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BOARD POLICIES 1 OF 2

Board Policies for Executive Transitions

(Including Emergency Transitions)



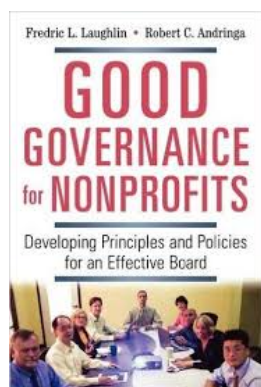
A bonus resource to supplement the materials in the
ECFA Governance Toolbox Series No. 4: Succession Planning
Eleven Principles for Successful Successions:
"Every CEO Is an Interim CEO"
www.ecfa.org/Content/Governance-Toolbox-Series-4

Bonus Resources for Establishing Board Policies on Executive Transition and Succession Planning

- ☑ **Principle 1:** Avoid Buses and Boredom!
- ☑ **Principle 5:** Delegate Succession Planning to the Appropriate Committee

Read:	Pages
<i>Board Member Read-and-Engage Guide</i>	7, 11
<i>Facilitator Guide</i>	3, 5

These two books will be a valuable resource for your committee or Succession Planning Task Force. (Visit the online bonus resource webpage, listed above, for links to these and other books.)



Good Governance for Nonprofits:
*Developing Principles and Policies
for an Effective Board,*
by Frederic L. Laughlin and Robert C. Andringa



Chief Executive Succession Planning:
Essential Guidance for Boards and CEOs,
(Second Edition)
by Nancy R. Axelrod

☑ Step 1: Assess or Review Your Current Policies on Succession

POLICY: “Not an Occasional Board Chore But Its Chief Occupation”

According to John Carver, “Governing by policy means governing out of policy in the sense that no board activity takes place without reference to policies. Most resolutions in board meetings will be motions to amend the policy structure in some way. Consequently, policy development is not an occasional board chore but its chief occupation.”¹

Hence, these questions are posed in Principle 1 of the *Board Member Read-and-Engage Viewing Guide*:

DISCUSS: View Video #1 and indicate how strongly you agree or disagree with each statement.

5 Strongly Agree	4 Agree	3 Undecided	2 Disagree	1 Strongly Disagree
FOUR QUESTIONS ON SUCCESSION PLANNING				Select Your Answer
#1. We have a written emergency succession plan that is understood by the board and senior team.				5 4 3 2 1
#2. Our board is agreed on who the Interim CEO would be in the event our CEO is unable to serve.				5 4 3 2 1
#3. We have a written long-term succession plan and the full board reviews the plan at least annually.				5 4 3 2 1
#4. Our board has adopted appropriate policies that establish the framework for both an emergency succession plan and a long-term succession plan.				5 4 3 2 1

If you do not yet have written policies of any kind (especially succession planning), perhaps now is the time to address that fundamental board task.

There are numerous resources and templates for establishing what Laughlin and Andringa term a “Board Policies Manual.”

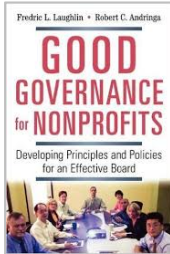
(See the next page.)➔

¹ John Carver, *Boards That Make a Difference: A New Design for Leadership in Nonprofit Organizations*, San Francisco: Jossey-Bass, 2006

☑ Step 2: Select a “Board Policies Manual” Approach or Template

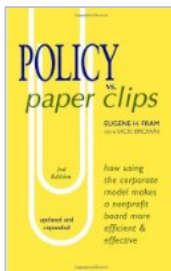
3 OPTIONS:

Here are three approaches to establishing your “Board Policies Manual.” Select the one that aligns best with your board’s culture, philosophy, and theology of governance.



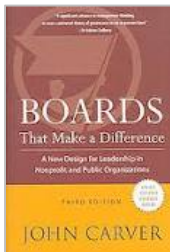
***Good Governance for Nonprofits: Developing Principles and Policies for an Effective Board**, by Frederic L. Laughlin and Robert C. Andringa (AMACOM, 2007, 192 pages)

- ❑ Includes access to an online template of 10-15 pages
- ❑ The book functions as a “color commentary” giving practical and detailed help for the development of a “Board Policies Manual” that houses all past and future policies (including succession) in one master document—and is designed to be updated frequently, based on board policy decisions.



