

In Transition

BY STEPHANIE CORY, CAP, CFRE



Executive transitions are never easy, even when they are planned, which is critical to success. Equally important is thinking about what will happen with the retiring, moving on or otherwise displaced executive. You may be thinking, “What’s the problem? Doesn’t he or she merely get a send-off party and then leave for a new job or a life of leisure?” Not necessarily.

Transitions Gone Awry

“When I was hired to be the executive director of a small human services nonprofit, I was excited about this next step in my career,” says Alyce Goodhew (not her real name) of a role she began one year ago. “I was not so excited for the three-month transition with the retiring executive as she stayed on to create a new part-time program director position.”

This start-up of the new position has been going on for a year now. There is no sign of retirement as indicated during the hiring process, which was awkward in and of itself. “Perhaps the first sign that the organization wasn’t the most functional was when the outgoing executive director conducted my initial phone interview and sat in on the interview process with the search committee of the board,” Goodhew admits.

Goodhew had already witnessed an awkward transition at the organization she left as development director to accept her new position. The executive director transition at that organization lasted one month, with both the

retiring and the newly hired sharing an office and working together 40-plus hours each week. During that time, the 150-plus staff members did not know who was in charge. Was it the new executive director or the one who had served the organization for 20 years?

An awkward month may have been tense enough, but how about the former executive director continuing to request financial statements from the CFO, popping into the office unexpectedly to “check in” and emailing staff suggestions for improving their work and reminding them of assignments months after retirement. “I can tell you that the organization’s story has a happy ending,” Goodhew says. “The retired executive director moved out of the area a few months ago, and the new executive director is capably managing the organization.”

People naturally take it personally when someone changes something that was “theirs.” It can be hard to remember that, just because someone changes a process you developed or a document you wrote, it doesn’t mean your work wasn’t appreciated or was subpar. The same goes for management style. Unfortunately, during an overly long executive transition, it can be challenging for the outgoing executive to accept change. “In my work setting,” Goodhew says, “my predecessor’s taking change personally has led to information-withholding, tension throughout the office and board members’ choosing sides.”

Indeed, such a situation keeps an organization trapped in the past. “A key issue that needs to be understood when defining the role of the outgoing leader is that, when hiring an executive leader, the board is hiring for the future, not the past,” says Pamela Leland, Ph.D., executive director of The Hickman in West Chester, Pa., and a former consultant specializing in governance, strategy and succession. “Sometimes, an executive leader who is leaving the organization is not easily able to embrace that concept.”

Leland recommends time and space for both the outgoing and incoming executive directors. “The former needs to learn to find life outside the organization, while the incoming needs to have the ability to craft the role needed for the future,” she adds.

What a Successful Transition Can and Should Look Like

Some executive transitions do work even under less-than-typical circumstances. To illustrate, after nearly four years on the job, the board of directors at a statewide advocacy organization determined that the incumbent executive director wasn't the right person to truly move the organization forward. Ouch. Thanks to the board's preparing adequately for a potentially awkward transition, the organization has been thriving for the last year and a half. The former executive director now serves as a vice president and is able to focus on his programmatic strengths. A chief executive officer with corporate and start-up nonprofit experience was hired to lead the organization. With egos aside, mutual respect and appropriate board involvement, the relationship is working.

What about a typical transition—one where the outgoing executive is leaving the organization? Patricia Mogan, Standards for Excellence officer of the Pennsylvania Association of Nonprofit Organizations and a former executive director herself, recommends some overlap between the outgoing and the incoming executive for the purpose of passing on information. "One to two weeks is sufficient," she advises, "or it can get sticky."

"It takes a humble leader who can maturely transition over responsibilities to make an executive transition run smoothly," Mogan says. Similarly, she recommends that the outgoing executive not be involved in interviews unless he or she is "willing to let go."

Cathy McGeever, senior vice president of Lambert & Associates, an executive search firm in suburban Philadelphia, suggests that no transition may work, even in the best cases. "Each organization has to find a happy medium," she says. "Having the outgoing executive consult on an as-needed basis is a good option. It's harder for the new executive to launch off on his or her own when the retiring one is present full time."

The Importance of Succession Planning and the Search Process

According to Mogan, having a board-approved succession plan in place is key to an effective executive transition. Nevertheless, as revealed in the *2014 AFP Compensation and Benefits Study*, most nonprofits and charitable organizations do not appear to be ready when CEOs leave. Only 30 percent of U.S. organizations have a succession-planning policy, and only 27 percent of Canadian organizations have such a policy.

