**STETSONLAW**

2024 National Conference on Special Needs Planning and Special Needs Trusts


Charting the Course: Navigating Succession Planning for Organizational Continuity

Presented by:


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Presenter's Bio

Barb retired after 33 years as the Executive Director of Arcare in December of 2023. Arcare is a not for profit based out of Kansas City that specializes in advocacy, life care planning and fiscal management for persons with disabilities.


After a few months of retirement, and missing the Special Needs Trust industry, Barb accepted a parttime position with the Midwest Trust Company as Director of Special Needs Trust Services. She continues to serve in her role as President of the National Plan Alliance (APT), which is a not-for-profit organization dedicated solely to meeting the planning needs of families with adult children having lifelong disabilities. PLAN programs were founded to assist families in planning for future care of loved ones with disabilities.

Barb earned her degree in social work from the University of Kansas and is a Kansas Licensed Social Worker and a National Certified Guardian. She is a frequent speaker both locally and nationally on special needs trust administration, public benefits, and life care planning.

Barb Helm
Board President
National PLAN Alliance

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Presenter's Bio

Kevin Hayde is the Executive Director of Wispect, Inc. He joined the staff of Wispect in June of 2017. He had spent the previous 11 years as the Executive Director of The Disability Foundation, Inc., in Dayton, Ohio, where he managed a pooled special needs trust organization.

For 35 years, Kevin has advocated for the rights and appropriate support services for individuals with disabilities. He has served in a wide range of positions throughout his career ranging from quality assurance; the management of a supported living agency; the securing of appropriate and adequate housing for individuals with disabilities; and the management of a Foundation organized to provide grants to not for profit organizations which were providing supports to individuals with developmental disabilities.

He has previously served on numerous state- and county-level advisory and advocacy committees; along with serving as a Board member for numerous organizations during his professional career. Kevin is a proud member of the National PLAN Alliance, Inc. (NPA) and liaison to the Elder Law Special Needs Board (WI) and has made several presentations to national audiences including NPA; the National Special Needs Conference (Stetson), the Special Needs Financial Services Institute and directly to Pooled Trust and Community Foundations around the country. Kevin is a 1988 graduate of Miami University in Ohio.

Kevin Hayde
Executive Director
Wispect, Inc.

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Presentation Goals

What is Succession Planning?

- Definition
- Importance

What are the Levels of Succession Planning?

- Work Culture Succession
- Management in Leadership Succession

What are the Key Steps of Succession Planning?

- Talent Retention and Development
- Leadership Assessment
- Board Involvement and Governance
- Enhancing Donor and Stakeholder Confidence

Examples of Succession Planning

- Arcare
 - Ex. Director Transition Outline
- Wisapact, Inc.

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What is Succession Planning?

Why Succession Planning?

Succession planning is a critical aspect of organizational management that is often overlooked, particularly in not-for-profit (NFP) organizations. While NFPs are driven by altruistic motives rather than profit, they are still complex entities with missions, strategies, and operations that require effective leadership.

Succession planning in NFPs ensures continuity, sustainability, and the preservation of their core values and missions.

Succession Planning: n. "the process of training and preparing employees in a company or an organization so that there will always be somebody to replace a senior manager who leaves."

- Oxford Learner's Dictionaries

Importance of Succession Planning:

- Preservation of Mission and Values
- Continuity of Leadership
- Capacity Building and Talent Development
- Stakeholder Confidence and Trust

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Importance of Succession Planning?


Preservation of Mission and Values

Not for profit organizations are founded on principles aimed at serving the community or addressing specific societal needs. Effective succession planning ensures that these missions and values are not compromised or diluted when leadership transitions occur. By identifying and grooming potential successors who align with the organization's principles, organizations can maintain their focus and relevance over time.

