# Unplanned Leadership Change: Risks and Readiness

Most nonprofit organizations say leadership continuity is critical. However, most have no plan for what happens if their executive director leaves tomorrow. The gap isn't theoretical; it's where operational risk, donor uncertainty, and governance breakdown can converge in real time.

The underlying risk isn't as much the departure as it is concentration of leadership, knowledge, and relationships in one person. For those organizations that rely solely on an executive director or founder for vision, fundraising, and community relationships, an abrupt leadership change can challenge the viability of the entire organization.

Addressing these transitions effectively requires strong board governance, clear communication, and structured transition planning.

## Challenges of Unplanned Leadership Transitions

One of the most significant challenges in an unplanned leadership change is the **lack of succession planning**. According to the National Council of Nonprofits, only about 29% of nonprofits have a written succession plan, meaning most organizations are unprepared for leadership transitions.[1] Without such planning, boards may struggle to provide interim leadership, maintain program continuity, or manage operational responsibilities during the period of transition.[2]

Another major challenge is the **loss of institutional knowledge**. Long-serving nonprofit leaders accumulate extensive knowledge about donor relationships, organizational history, and operational processes. Information that isn't documented can lead to knowledge gaps that make it difficult for staff to maintain programs and partnerships.

1 *National Council of Nonprofits, Succession Planning for Nonprofits, (2024).*
2 *Lawren, F. et al, Proactive Succession Planning for Nonprofit Leadership Transition, (2024).*

Unplanned transitions also create **uncertainty among stakeholders**, including staff, donors, volunteers, and community partners. Donors may hesitate to provide funding until they feel confident that the organization remains stable. Similarly, staff members may experience anxiety about the organization's future direction or their own job security. These concerns can reduce morale and productivity.

Another common issue is **governance pressure on the nonprofit board**. In nonprofit organizations, the board of directors is ultimately responsible for hiring and supervising the executive director. When leadership suddenly changes, the board must quickly assume additional responsibilities, including crisis management, operational oversight, and the recruitment of a new leader. Research on nonprofit leadership transitions emphasizes that boards often underestimate the complexity of these responsibilities and may not be adequately prepared to manage the transition process effectively.[3]

Further challenges are **strategic disruption and mission drift**. Sudden leadership changes can create uncertainty about the organization's direction. Ongoing initiatives may stall or lose momentum. Decision-making can slow down as boards and staff attempt to determine interim priorities. Without a clear strategic framework, the organization risks deviating from its mission or delaying important programs. Managing these dynamics requires careful communication and sensitivity to stakeholders' concerns.

## Priorities for Managing an Unplanned Leadership Change

By the time an unexpected leadership departure happens, it's too late to design a response. The quality and effectiveness of a transition plan is largely determined by decisions made months, or even years, earlier. Priorities for these plans should include:

1. **Appointing an Interim Leader** – This individual may be a senior staff member, board member, or external consultant. Designating an "Acting Executive Director" provides operational stability and ensures daily activities continue while the organization conducts a search for a permanent replacement. It also shows stakeholders that you have time for a thoughtful and thorough process. In many cases, a board member is ideal, if the option is available. If you identify a staff member, and they are a candidate for the full-time position, you must consider the ramifications should they not be selected. In this case, the messaging to them is vitally important.
2. **Communicating Transparently** – The organization should prioritize clear and transparent communication during leadership transitions. Staff, donors, and community partners should be informed about the leadership change and reassured that the organization's mission remains unchanged. Communication of this kind reduces uncertainty and preserves stakeholder trust. The order of communication is important. You should prioritize by (and within) constituent group (donors, funders, community partners, etc.), based on importance to the organization. As the circle of awareness grows, the risk increases that a key constituent finds out before you get to them. Communication should be thoughtful and swift.
3. **Adjusting Board Engagement** – During a transition, the board of directors must take an active governance role. Boards should increase meeting frequency, clarify decision-making authority, and oversee communication with stakeholders. Strong board leadership helps maintain strategic direction and can prevent confusion about roles within the organization. Creating a smaller, nimbler search committee to vet candidates and make a recommendation to the board might reduce the challenges of having a large board trying to participate in every step of the process. The committee could include past and present board leadership as well as other key stakeholders.
4. **Preserving Institutional Knowledge** – Organizations should make immediate efforts to document key processes, relationships, and program information. Cross-training staff and creating shared documentation systems can reduce reliance on a single individual and protect

3 *Kramer, M, Leadership Transition Barriers in Small Nonprofits, (2014).*

organizational memory. Knowledge transfer becomes especially important if the departing leader has significant influence over fundraising or operations.

5. **Conducting a Strategic Leadership Search** – Rather than simply replacing the previous leader with someone similar, the board should evaluate the organization's future needs and strategic goals. A thoughtful search process helps ensure that the new leader possesses the skills necessary to guide the organization through its next phase of development. It is also helpful to identify qualified executive search firms that specialize in nonprofit leadership recruitment.
6. **Developing a Long-Term Succession Plan** – Once the transition is complete, organizations should establish formal succession planning policies. Succession plans outline procedures for both planned and unplanned leadership departures and help ensure continuity in future transitions.[4]

## Conclusion

Unplanned leadership changes can do more than disrupt a nonprofit's operations. They can expose how much of an organization's stability is tied to a single individual. Nonprofits that struggle in these moments often are undone by the absence of the structure and shared leadership needed to absorb the departure.

Organizations that successfully navigate these transitions tend to have already distributed responsibility, clarified governance roles, and prepared for continuity long before it was needed.

In this sense, sudden leadership change is less an exercise in crisis management and more of a test in organizational preparedness. Putting this foundation in place both protects organizations against disruption in the short term and builds the resilience required to sustain their mission and serve their communities over the long run.

For questions about this report, please reach out to your relationship manager.

4 *Russel Reynolds Associates, The Nonprofit CEO Succession Playbook, (2020).*