

DON TEBBE

CHIEF EXECUTIVE
TRANSITIONS

HOW TO HIRE AND SUPPORT
A NONPROFIT CEO

SECOND EDITION



BoardSource®

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ABOUT THIS BOOK

Chief Executive Transitions: How to Hire and Support a Nonprofit CEO was created to help board members hire a new chief executive and manage a successful leadership transition. It covers the three stages of the transition — Prepare; Search and Select; and Onboard and Support — and the six tasks that boards face in guiding their organization through these stages:

1. Understand and guide the transition.
2. Prepare for a leadership change.
3. Ensure leadership continuity.
4. Manage communications.
5. Search for, select, and hire the chief executive.
6. Onboard and support the new CEO.

The book is organized in three parts:

- Part I, Understanding Chief Executive Transitions and the Board’s Six Tasks, provides an overview of the six tasks followed by an in-depth look at each.
- Part II, The Tasks in Action: Building the Transition Plan, includes a step-by-step checklist for planning a CEO transition, with supplemental checklists for special situations.
- Part III, Transition Toolkit, contains a collection of templates and tools that the board and the task force in charge of the process can use or customize to help manage the transition.

The ideas in this book are the result of my own experiences — first, as an executive transition consultant to more than 100 nonprofits since the early 1990s, and second, as cofounder and transition practice leader of a consulting firm that worked with 30 to 40 nonprofits annually on executive search, transition, and succession planning projects. The book also draws on interviews with other transition experts and members of the Alliance for Nonprofit Management’s affinity group for executive succession and leadership continuity. Some of the concepts and ideas in these pages have their origin in the author’s participation in a national learning community of nonprofit advisors convened by the Annie E. Casey Foundation in the early 2000s.

WHO SHOULD READ THIS BOOK

Chief Executive Transitions was written primarily for boards and board members of nonprofit organizations, including the following:

- **Boards preparing for a future chief executive transition.** The current CEO’s departure date is more than six months away, or there isn’t yet a definitive date.

How this book will help: By offering a view of the road ahead, as well as ideas for strengthening the organization and preparing for a successful transition.

- **Boards facing an imminent chief executive transition.** Either the executive has left or is planning to leave within the next six months.

How this book will help: By providing an immediate guide to leading and managing the executive search and transition.

- **Boards in the midst of an executive transition.** The transition is in process, and the board is about to hire (or has recently hired) a new executive and is looking for ways to help the incoming executive get off to a better start.

How this book will help: By suggesting approaches to ensuring a long, prosperous tenure for the new CEO and building a sound partnership between the executive and the board.

- **Boards that have experienced a failed transition or high level of turnover in chief executives.** A recently hired CEO quit abruptly, or there's been a proverbial revolving door on the executive's office.

How this book will help: By showing the board how to strengthen its hiring and selection process and explore legacy issues affecting executive turnover.

- **Boards facing a challenging executive transition.** Either the previous CEO was terminated or the departure has left the board with serious questions about the organization's circumstances and stability.

How this book will help: By suggesting ways to drive out the uncertainty and get to a place where the next actions are clear.

Regardless of the particular situation that prompted you to pick up this book, it carries a hopeful message for all readers: *While executive transitions pose many risks and challenges, they are also an opportunity to sustain good works and to strengthen organizations so they can increase their mission impact.*

Hiring the chief executive may be the most crucial responsibility of a nonprofit board. This book will help your board carry out this responsibility with confidence and success. Let the journey begin!

TRANSITION TERMS TO KNOW

Chief Executive, Executive, CEO

For simplicity's sake, this book uses the terms *chief executive*, *executive*, and *CEO* interchangeably to refer to the chief staff officer position in a nonprofit organization. Organizations use various titles for this position, including executive director, president, president and CEO, and chief professional officer.

Transition Task Force

The central premise of this book is that chief executive succession and transition is an organizational change process that takes place over many months and involves more than just a change in leaders. The board's responsibility is to oversee that entire transition process, not just select the new CEO. In keeping with this view, this book proposes the appointment of a *transition* task force as the board's key team for managing the entire process (see Chapter 2). It suggests avoiding the term *search* task force, which invites a very narrow perspective of the board's responsibility.

While board members should form the core of the transition task force, some boards invite senior staff members to serve on the task force to aid in the transition process. Staff perspective can be especially valuable in planning for a leadership change, preparing the organization to work effectively with the new CEO, and onboarding the new executive after the hiring decision has been made. *If the board chooses to include staff on the task force, board members alone should oversee the transition process, manage the search, interview candidates, manage the selection process, and make a hiring recommendation to the board. Staff members should not be involved in these tasks.* The role, composition, and responsibilities of the task force are discussed in detail in Chapter 2.

Legacy Issues

A legacy issue is a condition or situation that is a carryover from the previous administration. For our purposes, we are concerned with those issues that could possibly distract or even derail a new executive if they aren't at least identified and, ideally, put on some sort of track toward resolution during the transition. Legacy issues can vary in severity, from just annoying to organizationally life-threatening, as well as in scope, from easily resolved to long-term multistage projects. These issues are often submerged, and they may not be apparent to the board without a solid organizational assessment. Common examples include a broken business model that leads to persistent deficits; boards whose composition or outlook no longer fit the organization's future; a staffing structure that relies too heavily on the departing CEO; and problem players on the senior management team.

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PART I

UNDERSTANDING CHIEF EXECUTIVE TRANSITIONS AND THE BOARD'S SIX TASKS

INTRODUCTION

What's Covered in This Chapter

- Two courageous questions every board should ask first
- Keys to successful executive transitions
- Six tasks for managing a successful transition
- Common transition mistakes and how to avoid them

If you're reading this book, it's likely that your nonprofit is facing the prospect of hiring a new chief executive, either to succeed the current executive or to serve as the organization's first. In either case, you're in the right place. This book will provide a solid understanding of the board's six tasks for managing a successful transition, give you tools to help, and guide you through a step-by-step process for selecting and onboarding your organization's new executive leader. Beyond that, you will learn how to avoid common pitfalls and turn this moment of change into a capacity-building opportunity for your organization.

You and your fellow board members may be feeling a bit daunted by the work ahead. Hiring a new chief executive and managing the transition is a complicated process, but this book will break it down into manageable activities that will help you prepare a customized map for your organization and its unique circumstances.

If it is any consolation, you should know that your organization is not alone when it comes to facing a leadership transition. BoardSource's *Leading with Intent: 2017 National Index of Nonprofit Board Practices* found that the average tenure for nonprofit chief executives is eight years. Sixty-six percent of the chief executives who participated in the research were first-time executives, and 26 percent planned on leaving their positions in the next three years.¹ Various studies have found that about two-thirds of nonprofit chief executives are over age 50, so the ongoing retirement of baby boomers will continue well into the next decade. But the "why" of executive transitions is less important to boards than the "how" — and that's what this book is about: how to manage a transition well.

¹ BoardSource, *Leading with Intent: 2017 National Index of Nonprofit Board Practices*, 58.

TWO COURAGEOUS QUESTIONS TO ASK

A CEO transition is a watershed moment. It is a time when the board should take a step back and ponder some serious questions about the present and future of the organization and how to best achieve its mission going forward. Before launching a transition, have the courage to ask these two questions:

1. *Should the organization continue?*

The departure of a chief executive provides an opportunity for the board to pause and take stock by reviewing the organization's impact and considering whether it can continue to make a positive difference and provide an adequate return on investment. Perhaps the nonprofit has fulfilled its mission, and it's time to celebrate victory and wind the organization down. Or maybe the mission work still has value, but the organization lacks sufficient scale to make a meaningful impact. In this case, the board might consider closing the organization or transferring its programs to another nonprofit. For guidance on this important question, see *The Power of Possibility: Exploring Greater Impact Through Strategic Partnerships — Closing the Doors* (thepowerofpossibility.org) and the Recommended Resources at the end of this book. A local community foundation may offer grants for this purpose.

In many cases, this thoughtful pause will result in a decision that the organization should continue. Nevertheless, a careful examination of the nonprofit's capacity and its current and future impact can yield significant benefits for the board's strategic thinking about moving forward.

2. *Should the organization continue in its current form?*

Sometimes, remaining a standalone organization isn't the best way to accomplish a nonprofit's mission. The mission, the clients, the constituents — everyone involved — might be better served if it were to join forces with another nonprofit through a joint venture, parent-subsidary structure, or outright merger. One of the biggest barriers to nonprofit mergers is the question of how to consolidate leadership roles after the merger and what to do with two chief executives. An executive's departure can provide the opening for a serious discussion about a merger, acquisition, or another form of restructuring. For more about this topic, see *The Power of Possibility: Exploring Greater Impact Through Strategic Partnerships — Executive Transitions* (thepowerofpossibility.org) and the Recommended Resources at the end of this book.

The board should remember that its primary objective is sustaining and advancing the mission impact, not necessarily sustaining the organization or its current form. Organizations are a means to an end, not the end itself. A merger, consolidation, or strategic restructuring could be the best way to sustain the organization's underlying purpose and possibly advance its influence to a level of impact far exceeding what it could achieve on its own.

If, after discussing these two courageous questions, the board decides to move forward with filling the chief executive vacancy, then it's time to go to the next step in the transition process: ensuring that board members understand what it takes to make an executive transition successful.

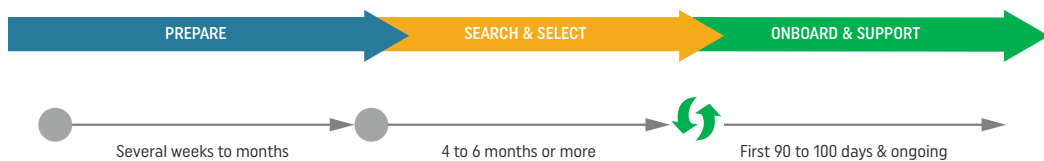
KEYS TO SUCCESSFUL TRANSITIONS

A nonprofit chief executive plays vital roles, ranging from helping define the organization's strategy and shape its long-term strategic direction to managing its day-to-day operations. Effectively navigating a change in executive leadership is crucial to the organization's future impact and continued success. Here are 12 touchstones for success.

1. Set a realistic timeline.

A chief executive transition is a process spanning many months, perhaps several years. It is a sequence of events that begins with the current executive's decision to depart (or the board's decision to force a leadership change) and concludes after the successor has settled fully into the position.

Figure 1. Transition Timeline



Transitions have three stages (fig. 1):

1. **Prepare for a leadership change.** This stage can last several weeks to several months, depending on the circumstances.
2. **Search for and select a successor.** It takes at least four months to conduct a vigorous executive search and selection process; six months or more is typical for this stage.
3. **Onboard and support the new executive.** Onboarding begins with an intense set of activities for the first 90 to 100 days of the new executive's tenure, but it doesn't end there. The entire settling-in process usually lasts at least one complete budget cycle, which may take a full year or more.

These timeframes — particularly the Prepare stage — can vary depending on the organization's size and complexity, the timing of the incumbent's departure, the circumstances under which the executive is leaving, and the condition of the organization and its prospects for the future.

2. Don't rush the process.

The moment when an executive's departure is announced is usually an “Oh, my” moment for the board. Often, the board's immediate impulse is to begin recruiting as quickly as possible. While this impulse is understandable, it's a bit like a cook going into the kitchen, grabbing a pan, and starting to sauté onions without first looking at the recipe or consulting the overall menu for the meal.

Rushing the process can lead to sloppy decisions and, among other things, can cause the board to settle for a less-than-ideal candidate in its eagerness to fill the position. Tom Gilmore, author of *Making a Leadership Change: How Organizations and Leaders Can Handle Leadership Transitions Successfully*, describes the rash decision making that can occur during a transition as “sleepwalking through the process.”²

A better approach is for the board to take a step back, appoint an interim CEO if needed, and give itself time to prepare adequately for this momentous change. This means focusing on the three transition stages (fig. 1): preparing for leadership change, searching for and hiring a successor, and onboarding and supporting the new executive. In other words, the success of the transition hinges on preparation and post-hire follow-through, *in addition to* a vigorous search.

3. Understand that a CEO transition is a major change.

An executive transition is more than a hiring process. It involves many changes beyond deciding who sits at the chief executive's desk. First, the transition may trigger a recognition that the organization needs to change its vision, focus, business model, or strategy. Second, it might call out the need for modifications to the organization's structure, staffing, or governance. Last but not least, the departure of a current leader and the introduction of a new one is a momentous shift in the social fabric of the organization. It is important to remember that organizations are also communities with their own cultures, rituals, and expectations. The announcement of an impending leadership transition represents a disruption in the community, introducing uncertainty and doubt where there may have been a comfortable sense of continuity and familiarity.

4. Recognize the human dimension of transitions.

Transitions are not just about process. They have a profound human dimension. Board members should keep in mind that leadership transitions always provoke emotions. There can be a sense of loss — perhaps even grief — surrounding the departure of a beloved executive. Or there can be frustration because an executive's tenure is ending badly. And there can be hope and optimism about the organization's future under new leadership. Sometimes, all of these emotions — and more — can occur simultaneously within the same organization. Recognizing the emotional nature of a

² Thomas North Gilmore, *Making a Leadership Change: How Organizations and Leaders Can Handle Leadership Transitions Successfully* (Jossey-Bass, 1988).

transition and communicating empathetically with all key audiences are among the crucial responsibilities facing the board.

5. Acknowledge and assess the risks and opportunities the transition presents.

As noted earlier, transitions can offer important opportunities for organizations to reassess, regroup, and build on strengths. But transitions are also a time of risk for organizations for the simple reason that they can fail. One of the most common reasons for failure is the choice of a leader who is a poor fit for the position. The source of the fit problem could be improper vetting of candidates and/or inadequate preparation on the part of the board. Maybe the board didn't update the job description — and more important, its understanding of the job — to match the organization's current reality and its future leadership needs. In this case, the board may end up hiring the right person but for the wrong job. It's important for the board to formulate a deep understanding of the executive's job, not just for today but for the future.

Another common fail point is when the new executive leaves prematurely after becoming disillusioned about the job. Personal issues may be a contributing factor, but more often, the board fails to adequately explain current conditions within the organization or certain aspects of the job. For example, during the interviews or hiring negotiations with the new CEO, the board might (intentionally or not) gloss over or ignore internal political dynamics or fiscal or operating challenges. Or the board may not sufficiently spell out expectations about the job in areas from fundraising to required travel.

In some cases, boards are less than forthright about the organization's challenges because they want to believe everything is okay or they fear airing dirty linen. In other cases, the board may be unaware of problematic issues because it hasn't done the proper organizational assessment as part of the transition planning process. To help prevent these kinds of failures, the board needs to do two things: first, perform adequate review and assessment during the Prepare stage so board members fully understand what's going on with the organization; and second, disclose any uncomfortable facts (even the ugly ones) to the finalists during the candidate selection process.

Transition problems also can occur when the board fails to provide adequate onboarding and support for the new executive. In these situations, the executive may feel adrift and have to develop an understanding of and expectations about the job and the organization independently. For this reason, it's vital that the board pay attention to the third stage of the transition: Onboard and Support.

A failed transition can be extraordinarily costly to an organization and the people involved. Think of the lost hard costs alone, including the organization's investments

in advertising, consulting fees, and relocation expenses. Then understand that soft costs often eclipse the hard costs by a factor of two, three, four, or more. Soft costs include such things as the extensive staff and board time devoted to the transition and hiring process. That is time and energy that people might otherwise have devoted to other key activities. The bottom line: It is always a better investment to put the necessary time into preparing for the transition and carrying it out effectively than having to do it over.

6. Understand that a successor may not be able to do the current job.

The longer a departing executive has been in place, especially if that person is a founder, the more likely it is that the organization, the senior management team, and the CEO's job grew up around that one individual. In other words, the current job description might reflect the current executive's skills, interests, and attributes.

In addition, the job may have evolved over time to become overly complex with too many direct reports or, perhaps, holes in the management team that the CEO is filling. In short, the job may not be doable by a successor, which means that the executive role — and perhaps the management structure — need to be reassessed and recalibrated as part of the transition process. For these reasons, it's critical that the board update the job profile and discuss the implications that the new profile might have for changes in other areas, such as strategy, staffing, or structure.

7. Don't pin hopes on talent alone.

An all-too-common approach for boards of distressed nonprofits facing an executive transition is to engage in "savior thinking." Rather than dealing with the organization's legacy issues as part of a transition process, the board pins all of its hopes on the talent of the incoming executive. As noted earlier, legacy issues are leftover issues from the previous executive's tenure that, if left unattended, might hinder the new executive's performance. They can include *systemic problems* such as an inadequate financial reporting system; *behavioral problems* such as political infighting among the staff; *structural problems* such as board composition that doesn't fit the new realities of the organization; and *financial problems* such as a looming deficit.

Glaring problems like these are certain to distract and perhaps even derail a new executive, especially one who is not made aware of them before signing on to the job. The far better approach is for the board to make sure it understands the organization's legacy issues, has at least a modest plan to address them (other than dumping them in the lap of the new executive), and discloses and discusses the issues and the plan with the candidates, especially during the final stages of the search.

WHY RESOLVING LEGACY ISSUES MATTERS

Research by Amanda Stewart at North Carolina State University found that a significant number of new nonprofit CEOs report being blindsided. The situations they inherited were significantly more problem laden than the boards hiring them let on. In most cases, that happened because the boards themselves were not aware.³

An organization wouldn't think of entering into a merger process without doing serious due diligence. Similar logic should apply to executive transitions. The board shouldn't consider hiring a new CEO without thoroughly understanding the organization's condition, its environment, and the leadership challenge that its next CEO will face.

Resolving legacy issues can be tricky, especially if the issue is the board itself. In other cases, it might point to an inadequacy or adequacy of a still-seated departing executive. In the field of interim ministry, they say that when facing a pastoral transition, a congregation's first task is to "come to terms with history" — to explore and be honest about its situation and take the necessary action to provide an environment in which the next minister can flourish.

Similarly, dealing with legacy issues in a nonprofit organization demands courage on the part of the board — the courage to ask the tough questions, the courage to face facts, and the courage to act, even when that action makes us uncomfortable, especially when it challenges "the way we've always done things."

8. Recognize that hiring a chief executive is different than hiring for any other position.

While board members may have hiring experience in their day jobs, hiring a nonprofit chief executive is dramatically different. First, the role is incredibly varied and complicated. The nonprofit CEO influences every aspect of the organization: culture, operations, effectiveness, community relations, and more. The complexity of the job requires wearing many different hats. Boards need to devote serious attention to comprehending the executive's responsibilities and the competencies required to carry them out. Second, hiring a new chief executive involves a good deal of conjecture and judgment about talent. The fact is, most candidates do not have previous CEO experience. The selection team and the board need to be savvy about assessing the ability of candidates to build on strengths and successfully move into and occupy the role.

Because of the challenges involved, the board would be wise to consider finding outside assistance for the transition, either an experienced executive recruiter or a transition consultant. An alternative is to bring on a board member who has had the experience of hiring a new executive at another nonprofit. (See Chapter 2 for more about working with consultants.)

3 Amanda J. Stewart, "Exploring Nonprofit Executive Turnover," *Nonprofit Management and Leadership* 27, no. 1 (Fall 2016): 43–58.

9. To have a good beginning, strive for a good ending.

How an organization ends the relationship with its current executive will say a lot about the board — to the executive, the staff, and the community. Obviously, the departing executive bears some responsibility for how the departure goes, but the board has the primary duty for setting the proper tone. This means striving for the most positive ending possible, even in the messiest of departures. Taking the high road with an executive who has behaved badly sets a constructive, intentional tone for the future and communicates to the organization's stakeholders that this board has its values in the right place. On the other hand, if the departing executive is a beloved, longtime leader, the board needs to make sure that person is appropriately acknowledged — even celebrated — through ceremonies and events. These activities provide a critical avenue for people to come to closure with an era of the organization's history.

10. Engage the staff and reap rewards.

No other group has more at stake in the outcome of a transition than the staff. While the board shoulders the principal responsibility for leading the transition, the board should treat the staff as an important constituency and a critical asset during the process. Staff members are a rich source of information about the organization and its day-to-day operations. They have knowledge and insights that can greatly inform the board's transition preparations. Moreover, active engagement can help reduce staff members' anxiety and build support and buy-in for the transition outcome.

During transition planning, the board should consider including one or more staff members on the transition task force. It should also consider surveying or interviewing staff members to help enrich its understanding of staff culture, the organization's operating climate, and the roles and expectations of the CEO. And when the hiring decision has been made, the board should engage staff members in preparing the organization before the new executive arrives and helping to plan the new CEO's orientation, onboarding, and introduction to the community.

11. Step up and support the new executive.

After the search is complete, boards often are tempted to breathe a sigh of relief and go back to business as usual. However, with a new executive in place, there is no business as usual. The first few months are the most critical period of the new executive's tenure. During this time, the die is cast on important relationships, especially those between the board and the executive and the executive and staff.

The board and the new executive should work to create the foundation for a positive, long-term working relationship by clarifying goals, roles, expectations, and performance metrics. The board also should offer resources to help with the executive's settling-in process, including funds for professional development and executive coaching as needed. If the new executive is a first-time CEO — and most

are — the board would do well to encourage him or her to seek out a peer-support network or mentoring from another seasoned nonprofit executive. Even veteran nonprofit executives regularly report how lonely it is at the top. This can be especially true for a first-time CEO who is learning about a new organization and taking on a new role. Finding peers with whom to share experiences, frustrations, and guidance can help the CEO settle in and lay the groundwork for a successful tenure.

12. *Begin with the end in mind.*

This phrase, which describes one of Stephen R. Covey's *Seven Habits of Highly Effective People*, is excellent advice for executive transitions. As suggested earlier, the overarching goal of executive transition management is to ensure the sustainability of the organization's mission work. With that goal in mind, here is a proposed "end" that can help frame and inspire the journey through the transition process:

Our board has hired a new chief executive who fits the current and future leadership needs of our organization. The new executive is fully on board, and both the executive and the organization are flourishing.

Let's break these ideas down so we can see how the transition process can help drive toward this successful outcome.

- **Fits the current and future leadership needs.** The board thought critically about the organization's present situation and future direction and the implications for leadership needs. The board then used that knowledge to formulate its plan for the transition, including recruitment and selection.
- **Fully on board.** The board, departing executive, and staff developed an onboarding and orientation plan for the new executive. They also worked to ensure that the new leader is properly introduced to the organization and the community.
- **The executive and the organization are flourishing.** Ahead of the hire, the board ensured that the organization is stable and sustainable. The board also identified and dealt with legacy issues, thus minimizing the catch-up work the new executive might otherwise face.

THE BOARD'S TASKS IN MANAGING A TRANSITION

In practical terms, the board has six tasks in an executive transition (fig. 2), which are the focus of the next chapters in this book:

Task 1: Understand and guide the transition.

The board's role involves more than just the hiring process. Success requires the board to embrace the idea that its job is to guide the organization through all three phases of the transition and address all six tasks.

Task 2: Prepare for a leadership change.

The board develops a plan for the overall transition and makes sure that the entire transition team is ready: the board, the transition task force, the departing executive, and the senior management team. Other aspects of this task include making sure team members are clear about their roles and expectations for the transition and preparing the plan and materials for the search.

Task 3: Ensure leadership continuity.

The board ensures that executive leadership is in place throughout the transition, whether the organization is led by the departing leader or by an acting or interim executive. This task also includes clarifying the chief executive's role in supporting the board during the transition and designing a thoughtful handoff process from the current executive to the successor.

Task 4: Manage communications and ensure positive closure with the current CEO.

From the announcement of the current executive's departure to the introduction of the successor, good communication is essential. The board also should make certain that there is a process for coming to positive closure with the departing executive.

Task 5: Search for, select, and hire the new CEO.

Obviously, a central part of the transition is the search for and selection of the new executive. The board's duties in fulfilling this task range from posting the job, to screening and interviewing candidates, to making the job offer and sealing the deal.

Task 6: Onboard and support the new CEO.

The final task entails introducing the new executive to the community and the organization and sharing the necessary information and support to ensure a successful introduction into the role, especially during the first 90 to 100 days.

Figure 2. The Board's Six Tasks and the CEO Transition Timeline

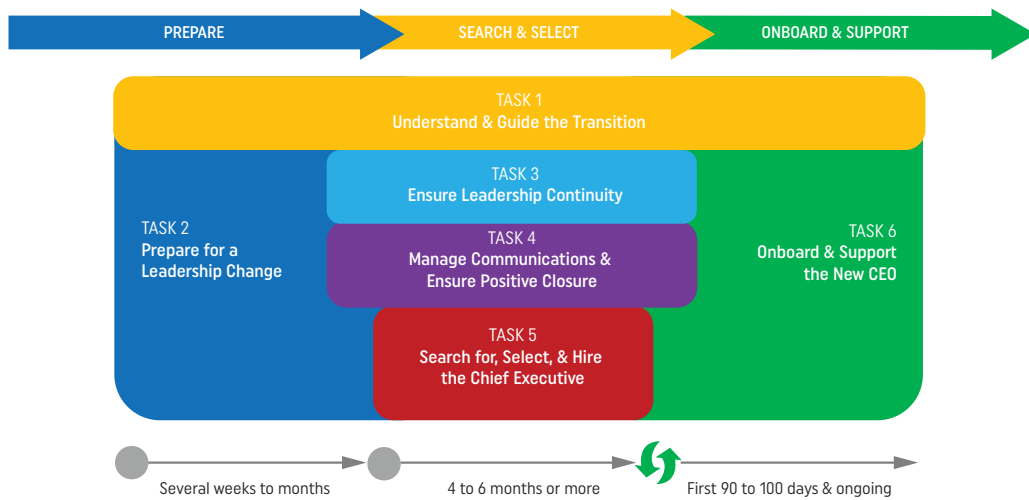


Image and framework © Don Tebbe, 2016–2018

COMMON TRANSITION MISTAKES AND HOW TO AVOID THEM

Reacting rather than “proacting.” The board responds to the CEO’s departure announcement by rushing through the process, trying to fill the position as quickly as possible.

How to avoid: Take care to manage the process the right way. If need be, appoint an acting executive, hire an interim executive, or renegotiate the departure date with the current executive to relieve the pressure on the schedule.

Underestimating the challenge of a chief executive transition, especially when it involves a long-term or founding CEO.

How to avoid: Look beyond the search and understand the significance of the transition. Ensure that the board recognizes every dimension of the role and sees what a big change is in store for the organization and its people.

Not making the job doable for the successor. Many departing executives grew into the role as their organizations grew up around them. Without some job redesign, the weight of the departing CEO’s responsibilities might crush the successor.

How to avoid: Take time to unpack the job and jettison what no longer fits. Look at the organization’s bench depth and opportunities for delegation, and consider reconfiguring the senior management team if necessary.

Looking in the rearview mirror instead of through the windshield. Job descriptions are rarely up to date. When they are, they usually reflect leadership qualities that got the organization to where it is today and that may not be right for the future.

How to avoid: Engage the board in a deep discussion about the organization's future direction and the leadership needed to get there.

Overestimating the board's ability to execute the search and manage the transition on its own. Hiring a nonprofit chief executive is fundamentally different than hiring for most other jobs. Building a good candidate pool requires a significant investment of time. The best candidates often are not in the job market, so the task force must seek them out. Moreover, the transition is a unique and complicated process.

How to avoid: Make sure the board chair appoints the strongest board leaders to the transition task force. Carefully consider the task force's and the board's capacity for the project. Ensure that the board and the task force have appropriate support and get outside counsel if necessary.

Source: Don Tebbe, *The Nonprofit CEO Succession Roadmap: Your Guide for the Journey to Life's Next Chapter* (forthcoming). Reprinted with permission.

ACTION PLAN FOR THE BOARD

- ✓ Ask and answer the two courageous questions before launching the transition.
- ✓ Recognize that transitions go well beyond a search for a successor. More than just a hiring challenge, CEO turnover is a major change.
- ✓ Appreciate that hiring a CEO is different than hiring for any other position. The board may need experienced outside help.
- ✓ Understand the risks involved in rushing the process, and take time to focus and prepare.
- ✓ Pay attention to the profound human dimensions of transitions, especially for the organization's most crucial resource — the staff.
- ✓ Focus on leveraging the opportunities the transition presents to make the organization stronger and better positioned for the future.
- ✓ Appreciate that a successor may not be able to do the CEO job as it is currently configured, and avoid pinning all hopes on the new chief executive.
- ✓ Realize the need to identify and address the organization's legacy issues, including challenges that may create unexpected problems for the new executive.
- ✓ Strive for a good ending with the current executive to set the stage for a good beginning with the new CEO.

- ✓ Engage the staff appropriately in the transition process.
- ✓ Embrace all six tasks for managing a successful transition.
- ✓ Understand that a critical component of a successful transition is stepping up and supporting the new executive.
- ✓ Identify your own picture of success for the transition or key outcomes, beginning the process with the end in mind.
- ✓ Review and discuss the most common transition mistakes.

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CHAPTER 1

TASK 1: UNDERSTAND AND GUIDE THE TRANSITION

What's Covered in This Chapter

- Typical transition types in nonprofits
- Core capacity issues in a transition
- Transitions as change management
- The psychology of change and transition
- Other leadership changes during a transition

In an executive transition, the board's roles are to *recognize*, *understand*, and *guide* this complex process. In a broad sense, this means the board must do the following:

- **Recognize.** Embrace the reality that a transition is a multi-month process that involves many changes beyond who occupies the CEO's office.
- **Understand.** Grasp the scope, nature, and dynamics of the transition, and take those into account in planning and guiding the process.
- **Guide.** Manage the entire transition process from planning for a leadership change through the onboarding of the new executive.

This chapter explores how the board can make sure it is fulfilling these roles as effectively as possible.

SIX CLASSIC TRANSITION TYPES

Chief executive transitions generally fit one — or a combination of — six classic types, each with its own transition management actions for the board and the transition task force. Regardless of what transition type best describes your organization's situation, the board should review and understand the current CEO's role so it can structure a well-informed process to search for and select a successor. This means looking beyond the job description and the board's routine governance interactions with the executive. The fact is, boards are rarely asked to do this. Perhaps they give the job a cursory review during the executive's annual performance evaluation, but what the board usually sees is a narrow sliver of what the CEO truly does every day.

During a transition, the board must peer over the fence and into the management domain to get a grasp of the true nature of the executive role and the environment surrounding it. Similarly, the board must develop an informed understanding of the organization's culture, operating climate, and legacy issues — including a consideration of the leadership and systems needed to strengthen capacity. Board members should

not rely solely on what they have heard at board meetings. Rather, they need to conduct a deeper organizational assessment or review (see page 40).

