

**The Third Sector Company, Inc.**

# Nonprofit Succession Planning

Fostering a Culture of Leadership Continuity  
To Advance Your Mission

Participant's Workshop Guide

# Our Starting Place:

The Succession Self-Assessment



## The Succession Planning Landscape at Your Organization: A Self-Assessment

The goal of succession planning is to introduce and maintain a culture of leadership continuity within your organization. This self-assessment provides a snapshot of the current landscape that succession planning will be discussed, and it has been designed to help you prioritize your work following today's workshop.

## THE FOURTEEN QUESTIONS THAT MAKE A DIFFERENCE

For each question below, please indicate how effective your organization is currently addressing these key factors associated with Succession Planning.

**"4" represents very effective**  
**"2" represents ineffective**

**"3" represents effective**  
**"1" represents very ineffective**

- ✓ We develop a strategic plan (or long-range strategy) and use it to guide our organization's management and governance activities.

**1      2      3      4**

COMMENTS: \_\_\_\_\_

- ✓ Our planning documents balance developing and deploying financial capital resources for our organization with developing and deploying the human capital resources necessary to meet our long-range goals.

**1      2      3      4**

COMMENTS: \_\_\_\_\_

- ✓ People in our organization have a common understanding of what succession planning means and the activities that are associated with succession planning efforts.

**1      2      3      4**

COMMENTS: \_\_\_\_\_

- ✓ We have an emergency succession plan (sometimes called a contingency plan) that outlines what will happen should a key position become vacated.

**1      2      3      4**

COMMENTS: \_\_\_\_\_

- ✓ Our budget designates at least one percent of total revenue for board and staff development.

**1      2      3      4**

COMMENTS: \_\_\_\_\_

- ✓ Our organization has a track record of regular and thoughtful performance reviews for our key positions in management and our key positions in governance.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Fundraising and community relationships are a shared and coordinated responsibility between staff professionals and community leaders.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Our entire organization is aware that we strive to be a good employer, and, as such, we are confident that basic human resource systems are in place including maintained personnel files, employee policies that are reviewed annually, staff and volunteer job descriptions are current, and a procedure for resolving grievances that may arise is in place and respected

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Our board of directors adheres to a term-limits policy and recognizes that an organizational commitment to succession planning is a determining and significant factor in its enforcement

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Our board of directors represents a level of economic, cultural, and racial diversity appropriate to the mission of our organization and in the communities that we serve.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Key leaders in the organization are aware of the career aspirations of the people who are working or volunteering for the organization.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Key leaders are aware of the estimated costs that would be associated with replacing key positions in their organization and the current market value of those positions.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ A defined grooming process has been developed to create a pipeline of future board members and board leaders.

1 2 3 4

COMMENTS: \_\_\_\_\_

- ✓ Our major contributors and funders are well aware of our commitment to assuring a succession of leadership for the sustainability of the organization and the advancement of its mission

1 2 3 4

COMMENTS: \_\_\_\_\_

## SUCCESSION PLANNING DISCUSSION GRID

General Observations About The Questions And Their Scores	The Two Ratings Considered Most Significant to Your Organization	Questions Resulting From This Self-Assessment For Further Discussion



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# The Five Pathways to a Successful Succession Planning Culture



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***No one organization is at the same place.  
You have to choose which component will be your starting point.  
There is no one plan that fits all. Succession planning is a process, not a plan.***

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Notes \_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Prepare For Vacancies Before They Occur \_\_\_\_\_

\_\_\_\_\_

Build Human Capital Along With Financial Capital \_\_\_\_\_

\_\_\_\_\_

Create a Pipeline of Future Leaders \_\_\_\_\_

\_\_\_\_\_

Edify a Reputation for Being A Great Place to Work and Volunteer \_\_\_\_\_

\_\_\_\_\_

***Succession Planning is really Sustainability Planning.***

# Pathway 1 – A Common Understanding

Know the Difference



Career Planning \_\_\_\_\_  
\_\_\_\_\_

Transition Planning \_\_\_\_\_  
\_\_\_\_\_

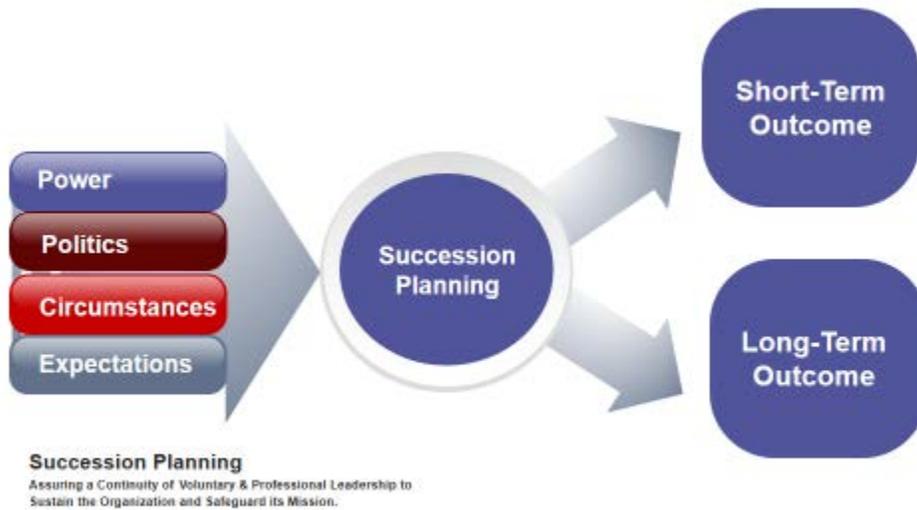
Succession Planning \_\_\_\_\_  
\_\_\_\_\_

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***The goal of succession planning is to create a culture of leadership continuity.  
It applies to all human capital including the volunteers.***

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# The Complexity of Succession



The four variables of succession planning are:

1. Power \_\_\_\_\_
2. Politics \_\_\_\_\_
3. Circumstances \_\_\_\_\_
4. Expectations \_\_\_\_\_

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***Emotions will always play a part in every succession planning discussion.***

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# Pathway 2 - Emergency or Contingency



**THE OUTCOMES:**  
People Know What Will Happen If A Position Is Vacated During The Year  
The Successor Has Access To Critical Information To Get Started

<b>INVENTORY</b>	<ul style="list-style-type: none"> <li>•The Vital Documents &amp; Information</li> <li>•The Critical Relationships</li> </ul>
<b>PERFORMANCE REVIEW</b>	<ul style="list-style-type: none"> <li>•Complete Understanding and Status of Job</li> <li>•Accurate Status of Incumbent</li> <li>•Priorities &amp; Description Align With Direction and Priorities</li> <li>•Vacancy Planning Documented</li> </ul>
<b>BOARD PIPELINE</b>	<ul style="list-style-type: none"> <li>•Grooming Process Detailed</li> <li>•Board-Chair Elect Identified</li> <li>•All Board Committees Have Vice-Chair Position</li> </ul>
<b>INTERIM PROFESSIONALS</b>	<ul style="list-style-type: none"> <li>•Relationship Established With Potential Resource</li> <li>•Interim Management Identified As A Capacity-Building Opportunity For The Organization</li> </ul>

# THE NONPROFIT INFORMATION INVENTORY



## Necessary Checklists for Executive Leadership Contingency Succession Planning

It's been said that a leader is only as good as the information that is provided to help him or her make good decisions about the future course of the organization. Our Information Inventory is provided to help everyone involved in a leadership capacity to have access to factual information vital to managing a nonprofit organization.





