
The Status of Nonprofit Succession Planning

Results of National Survey Research on the Readiness of CEO's
and Board Chairs to Manage Leadership Transition

Kittleman & Associates, LLC

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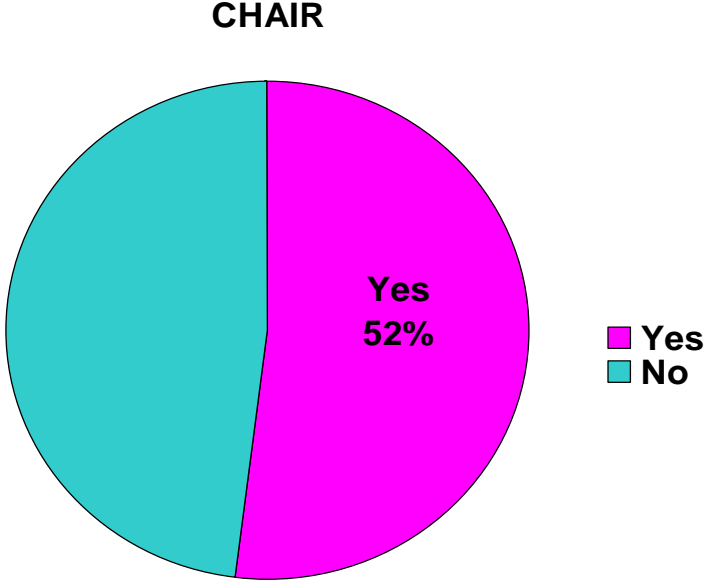
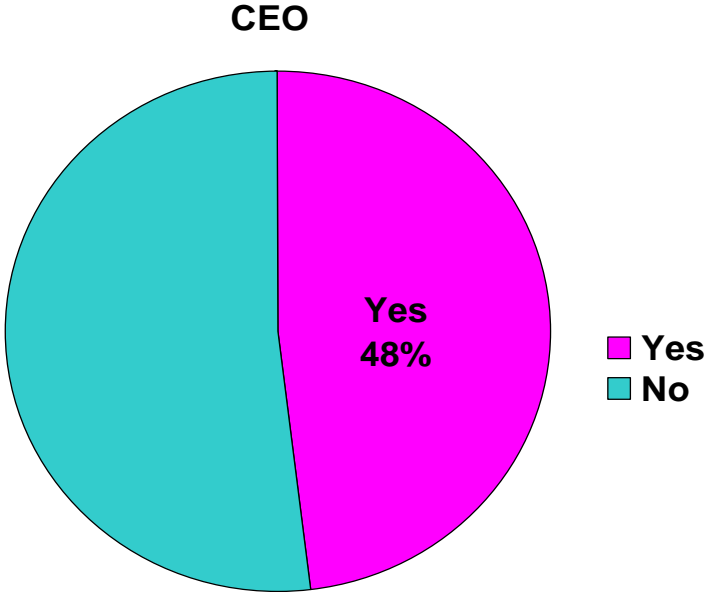
The need for nonprofit organizations to design and implement leadership succession planning has never been greater...

- In the last ten years, from 1996 to 2006, the number of people between the ages of 55 and 64 in the US increased by 54%.
- A national leadership study completed by the *Annie E. Casey Foundation* in 2004 confirmed that Baby Boomers account for nearly 73% of the chief executives of nonprofit organizations and that 55% are over 50.
- These Baby Boomers are going to leave the sector in two waves: the first by 2010 and the second by 2020. A little over half of the Boomers (57%) in Executive Director positions are planning on leaving by 2010. Nearly 85% plan to leave during the next 7 years.