Type 1: Sustained Success

The organization is well led, and most or all components are performing well. Often, such organizations are replacing a hard-to-follow executive (Transition Type 4). Because the transition challenge is to continue and build on the organization's success, the turning points represented by an executive transition may be slight and probably not abrupt.

In this type of transition, the board must look beyond the outward signs of accomplishment and understand the underlying factors that have led to sustained success. At the root of every high-performing, thriving organization is a culture that cultivates and demands excellence — a culture that the departing CEO has fostered.

Transition Management Actions

- *Don't bypass assessment.* The board and the transition task force should take time to understand what is driving the organization's success. They should then ensure that those success factors are front and center during the development of the CEO job profile, are top-of-mind for the task force during the recruitment and exploration of candidates, and are considered while framing the onboarding process once the new executive is hired.
- *Clarify the outlook.* No organization, no matter how successful, is a static entity. The board's challenge is to identify an executive who can be an immediate good steward of a thriving culture and operations while preparing to lead the organization to new heights.
- *Plan the departure announcement carefully.* At least initially, stakeholders may need assurance that the board is on top of things and that the organization plans to sustain its commitment to excellence.
- *Resist the temptation to try to find someone just like the departing executive.* The leadership skills, abilities, and attributes that got the organization where it is today may not be what it needs to move forward. The question is not how to fill the departing executive's shoes, but how to create new shoes to fill.
- *Take a hard look at the executive's responsibilities and workload.* The board should make every effort to make sure the executive job is doable — for example, by eliminating extraneous duties that may have accumulated for a long-tenured executive, or by augmenting the senior leadership team to provide the new executive with more operational support.

Type 2: Underperforming

The organization is performing poorly, or it may have peaked and will start to decline without a change in strategy, business model, and leadership profile. An underperforming organization may appear to be fine, but beneath the surface, it is not achieving its full potential. Funders, board members, and key staff may be wondering if the organization is doing enough and if its work and strategies have become stale. Roots of organizational malaise often involve a combination of factors, such as an anemic strategy, an outdated business model, lax leadership, or a culture that fosters complacency.

The underperforming organization is perhaps the most challenging transition type. The situation lacks the energetic excitement of sustained success. It also lacks the house-on-fire clarion call for action found in most turnaround situations. Indeed, the need for change may not be universally recognized among board members, especially those who are rooted in past glories and are fearful of change. The board has three choices: Do nothing to change course and run the risk of the organization slipping further into oblivion; merge programs with a stronger, more vital partner; or begin to redirect the organization, pulling it back from the brink, and setting it on an upward trajectory.

If the choice is to continue as a standalone organization, the board will likely want to take steps to change the organization's strategic direction and probably its business model. The board could call a timeout and bring in an interim executive for a period ranging from a few months to a year or more. Or it could press ahead with the hiring of a new permanent CEO who will implement the change agenda. If conditions are bordering on a turnaround (see page 30), then bringing in an interim executive might be the better choice. Consider that the executive profile best suited to lead a turnaround may not necessarily be the same profile needed to guide the organization forward after the ship has been righted. Whether choosing an interim or permanent CEO, the board must recognize that the situation requires a serious departure from business as usual. This means selecting an executive who is capable of jumping the curve of decline, reinvigorating the organization, and setting a new direction.

Sometimes an executive of an underperforming organization leaves before a formal transition has begun — for example, as problems become clear. But in other cases, the board may be placed in the uncomfortable position of planning for a significant departure from business as usual while the executive who led the organization to a state of complacency is still present.

Recruiting a talented new CEO for the underperforming organization may be challenging. Success hinges on a clearly articulated new vision and a fresh take on the leadership opportunity. In preparation for the transition, the board should also hold a mirror up to itself. More likely than not, it shares some responsibility for the organization's dire circumstances. In other words, the board may need reinvigorating along with the organization. The board should have honest conversations about its

level of commitment to change and make sure that commitment is ironclad. There's nothing more disheartening for a new executive than to be convinced by the transition task force of a board's clarity and commitment around the need for change and then to have the board renege on that commitment.

The board faces hard questions and challenging discussions that are usually best guided by a skilled facilitator with a background in leadership transition or organizational development. The need for a solid organizational assessment is more pronounced for underperforming organizations because the opportunities and underlying challenges may not be obvious to the board. What's more, some of the necessary changes may be politically sensitive because they may involve changing personnel, not just systems and circumstances. The board will most likely need outside counsel to help research and define the reinvigoration plan.

Transition Management Actions

- *Conduct an organizational sustainability review.*(See Chapter 2 and Transition Toolkit, page 132.) Pay close attention to the health and longevity of the organization's business model and strategy.
- *Clarify the organization's strategic direction, and outline the major elements of the reinvigoration plan* before launching the executive search.
- *Think carefully about the leadership required to implement the reinvigoration plan* and how that relates to the profile of the next CEO.
- *Ensure that the board is crystal clear about its commitment to change*, including its willingness to change the organization and potentially itself.
- *Be prepared to discuss the reinvigoration plan with candidates* for the CEO position.
- *Make sure board members are ready to roll up their sleeves for an extended period.* Implementation of the reinvigoration plan will probably be a long-term project.

Type 3: Turnaround

The organization is on the brink of collapse for one or more reasons, including perilous performance or operating conditions, a financial crisis, or deteriorating external conditions that are causing a decline in support. In some cases, mismanagement or scandal may have caused a meltdown in confidence and morale. In short, the situation puts the organization's short-term or long-term viability into question.

The board must acknowledge the crisis, understand the underlying factors, and meet them head-on. The first step is to stabilize the management situation, appointing an interim executive if necessary. Second, make an initial assessment of whether the organization is viable or can be made viable. Third, if the organization can be saved, diagnose the situation and develop a turnaround plan. If there are financial challenges,

then the board may need to make immediate special appeals to funders.

Avoid heaping the blame for the current crisis on the departing executive. Magnifying the executive's shortcomings or making the CEO a scapegoat could divert attention from other contributing factors. As in an underperforming organization, the board should identify the extent of its complicity in creating the current circumstances.

Success in a turnaround transition depends on putting effective remedies in place. This is a time to call in the experts. Most boards should not attempt a turnaround on their own. Consider appointing a skilled interim executive to begin the process; a novice manager will not be equipped to handle the task. Consultants skilled in organizational assessments can help the board quickly get a handle on the organization's prognosis and outlook, including the underlying issues that have contributed to its perilous situation.⁴

Transition Management Actions

- *Stabilize the management situation.* Call a timeout and put a competent interim executive in place. Consider hiring a skilled consultant to help the board assess the situation. Attend to the staff's needs and concerns.
- *Make an initial assessment of the organization's viability or whether it can be made viable.*
- *Stabilize the organization and develop a turnaround plan.* With the interim's guidance, the organization must be stable before deep transition planning can begin.
- *Make a second-level assessment about viability.* Turnaround situations have multiple layers, with additional discoveries as the assessment unfolds.
- *Attend to staff morale.* Staff can be demoralized and feel let down by the former executive, the board, or both. The board or the interim executive should pay special attention to the staff to ensure effective continuity of operations and avoid a potential brain drain due to excessive turnover.
- *Avoid over-steering in the opposite direction when selecting the next executive.* Boards facing a turnaround often seek a new executive who is the opposite of the former CEO. In a financial crisis, for example, they may overemphasize financial management skills to the exclusion of other important attributes.
- *Be honest with candidates.* As the board confronts the challenges facing the organization, candidates will respect and be willing to join an organization in a turnaround when they see diligent action, honest communications, and a positive attitude.
- *Manage the message.* Communication is important in every transition, but turnaround communications can be tricky. Depending on the depth of the crisis, the board may need outside counsel.

⁴ For further guidance on turnarounds, see Jan Glick, *Nonprofit Turnaround: A Guide for Non-Profit Leaders, Consultants, and Funders* (Jan Glick & Associates, 2010).

Type 4: Hard-to-Follow Executive

Hard-to-follow executives have made a major imprint on the organization. They are founders, long-tenured leaders (with seven or more years in the role), and founder-like transformational executives (such as a CEO who has stimulated significant growth or dramatically reshaped the nonprofit in a positive way). The CEO may be a noted leader in the community and in the field, with broad and deep relationships that will require time to unwind. As a result, this person's impending departure may generate emotional reactions among stakeholders.

The longer an executive's tenure or the greater his or her impact on the organization, the more tightly the organization is connected to that person, structurally and emotionally. As result, an organization's culture, performance expectations, relationships, and even its structure reflect the departing executive's capabilities, interests, and outlook. Sometimes there are holes or weaknesses in the management team that the CEO has been covering for years. These organizations often have become overly dependent on the departing executive as a chief rainmaker, the face of the organization in the community, or a jack-of-all-trades. The organization's future may be vulnerable or at risk in that executive's absence.

Boards with a founding or long-tenured CEO are often overly deferential to their executives. At the outset of the transition, the board should carefully consider its role, its composition, and the type of partnership it wants (and should have) with the incoming CEO, without over-steering in the direction of assuming too much authority. Board composition may need attention as well, particularly if it is a friends-of-the-founder type of board.

Transition Management Actions

- *Conduct a careful assessment and understand the implications of the executive's departure.* Pay special attention to the impact on revenue generation, management of critical external relationships, and the fact that too many management functions may be packed into the CEO job.
- *Ensure that the organization is stable.* Faced with the departure of a hard-to-follow leader, even the most stable organization can become vulnerable. The board should assess the situation carefully, identify vulnerabilities created by the departure (for example, lost relationships with key partners or donors), and work to address them.
- *Carefully unpack, refit, and recalibrate the CEO job to ensure it is successor-ready.* If the job is overloaded, work with the departing executive to delegate responsibilities and consider whether another position is needed on the senior management team or in support.
- *Consider the structure and strength of the senior management team,* and be prepared to discuss this assessment with finalists without throwing the current team under the bus.

- *Consider the board's role and composition, and be prepared to make changes within the first year or two of the new CEO's tenure.*
- *Revisit assumptions about the board-executive relationship (goals, roles, and partnership) and how it should look going forward, particularly if the new executive has a significantly different profile.*

Type 5: First Hire

An organization hiring its first chief executive may be new, or it may be an established nonprofit that is moving from all-volunteer management to paid staff. The board's initial challenge is to define a realistic set of duties for the position. This means shaping the job so it fits the organization's needs — and also so it is doable. The board must avoid overloading the CEO role with too many responsibilities.

Making the switch from an all-volunteer situation to a paid staff is challenging because of existing culture and customs and because the notions about governance and management are collapsed. In an all-volunteer organization, the board is both governing *and* managing the organization. In this scenario, it is crucial for the board to distinguish explicitly between the governance and management domains — between the board's role and the new executive's role.

Similarly, the board must clarify what roles volunteers will retain and what decisions and responsibilities are being transferred to the executive. With those distinctions in place, the board and executive must work together to integrate the executive's role into the former all-volunteer structure and help volunteers shift their perspective and give authority to the new leader. Adjusting to the new structure will take time, and people will inevitably fall back on familiar roles. Using a deft hand, the board chair should assume responsibility for managing these situations, if only because it may be difficult or awkward for the executive to do so.

Transition Management Actions

- *Carefully design a realistic set of expectations for the new executive role.*
- *Manage the change.* Communicate clearly to volunteers what is changing, what is not changing, and what decisions and responsibilities are being transferred to the executive.
- *Have an explicit "redistricting" process to redefine board and volunteer roles.* Empower the executive to shape non-governance volunteer leadership roles to mesh with the executive's role and authority. Clarify what committees and volunteer positions report to the executive.
- *Redefine the board's role.* Hiring an executive is the first step in the shift from a board with both governance and operational responsibilities toward a board dedicated to governance.

- *Recast the roles of committees that have operational functions.* Some committees might become volunteer task forces that report to the executive. In short, rationalize the structure to incorporate the new executive role and authority.
- *Manage expectations.* The organization's founders and volunteers may have a hard time letting go as the new executive takes over. The board should nurture acceptance that roles will shift and the culture may change.

Type 6: Internal Promotion without an Executive Search

This type of transition could occur in combination with any of the first four transition types. Sometimes boards view the appointment of an internal successor as an easy solution. They may think they can bypass the entire transition process and get back to business as usual. But an internal promotion should be the result of the same careful process of planning, reflection, and clear thinking as any other hire.

Transition Management Actions

- *Don't bypass the Prepare stage.* Refit and redefine the chief executive's job description as carefully as you would when conducting an external search. Similarly, plan for many of the same onboarding and support activities.
- *Follow a rigorous vetting process.* The examination of internal candidates should be as careful as if the board were conducting an external search. A sound process helps assure the executive's fit with the job. It also helps the board understand how it can best provide support once the new CEO is in the role.
- *Don't confuse familiarity with experience.* Sometimes boards overemphasize internal candidates' familiarity with the organization. While such direct experience can be a plus, it is not a substitute for solid preparation for the role. And in some cases, that direct experience can be a negative.
- *Recognize the challenge an internal candidate faces when moving from peer to boss.* The onus for managing this shift rests largely on the shoulders of the new CEO, but the board can help by signaling its support through the initial announcement and other activities and by encouraging the executive to seek outside support from someone like an executive coach during that transition.

CORE CAPACITY ISSUES IN A TRANSITION

An executive transition is a turning point for every organization, no matter its operating condition or the circumstances surrounding the executive's departure. Six core areas underpin organizational capacity and thus can exert influence on the executive transition:

1. *Business strategy.* How the leadership envisions the nonprofit's role and impact and how it positions the organization in the marketplace and for the future.
2. *Business model.* The value the organization provides to the world and how it is

“paid” to create that value. The business model also reflects the type of clients, methods for acquiring and keeping clients, portfolio of services and pricing model, and lines of business.

3. *Board and board leadership.* The organization’s key governance and guidance system, as well as its links to the community and other constituencies. Assessing the board means looking at factors such as its depth and capability and the calibration of board roles and composition with the organization’s future governance needs.
4. *Executive leadership.* The CEO and the senior management team. This team’s members are the day-to-day stewards of the organization. They embody the organization’s leadership, management, political, entrepreneurial, and technical skills and capabilities. Critical factors in weighing executive leadership capacity include the depth and capability of the executive team, whether team members fit current and future leadership needs, whether the team is properly structured, and whether members are working together effectively.
5. *Resources and systems.* The organization’s strengths that facilitate and fuel its impact. They includes its systems (program delivery and business), hard assets (financial and physical assets such as property), and soft assets (such as reputation, team capabilities, and intellectual property). The critical factors are the depth and breadth of resources, whether those resources are well stewarded, and whether they are being built or depleted.
6. *Culture and climate.* An organization’s culture is shaped by shared assumptions, values, and beliefs. Many of these assumptions are ingrained or unconscious. The operating climate is the “weather pattern” inside the organization. Climate can be smooth and stable or stormy and chaotic.

TRANSITION MANAGEMENT AS CHANGE MANAGEMENT

While the front lines of change management during a transition may be staffed by the current or interim chief executive, with oversight from the transition task force, the board is the backstop for ensuring that the necessary changes take place and the appropriate preparations are made to provide a sound leadership platform for the new executive. It is important for the board and the transition task force to have some understanding of the tools and mechanics of organizational change.

Leading change can be considered an eight-step process, adapted here from John P. Kotter’s *The Heart of Change*:

1. *Create a sense of urgency.* Articulate a compelling reason why change is necessary.
2. *Form a powerful coalition.* Ensure all involved are champions for the identified changes, and model those changes. The coalition includes the transition task force, the senior management team, and the departing executive or interim CEO.

3. *Create a vision for change.* Outline the compelling possibilities for the organization after changes have been implemented.
4. *Communicate the vision.* Keep the vision front and center to convey the message that the board is committed to the identified changes.
5. *Remove obstacles.* Change is not without hurdles or barriers, including everything from current operating assumptions to systems to people. Sometimes removing resistance requires removing people.
6. *Create short-term wins.* Early wins can help build confidence in the changes and help bring substance to post-change vision.
7. *Build on the change.* Generate momentum for completing the change process and keeping everyone excited and bought in.
8. *Anchor the change in culture.* Consider how the changes can be institutionalized through new policies, updated procedures, revised job descriptions, and other strategies and activities that anchor the changes in the culture of the organization.⁵

In my experience, steps 1 and 4 are the most important. It is hard, if not impossible, to enroll people behind change if you do not create and communicate a compelling reason why change should occur.

THE PSYCHOLOGY OF CHANGE AND TRANSITION

Most of us do not greet change with open arms. In fact, experts who study the psychology of change say the news of an impending change creates a sense of loss. William Bridges points out that the first question people ask is, “What am I going to lose?”⁶ Fortunately, the board can help ensure that this sense of loss does not become a barrier to a successful transition. Remember that there is a human dimension to the change process, including a predictable reaction and response. Nancy Schlossberg, an expert on human reaction to change, points out that working through a change often involves a reconfiguration of critical anchor points in our lives, such as relationships, roles, routines, and assumptions. She observes that the loss of these anchor points can make us feel disconnected, if not disoriented.⁷ Schlossberg, Bridges, and others all point to transition as a psychological process that has essentially three phases:

1. *An ending.* Paradoxically, the process begins with an ending, usually accompanied by a sense of loss, a recognition of the need to let go, or at least the awareness that our world is about to change, in small or large ways.
2. *A moving through or in-between stage.* A potentially uncomfortable period when the changes are being implemented and the way forward is not clear.

5 Adapted from John P. Kotter and Dan S. Cohen, *The Heart of Change: Real-Life Stories of How People Change Their Organizations* (Harvard Business Review Press, 2012).

6 William Bridges, *Managing Transitions: Making the Most of Change*, 3rd ed. (Da Capo Press, 2009).

7 Nancy K. Schlossberg, *Counseling Adults in Transition: Linking Practice with Theory* (Springer Publishing Co., 2005).

Bridges called this stage the “neutral zone” where we are betwixt and between.

3. A *becoming or a new beginning* stage, the final stage after the changes have been implemented.

The moving through or in-between stage is usually the most challenging. In this stage, the current executive’s departure has been announced but the new executive has not yet been identified. People often feel somewhat ungrounded — more so with a greater magnitude of the change, such as replacing a long-time leader or implementing a new strategic direction. To navigate this stage successfully, the board should be clear and confident in its communications and its planning during the transition process. The more unnerved people feel, the more likely they are to vote with their feet and seek employment elsewhere.

Simple, basic, and honest communications will go a long way. The key is to provide empathy and assurance in the middle of an uncertain situation (see Chapter 4).

MAKING OTHER LEADERSHIP CHANGES DURING A TRANSITION

Preparing staff to work successfully under a new executive is a crucial part of a transition. In some cases, staff preparation may involve personnel changes, including terminations and new appointments. But it is a good idea to minimize changes to those that are necessary. Terminations during a transition are some of the most difficult of all transition matters and should be approached with extra care and sensitivity. CEO transitions are a time of high anxiety for the staff. A termination, however justified, can heighten those anxieties if poorly handled.

A critical question in many transitions is whether to fill key vacancies *during* the transition or to wait until *after* the new executive comes on board. If the staff position is part of the management team or one of the chief executive’s direct reports, the best approach is usually to allow the new executive to make the hire. The board should look at how it can cover the vacancy using an interim hire, an external contractor, or through redeployment of current staff. If the position is mission critical, the board can further expedite the process by advertising it and building a candidate pool simultaneously with the chief executive search, and then allowing the final decision to be among the first that the new executive makes.

ACTION PLAN FOR THE BOARD

- ✓ Realize that your role is to recognize, understand, and guide the transition:
 - Embrace the reality that an executive transition is a multi-month process that involves many changes in addition to who occupies the CEO’s office.
 - Grasp the scope, nature, and dynamics of the transition, and take those into account in planning and guiding the process.
 - Prepare to manage the entire transition process, from planning for a leadership change through the onboarding of the new executive.

Task 1: Understand and Guide the Transition

- ✓ Recognize what type of transition you are facing, along with its inherent dynamics and challenges.
- ✓ Understand the nature of organizational change, and be prepared to shepherd the organization through whatever changes are necessary.
- ✓ Know the six areas of organizational capacity that come into play during a CEO transition.
- ✓ Appreciate the psychology of transitions and the importance of empathetic communication to combat anxieties, particularly among the staff.
- ✓ Appreciate that other leadership changes during the transition should be made carefully. Keep one eye on preparing the organization for a strong start with a new executive and the other on maximizing the new executive's leadership team choices.

CHAPTER 2

TASK 2: PREPARE FOR A LEADERSHIP CHANGE

What's Covered in This Chapter

- An assessment of the organization's operational and financial condition — struggling, stable, or flourishing?
- Current executive leadership needs and demands, an updated CEO profile, and appropriate job qualifications
- The collaborative role of the board, the current chief executive, and the senior management team in transition planning

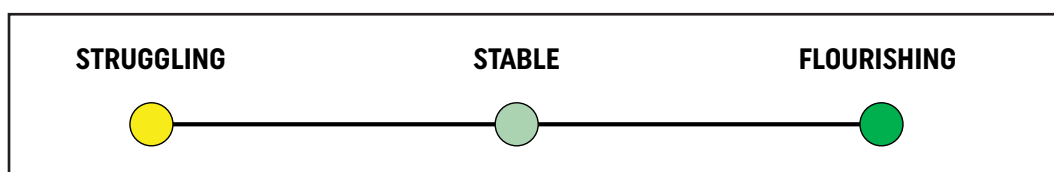
Preparation for an executive leadership change involves looking at three areas of readiness:

- *Organizational readiness.* The organization is stable and ready for a new chief executive to assume the leadership role.
- *CEO job readiness.* The chief executive role is ready for a successor to step into the position and be effective.
- *Team readiness.* The members of the transition team — the board, the transition task force, the departing executive, and the senior management team — are clear about their roles in the transition process and ready to play their parts.

ORGANIZATIONAL READINESS

Transition preparations begin with the board's honest assessment of the organization's general condition. The first cut at this assessment is determining whether the organization is struggling, stable, or flourishing (fig. 3). Where it falls on the organizational readiness continuum will dictate how the board approaches the process and what it looks for in candidates for the position.

Figure 3. Organizational Readiness Continuum



Struggling

All organizations struggle to some degree, but the board must ask whether the struggles are persistent. Persistent struggles typically point to an underlying problem with strategy, structure, or people. In struggling organizations, the board's first job is to help the organization achieve a level of stability. Three types of destabilizing struggles are common in executive transitions:

1. *Financial struggles* are present when the organization does not have enough money to carry out short- to mid-term activities. Persistent financial problems often point to a flawed or out-of-date business model. Boards should fully disclose the organization's financial condition — and its ongoing difficulties — to candidates during the interview process. Too often, successors walk into a financially stressed situation partially or completely unaware. That's no way to start off a good long-term relationship.
2. *Political struggles* can be internal or external. Internal struggles may be caused by the staff or board. External struggles may be due to political pressures (such as frayed relationships in the community) that pose serious challenges to effectiveness and impact. In either case, the board should take action to settle things down before hiring a successor, and probably even before mounting the search.
3. *Emotional struggles* relate to the day-to-day climate inside the organization. They are often precipitated by the circumstances of the CEO's departure and how the board handles communications with the staff. For example, news of the impending departure of a long-tenured or pivotal executive often causes some emotional reaction. While these feelings are completely understandable and natural, they can spiral out of control without the board's attention. The best preventive medicine is focused, proactive, and sensitive communication that demonstrates empathy and provides assurance to all stakeholders.

Stable

An organization is stable when key vital signs point to an essential level of health. The organization is not threatened financially or politically, nor is the emotional climate having a detrimental effect on morale or causing people to leave the organization. But long-term stability is never guaranteed. As part of transition preparation, boards should consider how an incumbent executive's departure might affect ongoing stability.

Flourishing

The flourishing organization is thriving and performing well, with all key health indicators showing a strong reading. The board should identify the factors that underpin the thriving condition and call them out as important success cornerstones to be considered during the transition and the selection of a new executive.

A TALE OF TWO ORGANIZATIONS

Northeast Community Services provides services to people with developmental disabilities. The departing executive director began her leave-taking preparations about two years before her departure date. Using a sustainability assessment questionnaire (such as the one in the Transition Toolkit, page 132), she began having conversations with staff and board members about the organization's long-term strengths and challenges. More important, she helped people grapple with what they needed to do to ensure that the organization was as strong as possible when she handed over the CEO job to her successor.

Overall, Northeast Community Services was in good shape, but there was a critical weak link on the senior management team. In addition to having performance issues, this person was engaging in vigorous office politics aimed at undermining the CEO, an executive with a long and sterling track record. Ultimately, the best choice was termination — a painful but nonetheless necessary step because the manager had become a drag on a strong organization with an otherwise exemplary team.

In contrast, the CEO of Midsouth Housing — a \$10 million nonprofit that provides housing and support services to a vulnerable population and had grown tenfold over the past decade — informed the board of his retirement intentions a little less than a year ahead of his departure date. In preparation for the transition, the board had some productive discussions about the work ahead and determined that it needed to hire an external consultant for assistance. As the board chair said, "We knew we needed someone to conduct a national search. We were familiar with all of the nonprofit executive leaders in our field and in our community, and we knew that we should also reach outside of our community for candidates."

Midsouth engaged a transition consultant who conducted an organizational assessment, which surfaced a key vulnerability. While the housing side of the organization was on very solid financial footing, the support services were not. In fact, much of Midsouth's growth had been fueled by one-time funding that was going to expire soon, and state reimbursements were not sufficient to cover the shortfall. Without a backup plan, the organization was going to face extremely hard choices in the first year of the new executive's tenure.

The Northeast example demonstrates that longer lead times provide more options to strengthen the organization ahead of a transition. Another lesson from the Northeast story is that, sometimes, those preparations involve hard choices that require courageous action. Midsouth's experience, on the other hand, underscores the importance of assessment as part of the transition process. Even diligent, high-performing boards may not know what they don't know. Midsouth's board discussed the nature of the funding problem and understood the implications. Armed with that knowledge, it was able to take an urgent issue into account during the hiring process. Moreover, the board and the new executive could move forward knowing they faced a big hurdle. From the start, they knew they had to meet the funding challenge and address the implications it would have for operations. In the absence of an up-front assessment and the board's follow-through, Midsouth could have been caught unaware, precipitating something of a crisis early in the tenure of the new CEO.

CEO JOB READINESS

A critical step in transition preparations is making sure that the chief executive position is ready for a successor. This means the job has been refreshed and realigned to reflect the organization's current and future leadership needs and that it is something a successor can actually do.

Begin the process of assessing CEO job readiness by distinguishing between the job in practice and the job description. Most job descriptions are out-of-date artifacts. The current CEO's job may have started off looking like the description, but it has probably evolved due to changing expectations about the role over time, the departing executive's initiatives and preferences, and the changing needs of the organization. The process of preparing the CEO role for the successor involves *unpacking*, *refitting*, *recalibrating*, and *redrafting*.

- *Unpacking.* Assess how the CEO role looks in practice, not just on paper. The unpacking process typically starts with an interview of the incumbent about what the current job description does and does not include. Ask the CEO to walk through his or her calendar with the transition task force to shed additional light on the job responsibilities. This discussion will also flag items for the onboarding process, such as critical meetings; ties with other organizations; key relationships that must be maintained; and recurring events that demand the CEO's time, attention, and involvement. Capture this information in detail because it will be extremely valuable for the incoming executive.
- *Refitting.* Take a careful look at the current demands and responsibilities of the job and make sure the role as currently defined is still relevant. The CEO's job often becomes increasingly complicated over time. For a variety of reasons, including pressure to hold down costs, responsibilities have a way of accumulating around the CEO, whether they belong there or not. When successors run into trouble, it is often because of job complexity: The role has too many management responsibilities or too many direct reports. The refitting process should consider how to make the role more doable through the delegation of responsibilities, even if that means building up the strength of the senior management team.
- *Recalibrating.* Tune the job to the organization's future. Take time to explore the organization's future direction and leadership needs and how they should influence the CEO job profile. This process can be relatively straightforward if the strategic plan is fresh and relevant. But if the plan is out of date, engage in some abbreviated strategic planning focused on clarifying the organization's vision and strategic priorities, at least for the next couple of years.
- *Redrafting.* Capture on paper the results of the previous steps. The products of the redrafting process include an updated job description and a position profile, the job prospectus that the transition task force will use

in the executive search. More than a job description, the profile is a multi-page synopsis that includes some background about the organization, the management reporting structure, the responsibilities, and the candidate qualifications. The profile serves two major purposes. First, it helps ensure that the board, the transition task force, and anyone else involved in the search process are on the same page about the nature of the job and the qualifications. Second, it helps in marketing the position, providing the source document for a one-page job announcement and serving as a long-form descriptive piece for reference in discussions with serious candidates.

CEO Job Profiling Questions

To manage the transition successfully, the board doesn't have to understand the job at its most granular level, but it does need to develop a good sense of the leadership demands that the next executive will face. Answers to the following will build a valuable narrative to help the board communicate the story about the outlook for the position and the organization. Of course, there are no easy or "correct" answers. The point of the exercise isn't to predict the future, but to stretch the board's thinking about what lies ahead, the velocity and magnitude of change, the characteristics of the future organization, and the implications for the CEO role.

1. Where do we stand now as an organization?
 - What are the strengths to build on and qualities to preserve during this time of leadership change?
 - What are the weaknesses that our next CEO needs to address?
2. What is our vision for the organization's future?
 - Is this a dramatically different direction than the one we're on today?
 - Will this be a time of rapid growth, moderate growth, no growth, or contraction for our organization?
3. What are the big, strategic opportunities and challenges on the horizon that our next CEO must help us address?
 - Where is our organization headed (or where should it be headed), and how might it change over the projected tenure of our next CEO (seven to ten years)?
 - What are the biggest opportunities for our organization?
 - What are the biggest challenges we will face?
 - What are the key barriers and constraints that stand between where we are now and our vision?
4. How do our answers to these questions influence how we see the job for our next CEO?
 - How do we see the roles and responsibilities of the job, and how do they differ from the current job description?

- How does our new understanding of the job influence the qualifications we should seek in candidates?
- What are the top three to six priorities our new CEO needs to tackle in the first 12 to 18 months on the job?
- Overall, is the focus of the job changing? What two or three sentences describe those changes, and why? For example: “The job is becoming more externally focused to expand our visibility and connections with the community.” Or: “We are putting increased emphasis on industry expertise to better position us for program expansion.” Or: “We are looking for an entrepreneurial executive to stimulate our expansion into social enterprises.”