# Organizational Information Inventory

## Necessary Checklists for Executive Leadership

When a vacancy occurs in a key leadership position, for any reason, it is best that a checklist of information be available so as to promote continued service without interruption. The location of documents, the status of current contracts, understanding promises that have been made, and having quick access to vendors with important information are all essential resources for moving forward without an interruption in leadership.

The following pages are meant to align your organization and its leadership to prepare for planned or unplanned executive transition whenever it may occur. Third Sector Company highly recommends that the organization annually complete and review the Organizational Information Inventory and provide copies to the Chairman of the Board, Executive Director, legal counsel, and other senior managers and corporate officers as appropriate.

This document should be completed with the annual operating budget. When you secure an Interim Executive Director through Third Sector Company, you want the professional to “hit the ground running.” It is only when a leadership team is working from the same body of vital information that a “collective wisdom” can be quickly cultivated about the short-term strategic direction of the organization based on the current status of key relationships vital to the organization.

**The information contained in this document is confidential.**

**The distribution of the Inventory information should be carefully considered to make sure only the most appropriate leaders are aware of the current status of the organization.**

At Third Sector Company, our founding principle has been to help nonprofit organizations find higher ground during times of transition. We hope this Organizational Information Inventory proves to be a useful tool for helping you and your organization to achieve that objective each year.

***Third Sector Company gratefully acknowledges the contributions of The Center for Nonprofit Advancement in Washington, DC for providing a significant portion of the content of this document for your use and consideration. Also contributing to the creation of this document is the Support Center for Nonprofit Management in New York City and CompassPoint Nonprofit Services, Oakland, California.***

We appreciate having the opportunity to be of service to you and your important mission of community service.

**JEFFREY R. WILCOX, CFRE**  
**President and Chief Learning Officer**

# THE NONPROFIT ORGANIZATIONAL INFORMATION INVENTORY

Knowing where your organization's key information is located is critical so that if an emergency succession should occur, your organization will be able to quickly work in the most efficient and effective ways.

The Agency Information Inventory is divided into sections that will let the Board of Directors, the Executive Director, and other members of the senior executive staff know how to quickly:

- **ACCESS DOCUMENTS** that are fundamental to the management and operation of a nonprofit organization
- **CONTACT VENDORS** who provide services and counsel to the organization including auditors, attorneys, payroll services, insurance companies, and facilities maintenance
- **REVIEW CONTRACTS** which present legal obligations of the organization to provide service or operate in a specific fashion
- **CONTACT MAJOR DONORS** who represent significant sources of charitable contributions

Our experience in interim executive management has proven that vital information needs to be gathered and accessible in the following key areas of operations for review at all times:

- **FINANCES & PAYROLL**
- **BANKING**
- **INSURANCE**
- **LEGAL**
- **HUMAN RESOURCES**
- **FACILITIES**
- **SERVICE CONTRACTS**
- **FUNDRAISING**

The Inventory should be completed and reviewed annually to make sure that in unplanned or planned transitions, organizational leadership has direct access to vital information necessary for making strategic leadership decisions. A copy of the Agency Information Inventory should be attached to the organization's annual Succession Planning Policy.

## Step #1:

### VITAL INFORMATION INVENTORY

Do You Know Where Your Most Valuable Documents Are Located?

	<b>Onsite Location</b> <i>Where?</i>	<b>Offsite Location</b> <i>Where?</i>	<b>Online URL</b> <i>Where?</i>
<b>Nonprofit Status</b>			
Charity Determination Letter	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Bylaws	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Mission Statement	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Board Minutes	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Corporate Seal	<input type="checkbox"/> _____		

### Financial Information

**Government Employer/Business Number #:** \_\_\_\_\_

Current and previous tax returns	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
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Current and previous audited financial statements	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Financial Statements (if not part of the computer system and regularly backed-up)	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Blank Checks	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Computer passwords	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Donor Records	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Client Records	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Vendor Records	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Volunteer Records*	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____

*\*Note: Nonprofits that are heavily volunteer-based may need to know the following information about their volunteers who they are, how to contact them (home/work phone, email, cell, etc.), where they live/work, expertise, special skills, or any information related to their usefulness or willingness to help the agency (for example, volunteer Jane Doe can walk to our satellite office, lift heavy boxes and knows CPR).*

**Auditor**

Name: \_\_\_\_\_

Phone Number/Email: \_\_\_\_\_

Additional Vital Information about Auditor or Audit: \_\_\_\_\_

\_\_\_\_\_

Most Recent Management Letter Reviewed: \_\_\_\_\_

**Step #2:**  
**KEY CONTACT INFORMATION**  
*Do You Know Where Your Funds Are Held & By Whom?*

**Banking Information**

Name(s): \_\_\_\_\_

Account & Account Number: \_\_\_\_\_

Account & Account Number: \_\_\_\_\_

Branch Representative(s): \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Name(s): \_\_\_\_\_

Account & Account Number: \_\_\_\_\_

Account & Account Number: \_\_\_\_\_

Branch Representative(s): \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

**Who are the authorized check signers this year for these accounts?**

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**Investments Information**

Financial Planner / Broker Company \_\_\_\_\_

Representative Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Who is authorized to make transfers? \_\_\_\_\_  
\_\_\_\_\_

**Document Security**

Is there an office safe? Who has the combination/keys?

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**Step #3:**

**LEGAL INFORMATION**

*Do You Know Your Current Legal Standing & Your Counselor?*

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**Legal Counsel**

*Attorney*

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

Most Recent Consultation with Legal Counsel: \_\_\_\_\_

Reason for Consultation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pending Litigation, if any: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Additional Vital Information about Legal Counsel: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Step #4:

**HUMAN RESOURCES**

Do You Know Your Current Personnel & Payroll Information?

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**Human Resources Information**

	<b>Onsite Location</b>	<b>Offsite Location</b>	<b>Online URL</b>
Employee Records/ Personnel Info*	<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____

*\*Names, home addresses, phone numbers, email, emergency contacts, etc.*

Additional Vital Information about Human Resources: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Payroll Information**

Company Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Payroll Rep: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Email: \_\_\_\_\_  
Additional Vital Information about Payroll: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Step #5:

**FACILITIES**

Do You Know Your Current Facilities Management Information?

