

# Ensuring Nonprofit Bench Strength

Succession Planning and Next Generation Retention

Katherine McGinty Botha

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Katherine McGinty Botha

University of Richmond

Dr. Maria Poindexter

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## **Chapter One – Introduction**

For a sport-based organization, bench strength should not be a foreign concept. But like many mid-sized nonprofits, Special Olympics Virginia (SOVA) does not currently have a formal program in place for identifying and grooming successors into key leadership positions. This statement is true for both paid positions and unpaid volunteer positions that are critical to year-round program delivery.

As a staff member who has benefited from several leadership and organizational capacity training opportunities since joining SOVA in early 2007, I have chosen to investigate how succession planning can positively impact a nonprofit organization's attrition rates. Currently, SOVA does not experience high employee turnover; however, our size and structure coupled with the coming decade's predicted workforce changes could result in a shortage of experienced internal leaders if we do not begin making concerted succession planning efforts.

### **Rationale for Selection**

Personally, I have conflicting views on the subject of growth opportunities at SOVA. As a young mother, I am keenly aware of the flexibility and work-life balance my current position offers. Given the poor job market and ever climbing unemployment rate, I consider myself lucky to have job security working for a chapter of one of the most well-recognized and credible nonprofits in the world. In contrast, as a young leader, I know that I will most likely have to wait at least 10 to 15 years before a senior management position is vacated. Herein lies the danger.

Ambition, risk and challenge are all hallmark characteristics of leadership. When left stunted for long periods in a flat, static organizational structure, fight or flight reflexes are almost

certain to jerk into action. For nonprofits like SOVA that have a wealth of leadership potential within its current ranks, it is critical to develop proactive postures and programs to encourage skill development and growth instead of nervously waiting to react to its future leaders' possible flight plans.

There are numerous financial reasons to adopt a more formalized succession planning process. Given the lean economic times, it is more important than ever to minimize costs. We know from experience that unplanned vacancies result in costly and time consuming processes. Even after the economy begins to rebound, nonprofits anticipate a lag in revenue growth that could be years behind the public and private sectors' recoveries. Conversely, nonprofits like SOVA do not anticipate a drop in demand for services. This situation makes minimizing costs and maximizing resources all the more important if we want to maintain or grow statewide programs in the future.

### **The Nonprofit HR Challenge**

Discussions with other nonprofit employees and consultants in the Richmond area indicate that there is a general lack of in-house human resource management capacity in the nonprofit sector. Small to mid-size nonprofits often limit the human resource function to payroll and benefits administrators and in some cases the function is outsourced completely. Therefore, human resource management and planning is rarely included in the strategic planning process.

As a sector we are so focused on how to raise more funds, improve service delivery and measure impact, that we take for granted or simply hope for a strong and steady supply of top level human resources to achieve our lofty goals. We must shift from this dangerous, reactive position and focus on succession planning as an opportunity for individuals and a critical process for successful organizations.

Whether crafted internally or imposed by external forces, succession planning can play a key role in filling the predicted “leadership deficit” (p. 26) created by retiring nonprofit executives belonging to the boomer generation (Tierney, 2006). Although their retirements may be postponed due to loss of savings in the recent economic crash, they will begin to vacate their current roles over the course of the next decade thereby making room for generation X and Y leaders at the top of the workforce pyramid.

The result of the boomer exodus could be catastrophic for the nonprofit sector. Kohm and La Piana (2003) forecast a competition for nonprofit human resources comparable to nonprofits’ current competition for funds (p. 63). In an effort to counter this potential threat to SOVA’s human capital, this paper will suggest an appropriate framework for the development of succession planning and retention initiatives that fit the organization’s culture, size and strategic vision.

### **Delimitations**

In light of budgetary constraints and the wealth of internal talent within SOVA’s current employee base, this paper will focus on succession planning as a means to maintain low turnover. It will not explore the topic of external recruitment. In order to focus on low cost, high impact opportunities suitable for a nonprofit and its next generation of leaders, this paper will not discuss the related topic of retirement planning for current leaders.