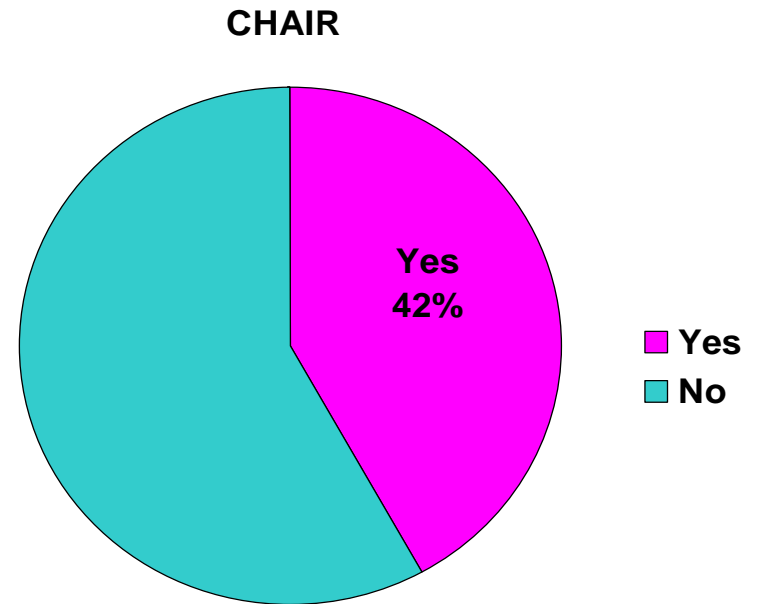
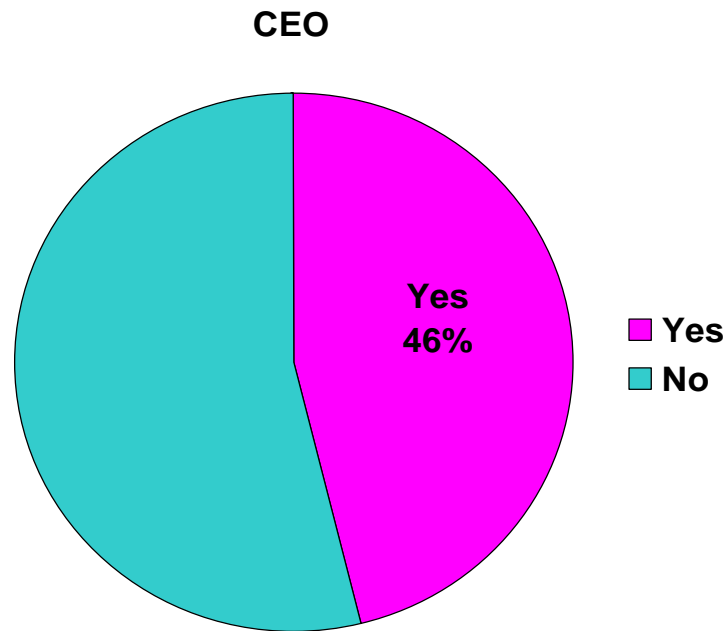
Kittleman Succession Planning Survey

In January 2007 Kittleman conducted several survey research projects to determine the readiness of nonprofit organizations to deal with the impending onslaught of CEO retirements. Questionnaires were distributed to both CEO's and Board Chairs nationally and more than 300 survey instruments were returned. The following is a summarization of the results.

Have you discussed the issue of planning for a successor (due to retirement or job change)?



Did that discussion lead to the adoption of a written succession plan?

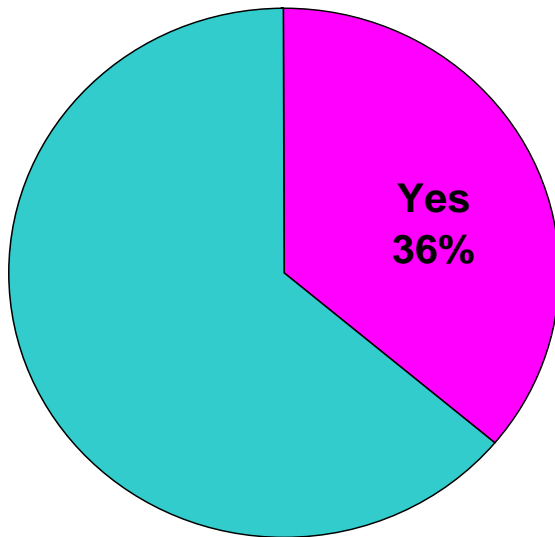


When was the plan adopted?

- *According to the CEO Surveys:*
 - In the years 1993 - 2007
 - 30 % have updated those plans
- *According to the Board Chair Surveys:*
 - In the years from 2004-2006
 - 100% of those have been updated.

