



Anatomy of a Succession Plan

Dave Fellers, FASAE, CAE
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What we'll discuss...

- Importance of a succession plan
- Areas to include in a plan
- Key areas:
 - Executive director departure
 - Search process
 - Financial impact
 - Communications
 - Leader responsibility
 - Goals for new leadership
 - Staff continuity
- Template for succession plan



Why a Succession Plan?

- 45% of association executive directors plan to leave within 3 years
- 70% within 5 years
- 25% have a succession plan



Who Suffers if No Plan?

- **Leadership:** Year of service converted to resolving crisis
- **Staff:** Morale, fear for future...impact on job, anxious about changes
- **Membership:** Lack of continuity in programs and feeling of uncertainty



Succession Plan Steps ...What to Include

- Current Strategic Plan
A statement that the association will maintain a current strategic plan.
- Organizational Documents
An affirmative statement indicating the association will keep governing documents current, specifying where they will be maintained and affirming that compliance issues will be current.



Policy Statement

- Statement of purpose for succession plan
- Commitment to stewardship for organization during transition
- Commitment to association's values, mission and member service
- Should provide for periodic review of the succession plan



Define Departure of Executive Director

- Notice of executive director departure - catalyst for plan implementation
 - **Planned** departure - expected and anticipated in advance.
 - **Unplanned** departure - sudden or unanticipated.
 - **Short-term** absence - 3 months or less.
 - **Long-term** absence - more than 3 months.
 - **Temporary** absence - executive director expected to return.
 - **Permanent** departure - executive director will not return.



Update Job Description

- Identify current and future role of executive director
- Utilize strategic plan to update periodically
- Include criteria such as knowledge base, core competencies and skill sets



Identify Knowledge/Skills Required

Examples of skill sets that the board might require:

1. Association experience
2. Membership experience
3. Financial expertise
4. Communications
5. Political advocacy



Identify Knowledge/Skills Required

Examples of skill sets that the board might require:

6. Chapter and AAFP relations
7. Governance experience
8. Education/meeting planning
9. Knowledge of healthcare issues



Performance Evaluation & Compensation Policy

- **Determine compensation package**
 - Outline association's compensation philosophy
 - Example: compensation will be competitive with associations in geographic area.
 - Reference benchmarking information used in setting compensation (scope, size of membership, budget, staff, etc.).
- **Outline performance evaluation process**
 - Executive director performance tied to board performance, goal accomplishment, responsiveness, etc.



Funding Executive Transition

- Set out predictable costs of succession plan
 - Severance or retirement benefits
 - Search Committee expenses
 - Potential search firm expenses
 - Search related travel and meetings
 - Search administrative expenses
 - Interim expenses (additional staff)
 - Relocation for new executive
 - Potential overlap in salary for current and new executive
 - On-boarding and goal development



Interim Leadership

- Plan should include:
 - Plan for short-term leadership – immediate & transition
 - Who will serve as Leadership Transition Committee
 - Senior staff continuity plan
 - Staff assignments during transition
 - Determine if interim executive is required



Communications Plan

- Manage communications through defined channel
- Determine chief spokesperson
- Identify process to notify staff, members, and stakeholders
- Prepare sample press release
- Outline plans for on-going correspondence



Role of Departing Executive Director

- Define role of departing executive director
 - Valuable resource
 - Eliminate misunderstandings
- Determine overlap with new executive
 - Best to have minimal overlap
- Outline options to celebrate achievements of departing executive director



Search Firm, AMC or Internal

Determine if using:

- Search firm
- Association Management Company (AMC)
- Internal resources



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Search Firm, AMC or Internal

Search firm:

- Typically 4-6 month search
- Identify firms with association experience (RFP)
- Firm assists board in developing criteria for new executive
- Identifies and interviews candidates and does background research
- Selects finalists for Search Committee and Board interviews
- Negotiates compensation
- Cost is usually 25% – 35% of annual salary



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Search Firm, AMC or Internal

Internal resources:

- Agree to coordinate the process with volunteers
- AAFP can assist in job description update
- Board discussion on new ED criteria
- Advertise position
- Interview candidates and select finalists for Board
- Negotiate compensation



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Search Firm, AMC or Internal

AMC:

- Outsource all management services to an outside firm
- Identify firms that fit organization size (RFP)
- Firm assigns ED to the organization
- Firm provides all infrastructure and staff
- Fee is negotiated



Search Committee Responsibilities

- Coordinate selection of the search firm, AMC or conduct search internally
- Contribute to updating job description, position announcement & organizational profile
- Approve Source Plan for ads & press releases
- Conduct phone and in person interviews of candidates



Search Committee Responsibilities

- Review references & background checks
- Present final candidate(s) to Board
- Accept decision of Board
- Recommend compensation package & employment contract to Executive Committee.



