set of skills and attributes required for success. By definition, this approach has high risk for failure.
- 4) The Compromise: occurs when either an internal successor is recommended by the executive, or applies for the open position, or the Board is divided about whether to appoint the internal candidate without a search or to use a search to consider other candidates. Best practice with some rare exceptions is to compare the potential internal successor to external candidates. This gives Board more confidence and further empowers the new executive. Sometimes Boards choose to do a very limited search to quickly and without much expense produce a few candidates to compare to the internal candidate. This “partial search” is hard to do well.
- 5) Interim to Permanent: occurs when a short-term interim executive is selected as permanent executive. Sometimes Boards try out an internal candidate as interim executive for purpose of determining if a good fit. Other times a person who starts out as interim with no intention to apply reconsiders and seeks the position or is asked to consider applying. This is usually high risk for the interim and the organization with an occasional exception.

The examples of types of internal succession scenarios above highlight some of the potential challenges with leadership transitions that involve internal successors, including:

1. The problem of who chooses. In some situations, the departing executive wants to handpick or appoint their successor. This is a fairly common practice in the corporate sector where boards are dominated by executives, but a potentially dangerous practice for nonprofits whose boards are almost always largely external and independent. It is harder for the Board to own the executive selection decision when rubber-stamping the departing executive's recommendation.
2. The problem of pain avoidance. Clearly, some boards will gravitate to the internal successor "solution" because it's viewed as an easy way to avoid the work and decisions involved in full search. This approach may include elements of deferring to the executive or insufficient rigor below. It is a risky gamble for the Board and organization. shortcut where there is
3. The problem of rigor. Internal succession can involve situations where there's less rigor than might be applied to an external hire. These include situations where there may be less of a critical examination of the internal executive, an overreliance on the recommendation of the CEO, a lack of discernment about the link between their executive skill set and attributes needed to move the organization forward, or even a lack of examination of future direction and how that should influence the hiring decision. Insufficient attention to any of these important steps in CEO transition and search often results in short tenures for the new executive and/or a period of underperformance and struggle for the organization.
4. The problem of misdirected criteria. Often, even the best boards don't have a deep enough understanding of the CEO role to make a good choice without some solid exploration of the role and develop good criteria. Sometimes boards confuse *familiarity* with *experience*, or allow familiarity to trump experience, believing that familiarity will lead to a better fit.

Said another way, here are some common risks to be avoided in considering an internal successor:

- Breakdown in communication between departing executive and Board before or during the succession planning and transition.
- Lack of investment on the part of the board in the new executive.
- Hiring on hope and "good feeling" a talented person for whom the requirements for success for this executive position are too big a stretch or there is insufficient support to make success possible.
- The selection process is flawed and the Board and/or staff become divided around the selection decision.

See the Internal Succession Tool in [Appendix 3](#) for questionnaire to help guide internal succession planning and the Executive Transition Guide and Process Chart for more on the steps in well-planned and implemented executive transitions.

Case Studies: Sustainability and Succession Planning

The following case studies illustrate the various approaches to combining sustainability and succession planning and the benefits to the organizations and leaders.

Case # 1

“Health Center A” planned and successfully executed an internal succession. The retiring executive had served for 22 years as executive and was one of the first employees hired when the center opened. She had worked for the Center for 30 years. As she began to consider retirement, she attended a two-day workshop to learn more about succession and transition. As a result, she approached the Board Chair and recommended a sustainability and succession planning process focused on the organization, not her retirement. She assured the Board she would provide at least a year’s notice when she was ready to retire. As a result of the sustainability and succession planning, the Board became clear that there were several potential internal successors. The Board and executive agreed to provide additional learning through stretch assignments and executive coaching to all the senior managers as a way to expand the potential succession pool. When the transition occurred, only one of the senior managers applied. The Board decided to do a search and compare this candidate to external ones. The internal candidate was selected and after a well-planned onboarding and hand-off from departing executive, has now served successfully as CEO for three years.

Case # 2

“Health Center B” struggled with three executives in four years. This 30-year old Center hired an interim executive to stabilize operations. This Interim recommended sustainability review and succession planning to better understand where the organization was headed and the capacity of current management. This process resulted in a decision to reorganize the Board, which the Interim managed with the Board. They completed a Sustainability Action Plan, which as a result they hired a deputy director, which was also carried out by the Interim. Fifteen months after the Interim arrived, a reorganized Board and stronger management team completed planning for the hiring of a new executive. A well respected and experienced executive applied and was selected.

Conclusion & Additional Reading

Succession planning increases the odds of long-term success for organizations. Attention to leadership continuity and systems for planned and unplanned transitions of key executives and managers reduces risks and leverages the human and financial equity and mission results of organizations. For many organizations, the power of succession planning is amplified by combining with sustainability planning. (See [Appendix](#) for tools to assist in succession and sustainability planning and the Three Guide series)

Adams, T. H. (2010). The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations. San Francisco, Wiley/Jossey-Bass. *Comprehensive guide to the entire succession transition process.*

Wolfred, T. (2008). Building Leaderful Organizations: Succession Planning for Nonprofits. Baltimore, Evelyn & Walter Haas Jr. Fund and Annie E. Casey Foundation. Free download at: www.transitionguides.com/monographs-on-executive-transition-management

Appendices

[Appendix 1](#) – Emergency Backup Succession Plan Template

[Attachment 1 & 2](#) – Emergency Backup Plan Attachments: Job Description and Plan Detail

[Attachment 3](#) – Critical Information and Contact Inventory

[Appendix 2](#) – CEO Succession Policy Template

Appendix 1 – CEO Emergency Backup Plan Template

[HEALTH CENTER]

CEO

Guideline for the Appointment of an Acting CEO
in the Event of an Unplanned Absence of the Incumbent

Rationale

The CEO position in a nonprofit organization is a central element in the organization's success. Therefore, ensuring that the functions of the CEO are well-understood and shared among the executive team and senior staff it is important to ensure organizational stability and leadership continuity in the event of unplanned and unexpected change. This kind of risk management is equally helpful in facilitating a smooth leadership transition even when it is predictable and planned.

The purpose of this plan is to ensure the continuous coverage of duties critical to the ongoing successful operations of [HEALTH CENTER]. The board of directors is adopting policies and procedures for the temporary appointment of an acting CEO in the event of an unplanned and extended absence of the CEO. The board chair, or board vice-[president/chair] in the absence of the board chair, may determine the appropriate time to initiate the implementation of this plan.

While the board of directors acknowledges that such an absence is highly improbable and certainly undesirable, they believe that due diligence in exercising executive-level management functions requires that it have an emergency backup succession plan in place. It is expected that this plan will ensure continuity in the administration of the organization's day-to-day programs and operations, management of external relationships and supervision of staff and finances.

Priority functions of the [CEO] position

The full CEO position description is attached. (See Attachment 1)

Of the duties listed in the position description, the key functions of the CEO have a corresponding temporary staffing strategy for an acting CEO in the attached Emergency Backup Succession Plan Detail (See Attachment 2).

The positions assigned in the Temporary Staffing Strategy are based on [HEALTH CENTER's] organizational structure as of [January 2012]. In the event this plan is implemented and those assigned are no longer available or positions are vacant, the board chair may select other senior staff to support each of the key CEO functions. It is the responsibility of the CEO to ensure that positions have appropriate cross-training to successfully implement the temporary staffing strategy.

Business as Usual

This emergency backup succession plan and the staffing structure at [Organization Name] are intended to minimize disruption in quality service and maintain business as usual to the extent possible. In the absence of the CEO, unless otherwise determined by the board of directors, business as usual includes maintenance of the following (See Attachment 1):

- Leadership and vision
- Fiscal oversight
- Oversight and guidance on programs and reporting
- Maintain communication with key relationships
- Liaison with the board of directors

Emergency Backup Succession Plan Implementation

The board of directors authorizes the board chair to implement the terms of this emergency backup succession plan in the event of a planned or unplanned temporary, short-term absence of the CEO. The board vice-[president/chair] is authorized to implement this plan in the event that the board chair is unavailable or cannot be reached. Phone calls and conference calls are an acceptable substitute for any meetings designated in this plan.

As soon as feasible, following notification of an unplanned temporary or short-term absence, the board chair may convene an executive committee meeting to affirm the procedures prescribed in this plan, or to modify them if needed.

While this timeline may vary based on circumstances, the suggested steps for implementation are:

- The management team informs the board chair immediately of unplanned absence.
- The board chair appoints an acting CEO.
- The board chair informs the board of the acting CEO appointment.
- The board chair (and potentially other officers) consults with the acting CEO on the circumstances of the absence, organizational situation and related factors.
- After the board chair and acting CEO consult, stakeholders will be notified following the communications plan outlined below.

Definitions

- A *temporary absence* is one in which it is expected that the CEO will return to his/her position once the events precipitating the absence are resolved.
- An *unplanned absence* is one that arises unexpectedly, in contrast to a planned leave, such as a vacation or a sabbatical.
- A *short-term absence* is designated as three months or less.
- A *long-term absence* is designated as more than three months.
- A *permanent absence* is one in which it is firmly determined that the incumbent CEO will not be returning to the position.

Emergency Backup plan in event of a short-term, unplanned absence

Appointment of an Acting CEO

1. The board of directors authorizes the board chair to implement the terms of this emergency backup succession plan in the event of the unplanned absence of the CEO.
2. In the event of an unplanned absence of the CEO, a member of the management team shall immediately inform the board chair of the absence.
3. As soon as is feasible, the board chair may convene a meeting of the management team to affirm the procedures prescribed in this plan or to make modifications the board chair and team deem appropriate.

First backup for the CEO position

The board chair may designate [Name], [Position Title], to the position of acting CEO. His/her position description will specify that s/he may serve as acting CEO in the absence of the CEO unless otherwise decided by the board chair. S/he will have an emergency backup succession plan with designated appointees if s/he becomes acting CEO or if s/he is otherwise unable to serve her own functions as [Position Title].

Second backup for the CEO position

The board chair may also consider splitting duties among designated appointees based on the primary functions to be carried out. (See Attachment 2, Emergency Backup Detail, for complete listing.)

[Name], [Title], may serve as second backup for the position of acting CEO based on the discretion of the board chair. S/he may serve should [Name], [Title], be unable or unwilling to serve as acting CEO or as otherwise decided by the board chair. S/he will have an emergency backup plan with designated appointees.

