

Proactive Succession Planning for Nonprofit Leadership Transitions: A Critically Appraised Topic

A Topic Paper at EMS 2024

by

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Abstract

Nonprofit organizations frequently face challenges related to leadership continuity and organizational sustainability due to leadership transitions. Proactive succession planning is often proposed as a potential solution to these challenges. Using the Critical Appraised Topic (CAT) approach, which is a highly condensed form of systematic literature review that addresses a specific practice-oriented research question or the effectiveness of a known intervention (Moghadam, 2019), this article investigates whether proactive succession planning benefits nonprofit organizations by ensuring leadership continuity and organizational stability. The review of the literature reveals that while proactive succession planning shows potential benefits, many nonprofits remain unprepared for leadership transitions. The findings indicate that proactive succession planning can support leadership continuity and improve organizational performance.

Keywords:

Succession Planning, Nonprofit Organization, Nonprofit Management, Organizational Sustainability, Leadership Transition, Mission Continuity.

Clinical Question

Does proactive succession planning enable effective leadership transition for nonprofit organization sustainability?

P (Problem):	Nonprofit organizations facing leadership departures
I (Intervention):	Proactive succession planning with potential leader identification, mentoring, and transition strategy
C (Comparison):	Nonprofit organizations with and without structured succession planning
O (Outcome):	Effective leadership transitions, organizational performance, and mission continuity
C (Context):	Various nonprofit sectors, including healthcare, education, social services, arts and culture, and environmental organizations

Table 1: PICOC Format

Background

Succession planning in nonprofit organizations is significant due to unique challenges such as reliance on strong leadership for mission continuity and stability. Leadership transitions can lead to significant disruptions without a structured plan, emphasizing the need for proactive succession planning to ensure sustainability. Nonprofits often operate with limited resources and face intense scrutiny from stakeholders, making leadership stability essential for maintaining trust and support.

The departure of senior leaders can create a vacuum that negatively impacts organizational performance, staff morale, and stakeholder confidence. Additionally, the

nonprofit sector frequently depends on charismatic leaders whose departure can pose significant risks to continuity and mission effectiveness. A demographic shift with the retirement of baby boomer leaders further underscores the urgency for robust succession plans. Many nonprofits are not prepared for this wave of retirements, which can lead to leadership crises. *Boards of Directors (BODs)* play a crucial role in succession planning but often lack the preparedness and training to manage these transitions effectively.

Despite the acknowledged importance of succession planning, there is a debate about the most effective practices and strategies. Some argue that formal structured plans are essential, while others believe flexibility and adaptability are more critical. There is also controversy over whether internal promotions are preferable to external hires. This uncertainty and the potential consequences of poor planning make the topic both significant and contentious.

To address this, our study employs the Critical Appraised Topic (CAT) approach, a systematic method to quickly and rigorously evaluate the best available evidence concerning the effectiveness of succession planning strategies. This method allows for an in-depth appraisal of targeted research to inform and optimize our understanding of proactive succession planning in the nonprofit sector.

Can structured succession planning help the organizations maintain mission continuity and organizational performance, securing the future of these vital community assets? This study investigates whether proactive succession planning is not just a strategic priority but a necessity for ensuring the resilience, sustainability, and long-term success of nonprofit organizations.

Search Strategy

To gather relevant literature on succession planning in nonprofit organizations, a comprehensive search was conducted using the ABI/INFORM and Business Source Complete

databases. We initially searched for articles containing the keywords "nonprofit" and either "succession" or "transition" and "executive" in the abstracts, which resulted in over 100 findings. We then narrowed the search to English peer-reviewed articles in scholarly journals, reducing the count to 30. Further refinement to include only full-text available articles brought the number down to 18. No duplicate articles were found in the combined sources. After reviewing the article titles and abstracts, we identified 6 articles appropriate for our study.

