



MHS
Association

**SUCCESSION PLANNING
TOOLKIT
FOR NONPROFIT BOARDS**

Faith-grounded strategic
business tools and resources





SUCCESSION PLANNING TOOLKIT

TABLE OF CONTENTS

THE BOARD'S ROLE	4
EQUIPPING THE ORGANIZATION	5
EMERGENCY SUCCESSION PROCEDURES	6
TRANSITION PLAN ASSUMPTIONS	9
WHEN THE EXECUTIVE RESIGNS	10
THE SEARCH PROCESS	13
ENDINGS AND BEGININGS	14
APPENDIX	
FOR THE CHIEF EXECUTIVE: FINISHING WELL	16
SHOULD WE HIRE A SEARCH FIRM? CHECKLIST	19
TYPICAL SEARCH PROCESS CHECKLIST	20
SHOULD WE CONSIDER INTERIM LEADERSHIP?	22



MHS Association

The Board's Role

One of the most important responsibilities of a nonprofit board is to ensure that competent executive leadership is in place for the organization. Even if current executive leadership is functioning well, there are proactive steps a board should consider to be prepared for future leadership transitions.

Every organization should have a short-term or emergency chief executive succession plan in place. This plan outlines the process for providing leadership for the organization during anticipated or unanticipated short-term absences of the chief executive.

Typically, the short-term or emergency succession plan names an individual who will step into the leadership role. Often the named person is in an executive-level position in the organization with the capability of managing responsibilities until a plan can be put in place to hire the new chief executive. A best practice is to review the short-term succession plan annually and evaluate it for continued appropriateness.

Organizations should also have a written plan that outlines steps to be taken in the event of a permanent executive transition. The plan should address the search process and key questions for the board's consideration.

In addition to the board's work in preparing for leadership succession, executives also play a role in a smooth transition. A healthy partnership between the executive and the board provides space for conversation and planning together.

This Succession Planning Toolkit will guide boards and executives in preparing the organization for executive transition, whether planned or unplanned, short-term or permanent.

For more consultation and support on succession planning, executive transition, and executive search, contact MHS Association at info@mhs-association.org.

Equipping the Organization

Some boards are cautious about preparing for an eventual transition because they are afraid it might suggest to the current chief executive that the board is ready for a leadership change. The potential for unintended messages can be reduced if the board makes it clear that it is interested in proactively planning for future leadership transitions. Wise chief executives will welcome this work.

Chief executives and board chairs are encouraged to periodically discuss the subject of the chief executive's thoughts about their tenure. For more on this topic see the [Chief Executives: Finishing Well](#) section. Building trust through open communication is foundational.

Whether a leadership transition takes place a year from now or many years in the future, careful planning can reduce anxiety and bring attention to the critical decisions that need to be made. The board, the chief executive, and the organization as a whole stand to benefit when the leadership transition is as smooth as possible.

Strategic Readiness

Organizations and boards that are functioning at a high level will be well-positioned for a leadership transition. For these organizations, a strategic plan for the future is in place and is being implemented. The board is committed to improving its functioning and the board and chief executive are working as a team. Operational performance is steady. Trust is high. Not only is this good for the organization and the people it serves, but it also makes the organization more attractive to future chief executive candidates.

Foundational board practices that set the stage for a positive chief executive leadership transition include:

- An effective [chief executive annual performance review](#) process.
- A [board self-assessment](#) process every two to three years with an ongoing board development plan.
- An effective strategic planning process and ongoing monitoring of the plan.
- A strong board/chief executive partnership.

Cultivating Future Leaders

Developing internal leaders should be an ongoing priority for the chief executive and the board. While it is not the chief executive's prerogative to select the next leader, they should be developing internal leaders so that one or more of them would have the potential to be considered when a leadership transition occurs.

It is a best practice that organizations develop leadership career ladders, particularly at the manager and director levels. With professional development plans and specific leadership goals, key employees can be encouraged to develop in their careers and strengthen the leadership capacity of the whole organization.

