

Avoid Transition Trauma with a CEO Succession Plan

It's the #1 risk issue keeping board members up at night.

By Melanie Lockwood Herman & Erin Gloeckner

CEO succession planning can be a touchy subject. Board members may fear insulting the CEO by suggesting the topic as an agenda item. Some CEOs may feel disinclined to raise the subject because it could send mixed signals about their intent to remain with the nonprofit. Yet CEO succession planning is a critical risk management issue for every nonprofit board.

Getting over the taboo associated with succession planning is the first step to managing the myriad risks associated with poorly planned transitions. The lack of a succession plan opens the door to turmoil in the board room, infighting on the senior management team, concern on the part of donors, fear among staff, reduced productivity, and more. Based on discussions with dozens of nonprofits, the absence of a plan

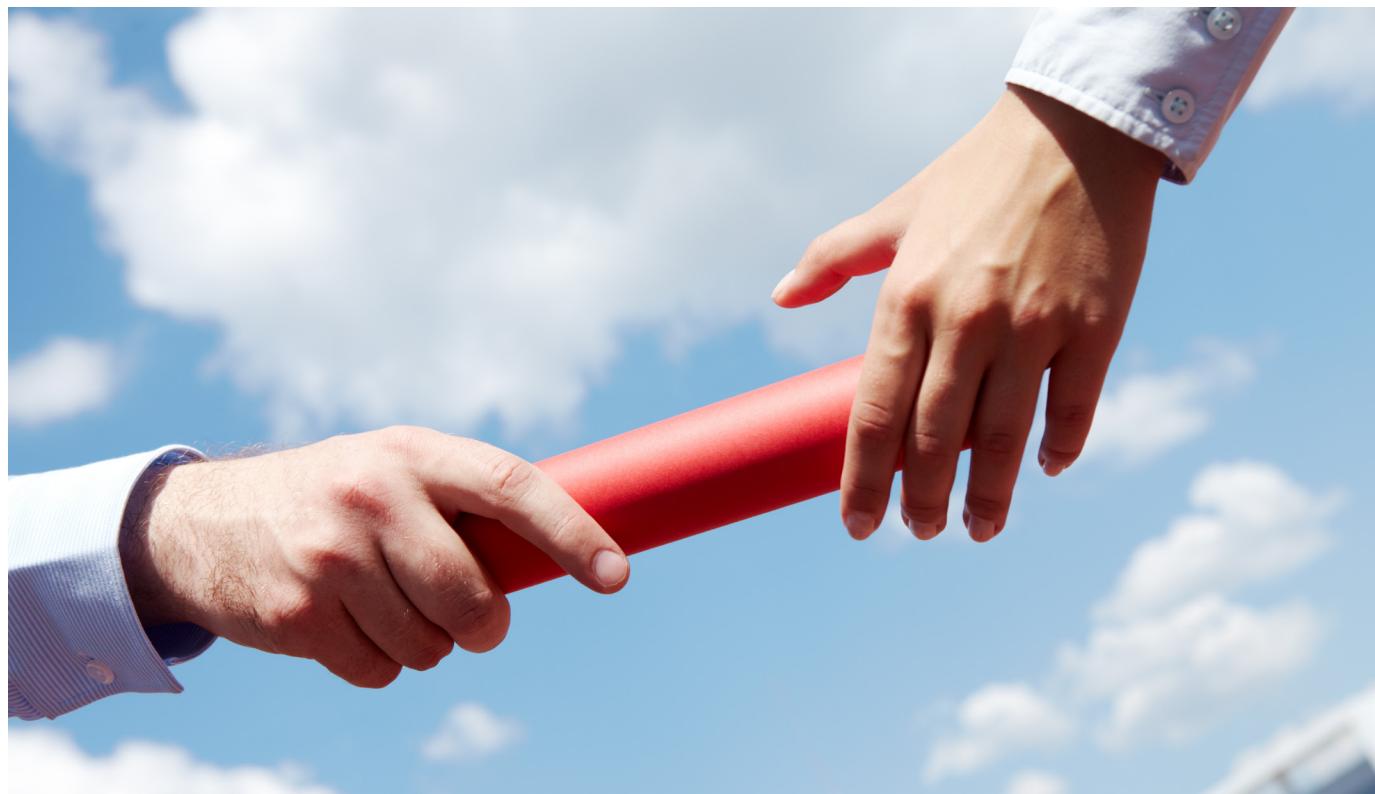
outlining critical steps in the wake of a CEO departure is the #1 risk issue keeping nonprofit board members awake at night.

In his terrific book, *The Nonprofit Leadership Transition and Development Guide*, Tom Adams reminds us that the purpose of a succession plan isn't to select an understudy for your CEO. The purpose is to undertake a planning process that will ensure the health of your nonprofit during and after a leadership change. He notes that since the only thing we can count on is change, leadership transitions should be anticipated and viewed as wonderful opportunities to grow and transform.

Set the Stage for CEO Succession Planning

The list below offers three "to do" items to set the stage for succession planning. With these important items in place, you'll be poised to develop a custom-fit, made-to-suit succession plan for your nonprofit.

“All it takes is one person with the guts to break the taboo.”





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an understudy.

1. Adopt a CEO performance assessment process.

Every nonprofit board should have a timeline and process for undertaking an annual review of the CEO. Tasks include:

- **Determine** which board committee will coordinate the process. Options include (but aren't limited to) the Personnel Committee, Executive Committee, or Board Development/Governance Committee.
- **Draft** the evaluation instrument.
- **Figure out** how input from the full board will be obtained.
- **Look over** the CEO's position description, and suggest changes.
- **Identify** performance goals.
- **Decide** how the results of the assessment will be communicated to the full board and CEO.

