

Did you terminate your chief executive?

Here are five tasks to do a reset and get your nonprofit back on track

The circumstances surrounding most CEO terminations are usually more complicated than they appear. I'll leave the termination process to the legal experts. Instead, this article covers how to put the organization back on track after the inevitable trauma.

When a board fires or forces out its CEO, two human tendencies come into play. The first is to heap all the blame on the departed executive—to link the organization's problems to the perceived deficiencies of the former CEO. This attitude can blind the board to the other very real underlying problems that helped to precipitate the termination, including the board's potential complicity in creating some of the circumstances that led to the departure.

The second tendency is to rush to hire a new executive. Lulled by the idea that the problems can all be traced back to the "flaws" of the former executive, the board often scrambles to hire their next CEO. Many begin by looking for someone who is something of a mirror opposite of the departed executive. Fresh off the heels of the termination, the board usually starts seeking candidates who have strengths where the departed CEO had weaknesses.

Most terminations – whether a firing or a forced resignation – involve organizational or political problems. Boards that have just been through a messy departure often hire their next executive with an eye towards fixing the troubles they face, whether those are problems with fundraising, financial management, programs, or other areas. Hiring a permanent executive to help turn around a struggling or unstable organization often means hiring an executive who is an expert in those problematic areas. When problem-solving and technical expertise take center stage, the board is at risk of glossing over other important aspects of the CEO role.

The board's focus on compensating for deficiencies and problem-solving often results in a leadership pendulum swing. In the hiring process, the board over-emphasizes certain skills. Then a few months into the job, they begin to notice that the new executive, while having strengths to help shore up the organization, indeed has deficiencies elsewhere, potentially leading to further disappointment and organizational performance problems, and maybe yet another "failed" executive.

Call in An Interim Executive

The smarter approach is for the board to call a timeout and hire an intentional interim CEO or transition executive. Providing more than bridge leadership, a good interim CEO can help stabilize the organization and help the board unearth and address the underlying problems—many of which the board may be unaware of or to which the board has become blind. With the organization stabilized and the legacy problems identified and corrected—or put on a course for correction—the board is ready to hire their new executive with a more balanced eye towards the range of attributes it should be seeking in candidates for the CEO position.

Most communities have a cadre of skilled executives—many of them former nonprofit CEOs—who have made the career choice to serve as interim executives. Your local community foundation, United Way, or association

of nonprofits can help you make the connection. Also, currently, a search on LinkedIn using the keywords “nonprofit interim executive” produces nearly 300 entries.

Five Tasks for Resetting the Organization

Early in my consulting career, I served as the interim executive director of the Interim Ministry Network (IMNedu.org), an organization that has trained hundreds if not thousands of ministers, priests, and rabbis to take on the special role of guiding a congregation through a transition. It was through this assignment I became aware of the work of Loren Mead, founder of the Alban Institute, and, in particular, his “Five Developmental Tasks for Interim Ministry.” Below I’ve outlined those tasks but adapted them for other nonprofits.

1. Come to terms with history.

The first task is for the board to take an honest, unflinching look at the organization, including at the board itself. This review should include a careful assessment of the organization’s strengths and weaknesses, as well as its accomplishments and shortcomings.

The board should also dig into the factors that precipitated the termination, especially those factors that were beyond the executive’s control. The board should ask itself, “What was our role in creating the circumstances that led to the termination of our executive?” The board may very well discover legacy issues that predate the tenure of the “failed” executive’s hiring and probably still persist now he/she has left.

Coming to terms with history means ferreting out and addressing the problems as well as recognizing and building on the organization’s strengths and accomplishments. It’s not only unfair but also potentially dangerous to invite a new executive into an environment where the organization’s foundation is still wobbly because of unresolved underlying problems.

The interim executive or an external consultant can help guide the assessment process. They will also bring a fresh set of experienced eyes to the organization and help the board see things that they might not otherwise see.

Finally, this juncture—when you’re without your permanent CEO—is an opportune time to ask whether the organization should continue or continue in its present form. This might be the time to merge with another group or gracefully shut down an organization that has too little capacity to deliver on its mission and transfer its programs (and staff) over to an organization that is better resourced and has more capabilities.

2. Explore new identity and clarify direction.

Assuming that the board has decided that the organization should continue, the next task is to clarify the organization’s strategic direction and look at its identity, particularly its mission and potentially its reputation among its key stakeholders and its community. While this isn’t the time to take on full-blown strategic planning (that should be a first-year priority with the new executive), certainly the board should revisit/reaffirm the organization’s mission and clarify or affirm the vision.

The vision is like a north star that draws the organization forward to a positive, more impactful future. Also, the vision is an important reference point in recalibrating the CEO role. Most likely the current job description describes a leadership role for the organization of the past, not of the future. Instead, the board should look forward at the characteristics of the organization that they aspire to create and then recalibrate the CEO role and redraft the job description around the present and future leadership needs of the organization.

3. Make necessary leadership and operational changes.

More often than not, a change in executives brings other needed changes to light. Those might involve changes in staffing, structure, systems, other leadership roles and perhaps even governance. Working with a skilled intentional interim executive can help the organization navigate these changes, whether that's rightsizing the board, fixing a broken financial system, or making necessary staff changes.

Of course, personnel changes should be approached with caution, and only those changes that are truly necessary should be pursued. Executive transitions, at their best, are often fraught with emotions. You don't want to convey the message to your "A-list" staff that their jobs might be on the chopping block too. Moreover, you want to preserve the latitude of the incoming permanent executive to build his/her own team. On the other hand, the board and the interim executive should address the problems that might otherwise prove to be a major distraction to the incoming executive. During his/her first 90 to 100 days, the new CEO should be focused on getting to know the organization and building relationships, not fighting fires that should have been put out before the new executive came on board.

4. Renew linkages.

Often messy departures or crisis situations can result in funders, supporters, and stakeholders becoming disengaged and maybe even disaffected. After the board has completed the above steps, it will have a strong case and a clear message that can help restore the faith and confidence of these stakeholders and get them re-engaged.

5. Commit to new leadership and a new direction.

The final developmental task is making the commitment to the new executive and the organization's new direction. Having worked through the previous tasks, the board will have a healthy perspective on the organization's history as well as its prospects. It should have a clear sense of the organization's strategic direction and the priorities that it is laying out for its new executive. They've worked with the interim executive to identify and resolve legacy issues and establish a solid leadership platform for their incoming CEO. In short, it should be prepared to launch and support its new staff leader.

Terminating a CEO or forcing an executive out can be a traumatic experience for the board and everyone involved. As I said at the outset, often these situations are more complicated than they seem, and there is a natural tendency to blame the departing executive and "get on with life." However, most terminations involve some circumstances that are—to one degree or another—beyond the executive's control. Moreover, many organizations have persistent problems to which the board has become blind over time. A skilled interim executive can help the board take an unvarnished look at the organization and itself and prepare the organization and the board to work effectively with the new executive using these proven developmental tasks.

Reference: Mead, Loren B. *Critical Moment of Ministry: A Change of Pastors*, Bethesda, MD: Alban Institute, 1986.

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