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# CEO Succession Planning Template for Nonprofits

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In the business of nonprofit work, boards often overlook some of the most important areas of board work, even when they recognize major areas where they need to improve. According to the [Leading with Intent Study](#) by BoardSource, 22% of board chairs and 25% of CEOs reported that one of the top three areas board directors needed to improve upon was building a stronger leadership pipeline. This study also shows that only 34% of nonprofits currently have developed succession plans. This is a concerning percentage considering 50% of nonprofits are likely to have a leadership transition within the next five years.

Nonprofit boards tend to be weaker in the areas where their work is more complex and where they don't have specific processes in place. For example, nonprofit boards tend to be weak in the area of legal compliance.

A [CEO succession planning template](#) is your guide to being prepared in the event of a CEO vacancy.

## Preparing for Board Succession Planning

As your board prepares for the succession planning process, you need to define the CEO role clearly, so you know what skills are needed within that role, and you understand the demands of the role. Many nonprofits decide that the best way to manage [CEO succession planning](#) is to set up a succession planning committee.

To better understand the demands of the CEO role, the succession planning committee should interview current and past staff about what is needed in the CEO role. The succession planning process should include assessing the strengths and challenges that the current CEO has. The succession planning committee should consider whether the new CEO needs the same skills or different skills to lead the organization effectively.

It's considered best practices for governance to be forward-thinking in your succession planning. The needs of your nonprofit for the next three to five years may require very different skills than your current leadership has. By embracing a forward-thinking mindset, you're ensuring that your nonprofit has the skills it needs to grow and remain sustainable.

One of the tasks of the succession planning committee is to develop a timeline for the succession planning process. To do that, they'll need some idea of when the current CEO will be leaving the position. An approximate timeline of when it's time to hire a new CEO also tells you how long you have to conduct an executive search process.

The following CEO succession planning template will guide you in developing a responsible [CEO succession plan](#).

## CEO Succession Planning Template for Nonprofits

Organization Name\_\_\_\_\_

**Purpose:** The purpose of the succession plan is to ensure continuous coverage of the critical CEO duties that are so vital to the nonprofit's sustainability in the event of a CEO vacancy. The purpose of this process is to share the expertise of the departing CEO with the successor and also to prepare the successor and the nonprofit to fully support the successor.

**Definition:** A permanent absence is defined as an existing CEO that will not be returning to the position. A long-term absence is 90 days or more.

## **Procedures:**

1. The board of directors will consider whether they need to look outside the nonprofit in their quest to recruit and hire an Interim CEO rather than appoint an acting CEO. The board should guide their decision by:
2. Identifying internal candidates for the CEO position.
3. The expected timeframe for hiring a permanent executive.
4. The needs of the nonprofit at the time of the transition.
5. The board of directors will appoint a succession planning committee to implement the CEO succession policy to transition a new permanent CEO. A copy of this policy is attached.

## **Hiring an Interim CEO:**

1. If the board hires an interim CEO, the board president and executive committee will negotiate an independent contractor agreement with a defined scope of work.
2. The scope of the agreement with an interim CEO will be determined based on the nonprofit's needs at the time of the leadership transition.
3. The [rate of compensation](#) will be based on the availability of organizational resources.

## **Responsibilities of the Interim CEO**

1. An interim CEO will have the full authority for the daily decision-making and independent action as exercised by the regular CEO.
2. The interim CEO will make decisions in consultation with the board president and/or executive committee including hiring staff, terminating staff, financial issues, initiating new projects, media communications, and taking policy positions on policy on behalf of the nonprofit.

## **Board Oversight and Support to the Interim Executive Director**

1. The interim CEO reports to the board president.
2. The executive committee will support the needs of the interim CEO in this temporary role. The executive committee will meet monthly, or more frequently is needed, when a CEO is hired. They may hold meetings in person, via conference call, or via video call as called by the board president.
3. The board president and executive committee are responsible for gathering input from staff and reviewing the performance of the interim CEO.
4. The board president and executive committee should conduct an initial review of the interim CEO after 30 days and every 90 days thereafter.

## **Search for New Permanent CEO**

1. The board's role is to assess the permanent leadership needs of the nonprofit to ensure they select a qualified and effective CEO that is compatible with the mission, vision, values, and goals of their nonprofit and its membership, and who has the necessary skills to lead the nonprofit.
2. The succession planning committee should strive to develop a diverse candidate pool when seeking qualified CEO candidates. It's best to narrow the final selection to three finalist candidates for the interview process.
3. The succession planning committee should first explore the interest of any potential internal candidates for the CEO position.
4. The succession planning committee will also consider the merits of conducting a comprehensive external recruitment and selection process.
5. The succession planning committee should also determine whether the current CEO's participation is a valuable resource in pursuing the search process and whether he or she would be beneficial to the process or the outcome. If so, the succession planning committee is responsible to outline the scope of the current CEO's involvement and negotiate an agreement that would allow for the CEO's input, insights, and observations.
6. The succession planning committee will develop a plan for conducting interviews with potential candidates and determine which other people should be included in the interview process.
7. The succession planning committee is authorized to set appropriate salary terms with the finalist candidates, along with input from the executive committee and the finance committee.
8. The succession planning committee will make a recommendation regarding hiring the new permanent CEO to the executive committee and then to the full board of directors for approval.
9. The succession planning committee and the executive committee will ensure that the new CEO has an appropriate orientation process that may include participation by the current CEO, interim CEO, or any other key management staff or board members.

This [succession planning toolkit](#) gives you additional tools helps you cover all your bases.

Recruitment, orientation, and reporting are all important parts of the board development cycle. These are important board director activities that are vital to your nonprofit's ability to adapt and thrive. With [BoardEffect](#), you have a [secure board management portal](#) to store your CEO succession planning policy and template. The nonprofit landscape is continually evolving, and the right tools will help you keep pace with the current times.

## Keep Reading:

### **The Board Succession Planning Toolkit**

Board succession planning is most effective when organizations prepare well in advance. Download our Board Succession Planning Kit for key tips and best practices to follow.

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