



The Social Impact CEO Transition Playbook



The selection and onboarding of a new CEO has always been pivotal for any organization, but the unprecedented volatility facing the nonprofit sector introduces new and unique challenges. To navigate this complexity, boards must anchor succession planning in enduring values, focusing on resilience and adaptability as core leadership qualities.

Breaking down the selection process into clear and concrete steps, with well-defined roles and decision rights, can create more alignment and buy-in among board members and ensure that the new leader gets off to a strong start. Moreover, the internal reflection and candid discussion the process requires will set up the next leader for success, entering the role with a clear understanding of the mandate and confident of the board's support.

A well-executed transition planning process not only prepares the organization for leadership change, but strengthens its foundation for success. By embracing a values-driven and good-governance approach, the nonprofit sector can ensure that its leaders are equipped to meet the demands of an ever-evolving environment.

While the specifics of the process may vary by organization, boards should aim to work through five broad phases, each with its own important questions:

01 Forming the search committee

- What is the committee's mandate?
 - Which stakeholders and perspectives need to be represented?
 - How do we gather constituent input?
 - What will be the role of the outgoing CEO?
 - How will the committee work together?
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02 Aligning on the profile

- How has our strategy changed since the last CEO appointment?
 - What does our organization need from its next leader?
 - What skills and competencies should be prioritized?
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03 Going to market

- Where should we look for suitable candidates?
 - What is the value proposition for this role and organization?
 - How do we balance confidentiality and transparency?
 - How do we assess internal candidates?
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04 Making the decision

- What are the tradeoffs to consider among candidates?
 - How do we sell the opportunity?
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05 Completing the transition

- Who is responsible for onboarding?
 - How will important relationships be transitioned?
 - By what metrics will the incoming CEO will be evaluated?
 - What does the incoming CEO need to be successful?
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Step 1: Forming the search committee

Objective: Establish an inclusive, representative and empowered search committee with a clear mandate.

Once an impending change has been confirmed, the first step is to establish a board committee to guide the search and transition. The size and structure of the committee will vary by organization, but it should be large enough to balance representation and efficiency, and it should reflect a wide range of stakeholders, perspectives and functions. The committee also should include sufficient representation from the “power center” of the board so that it’s confident it will be able to secure the necessary votes when the time comes. While recognizing that selecting a CEO is ultimately a board decision, input from the outgoing CEO and staff is vital. Options for involving staff in the process include getting their input into the position specifications and the ideal profile of the future leader, soliciting suggestions on candidate prospects or sources, asking them to share the specification with their networks, and inviting select senior staff members to meet finalists. Each approach involves tradeoffs that the board should consider carefully when designing the process.

This is also when to clearly define the expected process and timeline. Even the most established and sophisticated organizations can get tripped up by not planning the process well enough or by not establishing the working norms of the committee. This includes everything from preferred methods of communication to time commitment expectations. Search committee participation requires significant time and mental energy, and the specific responsibilities should be communicated clearly to those being asked to join.

Best practices

- **Determine the search committee’s mandate.** Will the committee present one or more finalists to the board? Consider empowering the committee to begin negotiating employment terms with its preferred candidate, recognizing that the board will approve the final offer.
- **Aim to balance representation and efficiency.** The ideal size is five to seven members. If possible, a **significant portion of the executive committee** should be on the search committee.
- **Include current and future leadership of the board.** This ensures that the committee and the candidates can benefit from historical knowledge while ensuring that those who will ultimately lead the board share in ownership of the selection.
- **Clearly communicate the responsibilities and time commitment** when recruiting members.
- **Consider launching a listening tour** in partnership with a search firm to gather input from donors, volunteers, grantees and other stakeholders.

To consider

- **Should the outgoing CEO be on the search committee?** Exceptions might be necessary, but including current leaders on the search committee may complicate the process and reduce candor within the committee and from candidates. An outgoing CEO should not select the successor; rather, they should enable good governance in the form of a search committee. In return, the search committee should provide clear direction on when and how the CEO will be involved in the process, ensuring clarity in expectations and a sincere expression of the outgoing CEO’s continued value. (See box below, *The psychological impact of succession on the outgoing CEO*, for more information)
- **What should be communicated to staff?** While the search process and decision-making are chiefly the board’s responsibilities, and confidentiality will be required throughout the process, assuring staff that a plan is in place will reduce anxiety and minimize the rumor mill.