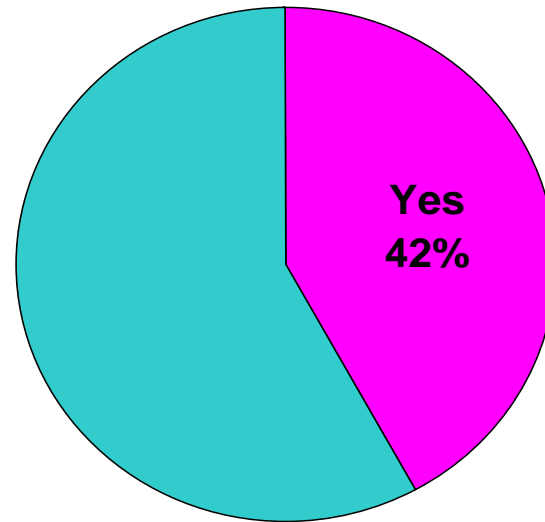
Do you have a “# 2 Person” in your Organization?

CEO



■ Yes
■ No

CHAIR

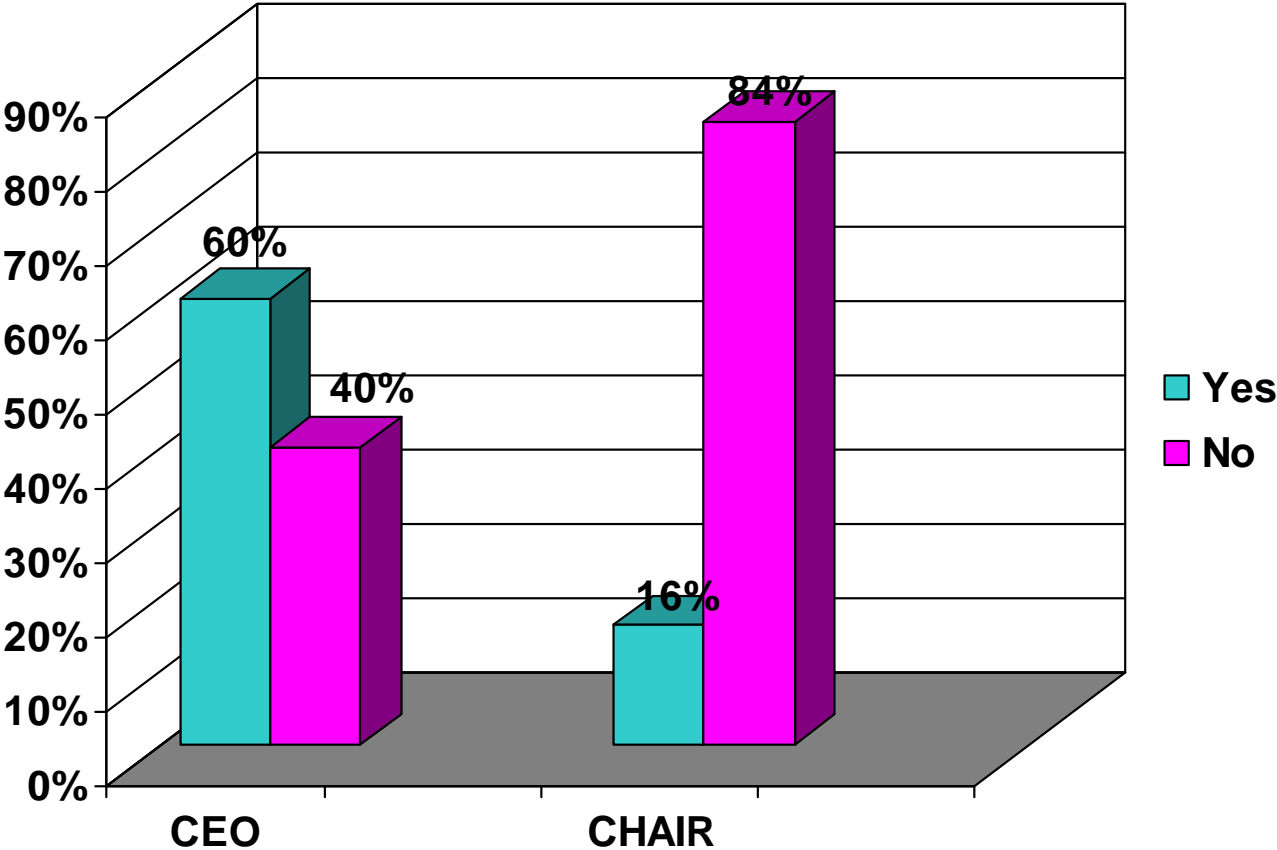


■ Yes
■ No

Characteristics of the #2 Person

