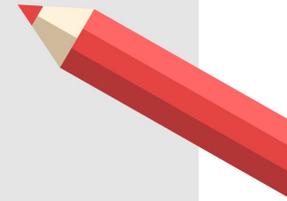


MANAGING *nonprofit* CEO TRANSITIONS

- Understand & guide the transition
- Prepare for a leadership change
- Ensure leadership continuity
- Manage communications
- Find & hire the new executive
- Onboard & support the new CEO



Tested advice
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THE BOARD'S SIX TASKS

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& The Nonprofit CEO Succession Roadmap: Your Guide for the Journey to Life's Next Chapter*

A CEO transition is more than a hiring challenge

A CEO transition is a major organizational change that happens to involve a hiring decision.

The transition from one nonprofit CEO to the next is complicated, with plenty of opportunities and potential pitfalls along the way. **The biggest mistake many boards make is seeing the transition solely as a hiring problem.**

Understandably eager to identify the new CEO, boards often fail to recognize that wrapped around their hiring decision is a complicated organizational change process.

Turnover in CEOs involves a bundle of changes that has implications both inside and outside the nonprofit's walls. Plus, transitions are complex and fraught with risks, but also brimming with opportunities. These are changes, challenges, and opportunities that the board must understand and manage.

Boards that focus solely on the search for a successor and ignore these other responsibilities leave these changes – some small, some epic – to chance.

The board's job isn't just to hire a successor. Their job is to guide the organization through a successful leadership transition.

Don't rush to hire

Rushing the process and cutting corners is a sure-fire path to a failed transition.

The second big mistake many boards make is rushing the process.

A board's compulsion to quickly jump into search mode is understandable. Hiring and supporting the chief executive is one of a board's most important responsibilities.

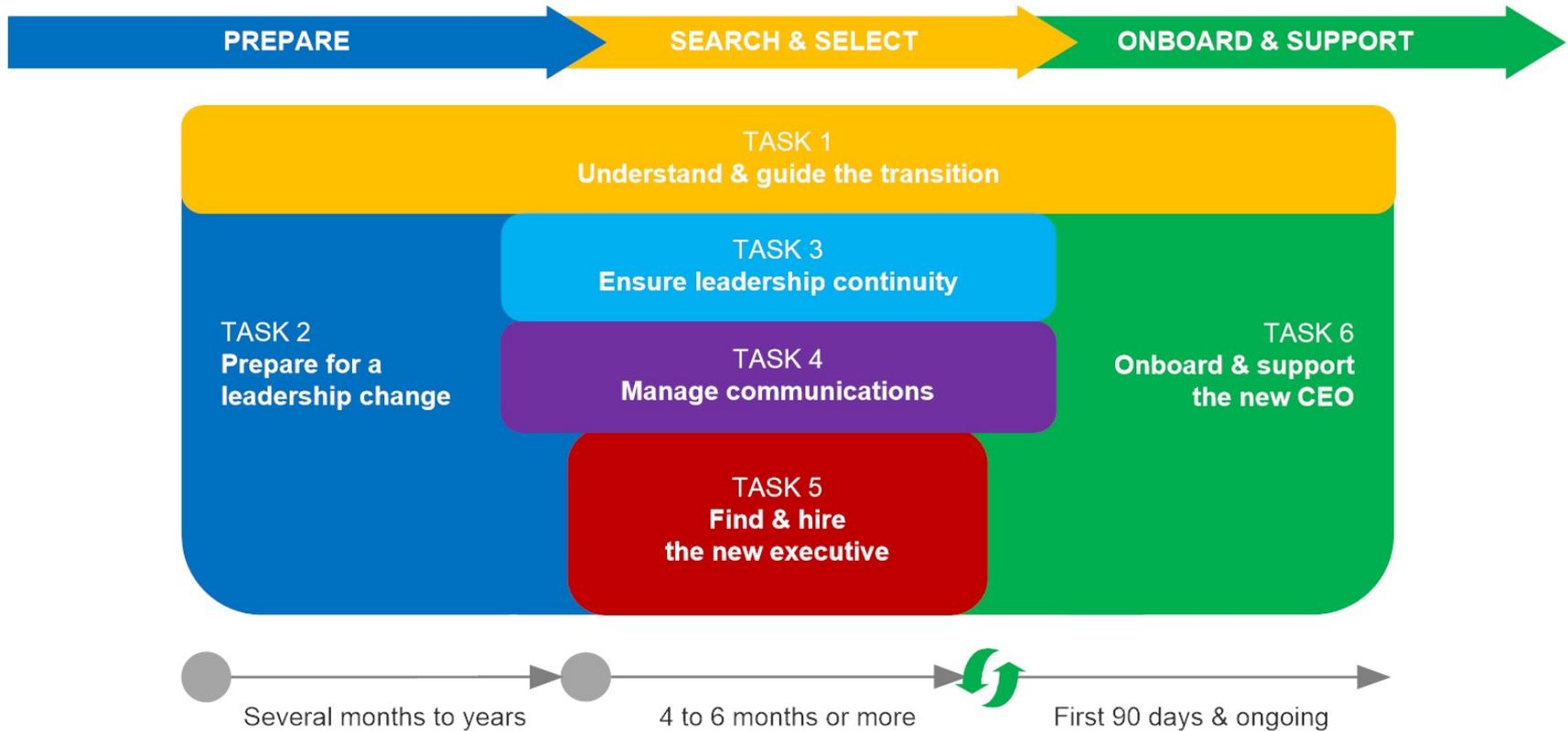
And when confronted with a turnover in the CEO position — perhaps even a potential gap in leadership — it's understandable that they would want to “avoid the void” by finding a successor as quickly as possible.

