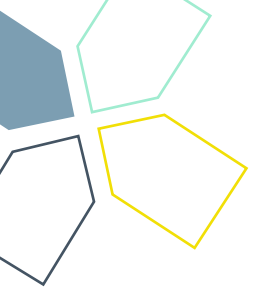


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SUCCESSION PLANNING: DO YOU REALLY MANAGE YOUR RISK? Edition 2024

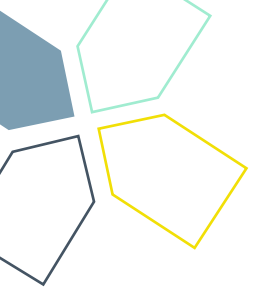


DANIEL H. LANTEIGNE *(he/him)*
VICE PRESIDENT, TALENT, STRATEGY AND IMPACT

He has been actively involved with the Association of Fundraising Professionals for many years, and serves as past Chairman of the Board for Quebec. Since 2019, he has been teaching the ABCs of Fundraising course. In addition, he is currently Vice-Chairman of the Board of AFP Global.

He participates in numerous forums as an author, speaker and trainer in the philanthropic sector. He is also a lecturer in philanthropic management at the Université de Montréal. Since 2022, he has also chaired the National Advisory Committee of the Canada Volunteer Awards and sits on the Board of Ingenium Canada.





Lee Pigeau *(he/him)*

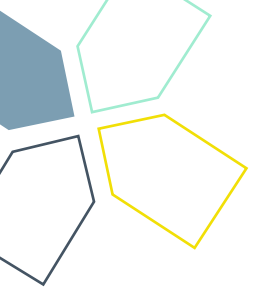
SENIOR CONSULTANT IN PHILANTHROPY

Lee has worked across Canada in the non-profit sector for more than thirty years.

He has leadership experience as the National Executive Director of two disability rights organizations, in hospital foundations and affordable housing charities. He has extensive capital campaign leadership experience at universities and hospitals.

He is a contributing author to the book, “The Vigilant Fundraiser” and has been a speaker at various international, Canadian and provincial conferences. Lee wrote the Ontario Standard Curriculum for fundraising e-learning at the college level and has been the lead on several research projects and industry initiatives.

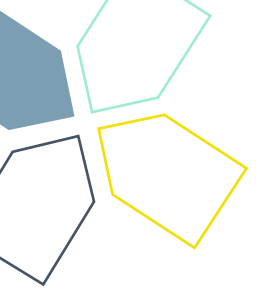




GOOD TO KNOW

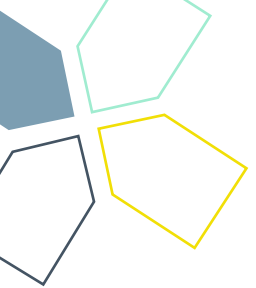
- This webinar is recorded and **will be available on the BNP Philanthropic Performance Institute**.
- Participation in this webinar (live or replay) earns **you 1 CFRE credit**.
- Registrants will receive **an electronic copy of the presentation**.
- *Succession in Philanthropy: What the Data Reveals for a Successful Transition* will be available in December 2024, absolutely free of charge.
Follow us on social networks to access the download link, or sign up for our newsletter.





BACKGROUND AND INTRODUCTION

- **Are you ready for a management change? Probably Not!!**
- Succession planning ensures continuity in not-for-profits.
- A 2024 study with 188 Canadian NPOs explored how succession risks are managed.
- The study collected data on current strategies and future leadership needs.
- Results will help charities understand key challenges in leadership transitions.
- Insights will highlight trends and best practices for smooth transitions.



SOME HIGHLIGHTS

CEO

65%
have no plan for
an unplanned
departure

83%
have no plan for a
planned
departure

39%
of CEOs are
likely to leave
within 3 years

31%
anticipate major
disruption after
leaving

CHAIR

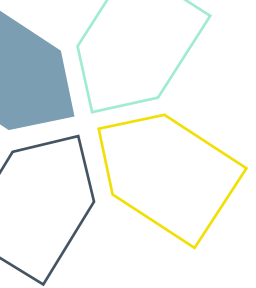
80%
don't have a plan
for an unplanned
departure

60%
have no plans for
a planned
departure

74%
of Chairs are
likely to leave
within 3 years

20%
anticipate major
disruption
following
departure



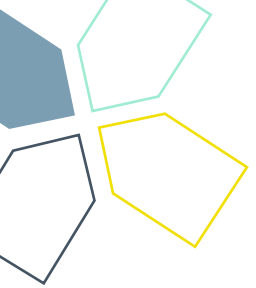


SUCCESSION PLANNING

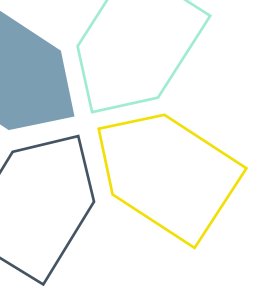
Succession planning is a process to make sure an organization has smooth leadership transitions, especially for a CEO / Executive Director or Board Chair.

