In a 2003 study of community foundation CEOs, more than half of the CEOs surveyed anticipated leaving their current positions within five years.\(^1\) Is your community foundation ready to make a transition?

Even more startling, most community foundations are uncertain about what’s involved when it comes to succession planning.\(^2\) Some wonder why they should worry about the future at all when they have so much work to do in managing their grant-making, community leadership and development, and administrative duties.

Succession planning is more than just replacing a CEO. It’s an opportunity to evaluate what works at your community foundation—and identify areas in which you can improve. It can give both the board and staff a clear picture of long-term goals, and help you set priorities and make decisions.

Planning ahead can also help ease anxiety and create a smooth transition from one CEO to the next. This issue of What You Need to Know will help you get started.

### Ask Yourself

Does your community foundation currently have a succession plan? How will planning ahead help you? What will you do in case of an emergency departure or prolonged absence of your CEO?

- Will you need to appoint an interim CEO? What are the required qualifications?
- If your CEO resigns, how long should the transition period be?
- How much time, if any, will the departing CEO spend training his successor?
- In what areas is your community foundation functioning well?
- What areas could a new CEO improve?
- What talents, experience, and personality traits are you looking for in your next CEO?
- What do your staff and board perceive to be the community foundation’s needs?

### Succession Planning Basics

It is the board’s responsibility, often in conjunction with the CEO and the executive staff, to develop a succession plan policy. A succession plan policy typically includes the following key components:

- a statement of commitment to prepare for inevitable leadership change
- a statement of commitment to assess leadership needs before beginning a search
- a plan to appoint interim leadership to ensure smooth operations and compliance with contractual obligations
- an outline of succession procedures, including:
  - the internal management line of succession to the interim position
  - a time frame for making the interim appointment
  - a time frame for appointing a board transition committee
  - the responsibilities of the transition committee, such as communicating with stakeholders, identifying a transition management consultant, conducting an organizational assessment, and designing the search plan\(^3\)

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\(^1\) Study conducted by TransitionGuides, for the Community Foundation CEO Network, 2003.

\(^2\) Defined as planning for the change in leadership from one individual to the next.

\(^3\) Source: TransitionGuides.com

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Frequently Asked Questions

What do we do if the leadership change occurs unexpectedly?

The board should always have a clear CEO succession plan in case of emergencies. Such a plan ensures the continuous coverage of executive duties and provides guidelines for temporarily appointing an acting CEO.

An emergency plan can guide the board through a hectic time by identifying what will happen if the CEO is absent for a short or long period. Usually the best course of action is to appoint an interim CEO. With this in mind, the emergency plan should include:

- a list of the current CEO’s priority functions
- several staff members, board members, or consultants who could be appointed as acting CEO
- how the acting CEO will be trained and compensated, and what level of authority this individual will hold
- a description of the hiring process, if needed, for the next CEO, including the appointment of a transition or search committee
- how to communicate changes to donors, grantees, and the community

For a sample emergency plan, see the emergency succession template created by the Center for Nonprofit Advancement, at http://www.nonprofitadvancement.org/newsletter1852/newsletter_show.htm?doc_id=369069

If change is anticipated, what can the current CEO do to prepare for the transition?

If you are a departing CEO, you and the other staff members can help your board implement a succession plan. Here’s how:

- Help the board appoint an acting CEO to serve during the transition if there is no overlap between the current and incoming CEO.
- Complete performance reviews for all personnel before you leave. This ensures that the staff receives your feedback before you leave—giving personnel a fair opportunity to reflect on their past performance, and giving the new CEO the input needed about each employee.
- Organize your office, ensuring that there are labels on all documents and drawers. Meet with appropriate staff and board members to review where you keep files and important documents. A staff member should keep a key to the office and appropriate board members should have keys to the desk drawers and file cabinets.
- Distribute emergency contacts to your staff. Give your staff the names and phone numbers of at least two board members whom they can contact if needed.
- Hold weekly staff meetings. Depending on the size of the organization, have weekly meetings with the full staff (if small) or all managers (if the staff is large) during the transition and until a new CEO is hired. Have a board member attend the meetings. Designate a staff member to attend portions of the board meetings.
- Meet with a board member once a week before you leave. Review the status of work activities, any current issues, etc.
- Help the board and staff prepare for the new CEO’s orientation. Discuss who among the board and staff members will lead the orientation and what materials will be presented.
- Discuss with the board how to handle public relations. The community will soon hear that the CEO is leaving. Agree on how this message will be conveyed to the community.
- Move your duties to the new CEO. If possible, spend some time training the new CEO.
How do we inform community members about the upcoming change?