As the chief executive takes steps to develop internal leaders, the board should communicate its support for developing internal leaders. Asking the chief executive to annually review the plan for developing internal leaders with the board and to periodically update the executive committee

regarding the capacity of potential candidates, helps to ensure leadership preparedness is a priority. One of the key benefits of planning for chief executive succession is that the board can increase the likelihood that qualified candidates will be available when a leadership transition occurs.

When feasible, organizations are encouraged to prepare several people to be considered for the chief executive position. While there is no guarantee that any of the qualified candidates will be selected, having multiple qualified internal and/or external candidates available greatly increases the options for the board to consider. Of course, a qualified internal candidate who is not selected may be recruited by another organization. This is simply a risk that comes with having a strong leadership team and a healthy organizational culture that invests in employee development.

Emergency Succession Procedures

The board's responsibility to provide for competent leadership includes short-term or interim leadership needs. A short-term executive leadership plan should address the following situations:

- Temporary brief absences of the chief executive.
- Temporary extended absences of the chief executive.
- Interim leadership during executive search and transition.

Following are suggested steps for short-term leadership succession procedures. Boards are encouraged to adapt and customize these tools.

Procedure: Temporary Absence of the Chief Executive

In a situation where the chief executive is absent temporarily and is determined to be unable to carry out their responsibilities for a short period, the following procedures are suggested:

- If the chief executive's absence is unplanned, the board chair convenes the executive committee of the board as soon as possible to review and confirm the short-term or emergency succession plan.
- As soon as possible, the board chair activates the succession plan, in which a previously identified individual is appointed to carry out the chief executive responsibilities.
- The plan may identify others in case the first person is unavailable.
- Several persons may be named to share responsibility for chief executive functions. In this situation, the responsibilities of each individual are specified in writing in the plan. Shared responsibility can be challenging for the board in terms of holding more than one person accountable and ensuring specific understanding regarding the roles, but the right leadership and commitment can make this arrangement work.
- The board chair ensures that the emergency leadership arrangements are communicated to the board, staff, and key stakeholders, including licensing agencies.
- The board chair maintains at least weekly contact with the person(s) assigned to provide short-term leadership.
- The emergency leadership appointment remains in place until the chief executive can resume

their responsibilities, an interim executive is appointed, or a longer-term leadership arrangement is made by the board.

- The board maintains the prerogative to appoint or discontinue interim leadership at any time.

Procedure: Extended Temporary Absence of the Chief Executive

If the short-term interim arrangements as outlined above have not already been implemented, they should be carried out as soon as possible.

- When the chief executive's absence is anticipated to be longer than originally anticipated, the executive committee of the board meets to consider:
 - Whether an interim executive is needed and if so, the need for consulting assistance to search for an interim executive.
 - Communication needed with key stakeholders, i.e., staff, residents/clients, lenders, key contributors, etc. regarding the extended absence and interim leadership arrangements in place.
- Throughout the remaining absence of the chief executive, the executive committee of the board monitors the need for consulting assistance for the board, for the staff member(s) carrying the executive leadership responsibilities, or to secure interim leadership.
 - If it is determined that assistance is needed, the executive committee recommends to the board that a search firm be engaged to secure an interim to provide leadership until the chief executive can return to their responsibilities or until a permanent chief executive is selected and available to serve.
 - The executive committee designates an individual to serve as the primary contact with the search firm.
 - The executive committee reviews potential interim candidates and recommends a preferred candidate to the board for appointment.
 - If other consulting assistance is deemed to be needed, the committee recommends an appropriate consultant(s) to the board for engagement.
- In consultation with the designated interim leadership, the executive committee assesses whether any priority issues must be addressed and if needed, develops and monitors a plan for addressing the issues. It is important to be clear in the expectation of the interim leader and what limitations this person will have, as well as specific duties that you want them to assume as they step into the role.
- The board chair continues at least weekly communication with the appointed interim leader(s) regarding the status of the organization and offers support.
- The board maintains the prerogative to appoint or discontinue interim leadership appointment(s) at any time.