But, the rush to hire often results in unintended consequences that only become apparent after the transition has failed:

- **Failed because the board hired the right person for the wrong job**, since the board didn't refit and recalibrate the CEO job before filling it.
- **Failed because the board didn't adequately prepare the organization to work with the new CEO** or they were unaware of (or ignored) circumstances that would smack the incoming executive in the face.
- **Failed because the board didn't follow through after the search** and effectively onboard and support the new CEO.

Smart boards steer clear of these problems because they pay attention to six critical tasks — tasks that are unique to this time of transition, but nonetheless, are indispensable responsibilities.

The board's six transition tasks



Task #1 – Understand & guide the transition

The transition committee's job is to ensure that the six tasks are addressed.

Regardless of whether the executive's departure date is in the distant future or if he/she has already left, **the board's first task is to recognize, understand, and guide the transition process.**

- **Recognize that a CEO transition is a change process covering several months, perhaps several years.** The process begins with the incumbent executive's decision to depart and doesn't conclude until the successor has been fully onboarded, typically 90 days or more into their tenure. And, it involves many changes other than just who occupies the CEO's office.
- **Understand the scope, nature, and dynamics of the transition,** and take those into account in planning and guiding the change process. This will require some assessment, reflection, and planning.
- **Guide the entire transition process from planning for a leadership change through the completion of the new executive's onboarding,** making sure the new CEO is properly introduced, oriented, onboarded, and supported by the board.

The board should appoint a transition committee charged with managing the transition as well as identifying a successor. The transition committee's job is to ensure that the six tasks are addressed.

Seven common transition types

The board must understand the scope, nature, and dynamics of the transition it's facing.

Many factors influence the nature and dynamics of the transition. The organization's size, its operating condition and outlook, how long the executive has been in the role, his/her impact on the organization, and the executive's departure circumstances are but a few of these influences. Here are seven common transition types that demonstrate these influences at work, and the board's related challenges.

- **Sustain Success.** This type typically involves a high-performing organization that is well-led. The board's key challenge is to resist the temptation to try to find someone just like the departing executive. Often transitions of this type involve a hard-to-follow executive.
- **Underperforming Organization.** The organization is performing poorly and may have peaked. It has gone stale and needs to be revitalized. The board's challenge is to diagnose the problems, reorient the organization, and reimagine the executive's job. That's a lot to ask; they undoubtedly will need outside help. The board may want to consider hiring a transition executive – someone who will come in for, say, 12 to 24 months – to shepherd the organization through an intentional change process.
- **Turnaround.** The organization's performance or operating conditions have reached a perilous state. It's in crisis or on the edge of a crisis state. The situation might be further complicated by mismanagement or a scandal leading to a loss of confidence and decline in morale. The board should call a timeout and appoint a skilled interim executive to help sort out the situation, stabilize the organization, and get it on the road to health before searching for the new permanent executive.