Continuity in Leadership

Succession planning mitigates the risks associated with sudden leadership vacancies. In many organizations, key leaders may serve for extended periods, and their departure, whether due to retirement or other reasons (win the lottery scenario), can create significant disruptions. Without a clear succession plan in place, organizations may struggle to fill leadership positions promptly, leading to instability and decreased effectiveness in fulfilling their missions. Through succession planning, organizations can ensure a smooth transition of leadership, minimizing disruptions and maintaining momentum in their operations.

- *Preservation of Mission and Values*
- *Continuity in Leadership*



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Importance of Succession Planning?


Capacity Building and Talent Development

Succession planning is not only about identifying future leaders but also about nurturing talent within the organization. By implementing structured leadership development programs, organizations can develop employees for future leadership roles. This approach fosters a culture of continuous learning and growth, empowering individuals to take on greater responsibilities and contribute more effectively to the organization's objectives. Additionally, investing in talent development enhances organizational resilience by reducing dependency on a few key individuals and building a pipeline of capable leaders.

Stakeholder Confidence and Trust

Pooled Trust organizations, maintaining the trust and confidence of stakeholders is of utmost importance. Succession planning plays a vital role in demonstrating organizational stability and preparedness to stakeholders, including beneficiaries, advisors, older law attorneys and the broader community. When stakeholders see that an organization has a well-defined plan for leadership transitions, they are more likely to perceive it as reliable and trustworthy.

- *Capacity Building and Talent Development*
- *Stakeholder Confidence and Trust*



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Importance of Succession Planning?

Adaptation to Changing Contexts

The operating environment, for organizations, is constantly evolving, with changes to funding dynamics, workplace cultures and societal needs. Effective succession planning enables organizations to adapt to these changes proactively. By cultivating a diverse pool of leaders with varied skills and experiences, organizations can better respond to emerging challenges and opportunities.

Succession planning allows organizations to inject fresh perspectives and innovative ideas into their leadership ranks, fostering adaptability and resilience in the face of uncertainty.

- *Adaptation to Changing Contexts*



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Talent Retention and Development

- **Onboarding** allows newcomers to understand the company, their role and alignment to the mission and strategic goals, acclimate, and learn.
- Employee learning and **Development** (Identify specific and actionable goals that focus on driving growth and development) are critical to the success of the organization. All employees are given opportunities to learn and develop with an added accountability for their own success with support and encouragement. Identify underutilized skills. Encourage training by demonstrating the organization's willingness to invest in training and development.
 - 6 – Month Professional Development Evaluations – Leadership (Discuss interest in Leadership and professional Development required) and Job Specific training.
 - Management
 - Lead/Mentor
 - Tools – Training/Education and Tuition Reimbursement
 - Quarterly Check-Ins - employee driven discussion
- To achieve our strategic and performance goals, we must have programs and strategies in place that allow us to attract and **Retain Top Talent** and keep our turnover as low as possible.
- Effectively and carefully managing **Separations** (Voluntary or Involuntary) is just as important to the bottom line as effectively managing the recruitment and onboarding of new talent.

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Leadership Assessment

- **6 – Month Professional Development Assessment** – What are the employee strengths and development needs.
 - Review current year goals – progress and relevance
 - Self-evaluation – staff responsible for identifying any professional development goals/ideas.
 - Develop individual development plan for each staff member.
- Utilize leadership assessment tools – number of options available.
- **DISC** - is a profiling tool that determines whether a leader is people or task-oriented.
- Other Leadership Assessment Tools:
 - Meyers-Briggs Type Indicator
 - Saville Assessment
 - Strengths Finder

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Board Involvement and Governance

➤ The primary role of the Board of Directors in succession planning is to provide strategic oversight by ensuring that the succession planning process aligns with the organization's goals, and to ensure that any risk associated with the leadership transition is minimized.

1. Setting the Vision and Strategy

a. Strategic Alignment – Board ensures that the succession plan aligns with the company's strategic goals and vision.

b. Future Needs – Board helps identify the future leadership needs of the organization based on anticipated challenges and strategic shifts.

