

# **Making the Most of Executive Leadership Transitions in Watershed Councils**

***Is your watershed council prepared for the  
departure of its Coordinator (executive  
director)?***

**A workshop presented at the Oregon  
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## **Why Do Executive Leadership Transitions Matter? Research Findings:**

- **85% of Executive Directors will leave their positions by 2007.**  
Source: Annie E. Casey Study of 130 community-based grantee organizations, 2000
- **Out of 220,000 nonprofits in the U.S. with budgets greater than \$100,000,**
- **22,000 Executive Director transitions are anticipated every year (not including churches).**  
Source: Annie E. Casey Report, *Capturing the Power of Leadership Change*, 2005
- **Despite enjoying their work, fewer than half of current Executive Directors plan to take another Executive Director position.**  
Source: Compasspoint Nonprofit Services Study, *Daring to Lead*, 2001
- **A successful transition with a long-term Executive Director generally requires more than 6 months.**  
Source: Compasspoint Nonprofit Services, 2004
- **9 of 15 Executive Directors responding to a survey of Oregon Community Development Corporations said they anticipate leaving their positions within 2-4 years; 14 of 15 Executive Directors responding to the same survey reported they have not discussed a departure date or timeframe with their Board leadership.**  
Source: Neighborhood Partnership Fund Succession Planning Project, 2005.

## Introduction to Succession Planning

### *What is Succession Planning?*

Thoughtful planning, education and leadership development to assure organizational sustainability.

### *Two Types of Succession Plans*

<b>Emergency</b>	<b>Strategic Development</b>
A set of procedures to prepare the organization for unexpected absences or departure of the executive director. Includes identifying a backup person(s) to fulfill key job responsibilities (management and program) and communicate with stakeholders.	A proactive approach, which can be done in the context of strategic planning that incorporates the planned development of board and staff leaders. May include cross-training of staff and strengthening management and governance functions.

### **Key questions for emergency succession planning:**

- ❑ If there is a gap between one executive director's departure and the arrival of another, who will take the departing executive director's place?
- ❑ Who is authorized to appoint an acting executive director?

- ❑ What temporary compensation arrangements will be made in the event that another staff leader temporarily steps into the executive director position?
- ❑ Who will handle the work of the person(s) filling in for the executive director?
- ❑ How much authority will the acting executive director have? If authority will be limited, what responsibilities will the acting director fulfill? And who will (temporarily) fulfill the other responsibilities associated with the executive director position?
- ❑ Who needs to be informed of the leadership transition? For example: community partners, funders, clients, members, etc. How and when will each stakeholder be notified?
- ❑ Who is authorized to speak for the organization?
- ❑ How and when will the Board initiate a formal search for a new executive director?

## ***Executive Succession Planning Framework***

Paula Manley & Lynn Youngbar

**Executive transitions provide organizations with opportunities as well as pitfalls. Handled poorly, leadership transitions can result in damage to an organization's morale, credibility and funding. When handled thoughtfully and with care, these transitions are opportunities for positive organizational development and transformation.**

A change in executive leadership can have significant emotional impact on staff and board members, and may lead to other organizational changes as well. For organizations with long-term executives, including founders, planning for succession must address more than functional issues. Consideration of organizational culture must also be woven into the transition process, including understanding the legacy of the departing executive and identifying core values (which are often tacit) that will continue.

Our framework for supporting non-profit organizations with succession planning addresses organizational culture—the shared values at the heart of the organization—as well as functional areas. Organizations who do succession planning should take part in activities that surface stories revealing their core values. They should also have opportunities to assess themselves and determine the strategies and actions to be carried out in key areas that are crucial in preparing for leadership transitions:

1. **Board Development** includes efforts to assess needs, recruit, train, engage, appreciate and evaluate board members. Board development