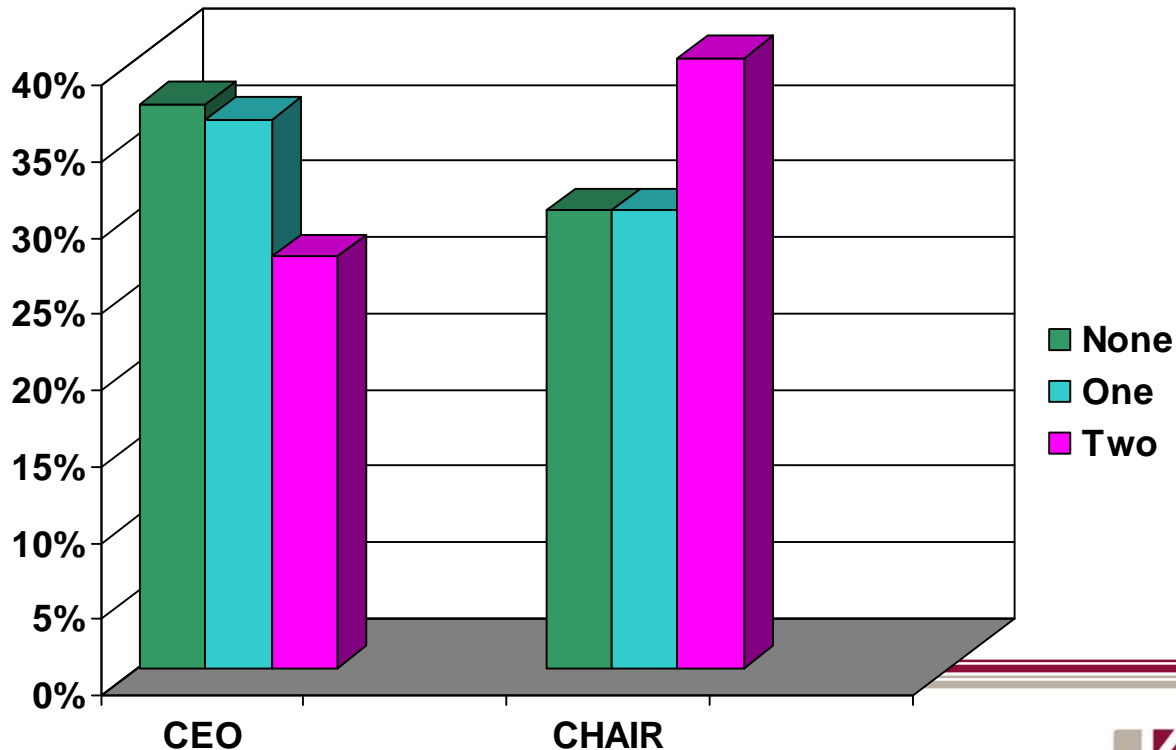
- 4 Years in current position
- 7 Years total with the organization
- 45 Current age

Is it your belief that the # 2 Person is the CEO's eventual successor?