As soon as the CEO gives her departure date (or departs unexpectedly) and you have appointed an interim CEO, send a press release and post a notice on your website announcing the change. Try to be as transparent as possible about when the CEO is leaving and how the community foundation will seek a successor. In the case of an unexpected departure or leave of absence, simply state who is acting as interim CEO and fill in the remaining details later, as they are determined.

How do we start the hiring process for a new CEO?

If your community foundation’s CEO is departing in a year, then the new CEO should be on site and getting up to speed in 11 months. That may seem like a long time at the outset of the search process, but an executive search committee may need months to narrow down the candidate pool. Depending on how frequently your board meets, board approvals may hinder the process—special sessions may be required to avoid slowing things down. Deadline creep could keep your community foundation from meeting its goal of a smooth transition, so don’t let it occur. Be sure to consider holidays, conferences, and other major events that may slow or halt work for a week or two.

Do we need to appoint a transition committee?

In times of transition, you should have a few trusted people who are actively managing the change. Whether they are board or executive staff members, outside associates, or ex-officios, these people should understand what the community foundation needs, how it operates, who the key players are, and what challenges may arise.

Keep the committee’s size manageable—three to five people is usually recommended. Too large a committee could hinder the process with scheduling challenges alone. If the board appoints a committee, make sure expectations are clear by outlining responsibilities, key dates for meetings or calls, and deadlines.

How long do transition periods last?

It varies, depending on the circumstances of the CEO’s departure and how well the community foundation has planned in advance.

A good rule to follow: Allow more time than you think you need. Good candidates will need time to wind down at their current position and to get up to speed with your community foundation and its operations. With more time, you’ll be in a better position to choose the best candidate for your organization. If your outgoing CEO is comfortable with long-term planning, request one year’s notice. While that may be wishful thinking, a year is optimal for conducting a careful search and implementing a smooth transition process.

We chose a successor. Now what?

During a CEO transition, the executive staff will often work closely with the board to ensure a smooth process. Ways the executive staff members can assist the new CEO:

- **Prepare a list of key stakeholders.** Make a list of key stakeholders the new CEO should know about, e.g., donors, nonprofits, advisors (legal, accounting, real estate), or peer organizations.

- **Ask the board to send a letter to stakeholders,** if it has not done so already, announcing the new CEO’s arrival, start date, background, and other details. Be aware of the effect transitions may have on donors and others in the field.

- **Send a news release announcing the change** to key organizations, community associations, field publications, and local newspapers.
Ask all staff members to document their activities. Staff members might share a to-do list of their current important activities, planned activities over the coming two months, and any major issues. These lists can help the new CEO get up to speed.

Update the administrative calendar for the organization. Make a schedule of all major recurring activities during the year (performance reviews, special events, staff meetings, one-on-one meetings, lease or contract expiration dates, paydays, etc.)

Create authorization lists. In conjunction with the board chair, decide who will issue paychecks and sign them during a CEO transition. Often, the board treasurer or secretary will assume this role.

What support and orientation will the new CEO need?
The staff can also do a lot to help the new CEO get his bearings upon arrival and during the first few weeks on the job. Here are some ideas:

- Familiarize the new CEO with the office. Be sure the new CEO is given keys, a tour of the offices, and an orientation for the copy, fax, computer, and telephone systems and any special billing procedures.
- Schedule any needed training, such as computer training, including use of passwords, overview of software and documentation, location and use of peripherals, and where to go to ask questions.
- Support the new CEO with an ongoing information exchange. During the first six weeks, the executive staff may want to meet regularly with the new CEO to discuss the transition, hear any pending issues or needs, and establish a good working relationship.

