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# Executive Director Transitions

## An Organization Development Approach

By Troy Chapman and John Vogelsang

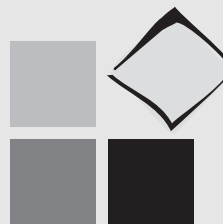
**A**CCORDING TO A survey of more than 200 Chief Executives in the Greater New York Metropolitan area, conducted by the Support Center for Nonprofit Management of New York City, and sponsored by the J.P. Morgan Chase and the Annie E. Casey Foundations, within the next five years close to seventy percent of current nonprofit executive directors will be leaving their jobs and transitioning out of the sector. Further, seventy-five percent of the respondents did not have a succession plan for their organization and over fifty percent of all the responding executive directors were over the age of 50. The Support Center's survey results are similar to those of nationwide surveys conducted by the Annie E. Casey Foundation, CompassPoint Nonprofit Services, and the Maryland Association for Nonprofits. Those surveys found the rate of executive director turnover expected over the next two years to range from fifteen to thirty-five percent, and the rate of turnover over the next five years to be from sixty-two to almost seventy-eight percent. This turnover rate is predicted to continually increase over the next decade.

As baby boomers retire, the devolution of government spending increases, competition from other sectors becomes more intense, and the workforce shrinks, we can expect the leadership mantle in the nonprofit sector to become evermore precarious. The question is how to plan and support transitions

so that founders and long-term executives leave with dignity and a legacy, while strengthening and improving the organization, and ensuring that a qualified leader can step in with the tools and support to succeed.

Properly planned, funded, and supported with expert executive transition services, these transitions can serve as *pivotal moments*, enabling organizations to clarify their mission and vision, change direction, maintain momentum, build or rebuild their infrastructure, and correctly identify and put in place both the board and executive leadership they need to move the organization forward.

### CONFERENCE CONNECTION



**Troy Chapman and John Vogelsang** are presenters at the 2005 OD Network Annual Conference in Minneapolis-St. Paul at the following session:

**ETMS: An Organization Development Approach to Executive Director Transitions**

Tuesday, Nov. 15, 2005,  
10:30 am - 12:15 pm

**Table 1  
EXECUTIVE TRANSITION MANAGEMENT**

<b>Succession Planning</b>	<b>Organizational Assessment</b>	<b>Recruitment &amp; Selection</b>	<b>Post-Hire</b>
Emergency Succession Plan	Interim Executive Director	Job Description Search & Recruit	Executive Director Evaluation Plan
Long-term Succession Plan	Transition Committee	Interview	Board Evaluation Plan
Long-term/Founder Transition Coaching	Reaffirm vision and identify priorities	Executive Director Selection	Board & Executive Director Communication Plan
Building Executive Director Legacy	Determine Executive Director Qualifications		
<b>Capacity Building</b>			Executive Director Coaching and Mentoring
<b>Planning and Preparation</b>			Executive Director Peer Network Group
		<b>Transition</b>	

**RISKS AND OPPORTUNITIES**

When an executive director leaves, the organization is thrown too often into turmoil. Many nonprofit boards of directors do not understand their responsibilities in a transition. Few nonprofit organizations have a plan in place to help them manage a transition in leadership. One of the biggest mistakes that boards make is a rush to hire. Rushing to hire can lead many organizations to a loss of funding, loss of key staff and board members, a drop in morale, organizational inertia, loss of key relationships, interruption of services to constituents, a damaged public image, and lastly, having to do the whole process over again. However, experience has shown that less of this occurs if the transition process is well planned and the organization uses an interim executive director (preferably an external interim executive director).

Some foundations do not consider funding organizations that are in a transition out of concern for the stability of the organization and its leadership. However, many foundations are open to continuing funding for an organization that demonstrates concern for the sustainability of the organization and consistent leadership through a clear step-by-step transition plan and an interim management strategy. Further, many funders feel more at ease when an organization works with an agency trained in executive transitions and that has a human resource specialist to coach the Transition Committee and steer it away from possible illegal actions that may arise in the recruitment and hiring phase.

At the same time that there are risks associated with a transition, there are also opportunities to improve the organization

with a well planned executive transition. It is not only an opportunity to re-engage the board in its fiduciary responsibilities but also an opportunity to improve the functioning of the organization, expand diversity, re-engage with the community, and pursue strategic partnerships with other organizations.

**EXECUTIVE TRANSITION MANAGEMENT**

Building upon work that was begun in Protestant congregations in the 1970s and refined by Tim Wolfred of Compass-Point and Tom Adams of Transition Guides, *Table 1* depicts an approach to executive transitions that can help nonprofits utilize the time for organization development.

