



succession planning case study



Funded by the Lord Mayor's
Charitable Foundation
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introduction

About us

The Port Phillip EcoCentre is a community-managed environmental not-for-profit organisation that builds relationships to inspire, educate and demonstrate sustainable environmental practice and reconnect people to the natural world. Our vision is that of an empowered and engaged community actively cultivating long-term social and environmental well-being.

We apply four objectives to make this happen:

Education

Provide and support educational programs that develop and share knowledge, ideas and skills which inspire and stimulate positive environmental action

Community Action

Support people to care for the environment and address climate change

Partnerships

Build strategic partnerships which maximise our environmental and social impact

Organisational Development

To ensure the EcoCentre is run in an effective and efficient manner



introduction

Who is this manual for?

This case study provides tips based on the Port Phillip EcoCentre's experience with succession planning. We are not trying to duplicate the many great and comprehensive guides to succession planning for not-for-profits that are already freely available online, like [Our Community's](#). Rather, we would like to share with you the learnings that we gathered on our succession journey, and we hope that you will find this useful as a support to your own succession planning project.

The recommendations for succession planning in this case study may apply to your organisation, assuming that there are some similarities between it and the EcoCentre:



You are a small to medium sized environmental not-for-profit organisation, with a turn over of \$500K-\$1.5 million per year



Budgets are tight and often annual funding is uncertain



The organisation revolves around the leadership, networks, passion and innovative thinking of one person, often also the founder of the organisation. This person is the face of the organisation and has most of the contacts and history and systems knowledge. The organisation is heavily dependent on this person for its effectiveness.



You have staff, a Board of Management and/or volunteers committed to your organisation's purpose, who feel passionate about the environment and the urgency to make change. Sometimes they are so invested that they work longer hours than they should or even volunteer additional time.



Your organisation's systems have evolved or are growing in a fairly unplanned, organic manner. Some or most are outdated or not optimally functioning for the organisation's current size and purpose.

introduction

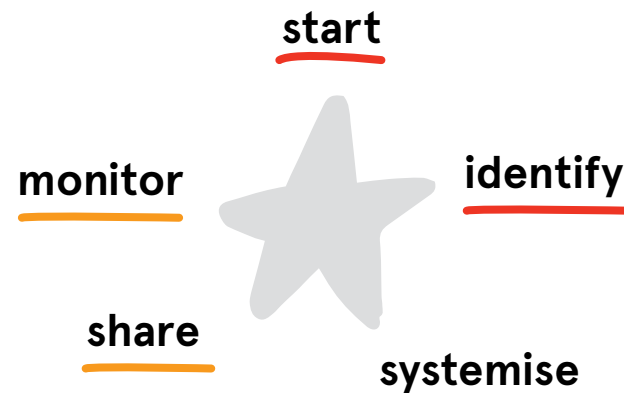
Why plan for succession?

Many community organisations are born of the passion and commitment of a few individuals who are prepared to give unstintingly to the cause. In many cases, the self-sacrifice of founder members results in incapacity of other members to share organisational responsibilities. Such organisations are likely to fold when founder members, for whatever reason, are unable to maintain their commitment.

Planning for succession ahead of time means your organisation is less vulnerable. A structure of shared leadership where not just one person is the key to the external relationships and organisational knowledge makes the organisation more robust to unexpected changes. It also means that there are others in the organisation who know in detail how things work internally (for example, finances) and who can manage the organisation if the Director/ Executive Officer is on leave or resigns.

Five core learnings

From 2014 to 2016, the Port Phillip EcoCentre undertook a succession planning project with funding awarded by the Lord Mayor's Charitable Foundation as part of the Foundation's Capacity Building grants program. The total duration of this succession plan project was 18 months of continuous project and change management. By the end, we identified five core learnings from the process, divided into two project phases: Identification of issues and implementation of solutions. Although the funded project officially ended in 2016, organisational capacity building continues to be an ongoing practise that employs monitoring, identification of issues and implementation of solutions in a cycle of organisational improvement.



our story

Our succession planning experience began when, after 15 years of service, our founding Director expressed the desire to move into a different role. Similar to other organisation founders, the Director is a charismatic individual who has devoted his life to connecting people to understanding, appreciating and caring for their local environment. His creative vision has given direction to the organisation and helped establish its reputation. He has enormous specialist knowledge, a wealth of contacts and an absolute commitment to the cause.

