

Executive Transition Planning

Preparing to replace a leader can be one of the most difficult challenges that a nonprofit will face. Often the relationships, performance expectations, and the culture of an organization are linked to the vision, abilities, and personality of its executive director. Even stable organizations can appear vulnerable when there is not careful attention paid to the change. On the other hand, the process can be viewed as a great opportunity that allows the organization to grow, move forward, and change its format or direction.

“Executive transition planning”* should begin long before the current leader or executive director departs. The more thoughtful and thorough the planning, usually the more successful the succession.

Following are ideas to help organizations plan executive transitions. The ideas are as applicable to parent centers as they are to other nonprofit organizations.

What the Research Says

Executive transition planning is a major turning point for any business or nonprofit organization. How it is handled can serve as a predictor of the organization’s future effectiveness. Careers of departing and arriving executives and reputations of board leaders can be directly affected by the outcomes of executive director transitions (Neighborhood Reinvestment Corporation, 1998).

The Neighborhood Reinvestment Corporation joined with a number of local nonprofits and the W.K. Kellogg Foundation to study the various phases of executive transitions. The collaboration resulted in the development of strategies and activities to help nonprofits plan for and navigate a successful executive transition.

In 1998, the Neighborhood Reinvestment Corporation reported that when there was a departure of an organization’s founder

or visionary leader, a managed and well-planned transition process was critical. Without a plan, numerous negative results occurred affecting the organization, the board of directors, the staff, clients, and community stakeholders. Negative aspects of poorly planned transitions included high financial costs to the organization, repeated executive turnovers, loss of organizational focus and momentum, and extended periods of organizational underperformance. In extreme circumstances, organizations went out of business, resulting in broken community commitments and financial entanglements (Neighborhood Reinvestment Corporation, 1998).

The group identified three distinct phases of executive transitions, which include:

- (1) Getting Ready
- (2) Recruiting, and
- (3) Post-Hiring.

Each phase builds on the one before and has its own key issues, considerations, and decisions that must be addressed by the organization (Adams, 1998; Neighborhood Reinvestment Corporation, 1998). The remaining information in this article will summarize the key activities and responsibilities to be addressed by the board, the exiting director, and the incoming director during executive transition planning.

Activities and Strategies for the Board of Directors

It is important that an organization have an effective succession plan for identifying and developing individuals who have the potential to address the organization’s future needs. Succession planning is not only about finding the right person for the top job, a succession plan can identify, recruit and develop overall talent to ensure that there is continuity of leadership for all key positions in the organization (Barrett, Goldberg, and Folger, 2006).

*“Leadership Transition Planning” and “Executive Succession Planning” are terms which are often used interchangeably with Executive Transition Planning. For the purposes of this paper, the term Executive Transition Planning is used.



When an executive director plans to leave an organization, a high demand is placed on the board of directors for their energy, activity, and leadership. Whether the departure is imminent or in the distant future, the board of directors has two very important challenges: finding a successor and planning for and assisting in executing a healthy transition for the entire organization.

While the executive transition can be an intensely challenging process, many difficulties can be minimized when the board of directors takes action and develops an executive transition plan that focuses on three areas:

- (1) assembling a cadre of future leaders;
- (2) developing and articulating clear expectations of the board of directors and the exiting executive director during the transition process; and
- (3) designing a plan that takes into account the three phases of transition. The executive committee of the board of directors, in consultation with the executive director, may find it valuable to pull together a transition committee that can address these areas. The executive committee may decide, instead, to take on the functions of a transition committee.

Roles and Responsibilities of the Transition Committee

If the departure of the executive director is in the distant future, the transition committee has a responsibility to help set realistic goals and timelines that will develop and nurture an environment of strong leadership in the organization. The activities for succession planning can be aligned with an organization's overall strategic plan and should include a way to gather input from a variety of stakeholders.

The transition committee may recommend that the board of directors retain an outside consultant or facilitator to determine the full picture of the organization and its needs. (This may not be feasible for some centers because of cost considerations or size of the organization.) The consultant may work with the executive director and the board of directors to determine the steps to be taken during the transition phase. For instance, the consultant may help the board and the executive director to develop a performance measure for the transition process jointly. The process would then be reviewed and evaluated once or twice a year, until the executive director leaves. In addition, the transition committee can help the executive director develop an organization audit to determine the key goals for the organization in his or her remaining tenure. The committee and the director can also explore challenges that could confront a new executive director, as well as how to acquaint a new executive with the organization's strengths, weaknesses, and opportunities for growth.

