

Permission given to download and photocopy  
this bonus resource for use *only* within your organization.

BOARD POLICIES 2 OF 2

# Board Policies for Succession Planning

(The On-going, Continuous Process)



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](http://www.ecfa.org/Content/Governance-Toolbox-Series-4)

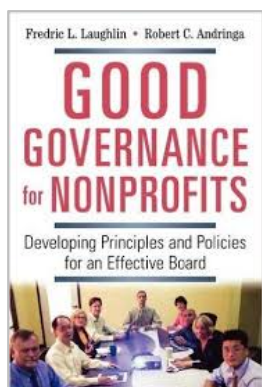
## Bonus Resources

### for Establishing Board Policies on Succession Planning

- ☑ **Principle 5:** Delegate Succession Planning to the Appropriate Committee
- ☑ **Principle 6:** Invest in Growing Your Leaders (Every Leader Needs a Coach)

Read:	Pages
<i>Board Member Read-and-Engage Guide</i>	11, 12
<i>Facilitator Guide</i>	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.”<sup>1</sup>

The following questions are listed in Principle 5 of the *Board Member Read-and-Engage Viewing Guide*:

### **BOARD MEETING WORKSHEET:**

<b>FIVE CRITICAL NEXT STEPS:</b>	<b>Discern and Decide:</b>
#1. What committee or task force has the responsibility to recommend (a) the Emergency Succession Plan, and (b) the on-going, continuous process and policies of succession planning?	
#2. What board members will joyfully serve on this committee or task force? Is the board chair an ex-officio member? Is the CEO an ex-officio member?	
#3. What recommendations/direction (if any) is the board giving to the committee?	
#4. If outside help or counsel is needed (a volunteer, a board coach, or consultant, for example), does the committee have the authority to retain necessary assistance? (What is the budget?)	
#5. Are there appropriate board-approved succession policies to guide the work of the Succession Planning Task Force?	

If you do not yet have written policies of any kind (especially succession planning policies), 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 page 3.)

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

## ☑ **Step 2: Educate Your Board and Staff to Delineate the Differences Between Executive Transition and Succession Planning**

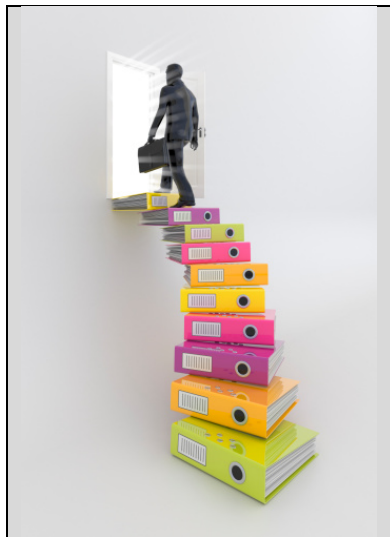
“It might be tomorrow; it might be 10 years from now. But someday, your chief executive is going to leave your organization. Is there a well-thought-out plan in place? Can you expect a smooth transition? If not, his or her departure could trigger a chaotic situation that reduces your organization’s effectiveness and panics key stakeholders.”<sup>2</sup>

***Chief Executive Succession Planning:**  
Essential Guidance for Boards and CEOs*



**Review Tip No. 1** (of three tips) from Principle 5 in the *Read-and-Engage Viewing Guide* for the *ECFA Governance Toolbox Series No. 4: Succession Planning*.

### **Tip No. 1: There is a substantial difference between executive transition and succession planning.**



“The search for a new chief executive is an intermittent event that is timeline-driven. **Succession planning, on the other hand, reflects an ongoing, continuous process that boards (with the help of their chief executive) implement to:**

- ☑ **1. Create** the conditions for the incumbent CEO to succeed
- ☑ **2. Understand** the organization’s current and future strategy
- ☑ **3. Ensure** that a sound infrastructure is in place whenever the search for the next chief executive is launched.”<sup>3</sup>

**What strategic next steps must be implemented to satisfy the three statements above?**

<sup>2</sup> Reprinted with permission from [www.boardsource.org](http://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](http://www.boardsource.org) or call 800-883-6262. BoardSource © 2017. Text may not be reproduced without written permission from BoardSource.

