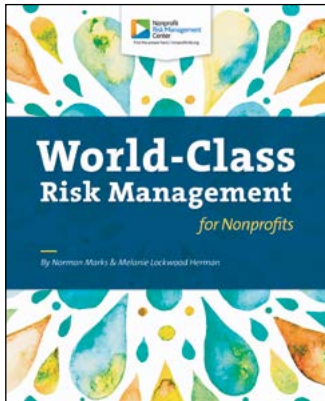


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## THE HR RISK ISSUE



## Managing Risks and Reaping the Rewards of Remote Teams

By Whitney Thomey

Remote work—a facet of the working landscape for three-plus decades—quickly became the default construct for businesses and nonprofits alike in 2020. In short order, leaders across the nonprofit sector learned that remote work was not only *possible* but also practical at a fantastic scale. Experience corroborated what the research indicated—many people are *more* productive, comfortable, and content working from home, even *with* added distractions of family life, roommates, pets, and parcel deliveries.

Nonprofit HR, a leading US talent management firm focused exclusively on

the social sector, conducted a pulse survey in 2021 after many organizations had been practicing remote work solutions for over 18 months. 635 participating organizations with various missions responded. Survey findings included:

- The top concern for organizations regarding partially or fully remote work strategies is maintaining company culture (64%).
- 51% of respondents are considering future remote work for any position that could reasonably accommodate this strategy.

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# Risk Management ESSENTIALS

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## Managing Risks and Reaping the Rewards of Remote Teams

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- As a result of the pandemic, 70% of nonprofit staff work primarily from home, including 50% of nonprofits who provide direct community service.
- 78% reported experiencing unexpected positive benefits resulting from remote or hybrid work schedules.

With these overwhelming benefits, it's no wonder that many nonprofits are considering making remote work arrangements permanent or embracing 'hybrid' as the default model of their future work environment. Yet, this gratefully embraced model is not without risk for employer and employee alike. When teams are geographically dispersed, everyone must recognize the need for intentionality. Infusing remote and hybrid teams with purposeful actions is critical to maintaining and building trust, ensuring employment law compliance, and supporting high levels of engagement and productivity.

Without purpose and intentionality, remote teams go from a richly rewarding experience to a risky business practice. Below, we explore a handful of top-of-mind risks for nonprofit leaders and share tips and insights to infuse new and existing remote and hybrid teams with the intentionality needed for success.

### Anchor Everything in Trust

Tsedal Neeley succinctly describes trust's role in connecting with team members in her recent book *Remote Work Revolution: Succeeding from Anywhere*. She writes, "Trust is the glue that binds a team together, drives performance, and enables collaboration and coordination, but you can't force trust. It is a judgment people must reach on their own." Nonprofit teams making a shift to a fully remote work arrangement or exploring a hybrid approach where team members are working off-site *and* in person—but rarely at the same time—must carefully cultivate and build trust between leaders of the team and among team members themselves.

### ■ Focus on outcomes rather than process.

Supervisors in a traditional work environment often employ the tactic of 'management by walking around' (MBWA). These impromptu interactions allow teams to raise questions and hone their process while maintaining connection and team cohesiveness. But MBWA can also erode trust if employees feel at risk of being caught in an unproductive moment. In the virtual environment, MBWA isn't possible. Instead, leaders can earn team member trust by focusing on the outcomes rather than the process.

Encourage hybrid and entirely virtual teams to examine outcome-driven goals and provide freedom and flexibility for each team member to work towards these milestones through a process that fits their individual needs. With specific, measurable, transparent goals and associated outcomes, the team can quickly assess what's working and what's not and make course corrections along the way.