**SUCCESSION PLANNING**

Prior to any executive transition, every organization should have an emergency and long-term succession plan in place to be prepared for either the short-term or permanent loss of their executive director. The focus of a succession plan is to help executive directors increase their organization’s capacity to sustain itself through a transition process and to be prepared for new leadership. Such plans answer who will assume executive functions in the absence of the executive director and what will be the process for seeking a new executive director in the event of a permanent departure. Succession plans also include how the transition will be communicated and identify where key organizational information is located; i.e., insurance policies,

computer codes, 501(c)(3) documents, by-laws, bank accounts and investments, contracts, and so on.

In planning their departure, executive directors need to consider what they want their legacy to be and how the organization can best be positioned to succeed without them. Particularly in situations where the founder is still managing the organization or there is a long-term executive director, many systems, procedures and structures may not have been developed:

- Too many people report directly to the founder or long-term director.
- The founder or long-term director still carries too much of the organization's knowledge base in his/her head.
- Other staff members have not had opportunities to develop their own leadership skills.
- There may not be proper financial controls in place.

Through the help of coaching, executive directors can confirm their reasons for leaving, determine an appropriate time to leave, decide how to help the organization during the transition, and plan their next steps after they leave. In situations where this does not happen, the executive director may send conflicting messages such as hinting at leaving but denying it, acknowledging the need for better internal operations but procrastinating, or encouraging staff leadership only to undercut it. A seventy-three year old founder, at the suggestion of his board, agreed to retire. As part of the retirement he negotiated a two-year consulting contract with the organization and a voting membership on the Board. The first new executive director lasted nine months, and the second was only willing to take the job if the arrangement with the founder was changed. Clearly, the founder was still trying to run the organization and was not allowing the new executive director and board to build upon his legacy, let alone move the organization forward in new ways to be more responsive to its constituents.

## **BEGIN THE TRANSITION**

Once the executive director announces his/her departure or has left, the second phase begins and the board takes over the key leadership role in the transition. The board should immediately form a Transition Committee. The primary roles of the Transition Committee are to assure a constructive closure with the departing executive director, design and oversee a transition process as well as the search, recruitment, and hiring of the new executive director, and to coordinate the post hire orientation and support for the new executive director. The Transition Committee may have sub-groups who function as interim executive director liaison, new executive director transition team, and outgoing executive director link. The reason for having a Transition Committee instead of just a search committee is to spread responsibilities among different members in order to prevent burn out. The Transition Committee is usually

comprised of board representatives and possibly one senior staff person who is not a candidate for the executive director position. The role of the staff person on the Transition Committee is to represent the staffs' issues and serve as a liaison between the Committee and the staff. If a staff person is not on the Committee, and even if there is one, the Committee should plan regular meetings with the staff to keep the staff informed about the process.

Soon after its formation it is recommended that the Transition Committee engage a transition consultant to help design a plan for the transition process, conduct an organizational assessment, assist with contracting with an interim executive director, help manage the process, and coach the Committee through the transition. A plan for the transition process will most likely include:

- A communication strategy—who will be told what, by whom, and by what means
- Building and/or renewing relationships with stakeholders
- Learning from the past, acknowledging the legacy of the past executive director, and being clear about the agency's core competencies
- Reviewing the mission and vision for their appropriateness and differentiating them from the former executive director, especially from a founding executive director
- Conducting an organizational assessment
- Identifying organizational priorities for the next few years and the kinds of leadership (both board and staff) that are needed
- Developing a written profile of the organization
- Reviewing the executive director position and writing a job description and announcement
- Determining and implementing the search, recruitment and hire strategy
- Identifying the appropriate infrastructure, board and staff changes that need to be made during the transition phase in order to build the capacity of the organization and prepare for new leadership
- Developing an interim management strategy

## **ORGANIZATIONAL ASSESSMENT**

An organizational assessment is important to a successful transition process and needs to be done shortly after the Transition Committee has designed its transition plan. The purpose of the assessment is to:

- Reaffirm strengths and recognize unacknowledged assets in the organization
- Renew a vision of a future with desired outcomes for the next three years
- Identify what is appropriate to be done to improve the organization for the new leadership
- Contribute information that will be important for developing:
  - a. A profile of the organization

- b. An Executive Director Job Description and Announcement
- c. A plan for what can be changed during the transition and what may become priorities for the new executive director

If the use of an interim executive director is imminent, then a mini-organizational assessment is helpful prior to a full-scale assessment in order to determine what skills and attributes are needed in an interim executive director.

## INTERIM MANAGEMENT STRATEGY

The work done over more than thirty years in congregations and over ten years in nonprofits, has shown that an interim period with an interim leader can assist an organization with the some times difficult conversations it needs to have about its current state and future hopes. The interim can give the organization breathing time—the board and staff are assured

there is someone to help manage and sustain the organization through the transition process. The board and staff will need to reflect on whether the organization is still a valued partner in the community, what capacity it needs to develop, whether it should consider merging or forming a strategic partnership with another organization, and what is its legacy that can be carried forward. Having an external interim executive director can contribute to this process more than an internal staff person serving in that position.

