



Planning for a Successful Succession

CEO departures—
whether planned or
not—don't have to
disrupt chamber
operations

By Tania Kohut

For many chambers, succession planning is not at the top of the “to-do list.” But have you ever stopped to think what would happen at your chamber if your CEO or president were suddenly incapacitated? How prepared is your chamber to handle such an incident? Or, what if your president announces that he is leaving his post? Does your chamber have a plan in place to start the search process?

According to a 2005 National Association of Corporate Directors’ Not-for-Profit Governance Survey, only 23 percent of non-profits have a formal CEO succession plan. That leaves a lot of non-profits, including chambers, who may find themselves in limbo if they suddenly become “leaderless.”

“Every chamber executive should bring a CEO succession plan to the Board,” says **Bob Goltz, president and CEO of the Warren County (NJ) Regional Chamber of Commerce.**

And that’s exactly what Goltz did. Shortly after taking the helm at the Warren County Chamber in 2004, Goltz informed the Board of his intent to create a succession plan, along with policy and procedure manuals. “Their first reaction was, ‘are you planning on leaving us?’” recalls Goltz with a laugh. “But, I believe that if you’re doing your job right, a chamber should be able to run without an executive for 90 days. By creating a plan, you’re protecting the safety and quality of the organization,” he says.

GETTING STARTED

There are two types of succession plans, also known as business continuity or management contingency plans, which are required for a seamless transition of management and to ensure an organization’s continued successful performance. One is for emergency situations, such as the death or incapacitation of a president, and one is for circumstances arising from a customary change in leadership.

In the ideal situation, the board and current chief executive work together to begin the succession planning process. In most cases, staff is not involved. As Goltz explains, “the search for a CEO is the duty of the executive committee.”

For instance, when **Jim Barrett, CCE, president of the Michigan Chamber of Commerce**, turned 60, he advised his executive committee of his retirement plans that, at the time, were five years away. “Two years later, in a collaborative effort with the executive committee, and after careful, lengthy discussions, we decided to select my successor from within. There was a lot of key planning that took place before the 3-year succession plan was put together in June 2005,” explains Barrett. He adds that when drafting Michigan’s plan, he heavily relied on his experiences and reflected on when he became CEO after four and a half years at the Chamber, as well as the information and preparation that would have been helpful at that time.

But even before the discussion of whether the successor should be an internal candidate or come from an outside search, it is important to first think about where the organization currently is and where it is headed: review the chamber’s mission, vision, culture and future direction. Then, consider the necessary knowledge, experience, skills, personality and other related qualities of an individual that would be in line with the organization and its future course. This frank discus-

sion that must take place with the Board will help determine the best place to look for a candidate, and it will air out any disagreements or misconceptions about the organization’s future direction. Addressing these issues at this point in the process will ensure a comfortable, inviting climate for the incoming leader.

Floyd Warner, president of the Pennsylvania Chamber of Business and Industry, is just starting to put together his succession plan, in response to the Board’s request and the Chamber’s strategic plan, which calls for a formalized succession plan. “I’ve been keeping an informal CEO succession file, keeping an eye out for people in the profession, both internally and externally, who I think should be considered. The plan will include timetables, resources and descriptions of the types of character and talent in an executive that would be good for the Chamber,” explains Warner.

When a CEO’s departure is announced, a succession plan becomes the most valuable document in the organization, serving as a one-stop shop for all the items necessary for a smooth transition. Typically, a plan addresses the financial issues involved in the search and the incumbent’s compensation package, identifies an interim president, establishes the search committee, details the Board’s and CEO’s involvement in the search, and discusses the transitional period once the new CEO starts the job. In addition, particularly helpful for emergency scenarios, plans should include a job description for the position, a timetable of events, and a communication plan—from announcing the search to final transition activities, a staff/media/other stakeholder contact list, and avenues for advertising the position. Some plans also include a copy of the organization’s policies and procedures.

In Goltz’s case, he spent approximately two months researching CEO succession plans, and then wrote his own within two days. “With all the material that’s out there, it was easy to put it together,” says Goltz. But, he warns that one cannot cookie-cut a plan. “You have to look at the resources around the Chamber. Everyone has a different set of circumstances,” he says.

And, Goltz is right. Yet, while each plan will reflect the organization’s individual nuances, one aspect of the process will be the same for any chamber: review and revise the plan periodically.

PLAN AT WORK

When the plan is finally written and approved by all involved parties, it is not meant to just sit on the shelf. Rather, it is a

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living document requiring periodic review. In Michigan, with Barrett's plan underway, grooming the incoming CEO has become part of his job, and as such, the plan is constantly evaluated and revised when necessary.

"As we had planned in the succession, my role is now more that of a mentor. I am more focused on having staff make decisions, and as we go through the process, we regularly review the succession plan. From my viewpoint, I'm pleased with the way everything is going. The goal is that no one will miss me when I'm gone. Then I'll know that I've done my job," muses Barrett.

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—Jim Barrett, CCE, president of the Michigan Chamber of Commerce

Goltz is also confident in the value of his plan. "Now, with a succession plan, no matter the reason for the CEO's departure, there is a complete set of steps and resources set within a timeline to place someone in the position. In fact, I think a succession plan is the best way to leave a legacy."

Are you now ready to write your chamber's succession plan? Before you get started, visit ACCE's online bookstore



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When Bob Goltz of the Warren County (NJ) Regional Chamber of Commerce was interviewing for his current position at the chamber, he recalls the Chamber waiting six months before getting him in the door to interview. "That's painful for an organization," exclaims Goltz. To keep the chamber from having to go without a president for such a long period of time and to ensure a seamless transition of management in the future, Goltz developed a comprehensive succession plan which includes this timeline. The timeline identifies the search committee's necessary tasks within suggested timeframes. To see the plan in its entirety, visit the board and governance samples page on www.acce.org.

Day 1: Assign an interim CEO (in case of quick departure)

1st Week:

- Chair
 - a. Set up a CEO Search Task Force
 - b. Create a job posting

2nd Week:

- Post job opening on website
- Post on ACCE and U.S. Chamber website
- Contact local, state and regional like organizations

37 Days:

- Receive resumes

40-45 Days:

- CEO Search Task Force Meeting
 - Narrow down top 3-5 candidates
 - Set dates for first interview

50-55 Days:

- CEO Search Task Force has first interviews
- Schedule second interview dates with task force
- Ask for references of top three candidates and begin checking references

65-70 Days:

- Second/final interview

80-90 Days:

- Board ratifies CEO candidate
- Sign job offering/contract

120 Days:

- New CEO on the job

and pick up a copy of *Chief Executive Succession Planning* by Nancy Axelrod. The book is a good resource for information on the process of assembling a plan and what should be considered. Also, view sample succession plans, including the Warren County Chamber's plan, online in the sample files area at www.acce.org. ☐

Tania Kohut is manager, communications and marketing, at ACCE. She can be reached at tkohut@acce.org or (703) 998-3532.