

Model Executive Succession Plan

A Plan for Unplanned Executive Absence or Departure

**A Sample Plan Prepared for the
Association for Thinking Ahead**

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Management
Consulting, Inc.

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ASSOCIATION FOR THINKING AHEAD
MODEL EXECUTIVE SUCCESSION PLAN

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MODEL EXECUTIVE SUCCESSION PLAN

IMPORTANT NOTE ABOUT USING THIS PLAN

Despite the high cost of executive recruitment, severance payments, contract buyouts, loss of organizational momentum, or decreased stakeholder engagement, succession planning is one of the least considered risks that associations and other nonprofits face. Planning for the inevitable succession of an organization's executive is a critical function of the Board of Directors and management.

This model succession plan was developed by Transition Management Consulting, Inc. (TMC) and offered, without guarantee, to the association and nonprofit community. It is specifically designed as a starting point for identifying and succession planning needs. This is a generic, sample plan. It does not take into consideration an organization's unique needs, culture, strategies, size, governance succession, people, politics, and other criteria, including its readiness to navigate a leadership succession. TMC is available to consult with organizations about their specific needs and cover additional areas that exceed the scope envisioned by this sample plan. Additional resources on executive succession are available at <http://www.TransitionCEO.com>. Questions or comments may be sent to jeder-vanhook@TransitionCEO.com.

ABOUT TMC

TMC is a national consulting firm comprised of professional transition leaders, consultants, and interim executives. TMC was founded to help associations and nonprofits deal more effectively with the challenges caused by executive transitions. Since its inception, TMC has conducted hundreds of interim executive engagements, executive searches, and consulting projects. This gives TMC a unique perspective on leadership succession and executive transitions. TMC's success stems from the

TMC VISION

TMC builds meaningful, long-lasting relationships with our clients and consultants to deliver insightful expertise on leadership succession and organizational transitions.

Expertise	Focus on what we do best— <i>leadership successions and organizational transitions</i>
Knowledgeable	Understand the leadership succession research and its practical application
Experience	Work conducted by our principals and technical experts, as necessary
Relational	Appreciate highly relational nature of associations – more than a transaction
Strategic	Energize stakeholders and create buy-in through succession planning process
Quality	Creating high quality outcomes that delight our clients
Insightful	Leverage the valuable insights gleaned from serving as transition leaders

Jackie Eder-Van Hook, PhD, President & CEO, Transition Management Consulting, Inc. works with TMC's clients on succession planning initiatives. Jackie is a senior consultant, executive transition professional, and former nonprofit executive with more than 20 years of experience working with associations, nonprofits, corporations, academia, and government. Jackie researched, developed, and honed a succession planning process that helps leaders proactively address executive succession concerns. This plan is based in part on that research.

Working with Jackie is TMC affiliated consultant and interim executive, David Westman. David has more than 20 years of human resource management consulting experience with KPMG, McGladrey, and Westman and Associates, coupled with 12 years serving in the CEO role of associations and other nonprofits. David has facilitated succession planning initiatives pertaining to association CEOs as well as other senior level staff.

CONTINGENCY PLAN: UNPLANNED ABSENCE OR DEPARTURE

1. Purpose

Fulfilling the duties of the Chief Staff Executive (CEO, Executive Director, EVP) is critical to accomplishing the mission of the Association of Thinking Ahead (ATA) and maintaining its operations. A vacancy, particularly an unplanned vacancy in the Chief Staff Executive role could cause serious and/or irreparable harm to ATA, its members, staff, and community.

Planning for the succession of the Chief Staff Executive is an essential responsibility of the Board of Directors, and best done before a real or perceived emergency exists. Therefore, the ATA Board of Directors is adopting these policies and procedures to ensure continuous coverage of essential CEO duties in the event of an unplanned or extended absence of the CEO. The Board acknowledges that such an absence is undesirable and unlikely, but it also believes it has a fiduciary obligation to have a plan in place to address contingencies related to an unplanned CEO departure.

2. Plan Implementation

Any notice of an unplanned absence or departure of the CEO shall be the catalyst for implementation of this plan, whether for short- or long-term absence. The following definitions shall apply:

- A **planned departure** or **planned absence** is one that is expected and anticipated in advance.
- An **unplanned departure** or **unplanned absence** is one that is sudden or unanticipated.
- A **short-term absence** is one that lasts or is expected to last 3 months or less.
- A **long-term absence** is one that lasts or is expected to last more than 3 months.
- A **temporary absence** is one in which the CEO is expected to return to the position.
- A **permanent departure** is one in which the CEO will not return to the position.