Qualifications for the Job

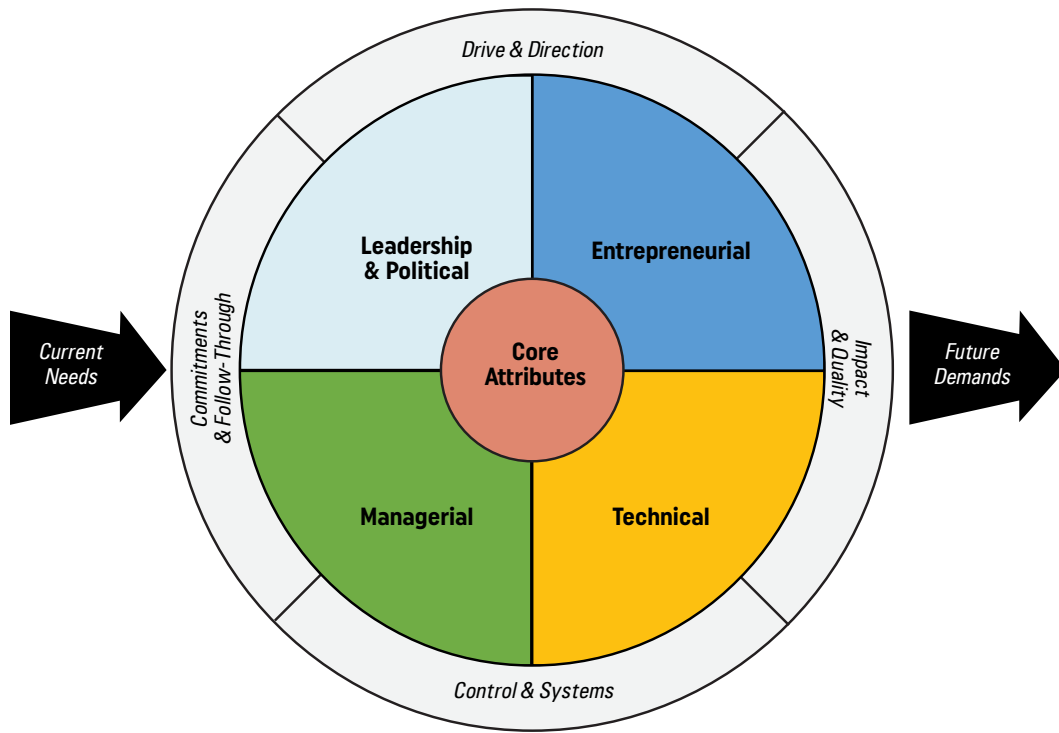
Most nonprofit CEO roles embrace some variation on the following basic responsibilities:

1. Commit to and champion the mission.
2. Set the organization’s strategic direction in partnership with the board and senior management; develop and implement plans.
3. Provide internal and external leadership for the organization; serve as the organization’s primary spokesperson.
4. Manage the day-to-day operations, including program effectiveness, financial stewardship, accountability, and risk management.
5. Supervise, support, and develop the staff.
6. Provide leadership for the organization’s resource development.
7. Support the board in its governance role and further its development.

Of course, the specific responsibilities will vary depending on the organization. Factors that typically aren’t covered in a standard job description relate to the organization’s leadership challenges and opportunities and what the board wants the new executive to accomplish. Every board will need to take time to develop a solid understanding of the qualifications it is looking for in a successful candidate for the position.

Recruiters and human resources professionals typically refer to job qualifications as the KSAs: knowledge, skills, and abilities. As part of the recalibration process, it might be useful for the board to set aside the previous job description and revisit the KSAs based on the organization’s future direction and the resulting demands on the CEO position. This step might be especially important if the organization is striking out in a distinctly new strategic direction.

Figure 4. Five Dimensions of the Nonprofit CEO Role



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When taking a fresh look at the KSAs, consider the five dimensions of the CEO job (fig. 4):

1. *Core attributes.* *Interpersonal skills* are items such as social skills, approachability, empathy, fairness, support for diversity, and confidence and composure. *Intrapersonal skills* include the candidate's inner dimensions as a leader, such as integrity, emotional maturity, self-knowledge, self-management, patience, creativity, listening skills, sense of humor, tenacity, and balance. *Learning agility* includes such things as commitment to self-development, tolerance for ambiguity and complexity, intelligence, and ability to learn on the fly.
2. *Leadership and political.* A good nonprofit CEO is a person of substance who operates from core values. The job also requires a certain amount of political acumen, including the ability to influence others effectively, read situations accurately, and possess the courage and fortitude to take action.
3. *Entrepreneurial.* We often equate entrepreneurship with the business realm, but it is equally important in the nonprofit world. Entrepreneurial skills include being an enthusiastic champion for the mission and vision of an organization; working with a client focus, a results orientation, and a commitment to quality;

thinking strategically; and possessing business savvy and an ability to foster and manage change.

4. *Technical.* This category includes knowledge of the nonprofit sector; an ability to work with, support, and develop the board; financial savvy; resource development skills; and strong program stewardship. Depending on the organization's working environment, it could also include the ability to collaborate with other nonprofits.
5. *Managerial.* In every organization, the CEO is the ultimate authority on making sure the trains run on time. In smaller organizations, the CEO will likely have a direct hand in management, while in larger nonprofits management will occur through teams. Regardless of the organization's size, typical managerial qualities include being a good organizer, supervisor, and developer of staff as well as possessing appropriate planning skills and the ability to set priorities. CEOs also need an understanding of systems and process management in addition to decision-making and delegation skills.

These five dimensions are not silos, but a framework for demonstrating competencies in action. For example, working with and supporting a board requires some technical knowledge of governance. But in working with a board day-to-day, CEOs rely heavily on their interpersonal skills, as well as their leadership and political skills. Similarly, engaging in planning for the organization requires technical knowledge, but the CEO also will need entrepreneurial talents to set a vision, leadership skills to build support and buy-in for the vision, and managerial skills to ensure follow-through.

The board and the transition task force should treat these five dimensions as a discussion guide, not a checklist. The goal is to stimulate dialogue about the CEO job and to see what bubbles up given the organization's particular situation. In smaller organizations — especially if the CEO plays a more direct role in program delivery and fundraising and may be the sole manager on the team — the board is typically looking to balance all of these dimensions. In larger organizations, the emphasis is usually on the leadership/political and entrepreneurial dimensions of the job. But the CEO of a large nonprofit clearly needs management chops and the skills to provide ultimate oversight of programs, resource development, and operations.

INDUSTRY EXPERT OR LEADERSHIP GENERALIST?

If a nonprofit's staff is composed primarily of a particular type of professional — say, clinical psychologists or social workers — there is pressure to emphasize the technical credentials of the chief executive. In every community of professionals, there is an underlying human dynamic that says, "No one can understand or represent us like one of us." Similarly, in membership organizations, there is often a strong desire to see someone from "the industry" in the CEO position.

Deciding whether the person at the top should have a particular professional credential or industry experience requires some discernment by the board. Perhaps the organization's core grants require that the CEO carry a certain credential, which makes the decision a no-brainer. If that isn't the case, the board should take the preference for an insider into account, while focusing first on the need for a CEO who can effectively lead and manage the organization.

Boards can look to a number of professions for guidance in how to address this issue. For example, hospital administrators certainly work with large numbers of medical professionals, but the training and certification of hospital CEOs is something quite apart from the medical training of the doctors, nurses, and others with whom they work. Similarly, the association field has established the Certified Association Executive (CAE) credential with criteria that emphasize association leadership and management skills rather than industry background.

TEAM READINESS

An executive transition is a time of elevated engagement for the board as it leads the organization through a crucial period of change. While the transition task force carries out much of the board's work, the full board has an important role in the process. The departing chief executive is also central to the transition if the departure is on friendly terms. The senior management team can contribute to transition planning by preparing the organization to work effectively with the new chief executive and helping with onboarding the new leader. Finally, external consultants can bring expert insights and ideas to the planning, extend the organization's reach during the search, and augment the board's capacity by shouldering selected coordination and process management responsibilities.

Getting the Board Ready

For the board, leading the transition involves more than just appointing a transition task force and voting on its recommendation when the search is complete. Board readiness hinges on three factors:

- *A stance.* The board recognizes that the current leadership change is a strategic, watershed moment for the organization and should not be rushed.

The board is ready to embrace the entire transition process and take the necessary time to plan and manage that process effectively.

- *A task force.* The board appoints a transition task force to address the search and selection process and oversee the transition. The board also clarifies roles for the entire transition team: the board, the task force, the departing or interim CEO, and the senior management team.
- *A plan.* The board, through the transition task force, develops a plan to guide the process.

The board should undertake the work of preparing to manage a successful transition with an eye toward building a positive, forward-looking relationship with the incoming executive. Here are some questions the board should consider:

- Are we clear (and unified) about the organization's vision?
- How should we govern, considering the organization's vision and the type of executive we are trying to recruit?
- What changes should we make to our role, composition, or structure to better support the new executive and to ensure that the board is a high-value asset to the organization?

The answers to these larger questions will go a long way toward shaping constructive work during the transition and providing the energy and excitement the board needs to push forward with any changes in its structure, practices, or composition.

Appointing and Organizing the Transition Task Force

The transition task force is an ad hoc work group whose purpose is to plan and oversee the entire executive transition. (See the Transition Toolkit, page 138, for a sample charter or job description.) Usually, the duration of the task force's appointment is from the beginning of the transition through the successful onboarding of the new executive. As a reminder, this book uses the term *transition* task force instead of *search* task force to emphasize that this group's attention should be on the entire transition process, not just executive search and selection.

Size

In most cases, a core task force of about five board members works well. For transition planning work only, this group can be augmented with senior staff members and perhaps even the departing executive. When it comes to the search and selection process, however, board members alone should oversee the search, conduct interviews, and recommend a candidate to the board. Staff members should not be involved in those tasks.

Composition

A good practice is to include some past, present, and prospective board leadership on the task force — past so institutional history is represented, present so someone can

speak authoritatively on behalf of the board, and prospective because this transition will determine the future of the organization. Including a board officer who might rise into the board chair position helps pave the way for the future board-executive relationship.

Staff involvement

Many organizations include one or more senior staff members on the task force. Staff can bring on-the-ground perspective to the transition process, but there are two things to consider. First, staff on the task force should not be prospective candidates for the executive position. If they intend to throw their hat in the ring, they should not be included, or if they decide later, they should withdraw from the task force. Second, staff should not be involved in formal interviews with candidates. The group of interviewers should consist exclusively of the board members on the task force. Having staff involved in interviews can be awkward, especially during the final selection deliberations when board members need to speak frankly about the finalists' merits. But there should be roles for the departing executive and senior staff members during the final stages of the interview process (see Chapter 5).

Structure

In most cases, a board officer should chair the transition task force — ideally, an officer in the line of succession. The board chair may be a member of the task force (often *ex officio*) but should not attempt to chair it and the board at the same time. The workload is simply too heavy to do both. Being a task force member allows the board chair to keep track of the process and take part in crucial discussions without having to manage the day-to-day aspects of the transition. The transition task force chair will be deeply involved in planning for the transition and overseeing the search and hiring process, and then the board chair will become more engaged *after* the hire. The board chair's presence on the transition task force helps with the preparation for the post-hire task of building a strong working relationship with the new executive.

Some organizations may be tempted to parcel out the transition task force's work to various subgroups or teams to provide broader involvement among the board (for example, a subgroup for search, another for interviews). But this practice elevates the risk of a disjointed process. Increased inclusiveness is a worthy goal, but more complex structures usually require more effort to coordinate and to facilitate effective communication. In most cases, the simpler the structure, the better.

Responsibilities

The transition task force has five key responsibilities:

1. Plan and oversee communications with internal and external stakeholders.
2. Ensure healthy closure with the departing executive, and clarify the departing CEO's role in the transition process.
3. Plan the hiring and transition activities.
4. Execute the plan, and manage the hiring and transition process.
5. Facilitate a healthy start for the new executive.

INVOLVE THE DEPARTING CEO, BUT NOT IN THE INTERVIEWS

Despite vigorous advice to the contrary by the transition consultant, the board chair of Atlantic Homeless Services insisted on having the founding CEO take part in the candidate interviews for his successor. What happened next in this organization yielded three reasons why the departing CEO should not be part of the team conducting the interviews.

1. *Constrained frank discussion.* The interviews were stilted because candidates, knowing the departing executive was at the table, steered clear of most discussions about the current state of the organization. The task force and the candidates were constrained from having a deep conversation about the strengths and weaknesses a new CEO would inherit.
2. *Skewed assessment.* Task force members were naturally drawn to make comparisons between the candidates and the founder rather than assessing the candidates against the characteristics that the task force had painstakingly included in the job profile. They were drawn into "replacement" comparisons rather than an objective, forward-thinking evaluation of what they needed in a successor.
3. *Inefficient process.* Even the mildest criticism of candidates by the founder became elevated to a reason to reject that candidate. As a result, the task force recycled the search twice, and the organization put a lot of exceptionally strong candidates (12 in all), not to mention the task force members, through an unnecessary exercise because of the board chair's insistence on following his own instincts rather than good process.

Role of the Departing Executive

The departing chief executive should focus on leading and managing the organization, not leading the transition — especially the search and selection activity. If the CEO manages the process, the result will likely reflect that person's thinking and vision for the organization, not that of the board. Boards should specifically avoid situations in which the departing CEO appoints or anoints a successor. The success of the organization hinges on the relationship between the board and the executive, so the new executive should be the board's choice following a vigorous, board-led process.

This doesn't mean the departing executive shouldn't play a role in the process at all. Rather, the role should be a supporting one, focused on activities such as these:

- *Preparing the platform for the successor.* Working in partnership with the transition task force, the departing executive should ensure that the organization is ready for a successor. Tasks include strengthening the organization's financial position, staff, and systems and helping the board get ready for its work with the new executive. Another key function is ensuring that the CEO's office and files are physically ready for the successor.
- *Providing information to the board and task force during the planning and*

execution of the search and selection. Tasks include taking part in the planning work leading up to the search, meeting with the finalists to answer questions, and providing information that will help the task force and the board make a better choice. However, the departing CEO should not sit in on the task force's interviews.

- *Ensuring a successful handoff to the incoming executive.* Tasks include preparing a handoff plan, working with the transition task force to plan the onboarding and orientation process for the new executive, consulting with the new executive on the handoff, and proactively handing off key relationships, particularly those with donors.

Role of the Senior Management Team

The board should clarify how involved the members of the senior management team will be in the transition process and what their responsibilities will be. Possible tasks for this group include the following:

- Participating in the early stages of transition planning
- Helping the organization get ready to work effectively with the new executive by facilitating internal communications and helping to address legacy issues.
- Participating in meet-and-greet sessions with finalists to help candidates prepare for the final round of interviews and to aid in the candidates' assessment of the organization.
- Playing a key role in the onboarding of the new executive by helping to design the onboarding plan, preparing briefing materials, and engaging in hands-on work to orient the successor.

ACTING ON LEGACY ISSUES

The executive director of Western Shore Youth Services quit abruptly, and by all accounts, it was a messy departure. For several years, the organization had floundered under a leader who was either under-equipped for the job, had lost interest, or both. And the board had not acted. The organization was in perilous financial condition, with contracts with several counties in jeopardy, and staff morale was extremely low.

The board hired a consultant to assist with the transition. The transition consultant recommended an interim executive skilled in both finances and relationship building. Together, the transition consultant and interim executive conducted a deep organizational assessment.

In part, the assessment revealed that the board was part of the problem. The board had a legacy structure that emphasized representation rather than nimble governance. So while the interim executive restored relationships with the counties, built morale with the staff, and worked to put the organization's finances back on track, the transition consultant worked with the board to help it restructure itself. The transition consultant's interviews with board members revealed that the vast majority of them didn't really want to be there. While they thought supporting children was a good idea, they weren't all that interested in the inner workings of the governance role.

The board appointed a blue-ribbon task force to oversee the governance restructuring process, knowing that setting aside "legacy thinking" was going to be vital for success. In the end, this task force recommended saying farewell to 19 of the 30 members of the board and implemented a plan to recruit a few new members to bring the board to a more manageable size of 15.

The board voted unanimously to adopt the recommendations, which were immediately implemented. The newly configured board and the transition consultant proceeded with the rest of the transition process, including the search for a new executive. And the transition consultant and interim executive worked — with the transition task force's guidance — to ensure that the organization was stable before the new executive came on board.

Twelve years later, that executive is still in place, and the organization has flourished under her leadership. It could have been a much different story had the board not had the courage to face facts and then take action.

WORKING WITH CONSULTANTS

Executive transitions can be difficult to manage because they are complicated, time consuming, and require a broad range of skills. Ideally, the transition task force should include members who have prior experience in hiring executives. Whether or not board members have the requisite experience (and especially if they do not), it may be wise to retain a consultant who can bring expertise, time, and ready contacts to help the board meet the challenge.

Organizations facing executive transitions generally engage one of three types of external guidance:

1. *Executive search consultants* who focus exclusively on helping to find a new chief executive
2. *Executive transition consultants* who marry transition planning and management expertise with the capacity to conduct an executive search or support the board in carrying out the search
3. *Specialty consultants* with subject-matter expertise who are hired to work on discrete parts of the transition process, such as meeting facilitation, strategic planning, organizational assessment, or candidate vetting

The decision about what type of consulting expertise the organization needs — and whether it needs a consultant at all — will depend on an honest evaluation of the transition task force’s skills, capacity, and time. Of course, the budget will be a consideration as well.

Nonprofits consider two types of search firms: retained and contingency. For executive-level positions, retained search firms are more commonly used. They base their fees on a percentage of the incoming executive’s first-year salary, usually around 30 percent. Some have a fee minimum — an amount they will charge regardless of the salary-based number — and many charge an additional overhead fee. Retained search firms generally offer a placement guarantee. They will redo the search if the candidate they place leaves within the guarantee period — usually the first year following the start date, but some firms limit their guarantee to six months.

Contingency firms typically offer a narrower range of services than retained search firms, principally focusing on sourcing of candidates. This type of search firm only gets paid if it places a candidate. Their fees are usually lower, in the range of 20 to 25 percent of the first-year salary, but their commitment is lower as well. They usually don’t offer a placement guarantee.

SEARCH FIRM PROPOSAL CHECKLIST

When reviewing proposals and interviewing the firms, consider the following:

- ✓ *Scope of services.* What specific services are being offered, and how do they square with what the task force needs? For example, what is the firm’s process for building the position profile?
- ✓ *Strategy for sourcing candidates.* What is the strategy for building the candidate pool?
- ✓ *Experience building diverse candidate pools.* What is the strategy for ensuring diversity in the candidate pool, and what is the firm’s track record?
- ✓ *Screening process.* What sort of pre-screening does the firm conduct before presenting candidates for possible interview?
- ✓ *Interview process.* How many rounds of interviews will they conduct, and what is the nature of those interviews? What support will the firm give the transition task force leading up to and during the interview process?
- ✓ *Reference checks.* How many references does the firm interview for each candidate? What types of references does it check (for example, a former supervisor, a former subordinate, and so on)? Does it go “off list,” speaking to references other than just those the candidate names?

- ✓ *Pre-employment background check.* Does the firm offer this service? Unlike a reference check, a background check involves such things as criminal records, sex offender databases, and driving records. Check the organization's personnel policies for what is required. (And ensure that the checks you are asking for are directly related to the job requirements and conform with state and federal laws. For example, many states have outlawed the use of credit checks for employment screening.)
- ✓ *Fee structure.* What is the estimated fee, and what is the basis?
- ✓ *Expenses.* What are the estimated expenses above the professional fee?
- ✓ *Guarantee.* Does the firm offer a placement guarantee, and what are the terms?

ACTION PLAN FOR THE BOARD

- ✓ Take the necessary time to prepare adequately for the transition.
- ✓ Recognize that the leading success factor in the transition is readiness: organizational readiness, CEO job readiness, and team readiness.
- ✓ Take the time to carefully unpack, refit, and recalibrate the CEO job so it addresses the organization's current and future leadership needs.
- ✓ Prepare the board, transition task force, departing CEO, and management team for the work ahead.
- ✓ Assess and decide on external consulting or advisory needs to support the transition.

CHAPTER 3

TASK 3: ENSURE LEADERSHIP CONTINUITY

What's Covered in This Chapter

- The board's responsibility to ensure board and executive leadership continuity throughout the transition
- The departing executive's role in the transition
- Guidelines for working with acting and interim executives
- Guidelines — and cautions — about an ongoing role for the departing executive with the organization
- Executive exit agreements and payments

Providing clear and stable leadership continuity during an executive transition means working at two levels: the board and the chief executive. For the board, it is important to make sure that the board leaders who hire the new executive are the same leaders who will help the executive get started. Ideally, the board chair who participates in hiring will also be the chair who works with the new executive during the onboarding stage, and preferably through the first performance evaluation. For the departing and new chief executives, the issue is more complex but just as important. With the board's support, a departing CEO who remains through the transition can adapt to an evolving role as a leader-in-transition who helps prepare a successor. Of course, a different approach is required if the board is firing the current executive or facing an otherwise abrupt departure.

Naturally, ensuring continuity doesn't mean freezing an organization around a leadership profile, outlook, or agenda. It simply involves making sure that there is not an unsettling break in leadership and that there is a relatively seamless handoff between the departing and incoming executives.

BOARD LEADERSHIP CONTINUITY

Ideally, a change in the executive leadership role should not coincide with a turnover in the board chair role. The incoming executive and the board chair need to develop a strong partnership — and fast. As the executive joins the staff, the board should have a chair who has firsthand knowledge of why this candidate was selected, is aware of the incoming executive's support needs, and was part of the discussion about opportunities and challenges that framed the executive search and transition process.

During transition planning, the board should consider the terms of board members who will be leading the transition. If the current chair's term expires within the first

six months or so of the new executive's tenure, the board should either consider extending it to cover the incoming executive's first year or make sure that the officer who is next in the line of succession has a significant role in the CEO's selection and transition.

EXECUTIVE LEADERSHIP CONTINUITY

Many misconceptions surround the role of the departing executive in a transition. Some assume that once a CEO's intentions are known, the responsibility for the transition is in the board's hands, and the executive should not have any role — and perhaps should not even be kept abreast of developments. But if the board and executive have had a positive relationship, there is no reason for the board to cut itself off from the insights and assistance a departing executive can offer. However, some boards rely too heavily on the departing executive during this time.

The nature of executive continuity is usually linked to the circumstances surrounding the departure. Typical variations include the following:

- *Ample notice.* The executive informs the board at least six months or more before the proposed departure date. Planned departures such as retirements usually involve ample notice. In these cases, the board has sufficient time to search for and hire a successor while the departing executive is still leading the organization, thus allowing for a smooth handoff between the incumbent and the successor.
- *Little or no notice.* The executive gives only a few weeks' notice, or leaves abruptly, because of another job offer or other reasons. In unfortunate situations, an incumbent executive dies or is disabled by illness. The board's first order of business should be to engage an interim or acting CEO to provide bridge leadership.
- *Board-controlled.* The board initiates the leadership change, which is usually a termination or forced resignation. Under these circumstances, the board usually has some control over timing and the ability to do some planning. An exception is a termination brought about by an ethical breach or another circumstance requiring immediate action.

Advice for the Chief Executive

- *Support the board* by helping its members carry out the weighty responsibility that they have before them. Make sure the board gets the internal and external support it needs to do a good job of managing the selection and transition of a successor.
- *Do not abdicate the responsibility for leading the organization through the transition.* The job of a CEO-in-transition will evolve as the departure date draws closer. Obviously, the organization still needs to function effectively and successfully during the transition, and it's the CEO's role to ensure this

happens. The departing CEO will also assume new duties, such as preparing the organization to work effectively with the successor, participating in the successor's introduction to the organization, providing a solid orientation, and facilitating a smooth handoff. A departing CEO who needs added support from the board or staff to perform these duties will need to be candid and speak up.

- *Do not try to control the process or handpick the successor.* Provide advice and support the board while recognizing that this choice is the board's responsibility. The board may very well have a different point of view, though this does not mean departing executives should refrain from sharing their insights. But after all, it's the board that will have to work with the successor.

Advice for the Board

- *Partner with the departing executive* by drawing on insights about the strategic outlook for the organization, the nature of the chief executive role, challenges on the horizon, and how best to prepare the organization for the successor. Keep the departing executive appropriately in the loop on the progress of the transition. In many situations, this person has invested years, perhaps decades, in building the organization. Cutting the CEO off (inappropriately) not only precludes the board's ability to draw on a rich body of experience, but it can cause deep resentment on the part of the executive. The board should put itself in the executive's shoes and act accordingly.
- *Maintain a clear balance between board and executive roles.* Be cautious about becoming overly deferential to the departing executive. Delegating too much responsibility for the succession and transition — or letting the CEO drive the process, overly influence the choice of a successor, or usurp the board's responsibility or authority — are bad ideas that will lead to problems. The solution is to find the proper balance while recognizing that the transition is a serious board responsibility.

Advice for the Board and the Chief Executive

- *Let the CEO be the CEO.* Many executives fear that as soon as they announce their departure intentions, they will immediately become lame ducks. But an organization only has one CEO at a time, and the board should not usurp authority because the CEO intends to leave. Deciding to move into the next chapter of life is not a betrayal, nor should it immediately relegate the executive to second-class status. The hiring and transition process is complicated. The board needs everyone pulling their weight.
- *Recognize the evolving role of a leader-in-transition.* When deciding to leave the organization (under positive circumstances), chief executives immediately acquire two new roles, besides continuing to lead the organization: preparing the organization to work effectively with the successor and preparing themselves for the next stage of life. The board and executive should

recognize and give time, attention, and energy to these varying roles of a leader-in-transition. Similarly, everyone should recognize that the executive role will change as the departure date draws closer. Some decisions will have to be deferred for the successor. Some initiatives must be put on hold. The executive and board should work together to ensure that the organization does not enter a total holding pattern and that the departing CEO does not leave behind a hodgepodge of half-finished projects.

- *Appreciate the emotional dimensions of the transition.* Retired executives and others who have been through a transition report being surprised by the emotional toll of the leave-taking process. It stands to reason that after investing all of one's professional energies into an organization, leaving that organization in the hands of a successor can have profound emotional implications. Both the board and the departing executive should be aware of and sensitive to this, potentially providing support for the departing executive to work with a life coach on an exit strategy or encore career plan.

The executive should be aware that leave-taking will stir emotions and influence behavior. Some will announce a departure and then emotionally check out early. Others will need to have the organization's steering wheel pried out of their hands. A key mark of a successful transition is adequate ramp-down time for the departing executive and adequate ramp-up time for the successor. Also keep in mind that an important ingredient for a successful transition is for the departing executive to be moving *toward* something rather than *away* from the job being left behind.

PREPARING A HANDOFF PLAN

The departing executive should prepare a plan that guides the passing of the CEO role to the successor. The plan should be a relatively simple document — one to two pages at most — that spells out the details of the change in leadership.

The contents of the plan will vary depending on how much overlap there will be (if any) and on what the new executive is bringing to the position. A plan for a new CEO who comes from within the organization, for example, will be different than a plan for someone who comes from outside. The departing CEO will usually initiate the handoff planning, but the process must actively involve the transition task force and incoming executive. Here are some of the items a handoff plan should cover:

- *Orientation goals and process.* Design a process for learning about the organization's history and evolution, current staff and executive leadership, board and board leadership, programs and locations, critical stakeholders, referral sources, business outlook, emerging opportunities, ongoing challenges, important customs, and so forth. Don't forget that the incoming executive also needs to get a handle on the nitty-gritty, such as office routines, systems, files, passwords, transfer of logins, keys, alarms, and signature cards.

- *A calendar walkthrough.* The current CEO should give the successor a quick overview of the annual calendar, highlighting internal and external events on the horizon, including those that require CEO attention and time and those that are part of the normal flow of events.
- *Introduction to key stakeholders.* Plan the specifics of meetings between the departing and incoming executives and top-tier stakeholders. Consider holding in-person meetings with critical stakeholders, such as key donors, collaboration partners, or others whose relationship and support are critical to the organization.

If the overlap time is going to be extensive (more than a few days), the handoff plan should include the following items to ensure clarity about who is in charge during this transitional period.

- *Official start and end dates.* These dates define the transfer of the CEO title as well as the length of the transition. How long the transition lasts will depend on the complexities of the organization and the commitments and desires of the incoming and outgoing executives. The period should be long enough to allow for adequate orientation and onboarding for the new executive but not so long that it creates stagnation and leadership confusion within the organization.
- *Titles for both executives during the transition.* Perhaps the departing executive will be CEO and the successor will be CEO-elect. Or the successor might immediately take on the CEO title while the departing CEO moves to an emeritus or similar status. Far from nitpicking, these decisions clarify who is in charge of the organization during a transition.
- *Offices for both executives during the transition.* Decide whether the successor will immediately move into the CEO office or occupy another office until the handoff is complete.
- *Responsibility for calling and facilitating meetings* of the senior management team and staff during the transition.

To aid in preparing the handoff plan, the departing executive may find it useful to keep a simple journal or a set of folders on the physical or virtual desktop, providing a place to capture copies of documents and notes during the last few months in the role.

The handoff plan should be augmented with items the senior management team recommends, as well as items the successor would like to see included — plans for one-on-one meetings, briefing materials, and anything else that should be on the successor's radar screen. In membership-based organizations or those that depend on a specific constituency base, the handoff plan, orientation, and onboarding might also include a listening tour with members or sessions with the community, ensuring that the constituency has the ear of the new executive. This outreach will go a long way to establishing a base of support while grounding the incoming CEO in the thinking of the organization's core constituencies.

Overlap between Departing and Incoming CEOs

Some overlap between the departing and new executives is advisable. How long that overlap should last usually depends on the complexity of the organization. For a small organization with a single program, a few hours might be sufficient. For a large organization with complex operations or multiple locations, an overlap of several days or even several weeks might be in order. The departing executive's handoff plan will be a good starting point in determining how much overlap is required. Quite frankly, the budget may be a determining factor, as the organization will need to meet the challenge of covering salary costs for both incoming and departing CEOs during the overlap.

FIRING THE CURRENT CEO

Not all transitions are positive. Unfortunately, the not-so-pleasant task of terminating a relationship with a CEO is a fact of life in some situations. Several studies indicate that about one-third of nonprofit executive transitions involve an incumbent who is fired or otherwise forced out because of performance issues or malfeasance. The guidance offered in this book stresses the connection between a good beginning and a good ending — finding the best match between executive and organization and supporting the incoming CEO's orientation and transition to a new role and responsibilities.

But sometimes a change is necessary, and the cause for termination may not be cut and dried. Does the board bear some responsibility for the failure in leadership because of lack of oversight or overreach into the role of management? Have board members fostered back-channel communications among staff or other inappropriate behaviors that undermined the CEO? In some cases, such as illegal behavior, the executive is clearly at fault, but in many others the board may have been complicit through its own actions or inactions. Any board that terminates its executive should engage in some dissection and introspection and then take corrective action to ensure that the relationship with the next executive doesn't end up in a similar set of circumstances. Don't assume all the fault rests with the departing executive and then repeat the pattern with the new one.