It focuses on developing internal talent and preparing future leaders to keep key positions stable and meet the organization's goals. This planning covers two situations:

- **Planned succession:** This happens when a leader's departure is expected, such as a retirement or the end of a contract. It involves finding, training, and gradually bringing in a replacement to ensure a smooth transition.
- **Unplanned succession:** This deals with unexpected departures, due to health issues, resignation, or dismissal. It includes emergency steps to keep things stable until a longer-term solution is found.

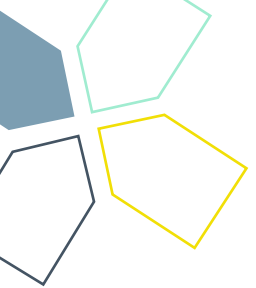


SPOTLIGHT ON
SUCCESSION PLANNING FROM PAID STAFF



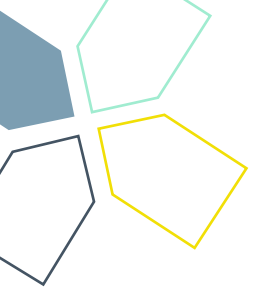
SUCCESSION PLANNING - SENIOR MANAGEMENT

- **39%** of general managers are thinking of **leaving their organization within 3 years**. This percentage rises to **68% within 5 years**.
- In the event of departure, the Board of Directors would offer the position on an interim basis (in-house) in **48%** of cases, and **17% of Boards don't know what they would do**. It should be noted, however, that **65% of organizations have no procedure in place** for a sudden departure (e.g. illness or accident), and this number rises to **83% in the case of a planned departure** (e.g. retirement).
- The lack of preparation is similar in the case of unplanned departures from other key staff positions.
- Only 5% of organizations feel that there will be **no impact on the stability of their organization** when the CEO leaves.
- In 66% of cases, the **organization's reputation is at risk** if senior management leaves, and in 20% of cases, the situation is even more problematic.



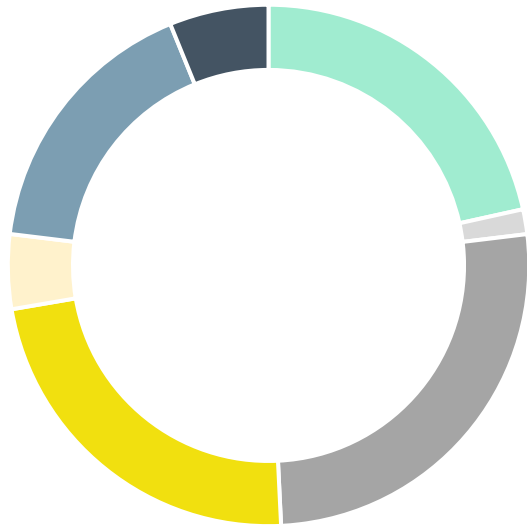
SUCCESSION PLANNING - GENERAL MANAGEMENT

- In 94% of cases, **the organization's revenues are likely to decline** when the senior management leaves.
- **Team mobilization will be disrupted** in 95% of cases. The impact will be high or very high in 39% of cases.
- **Senior management has maintained or improved board confidence in 99% of cases.** It is likely to remain at the same level in the following year.
- 77% of senior management are permanent employees, which provides stability while limiting the need for succession planning.
- 46% of senior managers have **no agreed notice clauses.** For those that do, **the average agreed notice period is 3 months.**



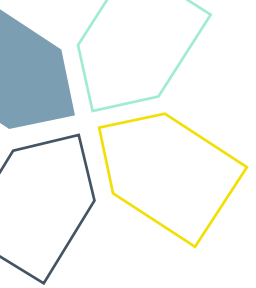
SUCCESSION PLANNING - SENIOR MANAGEMENT

Responsibility for succession planning for senior management **varies enormously.**

