

Managing Executive Turnover Risk



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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 below to assess your readiness for executive turnover risk:

Assess Your Readiness for Executive Turnover Risk		
1. The current Board has capably managed through another CEO transition during the past 5 years.	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>
2. The current CEO ensures cross-training and backup staff for all their key functions and roles.	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>
3. The Board annually reviews the CEO succession plan; updates are made as needed to ensure the plan's relevance.	YES	NO
	<input type="checkbox"/>	<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	NO
	<input type="checkbox"/>	<input type="checkbox"/>
5. The CEO's Position Description is reviewed from time to time and is generally up to date.	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>
6. 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	NO
	<input type="checkbox"/>	<input type="checkbox"/>
7. 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	NO
	<input type="checkbox"/>	<input type="checkbox"/>
8. 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	NO
	<input type="checkbox"/>	<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	NO
	<input type="checkbox"/>	<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	NO
	<input type="checkbox"/>	<input type="checkbox"/>

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.
2. **Stop, celebrate, and reflect.** When a key member of a nonprofit team physically leaves—or announces their intent to leave 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.
3. **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. 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.

4. **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 ‘decider:’ be prepared to live with the decisions the interim leader makes during your absence! There may be one or two you disagree with but don’t equate to mission failure. Don’t sweat the small stuff!
5. **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.
6. **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 NRMC’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.

7. **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.

8. **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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