RISKY BUSINESS: CEO TERMINATIONS

by Melanie Herman, Executive Director, Nonprofit Risk Management Center

The departure of a nonprofit CEO can be difficult, regardless of the reason. But when a CEO is asked to leave, awkwardness, tension, and even a bit of chaos rule the day. To fortify the board and mission and manage the risks that arise when a CEO is forced out, consider the following tips.

- *Be candid and transparent across the board.* The risks arising from a CEO termination are worsened when either a board faction spearheads the termination or when some members are kept in the dark. Governance is a form of shared leadership. No one board member has the authority to direct the mission or the CEO. Even with a large board, it's essential that all board members understand the reasons for the termination and support the timeline and approach. Keep in mind that the full board wants assurance that it is handling this delicate matter effectively.
- *Check the record, and check it again.* Before delivering the termination message to the CEO, the board should carefully review all relevant documents, including the hire letter, the CEO's employment contract (if applicable), the employee handbook, and recent performance reviews. The purpose of this review is to identify what the nonprofit must, at a minimum, offer the departing CEO. For example, six weeks' pay in lieu of notice? Accrued vacation? What promises has the nonprofit made to the CEO?
- *Keep the board and CEO cool, and take the high road.* When it's time to discuss a termination, there is bound to be some anger and frustration on the board. Except in cases where the CEO has been indicted for fraud or some other illegal act, the departure announcement should be kind. The board may be irked that the CEO left the job after only six months, but stakeholders need to hear, "We wish Mary all the best as she embarks on this exciting new opportunity. We thank her for her service to the nonprofit." Don't include passive-aggressive statements that make the board look small-minded, such as, "At the May board meeting, the board decided to go in a new direction. Mary will therefore be leaving at the end of the month."
- *Bring in the lawyers.* Terminations are the riskiest phase of the employment relationship. One tool that can help reduce worry about disparagement on the part of the fired CEO and the risk of a wrongful termination claim is reassurance from a skilled employment attorney. In addition to helping the board be fair and thorough, an attorney can advise about whether the nonprofit should offer its departing CEO a termination agreement and release in full. A typical agreement contains promises not to disparage the nonprofit or sue, and offers clarity about the departure. To be enforceable, the agreement must include consideration — monies the CEO would not otherwise receive. Because of the specific language that is necessary in order for these agreements to withstand legal scrutiny, get expert help by engaging an employment attorney to either draft or review the agreement.
- *Update the succession plan.* Every nonprofit with a paid CEO needs an up-to-date succession plan describing the steps the board will take upon deciding or learning that the CEO will depart. Most plans do not name a sure successor, but focus instead on process. Even if a nonprofit has a brand-new CEO, it needs a succession plan. In most cases, the board won't get to decide when the current CEO will leave for greener pastures. While memories of a difficult departure are still fresh, resolve to update the CEO succession plan without delay. Make "next time" easier for the board that will succeed the current board and task force.

WORKING WITH A TEMPORARY CEO

If the board is firing or forcing the resignation of its current executive, or if the CEO is leaving before the search for a successor can be completed, the board should appoint a temporary chief executive. Having a bridge leader in place will give the board the breathing space it needs for a more comprehensive approach to the transition, allowing for a more thorough search and a more thoughtful choice of the next executive. Unnecessary urgency can lead to hasty decisions that may damage the organization's long-term interests.

Moreover, if the organization is struggling, the board may need a break to sort out and redirect. Or if the departure has been particularly messy, the board may need a temporary executive who has the forensic skills to help assess the true situation. Often, an organization needs an interim leader with capabilities that are quite different than what the board might want in the permanent executive. Valuable interim leadership skills might include organizational turnarounds, crisis management, or other expertise specific to righting the organizational ship before a successor is brought on board.

Temporary Executive Options

Organizations turn to one of the following approaches for ensuring temporary coverage of the chief executive's role.

An *acting chief executive* is usually a senior manager or another insider who provides bridge management during the interim period. This manager serves during the time it takes to plan and complete the executive search and hiring process. In larger organizations, the CEO's deputy or the chief operating officer often is selected, returning to the regular staff role when a new CEO is appointed. The board may make a temporary salary adjustment in recognition that the acting chief executive has taken on additional responsibilities. Appointing an internal acting executive can be a good choice in highly stable situations in which the emphasis is on covering the CEO responsibilities during the transition and the organization has an appropriate candidate for the temporary role.

An *interim chief executive* is typically a seasoned executive from outside the organization who, like the acting chief executive, provides bridge leadership during the search and transition process. Interim leadership has blossomed into a full-fledged profession, with many individuals providing interim services as a full-time career. Many are former nonprofit executives who left their leadership roles in the mid-to-late portion of their careers to start consulting practices or encore careers. In most cases, they have significant management experience. Moreover, as professional interims, many have sought out special training and, through their experience, acquired skills that are valuable for organizations in transition, including expertise in planning, change management, and organizational turnaround.

Like the acting executive, a skilled interim executive deals with day-to-day affairs while building the platform for the permanent successor, but he or she can also help the organization deal with political, system, staffing, leadership, or other capacity issues that, if not attended to, may divert the energies and attention of the new executive.

A *transition chief executive*, like an interim, comes from outside the organization but is appointed for an extended period, often 12 to 24 months or more. The transition chief executive's job is to turn around an organization experiencing serious problems or to realign an underperforming organization. This approach is not nearly as common as the appointment of an acting or interim executive, but it can be a good strategy in the right circumstances and with the right leader.

Other options for ensuring bridge leadership include making no appointment with the assumption that the staff can continue without a chief executive officer for a limited period, perhaps with some guidance from a board member; or creating a management team of senior staff members who are collectively responsible for leading the organization until a new chief executive comes on board.

Basic Roles and Responsibilities of a Temporary Executive

The temporary chief executive — whether acting, interim, or transition — provides day-to-day leadership and management while effectively bridging the gap between two permanent executives. But this individual also has specialized tasks that are unique to a transition and closely connected to the work of the board's transition task force or the external executive search or transition consultant. These tasks may include one or more of the following:

- Bringing confidence-building focus, clarity, and forward vision to a situation that involves varying degrees of anxiety and confusion
- Working collaboratively with the transition task force and transition consultant to conduct an organizational assessment and work to resolve identified legacy issues or other critical challenges
- Managing a stepped-up communications effort relating to the transition
- Providing assurance to wary stakeholders, particularly funders
- Potentially renewing or recovering relationships with stakeholders who may have become disaffected or drifted away during the previous executive's tenure
- Dealing with possible information and management deficiencies, particularly as they relate to finances, grants, contract commitments, and other external or legal obligations
- Helping to implement board-approved changes that will strengthen the capacity of the organization
- Preparing the staff to build a good relationship with a new executive

- Helping to plan the announcement, orientation, and launch of the new executive
- Conducting an appropriate handoff process with the incoming executive

Defining Roles and Responsibilities of a Temporary Executive

This task usually falls to the transition task force or the governance or executive committee (if one exists). Beginning with the end in mind, this group should ask first what it wants and needs the temporary executive to help the organization accomplish during the interim period. What is critical to success — for the organization and the transition — over the next few months? Second, the board should review the current chief executive's job description considering questions like these:

- What job responsibilities are critical to maintaining business as usual during the transition?
- What responsibilities should be escalated?
- What responsibilities, if any, can be held at bay until the new permanent executive is appointed?
- Are there items on the organizational calendar — such as annual fundraising events or renewals of major grants — that will influence the acting or interim executive's role?
- Are there other urgent issues or challenges facing the organization right now?

The board should also consider the legacy issues that must be addressed during the transition period. Does the financial information system need improvement? Is the HR system up to snuff? Does the board need training and development before it is truly ready to partner in a powerful way with a new chief executive? These types of issues can be difficult to address without a permanent executive in the job. But if the board and the temporary executive identify them and start shaping solutions during the interim period, they will be creating a more solid working platform for the incoming CEO.

Often, the temporary chief executive's role is internally focused. Unless transition priorities dictate otherwise, the job does not involve engaging in high-visibility external activities to the same degree that might be expected of a permanent leader. But there are few absolutes in transitions. An organization's fundraising plan, for example, may require the chief executive to play a visible role, regardless of whether that person is in a temporary or permanent position.

Think twice before appointing a board member as the temporary chief executive. Sometimes a board member will throw a hat into the ring, or the board will actively seek to engage a board member believed to have the time and interest to lead the organization on a temporary basis. But as it considers what is needed in a temporary

executive, the board should be crystal clear about the skills required for the temporary role and whether the board member in question meets those requirements. Just because someone has the time available, interest in the role, and familiarity with the organization doesn't mean that the board member is qualified for this challenging position. Boards often place too much emphasis on knowledge of the organization. No doubt that can be of value, but much more important is the individual's nonprofit executive experience and the ability to provide flexible leadership through a process of change, including possible political and emotional turmoil. This is a job for a leadership pro — and the right leadership pro.

Which Approach Should the Board Use?

The answer to this question can depend on two factors: the availability of a suitable internal candidate to step into the acting role and the nature of the transition the organization is facing. The second factor should not be dismissed even if the board has a potential internal candidate in mind. A stable organization with a strong management team and a skilled deputy executive may have the ideal conditions in place for appointing an acting executive. Conversely, if the organization is in crisis or is facing financial or political struggles, an external candidate can bring executive and change management skills that typically are far superior to what is available within most organizations. An external executive's status and perspective as an outsider can bring fresh eyes, immediate credibility, and skills to change the circumstances. Moreover, this choice can prevent bad customs or politics from influencing a turnaround situation.

Often, boards decide between an interim and an acting chief executive based on candidates' availability and familiarity. A better approach is to consider objective factors like those outlined above and then make a choice based on organizational needs and skill requirements, even if that means conducting a search for an interim executive.

When engaging an external temporary executive, keep in mind that the job is not a career move, but a position for someone who specializes in interim management. An interim or transition executive needs to put the organization first and do what is right for its current and future health without using the position as an opportunity to build or burnish a public profile. Moreover, the skill set required during the transition may not be the right skill set to lead the organization over the long-term.

Governing with a Temporary Executive in Place

The board's relationship with a temporary chief executive is different than it would be with a permanent leader. During the transition, the board has a heightened need for information. It also needs assurance that critical roles are being carried out, key legacy issues are being addressed, and things are on track for a successful handoff to a permanent executive down the line. Thus, the board-temporary executive relationship

may involve a higher level of interaction and oversight by the transition task force and board. The trick is not to let this heightened role during the transition turn into an intrusive role later with the permanent executive.

HOW TO HIRE AN INTERIM EXECUTIVE

An external interim may be the only choice if the organization does not have an internal person appropriate for the acting executive role. Regardless, this choice is almost always better in turnaround situations or volatile circumstances. A good interim executive with prior CEO experience may be best equipped to help prepare the organization to work more effectively with the incoming permanent executive.

Contracting with an external interim chief executive with high-level executive skills and expertise can help the board rise above and tackle the organization's unique set of transition challenges. In addition to bringing nonprofit leadership experience, a skilled interim executive may be able to offer capacity-building and facilitation services, such as

- conducting an organizational review or assessment that leads to greater clarity about the organization's strengths, weaknesses, challenges, and opportunities, all of which will require attention from the new permanent leader
- helping the board clarify its vision and the related present and future leadership needs of the organization
- modeling appropriate executive behavior for the staff and board if the departing executive wasn't a particularly skilled or effective leader
- helping the organization come to terms with its history and build on strengths while addressing weaknesses
- providing the incoming executive with a skilled, knowledgeable mentor for the handoff process

Characteristics of the Right Interim Executive

Look for the following characteristics:

- *Management experience, not just experience in the organization's program area.* The role is not an on-the-job-training opportunity. Typically, the most successful interim executives are mid- to late-career professionals. The more difficult the transition challenge facing the board, the more experience it will want in an interim executive partner.
- *A leadership style that matches the dynamics of the transition.* Don't use the same lens the board will use for the permanent executive's position. Aim for a match between the interim executive's experience and the transition challenge and priorities.
- *An action-oriented but collaborative style, with well-honed listening skills.* Such leaders can help the organization pursue its change agenda, but always in close

collaboration with the board and in consultation with the staff. The interim period typically is not a time to take on bold new initiatives, nor is it a time for the interim executive to pursue a solo agenda or vision for the organization.

- *Flexibility.* Executive searches often take longer than anticipated. Boards should ensure that the interim chief executive is available beyond what may be an optimistic timeline.
- *Cultural competency.* Consider hiring an interim executive whose background and demographic profile reflects the community the organization serves. Such an individual can contribute important insights that can help further the success of the transition.
- *A calming, stable presence* during the transition, which is potentially a period of grief and conflict.
- *Clarity about the interim's role* to shepherd the organization through the transition and prepare for a successor and then leave. The interim should have no interest in the permanent position. Challenging transitions always involve a period of discovery, so the board must have full confidence in what the interim is telling it. There must be no question that the information might be tainted by the interim's angling for the permanent CEO job.

Where to Look for an Interim Executive

Many communities have robust networks of nonprofit consultants, many of whom are former nonprofit chief executives. This network is a rich resource for finding an interim executive. Good places to start your outreach include the local United Way, community and other foundations, nonprofit management support organizations, the association of grantmakers in your area, and nonprofit degree programs at area colleges. Other great resources are statewide associations of nonprofits and affinity groups in the organization's program areas. Examples of these include associations of community mental health providers, regional arts associations, and environmental education associations. Consult the National Council of Nonprofits website for a list of statewide nonprofit umbrella associations (councilofnonprofits.org.) The Alliance for Nonprofit Management, a national association of individual consultants and management assistance organizations in the nonprofit sector, has an online directory of members, many of whom provide executive transition consulting or serve as interim executives (allianceonline.site-ym.com/search/). LinkedIn (LinkedIn.com) has affinity groups for interim leaders, nonprofit professionals, and consultants. Posting a question to one or more of these groups will almost invariably result in a rich mix of answers, recommendations, and connections.

Job Announcement

If an organization is hiring an interim, it will need to develop a job announcement, typically a one-page document that covers the following:

- Description of the organization
- Brief description of the interim executive's role
- Priorities or special tasks for the interim period
- Duration of the appointment
- Where to go for additional information (usually the organization's website)
- How to apply

Screening and Interviewing Candidates

This process is not that different from the process the board might use for hiring a permanent chief executive, although it might be more expedited. Similarities include careful resume review and interviews to assess the candidates' experience against the identified needs. Careful checking of candidate references should not be overlooked.

When seeking an interim executive, a candidate's ability to lead the organization through a dynamic time matters more than experience in the nonprofit's mission area. While it would be great to have both, the focus should be on candidates who can shepherd the organization through the transition, help the board address legacy issues, and provide seasoned leadership and a steady hand to address the nonprofit's particular situation.

Guidelines for Contracting with an Interim Executive

- *Part-time vs. full-time.* Many transition executives — especially those involved with the organization over an extended turnaround or transformational period, work full time. But most are hired for a shorter duration to provide bridge leadership during the search, and they work part time, typically between 8 and 32 hours a week, with 20 to 24 hours a week as the average. They usually address a narrower range of activities; often they are consultants who need some time to maintain other projects; and, as independent contractors, they don't get paid vacation days and holidays.
- *Hourly rate vs. flat fee.* Billing practices vary among interims. Some work strictly by the hour, but some prefer to contract for a set dollar figure monthly (or weekly) and agree to provide a minimum number of hours for that figure.
- *Employee vs. independent contractor.* Most interim executives work as independent contractors who do not earn a salary or benefits. Their income is reported on IRS Form 1099, not W-2, and no taxes are withheld. Some nonprofits, because of their legal circumstances or insurance requirements, have found it advisable or necessary to put the interim executive on the payroll as a temporary employee. Your board should consult its attorney and insurance professional to determine what's best for the organization.
- *Duration of the assignment.* An interim's term usually lasts for the time required to plan and execute the average executive search and to complete the onboarding. Four to six months is a good rule of thumb. But some

circumstances may require a shorter or longer appointment. A turnaround situation, for instance, usually requires more time. Be as clear as possible about the timeline before selecting and signing a contract with an interim executive. Include a contingency for ending the assignment early if the search is completed expeditiously or for extending it if you need more time to develop an adequate candidate pool.

- *Contracts and work plans.* The contract can be a simple letter of agreement along with a detailed work plan (see the Transition Toolkit on page 144 for an example). The work plan, which spells out the priorities for the interim period, is the heart and soul of the contract. It should clarify the work that needs to be done, the expectations for who does what, the reporting mechanism, and any necessary contingencies.

SHOULD THE DEPARTING EXECUTIVE HAVE AN ONGOING ROLE?

Usually, it is best for a departing chief executive to make a clean break after turning over the job to a successor. But sometimes this individual can be a welcome presence and an ongoing, valuable contributor. The options might include a full-time or part-time job in the organization, a short-term engagement to help with the transition, or a longer-term assignment to lead a new initiative or shepherd a specific project. Whatever the relationship, it must be handled with caution. Control should be firmly in the hands of the successor, who should not feel burdened or constrained by the presence of the former CEO.

Success usually boils down to a matter of chemistry — the relationship between the two executives and their attitudes, particularly the attitude and temperament of the departing executive. Here is some advice for making these arrangements work:

- *Check your motivation.* Don't contract with the departing CEO because you need the comfort of someone waiting in the wings in case the new executive isn't the right fit. Allow the departing executive to step away instead of casting a shadow over the successor.
- *Let the new executive decide.* The transition task force or the board can share its perspective on why an ongoing relationship might be valuable. But the decision — and the terms of the agreement with the departing executive — belongs to the successor. Let this arrangement emerge naturally during late-stage discussions with final candidates and employment negotiations with the new executive. Don't force it by contracting with the departing executive and then expecting the successor to live with it.
- *Don't make the former executive an unwelcome advisor.* Almost always, the new executive faces a steep learning curve, and "assistance" from the former executive can be helpful, but it also could be an unwanted time sink. Offer the assistance, but let the new executive take the initiative and determine whether and how to use it.

- *Establish frequent check-ins to be sure the arrangement is on track.* Conversations should be between the two executives, initiated by the new CEO. If the arrangement is not working, then the former executive must be prepared to ride off into the sunset.
- *Require the departing executive to take a leave of absence first.* A departing executive who is moving into a staff leadership role should take an extended leave of absence first. A minimum of 60 days will give the new executive time to get settled and begin forming personal alliances and leadership relationships with staff and board members.
- *Establish off-site working quarters.* Sometimes the success of the arrangement can be influenced by the location of the assignment. Simply put, the daily presence of the departing executive could be detrimental. To one degree or another, having the former CEO in the office could overshadow the new executive.
- *Don't let the former executive become a go-between or advocate.* In every new CEO's tenure, there will be a point when someone is disappointed, perhaps even disenchanted. If staff members turn to the former executive because of their holdover power with the organization or influence with board members, it's the board's responsibility to put a stop to it.
- *Don't put the former executive on the board — at least not right away.* Sometimes, out of respect or the desire to hedge bets with a new CEO, departing executives are invited to join the board. This is almost always a bad idea. Wait at least a year before asking the former executive to come onto the board.

AGREEMENTS AND PAYMENTS

In some situations, an organization offers an exit agreement to a departing executive, potentially with some monetary award or payment. An exit agreement is not a separation or termination agreement. The latter typically is tied to an involuntary separation and involves some payment in return for agreeing not to sue the organization or speak disparagingly about it. Rather, an exit agreement is tied to a voluntary separation.

The most common type of exit agreements involves payment for post-transition services such as those described above. Usually, these agreements are motivated by the board's recognition of the departing executive's contributions. Payment may be purely honorific, or in some cases it may be the board's attempt to compensate the executive for a salary that was well below the market rate in the early years, or for retirement contributions that were not up to par.

Although technically not an exit agreement, another increasingly common arrangement is a *retention incentive*, which is a financial inducement to remain in the position a while longer. The board may want to motivate the departing executive

to stay beyond a proposed retirement date because a successor has not yet been named. Or perhaps the board wants the executive to stay until a specific milestone date or to see the organization through a project or transition.

Any financial agreement with a departing executive should be approached with a high degree of caution because of the risks involved. First, unless constructed properly, the agreement might conflict with the IRS prohibition against private inurement for tax-exempt groups. Second, there are laws that govern the separation of older employees, particularly the Age Discrimination in Employment Act of 1967 and the Older Workers Benefit Protection Act of 1990. Offering a financial inducement could be seen as trying to ease an older worker out. For these reasons, the board should consult with the organization's legal counsel and auditor before entering this sort of agreement, especially one involving an honorific or catch-up payment that may not be a quid pro quo for services rendered. Beyond the legal risks, there is also the political risk that these agreements might raise the dander of donors and other stakeholders.

ACTION PLAN FOR THE BOARD

- ✓ Appreciate the importance of leadership continuity, and avoid turnover in the board chair position at the same time as the chief executive transition.
- ✓ Understand the role of leader-in-transition. If the departing executive will be in place through the transition, be prepared to engage them in the process, as appropriate.
- ✓ Take the high road if terminating the current chief executive.
- ✓ Appreciate the need to appoint a temporary CEO to bridge any gap in the chief executive role, and understand the dual nature of the temporary executive's role.
- ✓ Recognize that a key responsibility of the leader-in-transition is to prepare the organization to work effectively with the successor.
- ✓ Approach with caution any notion of the departing executive having an ongoing role with the organization to avoid burdening the successor with an unwanted presence.

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CHAPTER 4

TASK 4: MANAGE COMMUNICATIONS AND ENSURE POSITIVE CLOSURE

What's Covered in This Chapter

- Three stages of communications in an executive transition
- Managing the departure announcement
- Introducing the new chief executive
- Elements of the communications plan and key materials.

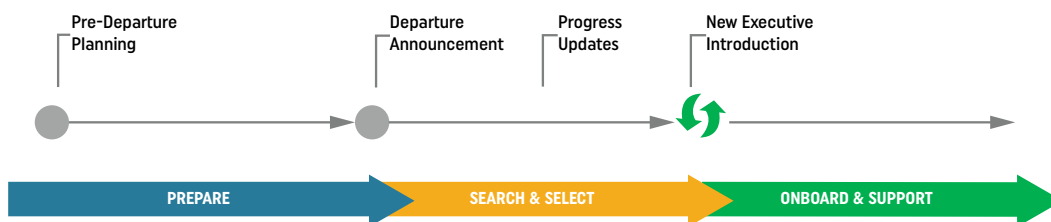
Good communications are a critical ingredient of a successful transition. An organization's primary stakeholders — major donors, key funders, and collaboration partners — will want to know about the transition early. They also will want to hear directly from the organization. Allowing these stakeholders to find out about the departure through the grapevine could pose unnecessary risks to important relationships. Similarly, how the board handles communications with staff during the transition can either inspire confidence or leave people rattled. Finally, careful attention to announcing the appointment and introducing the new CEO to the organization and its community will go a long way toward helping the executive get off to a great start.

Communications about a chief executive transition has three stages:

1. *Pre-departure planning.* Behind-the-scenes discussions to plan the transition and prepare the departure announcement
2. *Departure announcement and progress updates.* The announcement of the current executive's departure to internal and external stakeholders, followed by regular communications to keep everyone informed about the transition's progress
3. *New executive introduction.* A suite of communications to publicly welcome and introduce the new leader to the organization and the community

Figure 5 outlines where the communications stages typically fall on the transition timeline.

Figure 5. Communications and the Transition Timeline



PRE-DEPARTURE PLANNING

The communications process begins with behind-the-scenes planning before the departure is announced. Usually, those involved in planning include the departing chief executive; board officers, or the executive committee if one exists; and the board's transition task force, if one is already in place. Most boards also seek some advice and consent from the entire board. The length of this planning phase varies. It might encompass several months in the case of the planned retirement of a longtime, successful leader. If the transition is precipitated either by the death of the incumbent or an otherwise immediate departure, it might be as little as a few hours.

As the team plans, consider three communications elements:

1. *Audiences.* What audiences should know about the departure? For most executive transitions, audiences include the staff, collaboration partners, close-in stakeholders (such as funders or alumni), members (in a membership association), and the community (the public).
2. *Messages.* What are the overall messages about the transition, and how will they be customized? The messages will vary depending on an audience's relationship to the organization, which translates into a level of concern about the transition. For example, communications with staff (high-concern stakeholders) may be detailed and intimate — maybe even familial in tone — while the message to the public (low-concern stakeholders) may be warm, but concise and informational.
3. *Vehicles.* How will the messages be delivered? Options range from highly personalized activities, such as a face-to-face meeting with a key stakeholder, to highly impersonal ones, such as a media release — with many tools in between. The communication vehicle should match the particular audience's stake in the transition outcome as closely as possible. Also consider whether the vehicle should be a two-way exchange or a one-way message. Communications with the staff might include in-person delivery with an invitation to ask questions or share opinions (two-way communication). On the other hand, communicating with the public may involve a media release or the organization's website or social media (mostly one-way).

For a worksheet to help plan the departure announcement, see the Transition Toolkit, page 147.

THE DEPARTURE ANNOUNCEMENT

The circumstances of the CEO's departure will greatly influence the content, timing, and logistics of the announcement. Among the crucial factors are the lead time available to plan the transition and whether the departure is planned or abrupt. The following scenarios illustrate how departure circumstances affect the announcement.

Planned transitions with 18 months or more lead time. Long lead times provide more opportunities to prepare the organization for the transition. But they also present a communications challenge for the board, which will need to decide whether to hold the announcement for later or use a soft disclosure technique as opposed to a hard announcement. Soft disclosure typically takes the form of heads-up-style personal messages from the departing executive. Conversations with key stakeholders might sound something like this:

We're not ready to announce this to the public, but I want you to be among the first to know that I'm planning on retiring in a few years. I'm not going anywhere soon, but the board and I are getting a head start on planning for the transition. And I didn't want you to hear about this through the grapevine.

Planned transitions involving 6 to 12 months of lead time. This scenario puts the board more squarely in the hard-announcement territory. Under these circumstances, the announcement should include some reference to the upcoming executive search. If the search and departure are not being announced concurrently, the statement should mention that the board is forming a transition task force and that details of the upcoming search will be provided soon.

Transitions involving the termination of the incumbent chief executive. If the board is terminating the executive for performance reasons and the decision wasn't brought about by circumstances requiring immediate termination, the board likely has some time to put its plans in place before announcing the departure. The tone of the departure announcement should be as positive as possible. Even if board members harbor hard feelings toward the departing executive, allowing those feelings to color the board's statements will make the board look petty. But if it appears that the departure involves failure on the part of the board, either large or small, stakeholders will undoubtedly be seeking assurances that this type of failure won't be repeated. Should this happen, the board will need to provide those assurances in the form of private communications rather than public statements. The departure announcement should include a statement about the appointment of an interim or acting chief executive, or notice that such an announcement will follow soon.

Transitions with little or no lead time. Like transitions involving terminations, the announcement of an abrupt departure should be positive and, if possible, include a statement about the appointment of a temporary chief executive.

Transitions involving the death of the incumbent executive. Obviously, the initial announcement in this scenario should be focused on condolences for the family and recognition of the executive's accomplishments. Any mention of the planning work or search for a successor should be held for later. The internal announcement should include some statement about who is serving as acting or interim executive. The death of a chief executive is one of the many reasons every nonprofit board should have in place a chief executive succession policy and a backup plan for the executive.⁸

8 For templates for these two documents, visit dontebbe.com/succession-guide.

Departure Announcement Sequence

In planned transitions, the announcement process follows this sequence: (1) senior management team; (2) staff; (3) key stakeholders; and (4) public. Usually, these events will happen in rapid succession — all within the same day and usually within a time block of a few hours.

Progress Updates

As the transition begins, board and transition task force leaders should keep these groups informed — with varying levels of detail — about the progress of the search for the new chief executive. Regular updates for senior management and staff are the most critical, while stakeholders and the public usually need only announcements of milestones — for example, when the transition task force has set a schedule for the search and when the new chief executive has accepted the position. Recognize that the absence of timely communications from the board can create an information vacuum where rumors and morale-killing gossip are sure to spread, especially if the transition involves some controversy.

Of any group, the members of the senior management team probably have the most at stake in the transition — professionally and personally — and likely will feel the most vulnerable. Since they have the most intimate working relationships with the chief executive, the CEO usually informs the team of departure plans. In termination situations, that duty usually falls to the board chair or, if the board chair is not available, to another designated board member, such as the transition task force chair.

Next, the board will want to ensure stability and calm among the staff, one of an organization's most important sets of stakeholders. The departure of the chief executive, whether beloved or controversial, can leave the organization feeling a bit unglued. For this reason, it is vitally important to have a board member — ideally the board chair or the chair of the transition task force — make a joint announcement to the staff with the departing executive (if the executive is leaving on good terms). Ideally, board leaders should be available or accessible to answer questions and discuss the organization's plans for the transition as well as issues such as the role staff might play during the transition process.

If the departure involves some controversy, or if the chief executive has been terminated, several board members might be involved in the departure announcement and then have one-on-one follow-up meetings with management team members and other key staff. Abrupt departures are unsettling and potentially destabilizing. It typically takes more than one session with the staff to help settle things down.

The board should keep two concepts in mind as it weighs how best to communicate with the staff: empathy and assurance. Showing *empathy* allows people to voice their concerns about the transition, ask questions, and have a dialogue with board leadership or transition task force representatives. The board's *assurance* gives staff

members a solid game plan for the transition and clarity about what is expected of them during the weeks and months ahead. If there is any question about the organization's stability, the board should communicate how it is addressing key problems and vulnerabilities and share the timetable for resolving them.

Key stakeholders — such as major funders, top-tier donors, coalition partners, and critical referral sources — are usually informed personally. Often the news will be delivered in a phone call from the departing executive or a personalized email sent with the official announcement letter from the board chair.

The departure announcement process ends with a communication with the community or the public at large. Several vehicles may be used, including media releases, a statement on the organization's website, and postings on social media.

HOW ONE CARING NONPROFIT HANDLED A DEPARTURE ANNOUNCEMENT

Midwest Community Services is a large, multi-program human service organization with a very caring internal culture. When the chief executive who had led the nonprofit for nearly 30 years told the board he was leaving, the board recognized that his departure would have a major emotional impact. After all, this was the only chief executive most staff members had ever known. So ahead of the announcement, the transition task force developed a fact sheet that explained the transition plan, timetable, and other details. As part of the announcement, the board also arranged staff meetings to provide Q&A time. These meetings were facilitated by the division heads, who had all been part of the transition planning process, and a board representative from the transition task force.