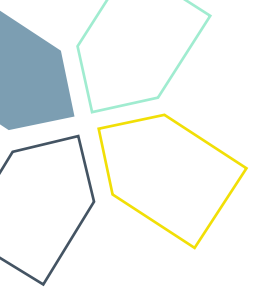


- Executive Management
- Human Resources Department
- Board of Directors
- Dedicated board committee
- Chair of the Board
- We don't have a manager
- other



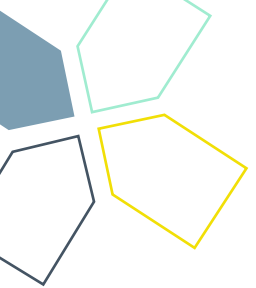


**SPOTLIGHT ON
SUCCESSION PLANNING
CHAIR OF THE BOARD OF DIRECTORS**



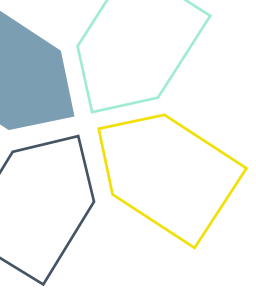
SUCCESSION PLANNING - CHAIR OF THE BOARD

- **74%** of board chairs are thinking of **leaving their organization within 3 years**. This percentage rises to **95% within 5 years**.
- In the event of departure, the Board of Directors would offer the interim position to a **vice-president or designated vice-president in 47%** of cases, and **23%** would confirm a vice-president in the role. It should be noted, however, that **49% of organizations have no procedure in place** for a sudden departure (e.g. illness or accident), and this number drops to **42% in the case of a planned departure** (e.g. maximum duration).
- **44%** of boards have a **clear process for chair-designate, chair and outgoing chair**.
- **30%** of organizations feel that there would be **no impact on the stability** of their organization when the president leaves. Also, **7%** consider that it **could improve their stability**.
- In **60%** of cases, the **organization's reputation** would not be affected by the departure of a president. A mere **2%** of organizations would be in a problematic situation.



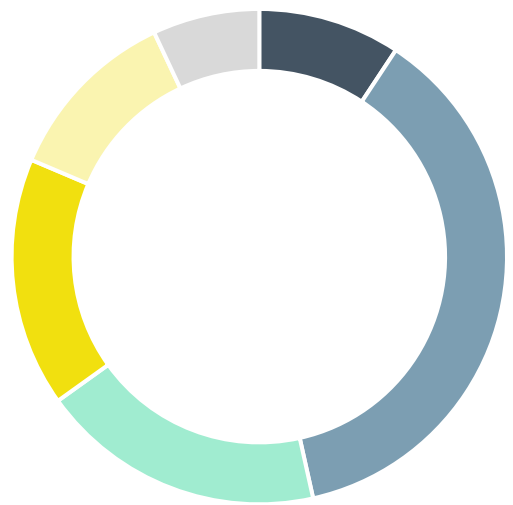
SUCCESSION PLANNING - CHAIR OF THE BOARD

- **The organization's revenues are likely to fall** in 73% of cases when the Chair leaves.
- **Fundraising will be affected** in 74% of cases. The impact will be high or very high in 19% of cases.
- **The Board's current level of confidence in its Chair is excellent or very good in 88% of cases.** This level is likely to be maintained or improved over the coming year.
- 81% of Boards **do not have procedures that provide for a minimum notice period prior to the planned departure of a Board Chair.**
- **Officers are appointed by the Board** in 72% of cases. However, in 37% of cases, members could **change the Board's plans at the AGM**, for example, by not electing the President designate.



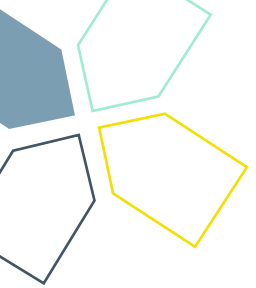
SUCCESSION PLANNING - CHAIR OF THE BOARD

Responsibility for the succession planning process for the Chairman of the Board **varies enormously.**

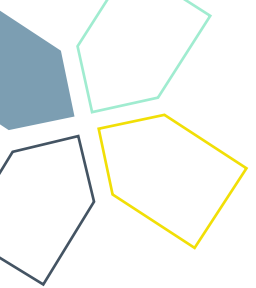


- Executive Management
- Board of Directors
- Dedicated board committee
- Chair of the Board
- We don't have a manager
- Others