We were lucky that he gave very early notice. The Board and Director realised they needed to think about how we were going to make the transition. They knew that good succession planning involves more than just finding a successor – it's about developing organisational capacity, including internal leadership, so as to have a sustainable future.



phase one

identification

identification

Identification phase

Recognising the lack of a succession plan and acknowledging the need for it for your organisation is the first step towards mitigating this organisational risk. The next step is to identify where your organisation is at and what needs to happen to make the project a success.

★ start

Start long before there is any reason to

If you start planning for succession when your key person has given notice, you are already too late. Succession planning is a gradual process and needs to be undertaken as a part of the risk management strategies of the organisation. In the event of the unexpected absence of the key leaders, the organisation should be able to continue without loss of networks, clients, staff, knowledge or revenue.

Don't rush it – it takes time to create sustainable change

It takes time to make sustainable changes and it is important not to get anxious and rush to solutions. It is advisable to plan out introducing changes over a period of several months or even years, depending on their nature, available funding and level of urgency. However there may be some things you can do straight away, such as identifying leaders in the organisation who can become part of the succession plan.

★ identify

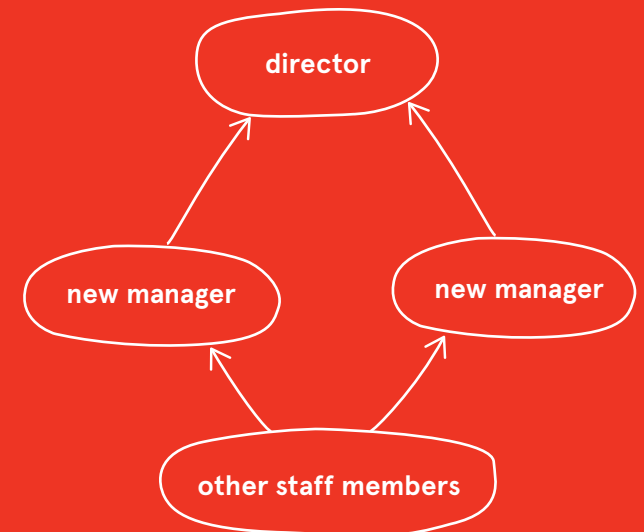
Identify the Who and What

Succession planning = capacity building

Succession planning involves building leadership capacity and often a decentralisation of certain responsibilities within the organisation. Consider re-aligning job roles and the organisation structure so as to create a management framework to build on. Succession planning also touches on the core activities that enable the organisation to meet its mission over time. It is therefore inevitably linked with developing organisation capacity.

our story

The development of internal leadership capacity began with the Board and founding Director recognising that there was no formal structure of shared leadership on which to develop internal leadership capacity. The Board created a new organisation structure where some of the Director's management duties were added to the roles of two existing staff members, who were promoted to management level. Before the project, all staff answered directly to the Director. After the change, the managers reported to the Director and the other staff to the managers.



identification

Engage people in the process

Form a succession planning steering group to drive the project, consisting of at least the Board chairperson and Director/EO and key staff. Once this is established, the steering group will need to identify and get commitment from others on the Board and in the organisation that need to be on side. Organisational change requires buy-in – it's participatory. Get the relevant people in your organisation to engage in the process. For small organisations this often means everybody, including the Board and key volunteers. Having Board members work on the project together with staff benefits both parties and the organisation by creating a closer relationship between the two groups.