### ■ Intentionally build interpersonal trust among team members.

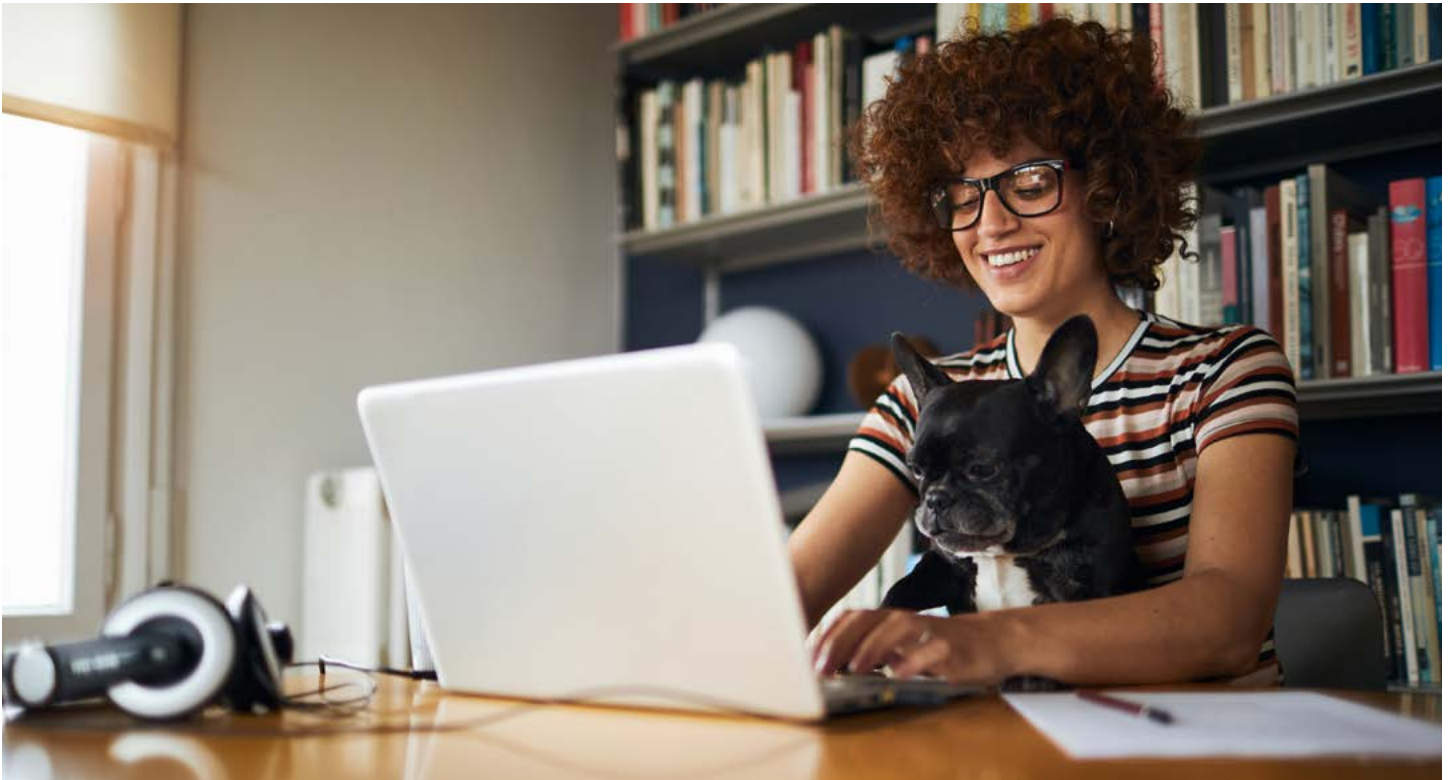
Deep, lasting trust comes when people know one another on a personal level. Traditionally, teams built these relationships around the office coffee bar, by running into colleagues in the hallway, and with casual conversations over lunch. Absent the ability to bump into someone in the hall, hybrid and remote teams must be intentional about including 'get to know you' interactions into their work routines.

Start by making your first agenda item on team touch-base meetings a "Take 5" moment. Use this time to go around the virtual table and allow each team member to share something exciting or challenging that's happening in their lives – home or work-related!

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## Managing Risks and Reaping the Rewards of Remote Teams

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**“Infusing remote and hybrid teams with purposeful actions is critical to maintaining and building trust, ensuring employment law compliance, and supporting high levels of engagement and productivity.”**

Meeting facilitators and leaders should make this exercise routine and ensure everyone has an opportunity to share. One tactic would be to start with the person who usually speaks the least. During times of stress, remember to end all team meetings with a second “Take 5” moment. Go around the virtual table and ask each team member to identify one of the following:

- Something they need help on, or
- Something they are worried about for which they need reassurance or understanding.

■ **Soak in the power of owning mistakes.**

Tsem Tulku Rinpoche, a Buddhist philosopher, reminds us that, “We must be open to our mistakes and

grow. Growth isn’t based on being perfect, but moving toward the best we can be by being honest.”

Mistakes, deviations from the plan, and errors should be expected in any organization willing to take risks to achieve ambitious missions. Often, the best strategies are untested and have elements of the unknown. When things go awry, there is a lot of power in discussing mistakes, finding the opportunities for growth within, and owning your part in them.

Build your remote and hybrid teams’ trust by promoting learning and growth rather than fixing blame and harboring shame. Nonprofit leaders should teach this skill through openly



**Managing Risks and Reaping the Rewards of Remote Teams**

CONTINUED FROM PAGE 3

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“Build your remote and hybrid teams’ trust by promoting learning and growth rather than fixing blame and harboring shame.”

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owning and discussing their mistakes and errors.

■ **Take advantage of transparency.**

In a world dominated by video conferences, it’s never been more important to be transparent with your colleagues, partners, community members, and clients! Webcams have given us the ability to be present with each other despite a physical distance. However, when the cameras are on, our actions and expressions take center stage whether we intend them to or not.

Taking notes during an in-person meeting is obvious to all participants. However, a pause in the conversation as you catch up or collect your thoughts on a video conference could easily be interpreted as disengagement. It’s risky to assume your fellow meeting participants know exactly what you’re up to—they could ‘check out’ from your meeting, or at worst, they could begin to question their trust for you!

Instead, be transparent about what you’re doing. If you suddenly go quiet, let your teammates know that you’ve paused to make a note of something you don’t want to forget, or that you need a minute to consider that great new idea, or that you’re double-checking the agenda on your other screen. These types of interjections will likely feel stilted at first. After practicing them, they’ll become more natural parts of your virtual communication toolkit, and they will add a new layer to the ways your team continues to build trust.

**Encourage Communication and Establish Cadence**

Communication is critically important for any nonprofit team, and it may be even more so for those who are contending with geographical distance. Because colleagues are no longer an arms-length away, teams need to form regular communication patterns, carefully select—and use—tools, and purposefully reach out as situations present themselves.

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## Managing Risks and Reaping the Rewards of Remote Teams

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### ■ Leverage asynchronous work.

Asynchronous work often begets concern among teams used to having frequent, casual interactions. Coworkers have been traditionally accustomed to popping into each other's offices to ask a quick question or solicit someone to weigh in on a decision. If your team is new to asynchronous activities, there might be concern over quickly receiving essential feedback. Used correctly, this strategy can increase team productivity and cohesion!