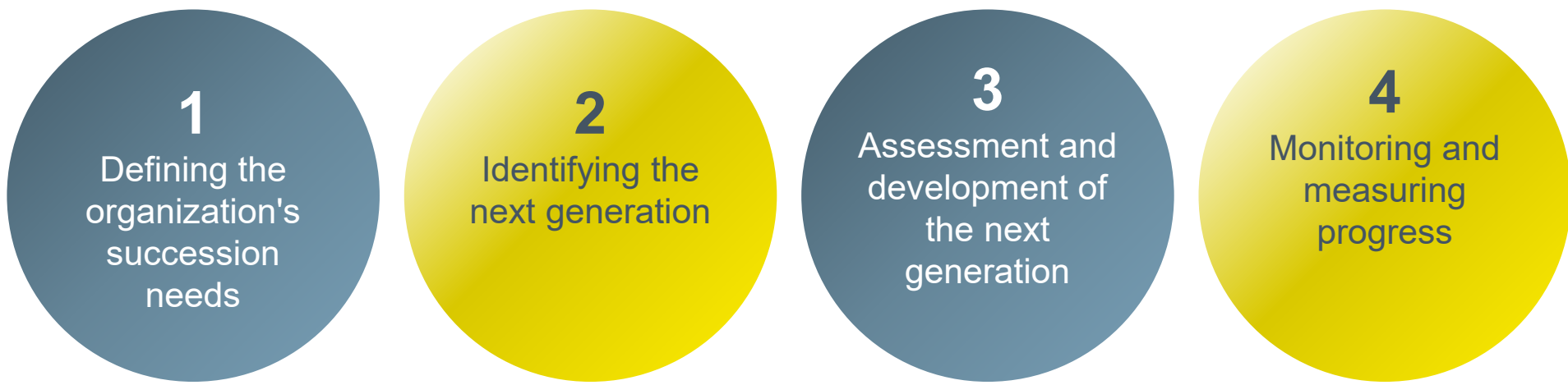


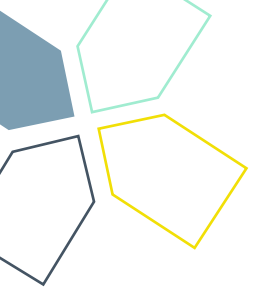


KEY STAGES IN SUCCESSION PLANNING



KEY STAGES IN SUCCESSION PLANNING

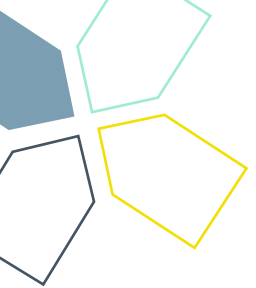




1. DEFINING THE ORGANIZATION'S SUCCESSION NEEDS



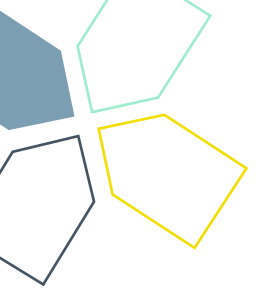
- Succession planning must have a clear mandate is issued by the Board of Directors, stipulating the targeted positions, expectations and resources to be deployed.
- This is the most "difficult" stage for many organizations, as the initial conversation can create discomfort, mistrust and even a breach of trust. But it's an extremely healthy part of risk management.



2. IDENTIFYING THE NEXT GENERATION



- Depending on the definition of your needs, you'll need to explore both internal (depending on the size of your organization) and external candidate pools.
- In 51% of cases, no one has been identified internally to succeed the CEO. In the case of BoDs, 83% have already identified one or more successors to the presidency.
- If we look externally for Senior Management, only 12% have a pool of potential candidates. This percentage rises to 33% for the Chair.
- Internal candidates who have been identified as potential successors need to be made aware of this (retention and involvement in subsequent stages). Although this may seem self-evident, only 15% of identified CEO successors and 30% of identified Chairs are aware of this.



3. EVALUATION AND DEVELOPMENT OF THE NEXT GENERATION



Only 11% of the next generation identified feel well prepared to move into executive roles. For the next generation of Chair's , the figure changes to 23%.