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**Facilities Information**

Office Lease (for renters)	<input type="checkbox"/> _____	<input type="checkbox"/> _____
Building Deed (for owners)	<input type="checkbox"/> _____	<input type="checkbox"/> _____

***Building Management***

Company Name: \_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Phone Number/Email: \_\_\_\_\_

***Office Security System***

Company Name: \_\_\_\_\_  
Account Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_

Other Vital Information Regarding Facilities: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Building Security Passcode:** \_\_\_\_\_

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Step #6:  
**CONTRACTS**

Do You Know Your Current Contract Obligations?

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**CONTRACTS INFORMATION**

Current Top Five Contracts of the Organization & the Total Contract Amount:

Contract 1: \_\_\_\_\_

Status: \_\_\_\_\_

Contact: \_\_\_\_\_

Contract 2: \_\_\_\_\_

Status: \_\_\_\_\_

Contact: \_\_\_\_\_

Contract 3: \_\_\_\_\_

Status: \_\_\_\_\_

Contact: \_\_\_\_\_

Contract 4: \_\_\_\_\_

Status: \_\_\_\_\_

Contact: \_\_\_\_\_

Contract 5: \_\_\_\_\_

Status: \_\_\_\_\_

Contact: \_\_\_\_\_

Contracting Supervisor: \_\_\_\_\_

**Current Pending Contracts for Follow-Up:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Additional Vital Information about Contracts: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Step #7:  
**INSURANCE**

*Do You Know Your Current Insurance Coverage & Have Adequate Protection?*

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**Insurance Information**

***General Liability / Commercial Umbrella***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Disability Insurance (short-term)***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Directors & Officers Liability***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Disability Insurance (long-term)***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email \_\_\_\_\_

***Health Insurance***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Life Insurance***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email \_\_\_\_\_  
Broker Phone Number/Email \_\_\_\_\_

***Unemployment Insurance***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Dental***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email \_\_\_\_\_  
Broker Phone Number/Email \_\_\_\_\_

***Workers' Compensation***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

***Retirement Plan***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email \_\_\_\_\_  
Broker Phone Number/Email \_\_\_\_\_

***Long Term Care)***

Company/Underwriter: \_\_\_\_\_  
Policy Number \_\_\_\_\_  
Representative Phone Number/Email: \_\_\_\_\_  
Broker Phone Number/Email: \_\_\_\_\_

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Step #8:  
**FUNDRAISING**

Do You Know The Status of Your Largest Charitable Gifts?

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**Fundraising Information**

Current Top Five Charitable Contributors to the Organization

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Necessary Follow-Up Required With These Contributors

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Current Pending Funding Requests for Follow-Up

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Recently Initiated Funding Requests for Follow-Up

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Additional Vital Fundraising Information

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Step #9:  
**AUTHORIZATION & APPROVALS**  
Is the Information Current and Correct?

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## INVENTORY AUTHORIZATION

**Date of Completion of Agency Information Inventory:** \_\_\_\_\_

**Name of Person Completing Document:** \_\_\_\_\_

**Title of Person Completing Document:** \_\_\_\_\_

*Signature of Person Completing Document:*

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## Signatures of Approval

\_\_\_\_\_  
*Chairman of the Board*

\_\_\_\_\_  
*Executive Director*

- Distribute a copy of the completed inventory to appropriate board members and senior staff who has been determined as appropriate keepers of vital organizational information
  - Attach a copy of the report to your current operating budget
  - Provide an approved copy to your Interim or Acting Executive Director as soon as an agreement has been reached
  - Up-date this document each year and review
- 



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*An Example Of Position Strategy Succession Planning  
Graciously Offered To Third Sector Company For Training Purposes  
By Our Client To Benefit Other Nonprofit Organizations*



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## MEMORANDUM

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**TO: Members, Executive Committee**  
**FROM: Tony Walker, President and Chief Executive Officer**  
**RE: Succession Plan for President & Chief Executive Officer Position**

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As has been discussed with St. Anne's consultants The Third Sector Company, a succession plan for the President and Chief Executive Officer is essential to ensuring ongoing organizational health. Also important is Board succession, but our first priority is having a process in place for the President and Chief Executive Officer position. To that end, I am proposing to the Nominating and Governance Committee a succession plan to meet that requirement.

### **President and Chief Executive Officer**

If the position is open for **less than three months**, the Chief Program and Operating Officer would serve in the interim capacity. As there is an accumulation of knowledge and "big picture" issues and the Chief Program and Operating Officer is most intimately involved at a senior level in programs, operations, finances and development as well as having a key relationship to the Board of Directors, it would be organizationally prudent for him/her to assume these responsibilities. All current senior positions would report directly to the Chief Program and Operating Officer during this interim time period.

This interim role would be operating in concert with the Chair of the St. Anne's Board of Directors and Executive Committee. To that end, the Chair of the Board would have regular meetings with the Chief Program and Operating Officer acting in this interim capacity. Communications of this interim role would be to the staff, Board and Trustees and key constituents. As it is limited to a short period of time, careful thought would be given to the number of individuals we would inform of this interim change in leadership.

If the position is anticipated to be open for **up to six months and the President and Chief Executive Officer is expected to return**, the Chief Program and Operating Officer would be appointed to fulfill that role in an interim capacity. As stated previously, there is an accumulation of knowledge and "big picture" issues and the Chief Program and Operating Officer is most intimately involved at a senior level in programs, operations, finances and development, as well as having a key relationship to the Board of Directors, it would be organizationally prudent for him/her to assume these responsibilities. All current senior positions would report directly to the Chief Program and Operating Officer during this interim time period.

As stated previously, this interim role would be operating in concert with the Chair of the St. Anne's Board of Directors and Executive Committee. To that end, the Chair of the Board would have regular meetings with the Chief Program and Operating Officer acting in this interim capacity. Communications of this interim role would be to the staff, Board and Trustees and key constituents. As it would be considered a longer period of time, a wider notification including public and private funders would be made.

If the position is **permanently vacated**, the St. Anne's Board of Directors would secure the services of a recruiting firm with knowledge of the nonprofit community. Although a number are available, recommended would be Morris and Berger to assist in the search for a new candidate to fulfill the role. They are well known to the Los Angeles County nonprofit community and utilized by most if not all of the larger, well known nonprofits. Morris and Berger would assist in updating the job description, determining the current salary requirements, and canvassing the field of candidates, both internal and external. They would screen the candidates and recommend the top five for consideration by the Executive Committee of the St. Anne's Board of Directors, acting in the capacity of a search committee.

Based on those recommendations, the final three candidates would be presented to the St. Anne's Board of Directors for consideration. Morris and Berger would conduct background checks and obtain references from at least three sources. The Corporate Members would have final approval of the proposed candidate of the St. Anne's Board of Directors to fulfill this role. Once that approval was obtained, an offer letter would be given to the candidate selected by the St. Anne's Board of Directors and Corporate Members.

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## MEMORANDUM

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**TO: Members, Executive Committee**  
**FROM: Tony Walker, President and Chief Executive Officer**  
**RE: Succession Plan for Key Senior Management Positions**

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As was identified in my key objectives for FY 2011, the Executive Committee requested me to outline the plan for the filling of the key senior positions of St. Anne's during a short term leave of absence of less than three months, a long-term leave of absence of six months, or the permanent vacating of a position.

