

NOT-FOR-PROFIT management

VOLUME 9
NUMBER 3
August 2008

HEARING IT LIKE IT IS

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Succession Planning WHY SO MANY NONPROFIT ORGANISATIONS DO IT SO BADLY!

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Whilst we are not aware of any definitive research that shows how many nonprofits have in place a succession plan for their key leaders, our experience conducting numerous Governance and Board evaluations show that over 80% of all the nonprofits have none in place. This means that there is no plan in place for identifying the required skills and characteristics that the organisation will need into the future, sourcing the most appropriate people, and ensuring that the whole process is strategically and seamlessly managed. On top of this, when we ask Boards what are the top two or three risks that their organisation faces, over 70% state loss of key leaders as a major risk.

The purpose of this article is not to delve into succession planning for Boards, but I think you will probably resonate with our findings that over 75% of Boards do not have a formal skills analysis or succession planning process. (Go to <http://www.conscious-governance.com/governance.html> for more strategies on Board succession planning)

The most common reasons given for not developing a formal succession plan include:

“We sort of know how to do it and we talk about it every now and then...”

“We hope the leader won't leave (...while I'm still on the Board or leadership team)”

“We don't know how to go about this”

The whole point behind a succession plan is that you plan for succession, before it is required! The best time to develop a succession plan is when it is not needed!

A succession plan should be simple to understand, easy to implement, and strategic in nature. Here are some pointers that will assist in developing your succession plan.

Questions to ask prior to developing your succession plan

These questions should be explored by either the Board and CEO (if developing a succession plan for the CEO), or by the leadership team (if developing a succession plan for key positions).

- 1 What are the key positions in our organisation?
- 2 What culture is required?
- 3 What does the organisation require from the CEO/ key position?
- 4 What does the CEO/key position require from the organisation?
- 5 What does our strategic plan require from the CEO/ key position?
- 6 What needs to change in our organisation in the next three or four years?

Developing a key personnel transition strategy

- 1 List all key personnel in your nonprofit organisation. Key personnel are defined as those individuals who have a significant impact on the achievement of the nonprofit's vision and strategic plan.
- 2 List three types of names against each of the key personnel
 - a Who can take over in the short term if a key person leaves. Identify internal staff as well as any outside prospects

- b Who is in line and being trained internally for possible succession in one year. If there is no-one suitable, identify names and contacts of outside potential candidates
- c Who is in line and being trained for possible succession in 3-5 years. If there is no-one suitable, identify names and contacts of outside potential candidates.
- 3 What is the optimum way to recruit a replacement? Identify and agree on advertising strategy, headhunting or internal replacement strategies.

Development and maintenance of this Key Personnel Transition strategy should form part of the CEO's annual performance appraisal, and should include input from the Board and the CEO.

One of the best examples of a succession plan we have seen comes from the Association Of Baltimore Area Grantmakers (go to <http://www.conscious-governance.com/conscious-ceo.html> last article to download .pdf copy).

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SAMPLE CRITICAL PATH FOR IMPLEMENTING YOUR SUCCESSION PLAN

	WHO	WHEN
Decision to leave announced to President and Board	CEO	
Approval of recruitment scenario and timeline (Circular resolution)	Board	+1 week
Development of transition plan	CEO and President	+1 week
Appointment of selection committee, review of Key Personnel Transition strategy	Board	+1 week
Approval of selection criteria	Selection Committee	+2 weeks
Identification and delegation of all key roles and activities of outgoing CEO	CEO and President	+2 weeks
Selection of new CEO	Selection Committee	+6 weeks

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