Seven common transition types (continued)

- **Messy Departure.** The departing executive has been fired or forced out, probably precipitously, and probably impacting staff morale and stakeholder confidence. Similar to the turnaround, the board should appoint an interim executive to stabilize the situation and restore morale and trust.
- **Hard-To-Follow Executive.** The departing executive is a founder, a long-tenured, or a transformational leader. In short, the executive who is leaving made a major imprint on the organization. The board's challenges involve a combination of careful communications about the departure, unpacking and reshaping the CEO job to ensure it's doable by a successor, and possibly rethinking the board's and executive's roles and responsibilities.
- **First Hire.** The organization is hiring its first executive because it's a startup or shifting from all-volunteer management to paid staff. The board's challenges involve clarifying the executive job, re-casting the board's and volunteers' roles vis-à-vis the executive's, and managing everyone's expectations to avoid overloading the executive.
- **Internal Promotion Without an Executive Search.** The board is promoting an internal successor without conducting an external search. It's not an exclusive type, as it could be in combination with any of the first five transition types. The board's challenges are, first, to avoid using the promotion as a shortcut to bypass the work involved in conducting a proper executive selection process. Second, to rigorously review the internal candidate(s) to ensure that there's a good fit and that the board thoroughly understands who it is hiring and why. Third, to make sure it doesn't let the internal candidates' familiarity with the organization overcompensate for missing critical skills.

It's imperative that the board understand the scope, nature, and dynamics of the circumstances surrounding the transition, as it will influence all aspects of the process.

TASK #2 – Prepare for a leadership change

Are the organization and its people ready for the transition?

Preparing for a leadership change is all about “readiness” and solid planning.

The board must ensure that the organization and its people are ready, and that the board has a plan for managing the dynamic of the transition.

- **Organizational readiness**, which means the organization is stable and ready for a new executive to assume the leadership role. Depending on the circumstances, this may involve investing time in some serious assessment, planning, and prep work.
- **CEO job readiness**, which means the executive role is ready for a successor to step in and effectively accomplish the job. The job has been refitted, brought up to the organization’s present needs, and recalibrated to the organization’s future direction.
- **Team readiness**, which means the entire transition team – the board, the board’s transition committee, the departing executive, and the senior managers – are ready to play their parts in the transition process, and they are clear about their roles.
- **Organizational assessment and transition planning.** Of course, the board should draw on the strategic plan. But, the challenging transition types – hard-to-follow executives, turnarounds, underperforming organizations and messy departures – must include some serious organizational assessment and transition planning. At a minimum, there should be assessments to identify and address legacy issues that might derail the new executive. The more challenging the transition type, the greater the need for robust assessment and planning.
- **A plan for the search and hiring process**, including onboarding the new executive.

TASK #3 – Ensure leadership continuity

Leading an organization through a transition is about preparing, not caretaking.

An often-overlooked area is the departing chief executive's role in the transition work.

If the incumbent will be in place for the duration of the transition, the board should...

- Clarify the departing executive's role in the transition work.
- Ask the departing executive to prepare a handoff plan.
- Clarify the overlap time and handoff process between the incumbent and the successor.
- Be clear with candidates if the incumbent will have an ongoing role with the organization.

If there will be a potential gap in leadership because the incumbent is leaving before the search will be completed, or the board is terminating the executive, the board should...

- Appoint an appropriate acting or interim CEO.
- Not forestall the gap by rushing the process.

Leading an organization through a transition is not about caretaking. Whether incumbent or temporary executive, the job of the leader-in-transition is to prepare the organization to work with the new CEO and help ensure he/she is launched well.

TASK #4 – Manage communications

Good, timely communications are a critical part of the transition process.

Good communications during the transition are crucial. How the board handles the transition communications can have a profound impact on stakeholder allegiance, and it will reflect positively or negatively on the organization and the board.

Transition communications do more than inform – they relate. The plan should involve more than letters, media releases, and social media posts. It should include events, gatherings, face-to-face meetings, and the like. The board's communications plan should include:

- **A carefully crafted departure announcement that ensures key stakeholders don't learn about the transition through the grapevine.** And that is all the more carefully crafted and orchestrated if the current executive's departure is messy, or if he/she is being terminated. Questions will abound. And stakeholders must be reassured. Take the high road and don't hide out. Regardless of circumstances, be positive and proactive.
- **Periodic communications that keep staff and other stakeholders appropriately apprised as the transition progresses.**
- **A process to come to positive closure with the current executive.** How the board comes to terms with the departure of its current leader and the sendoff that they give the executive says a lot about the board and can reflect positively or poorly on the organization.
- **A process that introduces the new executive to the organization and the community.** Beyond just hearing about the new leader, create opportunities to begin forging relationships.

TASK #5 – Find & hire the new executive

Great hires begin with a good hiring plan.