### **Organizational Profile**

Founded in 1968 and incorporated in 1975, Special Olympics Virginia is a human services organization that annually serves more than 10,000 athletes and 20,000 volunteers. In addition to core programs that provide year-round sports and life skills training for individuals with intellectual disabilities across the state, SOVA oversees several special projects that cater to specific segments of its target population including Young Athletes™, Urban Programs, Global Messengers and Healthy Athletes®. Led by the Board of Directors, President and a four-person senior management team, SOVA

currently employs 28 full time and seven part time staff members including one part time Operations Manager who provides general human resources counsel and oversees all administrative personnel related tasks. It is notable that the President and three out of four members of the senior management team have been involved with the organization for more than 20 years.

According to the organization's most recent annual report, SOVA has an operating budget of approximately \$6.5 million dollars. Based on its scope of programming, staff size and budget, SOVA is categorized as a mid-sized nonprofit when compared to other regional nonprofit organizations or other Special Olympics state chapters in the United States. Overall, Special Olympics Virginia enjoys a favorable reputation among its stakeholders and is well ranked by nonprofit rating agencies like GuideStar, Charity Navigator and the Better Business Bureau.

## **Chapter Two – Literature Review**

Most succession planning literature focuses on how to develop the next generation of leaders (Masaoka, 2007, p. 25). Without doubt this is the logical primary focus since development is the means by which new leaders emerge. But next generation leadership development is only one part of the succession planning equation. “Nonprofit leaders often struggle with the decision about whether to leave – trying to keep in mind both their own personal trajectories and the interests of their organizations and causes” (Masaoka, 2007, p. 25). Balser and Carmin (2009) underscore this same point, but they do so from an organizational perspective as opposed to a personal one; noting, “while it is important for organizations to identify the next generation of leaders, they also must attend to how the transition occurs” (p. 185). This dynamic of organizational and personal interests makes succession planning an inherently emotional and complex subject (Goldsmith, 2009, p. xv).

As observed by Gómez-Mejía, Balkin and Cardy (2010), “to be successful, firms must closely align their HR strategies and programs (tactics) with environmental opportunities, business strategies, and the organization’s unique characteristics and distinctive competence” (p. 22). So it stands to reason that all organizations, whether for-profit or nonprofit, that have long-range strategic plans would also have succession plans. At present, this is simply not the case.

### **Nonprofit Contextual Insights**

To say that the nonprofit sector and its employees are accustomed to crisis situations is an understatement. Due to the very nature of nonprofit work, they are accustomed to making do with sparse resources and “enduring the best and worst of times” (Light, 2000, p. 38). This may partially explain why many nonprofits do not presently have succession plans. Nonprofits may simply feel that they do not have the time to think about, much less implement HR strategy.

Beyond this line of reasoning, there is general agreement amongst nonprofit researchers and groups that the lack of succession planning in the sector is related to nonprofits' weak HR infrastructure (Tierney, 2006, p. 30). So it is not that the sector is not cognizant or worried about warnings that they will need to more than double the number of existing senior level nonprofit executives by 2016 (Tierney, 2006, p. 26). On the contrary, numbers like this do create a collective sense of urgency. But urgency without infrastructure or widely known solutions leads to a sector-wide sense of helplessness.

In an odd way, some executives may feel that the economic downturn bought them some time. According to Johnson (2009), this "trend toward later retirement" is reason for optimism that the sector may have dodged the leadership shortage bullet (p. 291). But as noted in a recent nonprofit retention and vacancy report, "even if the economy has modified these numbers...there will still be increasing competition ...for a decreasing number of qualified applicants. Learning to address turnover now...can add to the health of your organization's bottom line for years to come" (Opportunity Knocks, 2010, p. 17).

