

Board Succession Planning

Director Succession Planning

Board succession planning is a critical component of good governance. In line with the Australian Sports Commissions (ASC) [Sport Governance Principles](#) and [Sport Governance Standards](#) (SGS) - specifically [Standard 9.8](#) - boards should have a documented succession planning process for key personnel and the retention of corporate knowledge.

Through the annual SGS self-assessment process, sporting organisations (SO) have identified board succession planning as one of the sector's key challenges. As a result, the ASC, in conjunction with its State and Territory counterparts, has developed resources to assist SOs implement an effective succession plan.

At a minimum, SOs should have succession plans in place for the CEO (or equivalent) and key leadership roles on the board, i.e. the chair/president. Mature SOs may have succession plans in place for the entire board, including key committee roles.

Regardless of the maturity level of the SO, plans should consider the board skills matrix as well as the strategic and diversity needs of the organisation. The highest level of maturity will see SOs have training and/or development plans in place for their board and CEO (or equivalent) based on their performance evaluations and the strategic goals of the organisation.

Effective board succession planning assists boards to:

- Identify and source potential new directors linked to the organisation's strategic needs
- Build a suitably talented and diverse pipeline of potential candidates
- Appoint new directors quickly in a structured manner
- Continue its operations without disruption
- Avoid any dependencies (i.e. an over-reliance on one or more individuals)
- Provide transparency in appointments

Board succession planning should:

- Be proactive, live and continuously evolving
- Anticipate planned (and unplanned) future retirements of directors
- Involve a cycle of continual assessment, renewal and regeneration as organisational strategy and sector conditions evolve over time
- Maintain a balance between board renewal and the retention of corporate knowledge
- Be seen as critical to an organisation's performance
- Play a key role in assisting the board fulfil its obligations to members and stakeholders

When developing a succession plan for directors, some key considerations include:

- What knowledge and competencies does our organisation require?
- What experience and attributes would serve our needs?
- How do we find people to meet these requirements?

It is also important that boards consider the Deputy-Chair role as a key position when developing board succession plans. Committee Chair roles can be used as a 'training ground' for future board chairs, not only in facilitating and chairing meetings, but in providing greater exposure and opportunity to work with the organisation's stakeholders and executive. Boards need to consider the key factors necessary in the individuals who hold these roles - refer to the Chair Success Profile for more information.

To assist SOs with the above considerations, the ASC, with its State and Territory counterparts, has developed the below resources to be used in conjunction with the SOs constitution (which details the structural requirements for elected and appointed directors):

- [Board Skills Matrix](#) – ensure this is matched against the organisation's requirements and the Strategic Plan
- [Director and Chair Success Profiles](#) – provide key competencies to include in position descriptions and advertisements
- [Board, Director and Chair Evaluation Process](#) – the board evaluation includes succession planning

- [National Sports Directorship Register](#) – database for SOs to advertise board and committee vacancies
- [Nominations Committee Resources](#) – provide efficient and transparent approach to appointment / recruitment
- Succession [Planning Template](#) and [Planning Worksheet](#)

Further, a SO's members have a vital role in achieving the organisation's succession plan through the election of directors. For this reason, it is critical to ensure the members are kept informed throughout the process.

Boards are encouraged to consider the following when succession planning:

- Contingency planning (sudden or unforeseen departures)
- Medium-term planning (replacement of current board directors and senior executives)
- Long-term planning (relationship between delivery of strategy and the skills needed on the board, now and in the future)

Finally, the below tips will assist SOs to be more strategic (proactive) rather than reactive to succession planning:

- Regularly discuss succession planning at board level, with periodic reviews on the agenda (or as circumstances change)
- Take a multi-year view towards departures and upcoming leadership changes (3–5-year horizon)
- Set directors expectations around tenure
- Assess knowledge, competencies, experience and attributes of current board directors and anticipate future needs based on the strategic plan
- Incorporate results from board, director and chair evaluations
- Agree on a plan that prioritises strategic needs and builds a talent pipeline (considering the diversity, equity and inclusion targets/needs of the organisation)
- Engage and collaborate with member organisations to identify and develop potential leaders in roles within the sport for example working with clubs or state sporting organisations and placing emerging leaders in roles on committees

CEO Succession Planning

Given one of the primary functions of the board is to appoint a CEO for the organisation, CEO succession planning is crucial.

Many of the principles and actions listed above for board succession planning apply to CEO succession planning also. Once a CEO is appointed, boards should start the succession planning process for the next CEO (or 3-5 years before the transition). By starting early, the board avoids any suggestion their involvement relates to moving the current CEO on and assists in ensuring the current CEO is a constructive contributor to the process. Boards should consider short and long-term scenarios, including preparing acting arrangements for when the CEO takes planned or unplanned leave. Short-term CEO succession plans (contingency planning) should ensure business continuity is the primary focus and plans made to account for this.

Boards should assess the talent in the executive or senior leadership team, then provide identified individuals opportunities to demonstrate their capability. This may involve leading major strategic projects for the organisation. This development ensures a pipeline of successor options internally, as well as continuing the professional development of the executive or senior leadership team.

In reality, the execution of succession plans is impacted by a variety of factors, resulting in challenges with timing. For example, if a board starts the development process too early and has candidates capable of moving into the CEO role, they may be offered a senior role elsewhere.

Ideally, the board needs candidates who are between 1 ½ and 3 years from being ready for the CEO role. Needless to say, this timing may be a challenge for smaller organisations who may not have the depth of potential candidates internally to fill the role. In this case, identifying key CEO functions (e.g. stakeholder engagement, events) that can be the responsibility of other individuals ensures continuity if the CEO does depart. The [succession planning template](#) also assists SOs of all sizes to build this talent pipeline and identify those key individuals.



This document is from the Sports Governance Resource Library, which contains a suite of consistent governance resources aligned with the Sport Governance Principles and Sport Governance Standards. The library is a collaboration between the Australian Sports Commission and the state and territory agencies for sport and recreation, which are united in the pursuit of sport governance excellence.

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