To maximize asynchronous communication methods, first consider how urgent, sensitive, and critical the feedback is. Take advantage of establishing an async 'pre-work' period before brainstorming meetings or risk action plan development. Teams can take advantage of creating collaborative documents with tools like Google Docs or Microsoft 365 to gather ideas and rank them before coming together to decide on a plan of action.

### ■ Know the value of the one-on-one.

Without the luxury of being physically accessible to their teams, leaders should consider increasing the number of routine one-on-ones they have with their staff.

Ideally, these one-on-ones would be short, routine conversations team members can count on to voice concerns and solicit feedback. Ensuring these meetings happen at a predictable day and time makes it more likely that issues will quickly rise to the surface before becoming a significant obstacle. Reluctant team members might find this form a safer, more comfortable way of voicing concerns, talking through technical difficulties, or requesting additional support without feeling like they're on the spot in a large group meeting. Conversely, ardent speakers will find confidence

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**“Remote work can be a powerful solution when leaders are intentional, open, and recognize these arrangements are nuanced.”**

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in sharing ideas with leaders without monopolizing the speaking floor during larger team meetings when it's important to provide all participants the ability to share.

### ■ Establish team norms.

Outline norms for new and existing remote and hybrid teams. These 'rules of engagement' help team members understand everything from communication tools to meeting schedules to what work can be asynchronous and what should be conducted in real-time.

Use this opportunity to set expectations for team communications. By establishing a regular schedule for check-ins, the team will now be able to quickly

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## Managing Risks and Reaping the Rewards of Remote Teams

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identify risks as they emerge and take a baked-in approach to developing action plans going forward.

Another critical consideration is the etiquette for camera use during video conferencing. ‘Zoom fatigue’ is a very real consequence of heavy use of this communication form. Therefore, there are many benefits to establishing set meeting schedules where cameras are optional. Such as, ensuring team members have the freedom to relax and be relieved of the stress that arises when personal challenges are happening in the background (kids, partners, pets, or parents). Also, for some, processing information is easier without a constant video stream to monitor.

## Navigating Compliance Conundrums

Opening your doors to team members across the nation (or the world!) increases your nonprofit’s capacity for recruiting talented, mission-committed individuals. Organizations large and small must be mindful of employment law implications of a geographically dispersed team. Not knowing *which* laws apply to your global workforce can quickly turn smooth sailing into turbulent seas!

- **Use a notification system if employees move out of state.**

It’s abundantly clear when you onboard a new hire who lives out of state. But what happens when an existing team member moves to a new state and remains in their current position with your nonprofit? Teams who have implemented fully remote work arrangements should consider developing a simple notification system that allows leaders or their human resources team to collect important information about their staff’s residence.

Brief all teams on where to find forms and give periodic reminders of the change of residence notifications procedure. Some jurisdictions provided waivers during the pandemic for telework employees. Many of these waivers have since expired. Conduct an audit of your team’s residential addresses to ensure anyone remaining on permanent remote work will have withholding taxes appropriately withdrawn.

- **Consult trusted advisors.**

Knowing which employment laws apply in every situation can be tricky, even when all of your employees live in the same state. However, when staff’s home office locations are in a different state from your nonprofit’s headquarters, the requirements may

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## Managing Risks and Reaping the Rewards of Remote Teams

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be very different from what you're accustomed to.

Keep in mind that your remote and hybrid employees might have different protected leave available, you may need to use non-traditional methods for posting employment notifications, and even wage-and-hour laws may change. Touching base with in-house or retained counsel is an appropriate step to ensure you are compliant with relevant employment laws and haven't overlooked anything.

- **Allow additional time for onboarding.**

Conventional onboarding strategies often include loads of paperwork new employees are expected to complete, a walk around the workplace with casual introductions, and possibly a sit-down with the new supervisor or HR to review policies and procedures. Hybrid and virtual work arrangements dictate that we shake up the onboarding process and explore new, creative ways to acquaint recruits with their duties and teammates.

Because casual meet-ups around the office aren't a viable expectation for remote and many hybrid team members, consider extending the onboarding period and use intentional virtual meet-ups like coffee breaks or 'get-to-know' everyone sessions. These informal meetings are an excellent way for the team to meet each other personally, begin to develop interpersonal trust, and stave off feelings of isolation while building community.

Another strategy to create comfort for new employees who never meet their team or supervisors in person is to develop a ramping-up plan that extends far beyond the typical one week or 30 days that was customary when teams worked primarily in the office. A series of established touch-base meetings with a mentor in addition to a supervisor can help new team members become comfortable with the role and your nonprofit's culture and mission. This personalized plan will look different for each new recruit and creates a solid foundation for success and engagement.

## Managing Risks and Reaping the Rewards of Remote Teams

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The foundation to grow a successful remote or hybrid team is built on unwavering trust. Trust between the team members and trust between leadership and the team. At the first hint of fracture or frustration, teams should look to this foundation of trust and ask:

- Are all members of the team comfortable admitting mistakes? Or is there a tendency to place blame when something doesn't go as planned?
- Are we actively listening with curiosity to learn when others are sharing during touch-base meetings?
- Are the expectations for team members clear? Do we need to clarify or change our communications—the tool, schedule, or frequency?

Take a team pulse check. How high is the stress level? Have we skipped the personal

'check-in' time at meetings too often? Do we have enough one-on-one sessions?

While it's true that many nonprofits were forced to enter a grand experiment with remote work in 2020 and 2021, this arrangement and its counterpart—hybrid work—isn't a quick or easy fix for employee retention, engagement, productivity, or recruiting top talent for your mission. However, it can be a powerful solution when leaders are intentional, open, and recognize these arrangements are nuanced.