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- often needs attention in preparation for an executive transition. The Board plays a crucial role in supporting a departing executive, as well as providing leadership in the search and selection of a new director.
2. **Management**, in broad terms, involves attending to the “whole system” of the organization—including the processes, communications, and modes of decision-making that enable an organization to carry out its work. During times of executive leadership transition, extra care must be taken to communicate clearly and frequently to the staff and key volunteers, including clarifying when and how decisions will be made. Documentation of internal processes that are “second nature” to the incumbent director will also require attention.
  3. **Staff Development** includes systems and practices for training and developing the staff, including cross-training and professional development. An executive transition process often provides opportunities for staff members to take on new leadership responsibilities and roles.
  4. **Financial Management** involves the policies, procedures and systems for managing finances with accountability and transparency. In preparation for a leadership transition, it is critical to assure that financial management systems are in order, well documented and backed up.
  5. **Fundraising** includes the strategies, systems and relationships an organization has in place for resource development. Organizations often experience a dip in fundraising with the departure of one executive and the integration of another. Therefore, an organization’s fundraising systems and financial position must be carefully considered in planning a transition. In addition, relationships with funders that have been forged by the executive must be passed to others in the organization.
  6. **Strategic Planning** is the process by which an organization reflects on its performance, shapes its vision and charts its course for the future. The process of creating or updating a strategic plan provides a natural opening for board and staff members to address leadership succession. Sharpening an organization’s strategic direction is an important precursor to recruiting a new executive director.
  7. **Community Relations** include formal and informal efforts to promote the organization and its mission to diverse stakeholders, constituents, clients and partners. Because the executive director is often the public face of the organization, a change in leadership can be worrisome to stakeholders. A thoughtful communications plan must be incorporated within the succession process to keep stakeholders informed and to frame the transition as a natural part of the organization’s development.
  8. **Public Policy and Advocacy** functions involve monitoring public policy developments and taking appropriate advocacy actions to influence the larger political and economic system that in turn influences an organization's ability to carry out its mission. Public policy and advocacy

work that is dependent on the executive director will require special treatment during an executive transition.

Every organization facing an executive leadership transition has strengths and areas needing development. A succession plan outlines the agreements board and staff members make about how the organization will develop and what actions will pave the way for leadership succession. The process of succession planning can also help an organization to address the human side of change by acknowledging the contributions of its departing director as it sets the stage for a new executive.

## **Tips for Boards of Directors in Managing Successful Executive Leadership Transitions**

### ***Avoid these pitfalls...***

- Approaching the executive director search as a problem that needs to be fixed.
- Undertaking the executive search process without assessing and articulating the organization's current issues and leadership needs.
- Hurrying to fill the position without taking time to involve important stakeholders in the process (especially board and staff members).
- In the hiring process, trying to find some one "just like" the departing executive.
- Overcompensating in the hiring process by placing too much emphasis on \_\_\_\_\_ . [Fill in the blank with the main skill deficiency of the departing executive].
- Underestimating the need to actively recruit candidates and promote the organization to candidates as part of the search process. Placing ads is rarely enough.
- Failing to present a realistic picture of the organization to prospective candidates.
- Having unrealistic expectations of the incoming executive director—expecting a "savior" or a "hero."

### ***Be sure to...***

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- Publicly recognize the contributions of your departing executive and find a meaningful way to say thank you.
- Know the story of your organization—it's mission, history, and accomplishments. With the departure of the executive director, *you* hold the context.
- Use the executive director transition as an opportunity to take stock, including assessing key challenges and opportunities, and developing a future-focused leadership profile.
- Recognize the importance of hiring the organization's next executive director, take your time, and get the support you need (resources, expertise, etc.).
- Communicate with internal and external stakeholders. Staff members will need to know there is a plan for the transition and what their parts are. Funders and community members will need assurances that programs and services will continue.
- Recognize and provide support to staff members and board members who assume extra duties during the transition.
- Consider talent *within* the organization. In the search for your next executive director, the best candidate may turn out to be homegrown.

*A Toolkit for Board Members and Staff of Nonprofit Arts Organizations* by Merianne Liteman, 2003

## **Steps in an Executive Leadership Transition**

- 1. Form a Transition Team.** The team leads the transition process and typically includes the board chair and at least one other board member, representatives of key stakeholder groups (e.g. staff, community partners) and an outside search consultant or facilitator.
- 2. Determine the work of the departing executive director.** Come to agreement on the remaining tasks to be fulfilled by the departing executive and determine what involvement she/he will have in subsequent transition planning. Remember there is no “one size fits all” approach. Stay in communication and maintain some flexibility.
- 3. Engage the Board.** Boards often underestimate the importance of selecting an executive director, and seek to hire as quickly and cheaply as possible. A bad hire can be costly to an organization’s finances, reputation, and morale. The transition process must engage board members in recognizing what is at stake and stepping up to their governance responsibilities.
- 4. Determine how an interim period will be staffed.** Options include temporarily re-assigning the executive director’s duties to another staff member or a board member, or hiring an interim executive director for the transition period. Securing an interim director often provides breathing room to assure sufficient time for a solid search process. This approach is also beneficial when the organization has strategic or operational difficulties to be addressed before it can present an appealing employment opportunity to prospective candidates.
- 5. Assess the organization and develop a leadership profile.** An executive leadership transition provides an opportunity to take stock of the organization, including its strengths, weaknesses, key issues and opportunities. Based on a clear-eyed assessment, develop a leadership profile incorporating the particular skills and experiences that will be most important for the organization in the next few years.
- 6. Plan and implement the search.** Map out a realistic timeline and budget. Active recruitment is usually required (placing ads is rarely enough). Cultivate a mindset of mutuality. The idea is not to “pick” the best candidate. It is to present an

