

Introduction

It is the Board's role to ensure that appropriate governance processes enable having an ongoing continuously effective governing level in place. This includes providing for the successful succession of the Board. Succession planning is an ongoing process of identifying, assessing and developing people to ensure the continuity of the Board.

Succession planning for the Board includes succession and renewal for the Board as a whole and the Board's leadership positions (i.e. Board Chair, Vice-Chair, Committee Chairs). Objectives of Board succession and renewal are:

- New Board members are able to effectively succeed the Board's departing members and can contribute to governing the organization as quickly as possible
- Collectively the members of the Board have the knowledge and skills necessary to perform the governance role effectively
- Effectively prepare Board members for leadership positions on the Board and prevent the risk of people dependencies at the governing level.

Interdependent Practices Enabling Board Succession

Succession of the Board involves interdependent governing practices. The five key governance practices that have a bearing on Board renewal and succession include:

1. Competencies and Attributes
2. Nominations and Election
3. Director Orientation and Ongoing Director Development
4. Developing Board leaders
5. Board Assessment and Director Assessment

Element 1, Competencies and Attributes

Competencies and Attributes involves identifying the competencies and attributes (including diversity of mindset) that the Board as a whole needs in order to provide effective service to the organization. This requires a review of the mission, vision and strategic objectives of the organization, as well as the key issues and risks that the organization will need to face over the next few years. Based on this review, the required competencies and experiences needed on the Board can be articulated. This element also includes identifying the competencies, experience and attributes that each nominee needs to bring to the boardroom. At this stage, the current Board composition is assessed against the desired Board composition and gaps identified. This assessment needs to take into consideration the skills and experiences that may be leaving the Board due to Directors who are stepping down.

Element 2, Nominations and Election

Nominations and Election involves calling for or recruiting nominees that meet the needed competencies, experiences and attributes. At this stage, the information and outcomes of the assessment in element 1 can be communicated to the organization's owners. Organizations are taking different approaches and expressing different philosophies with respect to the means of populating the Board.

Some organizations follow a process whereby any individual who is nominated as a candidate for Directorship is allowed to stand equally for election based on their personally expressed merits while other organizations follow a process whereby the Nominating Committee provides its perspective on the merits of candidates by providing its endorsements for select candidates or providing a 'slate'. The endorsement process provides a perceived elevation of certain candidates. Some criticism has been levelled at the endorsement process for not being transparent and not conducted with integrity with respect to diversity of competencies and mindset.

It is important that any individual who is going to stand for election has the commitment and capacity to serve the organization and ability to serve in the best interests of the organization and not individuals or groups of self-interest.

The results of the election and resulting composition of the Board may impact the training requirements in Element 3.

Element 3, Director Orientation and Ongoing Director Development

Director Orientation and Ongoing Director Development recognizes that new Directors need to be oriented to the organization in terms of its business, its strategic plan, the governance duties, governance protocols and the expectations of a Director. All Directors require ongoing education on the sector in which the organization operates, the specific priorities of the organization, stakeholder needs, and governance evolution. It is important to assemble a curriculum of learning for individual Directors as well as team learning for the Board as a whole. Using the information from element 1, some training may be specifically needed to bridge the gap of actual composition of competencies and experience from that of the ideal composition.

Element 4, Developing Board Leaders

Developing Board leaders is important. The Board needs to be clear on the responsibilities of the Board Chair, Vice Chair, and Committee Chairs and consider the competencies and attributes necessary in the individuals who hold these roles. The Committee Chair roles can be used as a training ground for future Board Chairs. Assigning a Director to a Committee Chair role permits them an opportunity to demonstrate their chairmanship abilities as well as their leadership style and ability to work with executive of the organization. The process of identifying persons to assume the leadership roles needs to be clearly identified with the goal of achieving specific outcomes:

- Provide opportunity for the organization to benefit from experience of different Directors as leaders
- Provide opportunity for Directors to experience different roles on the Board for personal development
- Provide succession planning for the Board leadership role and provide opportunity for fellow Directors to observe Directors in Committee leadership roles prior to being considered for the Board leadership role.