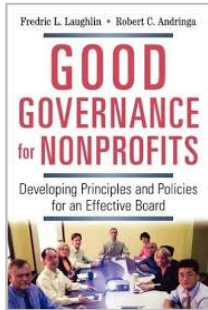
<sup>3</sup> Ibid., p. 2

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

Note: Review the bonus resource, “Board Policies for Executive Transitions (Including Emergency Transitions): Board Policies 1 of 2,” for additional information on policy options.

---

#### **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 Your “CEO Succession Plan Guidelines”

While there is no generic template that will apply to every organization, use the following topics to assess if “succession planning” is part of your organization’s DNA.

### THE KEY TOPICS TO ADDRESS:

Using these key topics below, create a “next steps” list for your “CEO Succession Plan Guidelines.”



Excerpted from “Appendix 2: Chief Executive Succession Plan Guidelines” (p. 61-62) 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

“Succession planning can strategically position an organization for success before an expected or unforeseen departure of the chief executive. **There is no generic template for executive succession planning that will apply to every organization.** While the content and timeline of the succession plan should be customized to the circumstances and culture of each organization, the following practices reflect an effective plan.”



### CEO SUCCESSION PLAN GUIDELINES

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

Assigned to:	<b>A. ON AN ANNUAL BASIS</b>	Deadline Date	Done Date
	#1. Create or update an emergency leadership transition plan.		
	#2. Conduct a performance review of the chief executive.		
	#3. Assess the chief executive’s performance against mutually agreed-upon goals and expectations determined the previous year.		
	#4. Implement a process for reviewing the compensation of the chief executive that conforms to the IRS Form 990 and best practice requirements.		
	#5. Determine institutional goals and personal goals that the chief executive will be accountable for during the next performance assessment process.		
	#6. Clarify expectations between the board and chief executive.		

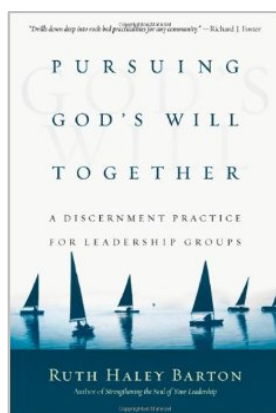
**CEO SUCCESSION PLAN GUIDELINES** (continued)

Assigned to:	<b>A. ON AN ANNUAL BASIS (continued)</b>	Deadline Date	Done Date
	#7. Ensure that the board and the chief executive have shared goals and a collective vision of how the organization should be evolving over the next three to five years.		
	#8. Discuss the chief executive's future plans (regarding term of office).		
	#9. Review or update the chief executive job description.		
	#10. Determine whether the succession plan should be created, updated, or tweaked.		
	#11. Conduct a board self-assessment.		
	#12. Identify the board's strengths and needs.		
	#13. Define goals that the board is responsible for implementing.		
	#14. Determine how well the board is working with the chief executive.		
	#15. Determine actions the board will take to act on the results of the board self-assessment for the purpose of strengthening its structure and practices.		

**What is missing?**


**CEO SUCCESSION PLAN GUIDELINES** (continued)

Assigned to:	<b>B. WHEN THE CHIEF EXECUTIVE'S DEPARTURE IS KNOWN:</b>	Deadline Date	Done Date
	#1. Implement emergency leadership transition actions, if necessary.		
	#2. Discuss lessons learned by board and staff members who participated in the last chief executive transition process that represent things to repeat or avoid during the next transition.		
	#3. Determine whether an interim chief executive or acting chief executive should provide short-term leadership.		
	#4. Create a schedule for the executive transition.		
	#5. Communicate the executive transition plan with the appropriate constituencies.		
	#6. Conduct an organizational assessment to determine leadership needs relevant for the next chief executive.		
	#7. Convene a search committee to create chief executive profile, recruit candidates, rank applicants, interview candidates, check references, and recommend final candidate(s) to the board.		
	#8. Select a new chief executive.		