Although the final decision for filling staff vacancies rests with the President and Chief Executive Officer, it is essential to have the "buy-in" of the St. Anne's Board of Directors to ensure successful leadership transition. Therefore, at a minimum, the chairs of the respective committees – Program, Leadership, Personnel and Finance/Audit – should be participants in the interview process for the final candidates.

You will find below the presentation of the key senior position succession plan for your review.

### **Chief Program and Operating Officer**

If the position is open for **less than three months**, the President and Chief Executive Officer would serve in the interim capacity. As there is an accumulation of knowledge and "big picture" issues and the President and Chief Executive Officer is most intimately involved in programs and operations, it would be organizationally prudent for him to assume these responsibilities.

If the position is anticipated to be open for **up to six months**, the Vice President, Human Resources and Training would be appointed to fulfill that role in an interim capacity. Currently reporting to the President and Chief Executive Officer, the appointment of the Vice President of Human Resources and Training to that interim role would ensure consistency of application of standard rules and operating procedures delegated through the two positions that directly supervise programs and operations – the Senior Director, Community Based Services and the Senior Director, Residential and Support Services.

If the position is **permanently vacated**, the President/CEO would secure the services of a recruiting firm with knowledge of the nonprofit community. Recommended would be Leslie Askanas, Human Resources Consultant, to assist in the search for a new candidate to fulfill the role. As she has been used on several occasions by St. Anne's in the past, her excellent work is well known to the agency. Leslie would assist us in updating the job description, determining the current salary requirements, and canvassing the field of candidates, both internal and external. She would screen the candidates and recommend the top ten for consideration by the President and Chief Executive Officer. Based on those recommendations, the final three candidates would be presented to the Program Committee for interview. Leslie would also do background checks and obtain references from at least three sources. The President and Chief Executive Officer would make the final offer to the best candidate for the position.

### **Vice President, Development**

If the position is open anytime **up to six months**, the President and Chief Executive Officer would serve in an interim capacity. In the role of President and Chief Executive Officer, you are also the Chief Development Officer of the organization and have built the relationships with key funders, both individuals and foundations. The current staff would work well with this seamless direction.

If the position is **permanently vacated**, I would secure the services of a nonprofit recruiting company knowledgeable in fund development. Recommended would be Leslie Askanas, Human Resources Consultant, to assist us in the search for a new candidate to fulfill the role. As outlined previously, she would follow the same steps in identifying a person for consideration. She would screen the candidates and recommend the top ten for consideration by the President and Chief Executive Officer. Based on the recommendations, the final three would be presented to the Leadership Committee for interview. The President and Chief Executive Officer would make the final offer to the best candidate for the position.

### **Vice President, Human Resources and Training**

If the position is open for **less than three months**, the President and Chief Executive Officer would appoint the Training Coordinator to fulfill that position in an interim capacity. That position works very closely with the Vice President, Human Resources and Training and is knowledgeable of all facets of human resources.

If the position is open **up to six months or permanently vacated**, the President and Chief Executive Officer would secure the services of Leslie Askanas, Human Resources Consultant, to act in an interim capacity in the Vice President, Human Resources and Training role. Leslie is very familiar with St. Anne's as she has served in this interim role previously. She would also be asked to assist us in the search for a new candidate to fulfill the role. She would screen the candidates and recommend the top ten for consideration by the President and Chief Executive Officer. Based on those recommendations, the final three would be presented to the Personnel Committee for interview. The President and Chief Executive Officer would make the final offer to the best candidate.

## **Chief Financial Officer**

If the position is open for **up to six months**, the President and Chief Executive Officer would appoint the St. Anne's Controller to serve in an interim capacity. To ensure additional oversight and support, we would also secure the services of Gail Whittemore, CPA, who has consulted with St. Anne's previously. Gail is very familiar with nonprofit accounting and has worked closely with – and is respected by – our staff.

If the position is **permanently vacated**, I would secure the services of a nonprofit recruiting firm specializing in Chief Financial Officer positions. Recommended would be Leslie Askanas, Human Resources Consultant, to assist us in the search for a new candidate to fulfill the role. She would screen the candidates and recommend the top ten for consideration by the President and Chief Executive Officer. Based on those recommendations, the final three would be presented to the Finance/Audit Committees for interview. The President and Chief Executive Officer would make the final offer to the best candidate for the position.

***Reprinted with the Permission of our Succession Planning client by:***



**The Third Sector Company, Inc. is dedicated to fostering a continuity of professional and voluntary leadership for the nonprofit sectors of the United States and Canada through succession planning training and consultation, interim executive management, executive retention support, executive performance planning and review, search committee training and support, and next generation board and executive leadership training.**

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In The Pacific Northwest – (206) 799-1942*

# The Board Pipeline Process

- Grooming Process Detailed
- Board-Chair Elect Identified
- All Board Committees Have Vice-Chair Position

What would happen if the board chair is unable to fill his/her duties for the remainder of their term?

Consider the board chair as a three stage commitment:

Year 1 - Chair Elect - serves as Governance Committee chair

Year 2 - Chair Board of Directors

Year 3 - Past Chair – serves as Strategic Planning Committee chair (legacy)

Boards must have term limits. The current trend is 6 one-year terms.

How are new board members recruited for your organization? Are they moving up through the organization to serve on the board “at last”?

How does your organization keep former board members engaged in the organization and to advance the cause?

Notes \_\_\_\_\_

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# The Advantages of an Interim

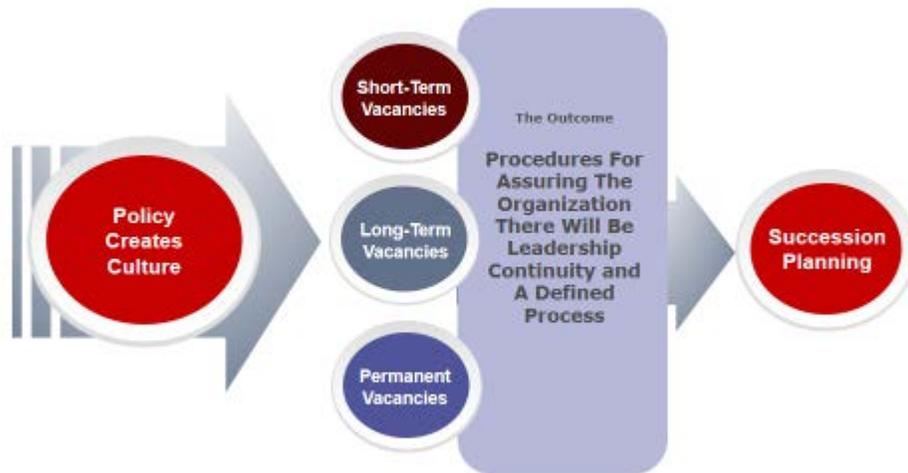
- On-Demand Leadership For Continuity Of Service
- An Experienced Perspective On Current Conditions
- Specialized Skills To Meet Immediate Need
- Ample Time To Hire The “Right” Permanent
- A Methodical Approach To Transition
- Learning Opportunity For Nonprofit Best Practices
- Public Relations Management

## Additional Reasons for Considering Interims:

- View not as crisis intervention but as part of succession planning
- Offers third party, impartial perspective
- Allows for breathing room
- Avoids repeat mistakes; knee-jerk reactions
- Gives unbiased picture, professional opinion of what is needed to move forward
- Prevents hiring for “what’s burning in the kitchen”
- Cleans up operations, but is not a change agent – gets the place ready for the incoming ED
- Assist with the executive search – if desired
- Allows a transition, takes some of the heat. (Often people who follow founders lose their job within two years.)

