

Leadership Succession in Nonprofit Organizations: A BOARD MEMBER'S VIEWPOINT

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During the 30-plus years that I have served as a board member of not-for-profit organizations, I have heard that selecting a CEO is the most important work that a board does. I have recently lived this axiom and come to understand its truth. In the past five years, I have:


- chaired the search for a new head of school following the 17-year tenure of the outgoing head;
- served on the search committee to select a new CEO at a community foundation following the 27-year tenure of the outgoing CEO;
- served on a search committee to select a new CEO at a 110-year-old social service organization following the 10-year tenure of the outgoing CEO (I had also served on the search committee during the previous search);
- advised the search committee at a health-care organization that was replacing a CEO whose tenure had been over 10 years; I then rejoined the board in time to be a participant in the choice of the new CEO;
- chaired the board of a children's museum and served as a member of the search committee to replace the retiring founding CEO of 17 years.

Each search was different, and yet there were a great number of similarities among them. As much as I love stability in the organizations I serve, I have come to understand how important it is to see leadership transition as routine in the life of a healthy not-for-profit organization, just as it is seen in the for-profit sector. In addition, I now understand that such times of transition offer unique opportunities to engage, reflect, and rebuild. A summary of some of my gleanings from my experiences with leadership succession follows.

ADVANCE PLANNING

Ideally, it would be wonderful if all organizations had regular discussions about leadership succession. In my extensive board experience, most do not. Leadership succession is a scary subject because it implies change, and change is fraught with emotions that most individuals, let alone groups of individuals, would rather not tackle. Yet a good board has to think constantly of the organization's future and who will be leading it, and a good board chair must be aware of whether the organization's CEO is perceived as the right person to continue leading the organization and whether the CEO intends to continue in his or her present position. Some good ways to ensure that the discussion of succession is slightly less scary are listed below.

- Include leadership succession as a regular part of strategic planning. A good strategic plan is prepared and reviewed regularly by the staff and board together. This gives both groups an opportunity to talk about general views of succession and, hopefully, some specific issues related to the organization's current needs.
- The board should do a periodic evaluation of the CEO—the board's only actual employee—matching the CEO's accomplishments against specifically projected goals. A representative group of board members generally performs such a review—with input from the entire board—then prepares a written document to share with the CEO. It is smart to use this annual review as an opportunity for the CEO to update his or her job description and for the evaluation team to review it as well. (All senior employees should update their job descriptions annually.) This review process gives both the board team and the CEO a sense of how it is going in the organization and may offer some chance to discuss the CEO's intentions for the future.



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- *It is a wise practice to include a line item in the budget for transition expenses associated with changes in senior staff, including the CEO. One of the most difficult problems an organization faces at a transition point is meeting the generally larger than anticipated expenses associated with a search. Though I call this a wise practice, it is not a common one.*
- *Scrupulous records of each CEO search should be kept, so that organizations can look back over previous experiences to review the process and materials used during the previous search. Nothing is more frustrating than having to reinvent the wheel for your organization when lessons from the past could have been highly instructive.*

CIRCUMSTANCES OF THE TRANSITION

It is crucial that a board be clear about the circumstances surrounding a transition as they set off to find a replacement. The following questions should be considered:

- *Was the change in leadership determined by mutual agreement? Was it a board decision or a decision by the current CEO?*
- *What is the tenure of the outgoing CEO? In other words, is there memory within the organization for leadership transition?*
- *When is the current CEO's intended departure date? Will it be necessary to have an interim CEO in place before a search can be realistically completed?*
- *What is the organization's history in terms of leadership succession? Have a number of CEOs left after a brief tenure? If this is the case, it is imperative that the board see this as a sign of an organization in trouble and not as routine. Funders certainly see frequent CEO change as an indicator of an organization in disarray.*

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BEGINNING THE SEARCH

The biggest problem associated with starting a search is simply facing the reality of the need for it. Once an organization does that, there is a lot of work to be done.