Another factor adding to the elusiveness of nonprofit succession planning is the limited number of resources on the topic. Just a decade ago, Light (2000) set a rather somber mood by stating, "the first step is simply to recognize that not much is known about what makes organizations more effective, especially if they happen to exist in the nonprofit sector" (p. 100). More recently, Santora, Caro and Sarros (2007) point out that while research regarding the importance of executive succession in for-profit firms dates back five decades or more, nonprofit succession planning and its particular nuances is a subject that has garnered interest in only the past ten years (p. 26). Add to this the debate over whether for-profit succession planning strategies and models are applicable to the nonprofit world and you have a recipe for inaction (Phipps & Burbach, 2010, p. 137; Santora et al., 2007, p. 26). This collective limbo is aptly described by Santora et al. (2007) when they state that "nonprofits seem to 'talk the talk,' but

they fail to ‘walk the walk’ with regard to organizational grooming for succession” (p. 29).

### **The Stakes**

In the seminal piece on this subject entitled, “The Leadership Deficit,” Thomas J. Tierney (2006) remarks that “the short-term consequences of being light on leadership are tolerable” (p. 31). By this he is referring to the immediate internal effects of poor nonprofit leadership development planning and the ensuing turbulent executive transition. In a book dedicated specifically to retiring CEO’s, Goldsmith (2009) sells succession planning an opportunity to sustain personal vision within a company (p. 45). Yet again, if the consequences of not developing future leaders or planning an exit strategy are only felt internally or by a handful of key executives clinging to personal vision, it would be easy to dismiss the process as nonessential.

When the focus shifts to more lasting risks, the price of inaction takes on greater meaning. Goldsmith (2009) points to the financial peril linked to developing the wrong successor and potential “damage to corporate identity (p. 42). Balser and Carmin (2009) point to the fragile link between an organization’s leadership and brand by writing, “leadership transitions...may be perceived as threats to core features of organizational identity” (p. 186). Whereas Tierney (2006) is the most ominous in his prediction that “the deepest suffering will be visited upon the millions of people who rely, directly and indirectly” on nonprofits who fail to plan for the future (p. 33).

Some nonprofit leaders may be quick to point out that they are not alone in their lack of long term human resource planning. According to Bower (2007), “60%...of large US companies said their firms have no CEO succession plans in place” (p. 91). This fact presents an opportune moment to visit whether nonprofits can and should emulate the management practices of for-profit companies. After conducting research involving “more than 100 social sector leaders,” Collins (2005) concluded, “the critical distinction is not between business and social, but between great and good. We need to reject the

naïve imposition of ‘the language of business’ on the social sectors, and instead jointly embrace a language of greatness” (pp. 2-3). Sustained greatness therefore emerges as the ultimate goal of nonprofit succession planning.

### **The Rewards**

According to case studies from both the for-profit (Bryan, Dooley & Iman, 2008) and nonprofit (McKee & Driscoll, 2008) sectors, rewards of succession planning can be observed at all stages in the process. Most notably, Bryant et al. (2008) report that “demonstrating commitment to the professional development of high potential managers builds commitment and retention” (p. 3). While McKee and Driscoll’s (2008) positive observations include significantly improved intra-agency communication and cooperative decision-making (pp. 350-351). These types of mid-process rewards are important in combating some nonprofit leaders’ hesitancy towards grooming insiders, or current high potential managers, for fear that they may leave once they gain advanced leadership skills (Santora et al., 2007, p. 29). Done correctly, these case studies show that investment and loyalty is reciprocal between organizations and individuals who participate in succession planning.

### **Additional Stakeholder Considerations**

Beyond the organization, the individuals it employs and those it serves, there are two additional groups of key stakeholders who stand to either win or lose based on the validity of labor force predictions and the ability of the nonprofit sector to meet future leadership needs: nonprofit boards and funders. Michael Allison (2002) of CompassPoint Nonprofit Services alludes to both groups when he provides the following tips, “executive directors can encourage the recruitment of board members who will be good transition leaders” and “for funders, a grant to support a thoughtful and careful process is likely to be a strong investment in grantee

organizations that they want to see continue to thrive” (pp. 341-350). In this way, Allison makes it clear that a well-crafted succession planning process involves stakeholders who may never sit in a nonprofit executive suite.

