

Executive Transitions

Planning for Succession

Advising Leaders in Philanthropy



RGS Partners Consulting



KERRY DIAZ CONSULTING

A joint initiative of
RGS Partners Consulting
and Kerry Diaz Consulting.



RGS Partners Consulting
Advising Leaders in Philanthropy



Table of Contents

Introduction	5
The Reality in the Field	6-7
Phases of Succession Planning	8
Phase One: Planning	9-10
Phase Two: Succession	11-12
Phase Three: Onboarding	13
Potential Pain Points	14
How We Help	15



Introduction

Leadership



Randy Scheid, MPA

CEO and Founder of RGS Partners Consulting, brings a wealth of expertise from over two decades in the sector. His visionary leadership drives the firm's strategic initiatives and client success.



Kerry A. Diaz, JD

Former CEO + COO, Kerry Diaz of Kerry Diaz Consulting is a skilled leader and collaborator. Her extensive experience continues to influence her firm's approach and effectiveness.

The Reality in the Field

Ensuring a successful transition helps maintain the following vital cornerstones of any organization:

- **Committed Staff:** Essential for maintaining organizational momentum and achieving long-term goals.
- **Engaged Board:** Vital for effective governance and strategic direction.
- **Sustained Impact:** Key to ensuring that the organization continues to fulfill its mission and achieve meaningful results.

The Reality of CEO Transitions

CEO transitions are occurring at a heightened frequency and are expected to continue rising. Key insights and statistics include:

- **Future CEO Departures:** In 2013, it was estimated that up to 75% of U.S. nonprofit leaders were planning to leave their positions within the next five to ten years. This trend is now imminent. (Source: Stanford Social Innovation Review, 2017)
- **Increased Turnover:** The number of CEOs leaving their positions surged by nearly 50% from 2022 to 2023. (Source: Global Finance Magazine, 2024)
- **Short-Term Departures:** One-third of nonprofit leaders surveyed plan to leave their positions within the next two years. (Source: Chronicle of Philanthropy, 2024)
- **High Failure Rates:**
 - Approximately 40% of new CEOs fail within their first 18 months. (Source: Fortune, 2022)
 - Just under half of executive transitions fail overall. (Source: McKinsey & Company, 2018)
- **Future Trends:** By 2026, one-third of current CEOs are expected to leave their positions. The rate of CEO transitions in 2023 exceeded initial expectations, indicating a potential for even more transitions in the near future. (Source: Florida Nonprofit Alliance, 2024)



Challenges of Driving Transitions

- **Fundraising Demands:** 40% of leaders report that fundraising demands are a major source of job dissatisfaction.
- **Staff Recruitment and Retention:** Challenges in recruiting and retaining staff are significant stressors.
- **Unclear Strategy and Expectation:** CEO's are often left to their own devices when starting with a new organization. A lack of transparent expectations of the CEO on behalf of the board members along with differing views on the direction of the organization can hinder or derail a transition.

Phases of Succession Planning

Effective succession planning is crucial for ensuring a smooth transition in leadership roles. It typically involves three key phases.



Planning: Internal to the individual (you) and the organization. The planning phase involves making internal decisions about leadership needs, addressing administrative considerations, and developing potential internal candidates. Key to this phase is answering critical questions to ensure alignment with organizational goals and a clear pathway for leadership development.

Succession: The Transition phase shifts beyond the internal considerations and considers our broader partners. The succession phase focuses on implementing a structured plan for transitioning leadership, involving the board in key decisions, and recruiting the ideal successor. This phase ensures a well-coordinated handover and the selection of a candidate who aligns with the organization's long-term vision.

Onboarding: The onboarding phase integrates the new CEO through clear communication, defined expectations, and a review of board roles. The first 90 days focus on aligning the executive team with the organization's mission and engaging in strategic discussions.

Phase One: Planning

Internal Decision

The planning phase begins with a deep reflection on your own role and its impact on the organization. Leverage your mentors and peers, who may provide valuable guidance throughout the process.

KEY CONSIDERATIONS

Begin with a Self-Assessment

- Are you willing to be open to the idea that in your role as CEO you may not always be there - if you leave either in a planned or unplanned way?
- Do you trust, or can you build trust in your board to support you in developing organizational plans that include other team members taking on strong roles?
- Are you willing to share some control and credit with other team members for assuming identified leadership activities?
- Even if you are not planning on leaving the organization soon, do you have too much on your agenda and can you be clear and honest about the tasks only you can do?
- Can you step back and ask yourself if you have done what you can to make sure the organization will thrive if you are not there?