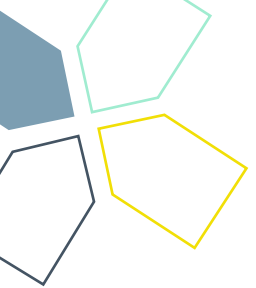


Only 13% of internal CEO successors know what is expected of them (33% for Chairs). And only 9% are regularly informed of the process, and changes to the succession (23% for Chair).



20% of organizations have included specific development plans for potential CEO succession, and 12% for potential chair succession.



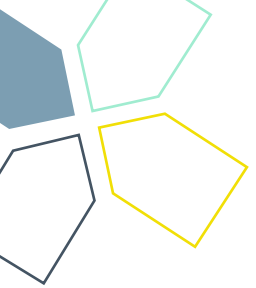


4. MONITORING AND MEASURING PROGRESS

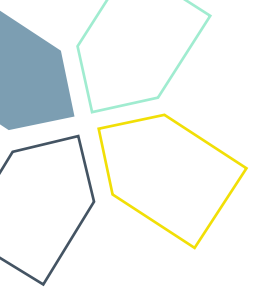


- In 49% of cases, there is no discussion of succession planning for senior management with the Board of Directors.
- When it comes to handing over the Chair, there is no discussion in 37% of cases.
- Because needs can evolve, deadlines can change, and the next generation identified could become demotivated and change organization (high turnover rate in organizations).





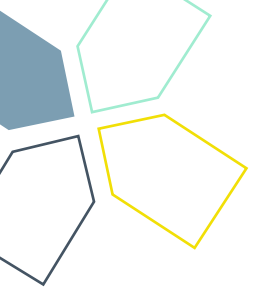
TOOLS TO BE DEVELOPED



- Mostly in place
- Moderately in place
- Few or none in place

CHECKLIST (CEO/Executive Director)

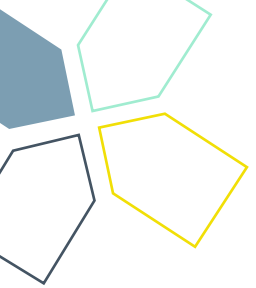
- General management job description ●
- Job description for interim management (roles and responsibilities) ●
- Pay scale for the position ●
- Internal communication plan (transition management) ●
- External communication plan (transition management) ●
- Composition, role and responsibilities of the Nominating Committee ●
- Market search process (talent hunting) ●
- List of professionals looking for executives ●
- List of consulting firms (coaching and interim) ●
- Up-to-date organization chart including management links ●
- Job descriptions for each employee, including main responsibilities ●
- Employee development plans for succession planning ●
- List of access codes (computer, database, e-mail, voice mail, social media, bank accounts, payroll system, alarm code, safe code or key, etc.) ●
- List of key suppliers (database, IT support, bank, landlord, lawyer, payroll service, alarm company, insurer, etc.) ●
- Sample termination letter and receipt ●



- Mostly in place
- Moderately in place
- Few or none in place

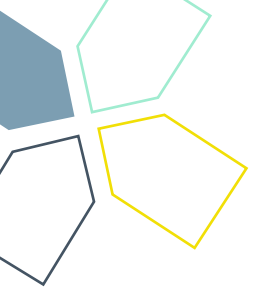
CHECKLIST (CHAIR)

- Description of the role of Chairman of the Board of Directors ●
- Director's manual (by-laws, roles and responsibilities, latest minutes, list of board members, letters patent, insurance, strategic plan, etc.) ●
- Internal communication plan (transition management) ●
- External communication plan (transition management) ●
- Composition, role and responsibilities of the Nominating Committee ●
- Candidate search process (according to your by-laws) ●
- List of director recruitment resources ●
- List of consulting firms (coaching and interim) ●



PROFILE OF PARTICIPANTS

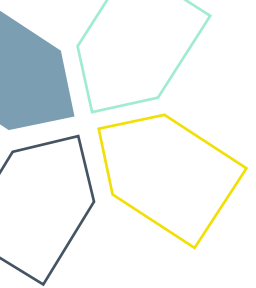




PORTRAIT OF PARTICIPANTS

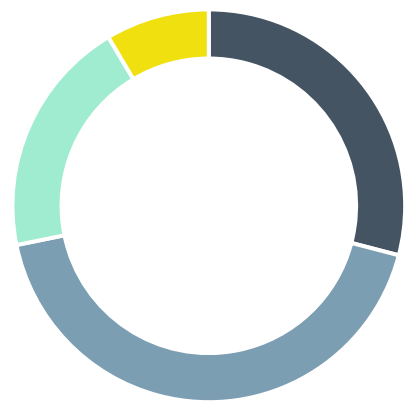


- Respondents from British Columbia, Alberta, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador.
- Working in advanced education, youth and childhood, food security, community needs, arts and culture, health, educational advancement and promotion, higher education, religion and spirituality, heritage and museums, social services, housing and homelessness, international development, justice and advocacy, palliative care, environmental protection, humanitarian aid, animal protection and scientific research.