The psychological impact of succession on the outgoing CEO

Succession and transition processes focus firmly on the incoming CEO, unfolding in a way that ensures the new leader hits the ground running. But it's important that boards and search committees do not lose sight of another central figure in the succession process: the outgoing CEO.

In the top job, social impact CEOs commit countless hours and make a significant personal sacrifice. So when an organization takes a procedural approach to succession, focused solely on the incoming CEO, it fails to consider the psychological tensions outgoing CEOs face during the process. This is even more consequential in the transition of a founder or long-term leader for whom commitment to the job is often existential, blurring professional and personal vocations.

[RRA research](#) has identified five common psychological crossroads outgoing CEOs face during the succession process and how boards can help to address them:

- 1. Initiating succession:** CEOs are time-poor and can find it hard, or possibly risky, to begin conversations about their exit. In many cases, CEOs will avoid the subject until they realize they're ready to move on, and in turn the news surprises the board. To overcome this, it's crucial that boards maintain a close relationship with the CEO in which open, candid dialogue is welcome. This will augment the overall succession process.
- 2. Relinquishing control:** It's normal for an outgoing CEO to have less control, yet it can be hard for them to accept. It's helpful for CEOs to anticipate what this will feel like and not try to gain more control without board approval. Additionally, understanding that the transition affects the outgoing CEO's psychological need to matter may help illuminate why this period is particularly challenging. Throughout succession, board should help outgoing CEOs focus on where they still have an impact—on themselves, their team, and the organization.
- 3. Managing emotions:** CEOs should treat emotions as data. Instead of suppressing them, encourage them to lean in and assess the meaning of the emotional experience. Discussing these emotions with trusted outsiders—a coach, peer CEO, CHRO or spouse—may be useful. Emotions are thought to have no part in the boardroom, but anticipating them, staying attuned to them, and knowing how and where to find support is critical to a positive succession experience.
- 4. Planning for what's next:** Outgoing CEOs must be honest and realistic when setting boundaries for their next phase. Ask them to reflect on the post-transition role that can best serve the mission, considering the strengths, opportunities, and needs of the organization as well as the future leadership team.
- 5. Detaching from the role and the organization:** Ideally, the outgoing CEO will have begun to institutionalize donor and other important stakeholder relationships as soon as they began planning for their succession, but once the new CEO is appointed, the outgoing CEO should begin working on transitioning relationships to the new CEO, helping to build trust in the incoming leader.



Step 2: Aligning on the profile

Objective: Ensure that the board and search committee agree on the skills and competencies needed in the next leader.

When a CEO transition is on the horizon, launching immediately into the search process can be tempting, particularly if the departure is unplanned or an interim leader is required. However, investing time at this stage to align the board and build stakeholder buy-in around the skills and experience the next leader needs will save time in the long run and benefit the incoming CEO, who can trust in the full support of their constituents.

This begins with an honest conversation about the organization's mission and future strategy as well as its strengths and challenges. The type of leadership needed in a turnaround situation will differ from that needed by an organization anticipating significant expansion of programs. Engaging the board, senior leadership and other constituents in a discussion about where the organization is headed will make it easier to prioritize the skills, competencies and experiences needed in the next leader.

Best practices

- **Interview senior leadership** to understand the vulnerabilities, opportunities, and challenges ahead. This has value both for gathering vital perspectives the search committee might not otherwise consider and for ensuring that internal constituents are heard.
- **Discuss how the strategy has evolved** under the outgoing CEO and determine at a high level what is needed from the new leader—continuity or change?
- **Build alignment within the board** around the value proposition of the organization and the role. The board must be able to sell the opportunity.

To consider

- **Be cautious about assuming you are looking for version 2.0** of the outgoing CEO. Equally, if the organization needs transformation, don't **automatically look for the opposite** of the current leader. Seek evolution, not revolution.
- **No candidate will have it all.** The final selection will involve tradeoffs, so it's important to agree on the prioritization of the most essential competencies.
- **Be clear about what strategic decisions can be made before versus after the search.** Sometimes a key competency of the next CEO will be discerning and driving strategic shifts at the organization. As such, the board may need to enter the market with ambiguity around what and where the next leader will pivot, but with support for the sensibility that the next CEO will be empowered to lead change.