Procedure: Permanent Absence of the Chief Executive

When the chief executive is not able to return to the position, in instances such as serious illness, death, or termination of employment, the procedures outlined above are followed. In addition, the following steps are implemented.

- Immediately when the board is aware of the permanent vacancy in the chief executive position, the board determines whether to retain a search firm. Whether or not a search firm is engaged, the appointment of a search committee has to be an immediate priority.
- The search committee consists of five to six board members and represents diversity in experience, age, and perspective.
- The search committee is charged with:
 - Identifying leadership qualities that are needed.
 - Considering the leadership skills of the existing executive team to provide potential interim leadership.
 - Determining if the needs of the organization will be best met by a long-term interim leadership or a new executive.
 - Developing compensation and benefit guidelines for prospective candidates.
 - Reviewing the profile of desired candidate qualities with the board.
 - Keeping the board and staff informed at appropriate junctures.
 - Bringing a recommended candidate or two finalists to the board for consideration.
 - Maintaining confidentiality.
 - Recommending to the board a transition plan/ timetable and support tools for the new executive.

For more about executive search, interim leadership, and transition, see *When the Executive Resigns*.

Procedure: Communication

During times of unexpected transition, communication with all stakeholders regarding the situation and follow-up board action steps is more important than ever. A clear message that addresses the interim succession plan and how the board will ensure the continued operation of the organization is critical for staff, those served by the organization, family members, and other stakeholders. The following points should be considered when implementing a communication plan:

- If the board chair or executive committee has developed a short-term or emergency succession plan, the full board should be made aware of the situation and plan before public communication.
- Depending on the situation, it may be wise for the board chair and executive committee members to contact any major organizational stakeholders such as donors, key community leaders, and other internal client or resident leaders.

- Ensure the communication covers who will be responsible for interim leadership, how that person will be supported and monitored, and how the board will ensure there is accountability for financial and operational oversight.
- At least weekly, communication from the board regarding updates on the short-term situation is important. Consistent messaging that provides updates or reassurance is important for building trust and reducing anxiety.
- In organizations with technology capable of video communication and/or the ability to hold in-person stakeholder meetings, using tools and formats for more personable communication is always beneficial but should not replace a well-drafted communication memo.

Transition Plan Assumptions

Identifying assumptions ahead of time about what needs to happen and who's responsible provides a starting place for dealing with a leadership transition when it does occur. It is easier to update or modify a few of the assumptions than to develop them all at once when you're faced with making decisions.

The statements below are intended to be a start. Each board should discuss and customize the statements to fit their organization. Once completed, the document should be stored in a location accessible to the board leadership.

- The board of directors is responsible to select and appoint the chief executive.
- Annually, the board and chief executive will ensure that the strategic plan and position description are current.
- The chief executive is requested to inform the board as soon as possible of her/his intent to leave.
- The chief executive's resignation should be in writing and identify the effective date.
- The board is responsible to develop and implement a communication plan to announce the chief executive's resignation.
- As soon as possible or at least within a week of receiving the chief executive's resignation, the board leadership/executive committee of the board recommends members for appointment to a Search Committee.
- The executive committee is responsible for recommending whether to handle the task internally or to contract with a search firm.
- With input from others as needed, the search committee is expected to:
 - Assess the status of the organization to identify leadership qualities that are needed.
 - Develop compensation and benefit guidelines for communication with candidates.
 - Review the candidate profile of desired qualities with the board for its input.
 - Keep the board, staff, and other key stakeholders informed of its progress.
 - Bring a recommended candidate or two finalists to the board for consideration.