The transition committee should be willing to discuss and

provide recommendations to the board on handling the public relations associated with the departure of an executive director. It may include how and when information about the director's departure will be conveyed to the entire board and advisory committee members, staff, clients, funders, and the community at large.

As the time draws closer to the executive director's departure, the transition committee may assume specific tasks, beginning with a review of its previous activities and recommendations. Then, the transition committee may choose to assign workgroups. One such group may take the responsibility for arranging an appropriate farewell event for the departing director, as well as developing a consistent message about the departure of the executive director and what will follow.

The transition committee members may discuss various recommendations on conducting the search and screening processes that can be presented to the entire board of directors. It may recommend that an interim director be selected. This allows the board time to consider hiring issues. The committee may also recommend using outside help or a consultant for the search. It may stipulate some of the skills required of an outside consultant and the cost considerations to the organization.

The transition committee may want to review such things as the compensation package, including the retirement plan and other benefits, offered to the new executive director. The committee will want especially to develop a plan for the entry of the newly hired executive that sets her or him up for success. (Wolfred, 1998; Adams, 1998; and Stevens, 2004)

A major challenge for the board of directors of any organization, whether large or small, is to resist the pressure to act too quickly. By developing a plan that pays close attention to identifying and attracting a diverse pool of candidates, clearly articulating expectations, and having a well-thought-out agenda, the board can feel confident in its processes and decisions.

Tips and Strategies for the Departing Director

An executive director who is considering leaving an organization may feel conflicted about the departure, especially if she or he is the founder or visionary leader. Some of the questions may be "Should I go?" "Should I stay?" "Does the organization have a solid foundation?"

Once the executive director has disclosed to the board of directors the intention to leave, relationships and roles will shift quickly. It is helpful when the executive director can give the board of directors a clear picture of what must be done during the transition process. This requires that the executive director ask and assess several questions such as:

- Is the organization ready for this change?
- What actions can be taken before a public announcement is made about the impending departure?

- Can the present executive director accomplish the actions or does the organization need outside help?
- Is it necessary for an outside consultant or a group facilitator to inform the current director and the board about issues that need to be addressed prior to the director's departure?
- Is it feasible that a successor be groomed, knowing that the final decision for the new executive director rests with the board of directors?
- If there are internal candidates such as an associate director, does he or she possess the necessary skills and desire to be executive director?
- What could derail the success of a new director?
- Are there unrealistic expectations by the board and the staff for the next executive director?
- How strong is the infrastructure of the organization, its financial systems, and its policies and procedures?
- What steps are needed to strengthen the organization's foundation?
- What is the role of the executive director in this part of the process?

If the board of directors appoints a transition committee to help with the transition, the executive director can shift priorities to short-term actions that will strengthen the organization before she or he leaves.

Because an executive director may have mixed feelings about leaving the organization, it may help to talk with a mentor or a selected colleague. A departing director may wish to celebrate relationships and accomplishments and say good-bye in ways that are appropriate for him or her.

Tips and Strategies for the Incoming Director

An incoming executive director will want to become connected to the organization as quickly as possible. It may help to focus on three levels: learning the organization, setting direction and priorities, and planning the first meetings with the board and the staff to develop relationships and hear about the organization (Adams, 2002).

Level 1 - Learning the Organization

An incoming executive director must pay attention to the organization's realities and be prepared for surprises. Before starting the job, or within the first two weeks, the new director should thoroughly review the following:

- the bylaws
- current financial statements (including cash flow information)
- one year of board meeting minutes
- board of director rosters

- advisory committee rosters
- contracts (including grants)
- summaries of funding commitments and recent rejections
- agreements (including property and equipment leases)
- existing personnel policies and procedures
- audits and any findings
- staff rosters and staff resumes
- current physical equipment inventories

Level 2 - Setting Direction and Priorities

The new executive director should develop work plans, in writing, for the board to use in evaluating her or his performance. She or he should also insist on a three-month informal check-in and a six-month performance review, with feedback occurring on a continuous basis.

