# Succession Planning in the Third Sector in New Zealand

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## Abstract

Succession planning is a significant problem for third sector organisations (TSOs), that is, organisations that are neither wholly public nor private sector organisations. While there is some academic research published in the wider area of succession planning, little has been published on succession planning in TSOs. What is known is that TSOs are often built by and around a founder who at some stage will need to be replaced. Drawing on both the succession planning literature and the literature on TSOs, we propose initial ideas to form a framework in which to examine the views concerning succession planning of people who are involved in the governance and management of a typical TSO in New Zealand. Interviews were used to confirm the ideas proposed in the literature and from there we have begun to develop a set of recommendations on succession planning for TSO practitioners.

**Key Words**: succession planning; third sector organisations, aging population, transfer of knowledge

## Introduction

TSOs are by virtue neither wholly private nor public sector but instead are typically voluntary organisations and community organisations. We use the term TSOs to mean a range of not-for-profit enterprises and social enterprises. Much of the social enterprise literature is concerned with defining what constitutes a social enterprise. Dacin, Dacin and Matear (2010) identify 37 definitions as a way of providing a comprehensive understanding of social enterprises and social entrepreneurs. Their review of the literature covers the characteristics of individual social entrepreneurs, the place or space they operate in, the processes and resources they use, and the outcomes that are associated

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with the social entrepreneur. Comini, Fisher, and Paulo, (2009) also note that social entrepreneurs start TSOs as:

> *"an expression of the love of people through efforts to meet the needs and wants of individuals and groups devoid of economic advantage; social entrepreneurship exhorts society to overcome inequality by treating all citizens equally, which is a novel form of socio-cultural emancipation"* (Comini, Fisher, & Paulo, 2009: 4).

The founder or founders of a TSO make a contribution to society by creating something new and beneficial for their communities (Teegarden, 2004; Tierney, 2006; Greatbanks et al., 2010). TSOs typically meet a range of needs, such as education, health care, social welfare, environmental causes, and sustainable development (Comini et al., 2009). These organisations may provide services in areas that the commercial and state sectors will not or cannot provide, (Comini et al., 2009). TSOs generally have social agenda rather than commercial or 'for profit' ones, and if TSOs make a profit it is done to raise funds for their activities.

Greatbanks, Elkin and Manville (2010) reported that the TSO sector was well established in New Zealand, with a rich heritage, and made a significant contribution to the New Zealand economy. They cited Sanders, O'Brien, Tennant, Sokolowski, and Salamon (2008) who record the Aotearoa/New Zealand voluntary sector TSOs contributed a net added value of some NZ$7 billion, or nearly 5 percent, of GDP (2004 data). TSOs employ about 200,000 full-time equivalent paid staff and volunteers, representing nearly 10 percent of the economically active population (EAP) of New Zealand. As a proportion of the EAP, New Zealand has the seventh largest non-profit workforce in the world (Sanders et al., 2008).

New Zealand's third sector also has a long history of support from social and philanthropic orientated funding bodies, many of which have been organised into regional community trusts or are registered charities. There are other funders who are private and independent through a family foundation legal structure (Crampton, Woodward, & Dowell, 2001). TSOs, however, are often poorly funded. Many TSOs have no financial reserves because New Zealand's third sector receives rather less government, health, and education support than it might be expected, as, unlike many other countries, these sectors are funded primarily through public mechanisms and institutions (Sanders et al., 2008). Many TSOs rely on donations and fundraising for part or all of their income yet funds are often difficult to attract and can be short term in nature. This is particularly true in economically hard times. Furthermore, most TSOs rely on goodwill and volunteers to carry out their activities. As generally small organisations, they are burdened with compliance activities, forward planning, and separating governance from management. Our paper is concerned with smaller TSOs rather than the few that, because of their scale, do not have the same level of difficulties.

The ANZ Privately-Owned Business Barometer (2009) suggested that 55 percent of all New Zealand organisations have an issue with succession planning. The literature has identified some differences between the way a TSO and for-profit organisation deals with

succession planning (Comini et al., 2009; Price, 2006). Furthermore, it is likely that under-resourced TSOs will find this a potentially more intractable problem.

Given the size of this sector and its contribution to society, it is surprising how little is known about New Zealand TSOs, their governance, management, and, more specifically, their succession planning. This paper attempts to address a lack of research by examining the particular difficulties TSOs face in ensuring survival through the succession planning for Chief Executive-type roles.

