Leadership Succession Plan

BACKGROUND

• The Foundation plays a unique leadership role in Santa Cruz County.

• Through this succession plan, the board intends to instill confidence among stakeholders and the community at-large by assuring the Foundation will remain well managed and operational in perpetuity.

• This succession plan is intended to prepare the Foundation to act quickly and effectively in order to minimize disruption in the Foundation’s operations.

• The executive committee will serve as the governing body with authority to make decisions during both an emergency and planned departure of the CEO.

• This plan intends to make clear the lines of communication and decision-making authority during a vacancy in leadership.

• This plan has four sections:
  ▪ Roles of the executive committee, search committee and thrive committee.
  ▪ A planned CEO succession plan.
  ▪ An emergency succession plan should the CEO position become vacant unexpectedly.
  ▪ Concurrent absence of CEO and a senior management staff member
ROLES OF BOARD COMMITTEES

- Executive Committee
  
  ▪ The executive committee will serve as the governing body during both an emergency and planned CEO succession. It will appoint search and thrive committees when a planned CEO succession takes place.

  ▪ Annual review/process

    o The executive committee will establish a timeframe and process for an annual review of this plan, the Foundation’s operations, systems and leadership. The committee will report to the board upon completion of the review and propose changes that may be needed.

   o The annual review will also include:

     ❖ A list of traits and characteristics the executive committee would like to see in the ideal CEO at the time of the review and document them.

     ❖ A list of skills and characteristics of potential interim CEO placements given the facts and circumstances at the time.

     ❖ A potential list of interim CEO possibilities, both internal and external, depending on facts and circumstances at the time and the current position of the Foundation.

     ❖ A list of individuals who might be brought into the Foundation with the intention of succeeding the CEO in the event the executive committee decides to not proceed with a full search for a new CEO.

     ❖ A list of individuals who could serve as an interim CEO during emergency succession and in the event the CEO is incapacitated and unable to return to the Foundation.

     ❖ A potential list of interim replacements for senior management team vacancies that might occur during a CEO vacancy.

     ❖ A short list of recommended search firms and a process for selecting a consultant.
- A current list of stakeholders to be interviewed by the search committee/search firm (Note: stakeholders include key community members, funders, etc.)

- A budget to include all costs related to emergency succession and planned transition.

- The executive committee review should also consider these questions:
  - Will the CEO job be the same in the future as what is currently being done?
  - Does the board want a different leadership model than the Foundation has had?
  - What are the organizational issues and what does the future of the Foundation look like? What are the skills needed to get there?
  - What needs to be included in the transition plan to apprise stakeholders of the transition?

  - The executive committee will oversee development of the off-boarding plan in coordination with the departing CEO.

- Search Committee
  - Select and manage search firm/search process
    - The board president will facilitate the selection and number of members of the search committee and will screen for potential conflicts of interest.
    - The search committee will recommend a search consultant to the executive committee for approval, initiate and finalize the search contract, and manage all the details of the search process.
    - The search committee will provide regular updates to the executive committee and will apprise it of potential risks or issues that might impede the search schedule.
• Thrive Committee
  
  ▪ CEO onboarding plan

  o The board president will facilitate the selection and number of members of the thrive committee and will screen for potential conflicts of interest.

  o The thrive committee will develop an onboarding plan to include the board’s preparations for the incoming CEO, mutual expectations of the CEO, board and staff for the first three months, six months, and twelve months, and staff roles in onboarding, to be reviewed and approved by the executive committee.
Planned CEO Succession

INTRODUCTION

• This plan applies when the CEO chooses to exercise the option to leave by giving a minimum of six months’ notice, with a preference for a one-year notice as provided for under terms in the CEO’s employment contract.

• The transition period begins upon notice given to the board of the CEO’s intent to leave the position.

• There will be an offboarding plan for the CEO to ensure an orderly transition of knowledge and relationships.

• There will be an onboarding plan for the new CEO to ensure a successful transition into the role.

TRANSITION PERIOD

• The transition period begins when the CEO has informed the board of intent to leave the position with a minimum of six months’ notice, with a preference for one year, as provided for by the terms in the CEO’s employment contract.

BUDGET CONSIDERATIONS

• The executive committee will develop the recommended compensation and benefits range for the new CEO, as well as approve a budget for the transition to include the costs of an interim CEO, and executive search, potential relocation costs, onboarding coaching, any CEO overlap costs, and potential recognition awards for the departing CEO.

