

# **Executive Succession Essentials**

**Nine Steps to Ensure Leadership Continuity**



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How to Hire and Support a Nonprofit CEO*

## Congratulations!

### You're about to take a major step towards ensuring leadership continuity in your organization!

This guide outlines a step-by-step process to put “succession essentials” in place for your organization: a board-adopted succession policy and an executive backup plan for the CEO position (and other leadership positions if you choose).

The *Succession Policy* outlines the principles, procedures, roles, and responsibilities that the board will follow in managing turnover in the CEO position. When the executive decides to leave the role, the policy provides the board with the guidelines for managing the transition.

The *Executive Backup Plan* defines how the board would manage short- and long-term absences of the chief executive. It ensures continuous coverage of the executive's critical functions by designating an individual who will be cross-trained to serve as the backup in the event of the CEO's absence.

This guide includes a third tool, the *Critical Information and Contact Inventory*. It's intended for use by smaller organizations where the chief executive is the primary administrator. Completing this inventory ensures that this critical business-continuity information gets documented.

You'll find templates for these documents in the Appendix. You can also download easy to edit, fill-in-the-blank Microsoft Word versions at [dontebe.com/se-templates](http://dontebe.com/se-templates). If you'd rather watch than read this guide, check out the companion video at [dontebe.com/videos/se-howto](http://dontebe.com/videos/se-howto).

## Nine Steps to Get “Succession Essentials” in Place

Here are the steps for getting the succession policy and backup plan prepared, reviewed, and approved.

### STEP 1 – Organize the Project

Make sure that the board is aware of the project since they will be expected to review and approve the policy and backup plan. Consider having them officially “sanction” the project as an indication of their ownership.

Consider appointing a three- to five-member task force that includes a board member or two, the chief executive, and another member of the executive team. Having a task force can expand the thinking about succession planning and provide additional sets of eyes to review the policy and the backup plan before they are submitted to the board. And, having board members on the team will help ensure the board's ownership of the process, and level up the board's understanding of the executive's role.

### **STEP 2 – Update the Chief Executive's Job Description**

Before creating the policy or backup plan, make sure that the executive's job description is up to date. To do that, you should unpack, refit, and recalibrate the job.

- *Unpack* — explore how the job is currently being carried out in practice, not just what's on paper.
- *Refit* — update the job responsibilities to reflect the present. Deleting what's out of date. Delegating what's important but no longer fits the role. And adding current duties that aren't reflected in the job description.
- *Recalibrate* — consider how the role might evolve over the next few years to make sure that the responsibilities reflect future leadership demands.

An updated job description is a critical piece for identifying the “business-as-usual” responsibilities that the designated backup will need to cover when filling in for the executive. Don't go on to the next steps without updating the job description first.

### **STEP 3 – Fill in the Succession Policy Template**

For this step, refer to *Template #1 – Executive Succession Policy*. Throughout the template, replace the placeholder terms enclosed in [brackets] with your organization's name and the terms that you use for the various items identified in the policy.

### **STEP 4 – Fill in the Backup Plan Template and Attachments**

Please refer to *Template #2 – Chief Executive Backup Plan*.

- Just as you did in the policy template, replace the placeholder terms enclosed in [brackets] with your organization's name and terminology.
- Attach the chief executive's revised job description as Attachment #.
- Fill in the information on Attachment #2.
- If your chief executive is the sole employee or the only administrator, be sure to fill in *Attachment #3 – Critical Information and Contact Inventory*. Completing this inventory will ensure that this crucial business-continuity information gets documented.

### **STEP 5 – Discuss the Backup Plan with the Designated Backup**

In part, the backup plan is an agreement between the executive and the individual who's going to be the backup person in the case of the executive's absence. First, make sure that this person agrees to be the executive's backup. Second, ensure that the backup person understands the responsibilities involved. And, third, make sure that the executive and the backup person agree about any cross-training the backup might want or need.

Note that the responsibilities to be included in the backup plan aren't necessarily ALL of the chief executive's responsibilities. Instead, it should include just those responsibilities required to maintain "business as usual" during the executive's absence.

### **STEP 6 – Review and Reflect with the Planning Task Force**

If you organized a planning task force in Step #1, complete this step. Otherwise, skip ahead to Step #7.