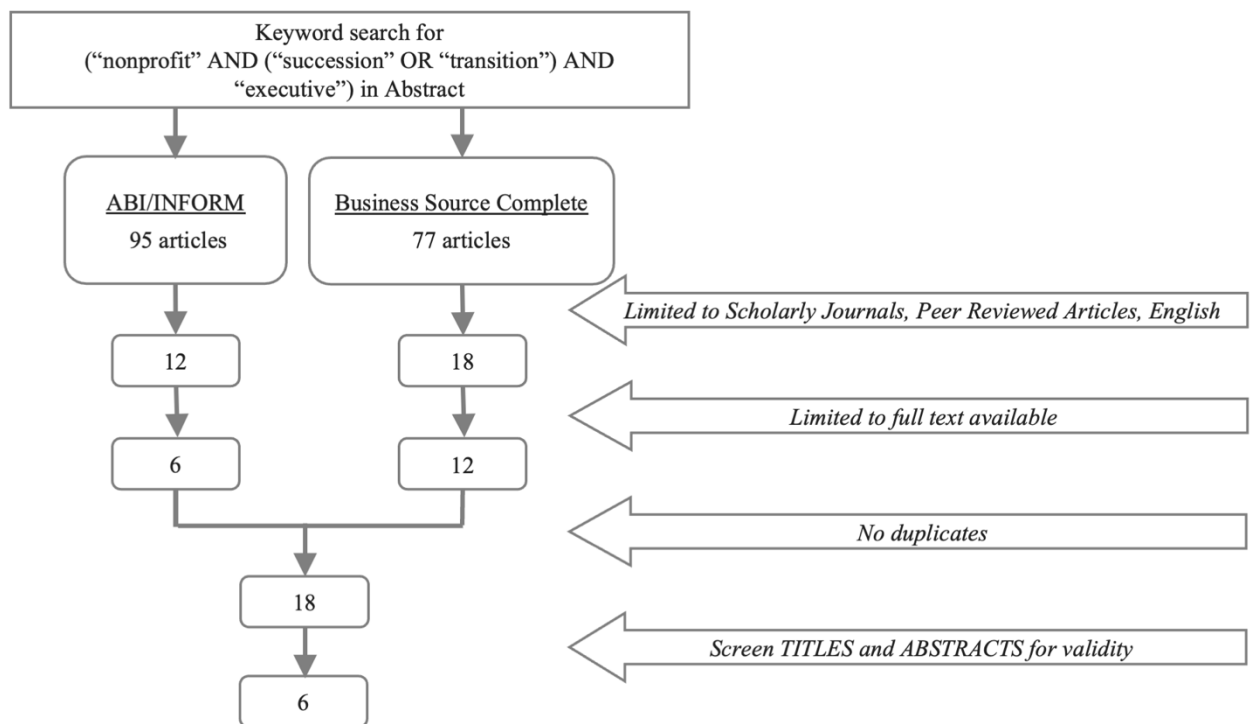


Figure 1: Flow of Discovery

Here are the final six that are the most relevant:

1. Carman, J. G., Leland, S. M., & Wilson, A. J. (2010). Crisis in leadership or failure to plan? Insights from Charlotte, North Carolina. *Nonprofit Management and Leadership*, 21(1), 93-111.
2. Froelich, K., McKee, G., & Rathge, R. (2011). Succession planning in nonprofit

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 6. Stewart, A. J., Adams, T. H., McMillian, D., & Burns, J. (2021). No room for failure: Investigating board leadership in nonprofit executive transitions. *Nonprofit Management and Leadership*, 31(3), 525-545.

Results and Analysis

Study	Research Approach	Empirical Basis	Analysis Method	Overall Validity
Carman et al. (2010)	Qualitative study	Examination of turnover and succession planning at the executive level of nonprofits, along with career development among young nonprofit professionals in Charlotte, North Carolina.	Interpretative analysis based on data collected from multiple online surveys with open- and closed-ended questions and focus groups.	High. Conclusion drawn from analysis result of adequate data.