PORTRAIT OF PARTICIPANTS

Scope of the organization



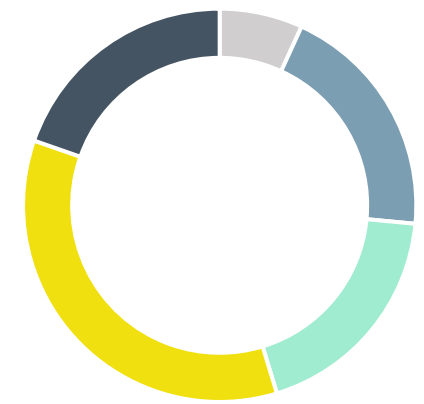
- Local
- Regional
- National
- International

46.4
employees per
organization
(average)

10.6
Board members
(average)

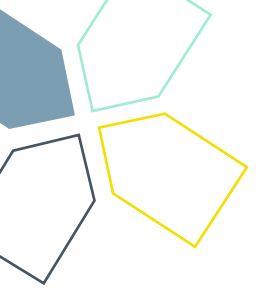
12%
founder-led
organizations

Organizational income



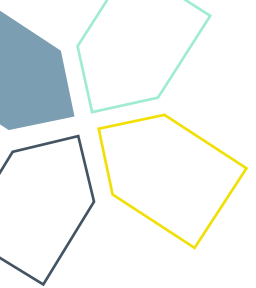
- Less than \$100,000
- Between \$100,000 and \$500,000
- Between \$500,001 and \$1,000,000
- Between \$1,000,001 and \$5,000,000
- More than \$5,000,000





Next Steps





Next Steps

Full report forthcoming - Available in December 2024 in English and French

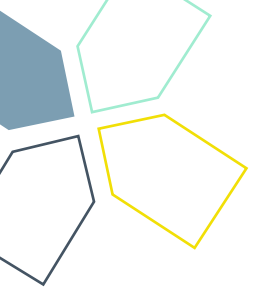
- Section dedicated to anti-oppression mechanisms, anti-racism, harassment and psychological and sexual misconduct
- Tools and templates to help you start thinking about succession planning as a risk to be managed.

Personalized support

- Do the findings of this presentation resonate with your organization? Do you feel powerless to do anything about it? We can help!

IN SUMMARY

While boards of directors seem better prepared for the succession of their chairmen, this transition shows fewer damaging impacts for organizations than the succession of general management. However, in the latter case, preparation is significantly lower.



TO INITIATE THE STAFF-BOARD CONVERSATION



If you feel ready to broach the subject with your Board

- Ask for this item to be discussed at the next Board meeting (with the Chairman or the Risk/HR Committee). The discussion should be held **with you and behind closed doors**.
- Alternatively, discuss the situation openly and transparently with your Chairman of the Board. Here's a simple way to introduce it:

Hello [Name of your board chair],

At a recent BNP Philanthropic Performance conference, succession planning was highlighted as one of the most underestimated and poorly managed risks in organizations, with potentially far-reaching consequences if left unaddressed.

In the spirit of proactive and responsible risk management, I believe it would be wise for us to address this topic in the near future. Please find attached [the excellent] session presentation to help us get started. Please be assured that this is in no way an indication of imminent departure on my part. Rather, it is to ensure that our organization remains stable and prepared for any eventuality, offering peace of mind to all parties involved.

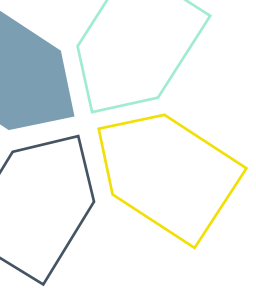
Please let me know when you have time to discuss this further.

RISK SUMMARY SHEET

Think of strategic planning as a risk to manage for your organization.