## Issues Surrounding the Succession Process

The literature identifies a number of issues surrounding succession planning, including a leadership deficit, ensuring continuity of the organisation and planning, and documenting the tacit knowledge, some of which are briefly outlined below.

### A leadership deficit in succession planning

In common with the majority of the Western world, the population of New Zealand is aging. This aging population suggests that a rising number of small organisations must be faced with replacing founders in the near future. Baby boomers (born between the year periods of 1945-1964) are near the retirement stage of their life cycle (Wong, Gardiner, Lang, & Coulon, 2008). Bell, Moyers, & Wolfred (2006) suggested many founders were already planning to leave within five years but had neither consulted their board nor started planning for their succession. As a result the issue may be more severe than has been reported. The post-baby boom generation is less numerous than previous generations, so there may be insufficient replacement leaders, signalling a potential leadership deficit (Teegarden, 2004; Tierney, 2006; Santora, Caro, & Sarros, 2007; the ANZ Privately-Owned Business Barometer, 2009).

Founders may leave for many reasons other than age and retirement, for example, health issues, a desire for new challenges, career or a change from routine, personal reasons and some who are forced to leave the organisation by governing boards (Bell et al., 2006; Comini et al., 2009; Santora et al., 2007). Succession planning is clearly an important issue for an organisation when endeavouring to replace founders of organisations and ensuring continuity of leadership in a time of a reducing competent labour pool (Bell et al., 2006; Comini et al., 2009; Price, 2006; Santora et al., 2007; Tierney, 2006).

### Action before the founder leaves

Behn, Riley and Yang (2005) found it is prudent for a successor to be in place before the founder leaves. This presents a difficulty to the small TSO with insufficient funds to hire an additional person. Price (2006) suggested an organisation should start succession planning as soon as it is established as an organisation. As part of this endeavour, the

founder's past, present, and future role in the TSO needs to be established. The founder's tacit knowledge will be very important for any new successor and needs to be made explicit. The board of directors needs to develop the successor's job description outlining all the roles within the founder's job role (Price, 2006; Wolfred, Allison, & Masaoka, 1999).

As the prospect of the founder leaving becomes clearer, it is important that some of the daily duties and roles of the founder are delegated to the board of directors and managers. Delegating some of the founder's duties can provide a safeguard against a founder's sudden exit. Discussion among these parties needs to identify who wants more responsibility, and who will share knowledge with the founder and be able to pass it on and work alongside the new successor when required (Laff, 2008; Price, 2006). Such practices will begin to fill a potential void if the founder leaves. They are also good managerial practice.

**Planning and documenting the tacit knowledge**

Planning for the change process may also reduce the stress and conflict surrounding the succession. Research shows that the transition is made easier if the founder's knowledge is documented and efforts are made to transfer it to the successor (Wolfred et al., 1999; Weisman & Goldbaum, 2004). Wolfred et al. (1999) also state that TSOs should have an emergency succession plan, which is "a document that names candidates who can replace the current executive director on either an interim or permanent basis and sustain an organisation though a transition crisis" (cited in Adams, 2006: 5). Succession plans need to be documented and updated regularly although in practice this does not always happen (Adams, 2005, 2006; Hodgetts, Kuratko, Burlingame, & Gulbrandsen, 2007).

**Emotional issues**

The process of succession can be an emotional time for all parties involved. Founders may have trouble letting go of their organisation and the process may be acrimonious (Adams, 2005; Comini et al., 2009). Bell's et al. (2006) US study revealed that an estimated 34 percent of all non-profit TSOs surveyed found that the transition was emotional and that members of TSOs showed signs of major loss for their founder ( (also see (Adams, 2006). Moreover, not all the individuals within an organisation will be happy with an outsider taking over the TSO, which has the potential for problems and/or conflict to arise (Bell et al., 2006; Comini et al., 2009; Santora et al., 2007). It is important that employees understand why someone has been selected and that they and the board of governors support the new TSO chief executive (Comini et al., 2009; Price, 2006; Santora et al., 2007).