Cross-training plan for appointees

The CEO, in collaboration with the board chair, will develop a plan for training the potential appointees in the priority functions of the CEO which are listed in section 2 above. The cross-training plan is attached to this document. (See Attachment 2, for detailed Cross-training Plan.)

The CEO will have the responsibility of handling the logistics of the plan's implementation.

Authority and restrictions of the appointee

The person appointed as acting CEO will have the authority outlined below, except as may be further defined by the board chair.

- Staffing – is authorized to hire and terminate management staff after consultation with the board.
- Financial – [will or will not] have check signing authority. Is authorized to expand resources, in consultation with the board treasurer and [president/chair].
- Public Policy – is to take public policy positions on behalf of the organization with board chair approval.
- Media – is authorized to speak on behalf of the organization or designate a spokesperson.
- Contracts – is authorized to enter into and execute contracts after consultation with the board chair and/or board treasurer.
- Programs – is authorized to develop new programs and assume new programmatic responsibilities on behalf of the organization in consultation with the management team and board as necessary.
- Collaboration/Partnerships – is authorized to enter into partnerships or develop collaborations with external parties in consultation with the management team and board as necessary.

Compensation

The board chair, in consultation with the executive committee, may consider a salary adjustment for the acting CEO.

Oversight and support for the Acting CEO

As with the CEO, the board chair and board of directors will have the responsibility for monitoring the work of the acting CEO. The acting CEO will provide regular updates, and will meet with the board chair more often as the acting CEO and board chair may determine necessary. The board chair will also be alert to the special support needs of the acting CEO serving in this temporary leadership role, and act to address them.

Communications plan

Within eight (8) hours after an acting CEO is appointed, the board chair and the acting CEO will meet to implement an external communications plan to announce the organization's temporary leadership structure, including the kind of information that will be shared, and with whom (e.g. major donors, state associations, partnering agencies, etc.). (See Attachment 2)

Within 24 hours after an acting CEO is appointed, the board chair and acting CEO will implement the communications plan to announce the organization's temporary leadership structure to the management team and the board of directors.

Notifications will take place in sequence on the following timetable:

- Within 24 hours, the board chair will notify the board of directors, the [strategic alliance partners and really close-in stakeholders], and the management team by phone, conference call, or meeting.
- Within 24 hours, the acting CEO will notify the staff by email or meeting.
- Within five business days, the acting CEO will notify the donors and key stakeholders by phone or email.

A staff member designated by the CEO will maintain updated Key Contact information in the organization's database for easy access on an ongoing basis. (For a full overview of the communications plan, see Attachment 2.)

Emergency Backup Plan in event of a long-term temporary, unplanned absence

The procedures and conditions to be followed will be the same as for a short-term absence with one addition: The board chair will give immediate consideration, in consultation with the executive management team, to temporarily back-filling the position left vacant by the acting CEO. This is in recognition of the fact that, for a term of more than three months, it may not be reasonable to expect the acting CEO to carry the duties of both positions. The position description of a temporary appointment would focus on covering the priority areas in which the acting CEO needs assistance.

Emergency Backup Plan in event of a PERMANENT unplanned absence

The procedures and conditions will be the same as for a long-term temporary absence with one addition: The board chair may appoint a transition and search committee in accordance with the terms of [Organization Name's] Succession Policy and follow the procedures set forth in the Policy.

Approvals, updates and maintenance of record

Emergency Backup Plan Approval

This emergency backup plan will be approved by the full board of directors and reviewed annually at a formal board meeting to make any needed changes in the designated backup appointees. The board chair may review and amend the plan at other times if a standing appointee or backup is no longer available to serve in an acting CEO capacity. The board chair may reevaluate the plan when new designees are appointed.

Signatories

The board chair, the CEO, and the designated backup appointees will sign this plan.

Maintenance of Record

The board chair, the CEO, and the designated backup appointees will maintain copies of this plan.

Approved by:

[HEALTH CENTER’s] Board of Directors on _____

Acknowledged by:

I acknowledge that I have reviewed this plan.

_____	_____
Board Chair	Date

_____	_____
CEO	Date

_____	_____
First Backup	Date

_____	_____
Second Backup	Date

Appendix 1 – Attachment 1 and 2 – Emergency Backup Attachments

Emergency Backup Plan Attachments:

- Attachment 1: Job Description
 - Attachment 2: Emergency Backup Plan Detail
 - Attachment 3: Critical Information and Contact Inventory
-

Sample Emergency Backup Plan Detail

Name: [insert name and title]

First Backup: [insert name and title of first backup]

Second Backup(s): [insert name and title of second backup]

Communications Plan

- List the **Key Contacts** by name and title.
- List the **Contact Manager**, person responsible for making contact with the key contact, by name and title.
- List the **Contact Method**, typically phone call, email, formal letter, or meeting.
- List the **Contact Timing**, when the contact manager should notify the key contact.

Short-Term Staffing of Key Functions

- List the **Key Functions**, typically supervision, fundraising, board liaison, among others.
- List the **Short-Term Staffing**, typically one or two staff members or outside contractor.
- Clarify any changes to the short-term staffing strategies if the absence becomes a long-term absence.

Cross-Training Plan

- List identified areas requiring specific training, typically the same as or related to the key functions.
- List the **Trainee(s)** by name and title.
- List the **Trainer(s)** and or **Training Source**.
- Describe the **Training** required and the time it will take to completely train the trainee(s).

Critical Relationships

- List the **Critical Internal and External Relationships** to be maintained during a leave of absence.
- List the **Person(s)** accountable for maintaining the relationships.
- Provide the **Contact Information** for the critical contact, typically email address and phone numbers.

Annual Key Events/Milestones Calendar

- List the **Key Events/Milestones** of the chief executive on a weekly, monthly, quarterly, and or annual basis.
- List the **Associated Activities/Responsibilities** required to ensure the key events/milestones are planned and handled appropriately.

Appendix 1 – Attachment 3 – Critical Information and Contact Inventory

[HEALTH CENTER]

Critical Information and Contact Inventory

Last updated: _____

Employer Identification Number (EIN) #: _____

Corporate and Financial Records

Include specific location of all records:

- IRS Determination Letter
- IRS Form 1023
- Bylaws
- Board Minutes
- Corporate Seal
- Current and previous Form 990s
- Current and previous Audits
- Financial Statements
- State or District Sales-Tax
- Exemption Certificate
- Blank Checks
- Computer passwords
- Donor Records
- Client Records
- Vendor Records
- Volunteer Records
- Employee/Personnel Records
- I-9's
- Human Resources Documents
- Office Lease/Building Deed
- Office Safe
- Authorized Signatories Procedures

Corporate and Financial Contacts

Include contact/representative's name, company, account number, phone & fax numbers, and email address:

- Auditor
- Banks
- Investments
- Legal Counsel
- Computer Systems
- Telephone Systems
- Building Management Systems
- Office Security Systems
- Payroll

Insurance Information

Include contact/representative's name, company, policy number, phone & fax numbers, and email address:

- General Liability
- Directors and Officers
- Medical/Health Insurance
- Dental Insurance
- Vision Insurance
- Workman's Compensation
- Disability: Short-Term
- Disability: Long-Term
- Retirement

Appendix 1 – Attachment 2 – Emergency Backup Plan Detail

Appendix 2 – CEO Succession Policy Template

[HEALTH CENTER]

CEO

Succession Policy

Introduction

A change in executive leadership is inevitable for all organizations. It is a time of both risk and opportunity. It is a period in an organization's history when the board president must increase his/her level of engagement. It is also a time when some may seek assurance of the organization's viability and long-term sustainability.

A succession policy for the CEO position is a routine risk management and sustainability planning tool. The policy ensures organizational sustainability by providing a proactive, orderly plan for executive leadership transitions.

To that end, the Board of the health center is adopting this succession policy for the following purposes:

- Focusing board attention on leadership team development through annual communications between the CEO and board about the depth of staffing and succession plans for management team positions
- Establishing principles, role clarity and procedures to support positive leadership transitions that foster good endings and beginnings with departing and arriving leaders, and build organizational capacity when a planned or unplanned executive leadership change occurs.

The board president shall be responsible for implementing this policy and its related procedures, and for annually reviewing and updating the policy as needed.

In the event of a planned or unplanned leadership transition, the board shall immediately appoint a transition committee, which shall plan and manage the transition, including the search for a new CEO.

Guiding Principles

- Health center is open to and will consider both internal and external candidates when filling the CEO position. A national search will be conducted unless the board concludes that a current staff member is appropriate and available for the job.
- In organizations such as health center, the incumbent's talents and areas of specialized interest often shape the CEO's position. That person's departure might necessitate other organizational changes including the creation of new positions and/or realignment of current positions.
- The preeminent goal of a transition to a new CEO is maintaining continuity of health center's mission-related work. A transition also presents an opportunity for the organization to continue to grow and develop.

Lines of Authority

1. The selection of the CEO is the responsibility of the board.
2. The current CEO has the responsibility to continuously identify, encourage, and help to develop senior managers within the organization who are qualified to meet future leadership needs, whether that be on a temporary or permanent basis.
3. The current CEO has the responsibility to plan for the orderly transition of all senior managers.

Emergency Backup Plan

1. Related to the position of CEO: To be prepared at all times for a leadership transition, the organization shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of the CEO. This plan is approved by the board and should be reviewed annually. The plan can also serve as the transition plan when there is a vacancy in the CEO position.
2. Related to management team positions: To be prepared at all times for a senior management transition, the CEO shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of members of the management team. Those plans shall be provided to the board president and made available to the board.

Board Action in the Event of Vacancy in the CEO Position

1. **Organizational Assessment:** The board or transition committee shall take time to assess the leadership needs of the organization before the search for a new CEO is conducted. The assessment shall include a review and update (if needed) of the organization's strategic plan. The assessment will be designed to help assure the selection of a qualified and capable leader who fits well with the organization's mission, vision, values, culture, goals, and objectives, and who has the necessary skills to lead the organization.
2. **Option of appointing an acting or interim CEO:** To assure the organization's operations are not interrupted while the board assesses the leadership needs and recruits a new CEO, the board may appoint an acting CEO from among senior executive staff, or hire an interim CEO from outside the organization.
3. **Duties of the acting/interim CEO:** Among such duties will be to ensure that the organization continues to operate without disruption, and that all organizational commitments previously made are appropriately executed, including but not limited to: speaking engagements, grant and contract obligations, reports, licenses, certifications, membership renewals, and other obligations to funders and other stakeholders.
4. **Simultaneous transitions for the CEO and senior management positions:** After appointing an acting or interim CEO from within, the board may make other temporary senior management appointments from among other senior management staff, external hires, or whatever combination of those options best assures continuity in leadership and program success through the transition period and afterwards.