Because the board showed empathy and provided assurance, there was minimal staff turnover during the transition, even though the job market was highly competitive at the time. Many staff members remarked that not only were they reassured by the board's actions, but their pride in the organization (and the board) increased. One staff member said, "The board provided an important psychological bridge. Its actions spoke volumes, assuring us that the transition was in good hands as we go about our work serving our clients."

Celebratory Events

Events that celebrate the departing executive can be part of the communications strategy. Receptions, roasts, and other festive occasions help stakeholders process their feelings about this momentous change. These events can also send important signals to the community and key constituencies that all is well, providing assurance that this is a positive transition for the organization. As one long-time executive observed, no one roasts an executive who has been involved in a scandal or who is being driven out of the organization.

INTRODUCING THE NEW EXECUTIVE

The introduction of the new executive should be carefully thought out, with individual vehicles tailored to the staff, the stakeholder community, and the community at large. While you will naturally write an introductory letter to stakeholders and issue a media release, a proper introduction also involves group meetings, face-to-face meetings, and social events. For example, the board chair and the departing executive (if leaving on good terms) could call an all-staff meeting to introduce the successor. Key stakeholders could meet the new executive at receptions or coffees. For top stakeholders such as funders, major donors, and key collaboration partners, individual face-to-face meetings are highly recommended.

Many of these meetings will be organized by the departing executive but attended by both the departing and incoming executives. Stakeholders and community leaders appreciate this effort by both CEOs to reach out to those who are important to the organization, or at least hearing the news from the current CEO. The implied endorsement of the new executive inspires confidence.

COMMUNICATIONS PLAN AND MATERIALS

For both announcements — of the departure and the successor’s appointment — the organization needs a plan with the necessary support materials. You can gain a good head start on the communications process by having key lists and documents prepared ahead of time, even before a transition.

The communications plan can be as simple as a half-page outline of key communications actions, the audiences the organization needs to reach, and who’s responsible and due dates for each action. The plan should also outline clearly who is authorized to speak on behalf of the organization. This information needs to be communicated to the staff, particularly those answering the phones so calls can be routed to the right person.

Communications support materials include the following pieces:

- *Letters from the board chair.* In the departure letter, the board chair summarizes the executive’s accomplishments, briefly describes the search for a successor, and concludes with good wishes for the departing executive. Similarly, the appointment announcement letter outlines, in a high-level way, this executive’s fit with the organization’s leadership needs and concludes with an optimistic statement about the future. The departure letter might be supplemented in some cases with a letter or message from the departing executive — for example, a warm cover note to stakeholders with whom the departing executive has close ties.
- *Talking points.* This one-page document helps ensure that everyone involved in the communications process is clear about the key points and stays on

message. Talking points are a particularly good idea in situations involving a messy departure, including those that might involve legal repercussions if someone goes off script.

- *Web and social media content.* Usually, the organization will post the media release on its website, along with the text of the board chair's announcement letter. Excerpts and links to the full documents can be posted on social media.
- *Media release.* An electronic release is sent to the community's key news outlets as well as to related trade and professional associations.

The board should be prepared with a brief biographical statement about the new executive, along with a professional photograph.

Stakeholder Lists

The contact list for communications about executive departures and transitions could be huge, with many names, groups, and categories included. In organizing and prioritizing key contacts, group stakeholders by the actions the board will take to communicate with them. Some people will require a personal phone call, while others will simply need a personalized copy of the board letter.

- *Personal phone calls.* Typically, this list is short and includes the organization's most important stakeholders. The departing chief executive may make these calls if leaving on good terms. If the chief executive has already left, or if there was a messy ending, then each call should be made by the board chair, transition task force chair, or another board member with a close relationship with the stakeholder in question.
- *Personal meetings.* Sometimes a very small group of close stakeholders deserves special treatment, such as a meeting with the departing executive before the departure announcement followed by a meeting with the new executive after the appointment. This group might include major individual donors and major funders, such as the program officers at key foundations. The new executive should make contacts with these stakeholders as soon as practical after assuming the position. In some cases, these communications could be accomplished in phone calls.
- *Personal communications.* This group of stakeholders will receive personal emails or letters from the departing executive or board chair. As mentioned above, some of these contacts might receive a personal note from the departing executive as a cover to the chair's letter.
- *Group communications.* This list usually includes categories of individuals — for example, community members and clients — who will be informed through the organization's newsletter, website, social media, or other broadcast means.
- *Media.* This group of media outlets will receive media releases.

ACTION PLAN FOR THE BOARD

- ✓ Appreciate the importance of good communications throughout the transition process. From the departure announcement through the introduction of the new executive — with progress updates along the way — all are critical ingredients of a successful transition.
- ✓ Understand that good communications involve being proactive by controlling the message, the timing, and the communications process itself.
- ✓ Avoid the risks of creating an information vacuum, which can end up impeding a search or even poisoning the waters of what should otherwise be a successful search and transition.
- ✓ Be prepared with a plan and materials to announce the departure of the current executive.
- ✓ Ensure that a list of key stakeholders is developed so the new executive can contact them soon after starting the job.
- ✓ Know that actions sometimes speak louder than words, and consider holding one or more appropriate celebratory events for the departing executive.

CHAPTER 5

TASK 5: SEARCH FOR, SELECT, AND HIRE THE NEW CEO

What's Covered in This Chapter

- Launching the executive search
- Strategies and tactics for recruiting a diverse candidate pool
- Screening and interviewing guidelines
- The employment arrangement with the new executive

Before launching the executive search, the board and the transition task force should have accomplished two things. First, they should have a clear understanding of the current and future leadership demands of the job. Second, they should have some insights about how these demands will influence the mix of skills, experience, and leadership attributes the organization should seek. Preparing carefully for the search by engaging in the activities recommended for Task 2 will give the board the information and insights it needs to move forward with the search and selection.

PREPARING THE SEARCH MATERIALS AND PLAN

To initiate the search, the transition task force (or its consultant) develops collateral materials that include a detailed position profile, a one-page job announcement, a compensation plan (or at least a freshly researched salary number), a search plan, and a budget for the search and selection process.

Position Profile

This three- to five-page document is a detailed prospectus covering all the essential information about the organization and the position. While the profile contains information that is included in any typical job description, such as responsibilities and reporting structure, it goes beyond that to paint a picture of the leadership opportunity. (See the Transition Toolkit, page 140, for an example.)

The position profile serves multiple purposes. It is a source document for the more condensed, one-page position announcement discussed in the next section. It is also a tool to support deeper discussions with interested candidates. Perhaps most important, the process of crafting and reviewing the profile ensures that the board has reached agreement internally on four critical issues:

- The nature of the job
- The type of leader the board wants to hire
- The roles and responsibilities of the new executive
- The board's expectations for the new executive, both long-term and in the first year or so on the job

As they generate the position profile, the board and the transition task force should reach agreement about these key factors. If they do not, the board should postpone the search and continue discussions until there is alignment.

The profile should be designed to generate excitement and interest about the position. One of the most critical elements, in fact, is the section that describes the leadership opportunity. What does the board want the new executive to accomplish? What are the new horizons to be explored or conquered? This part of the profile is the most likely to capture the interest of candidates — at least the qualified, high-achieving leaders the board will want.

Include the following basic content:

- Several paragraphs about the organization's history, its current situation, and its programs, staffing, governance, and finances
- A description of the leadership opportunity for the new CEO
- The board's early-stage expectations for the new executive — the top-level priorities for the first year or so of the executive's tenure
- A brief description of the location, particularly if the job is being marketed nationally or outside the organization's locale
- A list of candidate attributes and qualifications, recently refreshed by the board through its planning for leadership change (see page 44)
- Information about how to apply, including required materials such as a resume and letter of interest with salary expectations

Job Announcement

This short document, ideally one page, is used to publicize the job through recruitment outreach, e-mail, posts on the organization's website, and other means. It contains information extracted from the full position profile. (For an example, see the Transition Toolkit, page 142.)

Compensation Plan

The compensation plan articulates the board's approved salary range and benefits for the position. It can be simple — as little as one paragraph. The important point isn't the numbers, but the substance behind them. The plan should be the product of a focused and informed discussion in which the board has set the chief executive's

compensation considering the organization's employment market and salaries paid by comparable organizations for comparable positions. In other words, discussion about compensation moves from the outside in, rather than just starting with what the organization was paying the departing executive or what the board might have slotted in the budget for this year.

In my experience with more than 100 transitions, the majority of those organizations had not kept pace with the market, with executive compensation that was often \$10,000 to \$20,000 below market — and in one case, more than \$60,000 below. *Only once* have I encountered an organization that was paying substantially above market. Without research and adjustments, many of these organizations would have hobbled their ability to attract quality candidates. Being a competitive employer doesn't mean paying top-of-the-market rates; it means offering pay within a reasonable range. You can count on the fact that the best candidates are going to know the going rate for similar positions, so the board had better know this information as well.

When setting compensation, consider the following questions:

- *Who are our competitors for talent?* Who is employing the type of executive we're trying to reach, and what are they paying their executives?
- *What's the scope of our search?* Are we just competing with organizations locally or regionally, or are we conducting a national search?
- *What's the cost of living in our locale?* Are we located in an area with a high cost of living? If so, this will add a premium to the salary figure.
- *Is there a talent premium for this position?* Does it require a unique skill set, certification, or credential that puts our nonprofit in competition with organizations beyond its field and calls for a bump-up in salary? If the position requires an expert in public policy, for example, the organization will be competing with private-sector lobbying firms, which may have a higher pay structure. Similarly, a unique certification may narrow the pool of candidates and increase the level of competition for those candidates. Most nonprofits probably will not face a talent premium, but it's a factor to consider.

Your approach to setting compensation must meet IRS requirements. Every nonprofit with revenues over \$50,000 must explain its CEO compensation rationale on its annual Form 990. Further, the IRS requires that the compensation be set based on at least three comparables (comparisons with other organizations), among other conditions. For more information on compliance requirements, talk to your organization's auditor.⁹

Retained search firms usually provide some compensation research as part of their services (see page 53 for the difference between retained and contingency search

⁹ For additional guidance, see Brian H. Vogel and Charles W. Quatt, *Nonprofit Executive Compensation: Planning, Performance, and Pay*, 3rd ed. (BoardSource, 2015).

firms). If the transition task force is doing its own compensation research, here are some potential sources:

- *National network reports.* If the nonprofit is part of a national network or has a national umbrella organization, this might be the first place to turn for salary data.
- *GuideStar Nonprofit Compensation Report.* This annual report is based entirely on IRS data reported annually by all nonprofits on Form 990. The data are broken out by geography and organization type, providing boards with a granular look at pay levels for similar nonprofits. The GuideStar report also includes data for many other positions beyond the CEO, making it a reference for conducting a complete compensation review for the organization. (Please note that GuideStar is now known as Candid.)
- *Industry associations and professional societies.* Many associations conduct periodic salary surveys that have the advantage of being industry-specific, with information based on what the organization's peers in the field are paying their executives. The disadvantage is that these reports usually show national statistics, and they are often based on a limited number of respondents. If associations in the organization's field have this sort of salary information, it can be a useful lens in addition to other reports.
- *Local or regional associations of nonprofits or capacity-building groups.* The departing executive will probably know about local or regional studies. If not, check with a local community foundation or United Way.

One minor caveat: The data in most surveys are always at least one to two years old, so you may want to make a small adjustment for inflation.

Search Plan and Budget

A retained search firm will have its own search plan, developed and refined in concert with the board. If the board is conducting the search without outside help, the transition task force should craft a search plan of its own. This short document (two to three pages) outlines strategies for developing the candidate pool, summarizes key search and selection activities, and contains a projected timetable. The plan should also include a board-approved budget that outlines projected costs related to the search and selection process. It is worth checking with the organization's funders or the local community foundation to see if they will provide a capacity-building grant to support the transition process.

In budgeting for the search, consider these factors:

- Advertising — Online postings and print advertising
- Consulting fees — Consultants whom the board or task force may plan to use
- Travel reimbursements — Task force members' and candidates' travel to interviews

- Meeting costs — Space rental and refreshments for task force meetings and interviews
- Relocation costs — A contingency to cover relocation for a candidate from outside the area

BUILDING A DIVERSE CANDIDATE POOL

The board's goal from the start should be to develop a candidate pool that is deep and diverse. *Leading with Intent 2017* confirmed that 90 percent of current nonprofit CEOs are Caucasian. A lack of racial and ethnic diversity in leadership — board as well as staff — can affect an organization's public reputation and its ability to advance its mission. Another recent study, *Race to Lead: Confronting the Nonprofit Racial Leadership Gap*, points to the nonprofit sector's opportunity to "align its values based on equity and inclusion with its practices and stay relevant in a changing world."¹⁰ Focusing on equity in hiring the chief executive is an essential step in this direction.

Achieving a diverse group of finalists is not an accident; it requires a commitment by the organization's leaders to make diversity, equity, and inclusion a priority and to make that priority clear to those who are managing the search and selection process. If not already spelled out in the organization's personnel policies, the board should establish explicit diversity goals to guide the transition task force in its work.

A good recruitment process uses a variety of tools and tactics to find the best possible candidates for the job. These tools range from proactive outreach (calls and emails to possible candidates and candidate nominators) to web postings, social media, and advertising. But many of the best candidates are not in the job market. They are not looking, so the task force must seek them out. When choosing recruitment vehicles, the task force should keep diversity in mind. For example, it might broaden its strategy to include Spanish-language publications and employment websites. Or, if the recruitment effort involves reaching out to college alumni associations, the task force should include historically black colleges and universities. Also, there are many professional societies that focus on members of specific racial and ethnic groups.

Proactive Outreach

Most professional recruiters rely on networking, phone, and email outreach to develop candidate pools for top executive positions. This involves contacting *prospects* (people identified as possible candidates) and *nominators* (people who can provide referrals to possible candidates). Nominators also usually offer candid comments about the prospects they are referring, information that can be helpful to the task force.

¹⁰ Sean Thomas-Breitfeld and Frances Kunreuther, *Race to Lead: Confronting the Nonprofit Racial Leadership Gap* (Building Movement Project, 2017), racetolead.org.

A single nonprofit may not be able to duplicate the depth of a professional recruiter's network, but every organization has its own base of contacts who can be successfully employed in the search for a new executive. And most professional recruiters start by gathering and reaching out to the organization's contacts anyway.

The departing executive and the members of the senior management team undoubtedly have extensive networks of colleagues that the transition task force can tap. A few hours on the phone with leaders of nonprofits in the community as well as state and national networks — allied organizations, statewide or national professional associations, and area foundations and corporate giving programs — will be well worth the investment. This sort of proactive outreach is the only way to reach candidates who aren't officially on the job market — passive candidates, as discussed below.

Moreover, this type of outreach is often the key to achieving the board's diversity goals for the finalist pool. The fact is, most of the people in our web of contacts tend to look like us. So, unless the organization has diverse staff and board, some extra effort may be needed to reach beyond existing networks. The most reliable way to identify diverse candidates is to talk with leaders in the community and beyond who reflect the diversity the board is seeking.

Web and Social Media

A web and social media strategy is an important part of the recruitment process. Employment websites include some that are specific to the nonprofit sector. (See the Transition Toolkit, page 148, for a list.) The board should also consider using online job boards hosted by the statewide or national associations related to the organization's field of work. Business social networking sites, such as LinkedIn, are excellent tools for researching and finding candidates. In addition to offering advertising options, LinkedIn is a good resource for networking with prospective candidates and nominators. (Some of LinkedIn's options require a paid subscription.)

Advertising

For nonprofit executive positions, ads in general-circulation newspapers, print or online, have limited value. But nonprofit-focused publications such as *The Chronicle of Philanthropy*, *Nonprofit Quarterly*, and *The Nonprofit Times* can be useful resources.

REACHING PASSIVE CANDIDATES

Often, the best candidates for nonprofit leadership positions are professionals who may not even be thinking about a new position. Recruiters refer to these people as *passive candidates*, not because they are passive leaders, but because they aren't active in the job market. Even so, these candidates may be enticed by an opportunity once it is presented to them. The key is identifying them, reaching them, and presenting the opportunity. This is the (not-so) secret sauce of professional recruiters — going after highly desirable, passive candidates through targeted, proactive outreach. It's not rocket science. The task force can do this too, but it takes work and strategically targeted activities.

The board or task force should build an A-list of top prospects through conversations with staff, stakeholders, and nominators inside and outside the organization. Then comes the more time-consuming task of contacting those prospects directly — through phone calls where possible. If a prospect has no interest in the position, try to leave the call or exchange with at least another name to contact. Some A-list prospects can turn out to be A-list nominators. Keep a running list of prospects and nominators and the result of each contact, especially if a referral has been offered. Also, note any need for follow up.

MANAGING THE EARLY STEPS

As a result of the organization's direct outreach, online postings, and advertising, resumes will soon start flowing in. Before delving into the screening process, let's address some preliminary strategies.

Manage Resumes

If you are using a search firm, it will receive and manage the resumes on behalf of the task force. If the task force is conducting the search itself, all resumes should come to one point of contact. This task is ideal for a detail-oriented person with sufficient time to handle follow-through and record keeping. The process of managing resumes will run smoothly if you establish some basic procedures.

- *Define clear duties for the resume point person.* These duties should include checking regularly for new resumes, sending an email to applicants confirming receipt of their resumes, keeping a log of applicants, forwarding copies of resumes to the person or team charged with conducting the initial screening, and communicating with the candidates as the search progresses.
- *Require electronic applications.* Digital copies of resumes and other materials are much easier than hard copies to manage and distribute to the task force for review.

- *Use a disposable email address.* Because a widely advertised email address will be a target for spammers, set up a disposable email account rather than using a task force member's personal or business email account.
- *Maintain solid records.* Think ahead about where to store a confidential archive of resumes and application materials. The organization should maintain the search records for at least two years (perhaps longer depending on state laws), in the event of an employment discrimination claim or another type of legal challenge.

Ensure Confidentiality

Everything that candidates submit should be considered confidential, including the fact that a candidate has applied for the position. Resumes, cover letters, and candidate names should not be shared with anyone outside the task force. Knowledge of the applicants should be limited to those people who truly need to know — typically, only the members of the team involved in the hiring process. Unless the organization has an HR director or the task force has access to a support staff person who can be trusted to keep things confidential, consider receiving and managing the resumes in the office of a task force member or elsewhere outside of the organization's office.

Communicate with the Candidates

The transition task force's communications with candidates (or lack thereof) are a reflection on the organization and its professionalism. In every search, most candidates will not be considered by the task force. But they are still potential stakeholders for the organization. All of them are investing a piece of themselves (and their hopes and dreams) by applying. The least the task force can do is to honor this investment by treating them with dignity — and that begins with responsive communications. Keep it simple and clear with two basic pieces:

- *Application confirmation email.* The message can be as simple as this: "Thank you for your interest in the XYZ nonprofit CEO position. This email confirms that we have received your resume and will give it full consideration. We will be back in touch soon if you are among the candidates whom we invite to an interview. Otherwise, rest assured that you will hear back from us after the search. Again, thank you so much for your interest in the position and for sharing your credentials with us."
- *Search conclusion.* All applicants, except the finalists and other interviewees, should receive an email letting them know that the search has concluded (see page 159). Again, this email can be fairly simple: "Thank you for your interest in the XYZ nonprofit CEO position. I'm writing to let you know that the search has concluded with the selection of another candidate. We greatly appreciate that you took the time to share your credentials with us, and we wish you the very best in your career endeavors."

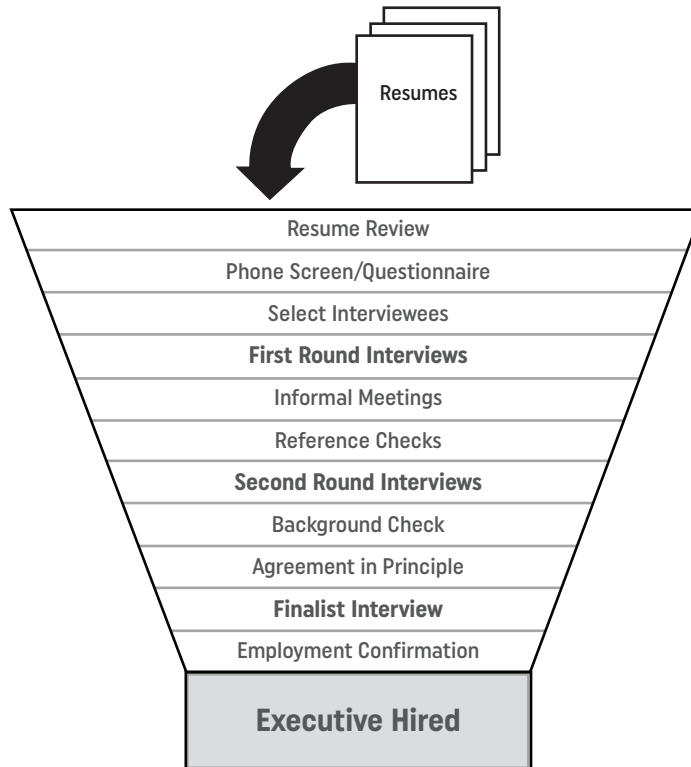
DECIDING HOW TO HANDLE INTERNAL CANDIDATES

When considering internal candidates for the executive job, the board should exercise great care. These individuals usually have a significant investment in the organization. They have worked there (or been on the board) for some time, believe deeply in its mission, and are committed to its success. The board needs to recognize and honor their commitment, not by granting them special consideration over other candidates who might be more qualified for the job, but by treating them seriously and with the utmost respect.

The transition task force needs clear guidelines for handling internal candidates. Most organizations encourage staff to apply and put them through the same screening and interview process as any other candidate. Doing so assures that the process is fair and that the task force is working from direct information gathered during their selection research rather than from assumptions based on anecdotes and chance encounters. For better or worse, board members may be surprised at what they learn when they interview a staff member they thought they knew.

Boards often wonder whether they should interview all internal candidates for the chief executive job regardless of their qualifications. The answer is a firm “no.” Internal candidates should move forward in the process because of their merit and not for political reasons. On the other hand, the transition task force and board should consider carefully how they handle internal candidates who don’t get the job. Mishandling an internal candidate is a sure way to drive him or her out of the organization. While the task force might simply send a letter or email to an external candidate who does not advance in the process, a staff candidate in the same situation should receive a phone call from the transition task force chair or another board official. The goal is a thoughtful conversation to explain the reasons for the decision while expressing the board’s sincere hope that the individual will continue as an asset to the organization.

Figure 6. Candidate Screening, Interviews, and Selection



SCREENING THE CANDIDATES

Review Resumes

In the first stage of the screening process, one or more reviewers look at resumes, cover letters, and other materials and sort candidates into tiers based on their qualifications. The groups might look like this:

- *Tier 1 – Candidates who meet all of the criteria.* The experience outlined in the resume and cover letter suggests that the candidate could clearly do the job.
- *Tier 2 – Candidates who meet most of the criteria.* The resume and cover letter suggest that the candidate might be suitable.
- *Tier 3 – Candidates who do not meet the criteria.* The qualifications clearly are not up to the job.

See the Transition Toolkit, page 149, for a sample resume-scoring sheet.

Gather More Information

Conducting phone interviews or circulating a candidate questionnaire helps the transition task force gather additional information, such as salary expectations and answers to follow-up questions. This effort should be limited to the candidates in whom the task force has serious interest, that is, Tier 1 and possibly some Tier 2 candidates.

Both information-gathering approaches have pros and cons. Screening phone calls allow the task force to gather uniform data as well as to ask questions specific to each candidate. These calls can also provide a sense of a candidate's personality and presence. But phone calls are time consuming, and the task force has to rely on the note-taking ability of the person conducting the screening to ensure that the information is helpful and can be shared with others.

A questionnaire is useful for gathering uniform data across the field of candidates. The advantages include a smaller time investment than phone screening and, for questions requiring open-ended responses, an opportunity to assess the candidates' written communication abilities. The disadvantage of questionnaires is their inflexibility. The task force cannot ask follow-up questions on the fly as in a phone interview. (See the Transition Toolkit, page 151, for sample candidate screening tools.)

Select the Interviewees

Next, the transition task force is ready to select candidates for interviews — or to determine if there are enough top-level candidates to begin the interview process. The entire task force (excluding staff) should meet to make these important decisions rather than delegating it to a single individual. Working as a group helps the task force coalesce around the criteria and make a collective judgment — about both the pool and the individual candidates — against those criteria. In short, it's an opportunity to build alignment.

Before the interviewee selection meeting, task force members should review the resumes and supporting information, weighing candidates against criteria outlined in the position profile and sorting resumes into three groups: (A) Recommend for interview; (B) Consider for interview pending answers to some questions; and (C) Not recommended for interview. After meeting to compare notes, the task force should have identified at least five to six candidates it is eager to interview. Short of that, the search should continue with an emphasis on building out the field of top-level candidates as soon as possible.

WHAT INFORMATION TO GIVE CANDIDATES, AND WHEN

Boards are sometimes hesitant to share information about the internal workings of their organizations. At the very least, they may be unsure how much to disclose and when. But sound information and a positive attitude toward disclosure can go a long way toward ensuring that candidates understand what they are getting into and that they are ready to lead an organization from day one. Being transparent during the search process will help avoid disappointment later.

The board should make sure that all serious candidates for the job receive substantive briefing materials about the organization and the position they may ultimately assume. These disclosures should be staged based on what information is needed at each point in the hiring process.

1. Before first-round interviews

General information to facilitate an informed conversation between the candidate and the task force:

- Position announcement and/or job description
- Links to sections of the nonprofit's website that provide introductory background about the organization: history, constituencies served, board and staff, major programs, annual report, social media, e-newsletter, blogs, and other information you might provide to a prospective member or donor

2. Before second-round interviews

Comprehensive information to help candidates conduct deeper due-diligence research and develop their presentations for final selection interviews, which might include the following:

General information

- Annual reports from two previous years
- Links to most recent e-newsletter, blogs, and social media
- Membership or donor categories
- Publications list
- Existing or proposed formal coalitions and joint ventures

Governance, policies, and direction

- Board list (with bios, if available)
- Bylaws
- Major board policies that are directly relevant to the position
- Relationships with chapters and subsidiary organizations
- Strategic and/or business plan

- Executive summary of recent needs assessment reports (if applicable to the incoming CEO's first-year priorities)
- Executive summary of recent management studies (again, if applicable to the incoming CEO's first-year priorities)

Financial

- Independent audit reports from the last two fiscal years (more if there are major fluctuations)
- Current budget
- Most recent year-to-date financial statements
- Data on membership and donor growth or decline (if applicable)

Personnel and Operations

- Staff and board organization charts
- List of management team members, positions, tenure, and bios (if available)
- Personnel policies
- Employee benefit schedule
- List of major operational contractors, such as fundraising and service delivery firms if any
- Disclosure of ongoing or proposed contracts (or other relationships) with the previous chief executive(s) or any current or former officers

3. Before the final interview

These items generally are not part of the information given to all prospective candidates because they may contain sensitive and proprietary information. If relevant, however, this information should be conveyed to the finalist in writing before the final interview:

- Results of any recent or ongoing merger or acquisition discussions. This information usually is discussed in general terms during the first round of interviews. However, if a merger is pending, it can be discussed in depth prior to the final interview.
- Disclosure of any pending lawsuits
- Disclosure of any pending or recent regulatory actions by a federal or state agency
- Disclosure of any pending or recent actions by the organization's sanctioning or accrediting bodies

CONDUCTING INTERVIEWS

To paraphrase one search firm CEO, the goal of interviews is to determine “if a candidate can *do the job*, if a candidate will *love the job*, and whether *we can live with*

them (and they can live with us).” Interviewing is a multi-step process:

- The first round of interviews, conducted by the transition task force. (Remember: Only board members should conduct interviews.)
- A second, deeper round with two or three semifinalists, conducted by the transition task force. (Again, board members only.)
- A finalist interviewed by the entire board.

See the Transition Toolkit, page 154, for an interview agenda and a list of potential interview questions.

TIPS FOR SUCCESSFUL INTERVIEWS

- **Conduct interviews as a group.** The transition task force needs a shared sense of different candidates' qualifications for the position. This means holding interviews in a group setting, with all board members of the task force participating in the questions and discussions so they can draw on their collective perspective and wisdom.
- **Conduct multiple interviews.** A single interview for the top executive job is not enough. Candidates should participate in at least two rounds of interviews with the transition task force. The first round should consist of conversations designed to help the candidate and the task force get to know each other. The second round should build on the first and, in large part, drill down on the specific opportunities and challenges the next chief executive will face measured against the candidates' experience, abilities, and outlook.
- **Meet the candidates in person.** While phone interviews may be necessary in some cases, this should be limited to the first round of interviews. Face-to-face discussions are essential as the process moves along.
- **Don't overuse hypotheticals.** The best interview questions are “behaviorally based” — meaning they are intended to elicit a response that shows how the interviewee has responded to past situations or problems. Don't ask, “How would you handle X situation?” A better question: “Have you ever had an opportunity to do X? Tell me what you did, and why.”
- **Create time for informal talk.** The interview process shouldn't focus solely on formal questions about the candidate's qualifications. Those conducting the interviews may want to invite each candidate to coffee or lunch for a more informal conversation. Design these non-interview opportunities to fit job duties of the chief executive and the culture of the organization. Sometimes a more formal event is appropriate. One organization asked all finalists — individually — to open an all-staff meeting. Social skills and leadership presence were deemed important in this extremely tight-knit culture — so important that the board included a “test” of sorts as part of its deliberations.

First-Round Interviews

The purpose of the first round of interviews is to get a sense of the person behind the resume — the measure of abilities, interest in the position, and fit with the organization's culture and dynamics. The task force should aim to interview five to six candidates (potentially more, depending on the depth of the pool). Usually, a 60-minute interview is sufficient. The result should be at least two or three candidates from whom the task force is eager to hear more.

If possible, stack these first-round interviews together — all in one day, over an afternoon and the following morning, or two afternoons in succession. If the interviews are more extended, the process becomes disjointed, and many of the nuances of the earlier candidates' interviews are forgotten. After the task force selects the semifinalists who will advance to the second round of interviews, the chair should call those who did not advance to let them know and to thank them for their investment of time. It is also advisable to follow this conversation with a letter (see the Transition Toolkit, page 159, for sample letters to unsuccessful candidates).

Informal Meetings

Some transition task forces create formal or informal opportunities for semifinalists to meet with board and staff members before the second round of interviews. These interactions vary depending on the size and culture of the organization. They might include a visit to the office and key facilities, a one-on-one meeting with the departing executive, meetings with staff or senior managers, or social time with board members not represented on the task force. Hiring a new chief executive involves a two-way sale between organization and candidate, so the interaction between staff and semifinalists is important. In some instances, however, candidates may be hypervigilant about confidentiality because they may not want their current employers or others to know they are interviewing for other positions. This condition may limit the board's ability to engage staff at this point in the process.