Too often the internal person is an acknowledged or unacknowledged candidate for the executive position, which can influence how he or she presses forward with long overdue internal changes and encourages the in-depth discussion that needs to happen about the future of the organization. The internal director will have to shift from peer to supervisory relations with other staff. This can be confusing when there is a permanent transfer of positions, but is it more so when the transfer is assumed to be temporary. Also, in order to give the board and staff time to grieve the absence of the former director and to let staff exercise their often unacknowledged leadership, it is recommended that the interim executive director work no more than three days a week. If the interim works five days a week the organization will most likely put the staff through another transition when the interim leaves.

External interim executive directors enter the organization “pre-fired” because they are not candidates for the position. They are a consultant rather than a staff member. They come without established relationships with the board and staff. They recognize that their role is more to care for the process of the transition and prepare for the new leadership than it is to develop and implement a vision for the organization. Therefore, they are more likely to perform two needed roles in the transition process—being a non-anxious yet caring presence for both the board and staff as they experience the anxiety of the transition, and helping to move forward the appropriate changes that will prepare the way for new leadership.

The interim, therefore, needs to be an experienced executive director who understands the transition process, developmental tasks of an organization during the process, and people’s common reactions to the anxiety they are experiencing. Because far too many nonprofits have not instituted proper financial controls, the interim needs to know how to assess and rectify financial management issues and other systems and or procedures gaps. In addition to dealing with staff and board anxiety and conflicts, the interim needs to have experience in how to stay focused and self-differentiated as people try to draw him or her into their reactions to the transition process and try to rush to quick decisions. It is not uncommon for boards to want the interim to take on some of the key roles of the executive director—such as nurturing contacts with funders and building community relations. The transition period is an opportunity for board members and other senior staff to perform these functions with guidance from the interim executive director. When boards experience some frustration with the

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search process, they have been known to ask the interim to consider being the permanent executive director. This is a common response to the anxiety of the transition process based upon the interim's success at performing the role of fostering a constructive transition, which is different from the role of an executive director. Interims that we know have acknowledged that they were tempted to consider the offer because they had become involved with the staff and the mission of the organization. However, they reminded the board that they were not candidates for the position and that they would be more helpful to the transition process if they remained non-candidates.

## SEARCH, RECRUITMENT AND HIRE

During the search and hire phase, the Transition Committee works with a human resource/search consultant to develop criteria and processes for reviewing resumes and conducting interviews. The consultant helps the Transition Committee in several areas such as drafting a job description, deciding on where to post the job announcement, steering the Committee away from illegal questions and actions, helping the Committee to plan the interview process and questions, and helping them to focus on what is important as opposed to getting caught up in minutia. The human resource consultant also helps the Committee review the compensation and benefit package for the new executive director. If there has been a long-term executive director in place, most organizations fail to realize that in order to find a person even close to the last director in terms of skills and attributes, the compensation and benefit package will increase significantly.

The consultant guides the Committee through the typical series of preliminary, first and second interview rounds and then helps the Committee choose the top two candidates to recommend to the Board for a final interview and decision.

## POST-HIRE

After negotiating the contract with the new director, the Transition Committee works with the interim executive director to facilitate a smooth handoff to the new executive director. The interim can brief the new executive director about what changes have been put in place, what changes are in progress, and what the interim has learned about the dynamics in the organization during his or her tenure. The departure of the interim may contribute to staff reliving some of the anxiety they experienced with the departure of the previous director. In such cases, we have found it helpful for the transition consultant to

facilitate sessions with the staff at which they can articulate what they appreciated about the interim and what are their hopes and fears about the new director.

With the help of the transition consultant the Transition Committee and the new executive director develop a list of priorities for the next six to twelve months. The consultant helps the board set up an evaluation process for both the new executive director and the board if one does not exist. About three months into the term of the new executive director, the transition consultant facilitates a meeting of the board and new executive director to discuss what is needed for a constructive working relationship: the roles and responsibilities and mutual expectations that will help them to move forward as partners achieving the organization's mission. Some commonly named expectations are response time to inquiries, the nature of reports, what methods to use to communicate with board members and the executive director, and whether to approach each other with an idea in the making or a proposal for reaction.

## CONCLUSION

An Executive Director Transition is not only a time for a nonprofit to hire the most appropriate leadership, it is also a critical time to contribute to a nonprofit's sustainability. During the transition process nonprofits can make appropriate changes to the infrastructure, identify strategic directions and priorities that can influence the future of the organization, develop the structures and practices that will enable the board to play an appropriate role in the process, and facilitate the development of an effective board and executive director working relationship. Some times, it is the pressure of the transition process that presents opportunities for changes that have been long overdue. ■

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