You've captured a lot of information, and you've addressed some important policy areas and planning steps. Before submitting these documents to the board for approval, review them with your planning task force. Here are some questions for the task force to consider:

- What insights have we gained about organizational sustainability, bench depth, or other opportunities for capacity-building? Are there specific actions that we should take, such as augmenting the management team, providing better support for the CEO, etc.?
- Do the processes we've identified appropriately reflect our organization's values, scale, and capabilities?
- Do the policy and the plan provide enough detail and sufficient guidance to the board leaders who'll be responsible for implementing these plans or to those who are stepping into the backup role(s)?
- Are the policy and the plan simple, clear, and direct?

### **STEP 7 – Have the Board Review and Approve the Succession Policy and Backup Plan**

Send the documents to the board in advance. And make sure that your planning task force members – particularly the board members – are ready to have an in-depth discussion with their board colleagues about the contents. If you're not using a task force, make sure the board chair is fully briefed and supports the contents of the documents.

### **STEP 8 – Finalize and Put on the Calendar for an Annual Update and Review**

The board should review the policy and backup plan annually. Why? To keep the documents updated, of course. Also, to keep it fresh in the board members' minds that they have these plans in place. The backup plan will need to be revised if the backup person leaves the organization or if their status changes and they're no longer a viable backup for the position.

### **STEP 9 – Make Sure the Designated Backup is Cross-Trained**

After the board has approved the final documents, make sure that the cross-training takes place as identified in the backup plan.

Finally, consider your observations about organizational sustainability and factor those into your other planning and capacity-building work.

### **BONUS STEP – Use the Backup Plan Template for Other Leadership Positions**

After you complete the backup plan for the chief executive position, take your leadership continuity planning to the next level by having the members of your senior management team complete their own backup plans. Since the management team reports to the chief executive, their plans don't need to be reviewed by the board. Instead, they are approved by the chief executive.

More than an "insurance policy," completing these plans across your management team can lead to great insights about bench depth and coverage of critical functions.

## **Advice for Small Organizations**

If your organization has just a few staff members other than the chief executive, you might not have an appropriate staff member to designate as the backup. In this case, some organizations designate a board member. Just be sure that they have the management chops to fulfill the role. A better approach is to identify a potential external interim executive. In most communities, there are former nonprofit executives who have established themselves as professional interims. Your community foundation or nonprofit association can help you identify potential candidates. Write those sources into your plan.

For the small organization, the backup plan should ensure that the organization is ready to solicit and contract with an interim quickly. To do that, the plan should (1) identify sources of interims, (2) include a brief job description for the interim, and (3) outline a clearly defined process for how to contract with an interim.

Also, be sure to complete Attachment #3. This is an essential piece of business continuity planning for organizations with limited staff.

### **If you're stuck, get one-on-one help from Don**

Click on the link below to schedule a free, no-obligation, one-on-one call. He'll help you get unstuck. [dontebbe.com/talk](http://dontebbe.com/talk)

### **About the Author**

Don Tebbe is one of America's most experienced leadership succession consultants.

As a former nonprofit executive director and five-time interim CEO, he has experienced the challenges of leadership transitions firsthand. Since starting his consulting practice in 1993, he has helped hundreds of nonprofit leaders plan for and manage turnover in their chief executive position.



He's the author of *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO*, published by BoardSource, and *The Nonprofit CEO Succession Roadmap: Your Guide for the Journey to Life's Next Chapter*.

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### **Check out these related articles and free guides:**

[\*Every Nonprofit CEO Needs an Exit Strategy\*](#)

[\*Managing Nonprofit CEO Transitions - The Board's Six Tasks\*](#)

[\*The Six Biggest CEO Succession Mistakes \(and How to Avoid Them\)\*](#)

[\*Seven CEO Succession Types \(and How to Manage Them\)\*](#)

# Template #1 - Executive Succession Policy

**INSTRUCTIONS:** The templates are for reference. You can download free, easy to edit, fill-in-the-blank Microsoft Word versions of these documents at [dontebbe.com/se-templates](http://dontebbe.com/se-templates).

## [Organization Name] Executive Succession Policy

### Purpose

The purpose of this policy is to clarify and outline [organization's] commitment to ensuring the availability, continuity, and appropriate development of our organization's leadership talent through a systematic approach to succession planning, and our commitment to well-managed leadership transitions when turnover occurs.

We believe that succession planning is an essential component in ensuring our organization's ongoing sustainability, growth, and development. Further, we believe that executive transition management is a critical tool to ensure that leadership turnover is not only well managed but that we capitalize on the inherent capacity-building opportunities during leadership change.