- If a board member wishes to apply, they must first resign from the board.
- Within at least two weeks of the chief executive's resignation, the board and chief executive will mutually develop goals for the remainder of his/her tenure.
- It is best practice for the departing chief executive to be made aware of the search process, but they are not involved in the search committee or candidate interviews. In certain circumstances, the departing executive may be involved in candidate tours or other on-campus events related to candidate interviews, but only as invited by the board and with the advice of the search firm.
- The board will clarify with the departing chief executive how the transition will be handled if the new executive were to be available before the departing executive's planned departure date.
- A board transition team will be appointed to determine how to acknowledge the departing chief executive's contribution, including the planning for any public or private events.
- The Search Committee or other board leadership team will recommend a transition plan and support resources for the new executive such as at least one year of executive coaching and use of a [six-month performance assessment](#) to provide early affirmation and feedback.
- The bylaws and executive employee agreement are aligned with the succession plan assumptions.
- These assumptions are reviewed annually by the board leadership/executive committee which will recommend changes as needed. The succession plan is maintained where it is readily available to board members.

When the Executive Resigns

An executive leadership transition is one of the most significant situations that a board will face. Not only is the selection of the next leader of utmost importance, but the management of this process will communicate much about the board and the organization. This is one of the few times when the board, not staff, takes the lead in carrying out an organizational task of great significance.

In addition to selecting the next leader for the organization, by proactively managing this transition, the board has the opportunity to:

- Strengthen relationships with stakeholders.
- Portray the organization and its mission in the best possible light.
- Maintain or increase confidence in the board's leadership capacity.
- Emphasize the organization's mission, vision, values, and culture.

Boards can prepare for an eventual leadership transition by making some decisions in advance. If your board has completed Succession Plan Assumptions, some of the decisions outlined below will already have been made.

Consideration of Interim Leadership

One of the early decisions is whether the placement of an interim executive would benefit the organization. In many situations, an interim executive can provide great value to an organization. An interim can preserve some continuity in the organization and at the same time, create change to ultimately support the new permanent leader.

Before the board moves forward with a search process, they would do well to consider the benefits of an interim executive.

An interim chief executive can help prepare the organization to work effectively with the next chief executive, and between the new executive and the board. A seasoned and experienced interim executive can allow for an organizational pause between past leadership and the new one yet to come, allowing the board to make changes in expectations and priorities. Appointing an interim leader will give the board time and “breathing room” to carry out the transition process. Rushing through a leadership gap is never an effective strategy.

A specific plan and job description, with goals and anticipated outcomes, should be developed for the interim role. The board needs to be clear about its expectations for the interim role. An interim chief executive who is hired for the purpose of addressing the questions listed above will come with specific skills that are different from the skills required for the permanent chief executive position.

Announcement

The leadership transition process officially begins with the board’s receipt of the resignation of the chief executive. This may come about through a discussion with the board or board chair which results in either a decision to resign or an agreement about the timing of the chief executive’s transition, such as a retirement, or transitioning to another position outside the organization. Generally, it is appropriate for the chief executive to give a year’s notice for their transition. When a transition in leadership can be planned, the notice time needs to consider organizational factors that may dictate a longer notice period is preferred. Again, the decision on best timing can be processed between the chief executive and the board chair.

When a date is determined, the chief executive must provide a written letter of resignation with the date that employment will end. The full board should be informed of the resignation and of the need to keep it confidential until an announcement is made.

If the chief executive has an employment contract, the terms of that agreement will dictate the amount of notification time required. In the absence of a contract, the board may be able to negotiate the terms of the resignation. It is expected that a chief executive will give the organization at least one month of notice, although a two-month notice is generally more appropriate.

Communication Plan

A communication plan should be developed, including the following elements:

- Stakeholder groups to be notified (consideration of the different communication needs based on the identified stakeholder groups.)
- Talking points and means of communication (email, letter, video, etc.)

- Timing and frequency of communication to each group.
- Those designated to communicate on behalf of the organization.

