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a program of CompassPoint Nonprofit Services

# Preparing for the Inevitable:
# **A Succession Readiness Checklist**

*When the following conditions are in place, an agency can expect a relatively smooth transition to new leadership whenever it might occur. An agency might determine which elements below are lacking in its current operations and then create a "succession plan" or "capacity building plan" that prescribes activities and timelines for filling the gaps. The agency is then ready for leadership transitions, foreseen or unforeseen.*

■ A strategic plan is in place with goals and objectives for the near term (up to three years), including objectives for leadership talent development.

■ The board evaluates the executive director annually on general performance and achievement of strategic goals.

■ The board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs—financial oversight, executive support and oversight, policy development and strategic planning.

■ The executive's direct reports, based on annual evaluations, are judged as solidly skilled for their positions.

■ The top management cohort, as a high performing team:
- Has a solid team culture in place in which members support one another and can reach decisions as a group efficiently and harmoniously;
- Shares leadership of the organization with the executive in having significant input to all major agency decisions;
- Can lead the organization in the absence of the executive; and
- Has authority to make and carry out decisions within their respective areas of responsibility.

■ Another staff person or board member shares important external relationships (major donors, funders, community leaders) maintained by the executive.

■ A financial reserve is in place with a minimum of three months' operating capital.

■ Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the board and senior managers responsible for the agency's financial strength and viability.

■ Operational manuals exist for key administrative systems and are easily accessible and up to date.

■ Top program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.

# AREAS OF FUNCTIONALITY
***Reviewed during Executive Transitions***

**GOVERNANCE & BOARD FUNCTIONS**

Establish & promote the mission; set policy & provide oversight; ensure that adequate resources are available. Ensure compliance with legal & regulatory requirements.

**STAFF & MANAGEMENT**

Effective staffing and supervision to achieve the stated mission; adequate training and information is provided to support personnel; role of volunteers.

**OPERATIONS**

Process in place for periodic planning and visioning; development of the message and marketing of the organization; adequate technological systems and resources are in place. Facilities and furnishings are adequate and maintained.

**PROGRAMS**

Services and program activities work towards accomplishing the mission; programs reach the stated demographic and geographic populations; appropriate collaboration with other community resources.

**FUNDRAISING**

Fundraising activities and policies are consistent with the mission; sources of funds are diversified among private, public, large and small funders; compatible with the organizational capacity. Stakeholders and donors are provided information on the mission, program activities and finances.

**FINANCIAL SYSTEMS**

Sound financial management and policies are in place; the annual budget is developed and approved by the board; accurate current financial records are kept and regularly reviewed and approved by the board. Financial resources are used in furtherance of the organization's purposes and in accordance with regulatory requirements.

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# Am I still the leader this agency needs?
## *{ questions for self-reflection }*

### 1 - My On-Going Effectiveness

In what ways will this agency be changing over the next five years? What skills will it take to lead those changes? Do I have them?

Are there new things I suspect this agency should be doing for its constituents that I just don't have the energy or interest in taking on?

What level of excitement do I feel most mornings on my way to the office?

What new skills or better ways of doing my job have I developed over the past couple of years? Am I eager to learn and improve my skills?

Do I continue to be effective in building the leadership and management skills of my direct reports? What new duties or responsibilities have they taken on in the past two years?

### 2 - Personal Barriers to Leaving: If it became clear to me that I should consider leaving my job, what personal barriers would I encounter?

Can I conceive of a career move that would potentially excite and re-energize me? Or do I assume I'll be bored and without meaning in my life?

Do I fear I could not get another job because of my age? Do I have the skills for a different kind of job?

Am I financially constrained? Do I not yet have enough set aside to retire or to work fewer hours and at a lower salary?

Are the professional identity and status I have in this job so critically important to me that I don't want to give them up?

Am I concerned about leaving some things undone in the agency?

Do I believe there is no one out there who can do this job as well as I can or could do it even adequately? Would the agency go into decline without my leadership?

### 3 - Organizational Barriers to Leaving

Would staff and board resist my decision to leave? Might they even feel angry or abandoned?

Would I be leaving the agency in less than good shape?