Preparation Time Frame for Replacement of the CEO

1. The optimal period for the CEO to announce his/her departure from that role – or proposed commencement of a new role in the organization – is at least six to twelve months before the date of departure.
2. The organization's board understands that the time required for successfully completing a planned leadership transition is approximately eight to twelve months.

Role of the Outgoing CEO in Planned Transitions

The departing CEO, unless otherwise directed by the transition committee, will be involved in some transition activities such as: fundraising, communicating with funders and other stakeholders, and briefing the incoming CEO. The departing CEO's role during the transition and after the new CEO starts shall be developed in consultation with the board president and/or transition committee and communicated to the board.

Initial Implementation of the Transition Plan

1. Within fifteen (15) days of the announcement of a planned departure, the board president shall appoint a transition committee. This committee shall be comprised of at least three members of the board. Other external stakeholders and/or staff may be recruited to advise or assist the committee at the discretion of the board president and transition committee.
2. The transition committee will develop a transition plan that addresses: the appropriate preparation prior to launching the search, the conduct of the search and selection process, and the post hire follow-through to ensure the successful onboarding of the new CEO.
3. The transition committee shall be responsible for implementing this transition plan and further developing the plan as needed. At its first meeting, the transition committee shall determine its role, including responsibilities related to conducting the search process. (The transition committee may recommend that the board president appoint a separate search committee, while the transition committee manages the overall transition process for the organization.) The committee shall also discuss and decide on how the senior staff will be substantively involved in the transition planning process and consulted in the selection process.
4. The transition committee shall also determine the need for consulting assistance (i.e., transition management consultant and/or executive search firm) based on the circumstances.
5. As needed, the board president shall authorize an organizational assessment and schedule a board retreat to review and refresh the organization's strategic plan.

[Organization Name] Commitment Regarding Diverse Candidates and Staff Leader Development

1. In order to provide career advancement for staff, the organization shall encourage the professional development of current employees.
2. In order to support the board's due diligence and ensure that the best possible candidate is hired, the organization shall implement a search and selection process that is open to internal and external candidates.
3. In order to develop a finalist pool that is reflective of the community, the organization shall work proactively to develop a diverse pool of candidates for the CEO position.

Adopted by the Board of Directors on the _ day of _____, 20__.

[First Name] [Last Name], [Title]

Appendix 3 – Internal Succession Questionnaire

Tool 4: Considering Internal Succession Questionnaires

Here are some questions for consideration:

- 1) If you are considering an internal successor, are any of the four challenges or “problems” above looming or risks for your transition?
- 2) As you look at the typology of what sometimes occurs in internal succession considerations
 - a. What type or scenario currently describes your situation?
 - b. What type or scenario do you think is ideal for your organization?
 - c. What opportunities come with possible internal succession?
 - d. What risks come with possible internal succession? What are actions to help reduce those risks?
- 3) Is there agreement between executive and Board about the potential for internal succession and the process that will guide leader development and consideration of internal candidates?
- 4) Are the Board and staff aligned around strategic direction and what will be required for the new executive to succeed? Is there a position profile to guide selection?
- 5) Does the process respect and treat fairly all internal candidates from Board and staff?

- 6) Is there a clear policy that avoids conflicts of interest for Board candidates and ensures confidentiality for all candidates?

Reflection Questions for Executive Director/CEO

- 1) What is your understanding of your responsibility for “grooming” a successor? Is it “find and recommend one candidate” (usually not recommended) or “support development of your executive team”, one or more of whom may have the potential to be your successor?
- 2) How often do you and the Executive Committee have a conversation about the management team of the organization and your progress in building the team and adding bench strength?
- 3) What are your key functions and duties as executive? When you depart, is it likely the position will require the same or different skills and competencies?
- 4) If you are in discussion with the Board about possible internal successors, what assumptions about:
 - a. Position requirement for next executive and how they might change?
 - b. When transition might occur?
 - c. What are strengths and challenges or growth areas for any possible internal candidates?
 - d. Your succession policy and whether there is always an external search?
 - e. Your role, if any, in selecting your successor?



Essential Guides to Sustainability, Succession
and Transition Planning
PART 3
Executive Transition Management Guide

Essential Guides to Sustainability, Succession and Transition Planning

August, 2013

This guide is intended to provide training and technical assistance to all health centers on the importance of leadership succession planning.

National Association of Community Health Centers

Health centers depend in large part on public financial help and need a unified voice and common source for research, information, training and advocacy.

To address these needs, the National Association of Community Health Centers (NACHC) organized in 1971. NACHC works with a network of state health center and primary care organizations to serve health centers in a variety of ways:

- Provide research-based advocacy for health centers and their clients.
- Educate the public about the mission and value of health centers.
- Train and provide technical assistance to health center staff and boards.
- Develop alliances with private partners and key stakeholders to foster the delivery of primary health care services to communities in need.

TransitionGuides

TransitionGuides is a national consulting company specializing in sustainability and succession planning and executive search services for health centers and other nonprofit organizations. Our services are tailored to the unique needs of each organization. We value every organization's essential need for talented leaders, positioned to enable the nonprofit to survive and succeed. We add value to the organizations we serve through partnering with executives and boards to prepare for succession, to initiate action plans that advance organizational sustainability and to recruit and successfully onboard chief executive officers and other senior managers when transition occurs. Our consultants are all former nonprofit leaders who specialize in working with board and executive leaders. Since 1995, our TransitionGuides team has led over 400 nonprofit leadership search, transition, and succession and sustainability planning projects for organizations across the country. Our extensive nonprofit experience and knowledge offers guidance and processes that deliver proven results.

For more information on TransitionGuides, contact our office: 1751 Elton Road, Suite 204, Silver Spring, MD 20903; (301) 439-6635; or www.transitionguides.com.

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Table of Contents

Background about the series	5
Introduction	7
Executive Transition Management	8
Figure 1 - The three phases of Executive Transition Management:	8
Key Principles of ETM	9
Managing the Executive Transition Process	10
Phase 1 – Prepare	10
Organize the transition committee	10
Announce the departure	11
Understand the transition	11
Clarify who’s in charge	12
Engage the Board and staff	12
Develop the Profile and Search Plan	13
Identify the Transition Issues and Begin the Handoff Plan	13
Phase 2 - Search & Select	13
Recruit	13
Screen	13
Select	14
Hire	15
Phase 3 - Onboard	16
Plan	16
Relate	16
Support	16
Evaluate	17
Special Topics	18
Candidates from inside the organization	18
Advancing diversity and inclusiveness	18
Transparency and disclosure	18
When you have fired your previous executive	20
Founder transitions	20
Understand the taking charge process	20

Executive Transition Management	
Conclusion & Additional Readings	22
Appendices	23
Appendix 1 - Sample Transition Timeline	24
Appendix 2 - Interim Chief Executive Sample Agreement & Work Plan	25
Appendix 3 - Chief Executive’s Position Profile & Job Announcement Templates	28
Appendix 4 – Nonprofit Job Posting Web Sites	30
Appendix 5 - Sample Resume Scoring Sheet	31
Appendix 6 - Sample Phone Screening Questions	32
Appendix 7 - Sample Interview Agenda & Questions	33
Appendix 8 - Sample Interviewee Rating Criteria	35
Appendix 9 - Reference Checking	36
Appendix 10 - Sample Employment Offer Letter	38
Appendix 11 - Sample Regrets Letters to Candidates	39
Appendix 12 - Sample Chief Executive 90-Day Entry Plan	40

Background about the series

The three guides were written specifically with health centers in mind. The guides were designed to help health center strengthen the capacity of their organizations, especially those organizations that may be facing a chief executive or other leadership transition in the near future.

As a companion to the guides, the Organizational Sustainability and Leadership Succession Mini-Tool Kit, provide organizations a jump start, in deciding where to best begin with Organizational Sustainability Planning, Executive Succession Planning and Executive Transition Management with step-by-step instructions and tools to get started.

The first guide, Part 1 *Organizational Sustainability Planning*, is a tool for assessing and strengthening the four areas critical to the organization's long-term sustainability by conducting an organizational sustainability assessment and using the results of the assessment to develop an organizational sustainability action plan.

The second guide, Part 2 *Executive Succession Planning*, provides an overview of three approaches to succession planning: The first is a detailed approach to "Succession Essentials" by developing a board-adopted Succession Policy and Emergency Backup Plan. The second is a list of important considerations for selecting an internal successor, and the third is an illustrative summary on combining sustainability and succession planning for maximum organizational benefit.

The third guide, Part 3 *Executive Transition Management*, presents a three-phase approach for managing turnover in a leadership position, especially the chief executive position. This Guide provides an opportunity to address transition issues, strategic direction, and an outstanding search when there is a change in executive.

While each of the guides can be used individually, together they are designed to help leaders strengthen their organizations and manage leadership turnover, adapt to changes in the environment and competition, and to increase the odds of remaining effective and true to core values over the long-term. This series aims at organizations with long-tenured executives and founders, relatively new executives and those seeking to address leadership succession and organizational sustainability.

The timing of the chief executive's departure can be a guiding factor in the choice of which tool to use. In health centers where the executive has no intention of leaving soon, or where retirement may be three or more years off, the Organizational Sustainability Guide can be an excellent tool for strengthening the organization, ensuring that when the transition occurs, there is a strong team in place with a clear plan for the future, solid systems and resources, and a resilient culture.

In agencies where the transition is two or more years away, the "Succession Essentials" in the *Executive Succession Planning Guide* can help the leadership understand more deeply the role of the chief executive and develop the tools, principles and understanding for how to best manage that transition when it does occur. Moreover, development of the Emergency Backup Plan ensures that

the organization has a plan in place if something unforeseen were to happen to the incumbent executive. More importantly, the development of that backup plan provides a deep exploration of the chief executive role, and the sense of bench depth in the organization to back him or her up. These organizations are often best served by combining sustainability and succession planning.

In situations where the transition is imminent – within the next 18 months or less – the *Executive Transition Management Guide* provides a well-tested framework for managing the entire transition process, including the search.

