



This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Succession Planning for Nonprofit Organizations ***By Brandon Hill, Senior Associate, Nelson Mullins***

An oft-overlooked best practice of nonprofit corporate governance is succession planning. Succession planning involves developing a strategy for successful transitions in executive and other leadership roles through the identification, acquisition, and development of internal and/or external talent. For example, are you ready for when your founding executive director retires? Or if your chief executive officer moves to another nonprofit with just a month's notice? Proper succession planning by a nonprofit organization ensures continuity of strong leadership and active preservation of organizational culture to help further the nonprofit organization's mission. This article highlights how nonprofit organizations should approach succession planning, legal considerations to be aware of, the recruitment and development of talent to address vacancies, and the successful integration of new hires.

How Should a Nonprofit Think about Succession Planning?

While the board of directors is responsible for succession planning, the task of developing a plan can be delegated to an existing or newly formed committee. The committee should include members of the board of directors and may include the executive director or chief executive officer and one or more staff members who are able to provide diverse viewpoints on what is required for successful transitions and the future direction of the organization. The committee should begin the process by addressing how the succession plan should be tailored for each respective executive or leadership role. Relevant questions to answer include:

- What are the primary responsibilities of the role?
- What skills should the occupant of this role possess?
- In the event of a vacancy, how long could this role remain without a permanent occupant?
- How has the current occupant of this position contributed to advancing the mission of the organization?
- What new opportunities would a transition in this role present to the organization?
- Could a transition in this role address any current or prospective challenges to the organization?

Once this preliminary work has been completed, the committee should proceed with drafting a succession plan that contains the processes to enact once a vacancy occurs. The plan

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should be flexible enough to address both planned vacancies (such as a retirement) and unplanned vacancies (such as an unexpected resignation or serious illness).

In both cases, the succession plan should be designed to minimize the impact of a vacancy on the nonprofit's operations. Potential steps to consider include:

- Communicating news of the transition to other members of the organization and the public.
- Designating staff liaisons for the board of directors, donors, and other stakeholders.
- Conducting an exit interview with the departing employee to learn additional information about how the position operates within the organization.
- Preserving institutional knowledge (e.g., bank account information and all passwords, including computer logins).
- Creating a Frequently Asked Questions document with respect to the succession process.

Succession planning should be viewed as an ongoing responsibility that is closely tied to a nonprofit organization's overall management strategy. The board of directors should continually evaluate succession planning within the context of this strategy and other changing internal (e.g., the needs of employees of the nonprofit who will work with the new hire) and external (e.g., relevant developments in the nonprofit's industry) factors to assure that the nonprofit is best positioned to attract the best talent to further its mission.

What are the Legal Considerations of Succession Planning?

As the board of directors and/or the committee develops the succession plan, legal considerations include:

- Review of Formation Documents. The board of directors should review the nonprofit's incorporation document and bylaws to ensure the creation or designation of a committee for succession planning is permissible, to assess whether any existing provisions impact potential acts of succession planning, and to make any necessary amendments to the documents.
- Material Contracts. Transitioning occupants of executive and other leadership roles should account for the details of any legal contracts that are material to the nonprofit's operations that they have knowledge of, and any relevant contacts related to any such contract.
- Agreements for Temporary Hires. If the succession plan calls for hiring externally to fill a vacancy on a temporary basis while the nonprofit conducts a search for a permanent replacement, the board of directors should negotiate an agreement with the temporary hire that has a defined scope of work and states the temporary hire is not considered a final candidate for the position.

How Should a Nonprofit Identify Candidates?

The board of directors and/or the committee may seek to be proactive in identifying candidates to fill vacancies in executive and other leadership roles before those vacancies exist. The committee should encourage the development of promising internal candidates for each respective position who could be promoted in the event of a departure and provide them with leadership development and learning opportunities in anticipation of a future vacancy. While internal hires benefit from a familiarity with the nonprofit's culture and the responsibilities and skills required for a particular role, the committee should also assess external candidates for any vacancy to ensure the nonprofit finds the best fit. External candidates present the risk of the unknown but bring the prospect of unique skills and an outside perspective that could bolster a nonprofit's culture.

Whether the board of directors is more focused on internal or external candidates, it should consider employing an interim leader to fill a vacancy while conducting the search for a permanent hire. Having an interim candidate will permit the board of directors to take the necessary time to thoroughly vet potential candidates.

How Should a Nonprofit Onboard New Leaders?

Hiring a candidate to fill a leadership vacancy is not the end of the succession planning process. A nonprofit's committee responsible for succession planning should create an onboarding process to help orient new hires to their new leadership roles, and in the case of external hires, the nonprofit itself. The onboarding process should:

- Train new leaders in the responsibilities of their role.
- Monitor new leaders progress as they settle into the nonprofit and their role.
- Provide the new leaders with actionable goals for the onboarding period.
- If possible, make available the previous occupant of the role to the new leaders for consulting purposes.
- Gradually transition the new leaders into independence within their role.

The onboarding process will vary given the size of the organization, the familiarity of the new leader with the nonprofit's processes and the scope of their new responsibilities. The process should occur during an onboarding period that lasts between three and six months.