Level 3 - Planning First Meetings with the Board and Staff

Building consensus with the board and staff will take time. It is perhaps one of the biggest challenges that executive directors face in the first months on the job. During this time the new director may need to address critical organizational issues. Fully understanding the organization and its formal and informal relationships is an incremental process that can take more than a year. Meetings with board and staff should be a priority. The new director will want to clarify the board's expectations as quickly as possible. He or she can ask board and staff, when appropriate, for guidance on people to meet and assistance in receiving introductions.

It is important that the new director work with staff to create a safe environment in which to learn. New directors must feel comfortable admitting what they do not know and asking for support with their orientation and professional development needs. It may be helpful for a new executive director to find a mentor outside the organization whose role is to help the new director observe and process events at the organization and determine what is needed to succeed in the job.

Each nonprofit has its own definition of success. Careful planning will help it preserve the qualities it wants while preparing for the future.

Where to Go for Help

Technical Assistance ALLIANCE for Parent Centers. Parent Center leaders can contact their national or regional technical assistance provider for advice. The technical assistance provider may be aware of successful executive transitions within the parent center network and other nonprofits. www.taalliance.org

Nonprofit Support Organizations.

Local and regional nonprofit support organizations can provide help or technical assistance in organizational development. Here are a few:

Support Center for Nonprofit Management
305 Seventh Avenue
New York NY 10001
(212) 924-6744
www.supportcenteronline.org

Nonprofit Management Solutions
8265 Vickers Street
San Diego, CA 92111
(858) 292-5702
www.npsolutions.org

CompassPoint San Francisco
731 Market Street, Suite 200
San Francisco, CA 94103
(415) 541-9000
www.compasspoints.org

Nonprofit Associations

Organizations in several states have affiliations with the National Council of Nonprofit Associations. The associations are excellent sources of information about succession planning, planning and executing executive transitions, and other information about nonprofit management. For the nonprofit association in your state, contact the National Council of Nonprofit Associations at www.ncna.org or (202) 962-0322.

Community Stakeholders

Through networking, contacts, and association memberships, parent centers may be aware of other nonprofits in the community that have experienced a successful executive transition. Organization representatives can meet with key transition players of community organizations such as the board president, chair of the transition committee, a past executive director or the current executive director. Funders are also excellent sources of information.

Independent Local Consultants

Consultants can be hired to assist in the various phases of the executive transition. Costs vary from state to state. A local community organization or nonprofit support center may have the names of possible consultants.

Search Firms

Executive search firms recruit candidates and assist with aspects of the hiring process.

Newsletters/Books/Magazines/Websites

Newsletters, magazines, books, and Web sites address issues and practices relevant to the nonprofit world. Suggestions include Board Café (<http://www.compasspoint.org/publications/board>), Nonprofit World; and The NonProfit Quarterly.

Resources

Adams, T. (2002). *Departing? Arriving? Surviving and Thriving: Lessons for Seasoned and New Executives*. The Nonprofit Quarterly, 9(4).

Adams, T. (1998). *Executive Transitions: How Boards and Executives Create Their Own Futures*. Nonprofit World, 16(3).

Adams, T. (2005). *Founder Transitions: Creating Good Endings and New Beginnings*. Executive Transitions Monograph Series Vol. 3. Baltimore, MD: The Annie E. Casey Foundation.

Barrett, S.D.; Goldberg, P.F.; & Folger, S. (2006). *Succession Planning in a Parent Center*. Minneapolis, MN: PACER Center.

Neighborhood Reinvestment Corporation (1998). *Managing Executive Transitions*. Washington, DC: NeighborWorks.

Stevens, S. K. (2004). *Succession Planning: A Skill-building Seminar of LarsonAllen Public Service Group*. Presented by Anne Howden on September 10, 2004 at the ALLIANCE Management Institute in San Francisco, CA.

Wolfred, T. (1998). *When the Executive Director Leaves: The Job of the Board's Executive Transition Committee*. Board Café, 2(9). San Francisco, CA: CompassPoint Nonprofit Services.