Introduction

In any given year, between 7% and 9% of nonprofit chief executive positions turnover according to the 2006 and 2011 *Daring to Lead* reports. The truth of the matter is, all careers end in a transition. It's just a matter of when, how, and how well-managed that transition will be.

The question is not whether your health center will experience an executive transition, but when. Although these are relatively infrequent events for individual organizations, managing the transition effectively is crucial to the organization's future impact and continued success. The chief executive plays a defining role in setting the organization's strategic direction, ensuring its long-term sustainability and managing its day-to-day affairs. The handoff from one chief executive to the next is, therefore, a critical moment for an organization that is unlike many of the personnel changes an organization may have experienced.

All transitions involve risk. According to the *Daring to Lead 2011* report, 34 percent of nonprofit chief executives leaving their positions were either fired or otherwise forced out. The majority of these can be traced back to a failed transition. Transitions can fail because of poor preparation, an ill-suited choice of new executive, or because the board didn't prepare itself or the organization to work effectively with its new executive. Whatever the source, these failures can be very costly to the health center as well as its constituents and community.

More than mere risk management, a well-managed transition is an opportunity to enhance capacity and add to mission impact down the line.

Executive Transition Management

An executive transition involves a series of events that begins with the current executive's decision to leave (or the board's decision to force a change) and concludes after the new executive has settled into the job. The entire transition process can take a few months, or several years (see [Appendix 1](#) for a sample transition timeline). The goal of Executive Transition Management, or "ETM" for short, is to provide the tools boards need to manage the process so it produces good outcomes for the health center.

ETM is more than an executive search; it's a way of managing the entire turnover and handoff process in a manner that builds the capacity of the organization. The ETM process is based on a three-phase model for managing the entire departure, search, selection, hiring, and onboarding process. ETM takes the board from early-stage thinking about executive succession through the successful launch of the incoming executive.

Figure 1 - The three phases of Executive Transition Management:



- **Prepare** — This phase involves organizing the transition committee; conducting some level of organizational review to understand how current organizational factors should influence the position; engaging the board in exploring future direction and how that should drive the search; and, finally, developing the position profile and a plan to market the position.
- **Search** — This phase should include robust outreach to develop a diverse pool of candidates; a thorough screening process to identify interviewees; a selection process that involves multiple rounds of interviews and good research on the finalists; and, finally, a hiring process that sets the stage for the onboarding.

- **Onboard** — This final phase is often overlooked. It should include a solid orientation for the new executive and introduction to the community; an intentional process to build solid working relationships early in the new executive's tenure; a planning process to clarify leadership priorities; and, finally, an evaluation and support process.

Key Principles of ETM

Transition requires a larger, longer view. When facing an executive transition, boards tend to move quickly – sometimes too quickly, and advertise the position before they're clear about what constitutes a successful search. Moreover, they often see the search as the transition. Search is but one component of the transition management process.

Transitions are about capturing rewards, not just managing risk. An executive's departure can be challenging, but it's also an opportunity. A proactively led executive transition can be a critical moment for the health center– for an underperforming organization, it can be an opportunity to regroup and redirect. For a successful organization, it should be an opportunity to build on strengths and plan for scaling new heights.

More than process, transitions involve emotions. There's a human dimension to transitions that shouldn't be ignored. Whether it's departure of a beloved executive or an executive's tenure that's ending badly, transitions provoke our emotions. The board and committee should be aware of this and be prepared to address this through communication and, potentially, proactive intervention.

Don't rush the process. Take the time for careful planning before you launch the search and don't try to cut corners in the search process. Rushing usually leads to bad outcomes.

Strive for a good ending, so you can have a good beginning. How an executive leaves an organization can say a lot about him/her as well as the organization. If you're facing a messy departure, try to make the most of it. If it's a positive departure, make sure that there's ample time for celebration and closure with the departing executive.

Begin with the end in mind. A well-managed transition provides an opportunity for the organization to expand its mission results under new leadership. The outcome can be much larger than just identifying a successor.

Don't be bound by history. There's a natural human tendency to carry our history forward. If the board's facing a messy departure, they sometimes go too far in compensating for it. By the same token, if the departing executive is really successful, there's a tendency to try to look for someone just like him/her. The reality is neither of those executive profiles is appropriate for the future. Where the health center is headed should be driving the profile for the new executive, not where it's just been.

Advance diversity and inclusiveness. Leadership transition provides a great opportunity to review the health center's progress in fully reflecting the communities it serves in the governance and management of the organization. What dimensions of diversity are most important to success in your mission? How might the process of planning for, selecting and hiring a new executive result in a more diverse and inclusive organization?

Consider a sustainability review. If your organization is facing a big change due to the environment, resources, or in key leadership, it might make sense to spend a little more time in the Prepare phase and add a sustainability review. (See Part 1 *Organizational Sustainability Planning Guide*)

Be prepared to support the new executive. The post-hire phase is a critical part of the transition process. It is an opportunity to build a strong working relationship between the board and the new executive that centers on clarity about priorities, responsibilities, mutual expectations and performance measures.

Founder and long-term executive transitions are special. Often, the longer an executive is in place, the more deferential the board is to his/her vision and leadership. Moreover, often, but not always, the longer an executive is in place the more the job and the senior management team composition grows up around them – a reflection of the executive's skills, interests, and maybe even idiosyncrasies. It's important to unpack the job and understand how to make the job more doable for the successor.

Managing the Executive Transition Process

The following sections walk you through the ETM process and action steps. See [Appendix 1](#) for the related timeline.

Phase 1 – Prepare

The target outcomes for this phase: the committee and processes are organized; the board is clear and aligned about the successful search and transition; and tools and strategies are in place to launch the search.

Organize the transition committee

Composition: A good guide for the transition committee composition is past, present and prospective board leadership. *Past* so you have the institutional history represented. *Present* so that you have someone who can speak on behalf of the board. And *prospective* future leadership, because this hire is for the future. Having the potential board chair who might work with this executive in the future on the transition team helps pave the way for that future board-executive relationship. *Size:* Typically, five members is about the right size. In some especially complicated situations, more

members may be needed, but a good rule of thumb is smaller is more effective. Usually the transition committee also serves as the search committee – conducting the search as well as planning the transition. *Responsibilities:* Typically the committee has five responsibilities:

- 1) Overseeing communications
- 2) Ensuring healthy closure with the departing executive
- 3) Planning the hiring and transition process
- 4) Managing the hiring and transition activities
- 5) Ensuring a healthy start with the new executive

Announce the departure

Good communication is a critical part of successful transitions. The health center's key stakeholders – funders and collaboration partners – will want to hear about the transition early and directly. They should not find out about the transition through the grapevine. Communication at this level is not overly complicated. The pieces you'll need are: a departure announcement letter, typically signed by the board chair; maybe a press release; and, certainly, a simple communications plan. For the plan, consider dividing your stakeholders up into three groups:

- 1) Those that need a phone call
- 2) Those that just need the letter
- 3) The rest who can read about it in the newsletter

The typical announcement process involves informing the staff immediately followed by calls to the "1" group above.

Understand the transition

There are four classic transition types:

1. Sustained success – The organization is well led and performing well. The board needs to resist the temptation to find someone "just like" the departing executive. High-performing executives are often times hard to follow. The board should be on guard to ensure that the job is doable for the successor. That doesn't mean dumbing down the job, it means smart delegation.
2. Underperforming – The organization is performing poorly or is about to go into decline. The challenge here is to properly diagnose the issues and make sure that they are addressed during the transition. There's also a challenge to align the executive job duties with the real leadership needs of the organization. Finally, the board should guard against "hiding" their situation from candidates. Transparency is the best policy. If the candidate is going to blanch, better that they blanch during the search rather than a few weeks or a few months into the job.

3. Turnaround – The organization is in active decline. The board’s challenge is to stabilize the organization first. This should ideally be done before launching the search. This is a time to hire strong interim leadership to help turn the organization around, and focus on improving staff morale.
4. Hard-to-follow executives – The organization is facing the departure of the founder, a long tenured executive, a highly entrepreneurial executive, or an ultra-charismatic leader. With the departure of a hard-to-follow executive, even the best organizations can become unstable. The board needs to be clear about what vulnerabilities the departure is creating. It’s also vital that the committee unpack the job and delegate some of the executive’s accumulated responsibilities. Finally, it’s time to think differently about the board and executive roles. You will need to break out of the business-as-usual mentality and potentially rethink the role of governance, and reimagine the board-executive relationship with a new executive in place.

To really understand the health center’s situation, consider conducting interviews with board members, executive leaders and external stakeholders.

Clarify who’s in charge

If the executive’s departure is abrupt, you’ll want to ensure that you’ve identified who’s in charge during the interim period. Often times the deputy CEO is appointed as the acting executive director. In other cases, lacking that position, or where that person may not be the most appropriate, an interim executive director from the outside may need to be appointed. In most cases, a board member, unless he/she has the requisite skills, is not the best choice for this interim role. Boards often times confuse organizational familiarity with preparation to step into the role. Interim leadership requires good leadership/management skills. For additional guidance on interim executives, see: www.transitionguides.com/monographs-on-executive-transition-management. Also see [Appendix 2](#).

Engage the Board and staff

The entire board should understand and be aligned in their responses to four critical questions:

- 1) Who do you want to hire – what’s the profile?
- 2) Why that profile – what’s the rationale for that set of skills and experiences?
- 3) What do you want the new executive to do when they come on board – what’s a reasonable picture of success?
- 4) How should you prepare to work most effectively with the new executive?

The board should also clarify the charge to the transition committee, especially the “product” of the search. Does the board want the committee to bring a single finalist forward or does the board want to conduct the final interview with two or three candidates? (Note: The larger the board, the more

challenging it is to conduct the final interview as a committee of the whole. Consider appointing a committee whom you trust and letting them do the legwork for you.)

Staff are also a key stakeholder during transition and search. Without clarity of how they are involved and regular communication, anxiety and misinformation tend to grow. In larger organizations, the senior managers are typically involved in developing the position profile and have an opportunity to meet the semi-finalists and comment on strengths and perceived fit with the organization. In smaller organizations, the entire staff will typically have input in the position profile, and some or all may meet the semi-finalists.

Develop the Profile and Search Plan

Develop a position profile that summarizes the organization and the position. The search plan is usually a page or two that outlines your strategy for marketing the position, who you will contact for candidate suggestions, places where the position may be posted or advertised, and finally, a brief budget that summarizes the costs for ads and postings. See [Appendix 3](#) for examples.