Board leadership should determine and manage the communication plan in consultation with the chief executive. Depending on the circumstances of the resignation, some boards secure outside consultation assistance to develop the communication plan. As noted previously, good and timely communication is critical in these circumstances. Obtaining communication support is always an important consideration if internal resources and skills are limited.

All board members should be informed of the communication plan before its execution. The initial communication typically includes the following:

- The announcement of the chief executive's resignation and effective date.
- Appreciation for the chief executive's leadership and a summary of organizational accomplishments during the chief executive's tenure.
- Announcement of the appointment of a search committee and the name of the chair of that committee or a statement that a search committee will be appointed by the board.
- If consideration is being given to interim leadership, a statement that indicates interim leadership is being discerned.
- If a decision has been made about whether the search will be conducted by the search committee or by a search firm, this can be a part of the announcement. The announcement can identify the contact person for inquiries, if applicable.
- A contact person for follow-up questions and concerns.

Timing

If there has been advance discussion between the board and the chief executive on transition, the communication plan can be developed in advance, with the selection of an announcement date. A planned process usually provides ample and strategic timing for communication.

In a situation when there is no planning time, the chief executive's departure should be announced within a week of receiving the resignation. It is difficult to keep the information confidential for an extended period. It is better to make an announcement even without all of the details finalized than to wait and have the information leak. Additional communication and frequent communication updates should always be considered in transition situations.

Sample Communication Schedule

Monday-Tuesday

- The departing chief executive shares his/her plans with senior staff along with a request that they keep the information confidential until a general announcement is made to staff.

Tuesday afternoon

- An announcement is made to staff and then to community residents or clients served as applicable.

- Using talking points, phone calls are made by board members and the chief executive to key stakeholders who have been identified.
- If appropriate, letters are mailed to donors or other critical stakeholders.

Wednesday-Thursday

- Public announcements including newspapers, website, etc.

The Search Process

There are several decisions to be made as the board prepares to implement a search process. It is a common mistake to view the executive search as a transactional process and move quickly to get a new executive in place as soon as possible. In reality, this is a process that should be conducted in a multiple-step manner. An executive transition allows the organization to intentionally look at the organization from an external lens. Boards often feel anxious when they are in an interim or transitional situation as it requires more board member time and may stretch their governance capacity. This is understandable! Rushing leads to skipping important steps, creating an even greater time investment, and potentially missing healthy discernment opportunities that will benefit the organization in the long run.

Appointment of a Search Committee

The appointment of a search committee may be described in the Bylaws, Succession Plan, or the Board Policy Manual. Typically, the board chair or executive committee recommends the search committee for the board's approval. Search committees often consist of five to six members and may include the board chair. (Previous board members or engaged stakeholders may be considered for the search committee.)

The announcement of a leadership transition often generates anxiety in an organization. The announcement of how the search will be handled is one way to reassure stakeholders that the board is capably managing the transition. It is helpful to appoint the search committee as soon as possible after receiving the chief executive's letter of resignation.

Early in the process, the board should discuss the expectations of the search committee related to:

- The involvement of stakeholders in a survey or focus group process.
- The board's level of input to the discernment of key documents for the search.
- Frequency and content of communication and updates.
- How the board wishes to be informed of the names of the finalists.
- Whether the Search Committee is expected to bring one recommended candidate to the board or involve the board in identifying a finalist from two or three candidates.
- How the final selected candidate will be approved.
- The compensation structure and benefits to be offered.

Retaining a Search Firm

Volunteer board members may not have the time and/or expertise to conduct a search. Often, the best candidates are not actively looking for another position. The board should consider whether search committee members have the time and networking contacts to reach potential candidates and promote the organization's leadership opportunity, as well as carry out the search activities. In addition, there are numerous legalities to consider in the executive search and recruitment process that board members may not have the professional acumen to manage. Search firms have the professional expertise to conduct an executive search with considerable input from the board along the way to ensure the board remains informed and the stated expectations are met.

