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A Strategic Approach to Leadership Transitions

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September 2010

The focus of this white paper is managing the planned exit and entrance of an executive director, or CEO. We believe the frameworks are also applicable to the strategic transition process of any senior leader, although that is not our emphasis here. We've been asked if this is *succession planning*. Succession planning is the process of identifying and developing internal people to fill leadership positions in your organization. A planned executive director/CEO leadership transition is a strategic subset of this much larger arena of talent management. For those interested in a more comprehensive definition of succession planning, please see Appendix A.

The transition process for a new executive director has three major elements that need focused attention:

- The Search Process
- The Transition Out of the current executive director and
- The Transition In of the new executive director.

Element 1: The Search Process itself is comprised of two primary phases. The first phase is developing the profile of the capabilities you're looking for in your next executive director. The second phase involves the actual selection process including recruitment, screening of potential candidates and interviewing finalists. In this paper, we are emphasizing the first phase of the Search Process because it is such a critical step for organizations facing leadership transitions. It is often short changed. It is an opportunity for the board to step up and play an appropriate and meaningful leadership role in the process. We are also offering

some suggestions about the selection process, including an overview of the latest thinking on the use of interims.

Developing a Profile

There are two complementary purposes to developing a candidate profile. One is to create a rich database of information from which to draw a new executive director profile—one that represents both a strategic and cultural fit for the organization. The second is to build organizational ownership and commitment to the transition process and ultimately to the selection decision.

What do we mean by developing a database? Simply put a database is the product of information gleaned from interviews, an assessment of the internal and external environment, and the existing strategic plan.

Interviews

Interviews are conducted by a Transition Committee of the board and/or a consultant in collaboration and on behalf of the board. Again, it is important that the board not abdicate its role in the process. These interviews help to illuminate the current state of the organization and possibilities for the future. They also shed light on the culture—what people value deeply about the organization and about how it does business. In addition, the interviews can be tailored for the particular group being interviewed. Typically, interviews are conducted with the outgoing executive director, staff, board, and key external stakeholders (e.g. strategic partners, funders, clients, vendors, etc.). A sample list of questions is provided in Appendix B.

- *Outgoing Executive Director.* Questions focus on the present and future of the organization as well as a picture of the transition out
- *Board and Staff.* Questions for these groups often focus on the following:
 - Current reality (e.g. strengths/priorities/areas of needed growth, what we care about most deeply)
 - Future (e.g. trends/seeds of change and implications; aspirations)

- Individual role in a successful transition (e.g. what you believe a new leader needs to know about this organization in order to be effective and how you can help a new leader transition in effectively)
- *Key External Stakeholders.* With these individuals there is a dual opportunity:
 - To gather information, such as questions similar to those for board and staff and
 - To reassure and communicate that a thoughtful leadership transition process is being undertaken.

Assessing External Trends

In addition to assessing the strengths and challenges of the organization, it is important to scan the environment for larger trends and seeds of change that might impact the organization. Although some of this information can be gathered in interviews, we have found it essential for boards to have a shared picture of this larger context. Boards can use a meeting to map these current and anticipated developments and discuss the implications for the future of the organization and the capabilities needed in the next executive director. An example of a process for assessing external trends is the *Futures Timeline*. A description of this is available on the FSA website.

Plans and Directions

The board should be intentional about the current state of strategic goals, what needs to be continued, and the implications for the next executive director. Having a plan in place, whether a strategic plan or a bridge plan, that provides direction and articulates organizational priorities allows the board and new executive director to have a common road map for moving forward.

Database→Synthesis Meeting

The information from interviews, an environmental scan and the strategic plan are the building blocks of a database from which a candidate profile for the executive director search can emerge. We often suggest that the Transition Committee, a subgroup of the board, do an analysis of this database and produce preliminary findings. For example, at a Synthesis Meeting, the members of the Transition Committee share their findings with each other from interviews and together create a picture of the current status of the organization, a sense of

future direction (also using the strategic plan and implications from assessing the external environment) and capabilities needed in the next executive director. These capabilities reflect both the strategic direction of the organization and they represent a cultural match. The outcomes are shared with the full board and feedback is offered. (Note: This Synthesis Meeting can also be conducted with the full board instead of a Transition Committee first. In that case the Transition Committee prepares the information and plans the meeting so that the board can do the analysis and draw conclusions.)

Selection Process

A strategic leadership audit conducted by FSA explored what member organizations do to identify, recruit, and support the next generation of organizational leaders. As part of this audit, executive directors and board chairs shared lessons learned about leadership transitions. Several insights are shared below.