1. First, decide whether or not to use a search firm. I cannot state strongly enough my belief that getting professional expertise is a wise investment to help secure an organization's future. There are several reasons:

- *Search firms can help demystify the search process. They know what to do and when to do it.*
- *Search firms have access to candidate pools in a way board or staff members do not.*
- *Search firms can ask hard questions during background checks.*
- *Good search firms operate as management consultants for a wide range of issues facing an organization at a transition point, such as its mission and its management structure.*

An issue frequently raised around using a search firm is expense. This is shortsighted; because an executive search is seen as such a critical process, it is often possible to get special funding from foundations or other donors. If you intend to use a firm, do not let the financial concerns deter you. Find a way; you will almost never regret it.

There is also a question about whether to use a firm specializing in the not-for-profit sector or one with both for-profit


and not-for-profit clients. My recommendation is to go with the one that seems like the right match. In making a choice, it's important to gather information about possible firms, interview several of them, and check references before making a decision. In many ways, the process of picking a search firm is practice for the process of selecting the CEO. Consider all the search firm candidates as consultants (whom you are not paying until you make a final choice) and ask meaningful questions, being sure to take careful notes. You will learn an enormous amount about leadership succession from all the search firm candidates, even those you do not select. Remember, however, that hiring a search firm does not abrogate a board's responsibility for the search process. It must be understood that while the firm guides the process, the board manages and directs it.

What if you simply cannot manage to fund a professional search or you choose not to use a firm for some other reason? It is possible to do your own search, of course, but be very cautious about your planning, timetable, and homework in terms of reaching the broadest possible pool of candidates and checking references.

2. Who should be on the search committee?

Generally, a search committee is composed of five to nine active members of the board. The following factors should be considered:

- *Board leadership: The board chair should be a member of the search committee. It is also good policy for the chair of the search committee to be the next likely chair of the board. In any case, it is not a good idea to put people on the committee who will not be around to work with the new CEO.*
 - *Board tenure: A mix of long-term and more recent board members is desirable.*
 - *Expertise: A variety of personal and professional expertise and points of view is also desirable.*
 - *Confidentiality: An understanding of the confidential nature of the search is crucial. If you doubt a board member's ability to meet this standard, do not add him or her to the committee.*
 - *Commitment: It is imperative that all committee members see this as their top volunteer priority. While it is a short-term task (hopefully complete in less than a year), a search is enormously time consuming, and committee members must be realistic about the demands on their time that this responsibility will make.*
 - *Staff representation: The current CEO should not serve on the committee. Another staff member chosen in a manner that is deemed fair and appropriate can add enormous value. Not only can such a person offer a fresh perspective on the organization's operational needs, but prospective candidates often appreciate the opportunity to ask knowledgeable staff about operational issues.*
3. Review all organizational records and documents from previous searches. If possible, talk with some of the people who were involved in those searches and ask for their suggestions. Also talk to your current CEO about how the process went to see what he or she suggests. Be sure that your CEO's job description is in order, particularly if it is determined that you will need an interim CEO.
4. In the course of getting ideas for possible search consultants, you should talk with other organizations that have recently undergone transitions. Beyond asking whom they recommend to help with the search, ask for advice about



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the process in general. Invaluable observations may emerge from these conversations.

5. If you will be using an interim CEO, determine a process for deciding whom that will be. There may be an appropriate person on your senior staff. If so, this person may become an internal candidate for the final position. It is possible to hire someone from outside your organization to become an interim, but this can be quite difficult and often exposes the staff to a double transition. Still, if there is a long time between the retirement of one CEO and the arrival of another, it may be your best option. Another option, which I have personally experienced, is to run the organization as an office of the chair, with volunteers and staff working together. I would not advise this as a long-term management model, but it can serve in the interim.

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6. Determine how you will communicate—both internally and externally—with your organization's stakeholders. I cannot stress enough how important it is, during this period, to keep in touch with the people who work for and care about your organization. Change does not have to equal crisis, and transition can be a crucial point of opportunity for organizations. But if you fail to communicate adequately about what is going on, you will raise concerns about your organization's health. Even if everything is going smoothly, if only a small group knows exactly what is happening, there may well be a perception of trouble.