These informal meetings should be carefully considered and orchestrated. Be clear that staff does not make the decision, nor does it have veto power over the task force's recommendation. The purpose is to make the selection process more transparent and help semifinalists and staff get to know each other. The departing executive and staff members also have an excellent front-line perspective on the organization and the job, so these meetings deepen the candidates' preparation for the second round of interviews.

Second-Round Interviews

First-round interviews narrow the candidates to those who could potentially *manage* the organization. Building on that, the second round should yield a candidate who can not only manage but *lead* the organization, and do so in a way that fits the board's assessment of the organization's current and future leadership needs. Ideally, the task

force should check references before the second round (see below).

These interviews should be longer and the conversation deeper, so allow 90 minutes to two hours for each one. The discussion should center largely on the opportunities and challenges that the organization faces. One strategy is to give the candidates an assignment to prepare. Here is an example:

PLEASE BE PREPARED TO OPEN THE INTERVIEW WITH BRIEF REMARKS (10 TO 15 MINUTES) THAT GIVE US YOUR INITIAL ASSESSMENT OF THE STRATEGIC OPPORTUNITIES AND CHALLENGES FACING THE ORGANIZATION AND, EQUALLY IMPORTANT, HELP US UNDERSTAND HOW YOUR EXPERIENCE AND SKILL SET WILL HELP YOU CAPTURE THESE OPPORTUNITIES AND ADDRESS THESE CHALLENGES.

This assignment or something similar is a great way to bring a forward focus to the second interview, setting the stage for an engaging dialogue about the real dynamics that the organization faces both today and in the future. It can also help candidates as they conduct their own due-diligence work on the organization.

The task force should ask candidates not to use a PowerPoint or other presentation software for any assigned presentation or discussion. At most, allow a one-page handout. The point of this exercise is to foster dialogue so task force members can get a measure of the person and his or her thinking processes. The most productive scenario is an open, back-and-forth discussion between candidates and task force members.

As I tell candidates in my briefing for the second-round interviews, “Think ahead. If you’re hired, there will be many ‘eyeball-to-eyeball’ discussions with these board members. Your future and the organization’s future are all about the content of your strategies and ideas rather than your ability to produce pretty PowerPoints.”

After second interviews, the task force should have at least one, preferably two, excellent choices to move forward: a preferred candidate and a stellar and exciting alternate. Note that candidates have been known to bow out at the eleventh hour. Similarly, the board’s pre-employment negotiations with the finalist could break down. If you have built a strong candidate pool, you will not have to revisit the search but can turn directly to your strong alternate choice.

CHECKING REFERENCES

Checking a candidate’s references is a crucial step in the selection process. The task force should consult at least three and as many as six references who have direct knowledge of the candidate. Reference interviews should represent a range of individuals, such as someone who has supervised the candidate, someone the candidate has supervised, and a peer.

Opinions vary about the value of reference checks. Some consider it a pointless exercise if the task force is only talking to references the candidates suggest. While

there's a grain of truth to this, the ultimate value hinges on the questions asked (see the Transition Toolkit, page 156, for suggestions). In-depth questions can elicit good information even if you're talking to references who are friendly to the candidate.

Most search firms also insist on going “off list,” talking with people who are knowledgeable about the candidate but whom the candidate did not name. But, a transition task force should take this approach with extreme caution, and only after the candidate signs a release form authorizing it to do so. Make sure that off-list interviews are conducted with the appropriate degree of discretion, professionalism, and decorum.

Opinions vary about the best time to conduct reference checks. Some organizations check references only after a single finalist has been identified, as a pre-employment exercise. But that timing can be too late. Instead, references should be considered an invaluable — even essential — perspective on candidates before the second round of interviews. Some candidates may balk at having their references checked at this earlier stage in the process. But remember that the task force's top goal should be to develop the most complete, best-available information to ensure a good decision on a finalist and an alternate.

Before the reference interviews get under way, the task force should have a clear understanding of each candidate's strengths and weaknesses, which potentially will be corroborated or mitigated in the interviews. A solid set of questions will help round out (or potentially poke holes in) the picture of the candidate formed during the interview process. One way to think about reference interviewees is that they are an extension of the task force, albeit “task force members” who have direct, firsthand experience with the candidate.

In some cases, interviewers may encounter a reluctant reference who is willing to confirm only the candidate's employment and perhaps just the basics. Sometimes this response can be a red flag, but it may simply be a person's orientation or a response dictated by organizational policy. The best solution is to ask why the reluctance and talk with additional references before drawing conclusions.

CONDUCTING A PRE-EMPLOYMENT BACKGROUND CHECK

In contrast to a reference check, a pre-employment background check can be conducted after a finalist has been identified but before the board votes on the selection. It should include only areas that are clearly warranted and required by the organization's personnel policies. Background checks are usually done by a firm that specializes in this area and has access to public-sector databases. In some cases, especially in child-serving nonprofits, an organization has a policy on background checks and access to a reference-checking process, either through a private contractor or a public agency.

Usually, the process involves searches of state and federal court records that will reveal whether the candidate has a criminal history, state driving records (in some cases), and sex offender registries, especially if the executive is likely to have contact with children. If the position requires a license or credential, then a check of the appropriate licensure database is warranted. Similarly, confirmation of education level and degrees is warranted in some situations. The background check might also involve a review of the candidate's credit history, but note that state law may prohibit employers from using credit history as a screen for hiring. Check with legal counsel before proceeding in this area. Certainly, the firm providing background check services will have information about applicable laws.

Both reference and background checks are regulated by the Federal Trade Commission, which considers these processes to be investigative consumer reports under the federal Fair Credit Reporting Act when they are conducted by an outside contractor. There is an exemption on background checks if they are conducted internally by board members or staff. Candidates should sign a release form before the contractor can conduct these checks. It is wise to consult with legal counsel before beginning either process.

NEGOTIATING AN AGREEMENT IN PRINCIPLE

In the last step before the finalist goes to the board for review and ratification, the transition task force should negotiate the particulars of an employment offer and establish an agreement in principle. Essentially, all details are worked out with the candidate, but with the understanding that these negotiations are not an offer of employment. Only the board can extend an offer, and only after it considers the individual's candidacy. But it is essential to have the employment confirmation letter or contract negotiated and prepared in advance so it can be signed following the board's ratification meeting.

To avoid surprises during negotiations, the task force should have touchstone conversations with candidates about compensation at various intervals. In many respects, an interview process is several conversation threads that take place in parallel, advancing from the general to the specific. Discussions about compensation and employment particulars are simply one of those threads. You can confirm salary expectations as part of the resume review process, for example. And between the first and second interviews, the task force will want to have a frank discussion with the most promising candidates about compensation and other factors that might influence the negotiations were the candidate to become the finalist. Essentially, the task force should be looking for anything that might influence the decision to take the job, such as a change in a candidate's thinking about the schedule for leaving his or her current position. None of these discussions should imply that a candidate in some way has a lock on the chief executive's job.

FINALIST INTERVIEW AND BOARD RATIFICATION

The conclusion of the interview process is a ratification vote by the board. Most bylaws charge the board with the responsibility for hiring the chief executive. Accordingly, the board's review of the candidate and its affirmative full-board vote to extend an employment offer are crucial.

Early in the transition process, the transition task force should confirm the board's expectations for the product of the task force's screening and selection work. In most cases, the task force's charge should be to bring a finalist (one candidate) to the board for ratification. In some cases, boards insist on seeing multiple finalists, but this approach should be avoided. The board hasn't experienced the first and second round of interviews, so its interviews will need to cover a lot of ground. Moreover, multiple candidate interviews involving many board members are daunting to orchestrate.

A better approach is for the board and task force to prepare carefully from the start by developing clarity on the specifics of the job and candidate attributes. An informed board will have the comfort and assurance it needs to allow the task force to do the deep dive and to bring forward a candidate it thinks is best.

Usually, the board ratification meeting is a 90-minute to two-hour discussion. Here is a possible flow for that meeting:

1. After welcome and introductions, the transition task force chair presents the task force's recommendation, sharing the merits of this candidate and providing some texture about the screening and selection process. Board discussion follows. The candidate is standing by, but not in the boardroom (20 minutes).
2. The candidate is invited into the boardroom and opens the discussion with brief remarks, potentially a condensed and refined version of their remarks from the second interview (10 minutes).
3. The board chair opens the floor for discussion and questions from board members (30 minutes).
4. The candidate is excused, and the board deliberates and votes (30 minutes).

Depending on the circumstances, the candidate may be asked to stand by to meet with the board and task force chairs after the vote. This is an opportunity to welcome the candidate officially to the organization and sign the employment letter or contract. The candidate also may be invited into the boardroom after the vote for a congratulatory conversation.

After the board ratifies a finalist and after the contract or employment confirmation letter is signed, the task force chair should call other finalists to let them know the outcome and to thank them for their investment of time. Follow this conversation with a thoughtfully prepared regrets letter. (See the Transition Toolkit, page 159 for an example).

EMPLOYMENT CONFIRMATION

The final step in the search is to confirm the offer with an employment letter or contract that reflects prior negotiations with the finalist about salary, benefits, and expectations. (See the Transition Toolkit, page 158, for an outline of important elements to include.)

Most nonprofits use an employment confirmation letter that identifies the starting salary, benefits (especially if they are different than those covered in the employee handbook), reporting relationship, and any other conditions. In states that allow at-will employment, the letter should make clear that the employment relationship is at-will. Note that, depending on state law, an employment offer could be considered a binding contract with many legal implications, so legal counsel should review it.

Formal employment contracts are more prevalent among larger nonprofits and trade associations. An employment contract typically spells out the same information as an offer letter, but it covers a defined period (typically three years, but I have had clients who have offered an initial contract with a one-year term) and usually includes a termination clause that addresses severance pay. Drafting an employment contract is a job for legal counsel.

ACTION PLAN FOR THE BOARD

- ✓ Be well prepared for the search and selection process.
- ✓ Develop all the appropriate materials before launching the search — position profile, job announcement, compensation plan, search plan, and budget.
- ✓ Recruit a diverse candidate pool.
- ✓ Create a system for managing resumes and communicating with candidates.
- ✓ Have a robust process to screen and interview candidates and to select finalists.
- ✓ Discuss the information you will disclose to candidates at various points in the process.
- ✓ Conduct multiple rounds of candidate interviews.
- ✓ Check candidate references, and contract for a pre-employment background check.
- ✓ Be candid with candidates about the organizational circumstances and dynamics of the transition.
- ✓ Do not settle for a candidate who lacks the fundamental skills and qualifications simply because you are tired of searching.

CHAPTER 6

TASK 6: ONBOARD AND SUPPORT THE NEW CEO

What's Covered in This Chapter

- Stages of the taking-charge process for new CEOs
- Objectives, roles, and timeframes for onboarding and support work
- Giving the new chief executive a solid foundation for success
- Providing support through the first year

Now that you have hired the new executive, the board and staff are ready to breathe a sigh of relief and get back to business as usual. But some of the most important work lies ahead in onboarding and supporting the new CEO. Often overlooked, this phase provides the opportunity to build on the previous tasks in the transition process and help assure a successful transition. *Onboarding* refers to the orientation, familiarization, and adjustment process — especially during the first few weeks — as the new executive joins the organization, settles into the role, and begins to take charge. *Support* refers to the ways the board and staff work to develop an effective partnership with the new executive. An element of socialization is involved in onboarding and support. It is a two-way process, as the CEO adjusts to the values and mores of the organization, and the management team and board adjust to a new leadership and operating style.

The board's first task should be to engage the chief executive in reshaping and refining the priorities for the first 12 to 18 months, which were developed during the planning stage and used as guideposts in the search (see Chapter 2). Rather than just handing over the list and saying “go implement,” the board should work with the executive to develop a shared understanding of what the priorities mean, why they were deemed important to the future of the organization, and how they rank in importance. This joint effort can serve multiple purposes. It certainly helps in achieving clarity about the priorities themselves, but it also helps in creating alignment between the board and the executive, in building the executive's understanding and, perhaps more important, in taking ownership of the priorities. This shared leadership agenda can form the basis for the board's evaluation of the executive's performance and of its own performance in supporting the executive.

UNDERSTANDING THE TAKING-CHARGE PROCESS

Onboarding and support takes some time. John Gabarro of the Harvard Business School identified five distinct stages of the taking-charge process that reflect the chief executive's learning about the organization, understanding of the CEO role, and assimilation into the group:

1. *Entry* (three to six months). The CEO engages in early-stage learning, establishes critical relationships, and assesses the organization, staff, and board. Organizational change usually consists of numerous small, corrective actions to solve problems left over from the transition.
2. *Immersion* (three to six months). Learning is less hectic and more fine-grained as the executive begins to manage in a more informed fashion. The new executive begins formulating plans for the next stage, either by revisiting the current strategic plan or instituting a new planning process.
3. *Reshaping* (three to six months). Learning continues but at a slower pace, as the executive starts to implement planning work begun during the Immersion stage. This stage often results in the most significant and strategic organizational change of the transition process.
4. *Consolidation* (variable). The new executive continues follow-through on planning work. Change continues as plans are implemented and unintended consequences of changes in the Reshaping stage are addressed.
5. *Refinement* (ongoing). In the final stage, the CEO is no longer considered new, and the job is no longer new to the CEO. The pace of change often slows, but refinement of operations and exploration of new opportunities continue.¹¹

Since Gabarro completed his research in the 1980s, the pace of change for organizations and individuals has accelerated dramatically, mostly due to the expansion of information technology. Today, most new executives are well into the Reshaping stage, or ready to move there, by the end of their first complete budget cycle — usually 12 months. But Gabarro's larger point is that these stages of learning are not a hard-and-fast timeline. Much depends on the organization's internal dynamics, its size, and the incoming executive's familiarity with it.

¹¹ John J. Gabarro, "When a New Manager Takes Charge," *Harvard Business Review* 85, no. 1 (2007): 104–117.

HOW ONE NONPROFIT ENGAGED STAFF IN CHIEF EXECUTIVE ONBOARDING

Coast Developmental Services provides housing and support services to people with developmental disabilities. With housing sites spread across several counties and a new executive director coming from outside the region, the organization faced the challenge of helping the executive get her arms around the scope of services and clients served.

Fortunately, senior staff came up with a creative solution to launch the orientation process. They rented a bus big enough to accommodate the executive director, program managers, and representatives of the direct service staff. During the new director's first week on the job, they set out on a tour of the organization's various locations to meet clients and caregivers. On the road between locations, the staff provided briefings about the clients and property they were visiting next, the organization's relationship with the surrounding community, the economic climate in the region, the level of support from city and county officials, and more.

The new executive director came away from the tour with a rich mental map of the service region, facilities, clients, and direct service staff. The exercise was also a tremendous opportunity for executive-staff bonding and for the executive to get a sense of the knowledge, professionalism, and dedication of her new team.

A FRAMEWORK FOR ONBOARDING AND SUPPORT

The onboarding and support phase of an executive transition is the board's opportunity to achieve one of the transition outcomes outlined in the introductory chapter of this book: *The new executive is fully on board, and both the executive and the organization are flourishing*. This means making sure that the CEO has settled into the job, is gaining confidence and momentum, and is moving forward with board and staff toward achieving shared priorities. Over the first 12 to 18 months, the following objectives, roles, and time horizons support this outcome.

Objectives

- *Introduction*. The executive has been properly introduced to the organization and the community through announcements, introductory meetings, receptions, and other events.
- *Orientation*. The executive is getting off on the right foot with a thorough orientation to the organization and its community. The orientation includes a variety of briefings from the departing executive, senior managers, other staff, and the board and its committees.
- *Relationship building*. The executive has developed positive working relationships with key stakeholders inside and outside the organization. Senior managers, the board, and the departing executive (when appropriate) laid the

groundwork by helping him or her identify and prioritize stakeholders and facilitating introductory meetings and contacts.

- *Alignment.* The board and the executive are aligned on the future direction of the organization and priorities for the first year of the CEO's tenure, and they are actively pursuing a shared leadership agenda. The board has provided a foundation by identifying early-stage priorities in its planning work and then collaborating with the CEO to refine and reprioritize the list, effectively gaining buy-in.

Roles

- *New executive.* At this early stage, the CEO settles into the position, takes charge of the organization, and builds solid working relationships with the board, staff, and external stakeholders. This stage involves learning about the organization as well as its community, constituents, staff, and board.
- *Departing executive.* The departing CEO or temporary executive ensures that there is a good handoff with the successor and provides appropriate ongoing support if invited and agreed to by the incoming executive and board.
- *Senior management team.* Senior managers play an important role in orientation and help the new executive form a deep understanding of the organization through briefings, site visits, and one-on-one consultations. Another critical part of the senior team's post-hire work is to build solid working relationships with the new leader.
- *Transition task force.* Wrapping up its work, the task force oversees the onboarding and support stage, ensuring the success of the transition process on behalf of the board.
- *Board.* The board's roles are to build a constructive working relationship with the new CEO, ensure the success of onboarding, and partner with the CEO to chart a direction for the organization (when the CEO is ready). Board members must be open to change, including potential changes in the board's role and composition going forward, and able to gracefully handle the inevitable challenges that will emerge during this stage.

Time Horizons

The onboarding and support phase has four time horizons, based on the new executive's start date: (1) before the CEO officially assumes the role, (2) the first 90 days, (3) the first year, particularly months 4 through 12, and (4) the second year and beyond. Of course, this timeline is approximate. It may look different depending on such factors as the background of the incoming executive and the dynamics of the organization's situation.

IMPLEMENTING ONBOARDING AND SUPPORT WORK

The “in-between time” — the period after the hiring decision has been made but before the CEO begins official duties — is a fertile time for setting the stage for the new leader. The organization should use this time to announce the appointment; put the finishing touches on orientation, handoff, and onboarding plans; and make any other preparations to welcome and launch the new executive. The appointment will be of interest to a range of stakeholders, including clients, donors, community members, and potentially the media. The departure announcement requires the board to target the organization’s audiences, identify the vehicles to reach those audiences, and develop the right messages and materials (see Chapter 4). This period is also the time to implement the handoff plan developed as part of Task 3 (see Chapter 3). Recall that the purpose of the plan is to get the new executive, the board, the senior management team, and the departing executive on the same page about the transfer between the two leaders and to guide the onboarding process for the new executive.

A new executive’s first 90 to 100 days in the job are a critical time. Learning about the situation and workings of the new organization and forming relationships while simultaneously jumping into the leadership and management role is a complex challenge. The board’s committed support can help the executive move fully into the role more rapidly when these activities are not left to chance. One way to flatten the learning curve is to provide thorough orientation and intensive onboarding. Similarly, proactive relationship building — particularly an intentional effort by the departing executive to pass on key stakeholder relationships — can help the new CEO assimilate more easily into the organization.

Provide a Good Orientation

Boards should think creatively about developing a complete, empowering orientation for the incoming executive. The goal is to help the new executive establish a 360-degree view of the organization. Many topics were probably touched on in the interviews, but now is the time to dive to a much deeper level. Potential topics include the following:

- *History and background.* What key pieces of the organization’s history have shaped its current values and culture? What are its cherished values and beliefs?
- *Clients, programs, services, and business model.* Review the scope of program offerings, service locations, referral sources, the theory of change, and key outcomes. Who is served, with what services, and to what end or with what impact or outcome?
- *Strategic direction and key external issues.* What is the organization’s current strategic direction? What does the current strategic plan or framework address, and why? How were this direction and plan developed? Who was involved, and how aligned are the board and senior staff behind the plan? What external issues — current and on the horizon — does the organization face?

- *Financial and legal review.* What is the current financial status? How is the budget developed, and by whom? How and by whom are finances managed, and what is the reporting and accountability structure? Is the organization experiencing any financial issues that weren't discussed in the interviews? Does the organization face any legal issues that haven't been already discussed?
- *Business model and funding outlook.* Take a deep look at revenue, expenses, and margins. What is the current business model that determines how the organization gets paid for the work it does? What are the trends in the sustainability of the program mix? What are the strengths and areas of weakness in the business model and funding outlook?
- *Program status and outcomes.* Have an in-depth discussion about the status of programs and any outcome or evaluation data. Briefings might include visits to off-site facilities and meetings with leaders of constituent groups.
- *Governance.* Engage in dialogue about board issues and the status of board development. Does the organization have the right board to meet its current and future governance needs? If not, is there a plan and agreement to assess these issues? Do board members recognize the need for change?
- *Staffing.* What are the key staff vacancies? What are the current and emerging human resource issues? What is the organization's approach to personnel review, and are the reviews current?
- *Other.* Address other topics that aren't on the above list. Facilities? Systems? Information technology? Volunteers? If the organization covers an extended geographic area or has dispersed facilities, include a tour of those facilities. If it is a membership or constituent-driven organization, include a listening tour for the new executive to hear what's on the minds of key constituents.

Orientation briefings and discussions should include, at a minimum, the perspectives of the board, the departing executive, senior management team members, department heads, and at least a few external stakeholders. Typically, the orientation involves a series of conversations. The organization's size and the dynamics of the transition will affect the structure of the process. In small organizations, one or two meetings might be sufficient, but in large organizations, the briefing process will likely be more extensive. The departing executive should be a key participant in these discussions, depending on the departure circumstances and timing.

When possible, in smaller organizations, during the final weeks or months before the handoff to the successor, the departing executive should prepare a briefing book of relevant documents (either paper or electronic) with an index of where to find contracts, grant agreements, personnel files, and other helpful information. If the organization has an interim executive, assembling the briefing book and reviewing it with the incoming executive is often one of that person's final handoff tasks.

Support the Relationship-Building Process

The new CEO should be encouraged to make personal contact with all key stakeholders soon after joining the organization. This means meeting with as many staff members as possible in the first day or two on the job, reaching out to board members through personal visits or phone calls during the first two weeks, and meeting with key external stakeholders (such as donors and partners) within the first 30 to 90 days. Major donors and foundation program officers will expect to hear from the new executive as early as possible, particularly if they have made substantial investments in the organization.

If the predecessor is leaving on good terms, the two executives should consider making joint personal visits to major contributors. These investors will be comforted by the implied endorsement of the departing leader for his or her successor. Boards should consider providing for sufficient overlap between the two executives so that these crucial relationships can be transferred appropriately. Keep in mind the adage that people give money to people, not to organizations.

Be Prepared for Early Challenges

Within a few weeks, the initial excitement about the staff leadership change will be over, and both the board and the executive will settle into the realities of organizational life and working together. Both will face their own early challenges.

Every executive moving into a new position faces a similar set of challenges regardless of prior experience. Those challenges include the following:

- Gaining an understanding of the organization and acquiring knowledge — quickly
- Figuring out who's who and establishing solid working relationships
- Setting good priorities
- Meeting pent-up demands for change
- Making decisions that may have been deferred during the interim period
- Managing expectations and negotiating competing demands
- Building a support coalition to back needed changes
- Balancing organizational and personal transitions

Similarly, the board faces its own set of post-hire challenges, which include the following:

- Shifting gears after the search and finding the energy to address important onboarding and relationship-building work
- Effectively launching and supporting the new executive
- Adjusting to the new CEO'S leadership style, expectations, and needs in relation to the board

- Building trust with the new CEO
- Avoiding the dangerous polarities of micromanagement and excessive confidence
- Avoiding savior thinking on the one hand — believing the new executive will solve all problems — and dealing with buyer’s remorse on the other
- Ensuring that legacy issues and thinking ruts (“We’ve always done it that way”) don’t derail the work

It is critical that the board and executive avoid letting post-hire challenges build up until they reach a point where they derail the new executive’s tenure. Good communications are essential for managing these challenges. In best post-hire situations, the board chair and chief executive are in frequent contact (weekly) about what’s going on, discoveries, breakthroughs and challenges, and the rate of progress against identified priorities.

Identify and Meet the Chief Executive’s Support Needs

In almost all cases, the hiring process ends on a high note with the board enthusiastic about its choice of a new chief executive. This is a good thing, but sometimes this exuberance results in a false sense of reality. While the board should certainly extol the virtues of the new executive, it also should be realistic about support. Every new chief executive will want or need either support or professional development in some areas. CEOs should think critically about these needs and proactively seek training, coaching, and other forms of support.

The initial weeks of a new executive’s tenure are also a time for the board to reflect on its own growth and development. During transition planning, the board may have identified some changes it would like to make to be a more effective partner with the new chief executive. The board chair and governance committee chair should ensure that those insights about board performance are translated into a developmental program for the board.

NO, THE BOARD DIDN'T JUST HIRE WONDER WOMAN

The Case for Being Realistic – and for Executive Coaching

Most new nonprofit chief executives (about two-thirds) have not held the position before. The gravity of carrying the full weight of an organization is going to be new to them. And most have never reported to a board, let alone built a working relationship with a volunteer governance body.

Take this example. An internal candidate for chief executive position in a large social service agency was a deputy director who had worked for the organization for nearly 20 years. In the interview, as the various aspects of the job were discussed, it was obvious that the candidate had tremendous experience in virtually all aspects of operations, from external relations, to budget, to programs. But when the discussion turned to the board, the candidate blanched. Apparently, the former chief executive had kept the board in a box, walled off from the senior staff. Consequently, the deputy had little exposure to the real inner workings of the board.

This candidate's clear discomfort about the board wasn't a deal breaker for the transition task force, whose members knew that no executive was going to be able to step completely into the shoes of a 30-year CEO. To help ensure a strong start with the board, the task force engaged in honest conversations with the candidate about executive coaching and other support. The search consultant and the candidate identified a seasoned, former nonprofit executive who could serve as a coach and a sounding board, especially on governance matters and building a strong board-executive relationship.

This example shows the value for the transition task force, or its search consultant, of engaging in a sensitive, thoughtful conversation with the incoming executive about how the board can best support his or her growth and development in the role. One goal of these conversations should be to encourage the executive to seek out a peer support network, with the transition task force's support if needed. Even veteran CEOs frequently remark about how lonely it is at the top and how important it is to have peers with whom to sound things out.

CONTINUING THROUGH THE FIRST YEAR

During the early months of the new executive's tenure, the board should start shifting its attention to planning support activities for the remainder of the year. As the onboarding process concludes, the CEO should be moving from early-stage learning and relationship building to a period of deeper learning. The board should be clear about its partnership role as the executive moves through these stages and becomes fully engaged in the job.

Understand the Board–Executive Social Contract

The relationship between the board and its chief executive is perhaps the single most important working relationship within any nonprofit. A healthy board–executive

partnership is vital to the organization's success. Much like other social contracts, it is framed in large part by a set of agreements that are built over time. Certainly, the governance documents (bylaws) and the chief executive's job description provide some definition, but what shapes the day-to-day interactions is a rich set of understandings about how the relationship should work — the unwritten social contract. In the hands of a talented CEO and an engaged board, the organization can flourish when the board–executive partnership is working well. Conversely, no matter how gifted the executive, the organization won't thrive if the board isn't pulling its weight or matching its governance savvy with that of its executive know-how.

The board–executive social contract includes five elements:

1. *Leadership agenda.* A well-defined set of three to seven organizational priorities (the fewer the better) that the board and CEO have chosen to focus on for the year. Refreshed annually, the agenda is developed by the board and the CEO through collaborative, back-and-forth discussion.
2. *Roles and responsibilities.* A clear statement of board and executive responsibilities for leading and governing the organization.
3. *Mutual expectations.* What does the board count on the CEO to deliver or provide? Similarly, what does the CEO expect from the board? These expectations are grounded in the leadership agenda and the two parties' shared understanding of their roles and responsibilities.
4. *Monitoring and performance evaluation.* The process for monitoring progress on an ongoing basis and periodically assessing performance — not just the executive's, but the board's as well.
5. *Governance culture.* The stance and outlook of the governance team, particularly the board. It helps to think of three modes of governance: fiduciary (are we fulfilling our mission, doing it efficiently, and stewarding our resources properly?); strategic (are we focused on the right thing and headed in the right direction?); and generative (are we looking ahead and figuring out the right direction for our organization?).¹²

With these elements of the social contract, the board can proactively, and rapidly, create a fresh working relationship with a new executive. Here's how:

Two to three months into the job, the board should strongly consider having an explicit and open social contracting discussion with the CEO to address the following topics:

- The leadership agenda
- The board and the CEO's respective roles and responsibilities

¹² Richard P. Chait, William P. Ryan, and Barbara Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards* (BoardSource, 2005).

- The expectations the board and CEO bring to the relationship, especially expectations about how the priorities on the leadership agenda will be achieved
- The process and criteria for monitoring and evaluating performance
- The governance culture and board development

The organization can benefit greatly when the board recognizes an executive transition as a major turning point and takes proactive steps to create a strong board–executive partnership. A new partner means a new partnership. A critical factor is the board’s willingness to come to terms with the past partnership, especially if the relationship with the departing executive was a rocky one. As one self-help guru was fond of saying, “Don’t drag your past into the future.”

Monitor Performance

It is best practice for the board to conduct a formal, written evaluation of the executive annually as well as discuss the results in the context of what changes are necessary for the organization’s future success. BoardSource also recommends that the board formally evaluate its own performance every two to three years. The board and executive form two sides of the top leadership equation. Evaluating both sides gives the board a picture of the whole.

The new executive’s first year in the role is unlike any other in his or her tenure. It’s a time to gain knowledge about the organization and build relationships with the staff, board, and beyond. And for the board, it is a time when board members are asking regularly, “Have we made the right choice in our executive?” For these reasons, the first year of a new executive’s tenure requires a different approach to monitoring, a different set of evaluation tools, and a different timetable than might be used in succeeding years. The following staged evaluation process is effective:

1. *Ninety-day check-in.* A conversation that focuses on accomplishments and challenges from the onboarding plan. It could be as simple as a “how’s it going?” conversation between the board chair and the chief executive. Depending on the board’s perception of the chief executive’s performance during this early stage, it could also be a problem-solving and fine-tuning exercise. Of course, in the best-case scenario these conversations have taken place more frequently, not just at 90 days.
2. *Six-month review.* Assuming all is well at the 90-day mark, consider a slightly more formal evaluation process focused on how the executive is doing at assuming leadership within the key responsibilities of the job. This review might involve a conversation with the executive committee (if one exists) or the board officers about the chief executive’s performance.
3. *Annual performance review.* The annual review should focus on three areas: overall organizational performance and the chief executive’s role in driving that

performance; the executive's work to achieve the priorities on the leadership agenda; and the executive's contributions toward building the health and vitality of the organization to shape future performance.

The time of the chief executive's annual review is also an appropriate opportunity for the board to evaluate itself and consider the extent to which it is contributing to the organization's performance.