Invest in the project

Succession planning and capacity building are types of change management and take time and resources to implement. If funding is not available internally, applying for a capacity building grant with a philanthropic organisation can be an option. Allocating enough funding to the project is essential to its success:

- Staff will need hours allocated to work on the project. Some, like managers and key personnel, may be part of the steering committee and will need at least a half day per week to work on the project. Other staff will need capacity to participate in information and training sessions.
- Appropriate professional development opportunities should be considered for key staff members. Think of internal staff training, but also external courses or certificates. Find out what your people need to learn and know to be leaders and managers in the organisation.
- Some areas of systems change may require the services of external consultants.

our story

We included funds for an external consultant in our funding submission to a philanthropic organisation for Capacity Building-Succession Planning. Our consultant had significant experience as a manager, Executive Officer and Board Chairperson of a community not-for-profit organisation. She was able to provide advice and support, help redesign systems, collate data and interpret results of undertaken systems analyses. We also budgeted for all-staff training sessions and external training courses to upskill the new managers in key management areas such as finances and human resource management.

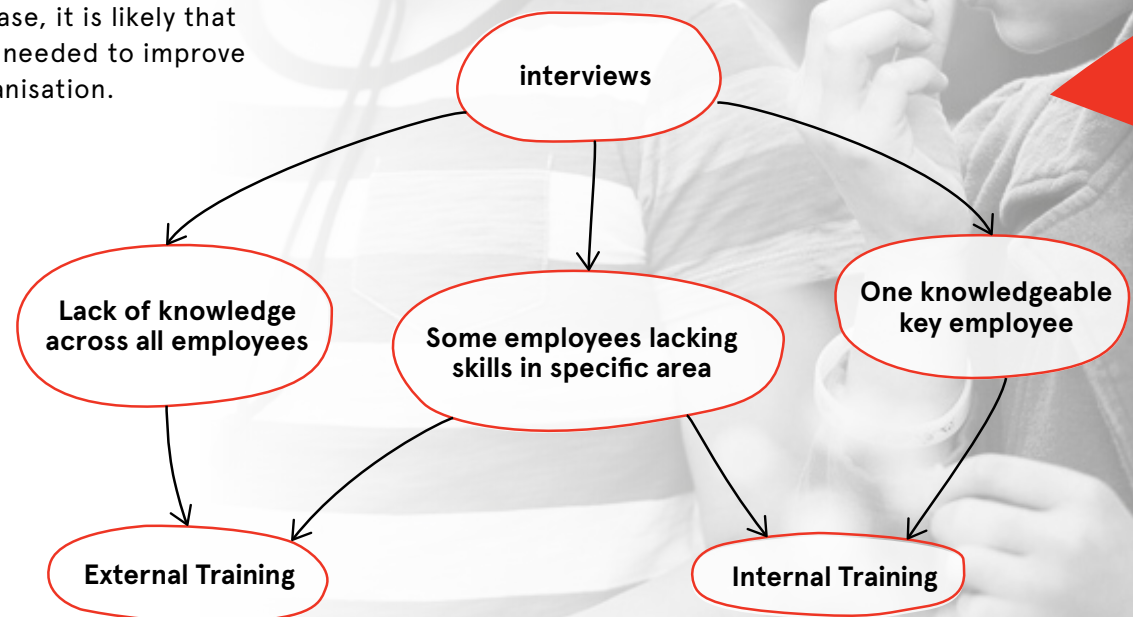
identification

Evaluate your organisation's capacity with a formal survey tool.

Succession planning involves more than just thinking about a change in personnel. It requires a holistic approach that assesses how the organisation is currently functioning, identifies operational, management and governance strengths and weaknesses and establishes goals for change management strategies. Completing an organisation assessment survey is a useful way to identify areas that require attention and to start a conversation about what needs to be done to improve the capacity of the organisation and to plan the succession process, the priorities and who will take the lead role. Doing the survey both at the start and near the end of the succession planning project can provide you with a measurable evaluation of your progress.

Understanding your assessment tool's result

An indicator of an internal knowledge bottleneck can come to light when one team member rates the organisation highly for a particular skill or knowledge area, while the others perceive the organisation as weak in that area. In this case, interviews, training and creating procedures with the help of the highly knowledgeable person mean internal resources can be used to extract this knowledge. Another red flag should go up if all staff and team members rate a particular skill or knowledge area with a low score. In this case, it is likely that external expertise is needed to improve this area for the organisation.



our story

The EcoCentre did an evaluation of the organisation at the beginning of the process to define the areas of focus. Each member of the steering group independently completed the Marguerite Casey Foundation Organisational Capacity Assessment Survey and results were confidentially consolidated by the external project consultant. The survey breaks down organisational capacity into the areas of *leadership capacity, adaptive capacity, management capacity and operational capacity*. Each area has various components which the respondent scores and when all responses are joined a picture emerges of strengths and weaknesses. This gave us a benchmark for our starting point and a clear picture of the areas of improvement on which we needed to focus.