TRANSITION PROCESS

• Transition launch
  • The CEO will notify the board of intent to leave the position.
Before the announcement to staff and the public the executive committee will review the state of the Foundation with the CEO regarding the following items, some of which may be included in the position description:

- Transition calendar/work plan
- Budget
- Programs
- Key initiatives
- Position profiles and performance reviews
- State of systems
- Known risks to the Foundation
- Communications with stakeholders

These items will be considered for inclusion in the offboarding plan to be developed jointly by the executive committee and the CEO.

A departure date will be determined in coordination with the CEO. If the CEO plans to depart prior to the onboarding of the new CEO, the following will take place:

- Determine the need for appointment of an interim CEO.
- Determine roles of the CEO, interim CEO and senior management team members during the transition.
- Determine if board committees need to assume more responsibilities during the transition.
- The executive committee will review annually and prepare a short list of potential interim CEOs to be contacted.
- The board president will facilitate the selection and number of members of the search and thrive committees and will screen for potential conflicts of interest.

A press release on the CEO transition will be considered and issued as appropriate.
• The CEO search process

  ▪ The search committee will review the CEO position description and revise and update as necessary and determine the skills needed, such as:

    o Entrepreneurism

    o Public presence, maintaining good communications and relationships with the community

    o Knowledge of:

      ✤ Community foundations

      ✤ Santa Cruz County

      ✤ An ability to work with leaders in other sectors

    o Leadership and management skills

    o Gravitas

  ▪ The search committee will interview and recommend a search firm and consultant to the executive committee for approval.

  ▪ The search committee will manage the search firm and search process and oversee all activities undertaken by the search firm to include:

    o Establishing a search process and timeline

    o Input and feedback from select representative stakeholders (such as emeritus board members and others to be determined) on the role and the Foundation

    o A marketing plan for advertising the position

    o An interview schedule and process

    o The number of candidates to interview, including their backgrounds and supplementary materials to be prepared by the search firm

    o A process for first-round interviews

    o A process for second-round interviews
- Gaining input from the board
- Gaining input from the staff
- A decision model for selecting the new CEO
- Reference checks
- A background check on the final candidate
- The offer and negotiations
- Plan for announcement of the new CEO

**CEO offboarding process/plan**

- The offboarding process will be ongoing throughout the transition period until the CEO leaves the Foundation.

- The executive committee will determine elements of the offboarding plan in addition to items enumerated under transition launch above to include:

  - Role and function of the departing CEO during the transition
  - Whether budgets need to be finalized, depending on the time of year
  - Whether donor-related events have been planned and will be taking place in the near future
  - Formal documentation of knowledge of donor relationships, Foundation partnerships and initiatives
  - A commitment of time from the departing CEO to overlap with the incoming CEO to assist in onboarding

- An element of the offboarding plan is an exit memo from the departing CEO to document for the incoming CEO the state of the Foundation and events and key activities taking place in the new CEO’s tenure.

- The executive committee will develop and plan the departing CEO’s transition appreciation event.
• New CEO onboarding process/plan

  - The thrive committee will work closely with the executive committee to ensure the departing CEO’s exit memo is completed in time to share with the incoming CEO before the start date.

  - The thrive committee will develop an onboarding plan for the new CEO, to include:

    o A process for a six-month assessment of the Foundation by the CEO

    o A framework for a six-month interim and one-year feedback to/evaluations of the CEO.

    o A plan for coaching, as necessary, for a limited time after the CEO is in the role.

  - The thrive committee will work with the executive committee to develop and plan an introduction/welcome event for the CEO.
Emergency Succession

INTRODUCTION

- Emergency succession is defined as the unplanned temporary or long-term departure of the CEO. If an emergency succession arises among members of the senior management team the CEO will manage the replacement of those staff.

- Circumstances considered an emergency include an accident, health crisis, immediate removal, a sudden absence due to unforeseen circumstances for an unknown period of time.

- An emergency succession occurs at the point when the CEO operates at less than full-time and has limited ability to communicate and engage, and/or it is determined the CEO is unable to make decisions.

EMERGENCY SUCCESSION TEAM

- Executive committee

- Senior management team
  - Responsible for ensuring daily operations continue

- Board committees as needed
  - Finance committee
  - Philanthropic services committee
  - Gift acceptance
  - Program committee
EMERGENCY SUCCESSION PROCESS

• Emergency absence of the CEO
  
  o Priority functions: Primary spokesperson; key driver of communications; external presence; evaluates senior staff; convenes and leads senior management team meetings; makes delegations of authority.

