

### **Summary:**

While there are best practices, models, and tools to facilitate organizational change and succession, there is no single solution that fits all family foundations. In most cases, a clear, well-managed succession planning *process* provides foundations immense benefits including opportunities for reflection, education, and development that can contribute greatly to the foundation's effectiveness over the long term.

### **Approach:**

Though there are many ways to develop succession plans, they generally follow an approach that involves four phases:

1. Assessing Governance Needs
2. Identifying Candidates
3. Preparing Successors
4. Evaluating Success

**Assessing Governance Needs:** One of the first steps in assessing governance needs is reviewing (or if not yet developed, developing) the foundation's vision, mission, and values to ensure they express the philanthropic core of the foundation's existence. While continuity and succession may require some adaptation, these strategic tools serve to guide successive foundation leaders in preserving what the board would like to continue into perpetuity. Likewise, if there are areas where the board wishes to encourage flexibility and creativity, this preference can be stated.

After assessing its own philanthropic vision, governance structure, and policies, a board can next consider its current strengths and potential future governance needs. In doing so, a board should be able to identify:

- Special skills and experience that board members must possess
- Particular constituencies who should be represented on the board (e.g., members with active knowledge of a particular geographic area, ethnic community, or specialized field of interest)
- Whether there is the need for a broad range of ages to enable continuity of governance
- Guidelines for counseling board members who are unable to live up to expectations

Once a board has considered its governance needs, it usually creates detailed job descriptions for the various director roles, as well as a list of criteria and qualifications the board believes to be important for a person serving in each role. Going through this process can be a meaningful exercise, and it may provide a thoughtful way of considering the foundation's leadership needs. In developing job descriptions, boards should be clear about the roles they expect new directors to play. For example, will new directors be a full member of the board with voting rights or serve more in an advisory role? If a job description exists, it allows everyone, both family and non-family board members, to agree on expectations.

**Identifying Candidates:** In identifying candidates, boards often develop criteria for selecting new board members by making a list of attributes that the board believes are critical for carrying out the foundation's mission. This might include personal qualities, experience on other boards, or a passion for the foundation's program interests. If the current board is lacking specific skills, like finance or project management, they might include those on their criteria list. Above all, new board members must embrace the concept of a family foundation and be willing to work within that framework.

In the case of private foundations where no family members are involved, identifying and preparing successors can be more challenging. However, there are many sources for identifying non-family board members such as:

- Trusted friends
- Professional advisors
- Subject matter experts related to the foundation
- Community representatives
- Representatives of the community or culture that the foundation is trying to assist

To narrow the search for potential candidates, boards often conduct interviews and obtain references of potential candidates. Some boards embark on “listening tours” of the leadership of well-aligned charitable, civic, or business organizations to glean the names of potential candidates. Through this process, they often look for specific qualities in potential candidates such as:

- **Board experience** – Candidates with prior board experience may minimize the time and effort needed for them to understand their role and responsibilities as a director. More importantly, they could draw on past board experiences to enhance a foundation’s governance, policies, processes, etc.
- **Truly caring about the foundation** – The responsibilities of a director are much too demanding for anyone who lacks enthusiasm for the job. Candidates should repeatedly demonstrate the desire to go above and beyond what is normally required. The best candidates make the foundation’s priorities their priorities.
- **Understanding the foundation’s mission** – Every director should be able to concisely but clearly answer the question: “What is this foundation all about?” This question seems simple but requires forethought to answer—a knowledgeable candidate will stand out from the crowd.
- **Objectivity and impartiality** – The boardroom of a foundation is no place for special interests, temperamental bias, or personal whim. Directors should be seen as a judge, not an advocate, except with respect to the foundation’s priorities. Look for people who can hear all sides of a discussion before forming an opinion.
- **Skills that support the foundation** – Boards need certain core competencies among its members such as management, investment experience, budgets, and legal expertise. Not all directors need possess each attribute. Boards should determine the gaps in current member skills to ensure some directors possess these skills and use them appropriately to support the foundation.
- **Team players** – In foundations, major decisions are rarely made by one person. That is why directors must be able to resolve their personal differences and work together as a single body to achieve their goals. Too much confrontation indicates a lack of respect for one’s fellow directors and makes reaching a consensus impossible; colleagues must be able to collaborate even when they disagree.
- **Willingness to work** – Candidates should understand the scope of their responsibilities and demonstrate the willingness to give their time and energy to the foundation. This might mean arranging one’s personal schedule to accommodate meetings, serve on committees, undertake special assignments, or wrestle with the day-to-day operations of the foundation.
- **Practical wisdom** – Candidates should have the capacity to see the big picture. Not only is it important for them to recognize the validity of opposing arguments; they must also be able to distinguish principle from expediency, and transform their ideals into solutions that work in the “real” world.
- **Commitment to the foundation** – Simply put, a director’s sole responsibility is the foundation and its mission. Special interest groups or other constituencies should not be a party to the discussion of foundation interests through its directors, nor should they have the ability to influence decisions.

## Philanthropy Succession Planning: Things to Consider

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- **Commitment to philanthropy** – No foundation is an island unto itself. Every director, even in small family foundations, has a responsibility to act in a way that strengthens the world of philanthropic foundations. Candidates who truly believe in the good that comes from philanthropy are often best suited to working within these structures.

**Preparing Successors:** No matter how enthusiastic and diligent, new directors should have an understanding of their essential roles and responsibilities. A complete orientation packet might include:

- A “job description” describing the trustee’s role and anticipated time commitment
- The foundation’s organizational documents, such as articles of incorporation, by-laws, strategic plans, and/or foundation policies, and any additional documentation related to specific roles
- Minutes of recent meetings and a cumulative grants list
- An invitation to observe board meetings, attend site visits, or serve on committees

**Evaluating Success:** Successful succession planning is a process, not an event. Each foundation will take its own approach, reflective of its mission and its board’s culture. Success for most foundations is a foundation board that will benefit from the diverse experiences of its directors working together to further its mission.

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