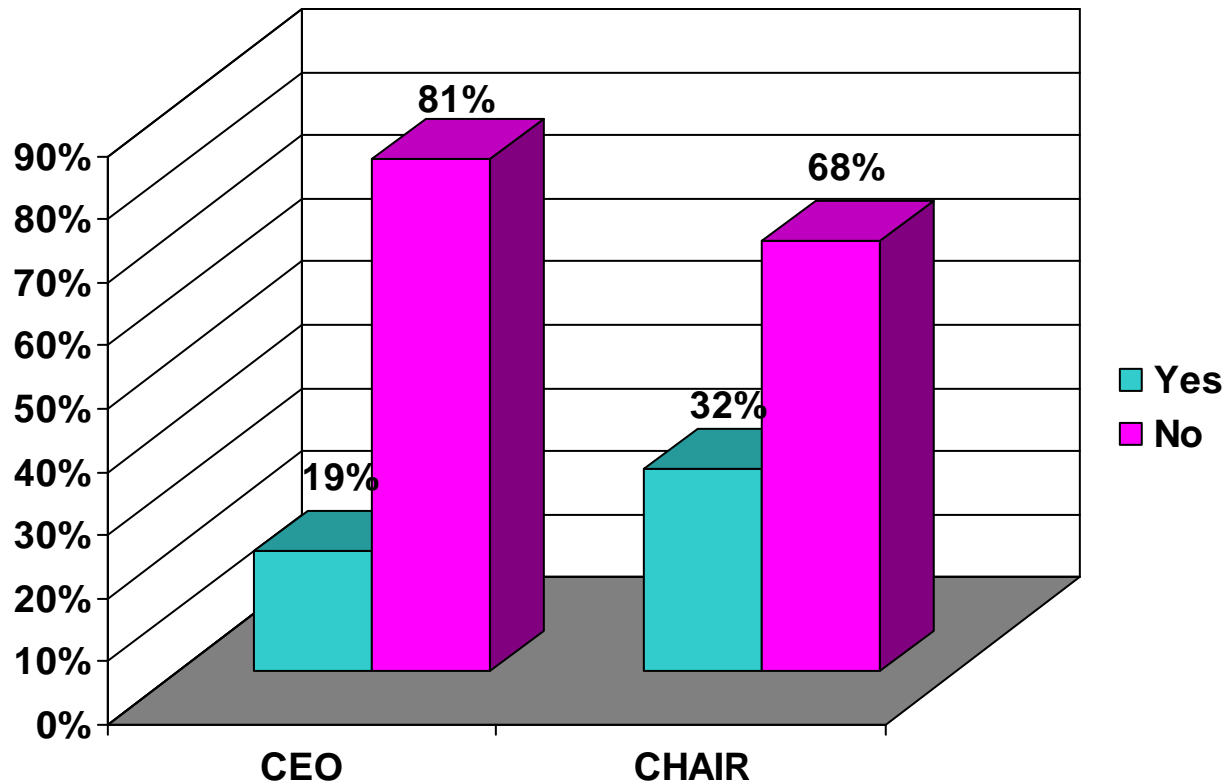


How many senior-level managers directly report to the CEO?

- Average Number of Direct Reports: 6
- Range of Senior-Level Managers: 1-9
- How many would be qualified to succeed the current CEO, none, one or two?



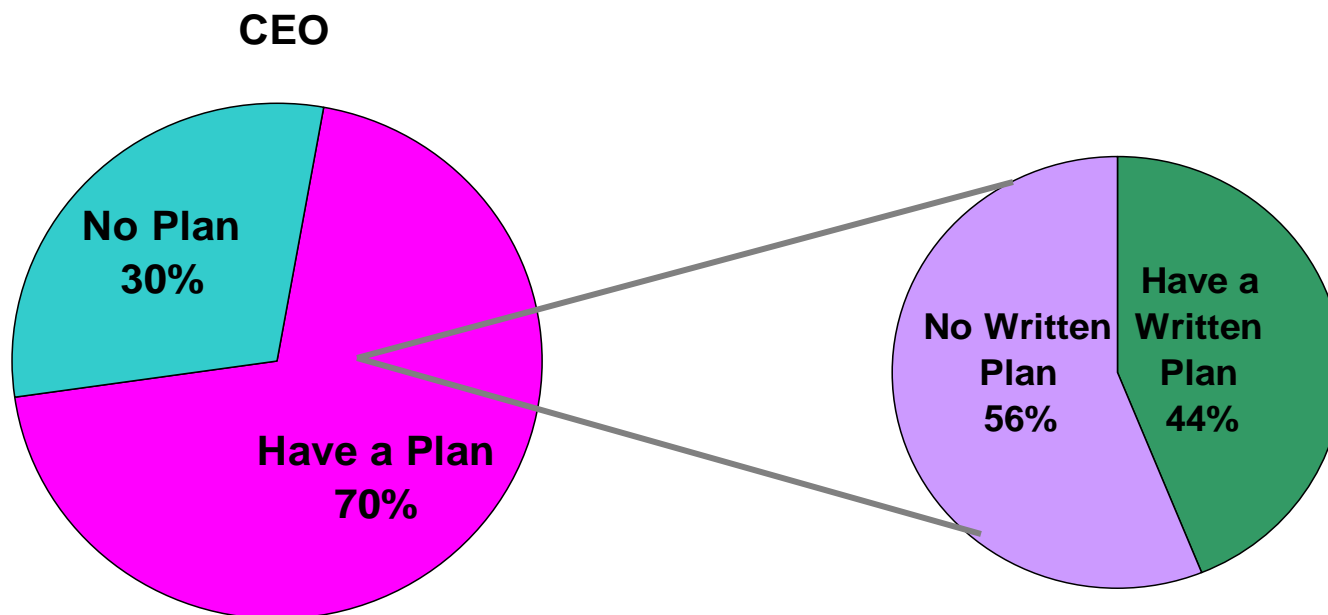
Was the issue of CEO succession planning an agenda item at either of your last two annual strategic planning sessions?