• Short-term vacancy

  ▪ 30 to 90 days

  ▪ A short-term vacancy will generally allow the Foundation’s internal operations to continue without disruption.

  ▪ The board president will become more active in Foundation business, working closely with the CFO/Director of Administration:
    
    o To assess the status of the organization
    
    o Notify and consult with the executive committee and senior management team
    
    o To engage in the external messaging and internal operational decisions

  ▪ The CFO/Director of Administration, in coordination with the board president, will oversee and assess day-to-day operations while the emergency succession plan is in process.

  ▪ If a major event is to be held during the CEO’s absence, the board president will serve as the Foundation spokesperson. Any further communication to stakeholders regarding the vacancy will be assessed by the board president and managed as appropriate.

  ▪ The board president will reserve the right to assume actions of the CEO, such as staff hiring/firing, and other actions with which management staff may be uncomfortable or that may be inappropriate for them to execute.

  ▪ Trigger at 60 days

    o The executive committee will consider questions to determine whether the CEO will return within a 90-day timeframe and prepare to act if the position remains open.
• **Long-term vacancy**
  
  ▪ 3 to 6 months or more

  ▪ If a long-term absence is known at 60 days, the board president will assess the need to communicate to stakeholders and manage as appropriate.

  ▪ The board president will continue to be more active in Foundation business, working closely with the CFO/Director of Administration to assess the status of the organization, and notify and consult with the executive committee and senior management team.

  ▪ **Trigger at 60 days**

    o The board president will send a communication to the closest stakeholders to indicate the nature of the absence and assessment of the CEO’s return to inform 90-day triggers.

  ▪ **Triggers at 90 days**

    o An executive committee communication to stakeholders, coordinated with the senior management team and communications staff.

    o An executive committee appointment and immediate placement of an interim CEO.

    o If the CEO plans to return at some time in the future, the executive committee will keep the interim CEO in place for the time being.

    o If the CEO cannot return to the position, the executive committee may decide to engage a search firm to conduct a search for a successor.

  ▪ **Stakeholders**

    o Shall include board, honorary trustees, donors, fund holders, grantees, government representatives, and nonprofits.
CONCURRENT ABSENCE OF CEO AND A SENIOR MANAGEMENT TEAM MEMBER

The primary focus shall be on filling the CEO position before filling any vacant senior management team position. Board committees will work more closely with their respective functional areas.

- Emergency absence of the CFO/Director of Administration
  - Priority functions: Operations, including day-to-day management, budgeting, forecasting, investment, interfacing with the finance committee; general administration, IT, day-to-day interface with LAN manager and CN, decisions on infrastructure, software/hardware research and purchase decisions; HR, including day-to-day benefit management, hiring, policies, compliance and legal issues; building management.

  - Short-term
    - Up to 60 days
      - The controller can manage day-to-day finance issues, keep transactions going, and checks cut, oversee payroll and benefits management, prepare financials for the finance committee, and work with external IT management.
      - The office manager can handle most building management issues, with assistance from senior managers if necessary.
      - Any legal/compliance, operational decisions (HR issues, insurance policies, building management) would require the assistance of other senior managers.

  - Long-term
    - At 60 days and beyond
      - The executive committee will consider appointing an interim CFO/Director of Administration if there is a long-term absence, and/or using a professional services/consulting firm.
• **Emergency absence of the philanthropic services director**
  - Priority functions: Ongoing outreach to advisors; new donor cultivation; gift processing; access to planned giving expertise.

  - **Short-term**
    - Up to 60 days
    - The donor services officer will oversee day-to-day administrative functions and oversee gift processing. The board president will serve as the primary contact with donors with support from the philanthropic assistant; the CFO will be the point person on gift policy changes with the board finance and gift acceptance committees.

  - **Long-term**
    - At 60 days and beyond
    - The philanthropic services committee, in coordination with the executive committee, may establish an interim arrangement to cover critical work in progress with current and prospective donors.

• **Emergency absence of the program director**
  - Priority functions: Board committee processes; local initiative or focus areas; short-term and long-term grant making functions, including donor-advised and discretionary funds.

  - **Short-term**

  - **Up to 60 days**
    - The program associate can manage day-to-day functions with assistance from the donor services officer; the program assistant will stay focused on donor-advised funds.

    - The Foundation would not be represented on boards and commissions.

  - **Long-term**
    - 60 days and beyond
- The executive committee, in consultation with the senior management team, will consider suspension of grant making processes, and/or move donor-advised activities under finance for oversight and management.

- The executive committee will need to bring in a consultant.