2. Oversight and Accountability

a. Process Oversight – Board oversees the development and implementation of the succession plan for transparency and effectiveness.

b. Evaluation – Board regularly reviews the effectiveness of the succession planning process including identifying potential successors.

3. Risk Management

4. Talent Identification and Development

a. Successor Identification – Board works with staff leadership to identify potential successors

b. Development Programs – Board helps to ensure programs are in place to prepare identified potential successors for future roles.

5. Communication and Transparency – communications to stakeholders, staff and Beneficiaries/Advisors

6. Monitoring and Feedback – Board tracks the performance of successors and the effectiveness of the succession plan.

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External Partnerships and Collaboration

➤ By employing external partnerships, an organization is able to enhance the succession planning process by providing additional resources, expertise and outside perspectives.

1. Access to Broader Talent Pools

a. Recruitment Firms

b. Industry Networks – associates in the industry that may provide access to potential leaders who are already well-regarded in the field.

2. Expertise and Advisory Services

a. Consultants– offer specialized knowledge and best practices to help design and implement effective succession strategies.

b. Coaching and Mentorship – external coaches to support emerging leaders and provide third-party feedback on development.

3. Benchmarking and Best Practices

a. Industry Benchmarking – what are the best practices of the 'industry' or collaborating organizations?

b. Learning from Peers

4. Talent Identification and Development

a. Educational Institutions

b. Training Providers – workshops, seminars, NPA and APT 'Workgroups'

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Levels of Succession Planning

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Work Culture Succession

➤ Process of ensuring that the core values and norms that define an organization's culture are preserved and are passed on during leadership transitions.

1. Understanding and Defining Culture

- Assessment – identify an organization's core values, beliefs and practices
- Culture – what is the collective personality of an organization? How do you interact internally and externally?

2. Integrating Culture into Succession

Cultural Fit – ensuring potential successors align with the organization's cultures and values. How well will new leadership embody the company culture?

3. Communication and Engagement

- Cultural Indicators – monitor employee engagement, morale and retention to ensure the culture remains strong with new leadership.
- Feedback – gather feedback from employees, on the new leadership, to maintain the culture.

4. Adaptation and Evolution – recognition that some changes may be needed with growth and ensuring those changes align with core values.

5. Leadership Transition – ensure transition is smooth through an effective communication strategy and involvement of key cultural champions

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Management in Leadership Succession

➤ This is the step after you have identified leadership successor(s).

1. Training and Development

- Training and Mentorship
- Career Pathing – provide clear paths to help high-potential employees understand and prepare for their future roles

2. Creating a Succession Plan Framework

Develop a structured plan that outlines how successors will be selected, developed and transitioned into leadership roles.

3. Communicating the Plan

- Transparency – communicate the plan internally and to key stakeholders
- Engagement – engage potential successors in the planning process to ensure they are prepared and motivated.

4. Monitoring and Reviewing

- Performance Tracking – provide ongoing feedback through the monitoring of successor performance.
- Plan Review – regularly review and update the succession plan to reflect changes in the organization, its strategy and leadership needs.

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Examples of Succession Planning



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The Departure Manifest

Adapted from The nonprofit CEO Succession Roadmap by Don Tebbe

A manifesto is a declaration of intentions, beliefs, and motives that frame a person's or group's stance about and important topic or event.

Creating a departure manifesto can help you clarify your principles and plans around the upcoming leadership transition. And, it can serve as a touchstone to help you stay true to those principles and plans, especially when circumstances begin to pull you off course.

As a departing CEO, I have the responsibility to take charge of my exit from the role which means.....

1. I have a responsibility to play an active and vital role in the succession and transition process.
2. I will help the board recognize that turnover is the CEO role involves changes well beyond a change of personnel
3. I will encourage the board to think deeply about the future of the organization and its leadership needs, and to calibrate my successor role accordingly.
4. I will ensure that the organization is well-led and directed throughout the process.