<p>Risk # - Departure of Executive Director with no identified successor</p> <p>Type of risk <input type="checkbox"/> Financial <input checked="" type="checkbox"/> Reputational <input checked="" type="checkbox"/> Operational <input type="checkbox"/> Compliance <input type="checkbox"/> Emerging</p> <p>Risk tolerance <input type="checkbox"/> Low <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> High</p> <p>Occurrence Impact <u>4</u> <u>5</u></p> <p>Score (Occurrence x Impact) <u>20</u></p>	<table border="1"> <tr> <td>Almost certain 5</td> <td>Moderate 5</td> <td>Major 10</td> <td>Critical 15</td> <td>Critical 20</td> <td>Critical 25</td> </tr> <tr> <td>Likely 4</td> <td>Moderate 4</td> <td>Moderate 8</td> <td>Major 12</td> <td>Critical 16</td> <td>Critical 20</td> </tr> <tr> <td>Possible 3</td> <td>Minor 3</td> <td>Moderate 6</td> <td>Moderate 9</td> <td>Major 12</td> <td>Critical 15</td> </tr> <tr> <td>Unlikely 2</td> <td>Minor 2</td> <td>Minor 4</td> <td>Moderate 6</td> <td>Moderate 8</td> <td>Critical 10</td> </tr> <tr> <td>Rare 1</td> <td>Minor 1</td> <td>Minor 2</td> <td>Minor 3</td> <td>Moderate 4</td> <td>Critical 5</td> </tr> <tr> <td></td> <td>Not significant 1</td> <td>Minor 2</td> <td>Moderate 3</td> <td>Major 4</td> <td>Critical 5</td> </tr> </table> <p style="text-align: center;">Impact</p>	Almost certain 5	Moderate 5	Major 10	Critical 15	Critical 20	Critical 25	Likely 4	Moderate 4	Moderate 8	Major 12	Critical 16	Critical 20	Possible 3	Minor 3	Moderate 6	Moderate 9	Major 12	Critical 15	Unlikely 2	Minor 2	Minor 4	Moderate 6	Moderate 8	Critical 10	Rare 1	Minor 1	Minor 2	Minor 3	Moderate 4	Critical 5		Not significant 1	Minor 2	Moderate 3	Major 4	Critical 5
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Rare 1	Minor 1	Minor 2	Minor 3	Moderate 4	Critical 5																																
	Not significant 1	Minor 2	Moderate 3	Major 4	Critical 5																																
<p>Description of risk(s) Operational Disruption Loss of Strategic Direction Financial Instability Knowledge Gap Decreased Morale Loss of Donor Confidence</p>	<p>Mitigation tactics Develop a Succession Plan Cross-Training Programs Interim Leadership Strategy Board Involvement Document Critical Processes Regular Reviews and Updates Donor Communication Plan Cultivate Multiple Relationships</p>																																				



BNP PERFORMANCE PHILANTHROPIQUE: MORE THAN 25 YEARS OF SUPPORT FOR ORGANIZATIONS!

What sets us apart :

- A rigorous methodology tailored to each project
- Proven results thanks to effective philanthropic and organizational strategies
- Active listening for a human-centred collaboration
- Developing the skills of supported resources to gain in autonomy and strategic vision
- Pan-Canadian expertise to professionalize philanthropy on a national scale

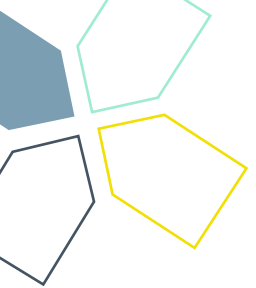
Certified



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BNP Performance philanthropique is the first pan-Canadian philanthropic consulting firm to hold B Corp! certification.



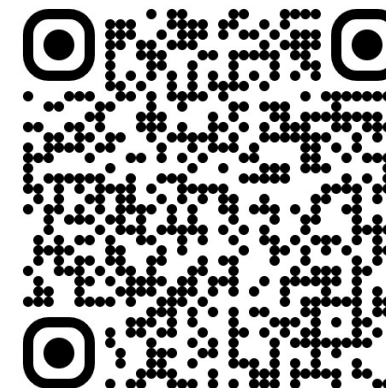


TO REACH ME

Daniel H. Lanteigne, CSA, C.Dir., CFRE, CRHA
Vice President, Talent, Strategy and Impact
BNP Performance philanthropique

1 888 528-8566, ext. 37 - dlanteigne@bnppperformance.com

👉 To schedule a meeting: calendly.com/dlanteigne/30min





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bnppperformance.com