Months of Notice	PLANNED		UNPLANNED	
	Temporary	Permanent	Temporary	Permanent
Short-term Departure (≤3 months)	Vacation, parental leave, health-related absence, sabbatical	Assumes new position (AMC, merged), resignation	Temporary disability	Resignation
Long-term Departure (>3 mos.)	Sabbatical, lengthy leave (bereavement, family/medical)	Retirement	Illness, disability, confinement, lengthy leave	Resignation, incapacitation, death

While a short-term executive absence is defined as being less than 3 months, such an absence can have significant effect on the organization depending on whether there are major important events or activities planned or anticipated on the near horizon, or the loss of organizational momentum.

3. Key Functions of the CEO to be Addressed

The following responsibilities are considered essential CEO functions that must be addressed during the implementation of an interim staffing strategy:

- Hires, manages, supervises, compensates, and terminates staff
- Ensures sound operational performance to accomplish established goals and objectives
- Ensures that all funds, physical assets, and other assets are safeguarded and administered
- Implements the organization's plans and objectives
- Executes contracts and commitments in accordance with the Bylaws and policies established by the ATA Board
- Serves the ATA Board and as liaison to the committees specified in ATA's Bylaws or as set by policy
- Recommends an annual operating budget to the ATA Board
- Executes decisions of the ATA Board and its established committees in a timely manner
- Keeps the Board regularly informed of ATA staff, programs, and activities

[NOTE: Update this list and insert information that accurately reflects your organization.]

The ATA CEO position description is included in Appendix A.

4. General Procedures for Unplanned Absences or Departures

In the event of an unplanned absence or departure of the CEO, the Chief Elected Officer is authorized to implement the terms of the following procedures:

- The CEO is responsible for notifying ATA's Chief Elected Officer of an unplanned temporary departure whenever he or she is physically and mentally able to do so and/or in accordance with CEO contract.
- The Chief Elected Officer is responsible for notifying the Board of an unplanned absence or departure.
- If the CEO is unable to notify the Chief Elected Officer of an unplanned temporary absence or departure, staff leader or volunteer leaders may notify the Chief Elected Officer.
- The Chief Elected Officer shall, as soon as possible, make an initial assessment of the likely duration of the absence.
- As soon as feasible following notification of an unplanned absence or departure, the Chief Elected Officer shall convene the Executive Committee to notify the Committee of an intent to begin the procedures described in this plan or make the case for modifying them.

The ATA Board of Directors shall assign signatory authority to the Acting/Interim CEO on all financial accounts of the association. A sample resolution is included in Appendix B.

5. Procedures for Short-term Temporary Absences (Less than 3 months)

a. Staffing Strategy

- i. The ATA Board of Directors authorizes the Executive Committee to appoint the [key staff leader] as Acting CEO. [NOTE: Decisions about which staff person will perform the Acting CEO duties should be made jointly with the elected leadership.]
- ii. The ATA Executive Committee may consider engaging an external professional interim executive in the case of short-term, temporary absence.

- iii. If the Executive Committee elects to use an internal Acting CEO, they may consider engaging external temporary staffing to backfill the position vacated by the Acting CEO. This recognizes that it may not be reasonable for the Acting CEO to carry the duties of two positions simultaneously, particularly over an extended period.

b. Role of Acting/Interim CEO

- i. The Acting/Interim CEO shall report to the Chief Elected Officer of the Board of Directors.
- ii. The Acting/Interim CEO shall have the full authority for day-to-day decision making and independent action as the CEO, or as specified by the Chief Elected Officer.
- iii. Because of the temporary nature of the position, major decisions, such as staff hiring and termination, financial issues, public policy positions, external affiliations, or program initiation or termination, shall be made consistent with established policies and in consultation with the Executive Committee.
- iv. The Acting CEO shall receive a temporary increase of [salary and/or bonus] [Insert Amount] or [Insert Amount] percent of her/his current annual salary for the duration of the appointment. [NOTE: The compensation of the Acting CEO should be commensurate with the degree of responsibility s/he is assuming.] Additional temporary salary increases for other associates assuming new responsibilities shall be made by the Acting CEO and Chief Elected Officer.
- v. The Acting CEO and the Executive Committee shall develop a position description or transition plan that identifies the priorities and goals of the Acting CEO.

c. Communications

Within 48 hours after the Acting CEO is appointed, the Chief Elected Officer and the Acting CEO shall meet to create and implement a communications strategy.

6. Procedures for Long-Term Temporary Absences (More than 3 months)

The procedures for addressing a long-term temporary absence shall be the same as for a short-term absence with the following additions or modifications.