An important component of this element is to provide for a balance of continuity and rotation of people in the leadership roles, e.g. limit the time that any director holds a leadership position to no more than three consecutive years. This allows the organization to benefit from the stability of leadership while having a pool of trained leaders and not creating people dependencies.

Element 5, Board Assessment and Director Assessment

The Board assessment process enables the Board to identify where its practices need improvement to achieve overall governance effectiveness. This might identify the need to modify the desired Board composition established in element 1.

The individual Director assessment assists in the succession planning process. The individual Director assessment process needs to provide feedback to Directors on how effective they are in contributing to the governance of the organization. This process can identify those Directors who should be encouraged to stand for re-election and those Directors who are not contributing at the level needed. The follow up to a non-contributing Director can be an agreed action plan for the Director to improve his/her performance or to depart from the Board to allow room to bring in someone who has the ability and capacity to serve.

The chart in Exhibit I identifies which elements impact the three objectives of Board succession and renewal.

Exhibit I: Linkage of Elements in Succession Planning to Objectives

	E-1	E-2	E-3	E-4	E-5
New Board members are able to effectively succeed the Board's departing members and can contribute to governing a highly regulated specialized business as quickly as possible	✓		✓		✓
Collectively, the members of the Board have the knowledge and skills necessary to perform the governance role effectively	✓	✓	✓		✓
Effectively prepare Board members for leadership positions on the Board and prevent the risk of people dependencies at the governing level.				✓	✓

The chart in Exhibit II summarizes the key components of each of the elements.

Summary

Effective succession planning for a Board requires the combined effort of five key processes. The organization will benefit from a boardroom environment that acknowledges the need to constantly consider the requirement for change. This includes regularly reviewing the type of Board required in the particular circumstances, and evolving the desired Board composition. The information on desired competencies and attributes will better equip the nominating committee and the members in selecting the people to serve on the Board. The Directors themselves can use this information to assess their ongoing capability for the organization's benefit.

Change will also be demonstrated through the ongoing training for Directors given the evolving nature of the business environment, the stakeholders' needs and the Director's knowledge. Developing a pool of Board leaders for leadership succession is important. Rotating Directors through Committee Chair positions provides an opportunity to observe the ability of various Directors to assume the critically important role of Board Chair while also preventing dependency on any one individual.

Board and Director assessments are an effective tool in Board and Director continuous development. This helps identify changes needed in the Board composition and knowledge base which will provide input to elements 1 and 3.

This discussion paper has highlighted the five key elements to provide for effective Board succession. Each of these elements needs to be carefully fulfilled to achieve the objectives of Board succession and renewal.

Exhibit II

Processes to provide for effective Board succession and renewal				
1 - Competencies & Attributes	2 - Nominating & Election	3 - Orientation, Ongoing Development	4 - Developing Board Leaders	5 - Board and Director Assessment
Identify competencies, & experiences needed for Board as a whole	Call for/recruit nominees with capacity, competencies, attributes	Orientation for new Directors on business, governance duties	Identify responsibilities, competencies, attributes of Chair roles	Design assessment process for Board as a whole – carry out
Evaluate current competencies, & experience against desired composition	Conduct selection and recommendation process for nominees (interview, endorse)	Identify education curriculum for Directors – monitor fulfillment	Identify Directors for Board Chair, Vice-Chair, Committee Chair roles	Design assessment process for individual Directors – carry out
Identify competencies & attributes each Director needs to possess	Determine and conduct appropriate election process	Identify, provide training for Directors specific to organization	Process, practices for appointing Directors in leadership roles	Evaluate assessment results – share, develop actions to improve
Identify missing/desired competencies	Assess competency of new Board	Opportunities for Board team development	Assessment process for Chairs	Process to replace non-contributing Directors

Evaluate your organization’s Board succession planning elements:

Succession Planning Elements	We have the following practices in place (refer to Bylaws, Board Policy)
1. Competencies and attributes	
2. Nominating and election	
3. Director orientation & ongoing Director Development	
4. Developing Board leaders	
5. Board assessment and Director Assessment	

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