The information you need to communicate and the ways of doing so include the following:

- *an announcement of the CEO's retirement (internally first, then externally to a broad group of stakeholders); this letter usually comes from the CEO and can be followed by a press release;*
- *a letter to stakeholders noting which search firm has been chosen and describing the planned process for the search and the expected timetable; this letter should be upbeat, noting all the other operations taking place during the search, so that the search, while important, doesn't seem all-consuming (internally and externally);*
- *a letter with the vitae of the new CEO and details about his or her arrival (internally first, then externally).*

Additionally, the board and search committee chairs should be available to meet with staff at several points during the search to answer questions. Please note that these meetings are distinct from sessions with staff that specifically address what the staff sees as the organization's needs and desirable personal traits in a new CEO. The board chair should also be available to meet with key funders to discuss how the search is going.

I would like, in particular, to make a note about communication between the search committee and other board members. Although the full board has to vote to accept the search committee's recommendation for a new CEO, the full board cannot actively participate in the process. This is problematic because it creates some incredibly active and engaged board members and others who feel marginalized. There will always be board members who wish they had been invited to serve on the search committee. It is critical that the full board be kept informed on all aspects of the process, but it is also important that members be engaged in discussions about desirable traits in CEO candidates, their views on the institution's needs, and their hopes for its

future. This may add time to the search, but will be well worth it when there is a greater feeling of engagement by the full board.

THE SEARCH UNDERWAY

At the beginning of the actual search process, the task at hand may seem overwhelming. But if you are deliberate about the process you use, there's a very good chance that you will have satisfying results.

1. Be sure your search timetable is realistic. Searches using search firms seldom take less than six months and sometimes take longer. Generally, a year from the announcement of one CEO's retirement to the arrival of another is enough time. If you try to compress the timetable, you may regret it later. Also, suggesting that a shorter timetable is possible often creates false expectations by staff and other stakeholders.

2. If you have hired a search firm, be very clear about what you expect from the firm and its method of operation before any actual work begins. Most search firms have a pretty clear process that they normally follow, but will be flexible if you want some modifications for your organization.

Generally, firms will do the following:

- *conduct initial meetings with board and staff to outline how they see the search proceeding;*
- *conduct planning sessions with the search committee and other key stakeholders to consider the institution's needs and the desired traits in CEO candidates; there will also be discussion about whether the search should be national or local and where the firm usually finds its pool of candidates;*
- *prepare a document describing the position and the institution; this document must be approved by the search*

committee and may be reviewed by others if the search committee feels that it is desirable;


- *collect resumes (usually 15–20) for the committee's perusal; often the booklet of resumes is sent ahead to committee members for them to review as a group—with input from the search consultant—before interview candidates are selected;*
- *prepare the group for interviews by suggesting appropriate questions, desirable formats for discussions, etc.;*
- *arrange interviews and guide committee members during the interview process, though committee members will be the actual discussants;*
- *guide the committee as candidates are discussed, and assist with reference checks, additional interviews, and visits to the institution;*
- *work with the committee and final candidate to arrange terms for hiring.*

Whether handled by a search firm or the search committee itself, it is crucial that there be a point person to act as calendar coordinator and secretary during the process.

This can be a staff member at the institution or someone associated with one of the committee members, but it must be a professional person who works in a timely manner.

Also, it is crucial that meeting and interview dates be established as far in advance as possible to ensure maximum committee participation.

3. Throughout the search, the board chair in particular is responsible for staying tuned in to staff feelings. From the staff viewpoint, the loss of a CEO can seem devastating, especially when there is no institutional memory of a time when the CEO was not present. Further, staff who were hired by the outgoing CEO may worry that their own



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positions are vulnerable because a new CEO might not retain them. A good board chair listens, reassures staff that an appropriate process is in place, and communicates that the board feels strongly about maintaining stability.

4. All stakeholders need to be assured that the organization will continue to fulfill its mission during the search process. This can be done in a variety of ways, but it underscores the importance of regular communication. The institution must treat the transition as a time to reflect on past successes, ensure that the present mission is being met, and think about the future. While a transition requires some caution, there should also be a sense of the organization moving forward and excitement associated with this movement.

5. While there are opportunities to candidly assess the organization's strengths and weaknesses during the transition, this is the wrong time to radically change the organization's mission. Nor would I recommend using this time to radically change the management structure, or any other major operational aspect of the institution. A good question to use as a screen in determining what not to do during a transition is to ask how a new CEO would feel upon learning about something that had been changed or undertaken just prior to his or her arrival.