**Successors are hard to recruit for TSOs**

It appears that it is harder to recruit leaders for TSOs than for 'for-profit' organisations because it often difficult to find a successor with the same unique qualities as the founder (Tierney, 2006). Moreover, compared to the private or public sector organisations, TSOs tend to have a smaller talent pool from which to recruit potential successors, have fewer resources to apply to the recruitment process, and often cannot match the remuneration and conditions offered by private or public sector organisations (Bell et al., 2006; Comini et al., 2009; Price, 2006; Santora et al., 2007; Teegarden, 2004). TSOs, therefore, are often looking for an intrinsically motivated successor to follow an inspirational founder, which in turn may narrow the potential pool even further.

One strategy is to choose a successor who is already in the organisation as they will tend to be familiar with the operational processes and culture of the organisation (Comini et al., 2009). However, research shows that while for-profit organisations tend to recruit 60-65 percent of their senior appointments from inside their organisation, internal senior appointments in TSOs are only 30-40 percent (Tierney, 2006). The literature suggests that choosing an internal successor may have a number of limitations, and an external candidate may be a better choice for TSOs (Bell et al., 2006; Bowen, 1994; Greene, 1989; Price, 2006; Santora, Clemens, & Sarros, 1997; Santora et al., 2007; Tierney, 2006). For example, the internal TSO candidate may not always be suitable as they may not have the necessary skills required and/or may have a narrow vision for the organisation (Bell et al., 2006; Comini et al., 2009).

**Transitional mentoring**

Mentoring is "…the process where a more experienced person guides and supports the work, progress and professional relationships, of a new or less experienced individual" (Longenecker et al., 2008: 159). The founder needs to mentor the successor during the transition as this will ensure the process will be relatively smooth as well as highlighting how the successor is performing (The ANZ Privately-Owned Business Barometer, 2009). Mentoring the successor can also help the founder deal with relinquishing their position and ease their emotional attachment to the organisation (Comini et al., 2009; Walseth, 2009; Wolverton, Wolverton, & Gmelch, 1999).

**Preserving the networks**

Networks created by the founders are vital for the success of the TSOs as these networks represent intellectual capital and connections. A founder of a TSO may have many personal contacts developed over years. However, the transfer of these contacts to the new successor can be a difficult and lengthy process particularly if the contacts have a strong personal relationship with the founder. The founder, therefore, must ensure that their network of contacts understand in advance the changes taking place in the TSO

(Adams, 2006). How the network is introduced to the new successor will often determine the status of future relationships (Santora et al., 2007). Arranging meetings and informal discussions can help stimulate, inspire, and encourage these relationships to grow stronger (Comini et al., 2009). Adams found that "…should the executive leave without adequate attention to transferring those relationships, the organisation's very survival may be in jeopardy" (2006: 12).

## Planning models

The use of an intentional process or model can help structure the whole transitional route and can also ensure that the new successor becomes part of the organisation as the founder gradually relinquishes their position (Hodgetts et a1., 2007). One such model is illustrated in Figure 1, which shows a mutual role adjustment process between the predecessor and the successor (Handler, 1990).

**Figure 1: The succession process: Mutual role adjustment between predecessor and successor**
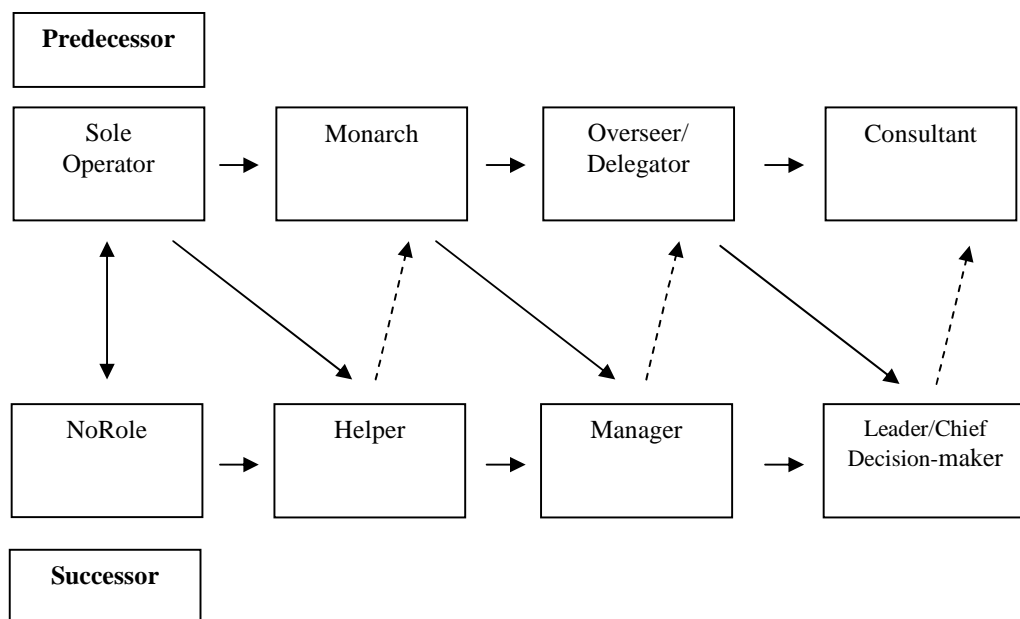