### **Insiders vs. Outsiders**

In an analysis of nearly 2,000 succession case studies, Bower (2007) “found that company performance was significantly better when insiders succeeded to the job of CEO” (p. 92) and further notes that Jim Collins’s 2005 research on the same subject produced similar findings. Bower (2007) goes on to provide the following practical advice in regards to who should be tapped as future successors:

If building the skills these managers need takes a decade or more – and if they are to assume leadership positions while they still have at least a decade of service ahead of them – they need to be on board and identified for grooming by the time they are 30. (p. 94)

While effective in illustrating his overriding point that “succession is a process, not an event,” (p. 92) Bower’s (2007) age marker contradicts HR non-discrimination policies.

Ciampa (2005) offers ageless leadership competencies including “the art of forming coalitions” and the “ability to ‘elevate’ – in other words, to gain the perspective expected of CEO’s” (pp. 48-50). Whereas Collins (2005) implies some key leadership qualities when he identifies “personal relationships and excellent fundraising” as drivers of economic engines for organizations like American Cancer Society, Nature Conservancy and Special Olympics (p. 21). This observation and its relation to measurable leadership competencies will be highlighted in the application chapter of this paper.

## **Avoiding Insider Exits**

Although Goldsmith's (2009) financial argument for careful succession planning was already mentioned under a previous heading, it seems only appropriate to revisit this topic now that ample evidence in support of inside nonprofit leadership development has been cited. As pointed out by Rothwell (2010), "retention is logically related to succession planning" and "retention is important for the simple reason that turnover is expensive" (pp. 298-299). Whether for-profit or nonprofit, any organization would seemingly want to avoid the costs associated with employee turnover; costs that Rothwell (2010) estimates might be as high as \$40,000 for a managerial position—perhaps more for a manager with high leadership potential (p. 299). Nonprofits that experience relatively low turnover may think that they have escaped this potential financial pitfall, but instead of celebrating a low number of exit interviews, Rothwell suggests that healthy nonprofits should really be asking themselves with whom they should be conducting "stay interviews" (Rothwell, 2010, p. 304). Analysis of why high potential leaders choose to stay within an organization provides a powerful foundation for the retention side of succession planning.

## **Future Leader Pools and Plateaus**

Having established why to look, where to look and what to look for in high potential managers, this section will discuss two additional considerations for organizations seeking to retain next generation nonprofit leaders. While it may seem counterintuitive to all of the evidence provided thus far, the reality is nonprofits do not always have the depth necessary to groom internal successors (Santora et al., 2007, p. 29). For these reasons, several researchers suggest the creation of a "community talent pool" that addresses the leadership development needs of high potential managers (Bonner & Obergas, 2009, p. 23; Rothwell, 2010, p. 361). In addition to churning out cohorts of future leaders, this approach also encourages more

collaborative relationships to be formed amongst participating nonprofit agencies; something community leaders and funders are calling for in greater numbers.

Another important reality exists for nonprofits that wish to develop and retain executive bench strength. In an “optimistic” response to Tierney’s 2006 warning of an impending nonprofit leadership drought, Janet Johnson (2009) suggests that the nonprofit sector’s current abundance of female leaders (p. 289) stands to increase in the future based on data that indicates rising educational attainment of women (p. 293). While a greater supply of educated women in the workforce may give nonprofits a larger pool of high potential future leaders, the willingness of women to accept the leadership challenge cannot be assumed.

