

## The Case for Board Succession Planning

By Jane Garthson, President, Garthson Leadership Centre, © 2016

In a 2015 BoardSource survey, only 49% of CEOs agreed that their organizations had an effective process in place for officer succession. CEOs often navigate (survive?) multiple chair transitions, and cited building a board leadership pipeline as being among the most important area for board improvement.

I once facilitated strategic plan development where everyone involved expressed delight at the results—except for the chair. Miffed that her pet project hadn't received any support, she quit on the spot. **No one** was willing to step up. Other directors then became reluctant to make commitments. The organization languished quite a while, failing to advance its mission, before new leadership was in place. I'm sure none of you want to see this happen to your organization.

Officer succession is only part of board succession planning. Getting the right people is fundamental to excellence in board performance. Keeping them engaged is essential for good leadership, but only 1 in 5 CEOs surveyed by BoardSource strongly agree a majority of their board members are engaged. So even if you give them great information and recommendations, they may ignore your efforts when they vote, leaving you to implement less than optimal decisions.

I interviewed four people with not-for-profit governance expertise, in three countries, to ensure this article reflected international trends.

Debra Beck, Ed.D., Adult Educator specializing in Nonprofit Governance, Laramie, USA, asks, "Do your board members bring the talent and treasures needed to create the impact your organization strives for?" If you don't have a great board, it's not too late to develop one through succession planning. Tesse Akpeki, Leadership and Governance consultant, London, UK, credits a recession with causing boards to focus on their added value, and consider if they are the right leaders.

*Is it important that your organization have the right leaders for the future?*

Well, they get to make the top decisions, don't they? Have you promoted succession planning as a priority, not a frill to be done when time permits? Steve Bowman, Governance, Strategy, Risk and Leadership advisor, Melbourne, Australia, notes the need to have these conversations well in advance of needing to fill a seat or officer role.

Tesse says most boards she sees are still in denial about key individuals leaving the board. They do nothing to ensure that others develop the needed skills and knowledge.

However, she sees a trend towards boards finally taking CEO succession planning seriously, and hopes that will extend to boards. But many board members remain uncomfortable with planning for leadership transitions of any kind, and need guidance to help them focus on what's best for the nonprofit.

Tesse also sees boards becoming more values-led, and progressive boards embracing curiosity and an inquiring mindset, making it possible for them to consider what leadership is needed for the future. Such boards create a safe space to do difficult work with empathy and compassion. I believe many would be attracted to serve on such a board.

### *What's Included in Succession Planning?*

Great news—your organization is almost certainly already doing board succession planning. You don't have to start from scratch. You just have to organize the work into a cohesive framework or plan, and fill the gaps.

Here's a list of tasks that can be considered part of Board Succession Planning, adapted from a Governance Committee terms of reference a past client approved:

- Developing processes for the election and removal of directors and officers, within the Bylaws;
- Proposing bylaw changes that help ensure an effective board, like term limits (Tim Wolfred, retired Executive Transitions consultant, San Francisco, USA, still sees a lot of boards without this critical piece);
- Ensuring that the Board regularly engages in effective self-assessment;
- Assessing the Board's current composition in relation to relevant attributes, skill sets, knowledge and diversity of thought and backgrounds;
- Making recommendations regarding priorities for recruitment;
- Finding and developing a pool of qualified candidates;
- Ensuring good prospects have an opportunity to demonstrate and strengthen their capacities and qualities;
- Helping potential candidates assess their suitability;
- Confirming candidate willingness to fulfill the director job description and operate in accordance with the Code of Ethics and Conflict of Interest policy;
- Developing a list of recommended candidates from the pool for Board elections and vacancies;
- Helping Board members decide whether to stand for re-election;
- Ensuring members are provided with the information they need to stand for election and vote wisely in the director election;
- Fully orienting\* new board members over a number of months, including mentoring;
- Identifying candidates for officer roles and helping them prepare to step in.

### *\* Notes on Board Orientation*

Steve has researched the importance of *mandatory* mentors for new directors. And his survey showed *60%* of directors didn't remember getting *any* orientation. Many of those who did described it as worse than useless and/or mystifying. I hope your directors wouldn't use those terms.

A 2009 survey conducted by the Innovative Research Group for Hilborn and Altruvest found that the longer it takes Board Members to become fully engaged, the *less* likely survey respondents are to believe their Board effectively conducts itself.

If we need a group with the vision and courage to lead us into the future, orientation is absolutely essential. And new directors usually have an immediate vote. Have a great candidate information package supplemented by multiple board-led orientation sessions and mentoring.

#### *What Would It Take?*

The most critical factor is to have a Governance or Board Development Committee explicitly charged with responsibility for board succession planning. It's a highly recommended wise practice to have a year-round, very active committee that supports board operations.

The Vice President is a great choice for chairing this committee. Note: If your bylaws remain in need of modernizing and you still have to have a Nominating Committee, make it a sub-committee.

Steve says 70 – 80% of the organizations he sees (and he works all over the world) *still* don't have a Governance or Board Development Committee. My Canadian experience is more positive than that!

That committee can:

- Review what's already being done.
- Develop a work plan to fill gaps and enhance approaches, with board approval and support.
- Request resources for the work plan, including staff support time.

#### *What Does a Succession Plan Avoid?*

You've probably seen that pre-AGM scrambles and surprise nominations from the floor rarely turn out well. In my experience, most of these last minute candidates are absolute disasters as directors.

Tesse has seen many those. She speaks of board members she speaks of board members who are under engaged, non committal or join solely for the fun of disrupting meetings. Steve calls the latter 'ferals'; they join a board explicitly to cause destruction. That gave me highly unpleasant memories of a board I chaired that unwisely let one of those get elected.

If organizations would just remember they were recruiting people for leadership roles, albeit unpaid, and did proper screening, reference checks and Linked In/social media research, the chance of wrong choices would be much reduced. Everyone I spoke to agreed that asking about professions and job titles was not helpful; focus on soft skills and EQ to deal with board dynamics, teamwork and culture.

Once you confirm good values and passion, Debra and Steve recommend the strategic plan as the best guidance for which sorts of oversight knowledge is needed in the next few years. What experience would enable a director to ask the questions the others don't even know to ask about your upcoming priorities?

A succession plan also deepens the involvement. Several committee members have ownership, and the Board approves. Steve mentioned one organization where the chair has tremendous governance knowledge and is doing good succession planning despite the rest of his board, but that plan will not survive the chair's time there.

#### *Who is Best to Lead Board Succession Planning?*

My interviewees agreed that the director likely to become the next chair is your best choice. Tim prefers to call that position Chair-Elect, a clear contract with the expectation of stepping up to Chair, and a commitment to preparing for that step up. The title Vice President is less explicit.

Debra noted that the most likely source of a next chair is a chair of a major committee rather than a vice chair, since they sometimes burn out by the time the chair leaves. Debra says make sure the likely future chair takes responsibility for a big, meaty substantive issue. In a survey done with a research team at the Alliance for Nonprofit Management, 51% of chairs said they had not taken *any* specific action to prepare themselves for becoming a chair, not even reading an article. Chairs realize too late how much they should have learned in advance.

#### *Final Thoughts*

As a CEO or ED within CSAE, you know the importance of a strong talent management culture in your organization. You are almost certainly doing succession planning for senior roles and critical tasks. Tim asks, "Shouldn't your board be modeling talent management for you?"