Source adapted from: (Handler, 1990: 43)

While the founder is still in control or partially in control of the organisation, the new successor initially may have no role to play. The move towards the manager's role occurs slowly as the successor gains more expertise in the organisation and the founder's role is diminished (Lambrecht, 2005; Longenecker, Moore, Petty, & Palich, 2008). Comini's et al. (2009) study revealed that one to three years is the time required to train and inculcate

a potential successor into a TSO, a time scale that is difficult to achieve for underfunded TSOs. Therefore, the use of planning models may provide guidance through the succession process, even if they are only partially applied.

Our review of the literature points to the importance of a potential leadership deficit, the need for early action before the founder leaves, as well as the need for delegation, documentation, and making explicit much of the implicit information in the TSO. The review also highlighted emotional issues, the difficulty of sourcing successors, the use of planning models, and the crucial impact of the leaver in the process

## The Malcam Charitable Trust

The purpose of this research project was to test out the views from the literature in practice and to explore the succession planning of the Malcam Charitable Trust (MCT). Following the literature review summarised above, a qualitative study was undertaken of key stakeholders who had a role in the appointment of and working relationship with the new CEO. The aim of the study was to apply the insights gleamed from the interviews and the literature to the succession process of the MCT.

The MCT is a typical TSO; that is, a registered charity that is neither public nor private sector. The MCT was set up in 1985 by Malcolm Cameron whose empathy with young people had shown itself over many years of involvement with disadvantaged young people. Established to assist local young people in Otago, the Trust gained an initial contract for three government youth development programmes. Until mid 2010 Malcolm Cameron remained the CEO. The MCT's mission is:

> *"To provide young people with positive learning and developmental experiences, encourage young people to become self supporting members of their communities, and to maintain a supportive structure that resources people with the enthusiasm and skills to live effectively within the community."* (MCT, 2010)

Typically, young people are referred to the Trust by schools, the Ministry of Social Development, the police, and the courts. Some young people are also sent by parents while others hear about the Trust by word of mouth or through friends. The young people involved in the Trust come from every sector of society and most have been disadvantaged in one way or another.

The Trust values:

> "*Contribution to the communities in the Otago region; responsive services and responsible development; partnership, team work and achievement; respect for all people as individuals; fun, creativity and learning and ethical practice".* *(MCT, 2010)*

By 2009 the MCT had grown into a TSO with 13 full-time staff and more than 20 volunteers working on a number of projects. .In 2008 the Trust had a budget of over $512,000 in which it received over $350,000. of government funding for local youth development, youth employment, and women returning to work (MCT, 2008). The remainder of the funding is generated from local fundraising, sponsorship, philanthropy, and making a margin on projects. Since its inception the Trust has worked with 2000 young people and by 2010 had contact with 340 young people in one way or another: some completing 12 week programmes, other completing modules of training, and some involved through Green Jobs and other short term initiatives. In general the MCT claims an 80 percent success rate by which it means completing the programmes and entering employment or further education and training.

The MCT also works to provide community/social projects that are not funded through government. The MCT ran a programme (4 Trades) providing employment for over 80 apprentices placed with tradespeople to develop and provide skills useful to the local community. Recently the 4 Trades programme has been established as a separate independent trust with a turnover of over NZ$2m. Other projects are Restore, which is a joint venture second-hand store with Habitat for Humanity, a technology drop-in centre, and a hanging baskets scheme for the city council for the public areas of Dunedin. Another project is the "Green Jobs" scheme whereby young people are employed and work with a supervisor cutting grass and doing horticultural work in the Dunedin Botanical Gardens with the intention of developing work skills sufficient to enter an apprenticeship or permanent work.