Steps to Examine

- Assess your readiness and discuss with the board to ensure their support.
- Evaluate your workload and identify staff for targeted development.
- Address any gaps in systems that could be filled by other staff.
- Build redundancy in both systems and personnel to strengthen organizational resilience.

Phase One: Planning

Developing Internal Candidates

To prepare for leadership transition, focus on positioning and developing internal candidates– or creating your “bench”.

Utilize the results of the DISC/Myers-Brigg assessment or other tool to identify and focus on candidates with the proper motivation and potential. No one there now? Consider creating a new position with management/ leadership requirements or re-tool an existing position to add management/leadership skills.

Once these candidates are determined, place them in positions of visibility and involvement:

- Position potential candidates in front of the board and involve them in committee meetings.
- Identify and place staff with leadership potential into professional development opportunities. These can be simple such as presenting on a topic to your board or being included in targeted donor meetings.
- Assign additional executive or CEO-level duties to these candidates.
- Targeted outward facing roles where their experience can add value and they will be set up for success.

A CEO sabbatical taken over a predetermined period can also be a great way to provide a structured opportunity for a successor to test themselves in the role. This is also a great opportunity for other staff to understand the requirements in the absence of the existing CEO.

Phase Two: Succession

Creating a Succession Plan in order to ensure a seamless transition.

Note that this is not a static document that is reviewed annually. It should be used as a 'tool' for on-going thought and consideration, with the involvement of staff and board.

Consider the following steps as you work on a succession plan:

- Develop a comprehensive succession plan that addresses emergency, short-term, and long-term scenarios.
- Collaborate with the board to create and review the plan semi-annually, ensuring transparency with staff and prioritizing leadership development.
- Secure board commitment from the beginning, integrating succession planning into a continuity mindset for both planned and unplanned vacancies.
- Mentor rising staff by focusing on leadership thinking and share credit to build confidence. Mentor through sharing of your thought process. Teach them how to think like a leader, rather than telling them what to do. Share the spotlight with team members, giving credit where it is due so the team can feel confident when it is time to step up. Cultivate a culture which is not afraid of responsibility sharing.
- Embed succession planning into strategic and operational planning, regularly revisiting and integrating it with routine systems to train staff, allowing the CEO to focus on other priorities.

Phase Two: Succession

Board Involvement

Get the Board on board from the beginning of your tenure as CEO, adopting succession planning as part of a mindset of “continuity of operations” should an unexpected or planned vacancy occur. If you start day one with this mentality, it will not be an ‘emergency’ conversation; rather, it’s embedded into the culture and evolution of the organization.

Engage the board strategically in the succession process. This includes involving board members in candidate outreach, assessments, and forming a transition sub-committee. Ensure that succession planning is part of a broader capacity-building effort and consider potential successors with a long-term perspective, looking ahead five years.

Recruiting the Ideal Successor

The needs of the organization differ from when you first started. What you did at the outset may not be what is needed now. Ask yourself, “Who would be an ideal leader for our organization over the next decade?”

Clearly define the organization’s direction for the next 3 to 5 years and focus on the attributes needed in a successor. Use a board sub-committee for key roles, involve internal staff in interviews, and include key partners in the process.

If you plan to leave soon, evaluate your contributions during your terms and seek external feedback from trusted sources. Assess the organization’s current stage and identify gaps that your departure might reveal, such as in fundraising or key relationships. Develop a transition plan with the board that engages staff and stakeholders based on this assessment.

These steps ensure a strategic, transparent, and effective succession process, preparing the organization for a smooth leadership transition as you enter the final phase of onboarding.

Phase Three: Onboarding

Onboarding a New CEO is a critical phase that requires intentional planning rather than leaving success to chance.

With 40% of new CEOs failing within their first 18 months, a structured onboarding process is essential for a smooth transition. During this phase, the new CEO must “take the pulse” of the organization, making it crucial to address key elements in the first 90 days.

The First 90 Days:

- **Communication:** Establish a clear line of communication with the new CEO to facilitate open dialogue and address any immediate concerns.
- **Expectations:** Define expectations clearly to align the new CEO’s goals with organizational objectives.
- **Roles and Responsibilities:** Review the roles and responsibilities of board members to ensure clarity and support.
- **Executive Team Alignment:** Ensure the executive team is aligned with the organization’s purpose, mission, and vision.
- **Strategic Discussion:** Engage in strategic discussions to set a clear direction and address any immediate strategic challenges.