The results of the assessment survey showed that our weakest area was operational capacity followed by management capacity. The tool highlighted issues around:

- finances (fundraising, operations)
- human resources (dependence on the Director, planning)
- knowledge management (databases)
- facilities (office space)

After combining our own knowledge of the organisation's issues and the results of the survey, we identified four areas to focus on. They were:

1. Organisational management structure – building internal leadership capacity
2. Knowledge management
3. Human resources system
4. Financial management system



identification

Who else needs to be involved? Talk to everyone

An analysis of your organisational information and knowledge needs helps to identify priorities for knowledge and information transfer, sharing, storage and retrieval. A staff needs analysis starts a constructive conversation about knowledge sharing. There are always some things that can be improved on without investing a lot of resources.

When consulting with staff on how to improve a system (finances, human resources, IT, etc.), make sure you talk to all the people who have a stake in it. Talk to the people who use the system to identify what is working and where there are issues. Involve all those who have a major stake in developing the solutions to issues. This may include volunteers as well.

"How do you know where to find things?"

"What takes up most of your energy?"

"How do you find out what is happening at the Port Phillip EcoCentre?"

our story

Our external project consultant interviewed all staff, Board members and some key volunteers about issues and systems that were not working optimally. Asking open-ended questions means you do not pre-suppose each employee's perspective and can uncover unspoken assumptions. The results of the interviews were analysed and collated with the steering group's existing knowledge and with the results of the assessment survey to provide a comprehensive overview.



phase two
implementation

implementation

Implementation phase

Based on the outcomes of the activities in the Identification phase, you will know where your organisation's weaker areas are that need attention. The below core learnings relate to the EcoCentre's situation, but may be relevant as recommendations for any not-for-profit organisation.

★ systemise

Standardise systems

Knowledge management – Make sure your policies and procedures* are up to date.

Knowledge management is a combination of person-to-person sharing and systems that support efficient data storage and retrieval. It is about how you create and capture knowledge and information so it

can be shared with others, how you store and organise and access it, and then how you transfer it, share and apply it. Not-for-profit organisations should have a set of policy documents, approved by the Board, which guides members and staff in their decision-making and day-to-day conduct.

A policy is a clear and simple statement about how the organisation will conduct its activities. Developing standardised policies and procedures help your organisation be more robust; if someone leaves, they form the organisational framework with which new people can start working immediately.

Policies and procedures need to be accurate and clear. There are many free resources and tools available online to help not for profits with management. These include how to develop robust systems and templates for policies and procedures. For example, [Our Community](#) has sample policy documents that you can modify for your organisation.

*Policies describe rules and provide a road map that gives guidance to decision making and day-to-day conduct. Procedures explain how to put the policy into operation. They explain the steps of how to do things in particular circumstances. For example: an Expenses Policy defines expenses that are eligible to be reimbursed to staff, while the procedure will detail what form to fill in, who needs to sign it and to whom it should be submitted for processing.

our story

You need to combine your people's needs with your organisation's needs and determine how technology can best work for you given the resources you have. The EcoCentre's IT systems and databases had grown organically with the organisation over many years, resulting in a lack of clarity regarding on where to store information and get access to documents. Much of the knowledge of where to find things was implicit; there was no standardised electronic filing system, resulting in the duplication of folders, staff storing documents in different places, loss of efficiency and frustration. We contracted an external consultant to provide recommendations for a future information technology plan – which included prioritised actions on file storage, mobile connectivity, hardware upgrades and how to best integrate hardware and software to fulfil the organisation's needs, within the budget that we had available. When improving or replacing your internal IT systems, don't forget to allocate time and funds to train your staff in the new procedures.

implementation

Human Resources System

Clear HR policies and procedures with standardised templates for activities provide clarity for current and potential staff and save time for administrators.

