

Next in Line: Five Steps for Successful Succession Planning



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A five-step exit plan created before a leader departs can help ensure organizational continuity and success.

Succession planning—the preparation to replace one leader with another— is one of the most difficult organizational management challenges associations face. Few events in the life of an association are as critical, visible, or stressful as when the leader leaves. The eyes of every member, employee, customer, supplier, and stakeholder are focused on the outgoing executive director or CEO. How such an exit is managed reveals the character and effectiveness of that leader and association.

Leadership transition is an integral process that begins long before the outgoing leader departs, and it presents a remarkable opportunity to move forward with a new understanding of the complexities, challenges, and changes the organization must address.

Empirical evidence abounds that succession planning and management development can and do contribute to extraordinary business success. In their book *Built to Last: Successful Habits of Visionary Companies*, Jim Collins and Jerry Porras identified 18 organizations that have led their industries for at least 50 to 100 years. They found that one of the key reasons such visionary organizations enjoy long-term success is because of their strong focus on succession planning and leadership development. These companies develop, promote, and carefully select managerial talent from inside the company to a much greater degree than comparison companies, ensuring leadership excellence and continuity.

The Work of Leadership

It can be said that the ultimate goal of leaders is to work themselves out of their jobs. Effective leaders plan an exit that is as positive and graceful as their entrance was. They come to the job committed to the mission and goals of the organization and to their personal goals. When those goals are realized, the transition to new leadership becomes a primary focus. An excellent successor becomes, literally, the ultimate leadership responsibility.

Succession planning is an ongoing process of systematically identifying, assessing, and developing talent to ensure leadership continuity for all key positions in an association. Succession planning does not exist in isolation. It must be interwoven with the association's strategic objectives and should reflect the way the association needs to evolve in order to achieve its strategic goals. This means that the kinds of leadership styles, skills, and behaviors you want to develop and promote might be different in the future from those in the existing culture.

For example, the board and current CEO must understand that the business situation facing current leaders is very different from the one faced by previous generations. Current conditions consist of the rapid growth of emerging technologies, a demand for more public accountability, heightened expectations by association members, fierce competition (including time competition), and the stewardship of sustainable growth and value, to mention a few. What do these trends and changes mean for the type of leadership that will be required for the organization to succeed in such a "new world"?

According to Gordon Banks, a past CEO of the American Industrial Hygiene Association, when incoming association leaders are chosen, the expectations of the organization's board, staff, and members are usually high. "If at all possible, developing a mentoring relationship between the successor and the departing executive can pay handsome dividends," advises Banks.

He explains that new leaders are expected to have a strong vision of what a successful future will look like, and they are expected to create a solid foundation for growth. They also are expected to enhance existing memberships and use their talents and skills to improve the association world in some way. "Leading with this level of passion, intensity, and sense of purpose in order to meet everyone's standards is, to say the least, a challenge," Banks acknowledges.

In addition to predicting alternative business futures and finessing culture dynamics within the association, current leaders can find that a planned transfer of leadership or a leadership exit strategy is difficult because of one key question: Does a shared vision and consistent set of values exist between you as leader and the key management team?

Creating a Leadership-based Culture

One way to ensure a successful transition is to build a culture of strong leadership whereby employees show effective leadership at all levels. Strengthening leadership capacity throughout the organization can enable a highly successful transition by reducing dependency on a single individual, such as a certain senior leader or key person.

Associations are well served by assessing their current culture and clearly defining their ideal culture. This will help define the competencies needed today and in the future for the critical, key positions. Associations then can choose, assess, and develop their leaders based on what those organizations are to become in the future. Rather than develop talent to fill specific positions, it is more prudent to develop general competencies and to create flexibility and leadership potential at all levels of your organization.

Another key issue related to succession is the transfer of knowledge. A leadership transition often leads to the loss of critical tacit knowledge that has built up throughout the years. Strategies such as intentional documentation, attention to effective systems and processes, and deliberate knowledge sharing are just a beginning. Creating a so-called "knowledge-based culture" can deliver dividends when an organization is faced with succession of a leader.