It is critical that the new CEO understands where the organization stands on the ‘change continuum.’ This concept comes from an article published in HBR in 2009 called ‘Picking the Right Transition Strategy’ by Michael Watkins. The article presented a rubric to identify the various situations that a leader comes into when starting with a new organization. Watkins called this “STARS” framework. STARS being an acronym for the five common situations leaders move into: start-up, turnaround, accelerated growth, realignment, and sustaining success. Each stage requires a different approach and a thoughtful conversation among the Board and CEO to determine what is required of the CEO in the first 90 days. This is a critical point that is often overlooked in the excitement of this period.

This structured approach helps the new CEO integrate effectively, align with the organization’s goals, and set a foundation for long-term success.

Potential Pain Points

In our experience and based on industry feedback, several common pain points can arise during CEO transitions.

- **Overlap of Two CEOs:** This emerging practice can be challenging for both staff and the board, creating confusion and complicating relationships with external partners. Clear, consistent communication is crucial to navigate this situation effectively.
- **Former CEO as Board Member:** When a former CEO stays on as a board member to assist with the transition, it can be problematic. The former CEO may not be available consistently, as they might have moved on to a new venture or retirement. This may have a chilling effect on the new CEO's agenda to meet the current demands of the organization. To address this, consider structuring the arrangement to include periodic check-ins, or explore a "silent partner" role.
- **Board Chair as Interim CEO:** While this may seem like a practical solution, it can become complex. The interim role might not provide the continuity or strategic focus needed, and it could exacerbate any existing board dysfunction.
- **No Succession Plan:** Lack of a succession plan can lead to an extended void in leadership. Questions arise about who is in charge, who staff should turn to, and who is responsible for key functions, including communication with funders. This gap can reveal or worsen board dysfunction.
- **Founder or Long-Term Leader Staying Too Long:** When a founder or long-term leader remains involved, it can create tension and hinder the new CEO's ability to establish their leadership. This situation may also lead to hurt feelings among staff who were not selected for the CEO role, potentially disrupting morale.
- **Immediate Disruption:** Without a well-thought-out transition plan, immediate disruptions can occur, affecting organizational stability and continuity.

Addressing these pain points proactively can help mitigate their impact and ensure a smoother leadership transition.

How We Help

Training on Best Practices: We provide comprehensive training on best practices for CEO transitions, including effective succession planning and onboarding strategies. Our expertise ensures that your organization is equipped with the knowledge and tools needed for a smooth leadership transition.

Facilitate Board Retreats: We offer facilitation for board retreats focused on succession planning and leadership development. These retreats help align the board's vision, address key challenges, and create a cohesive strategy for managing transitions.

Identifying and Developing Leaders: Our services include identifying potential leaders within your organization and developing them for future leadership roles. We focus on building a strong internal pipeline to ensure that the right candidates are prepared for key positions.

Succession and Transition Plans: We assist in creating and refining your succession and transition plans. Our approach ensures that you have a robust strategy in place for both planned and unplanned leadership changes, minimizing disruption and maintaining organizational stability.

We are available to offer support, provide guidance, and discuss your unique situation. We are committed to applying our experience to help you navigate your specific challenges and achieve a successful leadership transition.

**Please contact us to discuss how we can
make your next transition a success!**

Randy Scheid, MPA

Founder and CEO

RGS Partners Consulting

561-379-2198

rgs.partners@outlook.com

rgspartnersconsulting.com

Kerry A. Diaz, JD

Strategic Advisor

Kerry Diaz Consulting, LLC

561-307-0844

kerrydiaz@gmail.com

[linkedin.com/in/kerry-diaz-jd-8144844b](https://www.linkedin.com/in/kerry-diaz-jd-8144844b)



RGS Partners Consulting

Advising Leaders in Philanthropy

Randy Scheid, MPA

Founder and CEO

RGS Partners Consulting

561-379-2198

rgs.partners@outlook.com

rgspartnersconsulting.com



Kerry A. Diaz, JD

Strategic Advisor

Kerry Diaz Consulting, LLC

561-307-0844

kerrydiaz@gmail.com

[linkedin.com/in/kerry-diaz-jd-8144844b](https://www.linkedin.com/in/kerry-diaz-jd-8144844b)