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Leading Well Means Leaving Well

I will pay attention to all three of my roles as the departing leader:

- To lead the organization through the succession process
- To help prepare the organization, the board and the staff of r the transition: and
- To prepare myself personally and professionally to move into life's next chapter.

I will do my part to prepare the organization to work effectively with my successor by:

- Ensuring that the organization is stable
- The CEO job is doable for a successor
- The board is ready for new leadership
- There is a handoff plan that will help my successor get off to a fast, effective start.

I am responsible for my departure timing

- Setting a firm, departure date, pledge to stick with it
- Give Ample notice

Recognize that the transition involves human dynamics, not just organizational mechanics

- I recognize that leadership is a social role involving both me and my constituents
- I understand that executive departures can be a time of acknowledgment and recognition
- I appreciate this transition will involve a significant change for me

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Ex. Director Succession Planning - Arcare

Issues

- ◆ Leadership Succession Plan in place?
 - Administrative Roles in Succession defined?
 - Governance Roles in Succession defined?
- ◆ Impending Retirement of Executive Director
 - Only ED (30+ years) since Arcare organize
 - Timeframe?
 - Identified Successor(s)?
 - Internal
 - External
 - Impending Retirement of Executive Director

- **Preservation of Mission and Values**
- **Continuity of Leadership**
- **Talent Development**
- **Stakeholder Confidence**



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Phase I – Arcare Succession

Expectation Setting + Leader Integration + Communication

A. Communication:

- Internal Employee Communication – Transition Plan Phases and Timelines
- Retirement Announcement
- Letters to Key Partners and Stakeholders

B. Financial:

- Budget
- Financial Reports
- Monthly Reconciliation Procedures
- Financial Recordkeeping
- Account Authority/Access

C. Human Resources:

- Job Descriptions
- Payroll
- Employee Files/Evaluations

Initiating Succession Plan

Key: Initial Initiating Phase I (Introduction to Stakeholders) and II (Expectation setting, leader integration and early communications)

- Internal communication
- Retirement Announcement
 - Internal communication
 - Outgoing Transition
 - Plan Release
 - Letter to Key Partners/Stakeholders
- Financial
 - Budget
 - Financial Reports
 - Monthly Reconciliation Procedures
 - Financial Recordkeeping
- Human Resources
 - Job Descriptions
 - Payroll
 - Employee Files/Evaluations
- Account Authority/Access
 - Board Contact Information
 - Organizational Chart
 - Policies/Emergency Plan
 - Procedure Manuals
 - Decision Making
 - Evaluation Metrics

Support Initiating Phase II (Partial Control of Operations)

Assessing Culture, Team & Organization: Adaptation to Change

- Internal communication
- Internal communication to staff on ED roles/responsibilities
- Internal communication
 - Internal communication
 - Monthly Reports, etc.
- Financial
 - Monthly reports
 - Reconciliation
- Human Resources
 - Job Descriptions

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Phase I – Arcare Succession

Expectation Setting + Leader Integration + Communication

D. Organization/ Agency Information :

- Board Contact Information
- Organization Chart
- Policies/ Emergency Plan
- Procedure Manuals
- Decision Making
- Evaluation Metrics

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Phase II – Arcare Succession

Onboarding

Assessing Culture + Team and Organization + Adapting to Culture/ Role

A. Communication:

- Hiring Announcement
- Internal Communications to staff on ED Roles/ Responsibilities

B. Key Introductions

- Boards, Groups, etc.