Taking the time to make sure your suite of HR policies and procedures are comprehensive and consistent with relevant legislation and Industry Awards is essential. They can also incorporate standard letters of offer, contracts and job descriptions which saves time and ensures clarity for employees. These templates are also a valuable resource that your HR officer can use when recruiting new people.

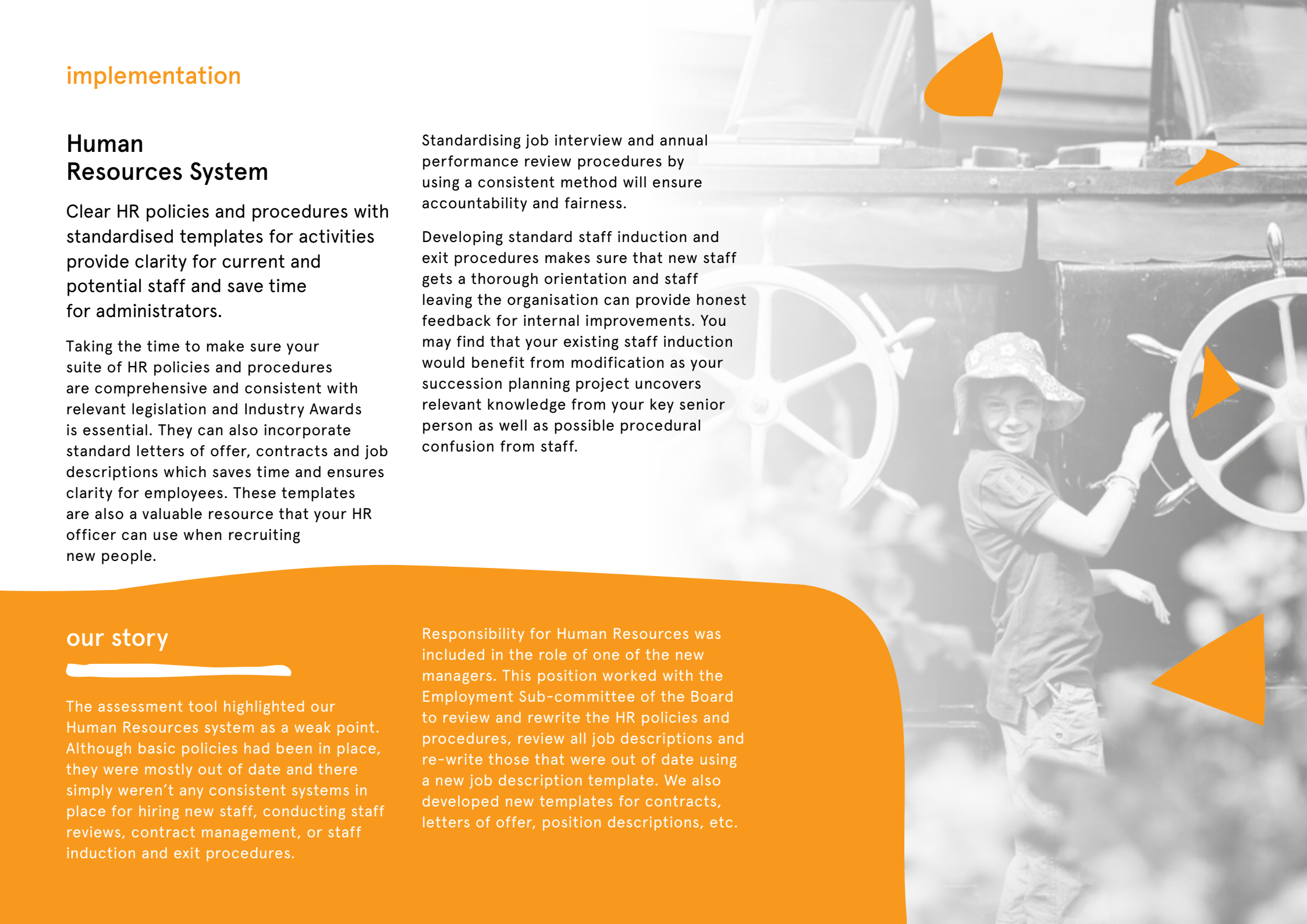
Standardising job interview and annual performance review procedures by using a consistent method will ensure accountability and fairness.