For the purposes of this document, *succession planning* refers to the plans and preparation that ensure overall continuity in leadership positions and the development of leadership talent. *Executive transition management* refers to the plans and actions involved in managing the turnover in a leadership position, including diligent planning for leadership change, a robust successor search and rigorous selection process, and deliberate orientation and onboarding of the new executive. Together these tools ensure the continuity and advancement of our organization's mission work.

With respect to the [CEO] role, this policy is supplemented by a companion document, the [CEO] Emergency Backup Plan.

### Responsibilities

- The [board chair], in consultation with the executive committee, is responsible for implementing this policy and ensuring the procedures are initiated.
- The Board is responsible for:
  - Reviewing and updating this policy and the companion backup plan at least annually or as otherwise needed.
  - Ensuring that best practices are followed in planning for leadership succession and managing executive transitions.
  - When needed, appointing an executive transition committee to manage all three phases of a [CEO] transition: (1) preparation for a leadership change, (2) search and selection, and (3) onboarding and support.
  - Making the final selection of the candidate for the [CEO] position.
- The executive committee is responsible for selecting and hiring an external interim executive, if necessary.
- The current [CEO] is responsible for:
  - Ensuring that backup plans are in place for all executive leaders and other mission-

- critical staff positions.
- Continuously identifying, encouraging, and developing senior managers and other staff members to meet [organization's] future leadership needs.
- Managing the orderly transition for all staff roles other than the [CEO] position.

### Guiding Principles

- [Organization] is committed to always being prepared for unexpected absences and leadership transitions in all senior management positions, including the [CEO] role.
  - The board will maintain an up-to-date [CEO] Backup Plan that addresses unplanned absences as well as planned transitions in the [CEO] role. This plan is approved by the board and reviewed and updated at least annually.
  - The [CEO] will maintain up-to-date executive backup plans that address unplanned absences as well as planned transitions for all other senior management positions. Those plans do not require board approval but are to be provided to the [board chair] and made available for review by the board.
- [Organization] is open to and will consider both internal and external candidates when filling the [CEO] position. A national search will be conducted unless the board concludes that a current staff member is most appropriate and available for the job.
- To provide career advancement for staff, the organization is committed to encouraging the professional development of all employees.
- To support proper due diligence and ensure that the best possible candidate is hired, the organization is committed to vigorous search and selection processes that are open to internal and external candidates.
- To develop a finalist pool that is reflective of the community, the organization commits to working proactively to develop deep and diverse pools of candidates for all leadership positions.
- The optimal time for the [CEO] to disclose his/her departure plans to the board is at least six months before the departure date, although 12 to 18 months would be preferable.
- The board understands that the time required to complete a planned [CEO] transition is at least six months.

### Procedure for Managing a [CEO] Transition

In the event of an impending planned or unplanned vacancy in the [CEO] position, the board will:

- Appoint a transition committee** and charge it with planning and managing the transition, including the search for and selection of a successor. The transition committee will be comprised of five to seven members and will include at least three board members. The board may also consider appointing a staff member(s) to the transition committee for the purposes of planning and preparing the organization, but staff members will not participate in the selection team's interviews of the [CEO] candidates.
- Guide the overall transition process through the transition committee.**
  - Recognize that a [CEO] transition involves an organizational change process and not just the appointment of a new CEO.
  - Commit itself to understanding the scope, nature, and dynamics of the transition, and will take that into account in planning and guiding the process.
  - Manage the entire transition process from planning for the leadership change through the conclusion, making sure the new executive is properly onboarded and supported.
- Prepare for a leadership change.**
  - Ensure that the organization is stable and ready for a new executive to assume the leadership role.
  - Ensure that the [CEO] job is ready for a successor to step into the position and effectively accomplish the job. Make sure that the job has been *unpacked* and *refitted* to reflect the requirements of the present, and *recalibrated* to fit the future direction of the organization.
  - Ensure team readiness by making sure that the board, the transition committee, the departing executive, and senior managers are ready to play their parts in the transition process and are clear about their roles.
- Ensure leadership continuity** by appointing an acting or interim [CEO] if necessary, and making



- sure there's a good handoff between the incumbent [CEO] and the successor.
5. **Manage the transition communications**, making sure that appropriate announcements and updates are provided to staff and key stakeholders. Also, ensure that there is positive closure with the current executive.
  6. **Conduct the executive search and select the successor** by making sure there is an effective process for recruiting a diverse candidate pool, screening candidates, conducting the interviews, making the final selection, and, finally, negotiating the employment arrangement with the new executive.
  7. **Onboard and support the new executive** by providing an appropriate introduction to the organization and the community, supporting the executive during the “taking charge” process, and clarifying the four critical elements of the board-executive relationship:
    - a. Aims and priorities
    - b. Respective roles and responsibilities
    - c. Mutual expectations
    - d. Criteria and process for evaluating performance

