Executive Leadership Transitions: 
What to do and what to expect

Transition at the executive level of leadership within an organization is inevitable. Being prepared for the transition, having the right perspective and doing some upfront work are key factors in managing the process and ensuring success. This article will explore how organizations can prepare for an executive leadership transition and the phases of that transition.

- According to TransitionGuides, “on average, more than one in ten executive director jobs turns over each year. That number is projected to climb by 15 percent or more as the baby-boomer generation – many of whom founded core organizations in their communities 20 to 30 years ago – begin to reach retirement.”
- CompassPoint Nonprofit Services reports, “many Boomer generation executives – some of whom have been in their positions or 20 years or more – are close to tendering their resignations. Daring to Lead 2006, a publication of CompassPoint Nonprofit Services and the Meyer Foundation, surveyed 1,900 nonprofit leaders and found that 75 percent planned on leaving their positions within the next 5 years”.
- Kittleman & Associates states, “a leadership study completed by the Annie E. Casey Foundation found that these baby boomers are going to leave the sector in two waves: the first by 2010 and the second by 2020.”

When it comes to hiring the next generation of leaders, they are demanding a better work/life balance. They state a preference for less hierarchy structures and more collaboration. They also expect the latest technologies to be available as a means of efficiency and productivity.

The transition of executive leadership can be a difficult and unsettling time for an organization. The Board faces the challenge of finding the best match, while staff is concerned with their security. Managing an orderly transition is a sound risk management practice. Transition can destabilize an organization and pose a risk of collapse. Executives often experience organizational barriers to leaving: key relationships are held solely by the person; the support of some funders is dependent on their presence; are some key staff is dependent on their close guidance. Further, organization’s with founders as leaders face special challenges in that these leaders are heavily intertwined with the organization.

However, an executive leadership transition provides a pivotal moment, enabling an organization to change direction, maintain momentum and strengthen capacity. Transition offers a special opportunity for an organization to redefine itself. The organization can take time to rethink its mission and vision for upcoming years and target leadership with the skills that can get them there. If the transition is planned, forward thinking will allow it to be aligned with the strategic planning process. In the event of an unplanned departure, a highly cross-trained management team and organized Board will alleviate some of the immediate challenges.
CompassPoint Nonprofit Services developed a Succession Readiness Checklist that can help an organization plan for transition. They identify that when the following conditions are in place, an agency can expect a relatively smooth transition to new leadership whenever it might occur. An agency might determine which elements below are lacking in its current operations and then create a “succession plan” or “capacity building plan” that prescribes activities and timelines for filling the gaps. The agency is then ready for leadership transitions, foreseen or unforeseen. Also, prospective recruits will regard organizations more favorably that have these elements in place.

### Preparing for the Inevitable: A Succession Readiness Checklist:

- A strategic plan is in place with goals and objectives for the near term (up to three years), including objectives for leadership talent development.
- The board evaluates the executive director annually on general performance and achievement of strategic goals.
- The board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs—financial oversight, executive support and oversight, policy development, and strategic planning.
- The executive’s direct reports, based on annual evaluations, are judged as solidly skilled for their positions.
- The top management cohort, as a high performing team:
  - Has a solid team culture in place in which members support one another and can reach decisions as a group efficiently and harmoniously;
  - Shares leadership of the organization with the executive in having significant input to all major agency decisions;
  - Can lead the organization in the absence of the executive; and
  - Has authority to make and carry out decisions within their respective areas of responsibility.
- Another staff person or board member shares important external relationships (major donors, funders, community leaders) maintained by the executive.
- A financial reserve is in place with a minimum of three months’ operating capital.
- Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the board and senior managers responsible for the agency’s financial strength and viability.
- Operational manuals exist for key administrative systems and are easily accessible and up to date.
- Top program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.

Agencies such as executive search firms and organizations that focus on organizational capacity building can assist in the search process or provide guidance to the Board on steps to take. It is likely that the Board has never managed this process before and would benefit from an outside viewpoint.

