

## It's Not About Replacing the CEO

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The national *Standards for Excellence in Nonprofit Ethics and Accountability*® suggests:

*“The board, in partnership with the executive, should engage in coordinated succession planning and leadership development to ensure a thorough process for recruiting and developing new board, executive, staff, and volunteer leaders.”*

Business continuity, succession planning and leadership development are important, regardless of the CEO's age or whether they intend to retire anytime soon. Yet, in my experience, many CEOs are reluctant to appropriately engage in succession planning for fear that doing so could result in being asked to leave earlier than they wish. Many wait until the CEO announces their retirement to even think about succession planning. However, this standard makes it clear that succession planning is not an end to itself or merely about replacing the CEO.

There are 4 components to effective succession planning:

1. Strategic thinking and planning to outline goals and objectives for the future
2. Strategic leader development
3. Emergency succession
4. Departure-defined succession planning

In my experience, good business continuity planning starts with strategic vision and goals; identifies emergency succession needs for board and staff, then builds employee development plans to ensure effective transitions in the event of an emergency or planned departure, ideally for every position. While it may seem daunting to implement, the following steps make facilitating the process much less overwhelming:

**1) Outline the strategic goals, objectives and organizational development needs over the next few years.** If the organization does not have a formal strategic plan that includes these priorities, start with a process to document them, even if it is informal.

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**2) Determine the “scope” of the succession/leadership development process.** Determine how “far down” the process will go and exactly which positions will be included. At a minimum, I recommend including the board executive committee, CEO, senior management staff, key technical staff and any key volunteers that have specific technical skills that would need to be replaced if they left. Organizations are encouraged to include all management and supervisory staff, if possible, to support retention and a career ladder for junior staff.

**3) Identify the emergency succession needs for each position and provide cross-training.** Clarify the responsibilities associated with each position (including board members) and identify who would take over each of the incumbent's responsibilities in event of an emergency, as well as what they need to know to effectively  
(continued on page 2)



perform the duties. Create an action plan with due dates to cross-train each individual for each duty. The board should oversee this process for the board and CEO positions.

**4) Analyze each position to determine the knowledge, skills and abilities (KSA) required and prioritize them, in the event that an emergency replacement becomes permanent.** This KSA list becomes the foundation for the replacement recruitment effort, as well as the leadership development process. The board should prioritize the KSA list for the CEO.

**5) Identify potential candidates for each position and use the KSA list as an assessment tool.** Look for candidates who have the potential to “grow” into each position. Compare each candidate’s current knowledge, skills and abilities with what is required for a particular job. Create an action plan that outlines the training, experience or coaching required for each candidate to grow into the job. The board should be directly involved in this process for the CEO position. It is tragically ironic that workforce agencies support this talent management process for employers and yet do not do it for themselves.

**6) Keep track of the employee development action plans to ensure that both emergency and leadership development succession efforts are implemented.** The Human Resources or Training staff (if present) should facilitate this process and keep track of the achievements. There are numerous learning management systems on the market today to help keep track of the training and employee development. Some payroll companies provide talent management tracking resources as a “value added” with their payroll service. A simple spreadsheet will also work for small organizations or those with limited resources.

**7) When a permanent replacement is necessary, either due to an emergency or planned departure such as a retirement, the candidate pool should include the individuals identified and cross-trained through the succession process.** If the cross-training action plans are implemented, each position should have at least one internal qualified candidate, who could be considered for the position. The board should oversee this process for the CEO position.

**8) If the CEO is retiring, the board should determine whether the internal candidate(s) are the best fit or if they will recruit from outside.** Ideally, the CEO would give 2-3 years’ notice prior to retirement (even if they do not give a specific date), in order to ensure that at least one internal candidate would have ample time to learn the requisite skills. The board must decide how they will approach the recruitment process - internal only or with a combination of internal and external candidates. The board should refresh the KSA priority list and use it in the selection process.

**9) Plan for “onboarding” time for the new CEO, especially if the new CEO is an external candidate.** In the last 6-12 months prior to retirement, the CEO should ensure that others are involved in external stakeholder relationship building and knowledge transfer to ensure continuity. When setting the CEO retirement date, include some time (up to 3-6 months) to provide support for the new hire.

Following these steps will ensure an effective transition for the CEO and other key positions, and provide leadership development to support sustainability.



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