Developing standard staff induction and exit procedures makes sure that new staff gets a thorough orientation and staff leaving the organisation can provide honest feedback for internal improvements. You may find that your existing staff induction would benefit from modification as your succession planning project uncovers relevant knowledge from your key senior person as well as possible procedural confusion from staff.

our story

The assessment tool highlighted our Human Resources system as a weak point. Although basic policies had been in place, they were mostly out of date and there simply weren't any consistent systems in place for hiring new staff, conducting staff reviews, contract management, or staff induction and exit procedures.

Responsibility for Human Resources was included in the role of one of the new managers. This position worked with the Employment Sub-committee of the Board to review and rewrite the HR policies and procedures, review all job descriptions and re-write those that were out of date using a new job description template. We also developed new templates for contracts, letters of offer, position descriptions, etc.



implementation

Financial Management System

Ensure you know the true cost of all your programs and budget for organisational development.

Make sure you know the true cost of all programs, so your staff can develop accurate and realistic budgets, report and acquit programs and monitor and report on programs and the organisation.

True cost consists of all the costs involved in delivering a program, including on-costs like printing, rent, staff superannuation,

WorkCover, organisational insurance, travel costs, reporting time, evaluation of projects, etc. It also needs to cover areas of the organisation that the program uses, such as administrative services, volunteer management, etc.

Be wary of the tendency to let organisational passion about the importance of a project cause your staff to underestimate the true cost and how much time it will take, and thus to under-budget. While there may be an argument to provide a project under cost, it is not sustainable and should only be done if you know you can fund the shortfall

from elsewhere, or if there's a persuasive reason, such as building strategic relationships or that future cost-effective work will flow from it. Underestimating the cost of a program means you will always be doing things connected to programs and activities at a stretch and you will not be putting enough funding into developing your organisational capacity. In the long run this places stress on staff and on the organisation.

In a broader sense, under-costing your work damages the market value of your sector too – your organisation's experts deserve similar payment to other qualified consultants.

our story

For the first few years of its existence, the EcoCentre's 'urban environment' work was relatively new ground, often not deemed worthy of investment by potential funders. External funding streams generally would not fund organisational costs or staff. This limitation was sometimes compounded by the prevailing cultural perception among potential funders (including government) that environmental projects are essentially initiated, managed and implemented by

volunteers. These cost pressures and the need to clearly demonstrate financial accountability highlighted the need for careful tracking of expenditure.

We examined our budgeting methods and assumptions. We needed to ensure that we were costing our programs correctly – we had a tendency to underquote the true cost. We realised that for the organisation to be sustainable we needed to be realistic about the cost of each hour of staff time including on-costs and organisational overheads. We developed a consistent formula for budgeting staff and

other costs and we made sure we did not underestimate the number of staff hours required to deliver a program.

Once we had developed a realistic cost for staff hours we ensured that the hours were allocated against their relevant program areas and we developed a system for staff to monitor and report their hours and other costs to specific program areas.

Lastly, we provided training and support to staff so they understood how to label their hours and expenditure against the different program areas. This made it much easier for the managers to track project budgets.

implementation

★ share

Relationships and knowledge sharing

As referred to earlier, knowledge management is just as much about person-to-person sharing as it is about systems that support efficient data storage and retrieval, especially when it comes to sharing organisational relationships and networks.

Knowledge is not necessarily confined to information databases or policy documents.