Notes \_\_\_\_\_  
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# Pathway 3 - Succession Policy



Short-Term Vacancies (3 months or less) \_\_\_\_\_  
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Long-Term Vacancies (3 months or more) \_\_\_\_\_  
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Permanent Vacancies \_\_\_\_\_  
\_\_\_\_\_

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***Boardsmanship is about building consensus, not unanimity.***

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## **SUCCESSION PLANNING POLICY FOR YOUR NONPROFIT ORGANIZATION**

**A Guide to Establishing a Culture of  
Leadership Continuity to Advance Your  
Mission**

The purpose of this Succession Planning Guide is to help you make good policy decisions regarding the transition process you will employ to manage gaps in organizational leadership. It is a template that can be adapted to make it appropriate for the needs of your organization.

**Under no circumstances should the content of this document  
be regarded as a substitute for legal advice or counsel.**

*The advice of a competent attorney should be sought any time a nonprofit is considering policy changes or activities that may affect the legal status or liability exposure of the organization.*

At Third Sector Company, our core competency is the recruitment, vetting, training and support of interim executive leaders in a context of strategic succession planning. The attached policy statements reflect our belief that making provisions for and considering interim executive management should be always be a part of any succession planning discussions – whether or not an interim would be the best solution for a particular situation. It should always be considered.

Third Sector Company gratefully acknowledges the contributions of The Center for Nonprofit Advancement in Washington, DC for providing a significant portion of the content of this document for your use and consideration. Also contributing to the creation of this document is the Support Center for Nonprofit Management in New York City and CompassPoint Nonprofit Services in San Francisco.

We encourage our clients to take a very thoughtful and careful approach to succession planning. Policies regarding succession should be reviewed and discussed annually. In the end, our goal is to help your organization during times of transition to find higher ground. We hope this document is an important step in that journey to best practices for your organization to serve our community.

**JEFFREY R. WILCOX, CFRE**  
*President and Chief Executive Officer*

### ***Succession Planning Step #1:***

## **ADOPTING A BOARD POLICY**

### **Pre-Authorizing a Series of Activities to Quickly Respond**

Whether planned or unplanned, a vacancy in the chief professional position creates an awkward series of events involving staff, volunteers, donors and the entire community. Depending on the variables that resulted in the vacancy, a significant period of time can be spent managing the people, processes and politics associated with your organization.

Executive Consulting recommends the adoption of a succession policy by a Board of Directors that will authorize the organization to immediately enact a series of steps that will help the organization to continue its services without interruption during times of short-term absences and following a termination of the Executive Director.

There are three situations that can result in a vacancy in the Executive Director position:

- A short-term leave of absence
- A long-term leave of absence
- A permanent vacating of the position

Based on our experiences, Executive Consulting recommends the following succession planning approach and policy statement to our clients:

## **An Example of Succession Policy Statement for Board Approval**

The Board of Directors recognizes that a policy for contingencies due to the disability, death or departure of the Executive Director represents sound governance practices. The Board annually reviews the job description of the executive director as part of an annual executive evaluation process. The current job description is attached to this policy statement.

It is a primary function of the Board of Directors to have a clear understanding of the Executive Director's role in operations leadership, program development, program administration, supporting the Board and committees, volunteer management, financial operations, fundraising, community presence and human resources.

### **SUCCESSION POLICY EXAMPLE: IN THE EVENT OF A TEMPORARY, UNPLANNED ABSENCE A Vacancy in the Executive Position Less Than Three Months**

A temporary absence is one of less than three months in which it is expected that the Executive Director will return to his or 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 in the cases of extended vacation or sabbatical.

The Board of Directors authorizes the Executive Committee (or officers of the Board) to implement the terms of this emergency plan in the event of the unplanned short-term absence of the Executive Director.

In the event of an unplanned absence of the Executive Director, the highest ranking staff member is to immediately inform the Chairman of the Board or the highest ranking volunteer Board member of the absence. As soon as it is feasible, the Chair should convene a meeting of the officers of the corporation to affirm the procedures prescribed in this policy statement and make modifications as the officers deem appropriate for the circumstances of the situation.

At the time this policy statement was approved, the position of Acting Executive Director would be (Name of Person and the Person's Title). Should the standing appointee to the position of Acting Executive Director be unable to serve, the first and second back-up appointees for the position of Acting Executive Director will be (names and titles in descending order of seniority to the position).

If the Acting Executive Director is new to his or her position and fairly inexperienced with the organization (less than 12 months), the officers of the corporation may decide to appoint one of the back-up appointees to the acting executive position or elect to seek an interim executive director from outside of the organization with the experience and credentials to lead the organization during the period of the absence.

The person appointed as Acting Executive Director shall have the full authority for decision-making and independent action as the Executive Director of the organization. The Acting Executive Director, at the discretion of the officers of the corporation, may be offered a temporary salary increase to the entry-level salary of the executive director position or offered a bonus in a mutually negotiated amount to be paid during the Acting Executive Director period. Should the officers of the corporation choose to

secure an independent Interim Executive Director, the officers of the corporation are authorized to pay a fee for such services as deemed reasonable and appropriate to assure the organization is provided quality leadership without interruption.

The Board Member responsible for supervising and monitoring the work of the Acting Executive Director shall be the Chairman of the Board. Immediately upon transferring the responsibilities to the Acting Executive Director, the Board Chair or the highest ranking Board member available will notify staff members, members of the Board of Directors and key volunteers of the delegation of authority in writing. As soon as feasible, the Acting Executive Director in concert with the Board Chair or the highest ranking Board member available to community the temporary leadership structure to key external supporters which include, but are not limited to, government contracts officers, foundation program officers, civic leaders, and major donors.

The decision about when the absent Executive Director may return to the position shall be determined by the officers of the corporation. They will decide upon a mutually agreed upon schedule and start date. A reduced schedule for a set period of time can be allowed, by approval of the Board Chair, with the intention of working back to a full-time commitment over a reasonable period of time appropriate to the circumstances necessitating the short-term absence.