2. Clarify back-up personnel for key responsibilities.

The CEO's departure shouldn't cause your nonprofit's mission to stumble. The best way to avoid the downside risk of a leadership vacuum is to make certain that back-up personnel are available for key CEO responsibilities.

For example, if the CEO is the primary point of contact for major donors, be sure that another staff or board member is known to these key funders as a back-up contact. Ensure that the back-up leader has opportunities for e-mail as well as in-person or telephone contact with donors.

Another area where back-up is likely needed is responsibility for convening the management team. Identify which member of the senior management team will coordinate team meetings in the CEO's absence.

3. Keep the CEO's position description up to date.

During a succession planning exercise, many boards discover that the position description for the CEO is woefully out of date. The description of duties and responsibilities is often tucked into the new hire's personnel file and long forgotten.

The position description should be a current document that's helpful to the board and CEO. It should offer a straightforward reminder about the essential duties and responsibilities of the position, as well as the board's expectations.

CEO Succession Planning in Five Steps

STEP 1. Assign responsibility for developing a plan to an existing or new board committee (for instance, the Executive Committee, Personnel Committee, or a Succession Planning Committee). *Don't assign responsibility to the CEO!* Although you're likely to need and want the CEO's input in developing the plan, responsibility for succession planning rests with the board.

STEP 2. Focus on "how" and "what," not "who."

Many nonprofit boards shy away from succession planning because they believe that a "succession plan" requires naming a successor. The fact is that many nonprofits aren't large enough to have a full-time, #2 person on staff who has the talents, capabilities, or desire to serve as the next CEO or as an interim CEO during a transition period. Nonprofits that are large enough to have a #2 may not want to include interim CEO responsibility as part of the #2's role. Why not? The board may decide that having an outsider who isn't likely to vie for the position is preferred, or that it would be unreasonable to expect a CEO-in-waiting to hang around for an indefinite period. *Remember: The fundamental purpose of creating a succession plan is to ensure that a plan exists.*

STEP 3. Adopt a timeline for the project. A succession planning project might require two, three, or four months, depending on the frequency of board meetings and the board's experience with similar projects.

STEP 4. Keep the board apprised and involved.

The assigned committee should present the plan in draft form to the full board. When they do so, be sure there's time set aside for discussion. During that discussion, ask questions such as these:

Is the plan clear about the steps we'll take if our CEO departs the organization for any reason?

Is the plan sufficiently flexible and not dependent on events surrounding the departure?

Does the plan identify the preferred option for interim leadership (for example, appointing another member of the management team as interim CEO or retaining the services of a firm that provides interim CEO services)?

STEP 5. Adopt and disseminate the succession plan. Once the board has had ample time for discussion, formally approve the plan. Then place copies of the plan in accessible locations, such as the board's password-protected web portal. Refer to the plan in future board orientation sessions so that incoming board members are clear about the plan that's in place.

CONTINUED ON PAGE 20

Rehearse Your Succession Planning Roles

A key decision is: Who will plan the succession process? Carefully choose the people who will manage and participate in the process. Make sure that all participants understand their responsibilities.

A common mistake is to have the same group (such as a single board committee) focus on both the CEO candidate search and the exit of the existing CEO. Adams recommends forming multiple teams to spearhead three distinct transition tasks:

- **Recruit** and select a new CEO.
- **Facilitate** the new CEO's transition.
- **Manage** the prior CEO's exit.

Another problem is that the departing CEO may not approach the transition process in a way that benefits the nonprofit. If your CEO is tempted to rush the process or ration the information given to the successor, the scene will be set for a crisis. To manage that risk, do the following:

- **Remind your departing CEO** that she will be remembered for this final phase of service to your nonprofit.
- **Ask her to reflect** on the organization's culture, knowledge, personnel, and processes that will be beneficial to the successor.

If your CEO rushes the process, the scene will be set for a crisis.

“Don't assign responsibility to the CEO!”

- **Ask her to consider** what she missed at the start of her tenure. Did she yearn for specific training or resources that were unavailable? Encourage her to make those assets available to the newcomer.

Take a Brave Leap

Consider the climate at your nonprofit: Are succession plans in place to sustain all essential leadership roles? Is anyone at your nonprofit uncomfortable talking about succession planning? If this article swayed you to embrace succession planning, then share it with your nonprofit's CEO and board.

All it takes is one person with the guts to break the taboo. Remind your colleagues that leadership turnover is natural. Change drives us to adapt to fluctuating internal and environmental pressures. Planning for leadership transition will simply increase the odds that your nonprofit can make the most of a change that is certain to occur. 

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Planning to Succeed

It's crucial to manage transitions in a way that boosts the chance for success. Gain more insights at the library of articles at NonprofitWorld.org:

- [Evaluating the Top Administrator](#) (Vol. 15, No. 4)
- [Avoid the Selfish Factor: Plan for Succession with Four Simple Rules](#) (Vol. 36, No. 2)
- [What to Do Before a Long-Term Leader Departs](#) (Vol. 30, No. 5)
- [Don't Overlook Your Best Successor](#) (Vol. 25, No. 2)
- [Co-executives & Succession: A Radical Proposal for a Thorny Problem](#) (Vol. 30, No. 3)
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