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Whitney Thomey is Lead Consultant and Risk Ethnologist at the Nonprofit Risk Management Center. She welcomes your questions and comments about developing and engaging a remote workforce at your nonprofit at 703.777.3504 or [Whitney@nonprofitrisk.org](mailto:Whitney@nonprofitrisk.org).

### Additional Resources

*Remote Work Revolution: Succeeding from Anywhere*, Tsedal Neeley

*You're On Mute - How the Shift from In-person to Virtual Board Meetings Impacts Board Governance and Communication in Nonprofit Associations*, Theresa Hurley

*"Safe and Supported: The Intersection of Psychological Safety and Fruitful Risk Practice," Risk Management Essentials*

*"Async Wins: What Teams Gain By Going Async," Workplaceless*

*"Stanford researchers identify four causes for 'Zoom fatigue' and their simple fixes," Stanford News*

*"The Fatiguing Effects of Camera Use in Virtual Meetings: A Within-Person Field Experiment," Journal of Applied Psychology*

*"4 Ways To Balance Under And Over-Communication As A Remote Work Manager," Trello*

*"Multistate Compliance for Employers with Out-of-State Remote Employees," National Law Review*

*"When Your Workforce Is No Longer Local, Which Employment Laws Apply?" JD Supra*

*"6 strategies to improve the onboarding process for hybrid workers," Human Resources Executive*





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# Case Studies

## 1 **Engagement Goal: Elevating and integrating ad-hoc conversations about risk-taking and risk management into durable planning and decision-making processes**

**WHO:** A national foundation working to strengthen democracy and promote the health, diversity, and resilience of democratic processes and institutions.

**Results:** The NRMC team worked in partnership with foundation leaders to identify and unpack critical risks. The project culminated with a workshop exploring the topics of risk assessment and risk appetite. The NRMC team will be returning to the organization later this year to facilitate follow-up training for a broader staff team.

## 2 **Engagement Goal: Interim Risk Leadership**

**WHO:** A regional transit agency employing more than 1,200 staff.

**Results:** The engagement involved leading and motivating staff working in claims management and safety and partnering with the agency's top executives to envision a new structure for the risk team. NRMC's work included managing contacts with the agency's external broker and defense counsel and facilitating the vetting and appointment of a new Third-Party Administrator (TPA). The NRMC team also led the search process for a new risk leader and developed a new risk dashboard to elevate and strengthen risk oversight.

## 3 **Engagement Goal: Development of an engaging website housing custom risk resources for the organization's member agencies**

**WHO:** A national organization of 1,000 affiliated agencies dedicated to fighting poverty in the U.S.

**End Result:** The NRMC team developed an attractive website featuring two interactive web applications. These applications present content fully customized for the association. The site also has easily accessible web links to NRMC Affiliate Member benefits. These resources help the organization's affiliated agencies develop a deeper awareness of the risks they face and identify practical steps to close gaps in risk practice. More than 95% of the organization's affiliated agencies have used the site to complete a Risk Assessment and demonstrate compliance with national quality standards.

## 4 **Engagement Goal: Thoughtful bidding process to identify and select the best-qualified firm to provide insurance**

**WHO:** A regional public health organization with more than 1,700 employees serving nearly 200,000 consumers.

**End Result:** The NRMC team facilitated and managed a Broker Selection Process for the agency motivated by the commitment to ensure that insurance dollars were allocated wisely. The NRMC team designed a custom RFP, identified and pre-qualified bidders, reviewed incoming proposals based on the client's criteria, and coordinated interviews with the six finalist firms. At the end of the process, the client selected a new broker and entered into a multi-year broker services agreement.

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## Tackle Training Tactfully

By Katharine Nesslage

All employees will, at some point, encounter occasions when they need to learn or adapt their skillset to succeed in their role. Workplace training and cross-training enable staff to gain the necessary proficiencies to perform their duties while contributing to the organization. Strong training programs aid in risk mitigation, increase employee engagement, raise retention rates, and encourage innovative thinking. According to a recent survey by [Lorman](#), 74% of employees are willing to learn new skills, but 59% of staff claim they had no formal workplace training and that most of their skills were self-taught.

Consider these typical employment situations:

- A direct service staff member is promoted to a supervisor or manager position without receiving training on how to provide performance

feedback to staff or how to handle interpersonal conflicts.

- An individual's role has expanded beyond what the person was initially hired to perform, and that person needs to learn new skills to complete the job function correctly.
- The organization develops a new role and lacks an onboarding process that covers the position's responsibilities.
- A staff member must take an unexpected leave of absence. Their essential duties are delegated to several other individuals throughout the organization, some of whom might be unfamiliar with a different department's processes and procedures.

Training programs can significantly reduce the risk of frustration, turnover, and disengagement in all these scenarios. Nonprofit leaders who use staff training effectively can make transition moments

an opportunity to advance the ambitious missions of their organizations.

Training nonprofit staff should not be a one-size-fits-all program. Instead, organizations can look to their internal resources—existing procedures, trainings, and employee expertise—to enhance the nonprofit's training program.

### Take Hold of Your Training

Below we explore several ways organizations can leverage their existing talent pool to amplify their internal training program leading staff to develop new skills, increase engagement, and find new ways to approach risk management.