Executive Committee Responsibilities

- Approve compensation & benefit plan
 - Consistent with needs of organization & aligned with compensation trends
- Agree on performance appraisal process
- Establish short- & long-term performance objectives
- Approve on-boarding plan
- Approve process for 90-day & annual performance review
- Consult attorney to finalize employment contract, if applicable



Board Responsibilities

- By approval of plan, Board delegates responsibilities to the Search Committee, with oversight by Executive Committee (or board, if more appropriate)
- Approve policies as necessary, e.g., background policy, record retention policy
- Ratify or affirm final candidate



On-boarding Executive Director

- First nine months critical to new executive director
- Determine how they will be introduced to staff, members, AAFP, vendors, etc.
- Develop clear goals for first several time periods of the relationship
- Agree on process for performance appraisal
- Communicate procedure for conflict resolution during the transition period



Staff Continuity Plan

- Key step in the process - staff continuity planning...who does what?
- What is chain of command internally?
- Continuity of senior staff and level of expertise become critical
- Cross training/professional development important elements of succession planning



Checklist for Staff Continuity Plan

1. Executive Director should coordinate development of staff continuity...not board
2. Executive director determines key areas of continuity & who is responsible
3. Each senior level staff member prepares list of key job responsibilities



Staff Continuity Planning...

4. ED correlates responsibilities with current staffing – who is responsible for each critical area
5. ED will outline how staff would manage if ED or a key director departed
6. Consult strategic plan to see what must move forward
7. Develop chart of how responsibilities would “pass down the line”



Staff Continuity Planning...

8. Examples of staff oversight areas:

- Executive director level management decisions
- Governance responsibilities (board, committees, etc.)
- Financial (bank relationships, check signing, investments, etc.)
- Contract review and signatures
- Search Committee liaison
- Staff communications
- Organizational spokesperson
- Strategic plan oversight
- Official meetings on behalf of organization



Staff Continuity Planning

9. Once staff responsibilities identified:

- ED determines extent of knowledge of senior staff in key areas they would assume
- Determine extent of knowledge of next level of staff in key areas they would assume
- Outline skills each staff would need in order to carry on those responsibilities
- Determine the professional development necessary for senior and next level staff to have capability to continue program performance



Succession Plan Case Study

Case Study #1:

- Exec diagnosed with cancer - concerned about future of organization
- Met with board - determined future expectations revised job description and educated them on search process
- Plan prepared and approved by board
- Exec passed away five months later
- Plan, with staff transition management, immediately implemented
- Search firm identified in three weeks and launched search



Succession Plan Case Study

Case Study #2:

- ED retiring after 25 years
- Board wanted guidance for a smooth transition
- Board identified ED requirements for the future
- Limited overlap to avoid issues (2 weeks)
- Most important result - leadership continued to focus on strategic direction of organization vs. day to day operations and hiring new staff



Template for a CEO Succession Plan

1. Board approves development of a Staff Succession Plan
2. Statement of Purpose for the plan
3. Definition of length of departure by ED
4. Procedures for absences where ED will return
5. Procedures for permanent absence of ED



Template for a CEO Succession Plan

5. Staff continuity plan developed by ED
6. Search options:
 - Search firm, AMC, internal (staff/leaders)
7. Outline responsibilities of Search Committee, Board, EC
8. Appointment/Composition of Search Committee
9. Job Description/Criteria for ED



Template for a CEO Succession Plan

10. Financial considerations
11. Communications plan
12. Board interview of final candidates
13. Negotiation of contract
14. On-boarding for new ED
15. Update ED succession plan



Dave Fellers, FASAE, CAE

Dave Fellers Consulting
Prairie Village, Kansas
847-254-2700
dave@fellerskc.com
www.fellerskc.com