MHS Consulting provides executive search services, and MHS Association members receive a discount when employing their assistance. To learn more, visit mhs-consulting.org. See Addendum 2/ Should We Hire a Search Firm?

Endings and Beginnings

The Departing Chief Executive

While the search process is carried out, there are several questions related to the departing chief executive that the board should consider:

- Does the board wish to identify key tasks, priorities, or deliverables for the chief executive to accomplish before departing?
- How will the board acknowledge and celebrate the departing chief executive's contributions?
- What role, if any, should the departing chief executive play in the search process? In general, the departing chief should be involved only as invited by and as defined by the board or search committee.
- How will the transition be handled if the new executive starts before the departing executive's planned departure date?

The transition from the departing chief executive to the incoming chief executive is important to consider. In some situations, an overlap of the executives, from several hours to a few days, can provide an opportunity for communication and orientation. In other circumstances, an overlap should not be considered. Transition circumstances are unique and boards will do well to seek the expertise of their search firm or consultant when considering an executive overlap.

Any ongoing involvement with the departing chief executive should be approached with a great deal of caution. In most circumstances, the board should not establish any ongoing involvement with the outgoing executive or make any arrangements or agreements. If there is such a situation, the board should disclose the arrangements to the top candidates during the interview process as it could be a deciding factor for a candidate, depending on the circumstances. It is both unwise and unfair for the board to saddle the new executive with an arrangement that is not in the best interest of the organization going forward.

The Incoming Chief Executive

The board should be intentional about how it welcomes and supports the new chief executive:

- How will the new chief executive be welcomed to the community/organization?
- What is the orientation plan and who will be accountable to ensure it is implemented?
- How will the new chief executive be supported during the first year?
 - Will executive coaching be provided?
 - How will feedback be provided after [six months and at the end of the first year](#) to affirm strengths/accomplishments and set goals?
 - What other means of support will the board provide?

It is important for the board chair and the new executive to schedule regular meetings. Initially, these meetings may need to occur every week until the chief executive has completed orientation and there is a sense that the executive is transitioning well into the new role. These meetings may shift to bi-monthly and then to monthly as needed.

The board should use executive session time as part of their board agenda with the chief executive to see how they are doing in their role and ensure the executive has what they need to do their work.

Addendum I

Chief Executives: Finishing Well

Every chief executive, if given the choice, would prefer to leave their position on their terms and at a time of their choosing. In addition, chief executives would say that they want to serve only as long as it is in the best interests of the organization.

Determining when to leave their position can be an issue for executives at any stage of their careers. The following perspectives are especially relevant for executives who plan to end their chief executive career when they leave their current position.

Proactive Planning

Executives can take steps to increase the likelihood that they will be able to consider what is best for the organization as well as for themselves.

- Work with a financial planner (<https://www.everence.com/financial-services/financial-planning>) to develop a financial retirement plan. One's personal financial needs should not be a primary factor in determining how long to stay in a position.
- Attend the [Equipped for Succession](#) program for support in the discernment process for leadership transition. The program provides a sacred and safe place for chief executives to reflect on leadership succession, including personal timing and that of the organization, and ways to make the transition optimal for both themselves and the organization.
- Envision life after leaving the chief executive position. Explore interests, develop hobbies, and try volunteer assignments. Ask people who have transitioned to the next phase how they spend their time and find meaning. Build relationships with friends and family members that will be there in the future. Take steps now to test and prepare for this future.
- Think about legacy. How do you want to be remembered? Pay attention to the really important things now. Read *A Leader's Legacy* by Kouzes and Posner.

Planning proactively sets the stage for an objective decision about when to leave an executive position. Even if the transition is five or ten years away, the following conversations may be helpful to think about and plan for it.