**Map out the top responsibilities for each employee.** Ask each team member to identify their top 10 to 25 critical tasks and responsibilities. Staff should revisit these responsibilities annually to capture changes as your organization grows and

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**Tackle Training Tactfully**  
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**“Strong training programs aid in risk mitigation, increase employee engagement, raise retention rates, and encourage innovative thinking.”**

evolves. Capture these core functions in a document or software solution—shared with your entire team—that identifies others in the organization trained to handle the task and your plan to close gaps in this process. This could be as simple as creating a document or spreadsheet, or you could leverage an existing software solution to manage the data. Below is a sample using a Director of Finance role.

**Consider which duties are most time-consuming for each role.** Now that the document has been created, convene your team to share and discuss the grid. Use this file as a basis of discussion among your team to determine which of these tasks consume the most time and discuss ways to increase the other staff members’ knowledge about how to perform these tasks. This also creates an opportunity to re-distribute responsibilities based on each person’s workload or interest in professional growth and ensure coverage should a business interruption occur.

Remember, this should not be an insular activity that only takes place within one department. It is good to begin this process within a team that works closely together and then share the grid more widely. In fact, this gives leaders another peek into how cross-functional teams may work better together by leaning into each other’s strengths and areas for growth potential.

**Create opportunities to shadow others in your organization.** Getting to see what someone else does with their day or how they approach a particular critical task is an excellent way to teach employees a new skill. It provides the learner with an opportunity to ask questions about the approach and gives the teacher a chance to gain a deeper understanding of what they are doing. Both parties can learn from each other as the student may tackle the task from a different perspective that could enhance the process while providing the instructor with ideas to evolve their own problem-solving techniques used every day.

Critical Task	Backup staff or contractors trained to do this and prepared to step in	Plan to fill gaps, including deadlines
<i>Review contracts submitted by the program team before execution; focus on key provisions such as indemnification, scope of work, and insurance requirements</i>	<b>1st: Senior Accountant</b> <b>2nd: External Legal Counsel</b>	<ul style="list-style-type: none"> <li>• <b>Deliver a contract review workshop to at least 2 members of the Executive Team by 12/31</b></li> </ul>
<i>Review draft monthly financial statements and prepare a summary memo for the Treasurer and Finance Committee</i>	<b>1st: Senior Accountant</b> <b>2nd: Deputy Executive Director</b>	<ul style="list-style-type: none"> <li>• <b>Train the entire finance team on the mechanics of preparing the monthly summary memo for Finance Committee review</b></li> <li>• <b>Allow each team member to draft one memo during the next six months; provide feedback and suggestions on the drafts</b></li> </ul>



## Tackle Training Tactfully

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## “Diving into ‘other duties as assigned’ tasks opens the gateway for informal cross-training possibilities.”

**Construct a framework for cross-training staff.** The training framework should act as a guide and starting point for teams and leadership as they navigate how best to train others and how to find ways to create advancement opportunities within the nonprofit. This development can help employees grow and feel more engaged in their contributions to the organization.

When constructing your training framework, consider what you want the training program to accomplish. Is it designed to bolster your business continuity planning, increase employee satisfaction and retention, meet a compliance or other legal mandate, or something else?

Questions you may want to ask as you are considering how to get the most from training include:

- How often should the training occur? The frequency could differ based on the complexity of what you want staff to learn.
- Should the training session be one-on-one, small groups, a large cross-section, or a combination?
- What hands-on elements could be added to the training to make it more robust?
- Does the training incorporate individuals who would not typically be considered a backup for a particular critical task?
- What feedback opportunities are provided for both the trainer and learner?

**Segment learning into bite-size chunks.** Individuals process and retain information

better in smaller amounts. According to [The American Journal of Medicine](#), the average attention span of adult learners is only around 10-15 minutes. Employee attention can be re-engaged by relating the content directly to the individual’s goals and objectives. However, to maximize learning, keep the training times short and increase the frequency. This strategy magnifies retention and allows for an opportunity to revisit and practice what was previously discussed.

### Make Your Training Buy-In Bold

As employees list out their core responsibilities—typically, what was part of their original job description—encourage them to explore what else they are doing that may fall in other categories. Diving into these ‘other duties as assigned’ tasks

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**Tackle Training Tactfully**  
CONTINUED FROM PAGE 13

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“Successful training initiatives are intentional efforts that often involve cross-collaboration throughout the entire organization.”

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opens the gateway for informal cross-training possibilities that could:

**Broaden staff’s network.** As individual employees begin working on something outside their usual role, they are exposed to a new set of co-workers, managers, and customers. The enthusiasm that comes from exploration is reflected in the individual’s team spirit and ability to learn a new skill quickly. This builds that person’s reputation within your nonprofit and broadens their network.

**Transmit new skills.** Formal training opportunities can be very costly, and not all organizations have the budget to cover them. Each team member has a set of well-honed skills about areas of your nonprofit. Take advantage of this knowledge by having employees teach each other. Utilizing internal talent will allow other employees the chance to expand their understanding of your nonprofit while increasing their skill set.

**Build on an interest area.** Perhaps a staff member has been interested in trying out something new like fundraising, how

benefits are administered, or organizing special events your nonprofit hosts. Giving the employee a chance to participate in special projects within your organization provides them the opportunity to learn more about the realities of that position and decide if it really would be a good fit for them.

Successful training initiatives are intentional efforts that often involve cross-collaboration throughout the entire organization. Cross-training staff is a proven strategy to minimize the painful consequences of unplanned departures. It’s also a wonderful way to help valued staff build new skills and knowledge about the functions and tasks that bring a nonprofit’s mission to life. Investments in skills training are well worth the time and financial resources required to make them happen.