In their recent book, Shipman and Kay (2009) shed light on a new phenomenon that nonprofit succession plans should take into account:

“Plateauing” is what Wharton Business School calls this growing lack of appetite for the climb. “Women are no longer willing to step into the ‘high-potential’ pool of employees in part because they want to be sure they have time for their families,” explains Monica McGrath, a professor at Wharton. (p. 31)

Flexible work schedules, work share policies and other family-oriented programs like day-care or elder-care assistance are tools that can increase retention (Opportunity Knocks, 2010, p. 17) and help combat plateauing. But before a nonprofit organization can counter such phenomena it must first be aware of its challenges by establishing and maintaining open channels of communication amongst all stakeholders.

## **Communication**

Communication is a fundamental element of the succession planning process. Given the complex realities and expanded future needs facing organizations in the nonprofit sector,

communication becomes a critical success factor in developing succession planning policies and programs that work. In 2005, Herman emerges as a proponent of a “People First” model of HR for nonprofits (p. 625). He observes that a “focus on people results in additional organizational capacity, effective succession planning, engaged and motivated staff, and improved client service delivery” (Herman, 2005, p. 625). Herman (2005) also notes the halo effect that the “People First” approach can create in the minds of funders and other stakeholders (p. 625).

Nonprofit executives and HR professionals focused on communicating with an entire employee base are increasingly considering generational issues when launching the succession planning process. Crumpacker and Crumpacker (2007) offer the following observations on the subject:

By incorporating communication and awareness training into the succession planning process and its resulting programs, HR can help workers of all generations...Notwithstanding it is clear that as Generation Y gains a foothold in the workplace, organizations will need to change to accommodate their norms instead of expecting young workers to change to accommodate existing organizational norms. (pp. 361-363)

It is also important to look at generational stereotypes and norms when developing the feedback portion of a succession plan.

### **Dynamic Feedback and Results**

Success at any stage in the succession planning process relies on the active participation of all parties. In his 2009 writings on this subject, Goldsmith underscores the importance of the coaching process in succession planning (p. 59). Using humor to illustrate this point, he cites Arnold Schwarzenegger’s saying “Nobody ever got muscles by watching me lift weights”

(Goldsmith, 2009, p. 59). Indeed only so much can be gained by observation alone. In order to build leadership muscle within an organization, a culture of discipline and accountability must be incorporated into the succession planning process. This can be achieved through executive coaching, use of 360° evaluation tools and mentoring programs (Bonner & Obergas, 2009, p. 25; Crumpacker & Crumpacker, 2007, p. 359; Solansky, 2010, pp. 679-680). The result of these programs is more than just leadership muscle. As noted by Career Systems International's Beverly Kaye, "People with mentors are twice as likely to stay [in jobs] as those without" (Opportunity Knocks, 2010, p. 17). Viewed collectively, the result is the attainment of every succession plan's ultimate goal—sustainable greatness in the form of nonprofit bench strength.

Standard performance appraisals seem merely observational when compared to the dynamic processes of coaching, 360°s and mentoring. Taliento and Silverman (2005) find "the drive to measure performance often runs deeply against the nonprofit grain" (p. 7). This same sentiment is reflected by Collins (2005) when he refers to "a culture of niceness" in the nonprofit sector "that inhibits candor about the brutal facts" (p. 32). Nonprofits who lack future leadership muscle should therefore look to adopting additional performance management tools and metrics as they develop their succession plans.

Candor, flexibility and transparency are common threads that run throughout recent scholarly literature on succession planning. In contrast to Allison's (2002) "pottery firing metaphor" (p. 341), succession planning and executive transition do not have to be a painful process. In fact, the writings of Goldsmith (2009, p. 38) and Masaoka (2007, p. 25) suggest that modern succession planning done right allows executives to consider how they can contribute differently once they are ready to leave the top spot. In this way, succession planning can help

the nonprofit sector retain not only its future leaders, but also define clear roles for past leaders who wish to continue supporting the good work of their carefully groomed successors.