Policy vs. Paper Clips: How Using the Corporate Model Makes a Nonprofit Board More Efficient & Effective (3rd Edition), by Eugene H. Fram with Vicki Brown (CreateSpace, 2011, 270 pages)

- ❑ Fram mentions two board sins: analysis paralysis and rubber-stamping. His solution? Use the “Corporate Model” to focus the board on policy, not operations. The format: a quick-reading email dialogue between two friends that eliminates the typical boring governance rhetoric (yada, yada, yada) and replaces the pie-in-the-sky expectations with in-the-trenches, to-the-point thoughtful next steps.



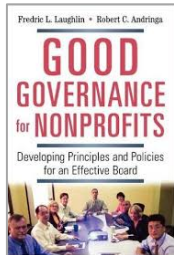
Boards That Make a Difference: A New Design for Leadership in Nonprofit Organizations, by John Carver (Jossey-Bass, 2006, 448 pages)

- ❑ Perhaps the majority of nonprofit boards might identify as “Policy Governance[®]” boards, but few actually are—because their micro-managing practices are so blatant.
- ❑ Carver’s “Policy Governance[®]” approach is the gold standard—but it is sometimes over-whelming to some boards. Yet, someone on your board should be knowledgeable about what it is and what it isn’t.
- ❑ More information at: www.policygovernance.com

*On the next page, see the example of a policy on “CEO Transitions” from the template provided in *Good Governance for Nonprofits*.

☑ Step 3: Draft a “CEO Succession Policy” for Board Approval

EXAMPLE:



Below is an example of a policy on “CEO Transitions” from the template provided in *Good Governance for Nonprofits*.

Used by permission of the authors.

4.8 CEO Transitions. At any time, the Chair may appoint a succession/transition task force to explore options and propose strategies and board policies related to succession and transition of the CEO and to facilitate any special needs of the outgoing and incoming CEOs and their families. The incumbent CEO shall give the board, if possible, a ____-month notice of intent to leave that office. Any need for an acting or interim CEO will be considered and determined by the board. At this time, the board designates _____ to serve in an Acting CEO role whenever there is an immediate need. The board Chair is authorized, as soon as a vacancy or scheduled departure of the CEO is known, to appoint a search committee and committee chair. The search committee may include up to ____ people not on the board, including _____. The committee shall within 30 days recommend for board approval a position announcement, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee shall present one or two qualified candidates to the full board for selection. A special task force appointed by the Chair shall, at the time of selection, negotiate the new CEO’s compensation and service agreement and give both the incumbent and successor CEO any special performance priorities from the board. After he/she leaves the organization the outgoing CEO may be given a paid role, but only with the approval of the new CEO in consultation with the officers.

As of February 9, 2017, the Board Policies Manual (BPM) template was available, courtesy of Bob Andringa and Fred Laughlin, at:

<https://static1.squarespace.com/static/55133339e4b0ac61130f34fc/t/57c84d289de4bb44f29565ff/1472744744604/Andringa+NPO+BPM+Template+v3.doc>

For more information, visit: <https://theandringagroup.com>

☑ Step 4: Draft an “Emergency Leadership Transition Plan”

View Video #1: Avoid Buses and Boredom! (“What if...our CEO is hit by a bus?”)

THE KEY TOPICS TO ADDRESS:

Using these key topics below, create a “next steps” list for your “Emergency Leadership Transition Plan” should an emergency arrive and your CEO is unable to continue to serve.



²Excerpted from “Appendix 1: Emergency Leadership Transition Plan” (p. 59-60) and adapted for this *ECFA Governance Toolbox* bonus resource.

**Chief Executive Succession Planning:
Essential Guidance for Boards and CEOs** (Second Edition)
by Nancy R. Axelrod Published by BoardSource

EMERGENCY LEADERSHIP TRANSITION PLAN

Organization: _____
Draft #1 – Date: (month/day/year) – Submitted by: (name)

Assigned to:	A. COMMUNICATIONS PLAN	Deadline Date	Done Date
	#1. Who is the first point of contact in the event of a change in the executive director’s situation? (Typically, this would be the board chair.)		
	#2. This person should be prepared to notify all board members and discuss next steps.		
	#3. Subsequent communication containing the circumstances and recommended plan of action should be sent to all board members for approval and the staff for information.		
	#4. Once the plan of action has been determined, a message from the board chair should be sent to the organization’s key stakeholders detailing the plan for the leadership transition.		