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Katharine Nesslage is a Project Manager at the Nonprofit Risk Management Center. She welcomes your questions and comments about training in the workplace at 703.777.3504 or [Katharine@nonprofitrisk.org](mailto:Katharine@nonprofitrisk.org).

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**Additional Reading:**

Gurchiek, Kathy. [Training: Don’t Forget Your Deskless, Night and Weekend Workers.](#) (November 9, 2021). SHRM

Zeidner, Rita. [The Reskilling Imperative.](#) (August 31, 2021). SHRM

# Word to the Wise: Three Phases of Executive Succession

By Don Tebbe, Author, Speaker, & Consultant ([don.tebbe@dontebbe.com](mailto:don.tebbe@dontebbe.com))

Don Tebbe is an experienced advisor to nonprofits on CEO transition and leadership succession. For over 25 years, he has specialized as an executive succession consultant, helping hundreds of nonprofit leaders plan for and manage their departures. Mr. Tebbe shared his thoughts and insights on the biggest risks related to succession planning.

Tebbe reminds us that there are actually three phases nonprofits should be mindful of:

## 1. Succession and Sustainability.

First, the executive and the Board should ensure that there is a succession plan in place. And it takes into account the organization's sustainability—particularly its ability to succeed without the current CEO. For example, relationships often are tied to a particular executive who is a fixture in a community or perhaps has personal relationships with primary funders.

**2. Transition.** The second phase focuses on the search and selection process, which will find an effective new executive to lead the organization and prepare the organization to work with the new executive.

**3. Post-Hire.** The final phase is often overlooked or underutilized. After a new Executive Director has been found and starts the new leadership role, there should be an intentional onboarding process and relationship-building phase between the Board and the executive.

## NRMC: What is the biggest or most significant mistake boards make preparing for a new leader?

**Don Tebbe:** I think there's a different mistake that happens during each of the three phases. First, during the succession phase, they don't do it – they don't have a plan. Some studies indicate that 1/3 of nonprofits don't have a succession plan for their executives; I think that's overstated. It's probably closer to 20-25%. But really, there's no excuse *not* to have a succession plan.

There are fantastic resources—templates, [guides](#), and more—that make it very easy for nonprofits to develop a plan. Typically, it is two documents: a board-adopted succession policy and an executive backup plan. We've tried to make it as simple as cutting and pasting for the policy. The backup plan will require more thought because this

should be an agreement between the individuals involved.

During the transition phase, it's a mistake when boards don't reflect deeply enough on what type of leadership their organization needs for the future. There's a tendency to simply dust off the old job description and start running ads. Often the job description is a fossilized artifact. Instead, they should stop and ask, "What kind of leadership qualities is our future organization calling for? Should the role be constructed differently based on the trajectory of the organization today and our goals for the future?"

Finally, during the post-hire phase, boards often think that all of the change happens on the executive side of the table when, in fact, they should think critically about how governance might change, or should change, with a new CEO at the helm. Unfortunately, many boards aren't intentional enough about the ramping-up process. New executives aren't just 'plug-and-play' roles.

I've found that in high-performing organizations, there's an unambiguous Board/Executive social contract. There's clarity in four areas: the organization's

**Word to the Wise: Three Phases of Executive Succession**

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priorities, their respective roles and responsibilities for the executive and the Board, their expectations for one another, and how performance will be monitored and evaluated. A solid introduction and orientation to the organization and intentional relationship-building with the board can help the executive jump their learning curve.

**NRMC: What are some of the missed opportunities in the process of managing executive turnover risk?**

**DT:** Don't just look at this process as a replacement for an executive. Instead, use it as an opportunity for a capacity-building exercise. A CEO transition is a punctuation point in an organization's history. These transitions are times when the organization can reset its sights for a better position or if it's a high-performing organization to set its sights even higher.

Being honest about the state of your organization is critical at this time. There's a whole range of succession situations—from "sustained success" to "turnarounds"—each has its own transition challenges. Knowing where you are on that continuum and not papering over that fact, especially if your nonprofit is on the troubled end, will help you maximize the opportunity for growth.

**NRMC: What are the risks of hiring an independent interim CEO? How can those be managed?**

**DT:** Typically, when hiring an interim, you're hiring them to prepare the organization to work effectively with a new executive. You should be looking for someone who can provide bridge leadership and prepare the organization—help the staff and the Board set the stage for the new CEO's leadership. Intentional interims can also help recover from messy departures, cleaning up various areas—financial, political, social.

In the case of messy departures, you also want to make sure that you involve the right professionals so that you're getting good advice. If the finances are messy, be sure your CPA is engaged. If there's an employment issue, you would want to involve your legal counsel.

Loren Mead of the Alban Institute wrote a piece called *The Five Developmental Tasks of Interim Ministry*. The first point is sage advice for any organization going through a transition. "Come to terms with history." It's such a beautiful way of putting it. When you're bringing on the next executive, you need to come to terms with your history; be cognizant of the situation you're bringing someone into.

**NRMC: What should every CEO be doing to create a smooth runway for a future transition?**

**DT:** I wrote a 400-page book on this subject—*The Nonprofit CEO Succession Roadmap!* But, what it comes down to is starting early. Take a look at your organization and ask, "Is this organization ready to thrive with someone in my role?" If the answer is no, get to work on that! Put things into place, whether it's reforming the Board, shoring up gaps in the staff, strengthening the funding, whatever. At this point, a big part of your job is helping ensure that the organization thrives with your successor in place.