Are some key managers under-skilled and dependent on my close guidance?

Is the management team unable to run the agency for a significant period of time without me?

Is the board up to managing a leadership transition?

Are there funders and major donors whose support I assume is dependent on my presence?

Are there key relationships held by me alone?

# Information and Contact Inventory for ___(Organization Name)___

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

| | Onsite Location | Offsite Location | Online URL |
|---|---|---|---|
| **Nonprofit Status** | | | |
| IRS Determination Letter | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| IRS Form 1023 | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Bylaws | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Mission Statement | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Board Minutes | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Corporate Seal | ☐ ____________ | | |

### Financial Information

Employer Identification Number (EIN) #: ______________________________

| | | | |
|---|---|---|---|
| Current and previous Form 990s | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Current and previous audited financial statements | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Financial Statements (if not part of the computer system and regularly backed-up) | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| State or District Sales-Tax Exemption Certificate | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Blank Checks | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Computer passwords | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Donor Records | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Client Records | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Vendor Records | ☐ ____________ | ☐ ____________ | ☐ ____________ |
| Volunteer Records* | ☐ ____________ | ☐ ____________ | ☐ ____________ |

**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: ______________________________________

*Bank*

Name(s): ____________________

Account Numbers: ____________________

Branch Representative(s): ____________________

Phone Number: ____________________

Fax: ____________________

Email: ____________________

*Investments*

Financial Planner / Broker Company ____________________

Representative Name: ____________________

Phone Number: ____________________

Email: ____________________

Who is authorized to make transfers? Who is authorized to make wire transfers? Are there alternatives?

____________________

____________________

____________________

Who are the authorized check signers?

____________________

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

____________________

**Legal Counsel**

*Attorney*

Name: ____________________

Phone Number: ____________________

E-mail: ____________________

**Human Resources Information**

| | Onsite Location | Offsite Location | Online URL |
|---|---|---|---|
| Employee Records/ Personnel Info* | ☐ ____________________ | ☐ ____________________ | ☐ ____________________ |

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

| | | | |
|---|---|---|---|
| I-9s | ☐ ____________________ | ☐ ____________________ | ☐ ____________________ |

*Payroll*

Company Name: ____________________________________________

Account Number: ____________________________________________

Payroll Rep: ____________________________________________

Phone Number: ____________________________________________

Email: ____________________________________________

**Facilities Information**

| | | |
|---|---|---|
| Office Lease (for renters) | ☐ ____________________ | ☐ ____________________ |
| Building Deed (for owners) | ☐ ____________________ | ☐ ____________________ |

*Building Management*

Company Name: ____________________________________________

Contact Name: ____________________________________________

Phone Number/Email: ____________________________________________

*Office Security System*

Company Name: ____________________________________________

Account Number ____________________________________________

Representative Phone Number/Email: ______________________________

Broker Phone Number/Email: ____________________________________

## Insurance Information

*General Liability / Commercial Umbrella*

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: ___________________

*Health 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: ___________________

*Workers' Compensation*

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: ___________________

*Disability Insurance (long-term)*

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: ___________________

*Dental*

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: ___________________

*Retirement Plan*

Company/Underwriter: ________________________

Policy Number ________________________________

Representative Phone Number/Email: ___________

Broker Phone Number/Email: ___________________

**Date of Completion for Information and Contact Inventory:** ______________________________

**Name of Person Completing Document:** ______________________________________________

*The Emergency Succession Plan and the supporting documents (the information and contact inventory, job descriptions, and organizational charts) should be reviewed and updated annually.*

## Signatures of Approval ______________________________________________

Organization Name

| | | | |
|---|---|---|---|
| Board Chair | Date | Individual Selected as Acting Executive Director | |
| Executive Director | Date | Acting Executive Director's Current Title | Date |
| Dep. Dir/HR Dir/Other staff member | Date | | |

*We acknowledge the leadership of Transition Guides (notably Tom Adams and Don Tebbe, as well as plan guidance from Karen Gaskins Jones, and Victor Chears) in guiding The Center for Nonprofit Advancement in grasping the impact of Succession Planning and Executive Transitions. Additional thanks to Troy Chapman of the Support Center for Nonprofit Management of New York City, Tim Wolfred of CompassPoint Nonprofit Services for their guidance on the development of this document. The Information and Contact Inventory document is adapted by permission from the Nonprofit Coordinating Committee of New York City.*