Move Forward as a Board

Once the new chief executive is on the job and has worked with the board to identify key challenges and priorities, it is time for the board to focus on its ongoing governance role. The post-hire period can be awkward for the board. For weeks and even months, it may have been more actively engaged than usual in the day-to-day work of the organization — reviewing finances and operations, ensuring the organization's stability, identifying legacy issues to address, and working with the new executive to chart a successful course for the future.

Now, the board will feel a sense of relief that the search and hiring process is over, but also perhaps experience a let-down and loss of control as the new executive takes the management reins. The challenge for the board is to extricate itself from operations so the chief executive can assume the proper role, while also remain actively engaged in different ways. The board's first job is to make sure that the CEO and the staff have the resources and support they need to deliver on the organization's mission.

A practical and useful strategy at this stage involves getting the board back in touch with best-practice models of governance. This can be especially important if the board has an uneven history of performance, or if it had a weak or strained partnership with the departing executive — in other words, if the board doesn't have a particularly strong board-executive partnership model going into the new relationship. BoardSource resources can be especially helpful at this point (see Recommended Resources, page 161).

Focus on Retention from the Start

Executive transitions are time-consuming and expensive propositions, both in hard costs and in the opportunity costs of having staff and board energy focused on the transition rather than on the mission work of the organization. Clearly, the best way for a board to ensure a good return on this investment is to work to help a good executive become a great one. Retaining a good chief executive can hinge on a variety of factors. A competitive compensation plan can go a long way, as can a good retirement program. But two significant and typically overlooked factors in executive retention are the board's support for the CEO and the board's level of engagement in the organization.

BoardSource research shows that providing guidance and support for the chief executive is an area of strength for most boards.¹³ This is good news, because a board that invests in support can make the chief executive's job more manageable, which has a positive impact on job satisfaction. Given the complexity of a nonprofit CEO's responsibilities and the stress that often accompanies the job, support from the board helps relieve some of that pressure, develops the CEO's capacity to lead, and ultimately, strengthens the organization. The board chair's leadership is influential because the chair — as the board's liaison to the CEO — sets the tone for the rest of the board and can be a trusted resource for the executive.

A high-functioning board–executive relationship also can energize the board and contribute to a positive, collaborative board culture with committed board engagement. But if the pivotal leadership partnership is not working well, the board can become disengaged from the organization's ongoing work, and the organization can suffer. Executives need board members who encourage higher performance from themselves and from the organization, make the board's work a high priority, and share accountability for the board's actions. Boards that do not personally support their chief executives or understand their role and contributions can have a negative impact on executive morale, tenure, and retention. Lackluster board engagement can also have an adverse effect on fundraising — a common frustration of CEOs.

CUTTING YOUR LOSSES WHEN IT'S NOT WORKING OUT

Unfortunately, there are times when an organization hires a new chief executive who simply does not work out. Maybe the person is not a good fit for the role after all, or perhaps the board asked the new chief executive to come into an impossible situation.

The reality is, some level of disappointment or deflation is to be expected after the euphoria of the completion of the search. It's a given that most new executives will do something or say something that can make board members wonder if they made the right choice. That's a fact of life. The question is whether any problems the board sees are significant enough to prompt consideration of dismissing the recently hired CEO.

The need for an objective assessment of any issues or problems is why it's so important for the board to establish clear priorities and a review procedure, such as the process outlined earlier in this chapter. If the board adheres to its procedure and decides to ask the new executive to leave, it should do so with good deliberation, good spirit, and the advice of legal counsel. Consult Chapter 3 for guidance on the potentially difficult task of termination.

¹³ Eighty percent of board chairs and 65 percent of executives give their boards an A or B grade in this area. BoardSource, *Leading with Intent: 2017 National Index of Board Practices*, p. 32.

ACTION PLAN FOR THE BOARD

- ✓ Don't skip the onboarding stage. Recognize it as the critical process of education and socialization necessary for a successful launch for a new executive.
- ✓ Understand that an important part of onboarding work involves the creation of a working relationship with the new executive, which may involve looking anew at the board's governance role.
- ✓ Create a clear set of priorities that provide benchmarks for assessing the executive's performance and helping determine if the board made the right choice.
- ✓ Appreciate that the board-executive relationship is among the most critical relationships in the organization.
- ✓ Understand that the success of the board-executive relationship hinges on five factors: the leadership agenda, clear roles and responsibilities, explicit mutual expectations, a monitoring and performance evaluation process, and a positive governance culture.

CHAPTER 7

CONGRATULATIONS AND NEXT STEPS

Congratulations! You have completed one of the most challenging assignments a board can face. You have not only identified a terrific new leader for the organization, but you have also successfully onboarded the new executive. Now it is time to take the next steps to ensure the sustainability and vitality of your nonprofit.

1. Make sure that the board has a succession policy and backup plan for the chief executive.

As the board has learned, perhaps through a very powerful lesson, every executive's job (or career) eventually ends in a transition. Developing a succession policy and backup plan will help the board prepare for the inevitable. The policy spells out how the board will handle future transitions as well as short-term and long-term absences. The backup plan ensures that a trained individual will step in temporarily in the case of the CEO's absence.¹⁴

An annual review of the succession policy is a good time for the board to revisit executive compensation. To ensure that the organization remains a competitive employer, the board should periodically review executive salaries for comparable positions at comparable organizations.

2. Maintain an open dialogue about the health and vitality of the board–executive relationship.

Update the leadership agenda each year to reflect the next set of shared priorities. Be open to the executive's perspective and recommendations on the evolving role of the board.

The board should conduct a periodic self-assessment, including a review of how it is supporting the executive. BoardSource offers a board self-assessment that can be conducted as a stand-alone effort or in conjunction with governance consultation from a licensed board trainer and consultant. An annual performance assessment of the CEO — an essential board responsibility — also can surface issues related to the health of the board–executive partnership. (For more information, see boardsource.org.)

3. Take an in-depth look at the organization's sustainability.

Either through the next strategic planning cycle or separately, review the six core areas that support organizational capacity and sustainability (see Chapter 1). *Sustainability* can be defined as having strong business fundamentals in place that ensure that the organization remains a high-value community asset over time.

¹⁴ For a how-to guide with customizable templates, go to dontebe.com/succession-guide.

4. Revisit the strategic plan or framework.

The completion of the new executive's first year on the job is a great time to revisit the organization's strategic plan or framework. John Gabarro's research, mentioned in Chapter 6, found that at this point, CEOs are typically eager to begin making their mark on their organization. Revisiting the strategic plan is a good way to translate this impulse into action.

Together, these next steps will set the stage for a thriving relationship between the board and new executive — and a flourishing future for the organization.

PART II

THE TASKS IN ACTION: **BUILDING THE TRANSITION PLAN**

This section guides the board and the transition task force through the major action steps for the three phases in an executive transition: (1) Prepare, (2) Search and Select, and (3) Onboard and Support. A Core Executive Transition Checklist covers the basic elements of each phase. Two supplemental checklists augment the core list. The first addresses the additional activities involved in appointing a temporary chief executive. The second outlines additions and changes to the core checklist in situations where the organization is engaging outside advisors, such as a transition consultant, an executive search firm, or specialty consultants to help with specific activities.

CORE EXECUTIVE TRANSITION CHECKLIST

Phase 1 – Prepare

This stage of the transition timeline is all about getting started (see Fig. 2, page 23). It includes the beginning of the board’s Task 1: Understand and Guide the Transition; all of Task 2: Prepare for a Leadership Change; the beginning of Task 3: Ensure Leadership Continuity; and Task 4: Manage Communications and Ensure Positive Closure. Some activities in this phase don’t have to be handled sequentially. Depending on the situation, the board may need to move some activities to earlier or later in the process. For example, if the organization is facing a messy departure and there are many questions about the organization’s condition, maybe even its viability, then “stabilize the organization” may need to move to the top of the list. In this instance, the board may need to take charge and settle the situation even before appointing a transition task force.

Similarly, if the board is firing the incumbent CEO, unless there’s cause for immediate termination, the termination action should come later in the process, after the board has appointed the transition task force and has a solid plan in place to swiftly appoint an acting or interim CEO.

Unless otherwise noted, all actions and questions are the responsibility of the transition task force.

Event/Action Step	Actions/Questions/Information
The chief executive discloses a departure plan.	<input type="checkbox"/> The executive tells the board about his or her decision, plans, and timetable for leaving the position.
Consult the succession policy and backup plan.	<input type="checkbox"/> The board consults the organization’s succession policy and backup plan for the chief executive position. <input type="checkbox"/> If there is no policy or plan, the board puts the development of these critical documents on the transition task force’s work plan for after the new executive is hired.
Assess the situation.	<input type="checkbox"/> Does the board need a crisis communication plan? <input type="checkbox"/> Does it need to issue an immediate statement to stakeholders (for example, in the event of the incumbent’s death, a scandal, or other immediate termination)?
Ensure leadership continuity.	<input type="checkbox"/> The board assesses whether it has enough time to complete the search for a successor before the current executive departs (at least four to six months). <input type="checkbox"/> If not, the board considers appointing an interim or acting chief executive.
Ask and answer two courageous questions.	<input type="checkbox"/> The board answers two courageous questions: Should the organization continue, and if so, should it continue in its present form? <input type="checkbox"/> The board decides whether to proceed with the CEO transition or with a shutdown, merger, or other change in structure.
Appoint the transition task force.	<input type="checkbox"/> The board appoints a board member-led transition task force, ideally with about five members who are past, present, and future board leaders, possibly augmented with senior staff members. <input type="checkbox"/> The board clarifies the task force charge and end result.

Event/Action Step	Actions/Questions/Information
Organize the transition task force.	<ul style="list-style-type: none"> <input type="checkbox"/> The transition task force holds an organizing meeting. <input type="checkbox"/> The task force chair <ul style="list-style-type: none"> o ensures that members understand the task force’s charge is to manage the transition, not just focus on the search o encourages all members to read at least the opening chapter of this book o clarifies if an interview or selection team is needed — a subset of the task force that is composed of board members only
Assess readiness.	<ul style="list-style-type: none"> <input type="checkbox"/> Make an initial assessment of the organization’s readiness: <ul style="list-style-type: none"> o Is it struggling, stable, or flourishing? o What is the transition type? (1) Sustained success? (2) Underperforming? (3) Turnaround? (4) Hard-to-follow executive? (5) First hire? (6) Internal promotion without a search? <input type="checkbox"/> Factor the assessment results into transition planning.
Stabilize the organization.	<ul style="list-style-type: none"> <input type="checkbox"/> If the organization is struggling or the departure is messy, stabilize the organization first. <ul style="list-style-type: none"> o Attend to staff and stakeholder concerns. o Identify immediate issues and uncertainties to be addressed. o Drive out ambiguity about finances, organizational condition, and other issues before trying to plan.
Determine consulting support needs.	<ul style="list-style-type: none"> <input type="checkbox"/> The board and the transition task force think critically about and decide on their consulting support needs — for example, transition consultant, executive search firm, or other consulting support.

Event/Action Step	Actions/Questions/Information
Develop the departure announcement plan, and make the announcement.	<ul style="list-style-type: none"> <input type="checkbox"/> Decide on the departure announcement timing. <ul style="list-style-type: none"> o Must it be immediate, or can it wait and be concurrent with the executive search announcement? Is there anything else to factor into the timing? <input type="checkbox"/> Develop communications collaterals: a modest communications plan, announcement letter from the board chair, talking points, and media release. <input type="checkbox"/> Implement the plan.
Conduct organizational review or assessment.	<ul style="list-style-type: none"> <input type="checkbox"/> Conduct an organizational review or assessment, or contract with an external consultant to conduct one. <ul style="list-style-type: none"> o Are there legacy issues that should be addressed before hiring a new chief executive? o What opportunities and challenges are on the horizon? o Is the organization facing a major pivot — high, low, or no growth? Downsizing? Disruption in its market? A major change in strategic direction?
Review/revisit the strategic plan or framework.	<ul style="list-style-type: none"> <input type="checkbox"/> Review the strategic plan or framework for guidance about the role of the incoming executive. Based on the strategic plan, <ul style="list-style-type: none"> o does the organization have a clear strategic direction for at least the next two to three years? o what are the top three to six priorities for the first 12 to 18 months of the new executive's tenure? <input type="checkbox"/> If answers to these questions are not clear, clarify them before developing the position profile or launching the search.
Develop the transition plan.	<ul style="list-style-type: none"> <input type="checkbox"/> Develop a plan to begin addressing the legacy or other issues identified in the organizational assessment. <input type="checkbox"/> Identify issues that will carry over into the new executive's tenure. They should be part of the latter-stage discussions with candidates.

Event/Action Step	Actions/Questions/Information
Make sure the chief executive job is ready.	<ul style="list-style-type: none"> <input type="checkbox"/> Unpack, refit, recalibrate, and redraft the job description. <ul style="list-style-type: none"> o Make sure the task force understands the job in practice, not just on paper. o Jettison any legacy responsibilities. o Calibrate the job to the future direction of the organization. o Draft a new job description.
Develop search collaterals.	<ul style="list-style-type: none"> <input type="checkbox"/> Draft a position profile based on the new job description. <input type="checkbox"/> Prepare a one-page job announcement. <input type="checkbox"/> Create a search plan and budget.
Engage the board.	<ul style="list-style-type: none"> <input type="checkbox"/> Hold an extended board meeting (potentially a retreat) for deep discussions about the following: <ul style="list-style-type: none"> o Results of the organizational assessment and how they influenced the job description and position profile o Results of the job description analysis and development of the position profile o Transition plan for addressing legacy issues, including those that will carry over into the new executive's tenure <input type="checkbox"/> Ensure that the board digs into the substance, and that all members are clear about and aligned on (1) what the CEO's job is, (2) the attributes of the leader they want to hire for the job, and (3) what they want the new CEO to accomplish, including early-stage priorities.
Prepare to launch the search.	<ul style="list-style-type: none"> <input type="checkbox"/> Following board review, the transition task force finalizes the search support materials. <input type="checkbox"/> The task force and board get ready to launch the search.

Phase 2 – Search and Select

While the centerpiece of this phase is Task 5: Search for, Select, and Hire the New Chief Executive, it's also about continuing the work of Tasks 1 through 4, guiding the transition to a successful conclusion, preparing for the handoff to the new executive, and making sure that there is frequent, good communications along the way.

Unless otherwise noted, actions are the responsibility of the transition task force. Some of these items may be accomplished or facilitated by a transition consultant or search firm.

Event/Action Step	Actions/Questions
Clarify the search plan.	<ul style="list-style-type: none"> <input type="checkbox"/> Review the search plan to ensure that everyone involved is clear about the following: <ul style="list-style-type: none"> <input type="checkbox"/> Who's responsible for advertising and phone/ email outreach to nominators and prospective candidates <input type="checkbox"/> Who serves on the interview team <input type="checkbox"/> The number and staging of interviews <input type="checkbox"/> The role of the departing executive and senior management team in support of the recruitment and interview process <input type="checkbox"/> The board's role in reviewing and selecting the finalist <input type="checkbox"/> Particulars of the hiring process — employment letter contract, who negotiates, and so on
Prepare to manage the resumes.	<ul style="list-style-type: none"> <input type="checkbox"/> Set up a resume management system. <input type="checkbox"/> Clarify who is responsible for reviewing the resumes and what criteria will be used.
Identify and engage prospective candidates and candidate nominators.	<ul style="list-style-type: none"> <input type="checkbox"/> Solicit suggestions from the departing executive and senior managers. <input type="checkbox"/> Reach out to nonprofit leaders in the community. <input type="checkbox"/> Make phone calls, send emails, and follow up. <input type="checkbox"/> Focus on diversity.
Place advertising.	<ul style="list-style-type: none"> <input type="checkbox"/> Develop and place advertising.

Event/Action Step	Actions/Questions
Screen candidates.	<ul style="list-style-type: none"> <input type="checkbox"/> Screen resumes on an ongoing basis. <input type="checkbox"/> Group candidates in tiers based on qualifications. <input type="checkbox"/> Develop phone screening questions or candidate questionnaire. <input type="checkbox"/> Make phone calls, or send candidate questionnaire.
Provide regular updates on the search.	<ul style="list-style-type: none"> <input type="checkbox"/> Provide regular progress reports to the board. <input type="checkbox"/> Keep staff appropriately informed (usually in a general way).
Identify interviewees.	<ul style="list-style-type: none"> <input type="checkbox"/> Forward resumes and supporting information for top-level candidates to the transition task force (or those board members on the task force who are serving as the interview team), including phone screening notes or completed questionnaires. <input type="checkbox"/> Ask the task force (or the interview team) to review each candidate's information and sort them into three groups by preliminary level of interest. <input type="checkbox"/> Hold a resume review meeting and select the interviewees. <input type="checkbox"/> Determine if you are ready to proceed with interviews. <input type="checkbox"/> Discuss the interview schedule and potential questions.
Conduct first-round interviews.	<ul style="list-style-type: none"> <input type="checkbox"/> Schedule the first round of interviews, ideally over one day or over partial days in immediate succession. <input type="checkbox"/> Select the candidates invited back for second interviews (semifinalists).
Give semifinalists an assignment.	<ul style="list-style-type: none"> <input type="checkbox"/> Ask semifinalists to prepare brief presentations for the second interview.

Event/Action Step	Actions/Questions
Schedule and conduct informal meetings.	<ul style="list-style-type: none"> <input type="checkbox"/> Invite semifinalists to meet with the departing executive, senior management team members, and, potentially, board members who are not involved in the interviews. <input type="checkbox"/> Explain to staff and board participants that they are not making the selection or directing the task force. Their role is informational to the candidates and advisory to the task force or interview team. <input type="checkbox"/> Allow plenty of time for candidates to ask questions and develop a fuller understanding of the organization in preparation for the next round of interviews.
Check references.	<ul style="list-style-type: none"> <input type="checkbox"/> Interview the semifinalists' references.
Conduct second-round interviews and select finalist(s).	<ul style="list-style-type: none"> <input type="checkbox"/> Conduct forward-focused interviews with the semifinalists. <input type="checkbox"/> Rank the potential finalists for the board's consideration.
Secure background check.	<ul style="list-style-type: none"> <input type="checkbox"/> If required or desired, secure a pre-employment background check on the finalist.
Negotiate an agreement in principle.	<ul style="list-style-type: none"> <input type="checkbox"/> Negotiate an agreement in principle with the finalist, subject to board ratification (and a clear background check, if required).
Hold board ratification vote.	<ul style="list-style-type: none"> <input type="checkbox"/> Schedule a board meeting to interview the finalist and vote on the selection.
Announce the appointment.	<ul style="list-style-type: none"> <input type="checkbox"/> Prepare an announcement plan and materials: letter from the board chair, media release, talking points, and announcement plan. <input type="checkbox"/> Implement the plan.
Prepare for the onboarding and support phase.	<ul style="list-style-type: none"> <input type="checkbox"/> Prepare an onboarding plan for the new executive. <input type="checkbox"/> Plan the overlap between departing and incoming executives. <input type="checkbox"/> Ensure that the departing executive has prepared a handoff plan. <input type="checkbox"/> Engage the CEO-elect in the planning.

Event/Action Step	Actions/Questions
Ensure closure and recognition.	<ul style="list-style-type: none"> <li data-bbox="558 256 1213 394">☐ Ensure that the departing executive has appropriate closure — with the board and its committees as well as with staff, possibly through some form of public ceremony. <li data-bbox="558 401 1158 469">☐ Consider providing formal recognition for the departing executive.

Phase 3 – Onboard and Support

This phase concludes the transition process. The board should make sure that there is a good orientation for the new executive; that the new executive’s early-stage energies (the first 90 days) can be focused on the all-important, relationship-building work and learning about the organization; and that the new executive and board are getting off on the right foot by clarifying goals, roles, expectations, and performance criteria.

Unless otherwise noted, all actions are the responsibility of the transition task force.

Event/Action Step	Actions/Questions
Welcome the new chief executive.	<ul style="list-style-type: none"> <li data-bbox="558 888 1182 956">☐ Plan appropriate welcome activities for the first day on the job.
Orient the new chief executive.	<ul style="list-style-type: none"> <li data-bbox="558 975 1172 1043">☐ Ensure that incoming and departing executives discuss their handoff plan. <li data-bbox="558 1051 1200 1280">☐ Provide a solid orientation for the new executive, which may consist of <ul style="list-style-type: none"> <li data-bbox="605 1130 1086 1164">○ briefings by the departing executive <li data-bbox="605 1172 1125 1240">○ briefings by the members of the senior management team <li data-bbox="605 1248 762 1280">○ site visits
Encourage a series of relationship-building meetings.	<ul style="list-style-type: none"> <li data-bbox="558 1304 1208 1603">☐ Ask the incoming executive to meet with <ul style="list-style-type: none"> <li data-bbox="605 1344 1208 1412">○ all key staff during his or her first week on the job — possibly in an all-staff meeting <li data-bbox="605 1420 1196 1487">○ top stakeholders, together with the outgoing executive <li data-bbox="605 1495 1186 1603">○ each board member, by phone or in person, ideally within the first 10 days and certainly within the first 30 days
Refine early-stage priorities.	<ul style="list-style-type: none"> <li data-bbox="558 1622 1186 1725">☐ Ask the incoming executive to review and refine the priorities for the first 12 to 18 months as identified during the transition planning stage.

Event/Action Step	Actions/Questions
Discuss the social contract with the board.	<input type="checkbox"/> Hold a meeting with the new chief executive and the executive committee (if one exists), the board officers, or the full board within the first 90 days to affirm <ul style="list-style-type: none"> o priorities for the first 12 to 18 months o perspectives on respective roles and responsibilities and any potential reassessment of the board's role o the executive's and board's expectations for one another o understandings about the executive performance evaluation process, criteria, and timetable
Implement the evaluation plan.	<input type="checkbox"/> Establish milestones, such as <ul style="list-style-type: none"> o an informal check-in within the first 90 days o a more formal check-in process within the first six months o a formal annual evaluation that focuses on the executive's impact on the organization, not just his or her actions
Plan for succession and emergencies.	<input type="checkbox"/> Make sure the organization has a succession policy and a backup plan covering the chief executive position, if not the entire senior management team.
Wrap up.	<input type="checkbox"/> Wrap up the transition task force's work and disband.

APPOINTING A TEMPORARY CHIEF EXECUTIVE: SUPPLEMENTAL CHECKLIST

As discussed in Chapter 3, the board may be faced with appointing a temporary executive — either an acting executive from the executive team or an external interim executive.

Event/Action Steps	Actions/Questions
Clarify temporary leadership needs.	<ul style="list-style-type: none"> <input type="checkbox"/> Establish the organization’s critical needs for the acting or interim role: <ul style="list-style-type: none"> o Focus on priorities to accomplish during the interim period. o Consider the scope and magnitude of the legacy issues to be addressed, along with and any cleanup work. o Define the critical responsibilities for sustaining day-to-day operations. o Specify the projected duration of the assignment. <input type="checkbox"/> Consider that the organization’s temporary leadership requirements may differ from its long-term needs.
Consult the succession policy and backup plan.	<ul style="list-style-type: none"> <input type="checkbox"/> Consult the organization’s succession policy and backup plan for the chief executive position. <input type="checkbox"/> If there is no policy or plan, put the development of these critical documents on the board’s work plan for after the new executive is hired.
Assess capacity.	<ul style="list-style-type: none"> <input type="checkbox"/> If there is no designated backup, assess internal capacity to cover the acting role and meet the identified temporary leadership needs. <input type="checkbox"/> Don’t confuse familiarity with capability and preparation to provide solid leadership during the interim. A leadership role may be even more challenging depending on the condition of the organization and the outgoing executive’s departure circumstances.

Event/Action Steps	Actions/Questions
<p>Identify and select an external interim executive, if there is no staff person to step into the role.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Clarify the selection criteria. The following should be paramount: <ul style="list-style-type: none"> o Prior CEO experience, with prior interim experience a big plus o Experience in addressing the types of legacy or transition issues that the organization may be facing, especially if there's a need for cleanup work. o A consultative personality to bridge and help prepare the organization to work successfully with the new chief executive, not to implement the interim's own vision o A confident presence to reassure staff in what can be a high-anxiety experience, especially if the chief executive's departure was messy o A flexible schedule <input type="checkbox"/> Define the scope of work. <input type="checkbox"/> Develop and circulate a request for proposals (RFP). <input type="checkbox"/> Interview candidates, and make the selection using the criteria.
<p>Onboard and support.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Provide a thorough orientation to the organization. <input type="checkbox"/> Introduce board, staff, and key stakeholders. <input type="checkbox"/> Schedule frequent check-in discussions between the acting or interim CEO and the board chair (or transition task force chair).

HIRING A TRANSITION CONSULTANT, SEARCH FIRM, OR OTHER CONSULTANTS: SUPPLEMENTAL CHECKLIST

As discussed in Chapter 1, executive transitions are complicated, time-consuming projects. The board should strongly consider getting outside counsel to help it both guide and manage the transition and search process.

Unless otherwise noted, all actions are the responsibility of the transition task force.

Event/Action Steps	Actions/Questions/Information
Clarify consulting needs.	<ul style="list-style-type: none"> <input type="checkbox"/> <i>Transition consultants</i> typically manage the entire process, including the executive search. <input type="checkbox"/> <i>Search firms</i> typically address just the executive search. <input type="checkbox"/> <i>Specialty consultants</i> help with specific needs, such as meeting facilitation or organizational assessments.
Identify and hire the consultant(s).	<ul style="list-style-type: none"> <input type="checkbox"/> Clarify the consultant selection criteria, which might include <ul style="list-style-type: none"> o nonprofit experience o experience with national searches o experience in the nonprofit's field or discipline o other criteria specific to the organization <input type="checkbox"/> Define the scope of work. <input type="checkbox"/> Develop and circulate a request for proposals (RFP). <input type="checkbox"/> Interview firms and make the selection using the criteria. <input type="checkbox"/> Make sure the board or transition task force and the prospective consultants have a mutual understanding of what transition means and, more important, what portion of the transition work the consultant or firm will provide. The task force will need to fill in the rest of the work plan.

Event/Action Steps	Actions/Questions/Information
<p>Adjust the transition work plan if hiring a search firm.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Make sure the search firm understands how it fits into an overall executive transition process. <input type="checkbox"/> Clarify the respective roles of the search firm and the transition task force to make sure all the transition work is covered. <input type="checkbox"/> Prepare the task force to do some of the essential prep work — such as the organizational and strategic plan reviews — and the onboarding and support stage work. <input type="checkbox"/> In the Prepare stage: <ul style="list-style-type: none"> <input type="checkbox"/> Typically, the search firm prepares the search collateral materials. <input type="checkbox"/> In the Search and Selection stage: <ul style="list-style-type: none"> <input type="checkbox"/> Usually, the search firm provides services related to finding candidates, prescreening them, setting an interview process, scheduling interviews, and preparing for board confirmation of a finalist. <input type="checkbox"/> In the Onboarding and Support stage: <ul style="list-style-type: none"> <input type="checkbox"/> Typically, search firms do not provide services at this stage.
<p>Adjust the transition work plan if hiring a transition consultant.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Compare the Core Executive Transition Checklist with the consultant’s scope of services. Discuss and confirm with the consultant what is and is not covered.

PART III

TRANSITION TOOLKIT

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ORGANIZATIONAL SUSTAINABILITY ASSESSMENT QUESTIONNAIRE

Instructions

- **In column A:** For each statement, indicate whether the statement is completely true (yes), somewhat true (somewhat), not at all true (no), or you don't know (don't know).
- **In column C:** Note action items — areas of concern or weakness to address.
- **Gather input:** Gather board and management team input and compare notes.
- **Take action:** Agree on the action items. Assign responsibilities for taking agreed-on actions. Put them on the calendar for follow-up.

A. Your Assessment				B. Sustainability Factor/Criteria	C. Action Items
Yes	Somewhat	No	Don't Know		
1. Strategy/Strategic Plan					
				We have a written plan that defines our organization's future direction and major goals for the next several years.	
				Our mission is current and relevant. We have a clearly articulated social impact vision that expresses the effect that our services/products have on the community/the world. Our overarching goals are clear, and we have a sound strategy to pursue them.	
				Our board had a strong role in developing our vision, goals, and strategies, and our board, CEO, and executive team are aligned about these critical aspects of our plan.	

A. Your Assessment				B. Sustainability Factor/Criteria	C. Action Items
Yes	Somewhat	No	Don't Know		
				Progress toward our goals is reviewed frequently by the management team and periodically by the board.	
2. Business Model (see definition below)					
				Our business model has several years of longevity in front of it.	
				Our services/products are needed by clients and valued by donors/funders.	
3. Board and Board Leadership					
				Our board is a high-value asset to the organization. It is well suited to our organization's current and future governance needs. It has the right composition and structure, and its members are working together well. We have the right board leadership in place.	
				Our board is effectively performing its three core roles: setting direction, providing resources, and ensuring organizational performance.	
				Our board is independent but working in partnership with the chief executive. It is not a rubber-stamp, micromanaging, or loose-cannon board.	

A. Your Assessment				B. Sustainability Factor/Criteria	C. Action Items
Yes	Somewhat	No	Don't Know		
4. Executive Leadership Team					
				Our executive leadership team fits the current and near-term leadership needs of the organization. There are no holes and no weak links on the team. We have the right structure in place, and the team is working together well.	
5. Resources, Systems, Policies, and Work Processes					
				<i>Operating Reserves.</i> We have a reasonable level of operating reserves.	
				<i>Revenue Outlook.</i> Our revenue streams have some longevity. (Most of them will continue beyond the current year's budget or current grant cycle.)	
				<i>Revenue Diversity.</i> Our revenue streams are appropriately diverse. (We don't have too many eggs in one basket.)	
				<i>Resource Development Strategy.</i> We have an effective resource development strategy in place that is a reliable method for producing revenue.	
				<i>Financial Assets.</i> Our financial assets (such as cash, cash equivalents, and securities) are invested well and sheltered appropriately from risk.	

A. Your Assessment				B. Sustainability Factor/Criteria	C. Action Items
Yes	Somewhat	No	Don't Know		
				<i>Physical Assets.</i> We have the necessary physical assets (such as property, buildings, and equipment) in place.	
				<i>Reputational Capital.</i> Our organization has a strong, positive brand and enjoys a high degree of visibility in our market/community.	
				<i>Social Connections.</i> Our organization is well connected with the influencers and decision makers who are important for our field.	
				<i>Systems, Policies, and Processes.</i> We have the systems, policies, and work processes in place to deliver quality services/products and the business functions in place to support our programs well.	
				<i>Collaborator/Referral Network</i> (if important to service delivery). We have the appropriate collaborators/referral sources in place.	
				<i>Stewardship.</i> All of our assets – soft assets (reputation, social, capabilities, systems, and capacity) and hard assets (fiscal and physical) are stewarded well.	
6. Organizational Culture and Operating Climate (see definitions below)					
				<i>Resilient.</i> Few things trip us up, and we bounce back easily.	
				<i>Adaptive.</i> We change readily to adapt to new realities.	

