Taking Care of Business
Succession Planning for Smooth Leadership Transitions

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Competency: Business

• Level 2: Mobilizing & Power Building
  – Themes:
    • Identify best practices for training local leaders and affiliates in financial acumen
    • Identify the resources available to promote financial acumen among local leaders and affiliates
    • Defines succession planning and outline the critical steps to develop a succession plan
Competency: Business

• Level 2: Mobilizing & Power Building
  – Themes (cont.):
    • Teach essential “financial housekeeping skills” necessary for new boards and leadership to ensure smooth recordkeeping and financial reporting transitions
    • Discuss the importance of implementing financial standards to make them a part of a local or affiliate’s culture
Financial Acumen

• Acumen:
  – “The ability to make good judgments and make quick decisions” ~Oxford Dictionaries.com

• Financial Acumen:
Financial Acumen

• List 3 things you need to know about your organization in order to make sound financial decisions for your organization.
Financial Acumen

• 3 Fundamental Skills
  – Financial
  – Business Quality
  – Global
Financial Skills

- Budgeting
- Forecasting
- Reporting
- Compliance
Business Skills

• Costs and Resources
• Processes and standards (succession planning)
• Tools and analysis
• Resource management
Global Skills

• Importance of governance
• Risk
• Strategy
Succession Planning

• What is succession planning?
• Why is succession planning important to your organization?
Succession Planning

• Whose responsibility is it?
Succession Planning

• Planning Tips
  – Obtain Commitment of the Board
  – Identify Challenges
  – Create job descriptions
  – Do some “financial housekeeping”
  – Develop a plan for smooth transition of leadership
Obtain commitment of the Board
Identify Challenges

ONLY ALAN WAS PREPARED TO ACKNOWLEDGE THE ELEPHANT IN THE ROOM.
Succession Planning

• “Before companies can start thinking about their succession plans, they have to understand their jobs.” ~ Sharlyn Lauby
List/Create Job Descriptions

• Document list of duties/when due
  – Roles
  – Term of Service
• Identify skills necessary/preferred
• Identify resources available
Financial Housekeeping

- Calendar critical deadlines
- Locate crucial documents
- Verify compliance with Federal and State laws
- Update banking information
- Develop document retention plan/schedule
Calendar Critical Deadlines

- Due dates
- Meetings
- Essential timelines
Locate Crucial Documents

- EIN – Employer Identification Number
- IRS tax-exempt recognition letter
- Financial Statements for prior period
  - Fiscal year-end
- Organizing documents
- Governing documents
  - Constitution & Bylaws
- Tax Returns
Verify compliance

• Federal compliance
  – IRS Form 990
  – Tax-exempt recognition and status
  – 1099s

• State compliance
  – Organizational filings
  – Non-profit recognition
Banking Information

- Identify bank and account information
- Update signers

"We're sorry. Your answer to your secret question was incorrect. Your bank account has therefore been erased from our system"
Document Retention

- How long do you keep documents?
- Which documents do you keep?
Leadership Transition

• Develop a plan for a smooth transition of leadership
  – Groom potential future leaders
  – Plan for transitional leadership and on-the-job training
  – Create a centralized system of document storage
  – Adopt an emergency plan
Groom Potential Future Leaders

• Use job descriptions to create a list of qualities that you look for in leaders...then scout for them

Which way did they go?
How many were there?
How fast were they going?
I must find them!
I’m their LEADER!!!
Transitional Leadership

• Identify and review terms
  – Are they sufficient?
    • Too long? Too short?

• Mentoring and shadowing
  – On-the-job training
    • VP becomes President
    • Past President/Treasurer stays on for 1 year in an advisory role
Document storage

• Create a centralized system of document storage
  – Storage
    • Electronic vs. paper

  – Develop a list of what documents need to be transitioned to whom
Emergency Plan

• Expect the unexpected!
• Develop a plan
  – Interim leadership
  – Cross-training
Financial Standards

• What are the financial standards?
• Where can we find them?
• How are they essential to our culture?
Resources

• NEA Academy
• State Associations
  – Treasurer Training
  – Local Presidents Training
  – Summer Institutes
• Local and National Nonprofit Associations
• Community Education
• Local Colleges and Universities
Session Outcomes

• The content from this session can be used in the following ways in your current position/role:
  – To assist you in training local leaders and affiliates in financial acumen and succession planning
  – To develop a succession plan for your own local/state/organization
  – Strengthen your local/affiliate/organization’s fiscal health
Questions?
Please complete the evaluation for this breakout session!