Succession Planning for Non-profit Organizations

by Dr. Philip Fung

American Society of Association Executives (ASAE) defines succession planning as “the ongoing process of systematically identifying, assessing and developing talent to ensure leadership continuity for all key positions.” It is a responsible management function and demonstrates real concern for the future of the organization. However, succession planning is not a common practice in non-profit organizations. A survey done by CompassPoint Nonprofit Services reported that 75% of non-profit organizations in the U.S. have no succession plan. Even for those who claim to have succession plan, these plans are just some internal candidates in mind and little was done to prepare for these candidates.

But the need for non-profit organizations to design and implement succession planning has never been greater. In 2004, the Annie E. Casey Foundation conducted a national leadership study for the non-profit sector in the U.S. They found that 73% of the chief executives of non-profit organizations were baby boomers and 55% were over 50. They will leave the sector in two waves, first in 2010 and second in 2020. A few months ago, I showed these figures to a group of agency heads in a training workshop, most of them agreed that the situation was quite similar in Hong Kong.

Once we recognize the value and urgency of succession planning, we can start with clarifying the responsibility and scope. That is, who should be involved to do the succession planning and who should be covered in the plan. For most non-profit organizations, succession planning should be the shared responsibility of the chief executive and the board. The plan will cover key positions and some key persons. Key positions usually report to the chief executive and could cover the entire senior management team. The concept of key person is a bit different. Key persons usually occupy key positions. But there are also key persons at a lower level of an organization. Some of them could even be your volunteers. We call them as key persons because they have substantial and positive influence on the morale and productivity of coworkers. And they display a high level of loyalty and commitment to work. Based on a set of agreed guidelines or criteria, the board and the chief executive can identify a list of key positions and key persons.

Identifying Key Position and Key Persons
There are two approaches to develop succession plan. The first approach is “Emergency Succession Plan”. The succession plan usually covers the chief executive only. It is a risk management practice in the event of the chief executive’s unplanned absence. There are three steps involved. First, we should identify the key leadership responsibilities of the chief executive. Second, we should identify some senior leaders best qualified to take up these responsibilities during an emergent situation. Third, the chief executive should provide training, guidelines and documents to these senior leaders so that they are prepared and can avoid chaos.

The second approach is “Replacement Planning”. It is usually done once a year by department heads. By using a replacement chart, internal replacements or successors of key positions and key persons are identified. For each name, department heads need to indicate the readiness of the successors: Ready now or the estimated years needed to assume the responsibility of the key position or key person. If there is no suitable internal candidate, department heads need to have a contingency plan. Every year, senior management will review these replacement charts. Appropriate actions should then be taken, such as internal transfer, promotion, training and recruiting new talents.

![Replacement Chart](https://example.com/replacement-chart.png)

**A Replacement Chart**

As NGO leaders, it is never too late to start your succession planning. Otherwise, you may not be able to deliver a reliable and quality service to your customers when unexpected events happened to your key persons and key positions.