Step 3: Going to market

Objective: Identify and confidentially approach candidates from a variety of talent pools, looking beyond the usual suspects.

Once the board has agreed on the ideal profile, it's time to identify candidates. The search committee should look to the ideal profile articulated in the previous step as its true north and remain focused on the prioritized competencies. This becomes especially important as the search committee assembles its pool of prospects and considers qualified candidates from other sectors. By remaining focused on those prioritized competencies and on competency-based interviewing, rather than specific titles or experience, the search committee will minimize implicit or even explicit bias and potentially surface exceptional talent it might not otherwise have considered.

The search committee, on its own or with the help of a search firm, must prioritize confidentiality when approaching prospects, many of whom will withdraw if they cannot be guaranteed that their involvement will be kept in trust.

Best practices

- **Prioritize confidentiality.** The best candidates will back out if the search committee cannot guarantee that their interest will be kept in confidence. For some, their careers may depend on it.
- **Include competency-based interviewing in the process.** Past performance is the best indicator of future success.
- **Learn how the market sees your organization.** Acquire rich data on how leaders at peer organizations and in adjacent sectors view your organization and its opportunities.
- **Keep the board apprised of top candidates' compensation and term expectations** as you move through the search, preventing surprises and bringing the board along.

To consider

- **Don't only consider candidates from similar organizations.** Focusing instead on the essential competencies will expand the pool and potentially surface exceptional talent the search committee would not otherwise have identified.
- **Don't wait for applicants to approach you.** You are looking for people who don't even know they want this job yet, so reach out to persuade potential candidates to consider the role.

How to work with internal candidates

Internal candidates can offer significant benefits, preserving important institutional knowledge and maintaining stability throughout the transition. However, boards must be thoughtful about how they engage internals, both to ensure an equitable process and to prevent attrition.

- ✓ Be open and enfranchising, and treat all candidates with dignity and respect.
 - ✓ Ensure internals are put through the exact same process as external candidates. In doing so, they are being benchmarked against the top talent in their market, and if they succeed, they will be more credible as a result.
 - ✓ Be direct with aspiring candidates who are not qualified for the role. Courtesy interviews only prolong a difficult conversation and usually lead to hurt feelings.
 - ✓ Provide coaching and development plans. Just because an internal candidate doesn't have the skills now doesn't mean they can't develop them.
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- × Don't ask candidates to declare interest before they have seen the final position specification.
 - × Don't assume what internals can or cannot do, as they may have been in the shadow of the outgoing leader. Internal candidates must reintroduce themselves to the search committee.
 - × Don't leave it to the search firm to deliver the verdict to unsuccessful internal candidates. The decision is better delivered by a search committee member to maximize retention.
 - × Don't expect the incoming CEO to be solely responsible for retaining unsuccessful internal candidates.



Step 4: Making the decision

Objective: Gain board consensus on the best candidate and make a compelling offer.

After reviewing the strengths of the candidates, it's time for the search committee to decide. Whether presenting the board with a single recommendation or multiple options, the committee must be prepared to articulate how a candidate's experience and vision for the organization align with the ideal profile and to make the case for the preferred candidate. To strengthen this argument—and to derisk the selection itself—search committees should solicit as much data as possible. This should include market intelligence about candidates that goes beyond formal references; full background checks, including a scan of candidates' public media footprints; and, ideally, [psychometric testing](#) to provide a measure of future potential alongside current competencies.

At the same time, the search committee must be able to successfully sell the opportunity to the preferred candidate, which requires understanding the motivations and incentives that will resonate. Particularly when seeking to attract candidates outside the nonprofit sector who may have higher salary expectations, it's important that the committee can articulate the role's value proposition beyond compensation, including motivators such as the mission itself. In some instances, the opportunity is a true calling.

Best practices

- **Remember that the ideal profile reflects not only the current requirements**, but also where the organization is going.
- **Consider the range of incentives** that might attract a candidate. Compensation will always be a factor, but don't forget to consider less tangible motivators, such as personal fulfillment, executive coaching, formal onboarding support, professional training and hybrid work.
- **Embrace the opportunity to clean up or professionalize employment terms**, including eliminating legacy benefits that may no longer be appropriate for the organization.
- **Summarize for the full board the rigorous process that led to the committee's** recommendation of a the new CEO.
- **Ensure that full 360-degree referencing** is completed on your top candidates.
- Conduct [psychometric assessments](#) of candidates to understand their intrinsic values, motivations and potential derailers.
- Conduct **thorough background checks** to uncover any non-public information about candidates, ensuring that the committee is fully informed and that the appointment can withstand public scrutiny.

To consider

- **Recruitment is a two-way street.** The board must see this as a courtship and determine how best to entice its preferred candidate.
- **Avoid determining compensation in a vacuum.** What you pay the new CEO will become the ceiling for anyone else the organization hires.
- **The successor's salary may need to exceed the outgoing CEO's.** The outgoing CEO may have built up to their current salary over many years; however, all candidates will be privy to publicly available compensation data and will be informed by market comparables and their own sense of worth. Tenure sometimes, but not always, drives decision-making.

Step 5: Completing the transition

Objective: Gain board consensus on the best candidate and make a compelling offer.

Develop a successful onboarding program to set up the new CEO for long-term success.

Often the most overlooked yet most important step in a CEO transition, a [robust onboarding program](#) is vital to the long-term success of a new leader. Multiple stakeholders must be involved in order to clearly define the new CEO's responsibilities, mandate and metrics for success. The board also must think carefully about how to transition important relationships with donors to the new leader.

Best practices

- **Form a transition committee.** This should be a small group, ideally made up of members of the search committee and other board leaders, that can oversee the creation and implementation of the plan.
- **Establish a [dynamic onboarding plan](#) that starts with the board**, is supported by the team and is further developed by the CEO as they acclimate. The plan should include strategies for the incoming leader to connect with and integrate their direct reports, [fostering senior leadership team effectiveness](#).
- **Be clear about guardrails.** Boards must be clear about what they value in the existing organization versus what they are open to changing. While the new CEO will be responsible for articulating the details and specifics, boards need to be aligned and clear about the guardrails the new CEO should aim to stay within.
- **Establish goals and metrics by which the new CEO will be evaluated** and schedule regular check-ins during the first year to discuss progress against those goals.
- **Help prioritize the new leader's time.** To ensure the new CEO has time and space for proper onboarding, the board needs to make it a priority. This may require keeping some of the day-to-day duties off the new leader's plate at the beginning so they are not immediately drawn into reacting and putting out fires.
- **Make a plan and schedule for introducing the new leader to important stakeholders**, particularly funders. One of the most valuable onboarding roles for a board is providing the new CEO guidance on which stakeholders need to be prioritized and any relationship nuances that need sensitive handling.

To consider

- **The board's job is not done once the new CEO starts.** The new leader will require support to succeed in their initial days at the organization.
- **Avoid micromanaging or undermining the new CEO.** The board must resist the urge to get involved in day-to-day operations during the transition; once the new leader is in place, it is important for the board to step back and visibly demonstrate confidence in the new CEO.
- **Will there be a continuing role for the outgoing CEO?** While every organization will differ in its transition needs, the board should think carefully before promising an outgoing CEO a seat on the board, an office in the building, or a continued role. (See box Replacing an iconic leader for more tips on managing the outgoing CEO)

Replacing an iconic leader

The departure of a founder or long-term leader can add additional complications to an already delicate succession. Boards must adapt the process to account for these factors:

Before the search kicks off

- **Acknowledge and reflect on the disruption:** Recognize the significant impact the outgoing leader has had and that their departure presents challenges but also significant opportunities. Allow time for celebration of what the outgoing leader accomplished.
- **Affirm the organization's values, vision and strategy:** Engage the board and leadership teams in a discussion around what the organization has achieved, how it has operated under the leader and what will change. Clearly affirm the vision and strategy going forward in order to assuage anxieties and build confidence in the future direction.

During the search

- **Don't seek Founder 2.0—or do a complete 180:** Depending on the circumstances of the departure, it can be tempting to seek a carbon copy of the founder or their complete opposite. Instead, reflect on the organization's strategy and future direction to determine the skills and competencies required in the next leader.
- **Carefully consider the departing leader's role in succession selection:** While it's important to acknowledge the influence and perspective of the founder, they usually do not sit on the search committee. Instead, look for other ways to enfranchise them throughout the process, including involving them in discussions about the ideal profile of the next leader.

After the appointment

- **Clearly communicate expectations and boundaries:** The new CEO's authority should not be undermined by the lingering presence of an iconic leader. Articulate the expectations and timeline for the outgoing CEO's ongoing role (if any), and set clear boundaries (e.g., the founder should not retain a seat on the board or an office down the hall).
- **Determine whether and how the board's role will change:** As the organization prepares for transition, the board should look closely at its governance function and ask whether any work is needed to strengthen its ability to serve as fiduciary stewards. The board may need to rethink its operating norms and cultural dynamics to ensure it can effectively execute its primary governance role and that there is room for the next CEO to bring in new perspectives.
- **Institutionalize relationships:** Be thoughtful and intentional about how important relationships, particularly with donors, are transferred from the founder to the board or new CEO.



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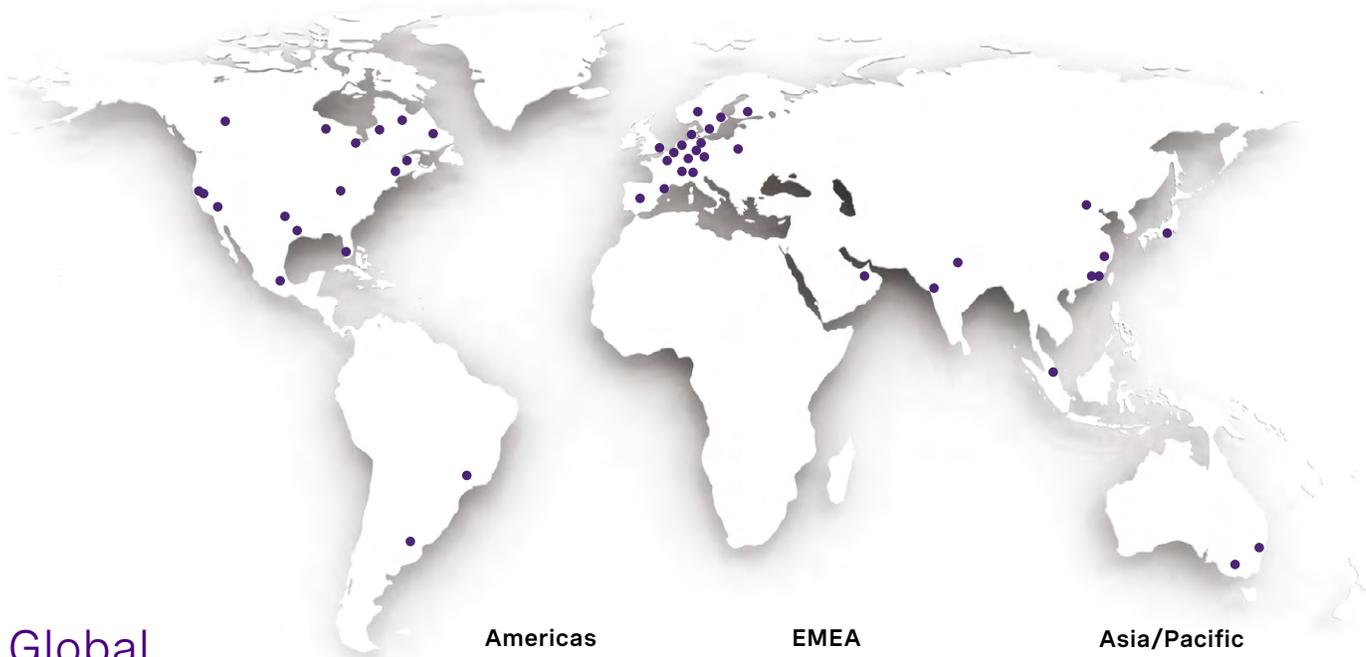
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