A. Your Assessment				B. Sustainability Factor/Criteria	C. Action Items
Yes	Somewhat	No	Don't Know		
				<i>Forward-Focused.</i> Our people are mostly focused on the possibilities the future holds rather than the glories and problems of the past.	
				<i>Outcome-Oriented.</i> Our people are clear about the outcomes they are striving to produce and the specific impact those outcomes will have on our clients or community.	
				<i>Engaged.</i> Our people are absorbed by and enthusiastic about their work. They are inclined to take positive action on their own to further our organization's reputation and interests.	
				<i>Aligned.</i> For the most part, our people have a shared sense of purpose, values, vision, and goals. We have healthy differences and debates, but they serve to strengthen us.	
				<i>Energized.</i> Our people are in action, actively pursuing a shared vision. They persevere when confronted by obstacles and setbacks.	
				<i>Proactive Communications.</i> The value and impact of the organization are widely understood among the board, staff, and volunteers.	
				<i>Operating Climate.</i> Our operating climate is stable and positive. It is not overly politicized, emotional, or strife riddled.	

Definitions

Business model. At the most elemental level, a logic model that describes an exchange of value – the value an organization creates and how it gets paid for creating that value. Some consider the business model a component of the organizational strategy. The author has carved it out for a closer look because it is an area where many nonprofits are most vulnerable. Weak business models are the Achilles' heel of many nonprofits.

Organizational culture. The set of deep-seated and often unconscious assumptions, values, and beliefs that shape how the organization and individuals within it behave. It is the operating system software that governs how the organization works, the ingrained behaviors that are difficult to change.

Operating climate. The day-to-day mood — the weather patterns — within an organization. It is shaped by culture but also influenced by management actions and communications, current events, the cyclical nature of the business, the level of team cohesiveness, and other factors.

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SAMPLE TRANSITION TASK FORCE CHARTER OR JOB DESCRIPTION

This document should describe the task force's charge and responsibilities, specify how long it will exist, list its members, and explain the extent of staff involvement (if the board has decided staff will participate).

Task Force Charge: The Transition Task Force is an ad hoc work group charged with planning and overseeing the entire chief executive transition process.

Appointment Duration: The task force shall serve from the time of appointment by the board through the completion of the onboarding of the new chief executive.

Members

The ideal size is three to five members.

Member 1 (task force chair)

Member 2

Member 3

Member 4

Member 5

Staff Involvement: As the task force may determine, various staff members, including the current chief executive, may be invited to serve in ex officio roles to help the task force plan the transition process, prepare the organization to work effectively with the new CEO, and onboard the new chief executive. Staff members shall not take part in task force interviews of chief executive candidates.

Key Responsibilities: The task force is the board's heads-and-hands partner for steering the organization through the three phases of the executive transition process and ensuring completion of the board's six tasks.

See the Core Executive Transition Checklist, page 117, for a step-by-step action plan.

- **Task 1 – Understand and guide the transition.** Ensure that the board understands the particulars of the transition the organization is facing through the appropriate exploration and assessments.
- **Task 2 – Prepare for a leadership change.** Develop an overall plan for the transition and make sure that the entire team is ready: the board, the departing executive, the senior management team, and the task force itself. Ensure that team members are clear about their roles and responsibilities for the transition. Engage appropriate outside counsel as may be needed — for example, an executive transition consultant, search firm, or specialty consultants to assist in resolving legacy issues.

- **Task 3 – Ensure leadership continuity.** Ensure that appropriate executive leadership is in place throughout the transition. Define the role and involvement of the departing executive, or engage an acting or interim executive if necessary. Makes sure that there is a thoughtful handoff process from the current executive [whether temporary or permanent] to the successor.
- **Task 4 – Manage communications and ensure positive closure with the current CEO.** Make sure there is an appropriate announcement of the current executive's departure, positive closure with the departing executive, frequent stakeholder communication during the transition process, and a proper introduction of the successor.
- **Task 5 – Search for, select, and hire the new CEO.** Ensure that there is a robust executive search that results in a deep pool of qualified candidates. Implement a rigorous selection process that identifies a highly qualified finalist for the board's consideration.
- **Task 6 – Onboard and support the new CEO.** Ensure that the successor is properly introduced to the organization and the community and receives a solid orientation. Finally, makes sure that the board and new executive are clear about the fundamentals of their relationship: goals, roles and responsibilities, expectations, and performance measures and evaluation process.

POSITION PROFILE AND JOB ANNOUNCEMENT TEMPLATES

Position Profile

Chief Executive **[Name of Organization, City, State]**

The position profile is a multipage document that provides a comprehensive description of the leadership opportunity and the job particulars. It helps ensure that the board agrees about the nature of the position. It is also a tool to support discussions with candidates and a source document for a shorter (usually one-page) job announcement. The position profile might include elements of the job description — which focuses on responsibilities and qualifications — but it goes beyond that to describe the organization’s history, programs, staffing, and budget. The profile also provides background and context about the position.

Start with an opening section that sums it all up.

[Name of organization] is seeking an entrepreneurial chief executive to build on our exceptional record of providing [describe the organization’s mission and programs].

About [Name of Organization]

Insert a few paragraphs that give an overview of the organization, its programs and services, and the population or area served. Provide information about the budget, staffing, and board. Be sure to include a link to the organization’s website.

[Name of organization] is the premier provider of Our programs and services include The organization is governed by a [number]-member board of directors. The organization’s budget is [annual operating budget]. The current staff includes [number] full-time and [number] part-time employees. We have [number] volunteers. More information about [organization name] may be found at [website address].

Location

Include a sentence or two about the headquarters location, using language that “sells” the location if need be. For example, highlight the quality of life, schools, access to cultural and recreational opportunities, and other features you think would be important to the type of executive that you are seeking to recruit.

About the Position

Describe the executive’s role and the leadership opportunity. Make the opportunity compelling. What difference could your next chief executive make for your clients, for the community, for the world? Follow with some points about priorities for the early stage of the new executive’s tenure. List three to six; more than seven is too much. It is a laundry list, not a leadership agenda. Include the reporting structure to clarify that the chief executive reports to the board and to explain who reports to the chief executive.

The incoming executive will inherit a high-performing organization renowned for The priorities for the first 12 to 18 months of the executive's tenure include:

- [Priority 1]
- [Priority 2]
- [Priority 3]

The chief executive reports to the board of directors, and the following positions report to the chief executive: [position 1], [position 2], and [position 3].

Key Responsibilities

Include an opening paragraph followed by several bullet points about the key responsibilities.

The chief executive provides leadership to the organization and oversees its day-to-day affairs.

- [Responsibility area 1]
- [Responsibility area 2]
- [Responsibility area 3]

Qualifications

Outline "hard-fact" qualifications, if any, and the knowledge, skills, and abilities (KSAs) the position requires. Hard-fact qualifications might include a required certification, such as an LCSW-C; a certain education level or degree requirement, such as an MBA or JD; or a specific number of years of work experience. These are facts that can be checked. KSAs, on the other hand, are attributes gained through experience and usually have to be sleuthed out in the interviews and reference check. Some organizations and search professionals lump all these items together under the heading of "qualifications." If you do so, make sure that each item is truly a qualification – directly related to the ability to fulfill the job and carry out the responsibilities. Consider including a statement about salary and benefits.

Ideal candidates for this position will share our commitment to [your mission, services, or population].

Requirements for the position include:

- [Qualification 1]
- [Qualification 2]
- [Qualification 3]

The successful candidate will bring a variety of experiences and attributes to [organization name], including:

- [KSA 1]
- [KSA 2]
- [KSA 3]

[Name of organization] offers a competitive salary and an attractive benefit package.

Application Process

Conclude with how to apply and your EEO statement, if applicable. Specify the application deadline if one has been established.

To apply, send an e-mail with your resume and a cover letter detailing your qualifications and salary requirements to [e-mail address]. The application deadline is [date]. [Name of organization] is an equal opportunity employer.

Job Announcement

Chief Executive [Name of Organization, City, State]

With the position profile completed, you're ready to distill it into a one-page job announcement. This text will be your frontline recruitment tool, posted on job sites and shared with prospective candidates and candidate referral sources. Be concise. The purpose of the job announcement is to entice interest, not to repeat the language in the position profile. Consider posting the full profile on your website and providing a link to it in this shorter document.

Start with an opening paragraph that sums it all up.

[Name of organization] seeks an entrepreneurial chief executive to build on our exceptional record of...

In a paragraph, summarize the organization's background and key programs or services, budget, staffing, and board. Follow with a paragraph about key responsibilities that concludes with a link to the full position profile.

[Name of organization] was founded in [year]. It is governed by a [number]-member board of directors. The organization's budget is [annual operating budget]. The current staff includes [number] full-time and [number] part-time employees. We have [number] volunteers.

Reporting to the board of directors, the chief executive will provide [short summary of the leadership opportunity]. For a full description of the position and its responsibilities, please visit [website address].

Ideal candidates for this position will share our commitment to [your mission, services, or population] and will bring a variety of experiences and attributes, including:

- [KSA 1]
- [KSA 2]
- [KSA 3]

Conclude with how to apply and your EEO statement, if applicable. Specify the application deadline if one has been established.

To apply, send an email with your resume and a cover letter detailing your qualifications and salary requirements to [email address]. The application deadline is [date]. [Name of organization] is an equal opportunity employer.

SAMPLE INTERIM EXECUTIVE AGREEMENT

Review with the organization's legal counsel before using.

**An Agreement Between
[organization name]
and
[name of interim executive]
for Interim Executive Services**

[Name of interim executive] (interim) has agreed to serve as the interim chief executive for [organization name] (organization).

Position Overview

The interim chief executive's role is to manage the organization and provide staff supervision until a permanent chief executive is hired and to assist the board and staff in preparing the organization for the new executive.

Responsibilities

Outline responsibilities and clarify authority for check signing and contracts.

On a part-time basis, the interim supervises all staff through the management structure, oversees the day-to-day operations of the organization, and carries out responsibilities determined by the transition task force and the board. All hiring and firing of staff, if any, will be done with the concurrence of the board chair. *[Clarify check-signing authority.]* The interim is authorized to sign all checks less than [dollar amount]; checks over [dollar amount] require a second signature by the treasurer or another officer. *[Or]* All checks must signed by a board member. Contracts can be executed only with the approval of the board chair.

General Management Duties

Replace these sample duties with your own.

- Supervises all staff and contractors and coordinates and provides oversight of day-to-day operations
- Cultivates and manages relations with key stakeholders, members, and donors
- Meets all deadlines for all grant and contract applications, reports, and other requirements
- Assists the board in fundraising planning, proposal writing, and event planning as mutually agreed and subject to time availability
- Provides oversight of and reviews management systems, recommending changes as needed
- Supports the activities of the board, as agreed, in preparing for and recruiting and orienting the new chief executive

- Carries out other agreed-upon activities based on priorities outlined in the attached work plan

Supervision

Day-to-day supervision of the interim is the responsibility of the board chair. The Interim is responsible for maintaining frequent communications with the board chair and for immediately informing the chair of any discoveries, abnormalities, or emergencies. *Weekly phone calls are recommended.*

Term, Hours, and Fees

The term of the assignment will be [start date] through [anticipated end date]. The end date is flexible, depending on the progress of the executive search and the organization's needs.

Note that some interims prefer to work on a retainer rather than an hourly basis. In other words, the interim is paid a fixed dollar amount each month, and in return, the interim agrees to work at least a certain number of hours or days each month.

The Interim will be retained as a contractor, at the rate of [amount] per hour. The assignment is part-time, not to exceed an average of [number] hours per [specify week or month].

As an independent contractor, the Interim will not be entitled to employee benefits. The Interim will submit a monthly invoice with a timesheet to the board chair or his/her designee for review and approval.

The Interim may terminate this agreement with fifteen (15) days' written notice for any reason unless a shorter time period is agreed. The organization may terminate this agreement immediately upon a breach or, if no breach has occurred, upon fifteen (15) days' written notice.

Other Agreements

The organization will reimburse the Interim for business-related out-of-pocket expenses, such as approved out-of-area travel and local noncommuting travel while transacting business on behalf of the organization.

Agreed by:

[Name], Board Chair Date

[Name], Interim Executive Date

Interim Chief Executive's Priorities [Start Date] – [Anticipated End Date]

In addition to general management duties, the interim carries out agreed-upon activities based on the following [organization name] priorities for the interim period:

Replace these with your organization's priorities during the transition.

Internal and External Communications

- [priority 1]
- [priority 2]
- [priority 3]

Upcoming Annual Event

- [priority 1]
- [priority 2]
- [priority 3]

Fund Development

- [priority 1]
- [priority 2]
- [priority 3]

Staff Development

- [priority 1]
- [priority 2]
- [priority 3]

Board Relations and Board Development

- [priority 1]
- [priority 2]
- [priority 3]

System and Procedures Development

- [priority 1]
- [priority 2]
- [priority 3]

CHIEF EXECUTIVE DEPARTURE ANNOUNCEMENT WORKSHEET

The purpose of this tool is to capture the pertinent information for the departure announcement letter and media release.

<p>Names and Titles</p> <ul style="list-style-type: none"> • What is the departing executive’s name, as it should appear in communications? • What is the departing executive’s exact title? • What is the board chair’s name, as it should appear in communications? • What is the board chair’s exact title? 	
<p>Departing Executive’s Roles and Tenure</p> <ul style="list-style-type: none"> • What position within the organization, if any, did the departing executive occupy before becoming the chief executive? • When did the departing executive start employment with the organization? • When did the departing executive become the chief executive? • What is the departing executive’s planned departure date? 	
<p>Departing Executive’s Accomplishments</p> <ul style="list-style-type: none"> • What are the departing executive’s accomplishments for which he/she would like to be recognized? that the board wants to recognize or highlight? • How has the organization changed under the departing executive’s tenure (changes in programs, budget, staff, locations, service footprint, and other areas)? 	
<p>Other</p> <ul style="list-style-type: none"> • What, if anything, can we say about the departing executive’s plans for the next chapter in his/her life? • Who has been authorized by the board to speak to the media or otherwise answer questions regarding the transition? • What is that person’s contact information? 	

NONPROFIT JOB SEARCH RESOURCES

General Employment Websites

These large, general job search sites have nonprofit listings: [CareerBuilder](#), [Monster](#), [Indeed](#), [SimplyHired](#), and [LinkedIn](#).

Best Bets for Nonprofit Executive Jobs

Sites that feature mostly executive- and senior-level jobs in nonprofit organizations

- *Association Career HQ* is hosted by the American Society of Association Executives (ASAE), a national professional organization. Many states and some larger cities have organizations that host their own association jobs boards. Search for “association careers” and the city or state name.
- *CEO Update* features senior- level executive jobs in trade associations, professional societies, cause-oriented organizations, and foundations.
- *ExecSearches.com* posts executive, fundraising, and mid-level jobs in nonprofits, government, health care, and education.
- *Nonprofit Job Board* is provided by Bridgespan. Listings are not exclusively executive positions.

U.S. Nonprofit Jobs

Sites that feature executive and other positions, mostly in the United States

- *Council on Foundations Career Center* posts positions at various levels in philanthropy.
- *Idealist* features jobs, volunteer opportunities, and internships.
- *NonprofitJobs.org* posts jobs and candidate profiles.
- *NonprofitJobSource.com* lists nonprofit jobs.
- *Nonprofit Times CareerMatch*, hosted by the trade publication *Nonprofit Times*, features nonprofit job ads and resumes.
- *Work for Good* (formerly Opportunity Knocks) is one of the earliest job posting services for nonprofits.
- *Chronicle of Philanthropy* lists career opportunities primarily in fundraising and resource development.
- *Philanthropy News Digest*, a service of the Foundation Center, lists openings in nonprofits.
- *Nonprofit Talent* features a variety of jobs in nonprofits, mostly in Pennsylvania and the mid-Atlantic region.
- *DeepSweep* lists nonprofit jobs primarily in California.

State and Regional Sites

Most states have statewide associations of nonprofits, some of which post career opportunities on their websites. Find your state or regional association at councilofnonprofits.org/find-your-state-association.

REVIEWING AND SCORING RESUMES

Below is a Sample Resume Scoring Sheet that you can adapt to your organization's needs. It provides you with one document where you can keep track of all of your incoming resumes and how you sorted them in your initial screening.

There are different ways of scoring resumes. The approach described here helps ensure that the screening criteria are linked to the criteria outlined in the position profile. This approach involves two levels of review:

Level 1 – The first level of review is to determine if the candidate meets the identified job requirements. These are any hard and fast requirements that the task force and board may have identified as absolutely necessary for the position. These criteria might include a certain number of years of work experience or a requirement to have worked in a senior management position for a certain amount of time. Or it might involve a particular level of education or a degree that's required such as a master's degree, PhD, JD, etc. Or the position may require a professional license or certification such as a Licensed Clinical Social Worker, Certified Association Executive, etc. Job requirements are threshold criteria, which means that resumes that don't address the job requirements are eliminated at this stage.

Level 2 – For candidates who meet the job requirements, the second level of review involves screening for the other qualifications. These criteria are the experience, knowledge and skill areas identified in the position profile.

This approach is correlated with the "requirements and other attributes" sections of the position profile template on page 140.

To adapt this tool, replace the sample criteria with the job requirements (if any) and other qualifications with the items your organization outlined in the position profile. Add or subtract columns as you may need.

Sample Resume Scoring Sheet

1. Review the resume to ensure that the candidate meets the job requirements by putting a tick mark in each "Job Requirements" box met by the candidate.
2. If the resume meets the job requirements, then review the level of experience, skills, and knowledge related to the other qualifications for the job by putting a tick mark in each "Qualifications" box met by the candidate.
3. Finally, rank the resume on a scale of 1–3 using the following criteria:
 - 1 = Meets the job requirements and *all or most* of the other qualifications. Appears to be an excellent match for the position.
 - 2 = Meets the job requirements and *some* the other qualifications. Appears to be a good or OK match for the position. Might be worth exploring further.
 - 3 = Unqualified. Does not meet the job requirements or has little relevant experience or skills.

Candidate Name	Job Requirements				Other Qualifications					Comments	Rank
	Yrs Work Experience	Yrs Sr. Management	Education	License/certification	Mission/Program Experience	Fundraising	Staff Supervision	Financial Management	Board experience		

SAMPLE CANDIDATE SCREENING TOOLS

Sample Candidate Phone Screening Questions

1. From your resume, I gather that you are [currently employed/between positions]?
2. Looking at your current job [or last job if between positions], how did your work or leadership enhance the impact of the organization? (Probe for what the candidate found when they started and what they are leaving behind.)
3. What are your salary expectations?
4. Have you been responsible for supervising a team of professionals? (Probe for description.)
5. Have you been responsible for preparing and monitoring a budget? (Probe for description.)
6. Have you been directly responsible to a board?
7. Can you give me a quick thumbnail sketch of your work on grants and other fundraising?
8. If I were speaking to your board chair or former supervisor, what would they say are your strengths? your weaknesses?
9. Please describe an experience (professional or otherwise) in which you were involved in developing and implementing a new idea, program, service, or concept.
10. What achievements are your greatest sources of pride?
11. At this point in your personal and professional life, what are the issues and factors that will most influence your next career move?
12. How would you describe the personal values and philosophy that would guide you as you provide leadership in this position?
13. Why do you think you are well suited for the position?
14. If the board were to make you an offer, when would you be available? What notice do you need to give your current employer?
15. Are you under consideration for another position or are you a candidate in another executive search? [If “yes”] Do you have any active offers, or do you anticipate an offer?
16. Any other comments you’d like to make?
17. Is there a question that you would like to ask us?

While phone screening interviews are flexible and can yield great information, because of the time commitment a candidate questionnaire may be more practical. Below is a sample candidate questionnaire and a related email. Consider trimming the number of questions and tailoring them to your nonprofit's situation so that the questionnaire gathers the information that your transition task force needs most.

Sample Candidate Questionnaire

To help our transition task force get to know you better, please complete the following questionnaire and return it to [email] by [date & time].

Please be brief. Limit your responses to a few bullet points or one or two paragraphs.

Thank you.

[Applicant Name]

1. What prompted you to apply for our executive director position?
2. Are you still employed at the last position listed on your resume or are you job searching full-time?
3. Is this your first exposure to [name of nonprofit] or its programs? If not, please briefly describe your prior exposure and/or involvement.
4. What, if any, professional or volunteer involvement have you had with [your nonprofit's mission area or field of work, e.g., services for people with developmental disabilities, affordable housing, youth development, etc.]? Please describe your experience(s) and your role.
5. Please describe any exposure you have had to [your nonprofit's service population or audience.]
6. Please give us a thumbnail sketch of your experience in working with and expanding revenue streams like ours, which includes [give a snapshot of your nonprofit's most important revenue sources, e.g., foundation grants, government contracts, major gifts from individuals, special events, etc.]
7. What experience have you had supervising, motivating and building a staff team? Please describe staff size and your experience.
8. Have you been responsible for preparing and managing a budget? Please describe the budget size and your role.
9. Please briefly describe any experience you've had reporting to or working with a board of directors.
10. What would your previous employers and colleagues list as your top three competencies:

1. –
2. –
3. –
11. What career achievements are your greatest sources of pride?
12. At this point in your personal and professional life, what are the issues/factors that will most influence your next career move?
13. Please describe the philosophy and personal values that would serve as your guide in this kind of leadership position.
14. Given what you know (and what you can glean from the organization’s web site [web address] and the position announcement [web address]), what about this position excites you and what about it concerns you?
15. When would you be available to begin a new position?
16. Are there any additional comments that you’d like to make?
17. Is there a question that you would like to pose to us?
18. What are your salary expectations?

Thank you.

Sample Email to Send Candidate Questionnaire

Dear [Name],

Thank you for your interest in the [name of nonprofit]’s chief executive position.

We have reviewed your resume and would like to learn more about you and your interest in the position.

Attached is a candidate questionnaire that we would like for you to complete.

In the interest of time — yours and ours — please keep your responses brief. A few bullet points or a paragraph or two are all that is necessary.

Please return this questionnaire to [email address] by [time] on [date]. Thank you.

Regards,

—[Sender Name]

SAMPLE INTERVIEW AGENDA AND CORE QUESTIONS

Interview Agenda

- Welcome
- Round-the-table introductions: name, affiliation, and role with the organization
- Core questions (below)
- Open questions
- Candidate questions
- Wrap-up

Core Questions

1. To get started, please give us a very brief sketch of your career as it leads up to your interest in this position. (Probe: Why this position at this time?)
2. Looking at your most recent job, what's different about the organization as a direct result of your work there?
3. Please give us an example of a really significant obstacle or challenge that you have faced in your career and how you tackled it.
4. Could you give us an example of a problematic relationship that you turned around — or one that you couldn't turn around and what you learned from that experience?
5. How would you go about learning about our members and what they do? (This question applies only to membership organizations.)
6. What experiences would you draw on to build relationships with our current donors, develop new donors and sources of support, and ensure that our organization meets its fundraising targets?
7. What skills and specific experiences would you draw on to raise the visibility of our organization?
8. As chief executive, what are the key things that you will expect from the board, and what should they expect from you?
9. What are some crucial ingredients in fostering high levels of staff performance? Do you have some examples of putting them into practice?
10. Given what you know about our organization, why do you think you are well suited for the position? What about the job do you think might be most challenging?

Illegal or Inappropriate Questions

According to the U.S. Equal Employment Opportunity Commission, it is illegal to ask questions about the following:

- Race, color, or national origin
- Religion
- Sex, gender identity, or sexual orientation
- Pregnancy status
- Disability
- Age or genetic information
- Citizenship
- Marital status or number of children

Avoid questions about these inappropriate topics:

- Political affiliation
- Family issues (such as child care needs)
- Arrest record
- Military discharge
- Credit history
- Health history
- Height and weight

If in doubt, don't ask.

SAMPLE REFERENCE-CHECKING TOOLS

Sample Email to Secure References

Dear [Candidate Name],

Regarding your application for the [organization name] chief executive position, we would like to contact your personal references.

Please supply at least five names, with at least one in each of the following categories:

- Someone who has supervised you (at least two of these, please)
- Someone you have supervised
- A peer or colleague who is familiar with your professional work

Please email this list of names, organized by these three categories, with affiliation, email address, and phone number for each to us no later than <date>.

Regards,

[Name and email]

Transition Task Force Chair

Sample Reference Interview Questions

1. May I ask in what capacity you have known [candidate name], and for how long?
2. How would you describe [candidate name]'s major strengths?
3. Do you have perspective on [candidate name]'s leadership skills? How did the organization change under [his/her] leadership? What are some of the challenges and opportunities [he/she] faced, and how did [he/she] address them?
4. Have you had an opportunity to observe [candidate name]'s communications skills? Are there communication situations or approaches at which [he/she] excels? How about [his/her] ability to communicate with diverse constituencies?
5. Do you have any perspective on [candidate name]'s financial management abilities? [If yes] How would you rate [his/her] financial management abilities: strong, so-so, or weak? [Probe for comments.]
6. Do you have any perspective on [candidate name]'s fundraising abilities? [If yes] How would you rate [his/her] fundraising abilities: strong, so-so, or weak? [Probe for comments.]
7. Do you have any perspective on [candidate name]'s skill at selecting and managing a staff, and building a team? [If yes] How would you rate [his/her] abilities in this area: strong, so-so, or weak? [Probe for comments.]

8. Do you have any perspective on [candidate name]'s skill at marketing an organization or building public awareness? [If yes] How would you rate [his/her] abilities: strong, so-so, or weak? [Probe for comments.]
9. Managing a small nonprofit involves managing a lot of competing demands. Have you had occasion to observe [candidate name]'s work ethic, approach to time management, and [sense of organization and planning? How would you describe these qualities?
10. One of the major aspects of the job is working with a board. [Describe board situation, dynamics.] Do you have any comments on how [candidate name] might excel? What aspects of this relationship do you think [he/she] would find most challenging?
11. Given the thumbnail sketch of the job that I provided at the start of the interview
 - a. Are there particular aspects of the job at which you think [candidate name] will excel? [Probe]
 - b. Are there aspects of the job that you think [he/she] would be better off leaving to others? [Probe]
12. Is there anything else you think it would be helpful for the task force to know as we go forward in this process?

SAMPLE EMPLOYMENT OFFER LETTER

If the organization has no employment contract for its chief executive, this simple employment confirmation letter may suffice. Discuss it with your legal counsel before using it, as every state has its particular requirements, and employment laws change frequently.

Dear [Candidate Name]:

The board of [organization name] is pleased to extend to you an offer of employment as its chief executive. This letter outlines the specifics of the offer:

1. Full-time employment as chief executive is to begin on [date].
2. Starting salary:
3. Benefits package: please refer to the attached Employee Handbook.

If the organization doesn't have an employee handbook or another document summarizing benefits, consider using the offer letter as a place to document those particulars. Consider adding the following information:

- Health insurance: [specifics]
 - Retirement contribution: [specifics]
 - Annual leave: [specifics]
 - Sick and personal days: [same as for other employees]
 - Holidays: [same as for other employees]
4. Relocation Stipend: [amount, if applicable]
 5. Performance goals: The board will meet with you within the first six weeks of your employment to begin setting performance goals and the protocol for evaluating your performance.

Use the following language only if the organization is located in an at-will state.

6. Although the board expects that the relationship with you will be long term and mutually rewarding, you are an at-will employee. You and the board have the right to terminate employment at any time for any reason.

Add the notice period here, if there is one – e.g., “with 30 days’ notice.”

On behalf of the [organization name] board, I am delighted to extend the offer and look forward to a successful professional relationship.

Sincerely,

[Board Chair's Name]

Date

Acknowledged:

[Candidate's Name]

Date

SAMPLE LETTERS TO UNSUCCESSFUL CANDIDATES

CANDIDATES WHO WERE NOT INTERVIEWED

Dear [Name]:

Thank you for your interest in the [organization name] chief executive position. I am writing to inform you that the search has concluded with the selection of another candidate.

The transition task force faced the difficult task of choosing among many qualified applicants. Thank you for taking the time to share your credentials with us. We wish you all the best in your professional pursuits and goals.

Sincerely,

[Name]

Transition Task Force Chair

CANDIDATES WHO WERE INTERVIEWED

Dear [Name]:

On behalf of the board of [organization name], thank you for your interest in the chief executive position. As a follow-up to our phone conversation, I am writing to confirm that the search has concluded with the selection of another candidate.

Thank you for sharing your credentials with us and for taking the time to interview with the task force. We extend our best wishes to you in all your professional pursuits and goals.

Sincerely,

[Name]

Transition Task Force Chair

RECOMMENDED RESOURCES

BoardSource Online Tools and Resources

BoardSource offers an extensive list of downloadable resources, topic papers, and publications that relate to every aspect of nonprofit chief executive transitions. Visit boardsource.org/fundamental-topics-of-nonprofit-board-service/executive-transition to learn more.

Books and Articles

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ABOUT THE AUTHOR

Don Tebbe is an author, speaker, and consultant on leadership succession and transitions.

With more than a decade of experience as a nonprofit executive and CEO early in his life, he experienced first-hand the challenges of leadership succession. He started his consulting practice in 1998 and later cofounded an executive search firm that became a national thought leader on executive transitions. Over the past two decades, Don has helped more than 120 organizations find, interview, hire, and transition to new CEOs and other senior leaders. He has also helped dozens of nonprofits plan for CEO succession.

The first edition of this book, *Chief Executive Transition: How to Hire and Support a Nonprofit CEO*, won the Terry McAdam Book Award from the Alliance for Nonprofit Management and has been adopted by national organizations, including the YMCA of the USA, as a guide for their members on CEO transition. Don is also the author of numerous articles and two other books: *The Nonprofit CEO Succession Roadmap: Your Guide for the Journey to Life's Next Chapter* and *For the Good of the Cause: Board-Building Lessons from Highly Effective Nonprofits*.

Don is a frequent speaker at conferences across the country. He has led workshops for thousands of executives facing retirement and turning over the leadership reins to the next generation, as well as leaders looking to move up the ladder. Venues have included American Network of Community Options and Resources (ANCOR), Bank of America's Neighborhood Builders program, BoardSource Leadership Forum, Jewish Funders Network, NeighborWorks America, The Arc, The Maxwell School of Citizenship and Public Affairs at Syracuse University, and others. His media appearances and coverage include Sirius XM, *TIME*, Monster.com, The Motley Fool, *Stanford Social Innovation Review*, and newspapers across the United States.

Don concentrates most of his energy on speaking and training, especially for organizations that are strengthening America's nonprofit sector. He can be contacted through dontebbe.com or by phone, (240) 813-4681.

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