C. Financial

- Monthly Reports
- Reconciliation

D. Human Resources

- Hire New Community Outreach Specialist
- All Employee Related Issues to be directed to new ED

E. Life Care Plan Management

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Phase III – Arcare Succession

Full Control of Operations

Begin Creation of Vision & Change Management Plans +
Improve Direct Report Team Dynamics/ Performance

A. Communication:

- Internal Communications to staff regarding Roles/ Responsibilities

B. Evaluate Policies and Procedures

C. Meet with Department Leadership

D. Meet with Employees

E. Meet with Key Stakeholders/ Community Leaders

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Governance (Wispact) Role

➤ Succession Planning – Ex. Director/CEO/President - responsibility of the Board of Directors

➤ **Purpose:** The purpose of the succession plan is to ensure continuous coverage of the critical EXECUTIVE DIRECTOR/PRESIDENT/CEO duties that are so vital to the Wispact's sustainability in the event of an EXECUTIVE DIRECTOR/PRESIDENT/CEO vacancy. The purpose of this process is to share the expertise of the departing EXECUTIVE DIRECTOR/PRESIDENT/CEO with the successor and to prepare the successor, and the nonprofit, to fully support the successor.

➤ **When is an Executive Transition Required?** A permanent absence is defined as an existing EXECUTIVE DIRECTOR/PRESIDENT/CEO who will no longer return to the position; or defined by an absence of 90 days or more. Role of Board of Directors: The departure of an EXECUTIVE DIRECTOR/PRESIDENT/CEO and the recruitment, hiring, and installation of a new executive – is a complicated process that typically requires months of work, possibly longer. The work is critical to ensure you are hiring the right leader that can take your organization forward to not only meet its mission and execute its strategic vision but also enhance its culture and deepen its impact. Boards that plan for the succession of the EXECUTIVE DIRECTOR/PRESIDENT/CEO, henceforth referred to as the EXECUTIVE DIRECTOR, and other key staff as necessary, can lessen the impact of such a transition by thinking through their desired course of action to be prepared for a planned or emergency transition.

➤ STEPS:

- Wispact Board Executive Committee should make a formal recommendation, for approval by the Wispact Board of Directors, to implement the Wispact Executive Director Transition Plan.
- May implement an Executive Transition Committee – Board members and community members if necessary
- Need for an Interim Ex. Director - Executive Committee - Board will approve transition of authority to Interim Ex. Director, if one is put in place.
- Identify internal candidates (potential candidates identified in succession plan) – all candidates to be interviewed and reviewed by Ex. Committee or Ex. Transition Committee. If no internal candidates, Ex. Committee will implement resources for external search.
- Ex. Committee will work with Outreach Director to communicate leadership status and new hire.

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Knowledge Management and Documentation

➤ **Knowledge Management:** In the context of succession planning, knowledge management aims to identify key knowledge holders within an organization, document their expertise, and ensure that this knowledge is transferred to successors.

➤ **Documentation:** Documentation in succession planning involves creating comprehensive records of critical information related to key roles within the organization. This includes job descriptions, responsibilities, key performance indicators, skills and competencies required, as well as any specific knowledge or expertise necessary for success in the role. Documenting this information helps in identifying suitable candidates for succession and provides guidance for their development and preparation for taking on new roles.

- Organizational Management Tool (OMT) - Organizational management encompasses activities such as setting objectives, formulating strategies, allocating resources, making decisions, and fostering a productive work environment.
- Annual Review of Job Descriptions
- Review Organizational Chart

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External Partnerships and Collaboration

◦ Identify Stakeholders:

- Elder Law Attorneys
- Providers – ADRC's
- Advocates – The Arc, NAMI

◦ Documentation:

- Include Community Members (Non-Staff/Non-Board)
 - Ex. Director/CEO Succession
 - Trustee RFP – Trustee Evaluation Committee
- Annual Report - Transparency

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Closing Thoughts

Succession planning is essential for the long-term success and sustainability of nonprofit organizations. By ensuring continuity of mission, preserving institutional knowledge, enhancing organizational resilience, building leadership capacity, and maintaining donor confidence, effective succession planning supports nonprofits in their critical work. Despite the challenges, investing in a thoughtful and proactive succession strategy is a key component of organizational health and effectiveness. As nonprofits navigate the complexities of leadership transitions, a well-developed succession plan can serve as a cornerstone of their enduring impact and success.

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