- a. The Executive Committee shall consider engaging a professional external interim executive to fill the CEO position. The following are typical situations that support the hiring of an external interim executive:
 - i. Following a long-term executive
 - ii. The executive's absence or departure is particularly emotional or contentious
 - iii. A cooling off period might be beneficial
 - iv. The Board could benefit from having an external executive-level consultant assess operational performance and recommend changes

- v. Staff does not have the time, ability, skills, political support to lead the organization
 - vi. Staff must attend to their current responsibilities
 - vii. Staff or Board dysfunction
 - viii. A major event or activities are on the horizon (annual meeting, data system change, software change, office move, legislative push, etc.)
 - ix. Major transitions or disruptions in the industry or profession
- b. The Executive Committee should be sensitive to the emotional impact resulting from the long-term temporary absence or departure of its CEO. The Executive Committee shall consider whether to engage grief counselors or other forms of emotional support for the staff, if appropriate.

7. Considerations for Permanent Departures

Permanent departures are those where it has been firmly determined that the CEO will not be returning to the position. A permanent departure is one caused by the resignation, dismissal, incapacitation, illness, or death of the CEO, for example.

- a. If the CEO resigns giving three months or more notice, the association will likely have time to begin organize itself to recruit a new executive. In this type of short-term permanent departure – depending on the circumstances of the departure – the Executive Committee may consider furloughing the CEO during the notice and bringing in a professional interim executive as Interim CEO. This may be appropriate, if the Board wishes to: conduct an operational assessment; conduct the executive search without the influence of the CEO; ensure that the association will have a fully engaged CEO; and/or give the association a change in executive leadership during a difficult transition period.
- b. If the CEO resigns with less than six months' notice, is dismissed, or is suddenly killed or incapacitated, the resulting departure will be deemed a long-term permanent departure, in which case the Executive Committee shall implement the staffing strategy described herein.
- c. The current CEO is a visible and respected leader in the field of [Insert Purpose]. Replacing a long-term association leader is difficult. It is important for ATA to be sensitive to the turbulence that the transition may bring, especially for an unplanned CEO departure.
- d. In most instances, the ATA Board of Directors shall begin an executive search process for a new CEO upon receiving notice of the departure of the CEO with three months or more advance notice. However, the Board may choose either to move quickly to fill the CEO position or, depending on the circumstances, delay the search as a result of key events or other unique situations, or to take advantage of the transition period.
- e. The Chief Elected Officer in consultation with the Executive Committee, will review, revise, and adopt a process and charter for a Search Committee (Appendix C, Appendix D.) The Chief Elected Officer will appoint approximately 5-7 members to the Committee consistent with the profile contained in the Committee charter.
- f. The hiring of a new executive is a critical Board responsibility. The importance of finding a CEO with the required skills and characteristics to fit an association's strategic needs and

desired culture cannot be underestimated. The executive search process is costly, lengthy, and difficult, and can be highly rewarding. The Search Committee shall engage an executive search consultant to facilitate the recruitment and selection process. A list of search firms may be available from the American Society for Association Executives (www.associationcareerhq.org) and CEO Update (www.ceoupdate.com).

8. Communications Plan

The purpose of a communications plan is to effectively manage communications through a formal, clearly defined process designed to limit negative repercussions for the association, profession, or industry, and maintain a reputation of leadership and transparency on vital issues and breaking news.

All issues related to the departure, incapacity, or death of the CEO should be immediately reported to the Chief Elected Officer, who in consultation with others should assess the situation and determine a course of action.

a. Assessing the Situation

The Chief Elected Officer, in conjunction with the executive committee, shall assess the situation and determine an appropriate course of action. Questions to ask to help guide an appropriate response may include:

- i. What is the situation? What will happen next?
- ii. What immediate steps need to be taken?
- iii. Who on staff needs to be involved?
- iv. What is known and who already knows it?
- v. Is there potential public interest?
- vi. Who will be affected?
- vii. What are people feeling? What emotions need to be considered?
- viii. What information is needed? Who needs to receive the information? When will the information be available?
- ix. What *can* and *can't* be said? What are the organization's privacy policies?
- x. Who needs to be contacted? Is legal counsel or a public affairs consultant needed? If so, who are they?

b. Actions to be Taken

- i. Create a plan of action for internal and external communications.
- ii. Develop factual, detailed messages that reflect the status of the situation, the Association's response, and, if possible, proactive steps to resolve or address the situation.
- iii. Prepare talking points and provide a script for the receptionist and other staff to use when receiving incoming calls.
- iv. Identify who needs to be contacted (corporate and advocacy partners, allied organizations, past association member leaders, committee and task force members, and general members.)
- v. Determine what methods of communication are appropriate for each audience, and who should make the contact. Assess what resources are necessary to manage

- the crisis (cell phones, press conference (location, signs, lectern, visual aide, projector), phone bank.)
- vi. Appoint individuals to serve as: Chief spokesperson (most likely the Chief Elected Officer, depending on situation); Board Liaison; and Staff Response Coordinator (typically the director of communications.)
 - vii. Determine the sense of urgency for communicating the message? What is the appropriate response or action given the urgency?
 - viii. How will the message be communicated?