When you decide to leave, you have three jobs. First, you have a responsibility to lead the organization through your transition and understand that your role will change the closer you get to the end of your term. The second job is to prepare yourself for the next phase in your own life—whatever that might be. Finally, you should plan an active role in assisting the Board in making the best selection for your successor. This is a delicate line. You don't want to run roughshod over the Board, but you also can't dump it in their lap and expect them to do all of the work. Make sure there's a good handoff plan to help your successor with a fast, solid start.





## Managing Executive Turnover Risk

By *Melanie Lockwood Herman*

In the coming year, thousands of nonprofit CEOs will leave their organizations to enjoy retirement, pursue preferred pastimes, and resume travel plans to exotic locales that were delayed by the global pandemic. For most organizations, the departure of a long-time, well-respected CEO will be seen as a costly loss. The best news for nonprofit missions is that every CEO departure can be a positive, mission-advancing moment if plans are made for that departure.

Respond to the statements on the following page to assess your readiness for executive turnover risk.

To score your assessment, give yourself 1 point for every YES answer and 0 points for every NO answer. A perfect score (10 points) suggests that your mission is in an excellent position to survive and thrive during an executive transition. Anything less than 10 points means you have work to do! The statements preview the important work all Boards should do to get ready

for an executive transition—planned or otherwise. Below, we explore specific strategies and activities that will help your team manage the risk of lost momentum, chaotic transitions, and rocky on-ramps for new leaders.

### Put Plans on Paper and Practice What You Plan

#### 1. **Develop a CEO succession plan and ensure that the plan is reviewed and discussed by the Board annually.**

When a business leader joined the NRMC board in 2009 and asked, “Do we have a succession plan for Melanie?” at his very first meeting, his comment sparked a lively board conversation (and a bit of anxiety for me!). A succession planning task force was formed, and a few months later, that task force presented a thoughtful plan to the Board for further discussion and approval.

Our new CEO Succession Plan focused on the steps the staff, officers, and full Board would take upon learning of (or directing) my departure. Our CEO Succession Plan includes helpful, practical lists and resources for our board and staff teams. The plan contains elements such as a short list of firms that specialize in CEO searches, a list of retired executives who offer ‘interim CEO’ services, a detailed roster of key NRMC vendors and contractors, an up-to-date CEO position description, a draft advertisement for the role, an org chart with staff names and roles, and much more. In addition to these lists, the plan also includes a document with the types of questions the Board should ponder and discuss before beginning a search for my replacement.

Stop, celebrate, and reflect. When a key member of a nonprofit team physically leaves—or announces their intent to leave

**Managing Executive Turnover Risk**  
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## ASSESS YOUR READINESS FOR EXECUTIVE TURNOVER RISK

1.	The current Board has capably managed through another CEO transition during the past 5 years.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
2.	The current CEO ensures cross-training and backup staff for all their key functions and roles.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
3.	The Board annually reviews the CEO succession plan; updates are made as needed to ensure the plan's relevance.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
4.	The Board Chair and/or Officers are clear about the specific steps—and timeframes for those steps—that should be taken in an unexpected (emergency) CEO departure.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.	The Board has a good relationship with the CEO's direct reports; senior staff periodically interface with the Board, understanding each team member's role.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
6.	The CEO has shared with the Board their view about whether a senior staff member is suited, prepared, and potentially interested in an "Interim CEO" role.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
7.	The CEO and team regularly practice succession strategies—handing off assignments and responsibilities to the designated backup—such as when the CEO is on a sabbatical, vacation, or sick leave.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
8.	The CEO's Position Description is reviewed from time to time and is generally up to date.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
9.	The Board has a clear sense of organizational priorities and activities and receives periodic updates between regularly scheduled board meetings.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
10.	The Board is a high functioning team; differences of opinion arise, but there are no factions, in-fighting, or behaviors antithetical to teamwork.	YES <input type="checkbox"/>	NO <input type="checkbox"/>

## Managing Executive Turnover Risk

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**“When a CEO departs, the Board is faced with arguably its most important responsibility: choosing a new leader to champion and steward the nonprofit’s mission, momentum, and money.”**

soon—the typical knee-jerk reaction is to act as quickly as possible to fill the actual or impending void. That instinct is understandable but should be countered with patience and deliberation. When a CEO departs, the Board is faced with arguably its most important responsibility: choosing a new leader to champion and steward the nonprofit’s mission, momentum, and money. In some cases, the Board may feel resentment about the CEO’s timing: during a crisis, when financial resources are constrained, at a time when essential programs are in flux, or a significant milestone or event looms.

Regardless of timing, circumstances, and perceptions about whether the departure is ill-timed, it’s vital that the Board pause to

take care of two important tasks: 1. celebrate the departing CEO’s contributions, and 2. reflect on the organization’s current state and its wants and needs in a new leader. Rushing to fill the void forecloses the opportunity to reckon with the change, see the opportunities it presents, and arrange a proper, gratitude-inspired send-off for the departing leader.

### **2. Plan meaningful opportunities for senior staff to interface with the Board.**

When senior staff—other than the CEO—present at board meetings and truly join the Board in conversation, those opportunities inspire confidence in the qualifications of the ‘bench.’

Board meetings that include a parade of presentations touting recent activity are a familiar feature.



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**“A shelved CEO succession plan is a missed opportunity.”**

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To make these moments memorable and meaningful, develop thoughtful questions to follow the presentation. For example, after presenting information on recent financial developments, the CFO might ask:

- Does the progress we shared today inspire confidence that we’re moving in the right direction?
- What aspect of our financial health is most concerning to you?
- What else would you like to see, learn, or understand in the next financial report created by my team?