### Roles in a [CEO] Transition

- **The departing [CEO]**, in concert with the transition committee, will be involved in some transition activities such as fundraising, communications, preparing the organization, briefing the incoming [CEO], and ensuring there is a successful handoff of the role.
- **The transition committee** will be responsible for:
  - Implementing and managing the board's six core tasks for a successful leadership transition:
    - i. Guide the overall transition process.
    - ii. Prepare for a leadership change.
    - iii. Ensure leadership continuity.
    - iv. Manage transition communications.
    - v. Conduct the executive search and select the successor.
      1. This step may involve a subset of the transition committee comprised of only board members acting as a selection team.
      2. Unless otherwise directed, the committee's charge is to bring a single finalist before the board for final consideration.
    - vi. Plan the orientation and onboarding of the new executive.
  - Determining the need for consulting assistance (i.e., transition management consultant and executive search firm) based on the circumstances.
  - Securing an appropriate organizational review or assessment as may be needed.
  - Scheduling and planning a board retreat, as may be needed, to review and refresh the organization's strategic plan and recalibrate the [CEO] role.

### Approval

Adopted by the Board of Directors on the \_\_\_ day of \_\_\_\_\_, 2020.

# Template #2 - Chief Executive Backup Plan

**INSTRUCTIONS:** The templates are for reference. You can download free, easy to edit, fill-in-the-blank Microsoft Word versions of these documents at [dontebbe.com/se-templates](http://dontebbe.com/se-templates).

[Organization Name]

## [CEO] BACKUP PLAN

### Guideline for the Appointment of an Acting [CEO]

#### Purpose

The purposes of this plan are, first, to ensure the continuous coverage of the key functions of the [CEO] position by designating an individual to serve as the Acting [CEO] to provide backup for those functions. Second, to outline the circumstances and process under which this plan will be implemented in the event of an unplanned absence of the [CEO]. This document is a companion to the [Organization's] Succession Policy, which outlines the organization's principles and practices for leadership succession and transition.

#### Key Functions of the [CEO]

*Attachment #2* outlines the key functions of the [CEO] that are required to maintain business as usual in the organization and names the individual designated to provide backup for those functions. It is the responsibility of the [CEO] to ensure that the designated backup receives appropriate cross-training to successfully cover the key functions.

#### Implementation

The board of directors authorizes the [board chair] (or the [board vice-chair] if the [board chair] is not available) to implement this plan in the event of an absence of the [CEO]. Phone calls and conference calls are an acceptable substitute for any meetings designated in this plan.

#### Definitions

A *temporary absence* is one in which it is expected that the [CEO] will return to his/her position once the events precipitating the absence are resolved.

An *unplanned absence* is one that arises unexpectedly, in contrast to a planned leave, such as a vacation or a sabbatical.

A *short-term* absence is three months or less; a *long-term* absence is one that is expected to last more than three months.

A *permanent* absence is one in which it is firmly determined that the incumbent [CEO] will not be returning to the position.

## Emergency Backup Plan: Short-Term Unplanned Absence

### A. Appointing an acting [CEO]

1. In the event of an unplanned absence of the [CEO], a member of the [senior management team] will immediately inform the [board chair] of the absence, or the [board vice-chair] if the [board chair] is not available.
2. As soon as possible following the notification, the [board chair] confers with the executive committee on the implementation of this plan, who may choose to modify the plan or adjust its implementation.
3. The [board chair] appoints the acting [CEO].
4. The [board chair] informs the board of the acting [CEO] appointment.
5. The [board chair] (and potentially other officers) consults with the Acting [CEO] on the circumstances of the absence, organizational situation, and related factors, making necessary adjustments to the Communications Plan below.
6. After the [board chair] and acting [CEO] confer, the staff and stakeholders will be notified of the temporary staffing structure.

### B. Authority of the Acting [CEO]

The acting or interim [CEO] may have the same authority for day-to-day decision-making and independent action as the [CEO] except as further defined by the [board chair]. Decisions requiring [board chair] approval include:

- Staff retention or termination
- Program expansion or divestiture
- New partnerships or collaborations with external parties
- Taking public or policy positions on behalf of the organization
- Execution of new contracts
- Financial decisions not included in the current approved budget
- Check signing over \$[XXXX].