Identify the Transition Issues and Begin the Handoff Plan

Concurrent with the search process, you'll want to begin to address any transition or legacy issues that might adversely impact the performance of the incoming executive. These began to surface at the above "Engage the board" conversation, especially question #4: What do we need to do to get ready to work effectively with the new executive? Ask your departing executive to begin to prepare a handoff plan that will help him/her assist in the orientation process of the successor.

Phase 2 - Search & Select

The target outcome for this phase: Hire an exceptional executive who fits the current and future leadership needs, selected from a robust, diverse pool of finalists.

Recruit

Recruit a strong and diverse candidate pool. This may involve advertising and web postings, but often times the best candidates are those who are not looking. The committee should be in touch with leaders in the field, the National Association of Community Health Centers, as well as leaders of allied associations who can help you identify "passive" talent – leaders who might be right for the position but who are not currently in the job market. Then call these prospects and enlist their interest in the position. See [Appendix 4](#) for list of job posting web sites.

Screen

- Manage resume receipt and candidate communications. Have one person who manages the receipt of resumes, who ensures confidentiality and communicates with the candidates. Consider requiring email submission. If your committee is spread out, you might set up a *confidential* folder on a service such as Dropbox (www.dropbox.com) to file the resumes and

provide committee access.

- Review the resumes. Consider having one or two committee members whose job is to pre-screen the resumes – read the resumes and look for evidence of the experience and attributes that you identified in the position profile. Assign the resumes to one of three categories:
 - 1) Those that meet all the criteria,
 - 2) Those that meet most of the criteria, and
 - 3) Those that meet few or none of the criteria.

Consider whether to screen just the “1” list or the “1” and the “2” lists. Those on the “3” list should be set aside. See [Appendix 5](#) for an example of a resume scoring sheet.

- Conduct screening interviews or candidate questionnaires with promising candidates. Depending on the size of your pool, you may want to conduct brief phone screening interviews or a questionnaire to help narrow the field. If you have many promising candidates (more than 12-15), quick, pointed phone calls or a good candidate questionnaire can help you narrow the field and inform the interviewee selection process. If your candidates are few but promising, you may want to move directly to a resume review by the full committee. If your candidates are few but NOT promising, then it’s time for more recruitment work. The goal should be to have at least 5 to 6 promising candidates for the committee to consider. See [Appendix 6](#) for a sample of some phone screening questions.
- Review promising candidates with the committee, and identify interviewees. Have the entire committee read the best resumes and related review notes/questionnaires, then have a meeting or conference call to compare notes and identify 5-6 candidates (at least 3-4) for the interview process.

Select

- Conduct two rounds of interviews. Good practice is to have more than one interview. Consider having a “Round 1” interview with a broader field of candidates – say 5 or 6 – and a second interview later with a narrower field of, say, 3 or 4 finalists. Have that second interview be focused on the future and how the candidates can help the organization capitalize on opportunities and address upcoming challenges. See [Appendix 7](#) for some sample interview questions and an interview agenda. Also see [Appendix 8](#) for a sample rating form.
- Consider engaging the staff and the departing executive. While in some cases it makes sense to have staff members on the transition team, it’s generally not a good idea to have staff members involved in the committee’s interviews. Doing so puts a damper on discussions about organization capacity and operations. That said, you may want to consider having some meet-and-greet sessions where the finalists have the opportunity to meet with the

departing executive and members of the senior management team. Then, solicit input from the staff members. Make it clear to the staff that they are informing the selection process, not making a recommendation.

- Check references. Whether it's prior to the second interview or before the finalist is selected, conduct robust reference checking. Typically, you should talk to at least two former supervisors, one or two direct reports, and a couple colleagues from the field. See [Appendix 9](#) for some sample reference checking questions.
- Consider a pre-employment background check. Because health centers involve vulnerable populations and receive public funding, you should consider conducting a pre-employment background check in accordance with your personnel policies. Such background checks are typically conducted by a third-party organization, and usually involve review of a number of databases - local, state, and federal criminal history, sexual predator listings and credit reports. Other typical checks include verification of prior employment and/or verification of education and/or licensing credentials. Many states are tightening up on pre-employment background checks. Be sure to check with your legal counsel to ensure what is permitted in your state.
- Establish an agreement in principle about compensation and employment parameters. Prior to the ratification by the board, you'll want to establish an agreement in principle with your identified finalist concerning the salary offer and other factors in the employment agreement. This should be an agreement in principle, making it clear to the finalist that this is not a bona fide offer of employment until board ratification. Waiting until after the board vote, you run the risk of not being able to successfully negotiate the agreement with your preferred candidate. See [Appendix 10](#) for a sample employment offer letter.
- Ratify the selection. Almost all bylaws say that the board is responsible for hiring the chief executive. In some cases, the board – especially a smaller board – can conduct the second round of interviews and make the selection following that round. In other cases the transition committee conducts the second round interview, arranges for the board to meet their recommended candidate, and then conducts a formal vote.

Hire

- Finalize employment agreement. After the board ratification vote, secure sign-off from the candidate on the employment confirmation letter or employment contract.
- Announce the search conclusion. After the executive has informed his/her current employer, you are ready to announce the conclusion of the search. Typically, this is announced to the staff first, followed by key stakeholders, potentially with calls to the really critical stakeholders.

- Wrap up the search and inform the other candidates. After the new executive has truly signed on – signed their employment confirmation letter or employment contract –wrap up the search by taking down any advertising and informing the other candidates of the conclusion of the search. See [Appendix 11](#) for a sample “regrets” letter.

Phase 3 - Onboard

The target outcome for this phase: board and executive clarity and alignment on priorities, roles, expectations, and performance measures.

Plan

- Plan the orientation and onboarding process for the new executive. The “in between time,” while the new executive is wrapping up things at his/her current employer and hasn’t started with your health center yet, is a good time to plan the orientation and onboarding process. This is a great place to get staff involved. They generally have a more nuanced view of the critical factors in the orientation process than the board may have.
- Consider asking the new executive to prepare a 90-day entry plan. A simple “entry plan” can help make the most of the new executive’s early tenure, helping them to ensure that this precious time is invested with some balance – attention to the relationship building process that’s crucial during this early tenure. See [Appendix 12](#) for a sample CEO 90-day entry plan.

Relate

- Clarify goals, roles, expectations and performance measures. Whether through conversations between the board chair and new executive, or between the entire board and the new executive, once the new executive is on board, strive to clarify these critical elements of the board-executive relationship.

Support

- Support your new executive. Encourage the new executive to seek out support resources. If he/she hasn’t been a chief executive before, encourage them to seek out colleagues that might serve as informal advisers to them, or as a sounding board. This might be executives of other health centers in the state, or other nonprofit executives in the community who are known to be exemplary leaders. The NACHC may be helpful in this.
- Encourage involvement in health center experiences. New executives are likely to be conscious of travel and time away from the office. Consider attending national, regional, state-wide health center related events which can be helpful in providing linkages to new executives who come from outside the network.
- Consider initiating a sustainability review in conjunction with succession and/or strategic planning. Depending on the circumstances of executive transition and level of preparation,

one way to support a new executive in the first 12-18 months is to launch a joint executive-board sustainability and succession planning process. This provides the executive, managers, and board with a framework for setting an action plan based on a fresh assessment of the four domains of sustainability – strategy/business model, leadership, resources and culture. See Part 1 Organizational Succession Planning Guide for more details on this process.

Evaluate

- Establish clear measures and an evaluation process. Your new executive's first year with the organization is unlike any other in their tenure. It's a time to gain knowledge about the health center and build relationships with the staff, board and beyond. Consider a staged evaluation process, beginning with a 90-day "check-in" conversation that focuses on accomplishments and challenges from their 90-day entry plan. Consider whether another 90-day plan would be useful. At the six-month point, consider a slightly more formal evaluation process, perhaps with the executive committee talking with the new executive about their perception of his/her performance in assuming leadership within the key responsibilities of the job. The annual performance evaluation should focus on the new executive's impact on organization performance.

Special Topics

Candidates from inside the organization

According to the 2011 *Daring to Lead* report, nearly half of current executives (48%) were internal hires – 31% were previously on the staff and 17% were on the board. The transition committee should establish a clear guideline about how they intend to handle internal candidates. Most organizations encourage internal candidates to apply, but put them through the same screening and interview process as any other candidate. Doing so assures that there's not only fairness to the process, but that the committee is working from direct information gathered during the selection process rather than assumptions they are making based on prior experience. You may be surprised at what you find when you actually interview someone you thought you knew, or conduct reference checks with their previous employer (assuming they are not a long-term employee with the organization). (See *Part 1 Organizational Succession Planning Guide* for more on internal candidate succession).

Advancing diversity and inclusiveness

Accordingly, times of leadership transition offer many opportunities to take actions to advance diversity and inclusiveness in an organization. These actions might include a review or inventory of progress in becoming a diverse and inclusive organization and reflecting communities served in board, management and staff, addressing needs to increase outreach and recruitment among certain populations or constituencies, increased diversity in the transition and search committee and in the finalist pool for executive position and future positions, among others.

Transparency and disclosure

As the candidates move forward in your process, so should the level of disclosure. Prior to the first round of interviews, most organizations have sufficient information on their website that very little else needs to be provided. Prior to the second interview, where candidates are expecting to do their own due diligence on the organization, you should provide sufficient background information. Here's a representative list of information you should consider providing:

1. General:
 - a. Annual reports from two previous years (if published)
 - b. Recent back issues of the newsletters/journal, etc.
 - c. Information about membership or donor categories. If relevant, a list of any publications.
 - d. Information about any existing or proposed formal relationships, coalitions, joint ventures, etc.

2. Governance, policies, and direction:

- a. Strategic and/or business plan
- b. Bylaws
- c. Board list (with bios, if available)
- d. Major policies that are directly relevant to the position, e.g., board governance policies, etc.
- e. Information about the relationship of any chapter and subsidiary organizations
- f. Executive summary section of any recent needs assessment reports
- g. Executive summary section of recent management studies

3. Financial:

- a. Last two audits (three if there are major fluctuations)
- b. Current year budget
- c. Most recent year-to-date financial statement
- d. Cash flow projection (if available)
- e. Data on membership and/or donor growth or decline

4. Personnel/Operations:

- a. Personnel policies
- b. Employee benefit schedule
- c. Staff and board organization charts (if available)
- d. Information about major operational contractors, e.g., external fundraisers, major service delivery contractors, etc.
- e. Disclosure about any ongoing or proposed contracts (or other relationships) with the previous chief executive(s) or any current or past officers

Some organizations adopt a wait-and-see attitude, preferring to wait until the candidates ask for information. This is dangerous. One of the top reasons that executives leave prematurely is that they felt misled about the job. Put your cards on the table.

