Nonprofit Executive Succession Planning

Article:

Summary:
This paper shares about the lack of preparedness facing both 501(c)(3) charitable nonprofits and 501(c)(4) cooperative organizations in terms of executive succession planning within their organizations. The study consists of responses to surveys from 106 charitable nonprofit organizations and 160 cooperative organizations. The essential point the authors emphasize is that although organizations may agree on the importance of succession planning, they continue to fall short with regards to implementing concrete measures to carry it out.

Who can benefit from this research?
This research seems like it would be particularly helpful to board members and executive directors, as it strongly pertains to all those in leadership roles who carry weight in the future direction of nonprofits.

Primary findings:
- In considering why this study matters, a starting point is that as baby boomers retire, many management vacancies will be left over. The nonprofit sector will likely feel this impact in a sharp way because of several factors that lower the draw of upcoming leaders from Generations X and Y to nonprofit executive roles.
- Derived from the literature, succession planning can be defined in different ways and has various strategies.
  - Relay is when “an heir apparent is groomed for the top executive role” (p. 5, referencing Vancil 1987).
  - Horserace involves “multiple internal candidates essentially competing for the post” (p. 5, referencing Vancil 1987).
- Sometimes more meticulous, structured plans are assembled.
- Roadblocks to succession planning often fall among few resources to invest in it, competing demands, insufficient conscientiousness, or procrastination by those in charge.
- There are potential shortcomings both in recruiting external candidates for positions and seeking to only fill roles internally. An assumption that an executive from another sector has the proper skill set to supervise a nonprofit can be misleading, and external recruiting may be more costly. Differences in values are likewise an issue. However, a search only of internal contenders may not produce enough qualified individuals to select from.
After piloting and subsequently modifying their questionnaire, the researchers sent their survey to executive directors/CEOs of 800 charitable organizations and 859 cooperatives in two Midwestern states, having the respondents self-identify and answer. They did not solicit demographic data apart from questions pertaining to tenure. The survey was first mailed out, followed by one follow-up.

The sample in this study was a “two-staged stratified sample,” where the charitable organizations were separated into two groups based on level of assets found from their IRS 990 Returns and then chosen randomly (p. 10). The cooperative organizations “were comprised of all credit unions, electric cooperatives, and farm supply and grain marketing cooperatives within two states” (p. 10). The data was interpreted using Descriptive Statistics.

For many of the organizations, because executive turnover doesn’t appear to be a pressing issue within two years, they put it on the back burner, believing that executive tenure implies they have time to figure out succession. They foresee a relatively quick and easy search for when the time comes. In reality, the supply pool of candidates with adequate credentials for the leadership deficit is slim and therefore will necessitate effort.

Presently, there is still time to work towards substantial organizational preparation.

Nonprofits should be realistic and mindful of limitations surrounding their resources when envisioning effective succession planning models, avoiding reliance on the “corporate ideal” (p. 16).

Concentrating on the mission, values, and vision aligns a nonprofit well for the transitional nature of leadership succession.

What type of organization or mission might make the most use of this research?

Cooperative organizations within similar industries to those surveyed may find this research relevant, as well as charitable organizations approaching executive turnover. However, the conclusion seems to be that this lack of preparedness transcends missions and may affect a variety of organizations.

When would this research be useful?

This research would be useful in making the argument in favor of improved measures of preparation and practical steps of progress towards succession planning, whether in board meetings or across the sector.

How does this research inform practice?

In a sense, this study is a subtle call-to-action, nudging those currently holding powerful positions within nonprofits to stop and assess how they will undertake the inevitable leadership gaps that will occur as older managers phase out and retire. The research also raises the question
of who is responsible for making succession planning happen, ultimately suggesting that the board and current executives are accountable for ensuring a smooth passing of the baton.

**Keywords:** “executive, governance, human resource management, nonprofit leadership” (p. 3)