The staff member’s handling of the feedback from the Board will inspire confidence and showcase the team member’s ability to be and think in the moment. All too often, presentations

feel like well-rehearsed, sanitized CEO-approved descriptions of what’s happening.

- 3. Practice succession strategies.** A shelved CEO succession plan is a missed opportunity. Find ways to practice succession strategies. For example, when your CEO takes a sabbatical or extended vacation, hand the reigns over to the staff member who would be the “Interim CEO” in the event she doesn’t return. While this may not include giving the interim a temporary title, it should involve letting the interim leader handle things customarily handled by the CEO.

A word of caution to CEOs who enjoy being the ‘the decider:’ be prepared to live with the decisions the interim leader makes during your absence! There may be one or two you



## Managing Executive Turnover Risk

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disagree with but don't equate to mission failure. Don't sweat the small stuff!

4. **Identify resources before you need them.** There are several resources the Board will need when it's time to lead through an executive transition. Smaller nonprofits without a strong bench may need to employ a contractor Interim CEO who can manage operations while a national search is underway. Make a list of individuals and firms (with background and contact information) that offer such services and keep it handy and up to date. Consider including that list in your CEO Succession Plan. If the Board is likely to engage an executive search firm, identify firms specializing in executive searches for nonprofits. Learn about their process and pricing and create a list of suitable firms and points of contact.
5. **Tune-up Board updates.** A suggestion by a member of my Board in my early days as a CEO was to send the Board periodic updates in-between regularly scheduled board meetings. Over the years, my "Friday Memos" have helped the Board feel connected to NRMCM's mission and day-to-day activities. If you're not already providing periodic updates, consider doing so with a one- or two-page memo featuring highlights of recent activity. Meet with your team to discuss the format and tone of these reports and ask if any team members would like to take a turn drafting the board update.
6. **Envision onboarding.** An important role often assigned to a board Search Committee is onboarding the new CEO. Yet board members operate outside the sphere of day-to-day operations, the space where the new CEO will primarily live. In his book *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO*, Don Tebbe

writes that "Executive transitions call on the board to step up to a higher level of engagement and to lead the organization through a crucial period that will determine its future course."

Gather the staff team—or senior team—to brainstorm practical onboarding activities. In larger organizations, new CEOs often conduct 'listening tours,' where they meet individually with each direct report. Consider topics and questions to be covered during these conversations and a possible schedule for the CEO's first week. For example:

- **Day 1** – all-hands meeting with the staff team, call with the Board Chair, review of recent board packets, board updates, materials describing key strategies/strategic plan
- **Day 2** – meeting with the Board Treasurer and staff finance leader, followed by meetings with the finance team, completing paperwork to add CEO as a new signer for corporate documents, and checks
- **Day 3** – meeting with another senior leader such as the senior development staff member, HR manager, etc.

While an annual plan is often part of the new CEO playbook, shorter-term plans (think 30, 60, and 90 days) will inspire confidence by the staff and the Board.

7. **Define and clarify roles.** Role confusion is a common source of disagreement between leaders. According to a Bridgespan survey, 50 percent of new executive directors reported having no clear guidance or expectations about their interaction with the Board. Clarifying questions suggested by Bridgespan include:
  - How frequently will the CEO and board chair communicate?

- When will board meetings occur? Who will set the agenda?
- What decisions will the Board participate in?
- How and when will the CEO's performance be formally evaluated?
- How can the Board and new leader share informal two-way feedback throughout the year?

Executive turnover can be a time of turmoil, uncertainty, and the risk of mission derailment looms large. Even organizations that prepare for turnover by naming a successor candidate do not escape this risk. Instead, by building a resilient process, organizations can infuse calm and opportunity during these transition times.

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Melanie Lockwood Herman is Executive Director at the Nonprofit Risk Management Center. She welcomes your questions and comments about succession planning and executive turnover risk at your nonprofit at 703.777.3504 or [Melanie@nonprofitrisk.org](mailto:Melanie@nonprofitrisk.org).

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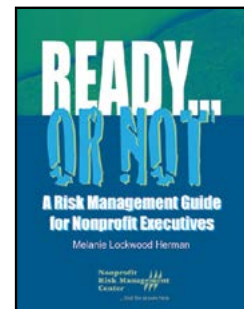
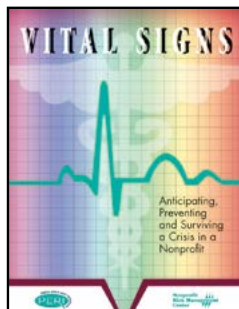
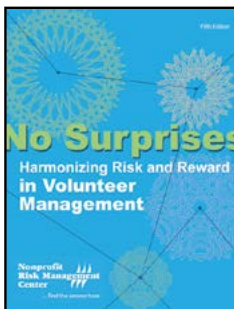
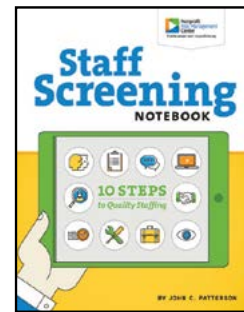
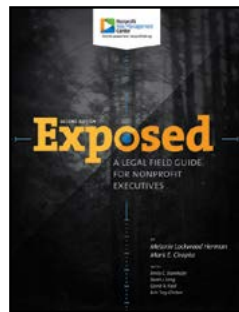
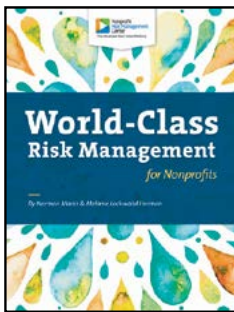
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