Insights about the Selection Process

- Cast a wide net for searches. Do not be limited by preconceived notions. Consider the benefits of using an outside search firm who may be able to do a wider and deeper search.
- Resist the temptation to seek new leadership: 1) that represents the opposite characteristics of a problematic current leader or 2) that has the skills needed to address one immediate challenge. Both tendencies fail to look beyond the moment to the need for leadership that can address broad and long-term challenges.
- Search firms need to be accountable for understanding the culture of an organization and for identifying candidates who match the culture. (See Appendix C for specific recommendations regarding key qualities to identify in a search consultant)
- It is important to discuss leadership in a Quaker organization with potential candidates.
- Be diligent about doing background and reference checks.
- Do not be constrained by self-imposed timelines or the need to fill the position quickly. Take the time needed to find the right candidate.

“The organization felt pressed for time and was not comfortable taking the time to find the right person. They settled for what they had within a defined timeline and did not look for an ideal candidate...”

- Involve a large number of people in the search/interview process, so that you have feedback from multiple perspectives. Be careful of groupthink by paying attention to feedback from everyone.
- Consider the use of interim appointees to allow time and space.

“Bringing in an interim can be a strategy and not just a band-aid. An interim can be brought in to serve until the right person is identified, especially after a long-term leader departs or there is turmoil in the organization. When long-term leaders leave, some mourn and some celebrate. An interim allows this process to occur.”

(See Appendix D for an overview of the latest research on the use of Interims)

Element 2: Transition Out

The purpose of this element is to have the current executive director *leave well*. The intention of this element is to enable the executive director to begin to step back while readying the organization for the handoff. Steps and considerations for this element include

- Cleaning up loose ends...
We encourage the executive director to create his/her to-do list. These are not the big issues; they are the smaller niggles that need to be checked off for closure.
- Creating a Collaborative Relationship Map...

Relationships are a critical currency in organizations. Mapping key relationships and building bridges to others in the organization and/or the new executive director is a critical step to the well being of the organization. In addition, maintaining these key relationships is also a way to calm the waters during the transition process.

- Consider what the handoff will look like (e.g. plan a collegial event).
- Determine the culminating agenda...
This is an opportunity for the executive director to get closure on pending issues and decisions—to specify what he/she needs to accomplish before departing. It is not a time to launch a new, big initiative or accomplish the dream you had hoped for from day one of your career.
- Map out the “Tour”...

The intent of this step is to give people the opportunity to say good-bye. It is an important part of closure. The Tour may include a variety of gatherings for staff and key stakeholders. It may involve one on one meetings. Be planful.

- If appropriate and requested, have final candidates talk to the outgoing executive director.

Element 3: Transition In

The purpose of this element is to ensure a *great entrance* for the new executive director.

Steps and considerations for this element include:

- Working with the Collaborative Relationship Map from the former executive director...
This represents key stakeholders, both formal and informal, that the new executive director needs to meet with in order to maintain relationships critical to the organization.
- Creating and tapping a Learning Network...
How does the person learn as fast and as effectively as possible? Who does the person need to talk to in order to understand the organization and the territory?
- Creating a Support Network..
To whom does this person talk and receive good counsel?
- One important goal in the beginning is to build relational capital.
- The board chair and executive director relationship is a critical one that needs intentional development. (e.g. sharing their views on “What do you think a good year would look like?”)

Appendix A: Succession Planning

One recognized expert in succession planning is William Rothwell. His most recent book, Effective Succession Planning: Ensuring Leadership Continuity and Talent from Within.

Amacom: 4th Edition, 2010, is a great resource.

The following description of succession planning is from *Wikipedia*:

Succession planning is a process for identifying and developing internal people with the potential to fill key leadership positions in the company. Succession planning increases the

availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning. Effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan, Drotter, Noel, 2001). In contrast, replacement planning is focused narrowly on identifying specific back-up candidates for given senior management positions. For the most part position-driven replacement planning (often referred to as the "truck scenario") is a forecast, which research indicates does not have substantial impact on outcomes.

Research indicates many succession-planning initiatives fall short of their intent (Corporate Leadership Council, 1998). "Bench strength," as it is commonly called, remains a stubborn problem in many if not most companies. Studies indicate that companies that report the greatest gains from succession planning feature high ownership by the CEO and high degrees of engagement among the larger leadership team (Kesler, 2002).