### **Chapter 3 – Research Applications for SOVA**

As evidenced by the research cited above, succession planning in the nonprofit sector is still in its infancy. Three years and a global recession have passed since Santora et al. (2007) made their observations regarding the much talked about but little acted upon topic of nonprofit succession planning (p. 29). Given current environmental factors and trends that include a weak economy, aging labor force and postponed retirements (Johnson, 2009; Opportunity Knocks, 2010; Tierney, 2006), nonprofits like Special Olympics Virginia must move beyond talking the talk and begin walking the walk in order to ensure long-term success.

Overall, SOVA finds itself perfectly poised to develop and implement more formal leadership development policies and programs. As previously noted, Special Olympics Virginia stakeholders agree that it has a wealth of internal talent. Despite a lagging economy, the organization continues to invest in training and developing its employees in order to support their personal and professional goals.

SOVA's senior management team has shown that it is capable of leading change processes by developing, launching and implementing a new three-year strategic plan in 2009 that placed greater emphasis on core values and support of external stakeholders. With plans underway to update this strategic plan for the next three years, now is the time to consider revising key HR policies that will ultimately lead to improved individual performance and sustainable organizational greatness. By doing so, SOVA will more effectively balance its focus on internal and external opportunities.

## **Steps to Implement the Change**

Having participated in the 2009 strategic planning process, I would suggest similar steps for implementing a more formal approach to succession planning and leadership development within Special Olympics Virginia. This process began with dissemination of information related to subtle but important changes in the way we talk about the Special Olympics movement. In Virginia, the decision was made to embrace the notion that Special Olympics is more than just a nice sports program for intellectually disabled athletes; it is a powerful social movement to build more inclusive communities where sport is a vehicle for attitudinal change.

In the same way, in order to gain internal buy-in for improved HR strategies that align with operational goals, this first step would require internal discussion and dissemination of information related to the importance of these HR tactics in ensuring the kind of long-term operational success alluded to by Gómez-Mejía et al. (2010). As part of this step, I plan to share this research paper and its findings with the Senior Vice President and President of Special Olympics Virginia. With their permission, I also plan to share this paper with Dr. Susan Wilkes who directs the well-respected Emerging Nonprofit Leadership Program (ENPL) and the Consulting Solutions arm of the Community Foundation's Partnership for Nonprofit Excellence that serves Richmond and Central Virginia.

Dr. Wilkes is directly responsible for several dynamic professional development opportunities offered to local nonprofit professionals. Interestingly, her ENPL program closely resembles the "community talent pool" model discussed by Bonner and Obergas (2009) and Rothwell (2010) in that it provides local nonprofits like Special Olympics Virginia with an affordable means of developing and retaining the sector's future leaders. It is worth noting that

Dr. Wilkes, through ENPL, helped to connect SOVA with Wallace Stettinius, the pro-bono consultant who helped guide Special Olympics Virginia's 2009 strategic planning process.

It is my hope that Dr. Wilkes might again assist us in the identification of an external consultant with experience in the areas outlined in the literature review section of this paper—communication, leadership development, mentoring, executive coaching and dynamic performance measurement tools. Before speaking with recommended consultants, SOVA may opt to conduct an internal online survey to audit staff members' attitudes and perceptions about its current leadership development and succession plans. The results of such a survey could provide prospective consultants with a benchmark from which to work from.

The next step towards change would require the assembly of a task force prepared to work with the consultant on all stages of succession planning. When recruiting members of this task force, potential members should be reminded of Bowers' (2007) observation that "succession is a process, not an event" (p.92). Thus, they should be prepared to take part in what promises to be an exciting, albeit lengthy process of development, implementation and evaluation in repeated cycles.

The task force should begin their work by reviewing Collins (2005) findings as they relate to key leadership characteristics and economic drivers for nonprofits like Special Olympics (p. 21). The task force should also conduct an analysis of Special Olympics Virginia's succession planning and leadership development history. This can be done by using the SWOT method of evaluation. The term SWOT borrows the first letters of the four categories observed in this type of analysis. Therefore, the task force would look at the organization's Strengths, Weaknesses, Opportunities and Threats in relation to succession planning, leadership development and retention practices. It is important to recognize that while no formal leadership

development policy currently exists, SOVA has been active in supporting skills training and career development opportunities linked to nonprofit management. The SWOT analysis will help the task force to begin building more formalized systems around the current informal policies that add value to the organization and its various stakeholders.