**REMINDER! Review Principle 7 in the Board Member Read-and-Engage Viewing Guide: “Trust God and Discern Direction!”**

Inspire one or more board members to read Ruth Haley Barton’s powerful book, *Pursuing God’s Will Together: A Discernment Practice for Leadership Groups*, by Ruth Haley Barton.

**“There are many qualities that contribute to good leadership, but it is our commitment to discerning and doing the will of God through the help of the Holy Spirit that distinguishes spiritual leadership from other kinds of leadership.”**

And there’s the problem: most of us want to do the will of God, but few of us are willing to invest the time to learn, practice and facilitate a spiritual discernment process. (Raise your hand if your board has a designated “discernmentarian.” How about a wise sage? Barton says you need both.)

**CEO SUCCESSION PLAN GUIDELINES** (continued)

Assigned to:	<b>C. AFTER THE NEW CHIEF EXECUTIVE IS SELECTED:</b>	Deadline Date	Done Date
	#1. Create a leadership transition team.		
	#2. Implement a communications plan to inform the community of the new appointment.		
	#3. Provide a formal orientation for the new chief executive.		
	#4. Agree on written goals and expectations for the chief executive.		
	#5. Ensure that the expectations and decision-making responsibilities between the board and the chief executive are well delineated.		
	#6. Create a timeline for a new succession plan (which defines the role of the board and the chief executive in the process).		

**What's *Missing*?**

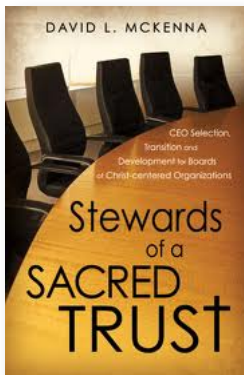
Assigned to:		Deadline Date	Done Date

**“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





**Stewards of a Sacred Trust:**  
*CEO Selection, Transition and Development for Boards of Christ-centered Organizations,*  
by David L. McKenna

**ECFAPress**

### **“Unless Your CEO Is Named Methuselah...”**

Every organization, sooner or later (sometimes sooner than planned) experiences a CEO transition. Some boards do it well. Others mangle the process and damage the people. Help has arrived—with insights, a Christ-centered foundation, and checklists. *Really good checklists!*

What makes David McKenna’s book, published by ECFAPress, so timely, practical and readable? Who but a retired college president can get away with segmenting ministry CEOs into these six descriptive categories? McKenna says that boards:

- ✓ Love Patriarchs
- ✓ Admire Prodigies
- ✓ Respect Achievers
- ✓ Tolerate Caretakers
- ✓ Pity Bunglers
- ✓ Shun Pariahs

The book features informative and accountability-focused checklists at the end of each chapter. Twenty-two chapters. Twenty-two checklists. **The lists alone are worth the price of the book.**

McKenna ably defines and balances the solemn duty and sacred trust of a board member. He writes, “Election of the CEO separates Christ-centered organizations from other organizations because it is a sacred trust. While the professional standards for the search process must be the same for all organizations, Christ-centered organizations have a spiritual dimension that cannot be denied.

“For good reason, ‘cookie cutter consulting’ should be vigorously resisted on presidential search in Christ-centered organizations. Likewise, attempts to spiritualize the process at the expense of professional integrity cannot be tolerated.”

Every board chair and CEO should order and read this book. You may not need it today, but unless your CEO is named Methuselah, you will need it eventually.

Review by John Pearson, editor, *Your Weekly Staff Meeting eNews*, Issue No. 207, Feb. 5, 2011 ([www.ManagementBuckets.com](http://www.ManagementBuckets.com))

---

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

Visit [ECFA.org/Toolbox](http://ECFA.org/Toolbox)  
to download additional titles in the ECFA Governance Toolbox Series

#### **ECFA**

440 West Jubal Early Drive, Suite 100, Winchester, VA 22601 USA  
Telephone: (540) 535-0103 - [information@ECFA.org](mailto:information@ECFA.org) - [www.ECFA.org](http://www.ECFA.org)

© Copyright, 2017. ECFA - All Rights Reserved.  
May not be reproduced or broadcast in any form  
without permission from ECFA.