



## Succession Planning for Nonprofits

This is a true story, and more common than you might expect.

“Even seasoned nonprofits can easily become preoccupied with the sort of day-to-day challenges that impact the organization’s operations and not give enough focus to planning and bigger picture needs,” says [Heather Shanahan](#), CAPTRUST senior director of endowments and foundations.

In the hustle and bustle of putting out small fires, it’s not unusual for leaders to get stuck in short-term survival mode and neglect some longer-term strategic issues, like succession planning. “In these situations, where hasty decisions are made during leadership transitions, sometimes even a good hire won’t stay.”

Certainly, nonprofit executives must address immediate issues, including fundraising, allocating grants, managing volunteers, recruiting and retaining staff, engaging board members, and adapting programs to changing needs, to name a few. But they should also carve out some capacity to address strategic issues like succession planning. Failure to do so may leave them vulnerable to leadership gaps and potential disruptions in their mission-driven work.

On some level, this is true for all organizations, but nonprofits are especially at risk because they often rely more heavily than for-profit organizations on the character, network, and reputation of their leaders to attract funding, partnerships, and volunteers. Abrupt changes in leadership can destabilize operations. They may also create uncertainty about the organization’s direction and impact, potentially eroding trust and support.

“Succession planning is about identifying risks and developing leaders to ensure continuity of both internal operations and the external perception of the organization,” says [Heidi Spencer](#), a CAPTRUST senior financial advisor who specializes in helping religious organizations. “In the context of endowment or foundation boards and committees, succession planning means being prepared for both planned and unexpected transitions in key leadership roles.”



But succession planning goes beyond simply filling vacant positions. It means identifying critical roles and competencies needed for the organization's future success, then developing a pipeline of individuals who could step into those roles. By identifying potential leaders and nurturing their growth over time, the organization can also ensure a smoother transfer of knowledge and responsibilities.

Effective governance requires nonprofit executives and board members to look beyond their current composition and consider the future needs of the organization. "For instance, if current leadership demographics don't match the demographics of the community, succession planning can help," says Spencer. "If leaders and board members are looking around and thinking 'we need more young people,' or 'we need more people of color,' the succession-planning process can be an opportunity to find those future leaders, grow their skills, and start handing over the knowledge they need to be successful."

## Getting Started

A comprehensive succession planning process begins by identifying the critical roles that may need to be transitioned in coming years. "I tell leaders to start by taking an inventory of their organization's leadership positions, including board officers, committee chairs, senior leadership, and key staff roles," says Shanahan. "From there, assess each role's impact on the organization's operations, and prioritize your focus based on their criticality and the likelihood of near-term vacancies."

"Start with your most urgent issues," says Shanahan. "Are there pending retirements, expected departures, or at-risk colleagues in critical roles? Do you want to limit your focus to the executive team, or go deeper into the organization?"

Once you've answered these questions, you can better understand the organization's specific succession risks and start developing talent to mitigate them. Try to provide multiple leadership development opportunities, such as committee assignments, special projects, mentorship programs, or training sessions.

Along the way, you'll want to develop and document job descriptions and competency requirements for each key position and establish a regular review process to make sure the thinking embedded in the plan remains current.

A comprehensive succession plan should address both orderly, long-term succession—like planned retirements—and unexpected emergencies, and provide scenarios for what-if exercises. The more you engage with all possible scenarios, the better you can manage them if they arise.

## Ideas into Action

"Creating a succession plan is a comprehensive process that, by necessity, involves multiple steps and stakeholders," says Spencer. "Leaders want to get it right, because they understand the impact it will have on the people, the organization, and the mission, and that takes time and work. But it is



absolutely worthwhile.”

While input should be gathered from various stakeholders, the most important primary decision-makers will be board members and current executives. Throughout the succession planning process, boards should stay focused on mission alignment and long-term organizational needs. They will also hold final responsibility for approving the succession plan, especially for the chief executive officer or executive director position. Current executives should also give input on mission alignment but will be especially helpful in identifying internal candidates and evaluating operational skills.

The decision-making process can vary based on the organization’s governance structure, but it’s crucial to have roles and responsibilities defined from the outset. “The board should be involved throughout the process—not just at the approval stage—to ensure the plan aligns with the organization’s long-term vision and goals,” says Shanahan.

The time needed to create a succession plan will vary based on the organization’s size, complexity, and current state of preparedness. It might take from three to six months for a small organization with a simple structure. For larger, more complex organizations, one to two years is a more reasonable time frame.

## **Strategic Governance**

Remember, while creating a formal plan is important, the most effective succession plan is an ongoing, dynamic process integrated into the organization’s overall strategic plan and governance and aligned with its culture, goals, and mission.

“Your succession-planning process and resulting plan should support and advance the organization’s strategic objectives,” says Shanahan. For example, does it promote cultural goals like developing internal candidates? Does it demonstrate the organization’s commitment to transparency and openness?

Another aspect of integrating succession planning into nonprofit governance is in how and when you engage stakeholders. As a best practice, succession planning should be a regular board agenda item, with board members identifying and mentoring potential leaders on a predictable schedule.

While the plan is a work in progress, it’s also a good idea to seek input from major donors and community partners. “Keeping them informed about succession-planning efforts will build their confidence in the organization’s future, stability, and long-term impact,” says Shanahan. “While they may not be decision-makers, their experiences may provide helpful insights, and they sometimes have resources that you can leverage in planning.”

“Your legal, tax, and financial advisors may also be able to help,” says Spencer. In her role as a financial advisor, Spencer says she has helped many clients with succession planning. “Sometimes this means helping with knowledge transfer on investment strategies. Other times, it means helping them find candidates for senior roles, or simply sharing best practices and peer insights from our



annual Endowment and Foundation Survey.”

Once the plan is formulated, documented, and socialized, don't let it just sit on the shelf. Keep the momentum going. One idea is to create a succession-focused committee at the board level to continue to refine the plan, update it as needed, and gather feedback from stakeholders. “Succession is also an excellent topic for a deep dive at least once a year or a board retreat with a focus on long-term leadership needs and development,” says Shanahan.

Another good idea to benchmark your succession-planning practices against peer organizations and industry best practices. “This is something we help with often,” says Spencer. “The breadth of our client base means that we have access to leaders in all nonprofit sectors, including community foundations, religious organizations, zoos, the arts, medical research, private foundations, you name it.”

Succession planning is a critical component of good governance for endowments and foundations. While it may not seem as urgent as day-to-day operational issues, it is critically important. Implementing a sound plan requires commitment, time, and resources. However, this investment pays dividends in terms of organizational stability, leadership quality, and sustained impact.

As stewards of their organizations' missions, board members and nonprofit leaders have a responsibility to look beyond their tenures and prepare for the future. By integrating succession planning into governance frameworks, endowments and foundations can build resilience, enhance donor confidence, and ensure that their important work continues uninterrupted.