Table 2. Communicating with Different Audiences		
	Low Urgency	High Urgency
Board of Directors	Blast email	Telephone Tree, convene emergency meeting
Staff	Email	Telephone call or in person meeting
Committee Chairs	Email	Telephone call or in person meeting
Key Leaders	Email	Telephone call or in person meeting
Past Chief Elected Officers and other past leaders	Email	Telephone call or in person meeting
Members	Newsletter, website	Blast email or fax
Key corporate partners and vendors	Telephone calls	In person meeting
Remaining corporate partners, and possibly vendors	Email	Email
Key advocacy partners	Telephone calls	In person meeting
Other key stakeholders	Telephone calls	In person meeting
Key legislators	Telephone calls	In person meeting
Legal counsel	Email or Telephone call	Telephone call
Directors & Officers Insurance Carrier	On recommendation of legal counsel	On recommendation of legal counsel
General Public	Press release if of broad appeal	On recommendation of legal or public relations counsel. Consider news conference if urgent, critical, and high broad appeal

Figure 1. Communicating with Different Audiences.

c. Guiding Principles of Communications

The association recognizes the importance of clear, honest communications with its members, the media, and community members. Allaying fears or anxieties is especially important during a time of uncertainty or transition. All information conveyed should be guided by professionalism, transparency, and serve to mitigate the situation or crisis, while insuring the privacy of the departing CEO and his/her family and the reputation of association, its members, and stakeholders.

It is critically important that the organization construct a “message” for volunteer leaders and staff to use in routine communications with others. Only the authorized spokesperson, or his or her designee, is authorized to speak to or to release information to the membership, media, or public. All others should use the “message” or refer or connect those with questions to the authorized spokespeople and not speak to or provide any information.

If an answer to a question is not known, or cannot be immediately answered, make note of the question, tell the inquirer you will get back with him/her, and do so. If the question cannot be answered, due to an association policy, such as not sharing personnel information, let the inquirer know. For example, "It is the association's policy to keep all personnel matters confidential." "No comment" is not an acceptable response.

When possible, responses should be proactive, responsive, and action-oriented. Endeavor to allay any concerns that the member or community might have about the situation.

9. Approvals and Maintenance

The ATA Board of Directors approves the Executive Transition Plan for an Unplanned Absence or Departure. The plan shall be signed by the Board Chief Elected Officer and the CEO, as well as other appointees designated in this plan.

The plan shall be reviewed and updated by staff and approved by the Executive Committee annually in _____ [INSERT DATE] of each year.

Copies of the plan shall be maintained by the Board Chief Elected Officer, the CEO, and ATA's legal counsel.

Signatures:

ATA Board Chief Elected Officer

CEO

Approved by the Board of Directors _____ [date].

Reviewed and revised _____ [date].

APPENDIX A – SUMMARY OF THE CEO POSITION

[Insert CEO Position Description]

APPENDIX B – FINANCIAL ACCOUNTS; RESOLUTION OF THE BOARD

List of Financial or Key Accounts

- Bank Accounts
- Investment Accounts
- Retirement Accounts
- Other Financial Accounts Requiring Signatures or Secure Access

Association for Thinking Ahead, Inc.

RESOLUTION OF THE BOARD OF DIRECTORS

Whereas, the CEO is currently a signatory on all bank accounts and investment accounts held in the name of the Association for Thinking Ahead (ATA); and

Whereas, effective _____, [Name] is no longer serving as CEO of ATA; and

Whereas, effective _____, _____ is serving in the capacity of Interim CEO for ATA;

Be it therefore resolved, that; [Name] be removed as a signatory on all said accounts effective immediately; and

Be it further resolved, that _____, Interim CEO, be duly authorized as a signatory on all said accounts effective immediately.

CERTIFICATION:

This resolution was adopted at a special meeting on this date of the Board of Directors of the Association for Thinking Ahead.

