

South Shore Realtors® CEO Succession Planning Policy

A succession strategy is a key component to ensuring the long-term success of an association. An effective plan minimizes disruption and facilitates a smooth leadership transition while maintaining excellence at the highest level of the organization.

Succession planning is a fundamental part of risk management and a basic responsibility of a strategically thinking board.

A good succession planning process addresses the following scenarios:

- Emergency Succession Planning - A process in place in the event the Executive suddenly departs - either permanently or for an extended period (i.e., longer than three months).
- Departure-Defined Succession Planning - A process in place for a future planned retirement or permanent departure of the Executive.
- Strategic Leader Development - A process that promotes ongoing leadership development for talent within the organization. Effective leaders plan an exit that is as positive and graceful as their entrance. How such an exit is managed reveals the character and effectiveness of that leader and association.

BEST PRACTICES FOR THE BOARD

ADVANCED PLANNING

Assess the association's future needs and update that assessment regularly in preparation for planned or unplanned CEO succession.

- Future, long-term vision and successor qualities needed to lead toward that vision.
- Strategic future, coordinating goals and strategies with successor competencies required to direct achieving them.

Assess the current association culture (values and behaviors) and governance (structure and member/staff roles). Determine, considering the future organizational vision and strategic plan if a change in culture or governance will facilitate goal achievement or strategic success.

- List desired cultural and/or governance changes to be implemented.
- List skill sets, knowledge and experience requirements a successor will need to affect cultural and/or governance change.

Work with the incumbent to identify, at least in general terms, the planned date for retirement.

AT RECRUITMENT TIME

Conduct an operational and financial audit with an outside agent. The audits can be used to facilitate the objective transfer of knowledge about the association's operational and financial status, strengths and weaknesses.

Create a profile of the ideal candidate in terms of strategic competencies, skills, knowledge, education, experience, style, behavioral, and business-specific characteristics.

Update the CEO position description for the successor position which identifies, considering the organizational assessment, duties and responsibilities, authorities, reporting relationships and external relationship responsibilities.

Create a matrix of functional duties with competencies needed to perform them.

Discuss with the incumbent and reach a Board decision about how long the incumbent will remain on board following the successor's hire date for transition.

Explore the incumbent's confidence in dealing effectively with the emotional challenges created by transitioning. Provide transition coaching either by members or by an external agency if the incumbent would find it helpful.

Conduct an internal and/or external search for the successor which may include:

FORMING AND APPOINTING A SEARCH COMMITTEE

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- Establish the nature of the offer which the search committee is empowered to present to candidates. This includes parameters or limits for compensation, benefits, relocation expenses and employment contract terms.
- Establish the level of information the search committee is expected to share with the Board during the search and interview process.
- Decide if the search committee should present one final candidate to the Board for approval or will the Board interview two or three finalists.
- Select a search firm, if deemed necessary. Ensure they understand the association's vision, goals, and expectations for the future.

BEST PRACTICES FOR THE CEO

In a departure-defined situation, a CEO should play the role defined by the organization in finding his or her replacement. The CEO typically wants to leave behind people who are aligned with the organization's values and who will promote the organization's mission. The CEO should ensure that legacy does not impair future endeavors. The CEO should guide the Board in determining key relationships the new CEO should create, foster relationships to successfully carry out the association's strategic plans and assess the future CEO's efficacy.

ADVANCE ORGANIZATIONAL PLANNING

- Work towards a Board/incumbent partnership in succession planning.
- Candidly discuss the need for succession planning, the process that will be followed, and the role the incumbent will play.
- Define Board and CEO roles in the succession process and establish a mutual comfort level for the Board and CEO with succession planning and processes.
- Roles and protocols include those for the incumbent, the Board, the search committee and the search firm.
- Establish a mutual understanding of the path to a new CEO as well as any role Board, committee or staff members will play along that path. Include appropriate staff members to some degree in the organizational assessment.
- Create a plan/timetable for successor recruitment and transition for the Board's consideration.

PRIOR TO DEPARTURE

Work with the Board to establish the timing and method for succession announcement and protocols for ongoing communication regarding the CEO's departure, replacement recruiting and transitioning activities.

A key issue related to succession planning is the transfer of knowledge. A leadership transition often leads to the loss of critical knowledge that has built up throughout the years. Creating a knowledge-based culture is very beneficial when an organization is faced with succession of a leader.

The CEO should document the critical knowledge areas which should include at a minimum the following:

- Document and determine who should have backup access to knowledge or information that is located off-site or is number, password or otherwise protected and currently accessible only to the CEO.
- Ensure that there is documentation about the location and status of legal documents and contracts, stakeholder agreements, insurance policies for key persons, business and financial plans, employee records and historical documents.
- Document calendars for organizational event chronology and timing as well as time-critical actions required by the incumbent.
- Document external relationships: contact information, purpose and nature of the relationship, status, formal and informal agreements and obligations.

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- Pass down as much incumbent knowledge as possible to key management staff. At Transition Time begin transferring external relationships during the current CEO's tenure, while the search is being conducted.
- Introduce current staff to relationship partners. Shift lower-level relationship efforts to other staff where that would give the external partners confidence in continuity without making them feel less important or that they have limited access to the top.
- Pre-coach and introduce successor to external partners. Conduct a special session for the Board (and/or staff) helping them to understand their role in letting go of their chief staff leader and embracing a new one.