### **SUCCESSION PLANNING EXAMPLE: IN THE EVENT OF A LONG-TERM, UNPLANNED ABSENCE A Vacancy in the Executive Position More Than Three Months**

A long-term absence is one that is expected to last more than three months but no longer than one year in length. The procedures and conditions to be followed shall be the same as for a short-term absence with the following additions:

The Executive Committee or the Officers of the Corporation will give immediate consideration, in consultation with the Acting Executive Director, to temporarily fill the management position left vacant by the Acting Executive Director if the Acting Executive Director is currently an employee of the organization.

In the event that an independent third party has been selected as Acting Executive Director, the Executive Committee or the Officers of the Corporation are authorized to extend the contract up to one year from date of hire with payment of additional fees as deemed appropriate and reasonable by the Executive Committee or the Officers of the Corporation.

The decision about when the absent Executive Director may return to the position shall be determined by the acting or interim executive director and the officers of the corporation. They will decide upon a mutually agreed upon schedule and start date. A reduced schedule for a set period of time can be allowed, by approval of the Board Chair, with the intention of working back to a full-time commitment over a reasonable period of time appropriate to the circumstances necessitating the long-term absence.

### **SUCCESSION PLANNING EXAMPLE: IN THE EVENT OF A PERMANENT CHANGE IN EXECUTIVE DIRECTOR A Vacancy in the Executive Position Caused by Death, Disability, Resignation or Termination**

A permanent change is one in which it has been firmly established that the Executive Director will not be returning to the position or has been removed from the position according to Board approved policy.

The Board of Directors shall appoint a Transition and Search Committee or will authorize the Executive Committee or the Officers of the Corporation to act as a Transition and Search Committee within 7 days of the position having been vacated.

The Transition and Search Committee is authorized to determine the need for an Interim Executive Director and carry out a plan for the recruitment and selection of an Interim Executive Director and/or the permanent replacement for the position. The Executive Committee or the Officers of the Corporation are expected to regularly inform the Board of Directors of the plans, proceedings and outcomes of the

Transition and Search Committee by special meeting and written reports as deemed appropriate and feasible.

Prior to extending a written offer of employment, the final candidate for the permanent replacement of the Executive Director being recommended by the Transition and Search Committee requires a presentation of the candidate and full disclosure of the employment offer for approval by a majority vote of the entire Board of Directors.

**Succession Planning Step #2:**

**KEEPING YOUR POLICY ACTIVE**

**An Annual Review of the Policy & Current Information**

A Succession Policy is a dynamic statement that should continually reflect the current conditions and experiences of your organization. In order to keep your policy relevant and to keep your current and new Board member aware of your succession plan, we recommend the following steps occur each year as prescribed by the Center for Nonprofit Advancement in Washington, DC:

- **ANNUAL SUCCESSION POLICY APPROVAL.** Policy statements should be reviewed by the Executive Committee each year and forwarded to the full Board of Directors for its vote and approval.
- **SIGNATORIES.** The Board Chair, Executive Director, and appointees for the position of Acting Executive Director should sign each policy for approval.
- **ORGANIZATIONAL CHARTS.** Two organizational charts should be prepared and attached to this plan reflecting the current staffing positions and lines of authority throughout the organization. A second organizational chart should be prepared that reflects how the structure will change within the context of an absence and as prescribed by the succession policy statement.
- **JOB DESCRIPTION.** The current job description of the Executive Director should be attached to this plan reflecting any changes that are, under the best of circumstances, are reviewed and revised annually to reflect current responsibilities of the position.
- **COPIES OF THE POLICY.** Copies of the approved Succession Policy along with the corresponding documentation should be held by the Board Chair, Executive Director, appointees to the position of Acting Executive Director, the human resources department, and the organization's attorney.
- **ORGANIZATIONAL INFORMATION.** A completed Essential Organizational Information and Contact Inventory Sheet (as provided elsewhere in this document) should be completed annually and attached to this plan along with a current list of the organization's Board of Directors.



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In The Great Northwest – (206) 799-1942*

# Pathway 4 - Basic Human Resources Management

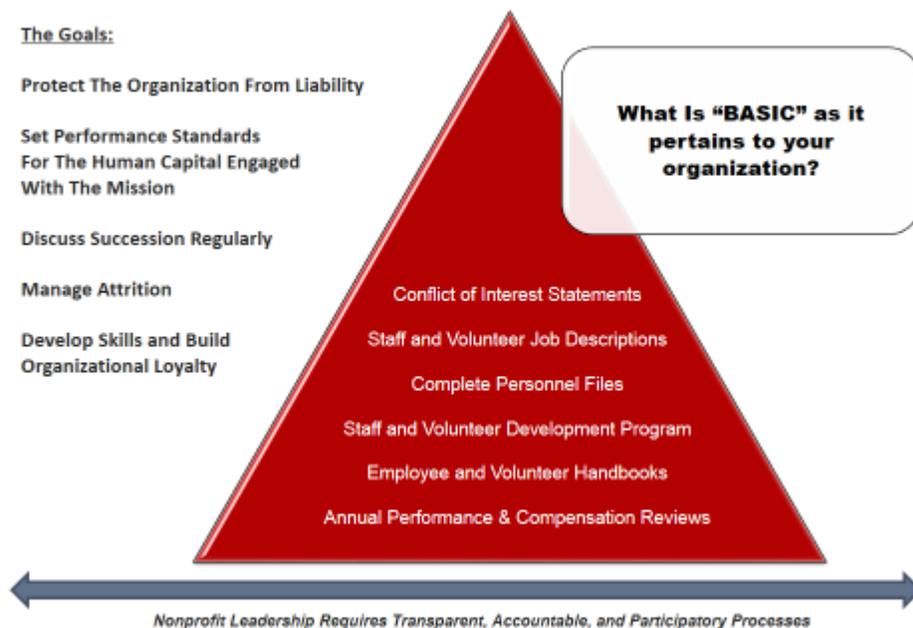
## SMALL GROUP DISCUSSION:

What Would You Consider As “Basic” Human Resource Practices That Should Be In Place For A Small Nonprofit Organization?

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Some questions to consider:

- Does your organization set aside 1% of its budget for staff/board development?
- Does your organization know the current replacement cost of your CEO?
- Does your organization apply HR practices to both paid and unpaid staff?

# Pathway 5 - The Resourced Strategic Plan



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***A RESOURCED Strategic Plan not only shows what the organization plans to do, but also how much financial AND human capital it will take to achieve the mission of the organization with continuity and sustainability.***

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More questions to consider:

- If a funder offered to fully fund your strategic plan, do you know exactly how much it would cost?
- Do you include the human capital in the equation?