Another possible solution is to employ an Interim Director. An Interim Director provides stability during the time between the departure of the incumbent and when the new executive starts. Their 5 major tasks during this period include 1.) coming to terms with history, 2.) exploring identity and direction, 3.) making leadership/operational changes, 4.) renewing linkages, and 5.) committing to new leadership and a new direction. Whether an organization employs an Interim Director or moves directly to hiring new leadership, the organization has factors to consider and should anticipate some obstacles.
There are three basic phases of managing an executive leadership transition: getting ready, recruiting and selecting and post hire. The following chart by TransitionGuides outlines how executives transition through three distinct phases, each building on the one before and the key issues faced by nonprofits during these phases.

### Three Phases of Executive Transition

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<th>Phase I: Getting Ready</th>
<th>Phase II: Recruiting</th>
<th>Phase III: Post-Hire</th>
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<tr>
<td>• Deciding short-term who’s in charge of what</td>
<td>• Agreeing on a recruitment strategy, including diversity outreach</td>
<td>• Welcoming and introducing new executive</td>
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<td>• Assessing organization priorities and health</td>
<td>• Proactively seeking candidates</td>
<td>• Orienting new executive to organization and community</td>
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<td>• Hiring interim manager, particularly if not ready to hire or in crisis</td>
<td>• Screening and ranking candidates against profile</td>
<td>• Making agreements between board and new executive on three- and six-month work plan</td>
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<tr>
<td>• Developing profile of new executive attributes, knowledge, skills</td>
<td>• Completing thorough reference checks before final interviews or selection</td>
<td>• Agreeing on executive evaluation process</td>
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<td>• Setting a competitive compensation strategy</td>
<td>• Spending informal time with finalists and introducing to key stakeholders</td>
<td>• Executive development planning by new executive with board support</td>
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<td>• Saying an appropriate good to your departing executive</td>
<td>• Selecting and negotiating</td>
<td>• Agreeing on when to revisit strategic plan and direction of organization</td>
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<td>• Understanding and dealing with departing executive’s legacy</td>
<td>• Having a back-up plan if first candidate declines</td>
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### Key Considerations and Decisions

- Rushing to hire
- Making hasty decisions without assessing needs
- Becoming frozen and indecisive: too much process
- Employing overly rational process that ignores feelings of loss, anger, etc.
- Underestimating time and help required
- Not asking for help when needed
- Denying real condition of organization
- Recruiting too soon
- Misreading needs of the organization; attempting to hire executive exactly like (or opposite) departing executive
- Hiring an inappropriate interim manager, often someone liked and admired on staff or board but not experienced in what’s needed
- Advertising a non-competitive salary, limiting applicant pool
- Expecting a diverse pool with outreach and networking
- Getting buried in resumes and process with inadequate systems
- Appointing “obvious successor” with insufficient thought or checking
- Doing reference checks too late to influence finalist selection
- Appointing a new executive with board divided on decision
- Not fully disclosing to finalist condition of organization and first year expectations
- Not welcoming or introducing new executive to community
- Succumbing to exhaustion and abandoning new executive during first 30-60 days
- Micromanaging
- Giving insufficient priority to shifting roles and relationship building in first month
- New executive becoming overwhelmed, ignoring board and stakeholder relationships, staff or administration; having difficulty in balancing all three
- Curtailing surprises for new executive and board
- Paying no attention to work plans or evaluation system
Other threats to a successful transition include: Board underestimated the risks and costs of a bad hire; Board was unprepared for task; Board is too focused on the transition of the Executive and does not recognize the opportunities it presents. There are many consequences of not being ready for this critical transition. The impact can be seen in the direct costs of conducting the search, advertising, relocation, etc.; Board volunteer hours; indirect costs of staff and Board turnover; missed opportunity for program growth; and loss of funds due to program shrinkage or closure.

The transition of executive leadership not only presents many points of worry, it also presents opportunities for organizations to get back to basics and reposition themselves. Managing the three phases of transition: getting ready, recruiting and post hire will help an organization sustain the transition and ensure success for the new leadership.

References:

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http://www.transitionguides.com/overview/et_phases.htm