



# Avoiding the Sacrificial Lamb: Steps to a Stronger Succession Plan

What are the barriers to creating a succession plan? How can you overcome them?

*By Divina Gamble & Charles Ingersoll*

**A** “sacrificial lamb risk” ought to send nonprofit organizations and their boards sprinting to their succession plans.

The term too often describes the hasty departure of a newly hired leader who had the misfortune of following in the footsteps of a long-serving CEO at an organization with a sub-par succession plan. The departure of long-time leaders, especially founder CEOs, is challenging. It’s common for successors of those CEOs to fail within two years of assuming their roles, a potentially catastrophic situation.

Research from a University of Washington/Waldron survey reveals that 54% of nonprofit leadership teams could not identify potential successors if their chief executives were to suddenly depart. This is troubling news that ought to light a fire under your succession planning efforts. Developing a more rigorous succession plan qualifies as a truly mission-critical capability.

“This news should light a fire under your succession planning efforts.”

## Understand Your Unique Obstacles

The good news is that developing a suitable succession plan for your organization’s top executive doesn’t require a marathon effort. A sufficient succession plan – even one supported by a sophisticated leadership competency model – can be crafted in as little as 60 days.

The less cheery news? Nonprofits face at least two unique challenges that often impede succession planning. First, those who head nonprofits tend to serve long tenures – terms measured in decades rather than years. This is particularly common for founders. The departure of a successful, long-serving executive director causes a major transition for the entire organization. And how well the organization manages this period of change hinges on the quality of the succession plan that ultimately produces a successor.

Second, nonprofit boards have long lists of concerns and risks to address; these priorities leave little time for succession planning. Moreover, the need for succession planning rarely represents a pressing issue – until it’s too late. The average tenure of private-sector CEOs remains significantly shorter than the tenure of nonprofits’ leaders. As a result, private-sector boards must think about succession plans more frequently.

There’s a compelling reason for addressing these nonprofit-specific succession planning challenges. Boards are well aware of the massive loss of institutional knowledge that

## “Donations often plummet during the transition to a new leader.”

occurs when a long-tenured leader walks out the door. Those who have experienced leadership transitions also know how deeply staff productivity can swoon, how many questions arise from donors, and, often, how donations plummet during the transition to a new leader. Going through that transition once is disruptive and costly enough. Going through it twice places the mission and the people it serves at great risk.

### Get Started (Quickly)

You can address these challenges and strengthen your organization's succession planning capability with tangible actions:

**Recognize the risk and get it on the agenda.** The turmoil prompted by a poorly considered leadership transfer can sap morale, reduce productivity, slash donations, and, in worst-case scenarios, threaten the nonprofit's mission. One way to kick-start succession planning is to integrate it into the board's annual assessment of the chief executive. Start by asking some big questions: *How long does the current CEO plan to continue? Who among the current senior leadership team might qualify as a succession candidate? How can we hire and groom future CEOs?*

**Conduct a deeper assessment.** Once you identify potential internal candidates, assess their leadership skills in a rigorous, systematic manner through the application of formal competency models. These assessment tools can help you and your board understand what leadership competencies you desire and whether such competencies exist among the next tier of senior leaders.

**Fill the gaps.** Formal leadership-competency modeling identifies gaps between leadership talent within the organization and the skills and experiences you desire from a succession perspective. You can eliminate these gaps through strategic hiring and by putting in place new leadership development plans. Additionally, by developing a reputation as a cultivator of executive talent, your organization is more likely to attract future leaders from an “employer of choice” perspective.

**Benchmark.** Regardless of the level of future-CEO talent that your organization possesses, it is valuable to compare these individuals to external candidates. Doing so can greatly strengthen the final selection regardless of whether your organization ultimately promotes from within or hires an external candidate.

This type of benchmarking also bolsters the credibility of the new leader throughout the organization and among all stakeholders. That credibility serves as a ringing

## Two Keys and Six Tactics

There are two key elements of effective succession planning:

1. **Start** right away.
2. **Treat** succession planning as an ongoing process.

To put those keys into action, use the following six tactics:

1. **Identify** target leadership roles and positions.
2. **Determine** the requirements of the target roles. Decide how those requirements support your organization's mission and strategy.
3. **Assess** the risk and impact of turnover in the target roles.
4. **Pinpoint** succession candidates, and assess their ability to perform the target roles.
5. **Build and execute** development plans to close any gaps identified by the assessments.
6. **Revisit and update** succession plans periodically. For example, integrate succession plan review into the board's annual CEO evaluation.

endorsement of the incoming chief executive, and it represents a key ingredient of a smooth, low-risk leadership transition. Thinking and acting in a more strategic way regarding succession planning can prevent any chatter about “sacrificial lambs.”

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## Planning for a Smooth Transition

For more resources, see these articles at NonprofitWorld.org:

**Transition Executive Bridges Gap During Change** (Vol. 18, No. 5)

**Planning to Succeed: Creating a Succession Plan** (Vol. 29, No. 3)

**What to Do Before a Founder Or Long-Term Leader Departs** (Vol. 30, No. 5)

**Don't Overlook Your Best Successor** (Vol. 25, No. 2)

**Reviewing the CEO: A Guide for Nonprofit Boards** (Vol. 20, No. 6)

**Co-executives & Succession: A Radical Proposal for a Thorny Problem** (Vol. 30, No. 3)