The Trust has a number of other initiatives, for examples, in 2008, the Trust funded a group of young people to travel to Nepal to work on a hospice. Also from 2008 to 2010 the trust operated "Launchpad" – a venture to assist young people into permanent employment through developing relationships with local employers and Otago Polytechnic. Another proposed initiative provides improvements to home insulation and heating for low-income families. This initiative has been expanded to include a potential plant to manufacture household insulation materials from recycled materials and teams to install the insulation materials

The MCT has an all-volunteer board that exercises governance responsibilities. The board members are all middle-aged and successful business people, often with experience of managing businesses. They are all involved in other third sector organisations as well.

## The Research

Our study included interviews with the founder, the chair, five members of the board, and all three managers. In addition, one employee of the Trust was also interviewed to get an employee perspective on succession planning in the Trust. Given the small number of people associated with the TSO, a qualitative approach was taken and only one interviewer used. The interviews were semi-structured with questions chosen as the "themes and questions were known in advance but the questions and their orders vary

depending on the flow of the interview" (Anderson, 2009: 187). This method also allowed for the use of 'open-questioning techniques'. The questions themselves were derived from the literature review. Semi-structured interviews also allowed new issues to be explored that had not been initially planned and for some other themes to emerge.

The questions were piloted with the chairman of the board and the founder before the interviewing was undertaken. The questions set out to cover:

- how the founder should be replaced.
- what characteristics were required for the successor.
- whether a replacement should be from inside or outside of the organisation.
- the time and nature of the planning needed.
- how the successor should be introduced into the organisation.
- what role the founder would have once a successor is established.
- how the founder's contacts should be transferred to the new successor.

At the end of each interview, participants were able to add any additional information. All the interviews took place in a quiet setting, often in the participant's office, where the researcher and participant were not disturbed. Each interview was reviewed immediately by the researcher after they were finished to ensure accuracy. Once all the interviews were completed, the responses were collated and summarised. From here, key themes were derived.  Supporting quotes to provide rich data show the viewpoints more clearly.

## Results

The founder's reasons for planning for his succession were related to age, family, sickness, and exhaustion, which are typical reasons for succession planning (Bell et al., 2006; Santora et al., 2007; Comini et al., 2009). The summarised results outlined below also highlight the key aspects of the succession process.

### Before the founder leaves: a change of structure and delegation of corporate knowledge

It became clear that once the founder of the Trust resigned, the organisation would need to function quite differently. The majority of participants (10/11) felt that a successor was required to replace the founder but that he was irreplaceable. However, it became clear that seven out of the eleven participants also believed that a structural change was required to coincide with the replacement of the founder.

> *Structural change is required as the trust is expanding for future initiatives"* (Participant 2*); "Help to plan for the future therefore need a different structure"* (Participant 11); *"All knowledge is in founder's head and needs to be extracted for the new successor to understand the ethos"* (Participant 9).

The future role of the board was also questioned:

> *"All board of directors need to approve all documents"* (Participant 2); *"Divisions need to take on more responsibility"* (Participant 7); *"Board to play a bigger part during planning founder's succession"* (Participant 2).

**The desired characteristics for the successor**

Table 1 clearly shows the different characteristics, skills, knowledge, and attitudes the participants believed were needed for a future successor.

**Table 1: Successor characteristics**

| Characteristics | Participant | Ranked Popularity of Response |
|---|---|---|
| **Understanding Community/Youth needs and earn respect** | 1  2  5  6  8  9  10  11 | 1 |
| **People skills** | 2  3  4  5  6  8  9 | 2 |
| **Networking skills/Strong relationships** | 1  2  5  6  7  8  9 | 2 |
| **Problem solver/Practical** | 1  5  6  11 | 4 |
| **Good communication skills/Verbally expressive** | 4  5  6  7 | 4 |
| **Management and planning skills** | 7  8  9  10 | 4 |
| **Open** | 4  7 | 7 |
| **Driving force** | 5  7 | 7 |
| **Proven success** | 8  11 | 7 |
| **Ability to source income for funding projects** | 1  10 | 7 |
| **Similar to founders** | 1  7 | 7 |
| **Entrepreneurial** | 1  3 | 7 |
| **Risk Taker** | 1  2 | 7 |
| **Young** | 2 | 14 |
| **Worldly wise** | 3 | 14 |
| **High IQ** | 11 | 14 |

Three first-order characteristics stood out: full understanding of the community and youth (8 out of 11), people skills, and networking skills and strong relationships (7 out of 11). A lesser second-order set of characteristics was evident. They were problem solving and practical skills, good communication skills and verbal expressiveness, and management and planning skills.