² Reprinted with permission from www.boardsource.org. BoardSource is the premier resource for practical information, tools, and training for board members and chief executives of nonprofit organizations worldwide. For more information about BoardSource, visit www.boardsource.org or call 800-883-6262. BoardSource © 2017. Text may not be reproduced without written permission from BoardSource.

EMERGENCY LEADERSHIP TRANSITION PLAN (continued)

Assigned to:	B. FINANCIAL OVERSIGHT	Deadline Date	Done Date
	#5. Having multiple signatories on the organization's checking accounts enables business to continue in the chief executive's absence. These signatories might include the chair and the secretary-treasurer (who could also be included on the investment account).		
	#6. To account for geographical differences, it should be possible to make transactions electronically on all of the accounts.		
	#7. Contact information for financial advisors should be available for questions related to financial issues.		
	#8. Contact information for accountants (internal and external) should be available to ensure that timely employee payroll payments are continued.		
	#9. Other critical information and contact lists should be available to the board chair in the event of an emergency (e.g., contact information for key funders and upcoming deadlines on key activities, such as the deadline for filing the IRS Form 990).		

Assigned to:	C. INTERIM MANAGEMENT	Deadline Date	Done Date
	#10. Who will the board designate to perform the chief executive's essential duties before the search and selection process has been completed to appoint the permanent chief executive? Should this be determined in advance for short-term periods (e.g., three months) versus longer term periods?		
Two options for interim management are:			
	<input type="checkbox"/> OPTION #10A: An acting chief executive appointed by the board to provide leadership during the planning and/or implementation phases of the executive search. This might be a senior manager or a board member.		
	<input type="checkbox"/> OPTION #10B: An interim chief executive who helps prepare the organization to work effectively with the next chief executive. This might be a seasoned executive from outside of the organization.		

EMERGENCY LEADERSHIP TRANSITION PLAN (continued)

Assigned to:	D. EXECUTIVE SEARCH	Deadline Date	Done Date
	#11. While interim management is in place, is the board likely to work with an executive search consultant? If so, what are the best sources of recommendations on qualified search consultants for the board to consider?		
	#12. What action will the board take to appoint a search committee?		
	#13. What is the proper delegation of authority between the search committee and the board?		
	#14. Portions of an emergency leadership transition management plan can be tested when the chief executive takes a vacation, a sabbatical, or some other time away from the organization. This can provide a good opportunity to observe the mettle of emerging leaders within the organization.		

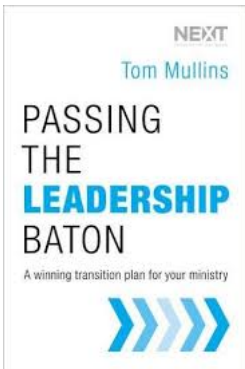
WHAT'S MISSING?

Assigned to:	E. _____	Deadline Date	Done Date
	#15.		
	#16.		
	#17.		
	#18.		
	#19.		
	#20.		

**“Many people have the ability to review something and make it better.
Few are able to identify what is missing.”**

“Forward-thinking leaders try to have some names in mind
before a key vacancy needs to be filled.”

***Rumsfeld's Rules:
Leadership Lessons in Business, Politics, War, and Life,***
Donald Rumsfeld



“Gather the Right Team of Support Around You”

“Churches and organizations struggle when they lose a leader for any reason. One of the things you can do to help bring health and vitality back to your organization after a loss or moral failure is to find someone—or better yet, a team of people—to support you. They will help you navigate the grief everyone is experiencing after the loss or removal of their leader. It’s always an extremely emotional experience to make a transition after a death or moral crisis. Your people will be sad, or perhaps angry, and they will need emotional support. And frankly, you will probably need it as well.”

Passing the Leadership Baton: A Winning Transition Plan for Your Ministry, by Tom Mullins

Engage Your Board at Every Meeting With More Governance Help and Resources!

Visit ECFA.org/Toolbox
to download additional titles in the ECFA Governance Toolbox Series

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