

FOUNDER SUCCESSION: Impact on Strategic Planning

A factor that may be relevant to the process of strategic planning in some organizations is what happens as the organization grows, and in particular when the founder moves on. Newly-formed organizations tend to embody their strategic intent and plan in the mind of the founder; when the organization grows and especially when a successor arrives, strategic planning becomes necessary as a tool for aligning action among all the parties.

Founders embody strategic direction

Enterprises in both business and nonprofit settings value strategy and clear direction. And in BOTH settings, if the organization is new and being led by the founder/entrepreneur, then the source of direction and strategy is almost always bound up in the person of the founder. His or her vision, commitment, and capacity to embody the mission of the organization are powerful sources of direction for everyone associated with the enterprise.

Of course, some founder/entrepreneurs do develop strategic plans, even in the early years of a new enterprise -- but these tend to be the exceptions. By and large, founders are doers, and they are often creating something new in an un-organized "space". In such circumstances, improvisation is more valuable than faithful adherence to a plan. The strategy is not written in a plan document, but is carried in the mind, actions, and spoken words of the leader. This works perfectly well in situations where the total number of people who are cooperating is small enough that they can maintain a shared sense of where they are going and how they intend to get there.

Growth brings complexity, and specialization

But successful businesses and faith based ventures do grow. As they get larger, several dynamics limit the effectiveness of a direction-setting mechanism that is centered in the person of the leader.

One challenge is the increasing complexity of the environment in which the larger organization is operating. The work of interpreting the situations and assessing options for the future gets to be more than one person or one small leadership team can do, along with everything else they are responsible for operating. One by one, specialized functions are created (an office manager or finance officer, a person to help with communications or fundraising, someone responsible for daily operations, etc) and these delegated parts of the leadership system need a way to be coordinated.

This larger community of people – employees, volunteers and Board members – must be able to make decisions that move the organization towards its future and which take account of its resources. A clearly understood strategic direction, especially if it is laid out in a plan, is a significant aid to alignment. The people of the organization can collaborate more productively and over larger distances of time and space. The enterprise can tap the creative and adaptive power of this larger network of minds, eyes, ears.

(Although it isn't relevant for most faith-based organizations, it is interesting to note that organizations eventually grow so large and so complex that a single time-bounded strategic plan is no longer able to provide this alignment value to the organization. Instead, large organizations in turbulent environments rely on a sophisticated blend of continuous planning activity, action-reflection, and leadership communication.)

Successor to the Founder – Navigating a critical transition

As long as the founder is leading the organization, whether it is business enterprise or a faith based ministry, the function of ownership/sponsorship and the function of management are unified in the leader. But sooner or later, the original leader leaves the helm and a successor is appointed by the Board. The chief executive who comes *after* the founder is someone who is committing his or her energies to fulfilling a mission and vision that are *already* embodied in the organization's purpose and existence.

It is at this inflection point that the organization – whether business or faith-based – crosses over into the stage of its development when professional management disciplines become necessary, including more explicit and formal strategic planning. There is a balance point that must be achieved in organizations as they grow, balancing the relative importance of the leader and of the strategic plan with respect to setting direction.

In virtually all mature business organizations and in large faith-based nonprofits with corporate structures such as hospitals and universities, it remains core to the role of leadership to set, communicate, and implement the strategic direction of the organization for success in the present and into the future. This is true even as they grow in sophistication past the tenure of the founder. Strategic planning is a given in the management of these larger entities, but it remains an instrument of leadership, not a replacement for leadership.

The fact is that the ongoing impetus for the company's direction is a critical responsibility of the persons who lead it. These executives are hired and fired in large measure on the basis of their ability to conceive of a good strategy and then implement it well. In this case a "good" strategy means one that optimizes the return for the investors and the satisfaction of the desired customers, yields a sustainable advantage versus competitors, addresses employee and community expectations, assures a successful future, etc. So while the technical production of a strategic *plan* is important, it is not a substitute for the strategic *capacity* of the leadership team.

By contrast, smaller and medium sized faith-based organizations face more uncertainty when they choose a successor to the founder because more is riding on the person of the leader. It is likely to be difficult to find a successor who can fully embody continuity of vision, values and leadership, offer clear strategic direction, demonstrate giftedness in the core ministry itself, manage the day to day operation, and so on. And smaller organizations don't have the team resources to cover all these bases with specialized persons.

While the original founders themselves were probably not gifted in all of these dimensions either, a founder's enthusiasm and evident hard work often arouse tolerance and forgiveness in those who are inspired to follow him or her. Shortcomings are taken in stride as the price of brilliance – that is, until they begin to threaten the survival or success of the enterprise. It is the wise founder/entrepreneur who can anticipate and gracefully manage the moment when the organization will need other leadership.

In smaller organizations, a strategic planning process and/or a strategic plan allows the other players in the entity to supplement the strategic capacities of the leader, who will have specific skill sets but may not cover the gamut required for organizational success.

Boards of faith-based nonprofits often require the development of a strategic plan to assure the Board that the right questions are getting asked and answered, that there is an agreed path towards the future. Documents like the strategic plan, business plan, or annual goals become the orienting framework which at an earlier time came directly through the person of the founder. In effect, the strategic plan becomes a way of supplementing or governing the stewardship of the chief executive.

Summary

It can be helpful to realize that strategic plans are never developed in a vacuum. There are existing dynamics in the organization that might have an important effect on the planning process and which should be appreciated from the beginning, if possible. Some of these dynamics are related to the significant transition that occurs when the founder of an organization is succeeded by the next-generation of leadership.