Finding and hiring a new CEO is, of course, central to the transition process.

The board will need a solid plan. If using an external search firm, they will have their own process. If managing the search internally, the transition committee's plan must cover:

- **Key upfront decisions:** (1) how many finalists will be presented to the board (typically one) and (2) how the committee will handle internal candidates.
- **A well-crafted position profile:** more than a job description, it's a description of the job, the organization, its context, and what's exciting about the leadership role. Other search collaterals include:
 - **A one-page job announcement** (distilled from the position profile).
 - **A compensation plan** (that's competitive).
 - **A search strategy and budget** (specifically how the committee will reach and recruit candidates).
- **A process to recruit a deep and diverse candidate pool, including passive candidates** (people who aren't looking for a job but will be attracted to the position).
- **A system to manage the resumes and timely communications with all candidates.**
- **Someone to screen and sort the resumes.** (e.g., A-list: meets all the criteria, probable interviewee; B-list: meets some of the criteria, possible interviewee; and C-list: doesn't meet enough criteria, rejected).
- **A rigorous interview process, with at least two rounds of interviews,** that assesses the candidates' fit with the organization's current and future leadership demands as well as their skills, abilities, experience, and other qualifications.
- **A process to check references.**
- **Possibly, a process to conduct a preemployment background check on the finalist.**

TASK #6 – Onboard & support the new CEO

Onboarding helps your new executive get off to a fast start.

Onboarding and supporting the new CEO is a critical part of the process. Attention and actions in this phase leverage the investments the board made during the previous stages.

This stage is all about helping the new executive get off to a fast start. The first 90 to 100 days are critical. Being “new” has a short shelf life. This early stage of the tenure is all about learning – about the organization and the community – and building critical relationships. These actions can make a huge difference:

- **Make sure the new chief executive is appropriately introduced** to the community and the organization.
- **Provide a solid orientation, briefings, information, and support** that they need to successfully settle into the role.
- **Prepare a handoff and ramp-up plan.** A plan developed with substantial input from the new executive, the departing CEO, and the senior management team, and reviewed by the transition committee.
- **Put a process in place to proactively build the board-executive partnership.** A process that clarifies their mutual understanding of (1) strategic priorities for the first year or so of the new executive’s tenure; (2) their respective roles, responsibilities, and boundaries; (3) expectations that the executive and board hold for each other; and (4) the process and criteria for evaluating performance.

Conclusion

These tasks don't add significantly to the time commitment, but they enormously increase the odds of success.

Embracing these six tasks doesn't add significantly to the board's time commitment, but this comprehensive approach dramatically increases the odds of a successful transition. The slight additional investment of time will pay huge dividends in strengthening the organization and avoiding a failed transition and the need to potentially do the process over again in a few months.

Make sure the board...

- **Appoints the right leadership to the transition committee.** Planning is critical, but success is in the execution. And that requires good leadership.
- **Follows through on the onboarding.** Boards often think that the process is complete once the new executive has been appointed. But at that juncture the board's real work begins: launching their new executive well and building a powerful partnership to lead the organization into the future.
- **Planning is critical, but be prepared for ambiguity and surprises.** Transition planning provides the framework and lays the groundwork. But...
- **...It's never too late to prepare.** No matter where the organization is in the transition process, it's NOT too late to take advantage of at least some of the actions outlined in this guide.

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ABOUT THE AUTHOR



Don Tebbe is a consultant, speaker, and author based in the Washington, DC area whose expertise is executive succession, leadership transition, and organizational planning.

Serving over a decade as a nonprofit executive and CEO, he experienced first-hand the challenges of leadership succession. Later he co-founded an executive search firm that became a national thought leader on nonprofit executive transitions. Over the past 24 years Don has helped well over 100 nonprofits find, interview, hire, and transition to new CEOs and other senior leaders, and has helped dozens more plan for leadership succession.

In addition to various articles and guide books, Don is the author of *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO*, published by BoardSource, which won the Terry McAdam book award. His latest book is *The Nonprofit CEO Succession Roadmap: Your Guide for the Journey to Life's Next Chapter*.

A frequent speaker, Don delivers keynotes and leads workshops on executive succession and related topics at hundreds of top-level executives' conferences across the country.

For more tools, ideas, and inspiration, or one-on-one advice, visit his blog at dontebbe.com or connect with him on Twitter (@ceotransitions), Facebook (fb.com/ceotransitions), or LinkedIn (linkedin.com/in/dontebbe).

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