That said, there are some pieces of information that really can't or shouldn't be disclosed until the new executive is identified, or prior to the ratification vote with the board. These items might include the following:

- 1. Results of any recent or pending merger or acquisition discussions. This information usually is discussed in general terms during the first round of interviews. If a merger is pending, it can be discussed in-depth prior to the final interview.
- 2. Disclosure of any pending lawsuits.
- 3. Disclosure of any pending or recent regulatory actions — e.g., IRS, OSHA, DOL, or other federal or state actions. Consider whether this can and should be disclosed earlier.

4. Disclosure of any pending or recent actions by the organization's sanctioning or accrediting bodies — e.g., health care facility recertification, etc. Also consider whether this can and should be disclosed earlier.
5. Delineation of check- and contract-signing authority as well as personnel hiring and discharge authority.

When you have fired your previous executive

In these situations there may be raw feelings and yet to be resolved issues. Strive to ensure that the organization is stable – emotionally, financially, politically or otherwise – before you launch the search. Come to terms with history wherever possible, including acknowledging and addressing the board's role in allowing the situation to deteriorate, putting measures in place to ensure that those circumstances don't occur again. Don't let the perceived deficiencies of the former executive inappropriately sway the selection of his/her successor. Often boards that have fired their previous executive hire with an eye towards what they don't want and end up doing the "pendulum swing," hiring against the shortcomings of the former executive and finding out later that they missed a whole lot of things that they should have focused on. Take a step back, look at where the organization is headed, and let that drive your selection criteria.

Founder transitions

When a founder or long-tenured executive who feels like the founder prepares for departure, more is happening than in a typical transition. There is a unique relationship the founder has with both Board and staff. Depending on the founder's skill in letting go and building a leadership team, there may be unique challenges that come with the transition. A common one is the shift by the Board to more governance and less the role of advisor. Attention to the good ending and the transition process is critical for these transitions.

Understand the taking charge process

John Gabarro of The Harvard Business School identified five phases of the taking charge process, when leaders move into a new role. Each of these phases is driven by the executive's learning process rather than a strict timetable.

- **Entry or taking hold** — This phase usually encompasses the first few months of the new executive's tenure and typically involves his/her introduction and orientation, and the relationship-building with staff, board, funders and constituents.
- **Immersion** — With the early learning out of the way, the executive begins to manage the organization in a more informed fashion. Learning continues, but usually at a less hectic pace. During this phase, the executive often begins the planning process – significant

strategic or business planning – that is implemented during the Reshaping phase that follows.

- **Reshaping** — This phase often involves the implementation of the planning work done during the Immersion phase.
- **Consolidation** — This phase includes follow-through on the work done in the Reshaping phase, addressing any unintended consequences of changes initiated during the Reshaping phase.
- **Refinement** — This is the final phase in the taking-charge process. The executive is no longer considered new, and the job is no longer new to the executive. The pace of change often slows down and involves mostly the refinement of operations and exploration of new opportunities for the organization.

Conclusion & Additional Readings

At this point, the whole process may seem a bit daunting. A lot of information has been presented in this guide, but if you take a look at the sample transition timeline in [Appendix 1](#), you'll see that the entire transition process involves a relatively few, but critical, key action steps. An executive transition is nothing more than a multistage project. And like any other project, it can be managed, and managed effectively. Hopefully you will find the information in this guide to be a useful resource. A number of recent publications can help you “dig deeper.” They include:

Adams, T. H. (2010). The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations. San Francisco, Wiley/Jossey-Bass.

Tebbe, D. (2008). Chief Executive Transitions: How to Hire and Support a Nonprofit CEO. Washington, DC, BoardSource.

Wolfred, T. (2009). Managing Executive Transitions: A Three-Phase Guide for Nonprofits. St. Paul, Minn., Fieldstone Alliance.

Also see: <http://www.transitionguides.com/guides-for-executive-board-leaders>

Appendices

[**Appendix 1 – Sample Transition Timeline**](#)

[**Appendix 2 – Interim Chief Executive Sample Agreement & Work Plan**](#)

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[**Appendix 7 – Sample Interview Agenda & Questions Interview Agenda**](#)

[**Appendix 8 – Sample Interviewee Rating Criteria**](#)

[**Appendix 9 – Reference Checking**](#)

[**Appendix 10 – Sample Employment Offer Letter**](#)

[**Appendix 11 – Sample Regrets letters to Candidates**](#)

[**Appendix 12 – Sample Chief Executive 90 – Day Entry Plan**](#)

Appendix 1 - Sample Transition Timeline

CEO Search & Transition Time Line- Date

[Note: Assumes departure has been announced and transition committee has been appointed. If not, those items need to be added.]

	Activity	Responsibility	Target Date(s)	Estimated Time Needed
Prepare	Conduct Transition Committee Project Launch Meeting	Trans Committee	Week 1	1 hour
	Conduct Board/Staff Interviews & Review Documents		Week 1-2	-
	Conduct Transition Planning Session w/ Sr. Staff		Week 2	-
	Draft Position Profile		Week 2	
	Preview Org. Review & Position Profile	Trans Committee	Week 2 or 3	
	Conduct <i>Strategy and Leadership Review</i> Session	Board	Week 3	1.5 to 3 hours
	Review & Finalize Profile & Search Plan (Meeting or Call)	Trans Committee	Week 3	1.5 hours
Search	Launch the Search		Week 3 or 4	-
	Conduct Recruiting Outreach		Week 4 to 10	
	Receive Resumes, Vet Promising Candidates, etc.		Week 4 to 10	-
	Provide Periodic Search Updates (email)			-
	Search Check In Meeting (or Call)	Trans Committee	Week 7 or 8	45 minutes
	Conduct Resume Review Meeting (or Call)	Trans Committee	Week 11	1.5 hours
	Round 1 Interviews	Trans Committee	Week 13	~8 hours
	Conduct Site Visit Coaching Session w/ Sr. Staff		Week 14	-
	Site/Office Visit & Meet with Departing Exec. & Sr. Staff	Semifinalists	Week 14	-
	Conduct Final Reference Checks		Week 14	-
	Round 2 Interviews	Exec or Trans Committee	Week 15	4-6 hours
	Meeting to Ratify Selection	Board	Week 16	1.5 hours
	Finalize Offer		Week 16	-
	Notice Period (Exec. Gives Notice to Current Employer)	-	Week 17	-
	Plan On-boarding Process	Trans Committee	Week 17	1 hour
	Announce Appointment	Staff - Guided by	Week 17	-
Post-Hire	Conduct Entry/Onboarding Planning Call/Meeting	New Exec. & Board Chair	Week 18	45 min.
	Support Exec. To Develop a 90-Day Entry Plan	New Chief Executive	Week 18	-
	New Chief Executive's Start Date	-	Week 22	-
	Implement Orientation Plan	New Chief Executive w/ Members of the Exec. Committee & Mgt Staff		-
	Conduct Post hire Check-In Call #1	Calls New Exec.	30 days post-start	30 min.
	Conduct <i>Priorities/Roles/Expectations/Performance Measures</i> Discussion	New Chief Executive & Board	~60 days post-start	2-4 hours
	Conduct Post hire Check-In Call #2	Calls New Exec.	90 days post- start	30 min.
	Conduct Initial Performance Review	Board Chair	90 days post- start	1.5 hours
	Conduct a Post-Project Completion Call	Board or Trans. Committee Chair &	~90 days post- start	30 min.
	Conduct Six-Month Evaluation	Executive Committee		3 hours
	Conduct Annual Performance Evaluation	Executive Committee		4 hours

Appendix 2 - Interim Chief Executive Sample Agreement & Work Plan

Dear (Interim's Name),

I am looking forward to working with you as interim chief executive for [HEALTH CENTER]. This engagement letter outlines our mutual understanding about the key responsibilities, terms, and fees as well as the agreed-on priorities for the interim period.

POSITION OVERVIEW

The interim chief executive's role is to provide management and supervision while a permanent chief executive is hired, and to assist the board and staff in preparing the organization for the new executive.

Responsibilities:

Serve as interim chief executive with authority to supervise, on a part-time basis, all staff through the management structure; oversee the day-to-day operations of the organization; and carry out responsibilities determined by the Transition Committee.

[Clarify authority here.] All hiring and firing of staff, if any, will be done with concurrence of the board chair. The interim executive is authorized to sign all checks, except checks over \$ _ require a second signature by the treasurer or another officer. [OR All checks are to be signed by a board member. Contracts can be executed only with the written approval of the board.]

General Management Duties: [the following is just an example, replace with your own]

- Provide supervision of staff and consultants, and coordination and oversight for day-to-day operations
- Provide leadership in cultivating and managing relations with key stakeholders, partners and donors
- Meet all deadlines from funding or contract sources for applications, reports, and other requirements
- Assist board in fundraising planning, proposal writing, and event planning as mutually agreed and subject to time availability
- Provide oversight and review of management systems and recommend changes as needed
- Support the activities of the board, as agreed, in preparing and recruiting and orienting the new chief executive
- Carry out other agreed-upon activities based on priorities of the attached work plan

In addition to providing general management, the preliminary assessment and discussion with the Transition Committee suggest the priorities outlined in Attachment #1. We will want to establish a communication plan, such as regular conference calls, so that the Transition Committee has adequate access to the interim chief executive for information sharing, strategic discussion, and reporting.

Supervision:

Day-to-day supervision of the interim chief executive is the responsibility of the board chair.

Term, Hours, Fees:

The term of the assignment will be ____ through _____. The termination date is flexible, depending on the progress of the executive search and the organization's needs. The assignment is part-time, not to exceed an average of _____ hours per week/____ hours per month.

The interim chief executive will be retained as a consultant, at the rate of \$____ per hour. As an independent contractor, the interim chief executive will not be entitled to any employee benefits. Invoices will be submitted monthly and payment is expected within fifteen (15) days. A timesheet will be provided to the board chair or his/her designee for review and approval.