Knowledge transfer should start with intention and a road map that outlines the possible high-gain areas on which to focus. Creating a knowledge-based culture within an association can streamline the duplication of effort needed to reconstruct existing knowledge, and more important, it can minimize the risk of critical association knowledge residing in the heads of only a few staff members.

A Five-point Plan for Effective Transitions

A successful association leadership succession plan maps the landscape, prepares for contingencies, and minimizes disputes. Simultaneously, an association needs to enable an orderly transition, ensure continuity, and build a legacy. The following five-step process can provide a strong framework for effective association succession.

Step 1: Building a Solid Association Foundation

The key to a successful succession plan lies in building a solid foundation of profitability and growth for the association. This happens long in advance of the actual succession date.

Step 2: Co-developing the Leader's Exit Strategy

Leaders should start with the end in mind. Any sound and successful strategy begins with a goal or vision of the desired outcome. The association leader co-develops a solid framework that acts as a road map for successfully navigating the challenges of the modern association world, including the exits and integrations of outgoing and incoming CEOs or executive directors. An association's board and senior management must be involved with and support this succession planning process. Succession planning also must be "owned" in part by all staff.

From the board standpoint, defining a clear vision for future leadership might mean setting up a board-appointed search committee that could include staff representation. One task of this committee would be reexamination of the association's defined vision, as well as identification of major issues the organization likely will face in the next five to 10 years. The vision statement would be shared widely and could describe both the nature of the association 10 years hence and the qualities required of the new chief executive to lead toward that vision. If the current leader and senior staff team were right for yesterday and today, the new leader must be equally right for tomorrow.

Step 3: Minimizing the Association's Risk

In many cases, the illness, serious injury, or even death of an association leader can be devastating and can mean peril for an organization. The risk-related component of the succession plan ensures that the association, its members, and its staff are protected in the event of an illness, accident, or disability related to the top staff leader. Proper legal documentation, such as stakeholder agreements, insurance policies for key persons, and business and financial plans, must be in place. A good attorney and insurance consultant can help organize and ensure an association's efforts are comprehensive and well implemented.



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Step 4: Strengthening Systems and Processes

Strong associations must deploy strong management and strong systems. Critical factors that create value at the end of the day for any association are continuous organizational improvement, membership focus, high-quality value offerings and services, and the finding, hiring, and training of the best possible staff. Essential competencies that an association needs in the future include the following:

- building the successor's business and leadership skills
- planning the development and retention of key persons
- creating an effective association structure
- developing management systems for peak association performance
- documenting systems and procedures to create efficiencies and support the effective transfer of knowledge
- implementing a proper strategic-planning process that includes leadership transition
- hiring and training the best possible staff
- having accounting and financial controls and a comprehensive marketing plan

Step 5: Transitioning the Leadership

The next step is to identify gaps between the required leadership and the existing talent pool. The organization must decide if a new leader can be promoted from within or if an external search is required. It also must ensure that the future vision of the organization is fresh and vital, so the selection of the new leader is based on choosing the right person to lead the organization to the new vision. Another important task is determining the type of actions that will ensure a good fit between a potential leader and the organization's culture. Matching the leader to the desired culture is critical.

Ideally, the incoming leader works with the outgoing leader for a period before taking office, although the current CEO carries full responsibility for the organization until the day he or she leaves. This helps support some of the critical learning required by the new leader for them to be successful.

Leaders spend much time thinking about how to drive the association successfully forward, but they usually spend far too little time thinking about the right time and way to leave. A successful transition can be a seamless, productive, and unifying experience. Most people will be remembered, in work and in life, for just a few words or deeds that made a difference to others. The way leaders choose to say goodbye is likely to be one of the ways they are remembered. If they execute their final leadership responsibility with the same care and attention that they gave to the first, their departure can be an inspiring gift to the enterprise and the people in it.

Editor's Note: This article, originally published in 2002, has been updated.

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