### C. Compensation

The [board chair], in consultation with the executive committee, may make a salary adjustment for the acting [CEO] for the duration of the transition process.

### D. Oversight and Support to the Acting [CEO]

The [board chair] and board of directors will have the responsibility for monitoring the work of the acting [CEO]. The acting [CEO] will provide regular updates and meet with the [board chair] as the [board chair] may determine. The [board chair] will also be alert to the special support needs of the acting [CEO] serving in this temporary leadership role and act to address them.

### E. Backfilling for the Acting [CEO's] Former Role

The [board chair] and executive committee will consider other temporary appointments necessary to backfill the former responsibilities of the acting [CEO] to ensure smooth functioning of the organization.

## Emergency Backup Plan: Long-Term, Unplanned Absence

The same procedures should be followed as for a short-term absence, but the [board chair] and acting [CEO] should revisit the backfilling plan given the extended period of time.

## Emergency Backup Plan: Permanent Unplanned Absence

The same procedures should be followed as for a long-term temporary absence, plus the [board chair] will appoint a transition committee in accordance with the organization's Succession Policy.

**Approval, Revisions, and Maintenance**

Revisions to this plan require approval by the Board of Directors. The plan will be reviewed at least annually or if a designated backup appointee is no longer available to serve as the acting [CEO]. The [board chair], the [CEO], and the designated backup appointee(s) will maintain copies of this plan.

**Approved by:**

Board of Directors on \_\_\_\_\_


\_\_\_\_\_  
[Board Chair Name], [Title]

\_\_\_\_\_  
[CEO's Name], [Title]

**Acknowledged by:**

I acknowledge that I have reviewed this plan.

\_\_\_\_\_  
[Designated Backup Name], [Title]



**Attachment #1 – Job Description**

(Insert the UPDATED CEO job description here.)

**Attachment #2 – Executive Backup Plan Detail**

**Name:** [insert Chief Executive’s name and title]

**Designated Backup:**

First Backup: [Name and title of the person designated as the primary backup]

Second Backup: [OPTIONAL: Name and title of the person designated as the alternate backup if the primary backup is not available]

**Key Functions of the [CEO]** (those necessary to maintain business as usual)

Key functions	Cross-Training Plan (What, How & By When)

**Communications Plan**

Who must be contacted?	Who will contact?	How?	By when?

**Critical Relationships**

Contact information	Who else could help maintain this relationship?

**Key Events/Milestones Calendar** (that involve the [CEO])

Month	Key Events/Milestones	Associated Activities/Responsibilities
<i>January</i>		
<i>February</i>		
<i>March</i>		
<i>April</i>		
<i>May</i>		
<i>June</i>		
<i>July</i>		
<i>August</i>		
<i>September</i>		
<i>October</i>		
<i>November</i>		
<i>December</i>		

**Attachment #3 – Critical Information and Contact Inventory** (mostly intended for small organizations where the CEO is the sole administrator)

Last updated:

Employer Identification Number (EIN) #:

**Corporate Records**

	Location
IRS Determination Letter	
IRS Form 1023	
Bylaws	
Board Minutes	
Corporate Seal	

**Financial & Personnel**

	Location
Current & Previous Form 990s	
Current and Previous Audits	
Financial Statements	
State or District Sales-Tax Exemption Certificate	
Blank Checks	
Computer Passwords	
Donor Records	
Client Records	
Vendor Records	
Volunteer Records	
Building Lease/Deed	
Personnel Files	

**Auditor**

Company Name:

Contact Name, Phone Number, & Email:

**Bank**

Bank Name(s) & Account Number(s):

Authorized check/document signers:

Contact Name, Phone Number, & Email:

**Investments**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

  
**Office Safe**

Who has the combination/keys?

**Legal Counsel**

Company Name:

Contact Name, Phone Number, & Email:

**Payroll**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**Building Management**

Company Name:

Contact Name, Phone Number, & Email:

**Office Security System**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**IT Consultant**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**Web Host**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**Other External Technology Providers**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**Telephone System**

Company Name & Account Number:

Contact Name, Phone Number, & Email:

**Directors and Officers Insurance**

Company Name & Policy Number:

Contact Name, Phone Number, & Email:

**General Liability Insurance**

Company Name & Policy Number:

Contact Name, Phone Number, & Email:

**Other Insurance**

Company Name & Policy Number:

Contact Name, Phone Number, & Email: