**This “Sample Chief Executive Succession Policy” is an excerpt from** [**CEO Succession Planning: A Toolkit for Health Center Boards**](https://www.healthcenterinfo.org/details/?id=3065) **from the National Association of Community Health Centers.** *Please refer to* [*CEO Succession Planning: A Toolkit for Health Center Boards*](https://www.healthcenterinfo.org/details/?id=3065) *for instructions on customizing this template for your health center. Fields that require updating are highlighted in gray and individual organizations may wish to further customize the template based on the needs of their health center.*

**Appendix 1: Sample Chief Executive Succession Policy**

***[insert* *Organization Name*]**

**Chief Executive Succession Policy**

**Purpose**

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| *This section is written to reflect current best practices in succession planning. Feel free to adjust it to reflect the philosophy of your health center.* |

The purpose of this policy is to clarify and outline [*insert organization's name*] commitment to ensuring the availability, continuity, and appropriate development of our organization’s leadership talent through a systematic approach to succession planning, and our commitment to a well-managed leadership transition.

We believe that succession planning is essential to ensure our organization’s ongoing sustainability, growth, and development. Further, we believe that having a CEO Succession Policy in place enables a well managed leadership turnover and provides the chance to capitalize on the capacity-building opportunities inherent during leadership change.

For the purposes of this document, *succession planning* refers to the plans and preparation that ensure overall continuity in leadership positions, and the development of leadership talent. *Chief executive transition* refers to the plans and actions involved in managing the turnover in the CEO position. This includes diligent planning for leadership change, a robust successor search and selection process, and the provision of deliberate orientation and onboarding for the new executive. Together these tools ensure the continuity and advancement of our organization’s work.

With respect to the CEO role, this policy is supplemented by a companion document, the CEO Backup Plan.

**Responsibilities**

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| *This section clarifies the role of the board chair, the board, the Executive Committee, and the current chief executive. Adjust this section as needed based on how roles will be handled at your center and your board’s committee structure. Responsibilities can also be included in the charters for various committees.* |

* The board chair, in consultation with the Executive Committee, is responsible for implementing this policy and ensuring the procedures are initiated.
* The board is responsible for:
  + Reviewing and updating this policy and the companion Chief Executive Backup Plan at least annually or as organizational changes occur.
  + Ensuring that best practices are followed in planning for leadership succession and managing executive transitions.
  + Selecting and hiring an external interim executive, if necessary.
  + Appointing a Chief Executive Transition Task Force to manage all three phases of a CEO transition, when needed, to: (1) prepare for a leadership change, (2) search and select a new leader, and (3) onboard and support the new leader.
  + Selecting the best candidate for the CEO position.
* The Executive Committee is responsible for:
  + Notifying key stakeholders of the leadership change.
  + Ensuring compliance with the following HRSA requirement: [[1]](#footnote-1)

“The health center must request prior approval from HRSA for a change in the key person specified in the [Health Center Program award](https://bphc.hrsa.gov/programrequirements/compliancemanual/glossary.html#federal-award) or Health Center Program [look-alike](https://bphc.hrsa.gov/programrequirements/compliancemanual/glossary.html#look-alike) designation.”

* The current CEO is responsible for:
  + Ensuring that backup plans are in place for all executive leaders and other mission-critical staff positions.
  + Continuously identifying, encouraging, and developing senior managers and other staff members to meet [organization’s] future leadership needs.
  + Managing the orderly transition for all staff roles other than the CEO position.

**Guiding Principles**

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| *This section might need some adjustment based on the size of your health center and to fit the philosophy of your organization. For example, does your organization have preferences about internal versus external candidates? If so, you might replace the fourth bullet with language like this: “As a matter of policy, [organization name] believes in promoting from within. Therefore, we will consider internal candidates first for any vacancies before opening the search to external candidates.”* |

* [*insert Organization name*] is committed to always being prepared for unexpected absences and leadership transitions in all senior management positions, including the CEO role.
* The board will maintain an up-to-date Chief Executive Backup Plan that addresses unplanned absences as well as planned CEO transitions. This plan is approved by the board and reviewed and updated at least annually.
* The CEO will maintain up-to-date executive backup plans that address unplanned absences as well as planned transitions for all senior management positions. Those plans do not require board approval.
* [*insert Organization name*] is open to and will consider both internal and external candidates when filling the CEO position. A national search will be conducted unless the board concludes that a current staff member is most appropriate and available for the job.
* To provide career advancement for staff, the organization is committed to encouraging the professional development of all employees.
* To support proper due diligence and ensure that the best possible candidate is hired, the organization is committed to a vigorous search and selection process that includes internal and external candidates.
* To develop a finalist pool that reflects the community, the organization commits to prioritizing diverse candidates as part of a CEO transition.
* The optimal time for the CEO to disclose his/her departure plans to the board is at least six months before the departure date, although 12 months would be preferable.
* The board understands that the time required to complete a planned CEO transition is at least six months.

**Procedure for Managing a CEO Transition**

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| *This section outlines the board’s six tasks for successfully managing a chief executive transition. Consider using the term “Transition Task Force” rather than “Search Task Force” to help dispel the notion that the board’s only job is to search for and hire the successor. Rather, their job is to ensure a successful transition, and that involves some serious pre-search planning (not just dusting off the old job description) and post-hire follow-through to onboard and support the new executive.  In large organizations, the Transition Task Force tends to be larger. At times, the full board may also serve as the task force though this can be difficult to manage from a logistics perspective.  Including a senior staff member on the Transition Task Force is fairly routine. However, it is not recommended to have them participate in the committee’s interviews of CEO candidates.*  *Refer to the National Association of Community Health Centers (NACHC) publication which provides a detailed overview of the CEO transition process (see “*[*Navigating CEO Transitions: A Toolkit for Health Center Boards*](https://www.healthcenterinfo.org/details/?id=3064)*”).* |

In the event of an impending planned or unplanned vacancy in the CEO position, the board will undertake six tasks as outlined below. It will also **appoint a Transition Task Force** and charge it with planning and managing the transition, including the search for and selection of a successor. The Transition Task Force will be comprised of [five] members. The board may also consider appointing a staff member to the Transition Task Force for the purposes of planning and preparing the organization, but staff members will not participate in the interviews of the CEO candidates.

1. **Understand and guide the transition.**
   1. Recognize that a CEO transition involves an organizational change process and not just the appointment of a new CEO.
   2. Commit to understanding the scope, nature, and dynamics of the transition, and take that into account to plan and guide the process.
   3. Manage the entire transition process from planning for the leadership change through the conclusion, making sure the new executive is properly onboarded and supported.
2. **Prepare for a leadership change.**
   1. Ensure that the organization is stable and ready for a new executive to assume the leadership role.
   2. Ensure that the CEO job is ready for a successor to step into the position and effectively accomplish the job. Make sure that the job has been unpacked and refitted to reflect present requirements with consideration for the future direction of the organization.
   3. Ensure team readiness by making sure that the board, the Transition Task Force, the departing executive, and senior managers are ready to play their parts in the transition process and are clear about their roles.
3. **Ensure leadership continuity** by appointing an interim CEO if necessary and making sure there’s a good handoff between the incumbent CEO and the successor.
4. **Manage transition communications** with appropriate announcements and updates for staff and key stakeholders. Also, ensure that there is positive closure with the current executive, and that there is compliance with the following HRSA requirement:[[2]](#footnote-2)

“The health center must request prior approval from HRSA for a change in the key person specified in the [Health Center Program award](https://bphc.hrsa.gov/programrequirements/compliancemanual/glossary.html#federal-award) or Health Center Program [look-alike](https://bphc.hrsa.gov/programrequirements/compliancemanual/glossary.html#look-alike) designation.”

1. **Search for, select, and hire the new CEO** with an effective process to recruit a diverse candidate pool, screen candidates, conduct the interviews, make the final selection (by vote of the full board as required by HRSA and an important governance practice),[[3]](#footnote-3) and, finally, negotiate the employment arrangement with the new executive.
2. **Onboard and support the new executive** with an appropriate introduction to the organization and the community, support during the executive’s “take charge” process, and explanation of the four elements for a successful board-executive relationship:
   1. Clear aims and priorities,
   2. Respective roles and responsibilities,
   3. Mutual expectations,
   4. Clear criteria and processes to evaluate performance.

**Roles in a CEO Transition**

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| *This section provides details specific to the management of the chief executive transition. First, it clarifies that the departing executive should play a role in the process, especially in preparing the organization to work with the incoming executive and handing off the role to his/her successor. Second, it provides additional detail on the role of the Transition Task Force.* |

* The departing CEO, in concert with the Transition Task Force, will be involved in some transition activities such as communications, preparing the organization, briefing the incoming CEO, and ensuring there is a successful handoff.
* The **Transition Task Force** will be responsible for:
  + Implementing and managing the board’s six core tasks for a successful leadership transition:
  1. Understand and guide the overall transition process.
  2. Prepare for a leadership change.
  3. Ensure leadership continuity.
  4. Manage transition communications.
  5. Conduct the executive search and recommend candidates to the board.
  6. Plan the orientation and onboarding of the new executive.
  + Determining the need for consulting assistance (i.e., transition management consultant and executivesearch firm) based on the circumstances.
  + Securing an appropriate organizational review or assessment, if needed.
  + Scheduling and planning a board retreat, as needed, to review and refresh the organization’s strategic plan and recalibrate the CEO role.

**Approval**

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| *This section can be adjusted to reflect how board approval is practiced at your organization. In any event, it is important to get the approval of this policy noted in the minutes of the board meeting where the policy was reviewed and approved.* |

Adopted by the [*insert Organization name*] Board of Directors on the \_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_, 20xx.

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1. See HRSA [Health Center Program Compliance Manual](https://bphc.hrsa.gov/programrequirements/compliancemanual/introduction.html), [Chapter 11: Key Management Staff](https://bphc.hrsa.gov/programrequirements/compliancemanual/chapter-11.html#titletop). [↑](#footnote-ref-1)
2. See HRSA [Health Center Program Compliance Manual](https://bphc.hrsa.gov/programrequirements/compliancemanual/introduction.html), [Chapter 11: Key Management Staff](https://bphc.hrsa.gov/programrequirements/compliancemanual/chapter-11.html#titletop). [↑](#footnote-ref-2)
3. The HRSA [Health Center Program Compliance Manual](https://bphc.hrsa.gov/programrequirements/compliancemanual/introduction.html) sets the following requirement in Chapter 19: Board Authority: The health center governing board must approve the selection and termination/dismissal of the health center’s Project Director/Chief Executive Officer (CEO). For more information on HRSA requirements related to the board and CEO, see [Chapter 19: Board Authority](https://bphc.hrsa.gov/programrequirements/compliancemanual/chapter-19.html#titletop) and [Chapter 11: Key Management Staff](https://bphc.hrsa.gov/programrequirements/compliancemanual/chapter-11.html#titletop). [↑](#footnote-ref-3)