Assuming the outgoing executive gives sufficient notice, a search committee of the board should be convened immediately. "This is where creating an updated job description

comes in," Mogan says. Board members must be clear on the skills and characteristics of the person they want to lead the organization into its next chapter.

"Actually," Mogan says, "the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector*[®] (www.standardsforexcellenceinstitute.org) as a whole ensures operations are run consistently because the organization has documented all systems, policies and procedures. This is especially important for unexpected departures."

Leland, who has seen too many boards end up taking short cuts or easy choices, says that insufficient resources often challenge boards in handling an executive search themselves. "It's about having sufficient time to invest in a complicated process and experience in hiring a senior leader in a nonprofit organization," she says.

While an awkward transition can be due to poor planning, personality mismatches or a variety of other factors, perhaps it is the hiring decision itself that causes the most problems. "Hiring a new executive is a game of chance, no matter what," Mogan says. "You can't predict all the factors. The board has to be prepared."

Warning! Warning!

Following are some signs of potential awkwardness at an organization as well as indicators that you may want to turn down a job offer.

1. The outgoing executive is involved in the interview or selection process.
2. The board has not created a written transition plan.
3. The outgoing executive does not have a new job or retirement fully planned.
4. The job was the outgoing executive's life and the core of his or her self-esteem.
5. The current financial statements—both profit and loss statements and balance sheets—are not shared willingly with a finalist for the position.
6. The organization has experienced recent turnover in executive staff positions or board leadership.
7. The incoming executive will be following a "legacy leader."

She recommends that the board develop a process for checking in routinely with the new executive during the first three to six months on the job.

Could engaging a search firm help reduce the risk of a bad hire? McGeever points out that the typical cost—one-third of a new hire’s first-year salary—is significantly cheaper than hiring someone who ends up being a bad match. “Most search firms offer a one-year guarantee and will conduct the search again simply for out-of-pocket expenses,” she adds.

What about an interim executive director? It is certainly the way to go for an organization, especially if the outgoing executive gives insufficient notice and the organization needs a leader. “Unless there is a clear ‘heir apparent’ and the organization has effectively done the work of succession planning, I can’t imagine a situation where the value of an interim executive should not be considered,” Leland says.

An interim executive director also can help alleviate the challenges for the outgoing executive when it comes to giving up a role. “An interim is good when you have a candidate identified but he or she is not available just yet,” McGeever says. “However, an interim should not be a candidate for the job.”

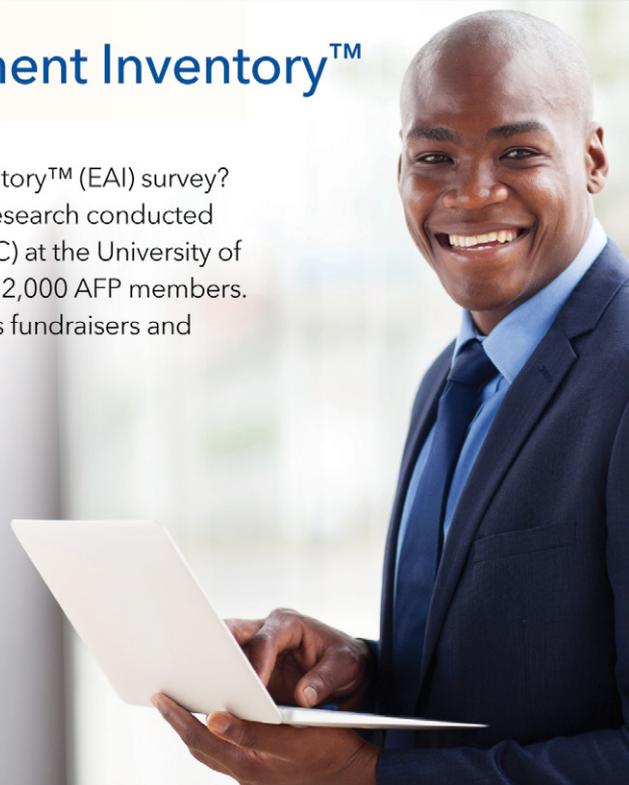
Given the dysfunction Goodhew experiences on a daily basis in her current position, she is often asked why she hasn’t been reading job postings daily. “My organization’s mission matters to me, and the organization would face a tremendous setback if I were to resign,” she explains. “Besides, it’s a great learning experience, one that I hope can be a cautionary tale for others.” 

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