The interim chief executive may terminate this agreement with fifteen (15) days written notice for any reason, unless a shorter time period is agreed upon. [Organization] may terminate this agreement immediately upon a breach or, if no breach has occurred, upon fifteen (15) days written notice.

Other agreements:

[HEALTH CENTER] will provide reimbursement for business-related out-of-pocket expenses, such as approved out-of-area travel and local non-commuting travel for [organization] business.

Please indicate your acceptance of this agreement on behalf of [organization] by countersigning below. Thanks again for being willing to act as interim chief executive. I look forward to working with you.

Sincerely,

Sally B. Board Chair

Date

ACKNOWLEDGED:

Jane Q. Interim

Date

[This is an attachment to the above letter]

INTERIM CHIEF EXECUTIVE'S PRIORITIES

[Date] through [DATE]

[This is a sample outline. Replace with your HEALTH CENTER's own priorities.]

In addition to the general management duties, the following are [HEALTH CENTER's] priorities for the interim period:

IMPROVING INTERNAL/ EXTERNAL COMMUNICATIONS

- [bullet points] UPCOMING ANNUAL EVENT
- [bullet points] FUND DEVELOPMENT
- [bullet points] STAFF DEVELOPMENT
- [bullet points]

BOARD RELATIONS/DEVELOPMENT

- [bullet points] SYSTEM/PROCEDURES DEVELOPMENT
- [bullet points]

Appendix 3 - Chief Executive's Position Profile & Job Announcement Templates

NOTE: The position profile is a multi-page document that is used to ensure internal agreement about the nature of the job and as a tool to support discussions with serious candidates. The job announcement is one page or less, and is used to publicize the job. The announcement might be used as a paper handout, as an attachment to an e-mail, etc.

POSITION PROFILE: CHIEF EXECUTIVE XYZ NONPROFIT

[location]

[Opening paragraph that sums it all up.] XYZ HEALTH CENTER is seeking an entrepreneurial chief executive to build on our exceptional eight-year record of...

THE ORGANIZATION

[Insert a few paragraphs about the organization's background.] XYZ was founded in...

Programs

[Insert a few paragraphs or bullet points about the programs/services.]

[Insert a concluding paragraph about the organization's background and key programs or services, budget, staffing and board, and conclude with a link to the organization's web site.] XYZ is governed by an XX-member board of directors. The organization's budget is... Current staffing includes.... More information on XYZ may be found at (web site).

THE POSITION

[Insert a paragraph or two about the executive's role and leadership opportunity.]

[Bullet points about the 12–18 month priorities.] Toward these ends, our near-term priorities for the next 12–18 months include (not necessarily in priority order):

- [Bullet points]

Key Responsibilities

[Insert an opening paragraph followed by several bullet points about the key responsibilities. For example: Reporting to the board of directors, the chief executive will provide leadership to the organization and manage its day-to-day affairs...

- [Bullet points]

Experience and Attributes

[Insert an opening paragraph followed by several bullet points about the experience and attributes. For example: Ideal candidates for this position will share our commitment to... and will bring a variety of experiences and attributes to XYZ, including:]

- [Bullet points]

Salary will be competitive and commensurate with qualifications and experience.

APPLICATION PROCESS

To apply, send an e-mail with a cover letter detailing your qualifications, resume and salary requirements to (e-mail address). Resumes will be considered until position is filled. XYZ Nonprofit is equal opportunity employer.

POSITION ANNOUNCEMENT: CHIEF EXECUTIVE XYZ NONPROFIT

[location]

[Insert opening paragraph that sums it all up.] XYZ HEALTH CENTER is seeking an entrepreneurial chief executive to build on our exceptional eight-year record of...

[Paragraph about the organization's background and key programs or services, budget, staffing and board, and concludes with a link to the web site.] XYZ was founded in... XYZ is governed by an XX-member board of directors. The organization's budget is... Current staffing includes.... More information on XYZ may be found at (web site).

[Insert paragraph about key responsibilities that concludes with a link to the full position summary.] Reporting to the board of directors, the chief executive will provide... For a full description of the position and its responsibilities, please visit: (web site).

[Insert paragraph identifying the key attribute the organization is seeking followed by a few key bullet points drawn from the attributes section of the position profile. Conclude with education or experience in lieu of education requirement.] Ideal candidates for this position will share our commitment to... and will bring a variety of experiences and attributes to XYZ, including:

- [Insert various bullet points]
- [Education requirement bullet point]

[Conclude with how to apply and EEO statement if applicable. Also include application deadline if one has been established.] To apply, send an e-mail with a cover letter detailing your qualifications, resume and salary requirements to (e-mail address). Resumes will be considered until the position is filled. XYZ HEALTH CENTER is an equal opportunity employer.

Appendix 4 – Nonprofit Job Posting Web Sites

- www.communityactionpartnership.com – The central Community Action job posting site.
- www.asaenet.org - (see Career Headquarters) Association with individual members who manage leading trade, professional, and philanthropic associations.
- www.CEOUpdate.com - A premier source for up-to-date information on senior-level nonprofit jobs in trade associations, professional societies, cause-oriented organizations, and foundations.
- www.cof.org - A membership organization of grant-making foundations and giving programs worldwide. Postings for all levels of philanthropic or related nonprofit positions are welcome.
- www.ExecSearches.com - Features executive, fundraising, and mid-level job postings in nonprofits, government, healthcare, and education.
- www.idealists.org - A portal for anyone interested in nonprofit careers, volunteering, and internships.
- www.NPTimes.com - The online service of The Nonprofit Times.
- www.philanthropy.com/jobs - Philanthropy Careers is the online job site of The Chronicle of Philanthropy.
- www.opportunityknocks.org - One of the original nonprofit job posting services.
- www.nonprofitjobs.org - Fee- based job site for nonprofit organizations.

Appendix 5 - Sample Resume Scoring Sheet

Name	Candidate 1	Candidate 2	Candidate 3	Candidate 4	Candidate 5	Candidate 6	Candidate 7	Candidate 8
Score								
5 Yrs Sr. Mgmt	Y	Y	Y	Y	Y	Y	Y	Y
Nonprofit Mgmt	Extensive	Extensive	Y	Y	Y	Extensive	Y	Y
Personnel	Y	Y	Y	Y	Y	Y	Y	Y
Finance	Y	Y	Y	Y	Y	Y	Y	?
Boards	Y	Y	Y	Y	Y	Y	?	?
Health	Y	Y	N	?	Y	Y	N	?
CCAP	Y	N	N	N	N	Y	N	N
Internal Scope	CEO	CEO	CEO	CEO	CEO	CEO	Program Manager	Program Manager
External Scope	Major Metro	Local	Statewide	Local	National	National	Local	National
Worked w/ govt	Y	Y	Y	Y	Y	Y	?	Y
Grants	Y	Y	Y	Y	Y	Y	Y	Y
Degree	BA	MSW	MBA	MA	MBA	PhD	MSW	BA
Notes	Extensive ED experience	Has an excellent grasp of our community	Experience with our programs	Extensive experience in self-sufficiency	ED experience is limited	Has been a friend of health centers in our area	Head Start orientation	Management Experience limited

Appendix 6 - Sample Phone Screening Questions

1. From your resume, I gather that you are... [currently employed or between positions]?
2. [Have a candidate walk you through their last three jobs: (a) what were his/her key responsibilities – budget, direct reports, etc.?, (b) what impact did they make – how is the organization different as a result of his/her leadership?
3. What are your salary expectations?
4. Can you give me a quick thumbnail sketch of your work on grants and other fundraising?
5. If I were speaking to your board chair or former supervisor, what would they say are...
 - a. Your strengths?
 - b. Your weaknesses?
6. Please describe an experience that you have had (professional or otherwise) where you were involved in developing and implementing a new idea, program, service or concept.
7. What achievements are your greatest sources of pride?
8. At this point in your personal and professional life, what are the issues/factors that will most influence your next career move?
9. How would you describe the personal values and philosophy that would guide you as you provide leadership in this position?
10. Why do you think you are well suited for the position?
11. If the board were to make you an offer, when would you be available? What notice do you need to give your current employer?
12. Are you under consideration for another position or are you a candidate in another executive search?

[If, “yes”] Do you have any active offers or do you anticipate an offer?
13. Any other comments you’d like to make?
14. Is there a question that you would like to pose to us?

Appendix 7 - Sample Interview Agenda & Questions

- Welcome
- Round-the-table introductions: Name, affiliation and role/involvement with the health center.
- Core questions (below)
- Open questions
- Candidate questions
- Wrap-up

CORE QUESTIONS

1. To get us started, please give us a very brief summary of your career as it leads up to your interest in this position. Probe: Why this position at this time?
2. Looking at your last job, what's different about the organization as a direct result of your work there?
3. Please give us an example of a really significant obstacle or challenge that you have faced in your career and how you tackled it.
4. Could you give us an example of a problematic relationship that you turned around... or one that you couldn't turn around and what you learned from that?
5. How would you go about learning about our staff and departments and what they do?
6. What is your experience in or with health centers? Can you give us an overview of your understanding of what makes Community Action unique?
7. What experiences would you draw on to build relationships with our current donors, develop new donors/support and ensure that our organization meets its fundraising targets?
8. What skills and specific experiences would you draw on to raise the visibility of our organization?
9. As chief executive, what are the key things that you will expect from the board and what should they expect from you?
10. What are some crucial ingredients in fostering high levels of staff performance? Follow up: Do you have some examples of putting those into practice?

11. Given what you know about our organization, why do you think you are well suited for the position? What about the job do you think might be most challenging?