CANDIDATES

A diverse pool of candidates will always yield the strongest result. On several occasions I have been part of searches in which the candidate we fell in love with was not one we would have expected to love, whether by background, resume, or some other criteria. It's important not to prejudge people, and a good search firm will persuade you to consider candidates who may not seem ideal when first considered. Keeping an open mind is very important.

1. Just as prospective search firms operate as consultants for your organization, so will all the candidates you interview. A difference here is that you will be footing the bill for travel expenses, but other than that you can expect to learn a lot from all the candidates you interview, even if it is clear fairly early in the process that you will not choose a given candidate. Because you will have sent a complete set of materials about your organization to all the candidates you plan to interview, they should be prepared with questions and comments specific to your organization. You should also expect to gain a sense from them about how they see your organization fitting into the broader context of the world within which you operate. You may not be interviewing candidates whose backgrounds exactly match your institution, but you should be able to ascertain whether they would be a good fit for you.

In the interview process, it is important to note that as a group, you are "selling as well as buying." Your search committee reflects your organization. If you are gracious, courteous, and friendly, you are more likely to attract a candidate's interest. Additionally, your level of candor in responding to questions about your organization will be of critical importance to candidates. Candidates will also watch to see how the members of the committee interact with each other.

2. In my comments about interim leadership, I noted the possibility of internal candidates. Internal candidates need to be treated with special care for a variety of reasons, the most important of which is that the entire organization may be judging your treatment of this person. As a known quantity, the internal candidate is often the staff favorite. In many cases, an internal candidate will be strongly viable for the position of CEO, though a full search will lend credibility to the choice of this person. If it is clear, however, that this person is not of the caliber you wish to have

for CEO, you must not treat the candidate as if they might be the possible successor. Never entertain the idea of a “straw” candidate whom you know you will not hire; this will compromise the process and the results of the search. If an internal candidate expresses interest but is not viable, it is the responsibility of the search committee chair or the board chair to speak privately with the individual and let him or her know the sense of the group.

3. References must be checked. This is another area where search firms add enormous value because they are able to ask questions in a way that elicits important information. If you are doing the search without a firm, it is even more critical to have a few members of the search committee call and check all references. Asking, “Is there something I should have asked?” sometimes elicits desirable information. Further, asking, “Can you recommend this person without qualification?” may reveal any reservations the reference might have about the candidate. I recommend that only a few committee members do the checking, so that they are better able to ensure consistency in the process.

4. I always look for information about volunteer work in a candidate’s resume. This is because the candidate will be working with a volunteer board as well as with other volunteers in the organization. The relationship with volunteers is likely to be smoother, in my experience, if a CEO has volunteered in his or her own life.


5. Generally the search firm talks to candidates about the salary and benefits associated with the job, but you should be prepared to answer questions about these things if they come up, even at initial interviews. You may also get a sense of how long a candidate would be prepared to stay in the job. It is unrealistic to expect lengths of tenure in not-for-profit organizations that were traditional in the past,

but if someone says they usually remain in jobs for three or so years, I would see that as a red flag.

6. Other red flags can come from a range of issues. Sometimes a candidate will note his wife’s reluctance to leave her family in the area where they are now living, or a particular need of a child that is being met in the hometown. Sometimes a candidate will just not “get” your mission. Sometimes a candidate is more reluctant to leave his or her current position than they had initially seemed. You may love a candidate who simply wants a much higher salary than your organization can afford. Your committee has to feel a sense of fit with the candidate you choose. You have to be able to think, “Yes, I would really like to work with this person!” If you don’t feel excitement about the candidate, he or she is probably not the right person for you.

If no candidate is chosen after the initial interview process, either the search firm or the search committee will have to come up with a new pool of candidates. I have had this experience on a search, and while it was discouraging, the second round yielded what I consider an even stronger pool than the first. The important thing is to keep your eye on the prize of selecting the best person to lead your organization. A couple of extra months is a sound investment in your organization’s future.

7. When the search committee agrees on a final candidate, that person is recommended to the full board for approval. It is customary for the board to have an opportunity to meet with the candidate or, in some cases, two finalists. This is not always possible but helps with board engagement when it can be arranged. It is also common for the candidate to wish to meet with senior staff or even a broader group of staff representing the organization.