Notes \_\_\_\_\_

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# The Key - Succession Champions

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***Succession Planning requires a series of facilitated conversations and a SUCCESSION CHAMPION to lead those conversations and manage the emotions that will surface during the conversations.  
Who will be your succession champion?***

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Leadership Recruitment, Retention and Succession Work Groups

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Job Assignments

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# A REVIEW: Succession Planning In Action

The Pathways	<ul style="list-style-type: none"> <li>• Common Understanding</li> <li>• Planning for Emergencies</li> <li>• Policy Development &amp; Adherence</li> <li>• Good Human Resource Practices</li> <li>• A Resourced Strategic Plan</li> </ul>
The Considerations	<ul style="list-style-type: none"> <li>• Succession Planning &amp; Interim Counsel</li> <li>• Executive Performance &amp; Compensation</li> <li>• Job Descriptions &amp; Handbooks</li> <li>• Budgeting for Succession &amp; Retention</li> </ul>
The Realities	<ul style="list-style-type: none"> <li>• Yes, But ...</li> <li>• Management of Emotions</li> <li>• A Change In Culture</li> </ul>
The Final Step	<ul style="list-style-type: none"> <li>• A Leadership Recruitment, Retention &amp; Succession Work Group</li> <li>• Job assignments</li> </ul>

## The Truth About Succession Planning

**When your organization defines resource development as only money, you've neglected your responsibility to the most valuable and sustainable assets that you've got ...**

***THE PEOPLE WHO BUILD EQUITY IN YOUR MISSION***

Notes

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## **Nonprofit Succession Planning: An Appendix of Additional Information**

- An Editorial For Distribution from the Long Beach (CA) Business Journal written by Third Sector Company
- About Third Sector Company: What We Do and How Our Team Can Be A Succession Planning Solution for Your Nonprofit Organization
- The Work of Interim Executive Directors as a Strategic Succession Planning Solution For Building Organizational Capacity During Transitions

#### THE THIRD SECTOR REPORT

## The Importance of Developing an Obsession for Nonprofit Succession

By Jeffrey R. Wilcox, CFRE

It's too bad that whenever the word, "succession," finds its way into conversations at most nonprofit organizations, most view its utterance as code for someone needs to go.

When an inevitable transition does occur, these same organizations soon discover that having kept succession in the closet ultimately costs their worthy causes significant amounts of time, money and angst.

The Third Sector is no different than the other sectors when it comes to human resource matters and leadership. Most transitions in key positions aren't planned. Messy exits can be a public relations challenge. And, transitions that should have happened earlier, but for personal or political reasons were avoided, creates a domino-effect of other's choosing to vacate their positions instead.

While nonprofits face other common workforce realities such as a Baby Boomer generation retiring en masse and the difficulty of attracting and keeping up-and-comers, the sector has a couple of quirks that make leadership continuity slightly more complicated: The first is that each of these realities can be applied not only to paid employees, but also to volunteers. The second is that without term limits and a commitment to succession, great causes can easily evolve into family-run businesses disguised as nonprofits.

All of these factors sum up to a subject that is emotionally charged and filled with deeply-rooted confusion over what constitutes prudent succession planning for a nonprofit organization.

Replacing key positions, managing with a leadership void, and curbing high attrition are expensive propositions for any enterprise. For organizations that depend on people's generosity to survive, however, these are situations that demand pro-active and visible attention.

The *Daring to Lead* study released by CompassPoint Nonprofit Services in Oakland dramatically illustrates the current state of the sector when it comes to succession:

- 17% of 3,000 nonprofit organizations indicate having a succession plan
- 24% of nonprofit executives report planning to vacate their positions within two years
- 45% have no executive performance review process to annually discuss succession

Based on these numbers, there is a significant quantity of important nonprofit organizations whose futures are at risk. Sadly, most of them have little idea how large the risk is because succession has been considered an unmentionable in their cultures.

For those who have believed that investing time and money in leadership development, retention and succession will hurt a nonprofit's overhead calculations, the *Daring to Lead* numbers suggest that the day in court is nigh. The costs of sloppy human resource practices, poorly managed executive exits, replacing avoidable vacancies, and a lack of competent future board leadership creates a tab that is going to difficult to prove as circumstantial. The sum of these costs will be even more difficult defend as responsible fiduciary oversight in the name of charity.

Succession, like fundraising, is an integral piece of a successful nonprofit's organizational culture. Both subjects are forms of resource development that are equally vital for fueling its future.

Cultures that value succession have six distinct attributes. The first is operating with a common understanding that succession is about ongoing efforts to assure a continuity of good leadership is in place for the organization. It is not about naming an heir-apparent or planning one person's transition.

The second attribute is completing a contingency operations plan every year and creating a warehouse of vital organizational information should a key position become vacant for any reason. The third attribute is a series of board-approved succession policies which mandates such things as performance reviews, term limits, human resource procedures, and nominations.

Demonstrated competencies in basic human resources is the critical fourth attribute. The fifth is completing and managing from a strategic plan that pays as much attention to developing human capital as it does to developing financial capital for creating its future. And, the final attribute is assigning the task of succession to key people as part of their job responsibilities and performance objectives.

For me, nonprofit leadership succession has become an obsession. Perhaps I've stood on the curb for too many years watching people confuse or avoid the subject and declining to get on the succession planning bus. It's painful to witness so many great executives, boards and organizations now at significant risk of being hit by it.

*(Jeffrey R. Wilcox, CFRE, is president and chief executive officer of The Third Sector Company, Inc. Join in on the conversation about this article at the Long Beach Business Journal website [www.lbbusinessjournal.com](http://www.lbbusinessjournal.com))*



PO Box 19796 – Queen Anne Station  
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Taking Nonprofit Organizations To Higher Ground  
In Their Service To Others™

*Introducing*

## **THE THIRD SECTOR COMPANY**

**A Professional Firm Dedicated To Fostering Leadership Continuity for the Nonprofit Sector**

*www.thirdsectorcompany.com – concierge@thirdsectorcompany.com*

*Irvine, California – Seattle, Washington*

### **A MISSION-DRIVEN SOCIAL ENTERPRISE**

*Dedicated to Fostering Leadership Continuity for the Nonprofit Sector*

Founded in 2002 by the former senior vice president for community development at United Way of Greater Los Angeles in association with nine nonprofit executives with significant experience in serving diverse communities, The Third Sector Company, Inc., was created to “foster a continuity of leadership for the nonprofit sectors of the United States and Canada.” Since its beginnings, Third Sector Company has approached its work as a mission-driven social enterprise dedicated to addressing six established needs:

- **A concerted community response is critical to the growing numbers of unplanned executive transitions** occurring in the nonprofit sector which are placing important organizations at risk;
- **A new career alternative is required if the community is to retain experienced nonprofit executives to benefit the sector** as current leaders are burning out and seeking a different work-life balance opportunity.
- **A “go to” organization with demonstrated models and methodologies in succession planning and practices is essential** as most nonprofits treat executive attrition as a crisis rather than a natural part of organizational evolution with a capacity-building opportunity.
- **Organizations in transition need on-demand leadership and multiple interventions** that are best served by a coordinated team of nonprofit executives who share similar values, protocols, and ideals about turnarounds, and best practices in effective management and governance.
- **Volunteer search committees appear to have little access** to best practices in recruiting and hiring effective nonprofit chief executives and development officers which leads to increased executive turnover and related costs associated with unorganized or uninformed hiring.
- **The next generation of staff and board leadership for service is not a primary target audience** of most professional nonprofit executive leadership training programs that focus on grooming people for top positions and providing experiences that build loyalty to the sector.