Study	Research Approach	Empirical Basis	Analysis Method	Overall Validity
Froelich et al. (2011)	Quantitative study with primary data	Exploring organizational readiness for executive succession in charitable nonprofits and cooperative organizations.	Descriptive statistics of questionnaires completed by executive directors/CEOs of 800 charitable organizations and 859 cooperatives in two Midwestern states.	High. Conclusion drawn from analysis result of adequate data.
Hurd & Buschbom (2010)	Qualitative approach for quantitative results	A nonprofit competency framework (NCF) with 70 specific competencies in 6 general categories were identified for effective succession plan.	Utilizing the Delphi technique with 3 rounds of questionnaires to reach the consensus of 18 YMCA CEOs.	High. Results were compared and align with two published research studies.
McKee & Froelich (2016)	Quantitative study with primary data	Identifying factors that may influence executive succession planning in nonprofit and cooperative organizations. 242 CEOs participated in the research	Multiple regression analysis with independent variables that include a variety of potential motives for succession planning.	High. Significant relationships in the pooled regression were found.
McKee & Driscoll (2008)	Case study	Exploring how retiring executives in a nonprofit in eastern Canada have prepared the organization for their departure.	Interpretative analysis based on data collected from semi-structured interviews, organizational documents and participant observation.	High. Conclusion drawn from analysis result of adequate data.

Study	Research Approach	Empirical Basis	Analysis Method	Overall Validity
Stewart et al. (2021)	Mixed method	Descriptive, exploratory study of US nonprofit boards managing through executive transitions, priorities defined, and outcomes sought.	Paired survey questionnaire and open text response of 94 initial organizational cases plus 22 follow up cases. ANOVA analysis and Tukey post-hoc test.	Medium-High. Statistically significant findings with selection bias and sampling challenges.

Table 2: Critical Evaluation of Overall Validity

Many nonprofits lack formal succession plans, leading to unpreparedness and disruptions in stability and performance (Carman et al., 2010; Froelich et al., 2011). Active board involvement is crucial for smooth leadership transitions and organizational continuity (Carman et al., 2010; Froelich et al., 2011). Nonprofits generally prefer promoting internal candidates, highlighting the need for mentorship programs and career path planning to develop future leaders (McKee & Froelich, 2016). Effective succession planning preserves institutional knowledge, ensures stable transitions, and improves performance and mission continuity (McKee & Driscoll, 2008; Stewart et al., 2021).

Carman et al. (2010) and Froelich et al. (2011) emphasize the need for formal succession plans, showing that a lack of planning leads to organizational instability and unpreparedness during leadership transitions. This underscores the importance of structured succession planning for leadership continuity and organizational resilience. Studies by Carman et al. (2010) and Stewart et al. (2021) highlight the significant role of the board of directors in succession planning, with active board engagement being crucial for effective leadership transitions and

maintaining mission continuity. These findings align with our focus on how board involvement can mitigate risks associated with leadership changes.

Utilizing the Critical Appraised Topic (CAT) approach, this analysis synthesizes the best available evidence to evaluate the impact of succession planning on nonprofit organizations. While Hurd & Buschbom (2010) did not directly address succession planning, their research on developing leadership competencies through frameworks like the Nonprofit Competency Framework (NCF) provides valuable insights. The NCF helps identify and nurture essential skills and traits, which align with the emphasis on internal leadership development as a key factor in successful succession planning. McKee & Froelich (2016) and McKee & Driscoll (2008) illustrate a strong preference for promoting internal candidates to leadership roles, highlighting the need for robust internal development programs such as mentorship and career path planning to ensure a steady pipeline of future leaders.

Studies by McKee & Driscoll (2008) and Stewart et al. (2021) show that effective succession planning positively impacts organizational performance and mission continuity. These findings support our argument that proactive succession planning helps preserve institutional knowledge and ensures stable transitions, crucial for the sustainability of nonprofit organizations.

Successful succession planning in nonprofits requires formal plans, active board involvement, leadership competency development, and internal promotions. These elements ensure organizational stability and effective leadership transitions. A strategic approach to succession planning helps nonprofits navigate leadership changes, maintain mission continuity, and enhance sustainability.

Table 3: Findings and Translations

Table below lists the studies' key findings and relates these to each other, with the resulting translations of the collective findings.