How much CEO overlap is useful?
Although it depends on the size of your community foundation, two to three weeks is usually an acceptable time frame. One week may end up creating a time crunch and information overload for the incoming CEO. With the outgoing CEO on hand for a bit longer, the new CEO can become acclimated and ask questions. However, the outgoing CEO must be careful to begin loosening her grip on the reins when the incoming CEO arrives. Here are some views from your colleagues:

“I shadowed my predecessor half-time for one month. I also attended the Community Foundation Fundamentals course just two weeks after that. I did not know the field at all but still felt that one month was a little long—three weeks would have been better for me. The previous executive continued to assume the role and responsibilities until she left. Staff was ready for a change and that made the transition easier.”

“My predecessor and I overlapped by about six weeks. It was helpful but probably longer than necessary. I was immediately ‘in charge’ and he finished up some assignments.”

How do we avoid the “lame duck” syndrome?
Keep the outgoing CEO engaged, even though he is leaving. What planning processes can he participate in? Are there any unrealized—or perhaps unspoken—goals the CEO had for the community foundation that could be implemented before she leaves? What are the challenges the outgoing CEO knows his successor will face? How can the CEO pave the way for
A change in executive leadership is inevitable for all organizations and can be a very challenging time. Therefore, it is the policy of the [ORGANIZATION] to be prepared for an eventual permanent change in leadership—either planned or unplanned—to insure the stability and accountability of the organization until such time as new permanent leadership is identified. The board of directors shall be responsible for implementing this policy and its related procedures.

It is also the policy of the board to assess the permanent leadership needs of the organization to help insure the selection of a qualified and capable leader who is representative of the community, a good fit for the organization’s mission, vision, values, goals and objectives, and who has the necessary skills for the organization. To insure the organization’s operations are not interrupted while the board of directors assesses the leadership needs and recruits a permanent executive officer, the board will appoint interim executive leadership as described below. The interim chief executive officer shall ensure that the organization continues to operate without disruption and that all organizational commitments previously made are adequately executed, including but not limited to, loans approved, reports due, contracts, licenses, certifications, memberships, obligations to lenders or investors of the [ORGANIZATION], and others.

It is also the policy of the [ORGANIZATION], to develop a diverse pool of candidates and consider at least three finalist candidates for its permanent CEO position. The [ORGANIZATION], shall implement an external recruitment and selection process, while at the same time encouraging the professional development and advancement of current employees. The interim CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the transition committee according to the guidelines established for the search and recruitment process.

Procedures for Succession:

In the event the chief executive officer (CEO) of the [ORGANIZATION], is no longer able to serve in this position (i.e., leaves the position permanently), the executive committee of the board of directors shall do the following:

- Within 5 business days appoint an interim CEO according to the following line of succession:
  a. chief operating officer (COO) of [ORGANIZATION]
Within 15 business days appoint an executive transition committee, in the event that a permanent change in leadership is required. This committee shall be comprised of at least one member of the executive committee and two members of the board of directors. It shall be the responsibility of this committee to implement the following preliminary transition plan:

a. Communicate with key stakeholders regarding actions taken by the board in naming an interim successor, appointing a transition committee, and implementing the succession policy. The organization shall maintain a current list of key stakeholders who must be contacted, such as lenders and investors of the [ORGANIZATION], foundations, government agencies, and other.

b. Consider the need for consulting assistance (i.e., transition management or executive search consultant) based on the circumstances of the transition.

c. Review the organization’s business plan and conduct a brief assessment of organizational strengths, weaknesses, opportunities and threats to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the next permanent leader.

d. Establish a time frame and plan for the recruitment and selection process.

e. Refer to the CEO Hiring Policy and Procedures in the Personnel Guidebook for additional procedures.

The board should use similar procedures in case of an executive transition that simultaneously involves the chief executive officer and other key management. In such instance, the board may also consider temporarily subcontracting some of the organizational functions from trained consultant or other organizations.
Resources


Visit TransitionGuides at www.transitionguides.com/found/found.htm for additional resources on executive transitions.

For further information email community@cof.org or call 703-879-0600.

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