ABC Nonprofit
CEO Succession Policies and Guidelines

(A sample for review and edit developed by Bob Andringa)

As the Board of Directors of ABC Nonprofit, we are profoundly grateful for the ____ years of service of ________________, our current Executive Director/CEO, and hope that his service can continue for much longer.

We know that every nonprofit board should have a good succession policy for its top leadership. The Board developed and adopted these policy statements that will ensure that ABC Nonprofit's staff leadership continues at the highest level, and to reduce the otherwise damaging results of being unprepared for any eventuality.

This document will be reviewed annually and changed by majority vote of the Board as new wisdom and experience guide this policy. Although retention of a CEO is the Board's responsibility in any nonprofit corporation, this policy was developed with input from our Executive Director.

So misinformation will not detract from our mission focus, this document will be considered ***confidential***, although the Board Chair and CEO may share elements of it as appropriate.

We recognize that most of us have never been responsible for an Executive Director transition, but agree that we should model what is excellent in every way.

<u>Current Executive Director</u>

1. The Finance Committee will review the CEO's compensation package and make recommendations to the Executive Committee on an annual basis and review the elements of his employment agreement to reflect fairness compared to similar leaders and to provide what is necessary to attract top CEO candidates in any future search.

2. Nothing in this policy shall be deemed to make ineffective any contractual agreement with our CEO.

<u>Short-term Need for an Acting Executive Director</u>

3. If there is a need for a short-term Acting CEO, as when the Executive Director is away for a few weeks due to illness, professional development or vacation, Board agrees _____________ should fill that role. The CEO and ___________ should develop specific guidelines for _____'s leadership under any extended absence on the part of our CEO.

Longer-term Need for an Interim Executive Director

4. If the need to fill the CEO's role for an unspecified longer period is deemed best for ABC Nonprofit, the Board would consider hiring an Interim CEO, and giving that person specific priorities to focus on during a defined period.

Executive Director Incapacity

5. In situations where the CEO is incapacitated for health or other reasons for more than thirty days, the Executive Committee will confer with the family, the management team, and medical professionals before making a recommendation to the full Board concerning the ability of the CEO to continue to function adequately in his role.

Planned Retirement

6. The Board expects and hopes the CEO to give it a minimum twelve months notice of intention to vacate the CEO role at which time the search process developed through these policies would be activated.

7. There will be no severance honorarium for notice from the CEO shorter than three months prior to his last day of service. For every month beyond three months' notice, the Board agrees to a $______ per month severance honorarium.

8. In the case of a planned and announced retirement, the Board will give to the outgoing CEO, as far in advance as feasible, its top three priorities of actions that are critical to ABC Nonprofit and/or would be difficult for any new CEO to accomplish on a timely basis.

9. Twelve months prior to a planned retirement date, the Executive Committee will work with the CEO on possible continued involvement in the organization, leaving to the Board to make decisions if it involves budget requirements and only with the concurrence of the incoming CEO.

Termination by the Board

10. Nothing in these policies, of course, removes the Board's authority to terminate our CEO for poor performance or immoral or grossly unethical behavior. If such were to be the case, the Board does not expect the CEO to continue his authority as chief executive nor expect him to work. But we will provide ____ months' of salary as severance pay after those months are completed, assuming he has cooperated with the Board and any Acting or Interim CEO to make a smooth transition for those succeeding him.

Succession/Transition Task Force

11. A Succession/Transition Task Force will be appointed by the Board Chair in the next four weeks to (a) make a recommendation to the Board within four weeks of appointment as to whether we should engage a respected retainer search firm for the next search or manage it internally, perhaps with a search consultant to help guide the

process; (b) review recent national search strategies and recommend to the Board how best to prepare for such a search, including the case statement, compensation trends, etc.; (c) maintain good communications with the Board Chair and CEO about the timing of all elements of a transition; and (d) develop a search check-list of tasks with time-lines, a rough budget and provide additional input to the Executive Committee on the make-up of a Search Committee (see paragraph 9). Staff support for this Task Force will be provided by _______.

<u>The Search Committee</u>

12. The Executive Committee will recommend to the Board a search committee of up to seven people, including a chair and vice chair (both of whom shall be Directors). The committee shall include at least one each from among staff, ____________, and _________. In making appointments, the Executive Committee and the Board will consider an appropriate mix according to age, gender and ethnicity.

<u>Search Guidelines</u>

13. At the beginning of any CEO search, information about the search and its schedule, along with an invitation to suggest candidates, will go to all ___________ and other key constituents.

14. On an annual basis, following input from the current CEO, the management team and key constituents, the Board will review and modify a list of essential qualifications for the next CEO (to be determined by the Board based on recommendations from the Succession/Transition Task Force).

15. When a public search is announced for a new CEO, and the case statement has been developed (whether by a retained search firm or the Search Committee) and approved by the Board, the search committee will ensure that search updates will be sent to key constituents.

16. At the beginning of a CEO search, the Board will invite all management team members to identify potential nominees.

17. In a search for a new CEO, current or former staff or Board members will not automatically be excluded from consideration.

<u>Board Responsibilities to Prepare for a New CEO</u>

18. Always to be ready for a new CEO search, the Board will focus on developing its own structure and processes to reflect best practices, especially in those areas that would be critically examined by any discerning CEO candidates, and include at least: a legal and best practices review of the Articles and Bylaws; development of the Board Policies Manual; and renewed discipline on our part in the search, selection, training, evaluation and assignment of outstanding people with the talents required of a great Board.

19. With guidance from the Finance and Audit Committee, each annual budget should include an investment in a special account ready for the search, succession and transition expenses.

Incumbent CEO's Responsibilities

20. The Board expects the CEO to invest in senior staff to equip them for whatever senior leadership roles to which they may be called, and to have a written succession/transition plan for senior managers that is reviewed with the Board annually.

Transition to a New CEO

21. The Board and incumbent CEO are committed to assisting any new CEO in any reasonable way, including underwriting a reasonable period of time for both the incumbent and the new CEO to work together.

22. Prior to the end of any CEO search, the Board will appoint a transition task force for the outgoing CEO (if he desires one) and a separate transition task force for the incoming CEO to assist them and their families in appropriate ways.

Adopted by the Board on _______, 20___

____ Date ______________
Board Chair

____ Date ______________
Executive Director/CEO