<i>Study</i>	<i>Finding 1: Transition Risks to Nonprofit</i>	<i>Finding 2: Leader Backfill Process</i>	<i>Finding 3: Talent Growth Opportunities</i>	<i>Finding 4: Board Roles & Responsibilities</i>
Carman et al. (2010)	Highly anticipated Executive Director retiring/exiting. Lack of concern and formal plan = underprepared for org continuity. Low morale/aspirations risk for staff.	Secretive succession planning. Negative ramifications if potential successors are openly identified. Little use of external firm / interim.	Invest in developing human capital; strengthen the bench - altruism. Address staff compensation, advancement, autonomy, flexibility; attraction & retention.	Consensus is important in succession planning with clear need for Board of Directors (BOD) training and governance. Emergency sudden vs. defined departure protocols.
Froelich et al. (2011)	Labor market deficit. Boomers retiring. Poor hire risk to fit org complexity. No second-in-command.	Search process ~6 months regional. Attracting candidates from for-profits is difficult due to differences in pay/values. Specialized sector /charity skills need.	Conduct performance reviews and delegation; balance perceived value and workload for rising stars. Shore up internal structures, processes, reputation and visibility to attract candidates.	Gap between concern/urgency and concrete action planning. BOD low ratings for proactive performance in succession tasks.

Study	<i>Finding 1: Transition Risks to Nonprofit</i>	<i>Finding 2: Leader Backfill Process</i>	<i>Finding 3: Talent Growth Opportunities</i>	<i>Finding 4: Board Roles & Responsibilities</i>
Hurd & Buschbom (2010)	N/A	N/A	Competency framework 6 categories: business acumen, communication, community relations, leadership & management, professional practice, & volunteer/board management; Essential to professional development.	4-step succession planning process integrating 70 competencies and gaps: Understand current job demands, Assess employee job performance, Build talent pool, Create metrics for development.
McKee & Froelich (2016)	Executive Director (ED) experience will be lost; preserve institutional memory. Passion not easily replaced. Business health risks. Employee tensions.	Executive firm use is favorable; 6-month process with regional scope. Adopt just-in-time approach with comfort level of replacing ED; ability to attract/identify successor.	Promote internal candidates via cross-training / job rotation (not as substitute). Dedicated efforts toward developing and communicating org career path = greater probability of retention.	Influence of BOD governance quality. Primary motive is to maintain continuity of organizational activities. Effective transition is vital for mission pursuit and ongoing progress.

<i>Study</i>	<i>Finding 1: Transition Risks to Nonprofit</i>	<i>Finding 2: Leader Backfill Process</i>	<i>Finding 3: Talent Growth Opportunities</i>	<i>Finding 4: Board Roles & Responsibilities</i>
McKee & Driscoll (2008)	ED loss of history, skill, productivity, and commitment. Shortage of strong leaders to preserve and protect ED legacy.	ED timely/delayed departures. Intent transparency and involvement in successor selection and readiness. Assumption of smooth transition.	Adopt participative leadership style and executive coaching to groom/support remaining leaders. Internal successors are preferred to transfer knowledge, history, skills.	Strategic planning and restructuring to ensure organizational stability. Align org values with present + future leaders for successor roadmap.
Stewart et al. (2021)	Turnover inevitability. Goal attainment & Ops disruption. Staff and/or Donor loss. Negative media/PR.	Outside recruiters and consultants have unexpected costs. Transitions span multiple months, 11+ was average in this study. BOD volunteers hidden / inattentive.	Prioritize qualifications: acumen, financial/performance management, mission expertise, staff development, PR, marketing, fundraising. Staff inclusion in decisions.	Consistent governance approach. Frequent communication of well-defined plan. Steward assets (people) and advance mission of the org.

<i>Study</i>	<i>Finding 1: Transition Risks to Nonprofit</i>	<i>Finding 2: Leader Backfill Process</i>	<i>Finding 3: Talent Growth Opportunities</i>	<i>Finding 4: Board Roles & Responsibilities</i>
Translation	Leadership transitions without formal plans cause organizational instability.	Favoring external help and internal cross-training helps manage transitions.	Developing a competency framework and leadership development programs is essential.	Active board involvement and governance quality are crucial for effective succession planning.

Table 3: Findings and Translations

High-level themes emerged from our analysis, emphasizing critical aspects of succession planning in nonprofits. Leadership transitions without formal plans cause organizational instability, highlighting the need for structured succession planning to mitigate risks. Nonprofits must prioritize developing and implementing comprehensive succession plans to ensure smooth leadership changes and maintain organizational stability.