Secretary

Date

APPENDIX C – EXECUTIVE SEARCH PROCESS

[Insert Executive Search Process]

1. Search Committee
 - a. Establish the search committee charter
 - b. Select the search committee chair and committee members
2. Send request for proposal to search firms requesting the following
 - a. Description of firm's services and approach
 - b. Pricing
 - c. Guarantees, if any
 - d. References of three recent executive search clients
 - e. Bio of the person responsible for the search and availability to conduct the search
 - f. Firm's background relating to nonprofit executive recruiting
 - g. A description of why their firm would be a good fit for ATA
3. Create compensation plan: comparable salary, incentive compensation, and benefits
4. Identify lawyer to draft or provide advice on employment contract
5. Prepare documentation for candidates
 - a. Background materials
 - b. Employment contract
 - c. Benefits list
6. Create onboarding and orientation plan.

[Note: Information about onboarding your next executive is available at http://www.transitionceo.com/docs/default-source/about-tmc/view-the-full-article-heredf2c01ab982063368a9aff0000fbd74.pdf?sfvrsn=b80c62e9_0.]

APPENDIX D – SEARCH OR TRANSITION COMMITTEE SAMPLE CHARTER

PURPOSE: This Charter establishes the Search Committee and specifies its tasks, roles, responsibilities, and authorities and relationship to the association’s governing body. The Committee is tasked by the Board of Directors with oversight and guidance of the executive search process, which may include the following:

RESPONSIBILITIES:

Responsibilities of the Executive Committee of the Board of Directors

- Affirms the selection of the Search Committee Chair and its members;
- Establishes and approves a compensation plan consistent with the needs of the organization and in alignment with compensation trends, and a policy for periodic review;
- Establishes short- and long-term performance objectives with incoming elected leader, including a process for an initial 90-day and annual performance review;
- Considers the recommendations of the Search Committee on whether to offer an employment contract and key provisions;
- Works with an attorney to finalize employment contract, if applicable; and,
- Secures a resolution of the Board of Directors to delegate the responsibilities envisioned herein, as necessary, to the Search Committee.

Responsibilities of the Board of Directors

- Provides a resolution of the Board of Directors to delegate the responsibilities envisioned herein to the Executive Committee or Search Committee;
- Approves policies as necessary, e.g., background policy, record retention policy; and,
- Ratifies or affirms the final candidate according to the organization’s Bylaws.

Responsibilities of Search Committee Chair (usually the chief elected officer or officer-Elect)

- Provides leadership to the Search Committee;
- Provides advice to the chief elected officer;
- Convenes meetings in conjunction with the Search Consultant; and,
- Serves as the primary contact between the Search Committee, Board of Directors, Search Consultant, and CEO/interim CEO.

Responsibilities of the Search Committee

- Contributes to creating a job description, position announcement, and organizational profile;
- Contributes to creating a sourcing plan for ad placement and press release;
- Conducts initial in-person interviews of candidates pre-screened by Search Consultant;
- Directs the collecting of information through references, and background and credit checks;
- Presents the final candidate to the Board of Directors for ratification or affirmation;
- Supports the decisions of the Search Committee, as a whole, and the decision of the Board;
- Keeps all information and deliberations of the Search Committee confidential and,
- Recommends a compensation package and employment contract to the Executive Committee.

COMPOSITION: The Chair of the Search Committee shall be appointed by the chief elected officer of the Board of Directors. The Committee shall be comprised of individuals who:

- Have the time to attend and be fully engaged in the process;
- Are interested in the process and outcome;
- Are honest and forthright in the deliberations;
- Are fair and open to the qualifications of all candidates;
- Are not a candidate for the position;
- Declares all real or potential conflicts as soon as the conflict is realized;
- Respects the need for confidentiality and privacy;
- Signs a Confidentiality Agreement;
- Adheres to the established process; and,
- Accepts the final decisions of the Search Committee and Board of Directors.

Ideally, committee members will reflect a diverse cross-section of the Association and selected in consultation with the Search Consultant. Staff shall not be members of the Search Committee.

REPORTING RESPONSIBILITY: The Search Committee reports to the Chief Elected Officer.

STAFFING: Activities are undertaken with advice of the Search Consultant.

TIMING: Members of the Search Committee are expected to attend all in person and telephonic committee meetings (2-3 days), first interviews, including time spent at meals and on travel (2-2.5 days), and second interviews, including time spent at meals and on travel (1.5-2 days). Additionally, members are expected to respond to requests for input and review documents within the specified time and communicate with the Search Consultant, if for some reasons it is not possible to do so. The Search Consultant will make every attempt to maximize input and minimize the time required for the process.

APPROVED ON BEHALF OF THE ATA BOARD OF DIRECTORS

By: _____ Title: _____ Date: _____