- Talk in confidence with trusted friends or colleagues. Participation in an Executive Circle, Equipped for Succession, executive coaching, spiritual direction, and/or a personal retreat provides space to explore and focus questions about transition.
- Discuss job changes and potential timing with your family. These decisions are likely to have a significant impact on your family, possibly affecting where you live and your lifestyle.
- Discuss with your board chair a plan to develop leadership capacity among your senior leaders. Invite conversation about executive leadership succession planning. The section of this document Equipping the Organization suggests ways to increase the likelihood that internal candidates will be among those available to be considered when an executive search takes place. You will serve the board and yourself well by talking with the board chair about how to prepare for the organization's future leadership needs.
- Consider talking with your board chair about your potential timeline for transitioning to the next phase of your life. Ask for feedback about whether your potential timeline seems appropriate or whether there are concerns or changing needs of the organization that might affect your timeline. Conversations every year or two about this timeline can keep the lines of communication open and will set the stage for healthy conversations and decisions in the future.

Factors Limiting Objectivity

In the absence of adequate preparation and objective feedback, the chief executive's perspective of what is in the best interest of the organization can easily be influenced by other factors. Some of the underlying factors that can limit one's ability to be objective about how long to stay include:

- I like this role and it's hard to imagine not being a chief executive.
- The standard of living that I am used to is quite comfortable. Staying longer will give me a better retirement. Anything else that I would do will not pay as well.
- I don't know what else I would do.
- I don't want to leave. Maybe there is some way to phase out over a year or two or stay on as a consultant.
- I'd like to hit an age or years of service milestone.
- Can someone else really do as good a job? I'm not sure if the organization can thrive (survive) without me.
- I would like to identify my successor but have not had time to develop someone.

Additional Considerations in Setting a Transition Timeline

There certainly are legitimate reasons for extending your chief executive role. However, even the most self-aware individuals may not be able to determine the best time to leave the organization without feedback from the board.

- A conversation with the board chair may provide helpful information about the board's sense of timing that may be good for the organization, considering the organization's life cycle and strategic direction.
- Occasionally a board's encouragement to stay may not be in the best interest of the organization. A board might encourage its chief executive to continue because members don't want to deal with the hassles of a leadership transition. If an executive believes that it is time to make a change, it is better not to succumb to encouragement by the board to stay.
- Many executives find it satisfying to complete major capital campaigns, building projects, or other major initiatives. While this may be positive for the organization, there is also merit in leaving while major initiatives are underway. With good planning, the initiatives can continue to be implemented while the new executive leads the development of new plans. Positive momentum can be sustained.

Conclusion

Executives have many challenges and opportunities that demand their time and attention. It can be difficult to find the time and energy to think about the next phase of life, let alone plan proactively for it. However, finishing well is much more likely if some time is committed to proactively planning for this eventual transition.

Planning for the next phase of life does not mean being any less committed to the organization. Finishing well is an important way to serve the organization.

Whether that next phase of the journey leads to another executive position or on to other involvements, careful thought, planning, and feedback can increase the likelihood of being

able to choose when to leave a chief executive position and that the timing will be good for the organization and the executive leader.

Addendum II

Should We Hire a Search Firm?

- ☐ Do we have the capacity at the board level or do we need counsel on how to structure an interim leadership plan with either internal or external leadership?
- ☐ Do we need an external opinion of how our strategic plan shapes the leadership profile for selecting a new executive?
- ☐ Do we have the resources to conduct a broad search, recognizing that most qualified candidates are discovered through networking and not advertising?
- ☐ Do we have the time and skills to sell candidates on our organization, recognizing that strong leaders are performing well, compensated well, and may need to be sold on considering a new opportunity?
- ☐ Can we sufficiently screen candidates for competency, character, and values to ensure that we are interviewing the best possible individuals?
- ☐ Can we design a rigorous interview process that includes candidate behavioral and values insight, and obtain the appropriate feedback from various stakeholder groups?
- ☐ Can we integrate internal candidates into the interview process such that we receive an unbiased perspective on the strength of their candidacy?
- ☐ Do we have the expertise to perform sufficient background checks and to thoroughly review a candidate's qualifications and experience?
- ☐ Can we successfully negotiate a compensation/benefits package that is amenable to both the board and the candidate?
- ☐ Do we need counsel on how to structure a leadership transition plan to ensure that our new executive begins building a productive relationship with all key stakeholders?
- ☐ Is the cost of a professional search fee a reasonable investment in recruiting and retaining effective leadership?