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8. When you find a candidate whom you are ready to hire, there will be a period of negotiation, as start date, salary, vacation, benefits, and other terms are agreed on. This is another area in which the search firm adds value. There may be some real persuasion required; you shouldn't leave that completely to the search firm, but you should let the firm's consultants advise you. On one occasion, I wrote a personal note to the prospective CEO saying how impressed I was by him and telling him that I thought he could bring something quite remarkable to our organization. Was this a "begging letter"? More or less. But I don't think it hurt our cause and maybe it helped—he joined us and served for ten years. It's fine to be passionate, but never make a commitment you can't fulfill.

THE OUTGOING CEO

I have already mentioned how much emotion may be associated with the retiring CEO. It is critical to honor this person's history with your organization, to celebrate his or her commitment to your mission, and to ensure that he or she feels valued at the time of departure.

In terms of the outgoing CEO's role during the search, a wise search consultant once told me that the role of the retiring CEO is to be like the "mother of the groom—wear beige and keep your mouth shut." That being said, the retiring CEO has a huge fount of knowledge about the organization and would probably very much like to share it. It is common for finalist candidates to want to talk with this person and that should be fine with you. Presumably the retiring CEO is a terrific advocate for your mission and your organization.

I do not recommend overlapping terms, but some organizations find it very helpful. I think you have to determine what will work best in your organization. Letting go may be

very hard for your retiring CEO, so if he or she is available to meet with the new CEO after the first few weeks of the new tenure, that might be the best approach. Clearly a cordial relationship between the two is the best for the health of the organization.

AFTER THE CONTRACT IS SIGNED

Hooray, you say, and phew! But the transition work is not over and there are points of enormous vulnerability here. Communication with internal and external stakeholders remains extremely important. In some cases you will hire someone with a very different background than that of the outgoing CEO, and people will say, "What were they thinking?" Your stakeholder materials must make clear why you chose the candidate and the excitement you feel about his or her leadership of your organization. Knowing what he or she is bringing to the table, you can't wait for your new CEO to prove his or her worth.

If there is a considerable gap in time before the new CEO arrives, the board chair should determine how best to keep in regular touch. There should be a real effort to determine what the new CEO will need to know right away and whom he or she should meet first. Planning a low-key social event for the staff to meet the CEO and another for the full board to welcome him or her is highly desirable. There should be a sense of celebration around the arrival of the new CEO, just as there should be appropriate celebratory events for the departure of the outgoing CEO.

Though the CEO may love his or her new job, if the spouse and/or children are having trouble adjusting, it will affect job performance. Be ready to be supportive of all the issues families face when they move.

There are critical ways the board continues to support the CEO even as he or she settles in to the job:

- *Someone, preferably the board chair, needs to check in with the CEO regularly to see how everything is going. This should be an informal conversation but be candid enough to allow the CEO to talk about any real problems he or she is facing. Some organizations refer to this as a wellness check, and in some cases, it is the responsibility of several people.*
- *The new CEO should be encouraged to reach beyond the organization's board and staff for support. There may be local organizations that he or she can join, or executive coaching courses that he or she would like to take. The CEO should be encouraged to go to workshops and conferences to hone his or her skills and knowledge about the field within which the organization operates.*
- *If possible, the new CEO and board chair should attend a conference together that specifically addresses the issues of their partnership.*
- *The CEO should expect regular evaluations. A new CEO usually has a six-month evaluation and then another at the end of the first year. It is at these evaluation points that goals are discussed.*
- *The board should regularly assess its own performance in supporting the CEO. A board that is open to assessing its own performance is much more likely to establish a healthy relationship with staff.*

The period of a CEO search is one of the most dynamic and unsettling times in an organization's life. Once the search is over, everyone wants the organization to feel calm and stable. Realistically, there will be an adjustment period for the new leader as he or she assesses the organization's needs. At this point, the new CEO will be anxious to share his or her vision and goals for the organization. For the

board-CEO partnership to thrive, the board will have to offer renewed energy to match that of the CEO. The board will be expected to clearly demonstrate commitment to face the challenge of achieving these goals. The wise board, hopefully no longer weary from the search, will feel enormous pride in the leader it has chosen and excitement about the work ahead. **My experience is that boards work best when they have real work to do, and this period of leadership succession provides just such meaningful work.**