**Finding a successor**

Where to find a successor was an area of disagreement among the participants (6/11) suggesting the successor should be sourced from inside the Trust and (5/11) opting for replacement from outside the Trust. The rationale for a successor from within the trust was:

> *"Insiders have had many years of experience and have complete understanding of the organisation"* (Participant 1); *"An insider is unique to the organisation with an outsider not really having that much knowledge"* (Participant 4); *"Insider with the knowledge of ethos"* (Participant 5); *"History with the trust with huge visions, outsider hard to understand this"* (Participant 8).

The reasons for wanting an outsider for a potential successor were:

> *"No insider has the right characteristics"* (Participant 9); *"Need someone so when founder is gone; the trust is still strong and going to strive with growth in the future"* (Participant 10); *"Outsider is good as they can bring in new fresh ideas so long as they follow the vision"* (Participant 6); *"Benefit community by bringing in new fresh ideas and change if done well"* (Participant 2); *"Finding new innovative ways to do activities/processes more efficiently"* (Participant 2); *"Attracting more diversity into the trust is good"* (Participant 6, 10); *"Coordinating managers and the over arching vision"* (Participant 10).

**Transitional mentoring and the role of the founder**

Most participants (9/11) thought that succession planning should start immediately or was already under way. All the participants believed that the founder's role should be that of a mentor or advisor and they should provide guidance to the successor.

> *"To help with the restructuring process as he has most expertise in how the trust operates"*, *"As an advisory role by having an influence on the final decisions to be made"* (Participant 4); *"Offer advice on what to do"* (Participant 6); *"Active part of the trust by being a strategic visionary"* (Participant 9); *"Attend board meetings"* (Participant 10); *"Founder should introduce successor to his contacts to start and maintain a relationship as they are likely to keep supporting the trust as they have done so in the past"* (Participant 5).

Cautionary advice was given:

> *"Successor not to be smothered by founder, they need to do their own projects to develop a new potential opportunity for the trust"* (Participant 6); *"Founder not to tell what successor should do but rather guide them by having a mentoring role"* (Participant 3); *"Successor not to ask founder how to do everything"* (Participant 5).

This is reinforced by the emotional aspect of the entire situation (Adams, 2005; Comini et al., 2009). When passing on knowledge to the successor, the founder must understand why this is important to ensure continuity of the organisation (Hodgetts et al., 2007; Longenecker et al., 2008).

**Introduction to the trust and orientation**

It is important that the founder be placed in new role by the successor and board of directors and that founder's new position be accepted by both themselves and others in the company as a way of acknowledging the founder's 'legacy'. It is also important for the founder to explain the successor's attributes they bring to the job. A founder's good relationship with the successor can ensure knowledge is transferred and make the successor understand the importance of continuing the vision.

Possible orientation methods mentioned were:

> *"Shadow successor and by doing so fully understanding each and every part of the trust"* (Participant 4); *"Successor to learn all departments to have a thorough understanding"* (Participant 7); *"Successor to learn different division, a month in each"* (Participant 10); *"Work experience in each department especially in Youth Development and Social Enterprise with access to managers and be part of the decision-making process"* (Participant 5).

All the participants interviewed believed that an interim director was unnecessary in the case of the MCT: *"Doesn't fit with this type of organisation"* *"Cost of doing so is not viable"*.

**Transfer of founder's contacts**

Six out of eleven participants believed that the founder's contacts could easily be transferred. The remaining 5 out of the 11 participants believed that this transfer would be difficult. Out of all the participants, 7 participants believed that the new successor would already come with their own personal contacts:

> *"Passed on due to the nature of the organisation"* (Participant 1); *"Founders to be tapped into because he has always been part of the trust"* (Participant 10); *"Founder to remain part of trust to help out with transfer of contacts and keeping those networks alive"* (Participant 10).

