

Leadership Transitions – An Opportunity to Reassess

Leadership transitions happen in various ways. Perhaps the Executive Director you counted on has found a new job, decided to change careers, or plans to retire. Perhaps the Board of Directors has had to make the tough call to remove an ED or even more difficult, a founder for not meeting objectives, organizational dysfunction, or a breach of ethics. In either case, these present potential pitfalls for the board. Better yet, they provide an opportunity for the board to re-examine the organization, learn about its current needs, and take the optimal next step for the organization to grow on solid footing.

Just so you know you are not alone: a 2017 report indicated that 67% of nonprofit executives anticipated a move within 5 years. Only 27% had been in their positions over 10 years and 31% had been in their positions less than 3 years! A similar assessment was made that there will be the need for 80,000 new nonprofit senior level leaders each year in the US, and yet employee satisfaction in the nonprofit sector is the third lowest!

Covid-19 has only exacerbated these trends and issues, as it has in all industries. There are lots of job openings with the Great Resignation and salaries are rising. Culture and operations have been disturbed with layoffs, increasing workloads and stress. In addition, with remote work, many employees have not met others in person for a great while and are feeling disconnected from their jobs and mission. Planned retirements are no longer being delayed and search firms are backlogged.

Keep the Staff you Have

What's a board and an organization to do? Well, the first thing is to try and hold onto the senior staff you have. Nonprofits often scrimp on professional development, but it is needed more than ever right now. But how?

- Focus on Culture – connections and collaboration, plus inclusion and equity
- Ensure hiring teams are diverse and implement anti-bias training
- Provide leadership opportunities and establish mentoring relationships
- Ensure there are clear roles and responsibilities, but don't forget cross-training on tasks and encouraging teamwork
- Open the lines of communications and provide staff an opportunity for feedback, and demonstrate that the feedback is heard, even if it cannot be acted upon
- Be transparent about decisions
- Show appreciation!

Succession Planning

Only 17 – 22% of senior nonprofit positions have a succession plan in place. How can an organization better plan for turnover? Understand that succession planning is capacity building. Be prepared for planned and unplanned changes like absences, illness, and death, not to mention the inevitable organizational turnover.

How do you prepare for changes?

- Know what people do
- Know what you want and need people to do
- Know what people are capable of doing in a pinch, think about unplanned absences
- Explore what people might be able and willing to do – explore their interests
- Plan for professional development needs
- Prioritize Diversity, Equity, Inclusion and Belonging.

When does internal succession planning work? If the board understands the needs of the organization because the ED has been transparent, inclusive, and communicative, then the odds of cultivating internal talent will be improved. There also needs to be adequate time and resources to cultivate future leaders and the departing ED will need to have distributed many responsibilities to provide leadership development opportunities. Finally, there needs to be broad agreement on the future vision of the organization and the leadership team needs to be strong, supportive and aligned to the vision.

Without a Succession Plan

What happens if the board needs to identify a new leader and succession planning has not been implemented? Only 17 – 22% of senior nonprofit positions have a succession plan in place. So, if you have found yourself in this position as a board, you are not alone!

Many organizations try to leap right into a search because no internal candidate exists? What challenges do they face, besides finding an available search firm. First, the board may not be clear on the needs of, and issues facing, the organization; this happens if there was a long term, highly trusted ED with limited transparency. In addition, who runs the organization for the short-term if the leadership team was not empowered to run day-to-day operations and deferred to the ED? And what happens if there is no strategic plan in place or no future vision has been considered?

Especially when departing ED was long-term or a founder, the next ED often fails through no fault of their own. They will lead differently, and the culture will inevitably shift, so they may not meet everyone's expectations, staff and board included. The board may not understand the needs of the staff, while the new ED will, and that may lead to a disconnect. And what if the board is looking for something new, and a different direction? Sadly, change agents often encounter resistance and build up detractors. Lastly, and most importantly, the new ED may uncover issues that were never surfaced under the former ED, especially if that ED was trusted and minimally questioned.

What does all this mean? There will be extra work and stress for the board and staff to pick up the pieces until a new ED is found. Also, there will be a range of emotions for all parties and pressure to fill the ED role temporarily. Will that be a board member taking on the full-time job until the new ED is found? Or will a staff member be saddled with 2 jobs, and possibly angst if they are not then chosen for the permanent role?

Interim Leadership – an Alternative

There is a better way? There are professionals with long management experience who serve as interim ED's. They are not up for consideration for the permanent position so they act in more of a consultative nature to the board and can report their findings without concern for their long-term position.

What is the value of an interim leader? They can:

- Provide an objective assessment of operations
- Create an opportunity to stabilize and strengthen the organization
- Empower the team and build confidence for the future
- Define staff roles and responsibilities
- Fix any known or unknown issues, clearing the way for the new ED to start with a clean slate
- Help the board define the key characteristics for the new ED and create the foundation for a successful search
- Increase the attractiveness of the organization to a new leader
- Give advice on governance.

Along the way, the interim leader can help identify if the mission of the organization is still relevant, compelling, and attractive to funders, and if all programs are effective and aligned with the mission. They can identify if there are organizations addressing similar or complementary needs. Interim executives can assess if all the internal management systems and procedures and controls are in place to inform decision making and financial stability, as well as if the HR processes are appropriate, a notorious last thought in most nonprofits. They can determine how effectively resources are organized, allocated, and managed, as well as if the protocols are in place for managing crises and unforeseen challenges. They can also help identify if all stakeholders, including board, staff, and volunteers, are engaged and have the skills, knowledge, and shared values/culture necessary to achieve the mission.

Interim executives stabilize and strengthen an organization so that it is prepared for the new Executive Director, making the organization a much more attractive place for the candidates to want to work. They then put together a written document for the new ED selected, and meet to inform them of any issues that need to be addressed. Then they exit, typically after a very brief overlap, to allow the new ED to take control of the organization and make it theirs.

The timeframe for a search/replacement with an interim executive is roughly:

- Entry/learning/initial feedback 2 – 4 weeks
- Assessment/prioritization 4 – 8 weeks
- Initial steps to stabilize 1 – 6 months
- Board establishment of vision 3 – 5 months
- Initiate search process 4 – 8 months
- Search completion 8 – 12 months

What Interim Leaders bring to the table

Interim leaders bring experience and perspective from leading other nonprofits. They build culture and trust, and learn from those in the organization. As someone who is more like a consultant than a permanent employee, they can provide an objective organizational assessment of what's working and what's not, with an ability to clean things up before the new ED arrives. They can empower staff that will be remaining after they leave, and build confidence in the organization with outside stakeholders. And typically, they do all this within the existing leadership budget.

About Interim Executive Solutions

IES works with nonprofits to place interim EDs, CFOs and Senior Development Officers in organizations undergoing leadership transitions. IES has several experienced associates located around New England, New York State and New Jersey, but always provides the client with options and allows the client to select the candidate with the best cultural fit. IES works with the client to define the initial scope of work and priorities, with the understanding that things can change once the associate assesses any unknown or unforeseen issues. In addition, with IES, the client has a partner liaison contact who ensures objectives of the contract are being met by talking regularly with the board and interim leader, and providing consultative support to both. And if issues arise, the partner liaison is able to access other IES Associates who have relevant experience to help the organization through the issue. With IES, you get a team, not just an individual.