Appendix B: Sample Interview Questions for use by Transition Committee

- As you look back on the last ___ years, what have been the significant accomplishments of this organization?
- What are the core strengths of this organization?
- What are the strategic advantages of this organization? What does this organization do better than others?
- If you were talking to a good friend about using the services of this organization, what would you say?
- As you think about this organization, of what are you most proud?
- What are 1 or 2 things we need to hold on to as an organization as we move to the future?
- If you had the power to change two things that would improve this organization's effectiveness, what would they be? Why?
- What barriers to your doing your job well exist at this organization?
- What are the barriers to the organization achieving its mission?

- What are the three most significant achievements of the outgoing executive director? Which of her /his leadership skills are most important for her successor to possess?
- How would you describe our organization's culture? Please provide examples, if you can.
- What one piece of advice would you give the new executive director that would enable him/her to be successful?

Appendix C: Key Qualities to Look for in a Search Consultant

The CEO of one of our senior care facilities asked her board chair about key qualities to identify in a search consultant. The following was the reply:

- The process for managing both internal and external candidates was explicitly covered by all search firms that were interviewed
- The key attributes our 2 board members who interviewed the firms looked for were:
 - The quality of the materials that would represent our organization to the public;
 - The breadth and depth of their candidate data bases and networks including and beyond the CCRC world;
 - The reference conversations that helped our board members to understand how to get the best out of each firm interviewed; and,
 - The ability of the consultant to listen during the interviews and to reflect back what they were hearing during the conversation.

Appendix D: Interims

Beginning research (Nonprofit Executive Leadership and Transition Survey, 2004) indicates that over 60% of executive transitions are "non-routine". They occur due to an organizational crisis or the departure of a founder or visionary leader.

We believe using an interim can be an effective, proactive strategy when there has been a non-routine exit and if there has been a very successful executive director who has had a long, accomplished tenure.

What are benefits of using an interim?

Utilizing an interim executive director does several things for an organization:

- It creates the time for the board to do an effective search process and not fall prey to the “rush the decision” syndrome;
- It creates the psychological space for staff (and the community) to let go of the exiting executive director and prepare the path for the new executive director; and,
- It creates the opportunity to do a robust assessment of the organization’s effectiveness (e.g. financials, fundraising, climate, communication, etc.). The interim can provide a neutral, objective perspective about the organization’s current functioning.

Who are effective interims? What should be considered in looking for an interim?

Interims are highly skilled, experienced managers who temporarily lead the organization for six to twelve months. In some cases it might extend to eighteen months. The interim is not a training or learning opportunity for a high potential or emerging leader. Typically the most effective interims are external to the organization.

What are the responsibilities of an interim executive director?

Generally speaking, the role of the interim is to stabilize the organization and help create the pathway for a new executive director. Specifics can include the following:

- Conducting an in depth organizational analysis of administrative systems, financial health, organizational climate and communications.
- Paving the way for the new executive director by cleaning up problems, making tough personnel decisions, and straightening out the financials.
- Helping create the organizational profile (e.g. strengths, challenges, who we serve, annual report, etc.).
- Managing the space in between the departing executive director and the new executive director by calming the waters, managing staff stress and communicating reassurance that things will be all right.
- Acting as a mentor (or bridge) to the incoming, permanent executive director, if appropriate, by briefing him/her on organizational changes, the climate and the culture.

- Communicating to and connecting with funders and other key constituencies to keep them up-to-date on organizational progress. (Although the role of an interim is mostly internal, he/she might take on this external role, if needed.)

What is the board responsibility?

Boards have specific responsibilities with respect to an interim executive director. For example:

- Define clear and realistic goals for the interim.
- Provide visible and meaningful support.
- Schedule regular meetings between the board chair and the interim during the transition.
- Communicate to the staff that a thoughtful, planful transition will take place.
- Continually assess progress as the search for the permanent executive director takes place.

Resources

Presidential Transitions. Patrick Sanaghan, Larry Goldstein and Kathleen Gavel. 2008

Stepping Up: A Board's Role in Leadership Transition. Tim Wolfred. Nonprofit Quarterly, Summer 2005.

Executive Transitions Monographs □ This series is managed jointly by CompassPoint Nonprofit Services, TransitionGuides, and the Annie E. Casey Foundation, and underwritten by the Annie E. Casey Foundation and the Evelyn & Walter Haas, Jr. Fund.

- Capturing the Power of Leadership Change by CompassPoint and TransitionGuides
- Building Leaderful Organizations: Succession Planning for Nonprofits by Tim Wolfred
- Interim Executive Directors: The Power of the Middle by Tim Wolfred