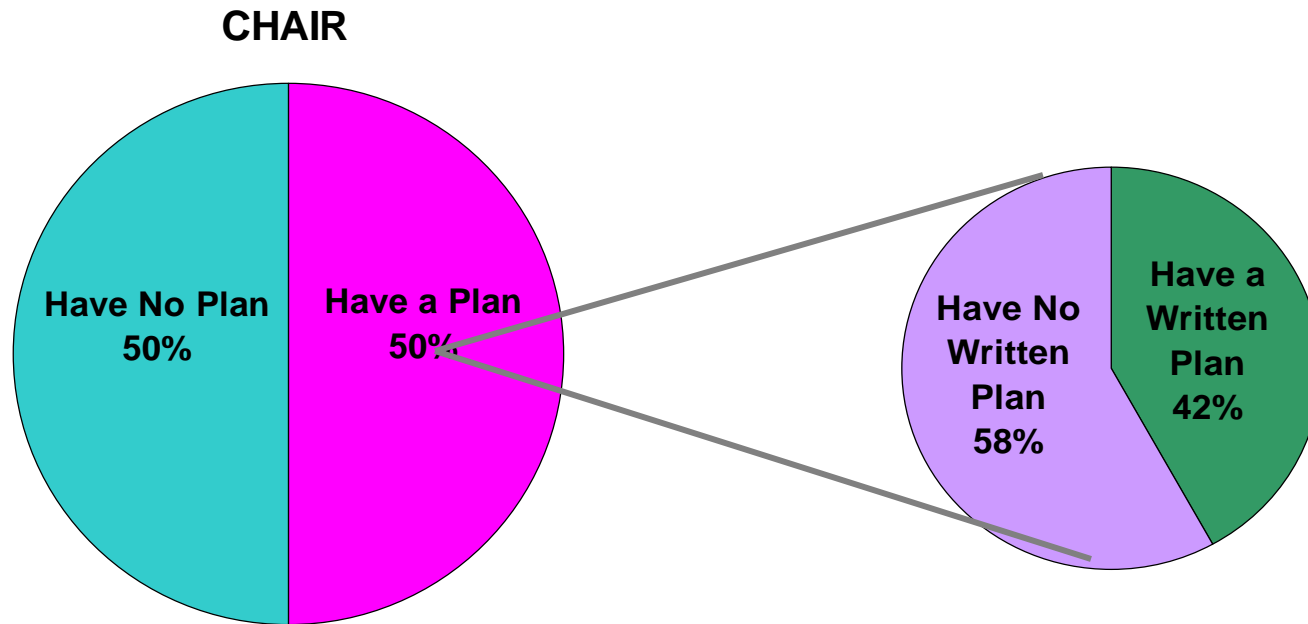
In your opinion, what are the greatest challenges or obstacles to CEO succession planning?

- “Finding time to develop needed skills for the successor.”
- “Finding a capable committed person who is flexible, can take initiative, and bring the team along.”
- “Finding the most qualified candidate who also agrees with the vision of the agency and who can get along with staff and improve morale.”

