

SAMPLE: Non-Profit Executive Leadership Succession Policy

Policy Statement:

A change in executive leadership is inevitable for all organizations and can be a very challenging time, involving both risk and opportunity. A succession policy for the executive leadership position is a routine risk management and sustainability planning tool.

Therefore, THIS NONPROFIT shall be prepared for permanent change in executive leadership – either planned or unplanned – to ensure the stability and accountability of the organization until such time as new leadership is identified. The Board of Directors shall be responsible for implementing this policy and its related procedures and for annually reviewing and updating the policy as needed. This policy and its related procedures are intended to serve the best interests of the organization and its mission.

To that end, the Board of THIS NONPROFIT is adopting this succession policy for the purpose of establishing principles, role clarity, and procedures to support positive leadership transitions that foster good endings and beginnings with departing and arriving leaders and build organizational capacity when a planned or unplanned executive leadership change occurs.

Guiding Principles

- 1) As a matter of policy, the Board of THIS NONPROFIT believes that its due diligence responsibility, as well as the interests of the organization, will be best served by a robust, competitive search process. The CEO has the single greatest impact on the organization's development and effectiveness, therefore, his or her selection should not be rushed. Internal candidates from the staff and/or board will be seriously considered along with qualified candidates emerging from external search.
- 2) The executive's position is often shaped by the incumbent's talents and areas of specialized interest. That person's departure may necessitate other organizational changes including the creation of new positions and/or realignment of current positions.
- 3) The foremost goal of an interim leader is the maintenance and continuity of THIS NONPROFIT's mission-related work. A transition also presents an opportunity to continue to grow and develop.

Lines of Authority

- 1) The selection of the CEO is the responsibility of the Board of Directors.

- 2) The current CEO has the responsibility to continuously identify, encourage, and help develop managers within the organization who are qualified to meet future leadership needs, whether on a temporary or permanent basis.
- 3) The current CEO has the responsibility to plan for the orderly transition of all managers and key staff members.

Emergency Backup Plan

- 1) For CEO: To be prepared at all times for a leadership transition, the organization shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of the CEO. This plan shall be approved by the Board and will be reviewed annually. The plan can also serve as the Transition Plan when there is a vacancy in the CEO position.
- 2) For Managers: To be prepared at all times for a management transition, the CEO shall maintain an up-to-date Emergency Backup Plan with guidelines for the planned or unplanned short-term and long-term absence of members of the management team. This plan shall be provided to the Board and reviewed on an annual basis.

Board Action in the Event of Vacancy in the CEO Position

- 1) Organizational Assessment: The Board or an appointed committee shall assess the leadership needs of the organization before a search for a new CEO is conducted. The assessment shall include a review and update (if needed) of the organization's strategic plan. The assessment will be designed to assure the selection of a qualified and capable leader who fits well with the organization's mission, vision, values, culture, and strategic goals and objectives and who has the necessary skills to lead the organization. This assessment may be conducted with the assistance of an outside consultant.
- 2) Transition Plan: The HR Committee shall plan and oversee the transition including establishing a search process and consulting/search services as needed, and nominating staff members, if appropriate, to assist with the selection of the new CEO.
- 3) Option of appointing an Interim CEO: To assure the organization's operations are not interrupted while the Board assesses the leadership needs and recruits a new CEO, the Board may appoint an Interim CEO. This position may be filled by senior management staff as identified in the Emergency Backup Plan for the CEO position or the Board may decide to hire an Interim CEO from outside the organization. If a board member is appointed to serve as Interim CEO, then that board member will be temporarily suspended as a board member during their time as the CEO, but would be reinstated with no loss of tenure once the assignment is completed. The Board should clearly define and communicate the authority of the Interim CEO and set appropriate

compensation. The Board may consider the need to secure outside consulting expertise to assist the Interim CEO.

- 4) Duties of the Interim CEO: The primary responsibility of the Interim CEO is to assure that the organization continues to operate without disruption and that all organizational commitments previously made are appropriately executed, including but not limited to:
 - a. Managing day-to-day operations of the organization, including grant and contract obligations, reports, and other obligations to funders and other stakeholders,
 - b. Supervising staff,
 - c. Maintaining finances and revenue generation and overseeing budgets and expenditures,
 - d. Reporting to Board on a regular basis on the status of the organization and future leadership needs,
 - e. Conducting organizational analysis and consulting with the Board on potential improvements to operational systems, and
 - f. Serving as the spokesperson for the organization including speaking engagements and other external communication.

- 5) Limitations of Authority of Interim CEO: The Interim CEO shall abide by the guidelines set forth above or as detailed in the Emergency Backup Plan specifying the delegated authorities. The Board may consider additional limits on the authority of the Interim CEO beyond those set forth in these guidelines.

- 6) Simultaneous transitions for the CEO and Management Positions: If appointing an Interim CEO from within the organization, the Board may make other temporary management appointments from among other management staff, external hires, or a combination to best assure continuity in leadership and program success through the transition period and afterwards.

- 7) Communication: Maintaining open lines of communication is critical especially during a transition period. To ensure the information is shared on a timely basis with key groups, the Board shall establish the following communication protocol:
 - a. The Board Chair, in consultation with the Executive Committee and Interim CEO, will contact all staff members to inform them about the interim leadership plans,
 - b. The Board Chair, in consultation with the Executive Committee and Interim CEO, will contact funders and external partners to inform them on the transition plan and to introduce the Interim CEO. Such information should be placed on the webpage and otherwise communicated to the public as appropriate.

- c. The Interim CEO will report progress and share updates with the Board on a regular basis, with a frequency to be determined by the Board, during the transition.
- d. The Board will meet with the Interim CEO to provide direction and support on a regular basis, with a frequency to be determined by the Board, during the transition. The Board may determine that these meetings can be delegated to the Board Chair and/or the Executive Committee.

Preparation Timeframe for Replacement of CEO

- 1) The optimal period for the CEO to announce departure from the organization is at least six to twelve months before the date of departure to negotiate a healthy transition.
- 2) The Board understands that the time required for successfully completing a planned leadership transition - from reviewing the strategic priorities of the organization and creating the profile of skills needed by the next CEO through recruitment and screening of candidates to the installation of the chosen successor – is approximately eight to twelve months.

Role of the Outgoing CEO in Planned Transitions

The departing CEO, unless otherwise directed by the Board, will be involved in some transition activities such as communicating with funders and stakeholders, and briefing the incoming CEO. The departing CEO's role during the transition and after the new CEO starts shall be developed by the Board or by the Personnel Committee.

THIS NONPROFIT'S Commitment Regarding Diverse Candidates and Staff Leader Development

- 1) In order to provide career advancement for staff, the organization shall encourage the professional development of current employees.
- 2) In order to support the Board's due diligence and ensure that the best possible candidate is hired, the organization shall implement a search and selection process that is open to internal and external candidates. Internal candidates will be considered equal to external candidates in the screening and selection process.
- 3) The organization shall work proactively to develop a diverse pool of candidates for the CEO position.

Adopted by the Board of Directors on the ____ day of _____. 20__.