As you process these questions, it is wise to also consider the cost to the organization if the executive transition does not go well, and the impact a poor or failed search can have on the future of the organization, let alone how internal stakeholders are impacted. Thoughtful consideration of the resources provided by MHS Association is encouraged.

Addendum III Search Process Checklist

Step 1. Determine whether an interim is needed.

Step 2. Decide whether to handle the search internally or hire a search firm. If selecting a search firm, continue to Step 3. With the search firm, determine which items in Step 4 will be conducted by the firm or the search committee. (Many of the items in Step 4 may be considered with the search firm's recommendations.)

Step 3. Appoint a search committee - usually 5-6 members.

- ☐ Clarify roles in the search process.
- ☐ Establish the scope of the search.
- ☐ Outline the stakeholder communication plan.

Step 4. Search committee preparation.

- ☐ Determine how decisions will be made – majority vote or consensus.
- ☐ Determine the role of the management team in the search process.
- ☐ Determine the timing and scope of reporting to the full board.
- ☐ Facilitate identification or affirmation of strategic direction, desired leadership profile,

and screening criteria.

- ☐ Gather organizational materials for distribution to candidates.
- ☐ Develop interview questions for initial inquiries, first interviews, and second, third, or

final interviews.

Step 5. Search Committee work.

- ☐ Periodically report to board and staff.
- ☐ Solicit, screen, and short-list candidates.
- ☐ Determine the interview process; initial written responses to questions, in-person

interviews, or Zoom interviews.

- ☐ Review and compare interview notes with selected candidates. Determine how candidates are prioritized.

☐ Thoughtfully communicate with candidates who do not meet the criteria or who are not taken to the next level of interviews.

- ☐ Prepare a detailed packet of information about the organization for finalist candidates.
- ☐ Schedule face-to-face interviews.
- ☐ Perform background checks and request references for the finalists.
- ☐ Select the preferred candidate.

Step 6. Search committee recommendation to the Board.

Step 7. Final negotiation with the candidate.

Step 8. Issue announcement to stakeholders.

Step 9. Develop a plan for introducing the new executive and implement the new chief executive orientation program.

Step 10. In the fourth or fifth month of the new executive's tenure, implement the six-month CEO performance evaluation process.

Addendum IV

Should We Consider Interim Leadership?

- The following is a list of questions that can guide this discussion:
- Does the executive's departure timeline allow adequate time to conduct a thorough search?
- Is there a current strategic plan in place?
- Has the departing chief executive been in the role for more than 15 years?
- Is the organization on solid financial footing?
- Are there occupancy or census issues; or are budgeted revenue parameters not being met?
- Are the financial ratios meeting benchmarks? (If uncertain, ask the Auditor.)
- Does the organization rely on a line of credit to meet financial obligations?
- Are there significant deferred maintenance issues or capital replacements on hold?
- Are there important organizational decisions that need to be made but are now on hold?
- Could the organization's circumstances benefit from a period of transitional leadership to allow a shift in culture?
- From a recruiting perspective, is the organization positioned to attract a new executive leader?

MHS Consulting is available for executive searches and interim executive leadership placement. [Visit their website](#) for contact information and more on the services they provide.

MHS Association: Shared Values – Proven Approach

We share common values and beliefs in a demonstrated approach to health and human services governance and leadership.

Mission

Anchored in Anabaptist values, MHS Association inspires and strengthens health and human service ministries to fulfill their missions.

Vision

MHS Association is the go-to leader for integrating faith and work in health and human services.