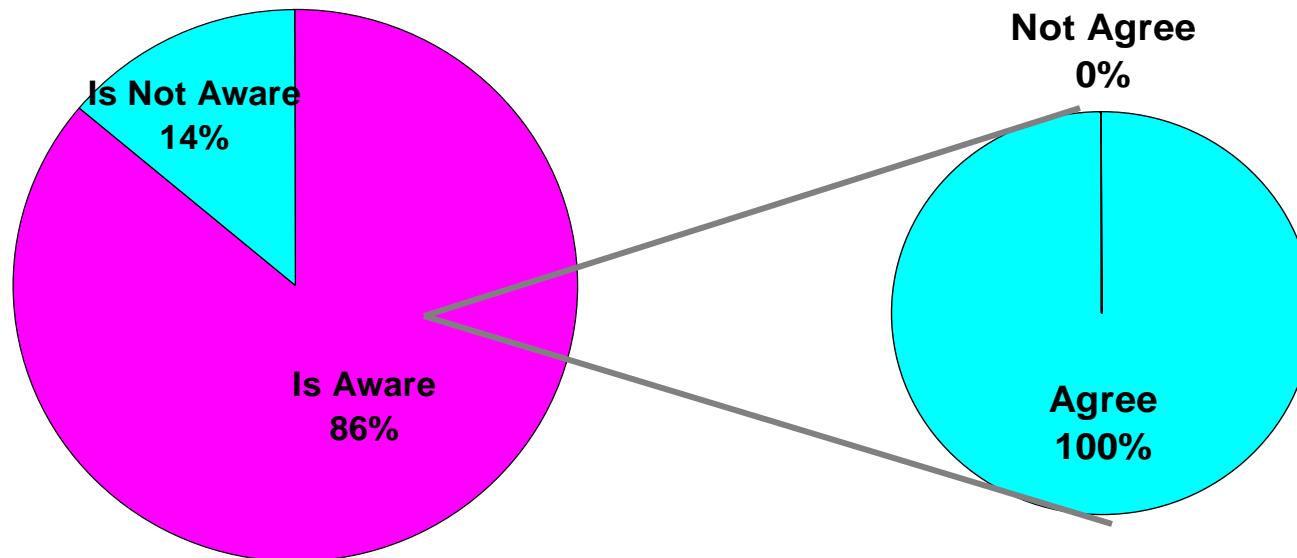
Do you have a plan wherein a person has been identified to lead the agency in the absence of the CEO? If so, does this plan exist in written form?



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Is the Board aware that a plan for interim leadership exists? If yes, has the Board indicated its agreement with this plan?

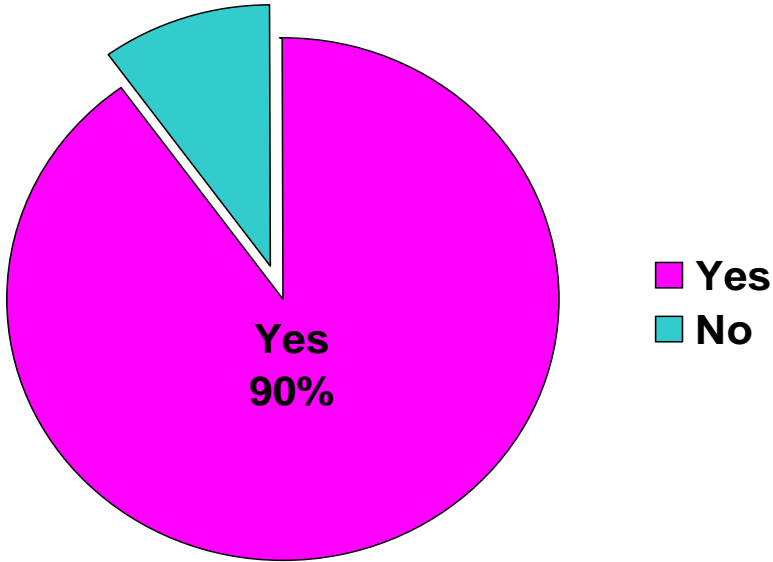


Indicate the title of the person who would serve in an interim leadership role.

Representative Sample:

- “VP of Organizational Development”
- “Senior VP”
- “Chief Financial Officer or Chief Operating Officer”
- “Board Chair”

Is this person aware of his/her designation to provide interim leadership?



According to the CEOs, the following would cause the organization to be immediately at risk without his/her presence.

- “Fiscal controls.”
- “Interface with external agencies and manage the interface with the Board of Directors.”
- “Fundraising activities would be derailed.”
- “Staff would loose focus and drive.”
- “Program quality.”
- “Ability to move agency forward.”

According to the Board Chairs, the following would cause the organization to be immediately at risk without the CEO's presence.

- “Lack of leadership.”
- “Funding issues.”
- “Knowledge of the agency's legacy and history.”
- “Internal and external relationships.”
- “Responsibility for follow-up.”
- “Knowledge of the community and respect by the community.”

Conclusion

- Most nonprofit organizations are not prepared to deal with the inevitable departure of their CEO.
 - Only about half are even discussing the issue
 - Less than half have a written plan
 - Less than one-third even put it on their annual strategic planning agenda
 - CEO's and Board Chairs do not often agree that the #2 person is the CEO's eventual successor
- Resources for creating, implementing and monitoring nonprofit succession planning need to be developed.