

## Non-Profit Notes Newsletter

# Preparing for Retiring NFP Executives – It's Only a Matter of Time

By Mark J. Piszko, CPA, CGMA, Partner-in-Charge, Not-for-Profit Services

If you're a baby boomer and it seems that your co-workers are getting younger and younger, you're not imagining things – they are. In most cases, it's not by design or coincidence, but the result of demographics. Demographically-speaking, baby boomers are those individuals born between 1946 and 1964. As a result, the majority of these workers began reaching retirement age within the last decade and will continue to leave the workforce in large numbers over the coming decade.

The effect of retiring executives on companies, including not-for-profit organizations, can be significant, and in some cases detrimental. To ameliorate the effect of the loss of key employees, particularly those in executive positions, an organization should formalize a succession plan to replace retiring or departing employees.

### Key Steps to Consider

A well-developed succession plan should include the following considerations:

- Identify key employees and leaders of the organization and document clearly their responsibilities and the roles they play within the organization
- Consider the effects on the organization of retiring or departing executives
- Consider the potential risks of losing any key employees
- Establish and stay aware of the timeline for known retiring employees
- Assess “bench-strength” and consider internal promotions to replace departing executives
- Develop internal training programs for identified potential leaders

### Final Note

Not-for-profit Board members should add succession planning to their meeting agenda to ensure that the organizations for which they serve have adequate steps in place to allow for smooth transition of leadership positions and uninterrupted operations.

### Contact Us

If you have any questions about succession planning — or not-for-profit accounting and auditing matters in general — please contact Mark Piszko, CPA, CGMA, Partner-in-Charge, Not-for Profit Services, at [mpiszko@pkfod.com](mailto:mpiszko@pkfod.com) or 646.449.6316 or the partner in charge of your account.

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