## Summary of Results

### Key Stakeholders

The results show that as it was difficult to replace the founder, most participants would have liked a new structured organisation. The key characteristics necessary for a successful succession process are people and networking skills as well as understanding the community and youth needs. The findings indicate that a potential successor should come from the MCT as Trust staff understand the ethos and have had experience in the Trust. However, none of the Trust participants felt they could fill this position themselves. Therefore, the succession process should be extended allowing the successor to shadow the founder as well as being given the opportunity to work and experience every part of the Trust. The founder should have a role as a mentor/advisor in which he can provide guidance during this process without having too much input.

The respondents' viewpoints generally aligned with the literature on succession planning in TSOs. However, the leadership deficit identified in the literature was not an issue that surfaced during the interviews. The founder of the Trust and the chair of the board had identified the need to begin planning for his succession, which led to the study, considered to be an important first step (Bisbee & Miller, 2007; Comini et al., 2009; Walseth, 2009).

### The Succession - Events

When it became clear that the founder needed to slow down and move away from the day-to-day responsibilities, the board moved to assign some his responsibilities to other members of the board and employees of the Malcam Charitable Trust. Together these people would have enough knowledge to cope in the short term if a need arose. The literature supports the delegation of duties to relieve pressure off the founder by transferring their knowledge to other Trust members (Laff, 2008; Price, 2006). This was a protective move and a version of an emergency succession plan. The founder began to work only four days each week. Managers gained more responsibility by preparing budgets in their own divisions. This also developed and strengthened the relationships between particular trustees and managers as they worked together and supported one another (Weisman & Goldbaum, 2004).

All parties were told about the planned changes and planning for succession, reducing uncertainty and surprise. Applications for the new CEO role were welcomed from anyone in the Trust as well as outsiders. The search for a replacement began including writing a job description and a personal specification of the characteristics required. Advertising and networking led to 28 applications. No internal candidates applied. All applicants except one were known to board members. Five candidates were interviewed by the whole board and the founder. One applicant was clearly suitable and she was hired. The founder was very enthusiastic about the choice and some of the characteristics she had in

common with him. The Trust was fortunate in finding someone for whom maximising income was not a priority.

During the first few weeks of the new CEO placement, difficult adjustments were made. Two managers resigned because some projects ran out of government funding at this time. Senior staff showed classic signs of dislocation and grief. The Chair and founder both became involved briefly in day to day matters. The founder and Chair acted as mentors for the new CEO as she learnt the network and interpersonal connections. The new CEO was well established after six months but estimated it would take six months more to come up to speed. At that stage new ventures will be considered. It will have taken 15 months to plan and complete the succession process. The founder continues to be involved at a strategic level and as a mentor.

The Trust has no documented succession plan in which the literature states is necessary for a smooth change process (Hodgetts et al., 2007; Price, 2006). All the participants interviewed disagreed with not having a plan. Furthermore, the Trust did not hire an interim executive director help facilitate the succession process as it could not afford to do so even though the literature suggests that this could aid the succession (Wolfred, 2005). Notwithstanding, having a founder committed to the transition helped greatly and could be seen as an equivalent measure.

## Concluding Discussion

In general, the MCT participants agreed with much of the literature. However, like other organisations, TSOs are vulnerable to a sudden loss of CEO; a situation made worse if there is no succession plan and emergency succession plan. An organisation, unable to afford an interim director, is likely to flounder. We recommend the use of a succession planning process model. Other documents, such as a charter and a strategic plan, also need to be kept up to date.

Moreover, a systematic processes of regularly updating and making explicit the implicit knowledge the founder needs to be in place so that in the case of a sudden loss of a founder (or for that matter a CEO), the organisation can carry on. Networks and relationships need to be shared well in advance of any resignation of the founder. The transition from one transformational and characteristic leader to another one or a different style of leader is not without risk. This transition is difficult and time consuming. The transition is best done over several years while the founder is present. Such a change in the founder's role needs to be carefully managed to minimise the sense of loss, abandonment, and grief. A new leader needs to be counselled, helped, and supported in the difficult early times. The founder has a vital role in the transition and mentoring the successor.

Finally, it is interesting to note that the theme of a potential leadership deficit, while prominent in the literature, was not mentioned by the participants in our study even though one of the 28 applicants was suitable for appointment. Moreover, the

recommendation in the literature of appointing an interim director was considered impractical because of the founder's presence during the process and the cost. Therefore, further research is needed to develop low-cost ways of handling the succession planning and alerting boards of TSOs to take the issue seriously.

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