A *formal* knowledge management system involves externalising knowledge by creating standard operating procedures and databases accessible to everyone in the organisation. However, often the *informal* knowledge is much harder to externalise. Informal knowledge refers to the organisation's culture and the implicit assumptions that are made around 'how we do things'. It is easier to access informal knowledge in a small organisation where staff can turn to their neighbour and ask

a question, or use their own judgement to make a decision. In growing organisations this becomes impractical because of growing staff numbers, a larger number of projects and higher project accountability. Relying on implicit processes becomes unworkable. Asking similar questions as you did in your needs analysis can reveal the hidden assumptions in your organisation. Shining a light on this can help inform procedures and inductions.

Accessing deep knowledge

Going beyond implicit knowledge, opportunities for sharing the deep knowledge that resides in the minds of key leaders often emerge through shared experiences of external meetings and excursions. Although it is impossible to externalise a person's decades of knowledge and expertise on paper, 'learning by osmosis' over a period of time allows key staff to both get a more holistic view and to learn what is most relevant to their particular work area. Enabling key staff and volunteers to accompany the leader with knowledge and experience on trips to external projects and meetings with stakeholders provides less formal, but rich opportunities for knowledge and network sharing. For external stakeholders this also enables getting to know the new faces behind the organisation.

our story

Immediately after the creation of the two new management positions, standard weekly meetings were scheduled between the founding Director and the managers. During this time, over the period of the succession project, the managers were able to externalise and absorb much of the internal knowledge of the founding Director by asking questions and getting advice on any specific issues arising that week.

Standard monthly all-staff meetings now provide opportunities for knowledge sharing among staff, training and the opportunity for management to inform staff of new Board decisions.

Halfway through the project, the founding Director stepped down into a new role and one of the managers was appointed the new Executive Officer. The timing was brought forward to coincide with our new Strategic Plan. Although we could have recruited an Executive Officer externally, we made the conscious decision to recruit internally, because we knew the existing staff had the competency we were looking for and was already strongly aligned with the organisation's mission, vision and values. Different organisations have different needs, but all options should be considered.

We were lucky to still have availability of the former Director to the organisation so that knowledge sharing could continue. It was a unique opportunity to not only have a mentor for the Executive Officer, but also test and adapt our new systems with the succession project providing resources for improvements.

implementation

Developing a new strategic plan or reviewing the current plan brings people together around the organisation's mission and direction

Consider implementing structural change to synchronise with the new financial year and development of the strategic plan. Involving both the Board and staff in developing a new strategic plan in the context of the new structure is an effective way to affirm the organisation's mission and values and set clear operational directions.

our story

Twelve months into the process, with the new Executive Officer and new team structure in place, the Board embarked on developing a new three year strategic plan. This brought the Board, the new leadership team and staff and volunteers together to affirm the mission and values of the EcoCentre

and to create a clear understanding and shared set of directions for the next 3 years. Our strategic plan included performance measures that enable a common assessment across our project teams, to create a sense of collective impact.

We used an experienced external facilitator to guide the process in which both Board and staff worked together.



implementation

★ monitor

Keep monitoring integration of the organisational changes and their effectiveness over time

Succession planning and organisation capacity building help get your house in order, reduce your vulnerability to unexpected departure of key staff and improve the organisation's effectiveness and sustainability. It is worth the effort, but do not expect it to solve every issue. It is part of an ongoing and dynamic organisational process which will require adaptations, updates and changes over time.

Practice what you preach

Once changes have been implemented and staff has been trained, it is essential that the changes are reinforced through modelling of the correct behaviour by the leadership team. Keep practicing what has been learned from the project and keep evaluating and talking to staff to make sure changes have truly been implemented and are really making people's work easier.

Surprise!

Be prepared for unintended consequences both positive and challenging as a result of the changes you are implementing. The shape and composition of your team may evolve as people leave and new people come on board, but ultimately you will end up with stronger and better equipped operations for your organisation.

our story

The experience of succession planning over an extended period with the commitment of the Board, including strong leadership from the Board's President and leadership team, has created changes as to how the EcoCentre approaches succession planning and capacity building. A culture has developed that includes a confidence in self-examination and review. There is a willingness and capacity to make changes when they are required. These things cannot be taken for granted – they are part of a dynamic and ongoing process and commitment to a healthy organisation.

acknowledgements

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Email info@ecocentre.com for a more detailed account of the EcoCentre's succession planning journey.

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