Effective succession planning strategies include favoring external help and internal cross-training. Developing a competency framework and leadership development programs is essential for preparing future leaders. Additionally, active board involvement and strong governance practices are crucial for managing leadership transitions effectively and ensuring organizational continuity.

Conclusion and Comments

The CAT analysis underscores the critical importance of proactive succession planning in nonprofits. Structured plans ensure leadership continuity and organizational sustainability, with active board involvement being essential for effective transitions and mission continuity.

Developing leadership competencies through frameworks like the Nonprofit Competency Framework (NCF) is crucial. There is a strong preference for promoting internal candidates, necessitating robust leadership development programs including mentorship, cross-training, and career path planning. Effective succession planning positively impacts performance by preserving knowledge and ensuring smooth transitions. However, many nonprofits lack formal plans, leading to unpreparedness and disruptions, indicating a need for further research.

The application of the Critical Appraised Topic (CAT) approach in this study provided a systematic and focused evaluation of existing literature, allowing for a comprehensive synthesis of evidence on succession planning in nonprofits. Our question was, "Does proactive succession planning enable effective leadership transition for nonprofit organization sustainability?" The answer is a resounding "YES!" Proactive succession planning is essential for ensuring leadership continuity, maintaining organizational performance, and securing the long-term sustainability of nonprofit organizations. While many nonprofits are still unprepared, this analysis underscores the need for comprehensive succession plans. Future research should identify the most effective practices in succession planning to enhance both theoretical and practical understanding of nonprofit management.

Limitations

Our CAT underscores the importance of succession planning in nonprofits, supported by diverse and high-quality sources, ensuring the validity and relevance of our findings. The use of multiple reputable studies demonstrates that proactive succession planning is essential for leadership continuity and organizational stability. However, our CAT is primarily limited to studies focused on US-based nonprofits, with a notable inclusion of established organizations.

This focus may limit the generalizability of the findings to smaller or international nonprofit organizations.

While our systematic search aimed to cover relevant literature comprehensively, future CATs could consider using different keywords or exploring various nonprofit sectors and geographical contexts to provide a broader understanding of succession planning practices. This approach might uncover different insights and contribute to a more nuanced understanding of succession planning in diverse nonprofit settings.

Recommendation

For nonprofit leaders and board members, proactive succession planning is crucial for ensuring leadership continuity and organizational sustainability. It is essential to recognize and reinforce the critical role of the Board of Directors in facilitating smooth executive transitions. This involves ensuring the board is well-prepared and actively involved in succession planning activities. Developing a comprehensive succession plan that identifies potential leaders, outlines mentoring strategies, and includes clear protocols for both emergency and planned transitions is necessary to address potential risks and ensure continuity.

Implementing a competency framework specifically for the Executive Director position, detailing the essential skills and traits required for effective leadership, will guide the development and selection of future leaders. Strategic planning initiatives should be introduced to preserve and enhance organizational culture and values during leadership transitions, maintaining stability and performance. Prioritizing internal leadership development through cross-training, mentorship programs, and clear career path planning will build a strong internal pipeline of future leaders. Engaging current Executive Directors in the succession planning process is vital to leverage their insights and experience, ensuring seamless transitions and

preserving institutional knowledge. Promoting open communication and collaboration between the board and the executive team will ensure alignment and a shared understanding of organizational goals and strategies.

Additionally, while building an internal pipeline is important, the competency framework can be used to provide direction to external search firms in the case that an external search is desired. This dual approach ensures that nonprofits have the flexibility to choose the best candidate, whether internal or external, to lead the organization effectively.

Further research is needed to understand the specific mechanisms of effective succession planning in the nonprofit sector. Longitudinal studies should examine the long-term effects of different succession planning practices, tracking their impact on organizational performance, leadership continuity, and mission fulfillment over time. Qualitative research should explore the day-to-day processes and interactions in leadership transitions, focusing on how different strategies influence organizational dynamics and decision-making. Investigating the roles and effectiveness of board involvement in succession planning will help identify best practices for board engagement and develop guidelines for improving board performance. Additionally, developing and evaluating various succession planning frameworks and tools tailored for nonprofits will identify the most effective practices. Addressing these recommendations will enhance the sustainability and effectiveness of nonprofit organizations through improved succession planning and leadership development strategies.

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