There are several institutions that offer nonprofit management training throughout the year. In addition to the aforementioned Emerging Nonprofit Leaders Program, Virginia Commonwealth University houses the Nonprofit Learning Point program within its Division of Community Engagement. University of Richmond also offers numerous classes through its Institute on Philanthropy. Both of these programs have provided quality, cost-efficient development opportunities for SOVA staff members in recent years and will continue to be a low-cost source for nonprofit leadership skills development in the future.

### **Projected Costs and Benefits**

Costs associated with the project would be similar to those incurred during Special Olympics Virginia's 2009 strategic planning process. While no fees were paid to the external consultant, considerable time resources were allocated to this project. Over a two-month period, approximately 300 hours of staff time was spent which equates to roughly \$13,000 in costs.

Additional approximated costs of program options cited in this paper are outlined below:

<b>Program Type:</b>	<b>Expense Factors/Recommendations:</b>	<b>Annual Cost:</b>
LPI 360° reviews	For senior managers only	\$650
Executive coaching	One senior manager per year	\$1,400
Mentoring	Participants will need training, monitoring and evaluation	\$3,000
Communication	Add a one-hour “stay” interview portion to the performance review process for all employees. Focus on development of relationship building and fundraising skills with all high potential leaders.	\$1,200 (estimated value of staff time required to conduct interviews)
ENPL program	One staff member per year	\$900
Development classes	One nonprofit course for all interested staff members	\$1,600

Depending on the recommendations of the consultant and the decisions of the task force, the majority of the costs above could be absorbed in our existing budget plans. Again, Special Olympics Virginia has a training and development budget already. What is lacking is a formalized succession planning framework and HR policies that support more strategic use of these funds.

As discussed in the previous chapter, the most obvious benefit of succession planning is staff retention and commitment (Rothwell, 2010, pp. 298-299). This alone represents a huge cost savings – as much as \$40,000 for every avoided replacement – for nonprofit organizations that have limited recruitment, motivation and retention tools (Rothwell, 2010, p. 299). In addition to reduced turnover, organizations with a “People First” philosophy offer clear leadership pipelines that build executive bench strength, boast improved communication, decision making and higher than average employee morale (Herman, 2005, p. 265).

For Special Olympics Virginia and other nonprofits who are facing increased demands for services in a time of flat or declining revenue sources, the discipline and accountability created by a clear succession plan offers a guiding light for employees at every level within the organization (McKee & Driscoll, 2008). For SOVA's current senior managers and leaders, succession plans provide roadmaps toward smooth executive transitions when retirement is on the horizon. For SOVA's emerging generation of leaders, succession planning creates opportunities for meaningful skills development, relationship building and knowledge transfer from one generation of leaders to the next.

As noted previously, external stakeholders may be willing to provide funds for capacity building if a commitment to leadership development and succession planning can be demonstrated (Allison, 2002, pp. 341-350). In light of current economic conditions and forecasted labor shortages, the cost-benefit analysis is a no-brainer. With succession planning comes improved operations, increased retention and potential increases in revenue sources—all prospects worth striving for regardless of an organization's size, mission or sector.

### **Suggested Follow-Up Action**

If succession planning is going to be effective in building Special Olympics Virginia's leadership bench strength, it must be implemented in harmony with a unanimously accepted strategic plan. Given our organization's recent history of success in developing and implementing new strategic initiatives to benefit our external stakeholders, I firmly believe we have what it takes as an organization to create and sustain internal HR initiatives that will lead to even greater operational success.