*Temp 42006*

## Annie E. Casey Foundation Publications

To learn more about executive transitions and ETM, the Annie E. Casey Foundation and Evelyn and Walter Haas, Jr. Fund have developed a series of useful publications. These can be found online at: www.aecf.org. They include:

***Capturing the Power of Leadership Change: Using Executive Transition Management to Strengthen Organizational Capacity***

This first "overview" volume of the Executive Transitions monograph series describes executive transition management and the support systems needed to help organizations survive and thrive before, during, and after a leadership transition.

***Interim Executive Directors: The Power in the Middle***

This paper explores the benefits and basics of using an interim ED in a leadership transition. It covers the issues that nonprofits should consider when weighing the use of an interim ED and provides a series of case studies that point to the advantages this specially trained leader can deliver in a difficult transition.

***Founder Transitions: Creating Good Endings and New Beginnings***

This guide examines the unique challenges presented by transitions involving founders or long-term executives. It provides clear advice for executives and their boards in confronting the complex issues these transitions present.

***Up Next: Generation Change and the Leadership of Nonprofit Organizations***

This monograph is based on two qualitative studies conducted by the Building Movement Project of the differences and similarities of how Baby Boom and Generation X leaders view leadership, transitions, and their work. It delivers a series of recommendations on how a variety of stakeholders can improve the handoff from this generation of leaders to the next.

***Nonprofit Executive Leadership and Transitions Survey 2004***

The largest of its kind, this survey of 2,200 nonprofit leaders provides a snapshot of how current executives view their future and what the implications may be for the nonprofit sector as a whole.

## Books, Articles, and Reports

Adams, Tom. "When the Boss Bails—Surviving and Even Thriving after a Change in Leadership." *Stanford Social Innovation Review* (Fall 2004): 54-56.

Beilenson, John. "Finding Opportunity in Transition." *Casey Connects* (Fall 2004): 1, 4.

Bridges, William. *Managing Transitions*. New York: Addison-Wesley Publishing, 1991.

Bell, Jeanne, Richard Moyers, and Timothy Wolfred. *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*. San Francisco: CompassPoint Nonprofit Services, 2006.

Gilmore, Thomas North. *Making a Leadership Change.* New York: Authors Choice Press, 1988, 2003.

Hall, Holly. "Planning Successful Transitions." *The Chronicle of Philanthropy* (January 12, 2006): 6-8, 10,13.

Kunreuther, Frances, Ludovic Blain, and Kim Fellner. *Generational Leadership Listening Sessions*. New York: The Building Movement Project, 2005.

Wolfred, Timothy. "Stepping Up: A Board's Challenge in Leadership Transition." *Nonprofit Quarterly* (Winter 2002): 14-19.

## Websites

***TransitionGuides (www.transitionguides.com).***

TransitionGuides is a collaborative association of consultants, management support organizations, and others who specialize in serving nonprofit organizations, their executives, and their board leaders during leadership transitions. The website has a wealth of tips, tools, and resources for boards considering or involved in succession planning and executive transition management.

***CompassPoint Nonprofit Services (www.compasspoint.org).*** CompassPoint Nonprofit Services is a nonprofit training, consulting, and research organization with offices in San Francisco and Silicon Valley. Through a broad range of services, it provides nonprofits with the management tools, concepts, and strategies necessary to shape change in their communities. In the Executive Transitions section of the site, you can find articles, publications, and templates on a variety of succession and transition issues.

**FACING THE FUTURE: SUCCESSION PLANNING**
**Preparing for an Executive Transition**
Presented by: Diane L. Crosson
September 27, 2018

ADDITIONAL RESOURCES
(free!)

**Found at the Annie E. Casey Foundation website:**

www.aecf.org > leadership development > more resources

**"*Building Leaderful Organizations*" by Tim Wolfred**

***"Stepping Up / Staying Engaged"* by Tom Adams**