

# Succession Planning for Board Members

/ CHALLENGE, OPPORTUNITY,  
AND A PATH FORWARD /



**F**rançois de la Rochefoucauld famously noted, “The only thing constant in life is change,” and well-run foundations must plan accordingly, especially when it comes to board leadership.

**This article will explore how private foundations can plan for changes in governance and weather the transition as a cohesive, effective unit.**

## Why You Need to Plan Now, Not Later /

To ensure continuity of your board, you know that you need a plan in place for members' retirement—whether they leave as planned (e.g., after decades of service) or unexpectedly (e.g., relocating to a new city). Under any circumstances, a change in board membership can be disruptive. At the very least, others will need to take up the slack. At worst, the departure of an experienced, skilled board member could prove destabilizing, reverberating throughout the foundation and compromising your work.

Rather than scrambling to deal with the fallout of a board member's departure, it's clearly preferable to plan for succession, passing on your organization's institutional knowledge to the next generation of leadership while the experienced members are still actively involved. Other reasons to plan now include:

- **The need for training:** Successors need competence building so they're ready to take the reins and keep the foundation efficient at the time of the transition.
- **The benefit of the process itself:** Planning for succession necessitates an assessment of your current operations and perhaps a more focused discussion of your shared expectations for board membership. What qualifies someone to join your board? Do you have formal criteria for board service?
- **The peace of mind:** Having an agreed-upon, detailed succession plan assures everyone on the foundation that the next generation of board members will be qualified and well prepared. It also helps new leaders feel legitimated and empowered to carry on the work of the foundation.

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## Obstacles to Planning /

However necessary, succession planning isn't always easy. The process can expose vulnerabilities and bring long-simmering controversies to the surface, even as it brings a fresh perspective and perhaps even badly needed improvements. Besides these inherent challenges, many foundations have other common obstacles to tackling succession planning:

- **If it ain't broke...** Foundation boards that are happy with their current operations may be reluctant to even think about changing their composition. If they're having a great time working on the foundation, the current members may want to hang on as long as they possibly can.
- **The foundation is the "landing pad":** At some foundations, board membership is considered the "second career" for retirees or an alternative career for younger people who don't join the family business. If board membership is reserved for these members of the family, why devote much thought to training and bringing on the next generation?
- **Disengagement:** You can't train the next generation of family if they aren't interested in and invested in the work of the foundation. Families may need to begin by cultivating their children's interest in philanthropy and then, as they mature, translating that interest into involvement in the foundation.

# Making a Plan /

Your foundation might need not just one succession plan, but two: a short-term plan that covers the unexpected loss of key officers (chair, treasurer, etc.) and a long-range plan that covers expected board attrition.

## The Short-Term Plan

Let's pretend that a key member of the foundation is sucked off the face of the earth. Who would take over his or her work? How would the foundation move forward? To help the foundation withstand such a shock to the system, the board may want to designate one or two individuals to temporarily cover in the event that anyone on the board is unable serve. Such a plan might also detail how long these interim replacements will serve until permanent replacements are selected.

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## The Long-Term Plan

Succession planning presents an ideal opportunity for a foundation to assess its current bench of talent, reinforce its strengths, and cultivate its future. Some foundations go so far as to create a year-by-year plan designating who will come off the foundation board and who will come on, taking into account considerations around retirements, term limits, qualifications for service, etc. Getting this specific enables the foundation to coordinate training, mentorships, and planned wind-downs. You might not want or need to be this detailed, but the elements of a successful plan should probably include:

- **Self-Assessment:** This is an ideal time for the board to undertake a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats). What expertise do you already have, and where are the gaps? Your succession plan can name key people to serve as mentors to rising board members, ensuring that current strengths aren't lost over time. And you can build out your recruitment and training program to address organizational weaknesses. If necessary, you might decide to look outside of the family for new talent that meets important needs, such as professional expertise or special knowledge of a current or proposed funding area.
- **Eligibility Requirements:** Becoming a board member of a family foundation is a lot like acquiring a position in a family business. It's an honor, a privilege, and a big responsibility. So, what qualifies someone for board membership? Some boards consider board membership a rite of passage for children and invite the next generation to join when they reach a certain age. Others wait until specific skills or milestones have been achieved, like completing a site visit, attending a specified number of board meetings, or volunteering a certain number of hours.
- **Formal Training:** In addition to creating training opportunities within the foundation, make sure you prepare rising board members by providing formal training whenever possible. If young people will one day take the reins, consider giving them a chance to learn about philanthropy with their peers, independent of the foundation. Listed below are a number of good training resources devoted to youth philanthropy:

- > **21/64** ([www.2164.net](http://www.2164.net)) is a nonprofit organization that specializes in intergenerational transitions. They bring young philanthropists together to discuss their family legacies and next-generation issues.
- > **Resource Generation** ([www.resourcegeneration.org](http://www.resourcegeneration.org)) is a network comprised of young people of wealth that provides education and resources to philanthropists and activists with progressive values.
- > **The Council on Foundations** ([www.cof.org](http://www.cof.org)) runs next generation retreats for foundation members ages 18 – 35 at its annual family foundation conference.
- > **Emerging Practitioners in Philanthropy** ([www.epip.org](http://www.epip.org)) provides peer support, mentoring and social events for young foundation professionals, foundation trustees, staff at philanthropy support organizations and graduate students studying philanthropy.

## A Single-Source Solution /

As board membership evolves over time, you might want to consider other options for administering your foundation. By having a provider external to your organization, you'll ensure continuity and stability during periods of transitions. When seasoned board members or staff depart, you won't lose key data or momentum; and as new members take their place at the table, important tasks won't fall between the cracks.

Choosing a provider that offers comprehensive services such as Foundation Source offers an additional slate of benefits. By bringing together the services of attorneys, philanthropic advisors, tax experts, and foundation operations specialists, you can get a convenient, scalable solution for every foundation need in one place. Our online management platform ensures operational transparency and facilitates collaboration, even for members in different area and zip codes. Moreover, since Foundation Source takes care of grant processing, tax preparation, record-keeping, and other time-consuming tasks, you'll have the bandwidth to focus on your mission.

Although planning for the next generation of foundation leadership can be challenging, it is also an opportunity for organizational growth. In our experience, foundations can emerge from this process with continuity, newfound purpose, and renewed dedication to their philanthropic goals.

### HAVE A QUESTION?

Call 800.839.0054 or send us an email at [info@foundationsource.com](mailto:info@foundationsource.com).

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