As with any project, cost and timing will be a key factor. If costs become a threat to program sustainability, SOVA should consider applying for capacity building grants. Evidence

of participation in existing leadership development programs and incremental successes would provide credibility to requests for funds.

Admittedly, while initial set up of succession and leadership development plans will require substantial staff time, subsequent phases in the process can be rolled into existing HR activities like annual performance reviews, career development and strategic planning. Limited guidance provided by external consultants combined with on-going support from SOVA's in-house Operations Manager should be sufficient to support senior managers and staff for long-term effectiveness.

## **Chapter 4 – Conclusions**

Despite the fact that there is a limited amount of research on nonprofit succession planning, it has become a hot discussion topic thanks to forecasted changes in the national labor market. In addition to a wave of baby boomer retirements over the next decade, changes in the global economy have all generations of workers questioning the trajectory of their professional careers in relation to their personal goals. Given the demographics unique to the nonprofit sector, which is largely female and well educated (Johnson, 2009, pp. 289-293), the danger in not implementing leadership development programs is two-fold.

Without formalized succession planning systems, nonprofit organizations may be faced with a deficit in both human and financial resources. Ultimately, leadership bench strength is tantamount to a financial reserve or rainy day fund. Having experienced the hardships associated with unanticipated financial losses linked to the most recent global recession, nonprofits are in no position to risk losses to their human capital. This is especially true when the costs associated with internal succession planning are so minimal and the results so compellingly robust.

Like Special Olympics Virginia, many nonprofits may already be investing in their pool of future leaders. Communication is the key to taking this investment to the next level. By creating, implementing and monitoring the success of dynamic feedback tools like 360° assessments, executive coaching, mentoring programs and stay interviews, nonprofits can encourage growth and loyalty among the generations of leaders who will ensure long-term success in the sector.

There is no denying that the subjects of succession planning and next generation leadership development are deeply personal in nature. Talking about executive transition and

retention can conjure up complex emotions in employees belonging to any generation. Hence the need for formal systems that encourage participation and generate measurable results in the form of more prepared cohorts of future leaders who are ready and willing to dedicate their careers to nonprofit greatness.

### **Personal Learning**

As a young professional in the nonprofit sector, this three-month research project on succession planning and next generation retention has already produced significant personal and professional impact. Admittedly, I knew much less about the topic of succession planning than I thought I did at the onset of this project. Before, I held the common misconception that succession plans were the result of a private conversation between a current leader and their selected successor. It did not occur to me that such conversations were but the very start of a long journey. Done right, succession planning is not something that occurs behind closed doors. On the contrary, for a nonprofit organization like Special Olympics Virginia that boasts a wealth of high-potential young leaders, succession planning can and should be a transparent process that involves and impacts many stakeholders.

This research project has also encouraged me to analyze the extent to which participation in leadership development programs has affected my own personal commitment to my organization and more broadly, to the nonprofit sector. Without doubt, I attribute the bulk of my leadership development to programs offered outside Special Olympics Virginia. However, the personal and professional impact of these programs would have been minimal without the active support and participation of my senior colleagues.

For this reason, I believe organizational culture is a key driver of successful leadership development and retention initiatives. While being on the receiving end of nonprofit leadership

development programs makes me feel valued and prepared for future challenges, being part of a cohesive, supportive team is the ultimate factor that keeps me happy in my day-to-day functions. As such, organizational culture and its effect on succession planning and next generation retention is an area that merits further investigation.

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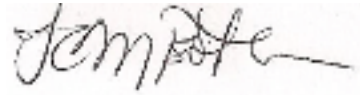
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## The Pledge

On my honor I hereby affirm that this work was created by me, the writings and conclusions are entirely my own and all ideas from others are properly cited and referenced. All citations are real, accurate, and referenced, and all references listed have corresponding citations. In addition, this work is original for this class and has not been used for course credit in the past.

Signed:

A handwritten signature in black ink, appearing to read "Jem Pote", is written on a light-colored rectangular background. Below the signature is a solid black horizontal line.