## WHAT WE OFFER NONPROFITS WHO WANT TO FOSTER LEADERSHIP CONTINUITY

With those driving forces in mind, Third Sector Company provides the following lines of service exclusively to the nonprofit sector of charitable organizations and professional trade associations:

- **INTERIM EXECUTIVE MANAGEMENT** ... Providing trained, vetted and highly-experienced nonprofit chief executive, chief development and chief financial officers supported by a team-approach of support and training services.
- **SUCCESSION PLANNING TRAINING AND CONSULTATION** ... Offering workshops and on-site programs to teach and promote best practices in nonprofit succession planning for senior leadership at the staff and board levels.
- **EXECUTIVE PERFORMANCE PLANNING, REVIEW & ENHANCEMENT** ... Using a peer-to-peer approach to assure nonprofit executives can benefit from and have access to a comprehensive performance review process, performance improvement planning support, and peer mentoring to achieve goals.
- **LEADERSHIP DEVELOPMENT TRAINING** ... Offering institutes, academies, and licensed curricula to train the next generation of board leaders (Board Chairs Academy) as well as first-time executive directors and senior leaders desiring to advance their careers into the top position. Third Sector Company also offers a full-year curricula to foster a successful fundraising culture for chief development officers and top fundraising leadership.
- **VOLUNTEER-LED SEARCH SUPPORT** ... Providing a step-by-step guide, training and support for volunteer search committees to deepen their understanding of the future human capital needs of their nonprofit organizations and pursue a methodology to successfully engage their next executive leader.

## ACCESS TO OTHER RESOURCES

In addition to these service lines, Third Sector Company provides three valuable support services to nonprofit leaders to grow their human capital while evolving their organizations:

- **THIRD SECTOR REPORT** ... Offering short columns that appear in the Long Beach Business Journal written specifically for business leaders who volunteer on the boards of nonprofit organizations.
- **CONSULTATION SERVICES** ... Representing the specialty areas of our interims who enjoy private practices in such areas as board governance, strategic planning, fundraising, program evaluation, merger/acquisition, human resources, and organizational assessment.
- **FACILITATION & WORKSHOPS** ... Providing specialized curricula or skilled facilitators able to provide short-term services that can enhance learning, invite dialogue, or resolve conflict.



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## **ON-DEMAND LEADERSHIP FOR YOUR NONPROFIT ORGANIZATION**

Strategic Interim Nonprofit Leadership:  
Where Organizational Capacity-Building and  
Strategic Succession Planning Converge to  
Advance Your Cause

**The Third Sector Company, Inc.**

A transition in leadership does not have to be a crisis for a nonprofit organization. In fact, the period of time between bidding farewell to a top leader and welcoming a new one can be an extremely important time in a nonprofit's evolution.

Experience has taught us, having completed over 200 interim executive engagements with nonprofit organizations in the United States and Canada that many organizations rush to fill a top position without considering the strategic opportunities that a transition in leadership can afford an important community cause.

Interim leaders, today, represent a national movement of professionals and a new career alternative for experienced nonprofit experts to help prepare an organization for its next leader to enter an organization confident about its leadership needs, aware of its organizational strengths and challenges, able to move forward knowing its basic systems are in place and confident that critical competencies regarding nonprofit business management and governance have been assessed and edified.

Today, an organization that values succession planning values the significance and importance of interim executive management in an effective process.

### **Why Consider an Interim for a Key Position**

When an unexpected vacancy occurs, particularly in the chief executive, chief development, chief program, and chief financial officer positions, a crisis can be created that reverberates throughout the entire organization. In the case of the executive position, the most common interventions are placing a board member in the vacant position, reassigning duties to other staff until the permanent placement is hired, or bringing in a relative or acquaintance who has the time to "watch the over the place" until a permanent placement is made. And, in today's market, the average hiring process to locate the optimal candidate lasts six months or longer.

### **Interim Management is a Strategic Capacity-Building Decision**

The term, "capacity-building," is a term used often in nonprofit circles. It's word, however, that shouldn't be used lightly. A true capacity-builder creates pathways for permanent enhancements to an organization's ability to pursue and advance its mission, while creating a new culture that can be sustained for accomplishing the mission in effective and efficient ways.

An interim leader, always hired as a temporary employee but acting as a highly skilled consultant working from the inside outward, helps an organization to understand best practices in nonprofit management and governance that may have eroded over the years and builds the capacity of the organization to sustain its resiliency even in the face of leaders coming and going.

*We Believe:*

***Every succession planning process for a nonprofit organization of any size should include consideration of an interim prior to forging ahead with a hiring process that could lead to a less-than adequate solution for the organization and the successful candidate.***

### **The Third Sector Company Interim**

There are many choices available for retaining interim executive management support. Third Sector Company was formed in 2002 by a group of experienced nonprofit executives who were not convinced the best interim solution was available to their own organizations at the time of their own transitions.

Since those days, Third Sector Company has become a nationally recognized pioneer and leader in the training and support for strategic short-term leadership to nonprofit organizations. Every Third Sector interim is trained to provide seven critical deliverables as part of their work while assuring competent and experienced day-to-day nonprofit management. A Third Sector Interim, because of their regimented requirements for duty and deliberate nonprofit leadership approach, also provides access to our firm's ongoing training programs that teach boards, senior teams and others the same discipline demonstrated by our professionals.

Every client should expect from their Third Sector Interim:

- experienced and vetted leadership for day-to-day operations of their nonprofit enterprise;
- a thorough organizational assessment from which short-term work plans are developed, implemented and monitored in 90-day increments;
- development of a nonprofit dashboard;
- completion of a thorough organizational inventory;
- adoption of succession planning policy that will affect all future transitions in the organization;
- revision of the job description to reflect current and future organizational demands from the position;
- support to assist decision-makers to make the best selection of the permanent candidate; and
- access to on-going training, team consultation and specialty consulting, and additional resources offered by Third Sector Company professional interim

Even if you don't engage a Third Sector Company interim, Third Sector Company's *Guide to Interviewing Candidates for Interim Leadership* helps nonprofits consider the questions most appropriate to ask of prospective interim leaders versus the permanent candidate.

### **An Interim Executive Does Not Have To Be Expensive**

If a nonprofit organization has a budget for executive salary as well as mandated benefits, the organization is in a position to negotiate for interim leadership. Third Sector Company and its interims have engaged organizations with budgets ranging from under \$250,000 to over \$800 million. When an organization is serious about succession planning, apportioning small amounts each year to a succession fund provides even greater flexibility for dollars that will be needed to properly exit leaders, recruit new ones, consider an executive search relationship, and hire an interim.

### **Begin With a Succession Planning Consultation Prior to Needing an Interim**

Wherever your organization is at in its succession planning process, we would welcome the opportunity to help your organization foster leadership continuity through consultation, training and support. We'll also be on your side when a vacancy occurs to swiftly provide the on-demand leadership your organization, people and mission deserve.