Illegal or Inappropriate Questions - Question pertaining to the following topics should be avoided, as they may be illegal:

- | | | |
|---------------------------------|-------------------------|---------------------------|
| • Race, color or ethnicity | • Arrest record | • Marital status |
| • National origin or birthplace | • Military discharge | • Family issues |
| • Age | • Credit history | • Height and weight |
| • Gender | • Religion | • Disabilities |
| • Sexual orientation | • Political affiliation | • If in doubt, don't ask. |

Appendix 8 - Sample Interviewee Rating Criteria

Candidate Name: _____

Attribute/Factor	Check the appropriate rating – add comments
<i>Commitment to Mission</i> Commitment (or ability to commit) to our health center's mission and customers.	
<i>Leadership</i> Ability to confidently guide the organization – to inspire and enroll people into action.	
<i>Entrepreneurship</i> Ability to understand our health center's primary customer and develop a vision and strategy that serves the customers and delivers our organization's mission.	
<i>Program</i> Ability to assume the appropriate leadership role for our programs.	
<i>Fund Raising</i> Ability to provide leadership to (and involvement in) the fundraising efforts.	
<i>General Management & Internal Operations/Systems</i> Ability to guide the overall structure, methods and controls - organize the whole, plan the action/follow the plan, develop the methods/systems and exercise control.	
<i>Staff Leadership/Supervision</i> Ability to select and develop staff and motivate the best work from them. Commitment to staff development.	
<i>Financial Leadership</i> Ability to provide the appropriate level of guidance, oversight and involvement in our health center's financial management and its development. Is financially literate.	
<i>External Visibility & Communications</i> Ability to communicate clearly with appropriate audiences using appropriate means. Ability to build the organization's stature and raise its profile.	
<i>Board Relations/Development</i> Ability to be an effective leadership partner with the board and to support the board's work and its development.	
<i>Cultural Competency</i> Ability to relate to people of varied economic, racial, ethnic and religious backgrounds	

Appendix 9 - Reference Checking

REFERENCE INTERVIEW QUESTIONS

1. May I ask in what capacity you have known [candidate] and how long have you known [him/her]?
2. How would you describe his/her major strengths?
3. Do you have perspective on his/her leadership skills? How did the organization change under his/her leadership? What are some of the challenges and opportunities he/she may have faced and how did he/she address them?
4. Have you had an opportunity to observe [candidate's] communications skills?
 - a. Are there communication situations or approaches where you think he/she excels?
 - b. How about his/her ability to communicate with diverse constituencies?
5. Do you have any perspective on [candidate's] financial management abilities?
 - a. How would you rate his/her financial management abilities: Strong, so-so, or weak?
 - b. [Probe for comments.]
6. Do you have any perspective on [candidate] fundraising abilities?
 - a. [If yes] How would you rate his/her fundraising abilities: Strong, so-so, or weak?
 - b. [Probe for comments.]
7. Do you have any perspective on [candidate's] skill at selecting and managing a staff, and building a team?
 - a. [If yes] How would you rate his/her abilities in this area: Strong, so-so, or weak?
 - b. [Probe for comments.]
8. Do you have any perspective on [candidate's] skill at marketing an organization or building public awareness?
 - a. [If yes] How would you rate his/her abilities: Strong, so-so, or weak?
 - b. [Probe for comments.]
9. Managing a small nonprofit involves managing a lot of competing demands. Have you had occasion to observe [candidate's] work ethic, approach to time management, and his/her sense of organization and planning? How would you describe?
10. One of the major aspects of the job is working with a board. [Describe board situation, dynamics.]
 - a. Do you have any comments on how [candidate] might excel?
 - b. What aspects of this do you think he/she would find most challenging?

11. Given the thumbnail sketch of the job that I provided at the start of the interview...
 - a. Are there particular aspects of the job at which you think [candidate] will excel?
[Probe]
 - b. Are there aspects of the job that you think he/she would be better off leaving to others? [Probe]
12. Is there anything else you think it would be helpful for the committee to know as we go forward in this process?

Appendix 10 - Sample Employment Offer Letter

[Date]

[Name & Address]

Dear [Candidate Name]:

The Board of Directors of [HEALTH CENTER] is pleased to extend to you an offer of employment as its Chief Executive. The following outlines the specifics of the offer:

1. Starting Salary: [Salary expressed in monthly terms. Stating an annual figure could be construed as an annual contract.].
2. Benefits package: [May just refer to employee handbook or personnel policies. If no handbook or policy is available, or if the benefits are to be different, then specify here.]
 - a. Health Insurance: ...
 - b. Retirement: ...
 - c. Annual Leave: ...
 - d. Holidays: [Holidays should be the same as for other employees]
3. Relocation Stipend: [If Applies]
4. Performance goals: The board (or chair) will meet with you within the first six weeks of your employment to begin setting performance goals and the protocol for evaluating your performance. In large part, this will be based on a “leadership agenda” that outlines key priorities, which we expect you to develop for our review, discussion, and approval. You and the board will evaluate your performance after your first six months of employment against these mutually agreed goals.
5. [Use this only if an at-will state.] Although the Board expects that the relationship with you will be long-term and mutually rewarding, you are an at-will employee. You and the board have the right to terminate employment at any time for any reason.
6. Full-time employment as chief executive is to begin on [date].

On behalf of the Board of Directors, I am excited and delighted to extend the offer and look forward to a successful professional relationship.

Sincerely,

[Signature of Board Chair/Transition Committee Chair]

Acknowledged:

Candidate's Name Date

Appendix 11 - Sample Regrets Letters to Candidates

SAMPLE REGRETS E-MAIL /LETTER FOR CANDIDATES WHO *WERE NOT* INTERVIEWED

Dear [Name]:

On behalf of [HEALTH CENTER], thank you for your interest in the chief executive position. I am writing to inform you that the search for this position has concluded with the selection of a new executive.

The transition committee was faced with the challenge of choosing among many qualified candidates for the open position. We certainly appreciate your taking the time to share your credentials with us and wish you all the best in your professional pursuits and goals.

Sincerely,
[Name]

Transition Committee Chair

SAMPLE REGRETS LETTER FOR CANDIDATES WHO *WERE* INTERVIEWED

Dear [Name]:

On behalf of the board of directors of [HEALTH CENTER], I want to thank you for your interest in the chief executive position and for taking the time to interview with us. I am writing to inform you that the search has concluded with the selection of a new executive.

The transition committee was faced with the challenge of choosing among many qualified candidates for the open position. We certainly appreciate your taking the time to share your credentials with us and wish you all the best in your professional pursuits and goals.

While in the end we hired another candidate, we want you to know that we were impressed with your qualifications and abilities. In the process of interviewing you, we gained fresh insights on our work and the challenges we face.

Thank you and best wishes in all your endeavors.

Sincerely,
[Name]

Transition Committee Chair

Appendix 12 - Sample Chief Executive 90-Day Entry Plan

(Assumes a Jan. 1 start date)

BUILDING RELATIONSHIPS

- Staff - Meet with each staff member (individually or in teams) within my first two weeks.
 - Assess their perspectives and evaluation of our organization
 - Impart my management, mission philosophy and key expectations
 - Hold first monthly all-staff meeting by March 31
 - Board Members - Hold face-to-face or phone conversations with each member of the board within first 30 days
 - Ask about specific expectations for my first 12 to 18 months
 - Inquire about concerns
 - Discuss their sense of the vision for our organization's future.
- Key Donors – Plan joint visits with former CEO by February 15 (if agreed).
 - Complete joint visits with donors by March 31. Initiate individual conversations with at least three donors per week until development director position filled, then 6 to 8 per week
 - Recruit table captains and sponsors for the benefit breakfast by March 31
- Other Close-In Stakeholders (collaboration partners, etc.)
 - Visit each program sponsor by March 31
 - Introduce self to leaders of our collaboration partners by March 31
- Other Community Stakeholders (powers-that-be in the community)
 - Introduce self to relevant senior-level county and city staff by March 15
 - Meet with board chair and all commissioners covering our service area by March 31

DEVELOPING AN UNDERSTANDING AND ASSUMING APPROPRIATE RESPONSIBILITY FOR THE HEALTH CENTER'S OPERATIONS

- Programs
 - Receive briefings from key staff regarding the programs they direct by February 1
 - Review key grant agreements by February 1
 - Meet with all significant grantors by March 31
- Finances
 - Review current financial statements (profit and loss, balance sheet, and cash flow projections) by February 1. Review at least monthly thereafter
 - Meet in person with accountant and treasurer at least once each month
 - Meet with the finance committee by February 15 and at least monthly thereafter.
 - Ensure signatories on all accounts are up to date by February 1
 - Provide updated budgetary information to key staff on a weekly basis by March 1
 - Provide strategy to finance committee to address equipment upgrades by the committee's March meeting
- Fundraising (see "Donors" under "Building Relationships")
 - Assess skill requirements and develop plan for filling vacant development director position by February 15; hire a development director by March 15
 - Assess overall development resources by February 28
 - Develop plan to address donor acknowledgment issues by March 1
- Marketing
 - Develop media plan to include news articles and coverage of events by February 15
 - Review current marketing materials by March 15
 - Develop process for evaluating possible changes in web site by April 1
- Support for Board of Directors
 - Maintain personal contact with all board members at least once per month. Return all messages and phone calls within 24 hours
 - Consult with the executive committee on agenda for March board meeting
 - Distribute a monthly chief executive update to the board beginning on March 1

BUILDING THE ORGANIZATION'S CAPACITY

Take the initiative and develop a plan to lead the board to formulate and implement its vision regarding:

- Relocation and expansion of office
- The shape of the “next leap” in services, e.g., expanding our meals program, etc.
- Broadening the base of major donors
- Implementing a planned giving initiative

PERSONAL LEARNING GOALS AND SUPPORT NEEDS

- Seek professional training in board relations, especially regarding building donor support and the tension between governance and management
- Identify and hire an executive coach

Participate in the executive peer support program sponsored by [state association].

Essential Guides to Sustainability, Succession and Transition Planning

Glossary of Terms

Part 1 Organizational Sustainability Planning

Financial Stability: Having enough money in the short- to mid-term to carry out an organization's planned activities

Stability: This is a basic level of health or firmness in an organization or an entity. It means that you have enough resources to carry out short- to mid-term activities.

Sustainability Planning: Planning that focuses on ensuring that the organization remains a high-value community asset over time.

Vitality: Pertains to the energy level and forward momentum of the organization. People within the agency are engaged, aligned and energized.

Part 2 Executive Succession Planning

Departure-Defined Succession Planning: A well thought out set of activities and plans that ensures organizational sustainability by identifying areas of the organization to strengthen before the chief executive transition.

Emergency Backup Plan: A written plan to address short-term and permanent absences of an executive.

Succession Essentials: A combination of an Emergency Backup Plan and a board approved Succession Policy.

Succession Policy: A board-approved policy that outlines how the board will address planned and unplanned CEO departures.

Leader Development Planning/Talent Management: Proactive measures to identify and develop leaders within the organization; strategic use of HR management strengthens the link between organizational goals and outcomes.

Part 3 Executive Transition Management

Executive Transition: A series of events that begins with the executive's decision to depart and concludes after the complete onboarding of the successor (usually one complete budget cycle).

Executive Transition Management (ETM): A three-stage process for managing the executive transition.