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appealing opportunity to qualified candidates, and to assess the fit between the candidates and the opportunity. Seek to involve *all* board members at key points (e.g. promoting the opportunity in their networks, meeting the finalists, making the hiring decision). In determining what resources will be required for the search, remember this is an investment in the organization's future. Typical expenses include advertising, transportation, consulting fees, moving expenses, and the cost of transition events (e.g. a farewell party, a reception to welcome the incoming director, etc.).

7. **Manage internal and external communications.** Communicate with staff and board members throughout the transition process. Keep funders and key community partners in the loop. Transition times are filled with anxiety due to all the unknowns. Regular communication does more than inform people, it generates ideas and constructive involvement, channels energy in a positive direction, and sets the stage for supporting the new director.
8. **Get off on the right foot with the new executive director.** In finalizing the hire, make sure performance expectations are in writing and the terms of the agreed-upon compensation package are clear. Facilitate introductory meetings with funders and community partners. If appropriate, involve the departing executive in orienting and supporting the new leader.
9. **Mark important milestones.** Take care to celebrate important milestones such as acknowledging and saying goodbye to the exiting director, thanking staff and board members for their efforts during the transition period, and welcoming the incoming executive director.

## Chartering the Search Committee or Transition Team

**Composition:** A search committee or transition team should include at least two board members (typically one of them is Board Chair) and a long-term staff member. It is often helpful to include a colleague from outside the organization, such as an executive director from a similar organization. Committee members need to have a strong understanding of your organization, a commitment to its mission, the ability to work collaboratively, and adequate time to devote to the process.

**Size:** The group should be large enough to include a cross-section of skills and experience, and small enough to work effectively as a team. A group of 4 or 5 works well.

**Support:** In chartering a search committee or transition team, it is the board's responsibility to assure that the group has adequate resources including staff support, consulting expertise, and a budget for search-related travel and advertising expenses, etc.

**Scope:** Typical responsibilities for a **search committee** include:

- Identifying and implementing recruitment strategies and materials
- Reviewing and evaluating candidate applications
- Determining the criteria to be used in evaluating candidates
- Conducting interviews and evaluating candidates based on established criteria
- Assuring that all unsuccessful applicants receive letters or thanks/regret
- Facilitating opportunities for finalists to meet board and staff members
- Making hiring recommendations to the board
- The board chair also has a special responsibility to make an offer to a qualified candidate(s) and to assure that an agreement is solidified in writing

Beyond the search and hiring process, there are many other important tasks associated with an executive director transition. A **transition team**, which has a broader mandate than a search committee, may also be charged with:

- Determining the transition-related work of the departing executive director (including orienting the incoming executive director, if possible)
- Exploring options and recommending to the board how the executive director position will be staffed if there is a gap (if the current director leaves before an incoming director is in place)

- Assessing the organization's leadership needs and creating a leadership profile through conversations with staff, board and other stakeholders
- Mapping out a plan to integrate the new executive director into the organization and community
- Staying in communication with the board and staff throughout the transition, and managing external communications
- Advising the board on ways to honor the departing executive and acknowledge his/her contributions

## Laying the Foundation for Healthy Leadership Transitions

- 1. Foster a culture of appreciation and evaluation.** Forge a healthy partnership between the executive director and board chair in which each is willing to challenge and support the other. Assure that all staff, including the executive director, receives regular feedback on their performance. Assure that the board, too, engages in evaluating its performance. Integrate evaluation within all programs, and routinely reflect on accomplishments and lessons learned. Take time to celebrate significant personal and organizational milestones.
- 2. Invest in adequate salaries and benefits, including retirement benefits.** Provide fair compensation to all staff, including the executive director.
- 3. Make leadership development a priority.** Encourage and support board and staff members in developing their leadership, e.g. through on-the-job assignments, training opportunities, and participation in professional and peer networks.
- 4. Create systems to transfer knowledge with ease.** Document processes and procedures. Assure that crucial information does not reside solely “in the executive director’s head.”
- 5. Stay up-to-date with strategic planning.** Planning engages the board and staff in assessing the organization’s strengths and challenges, examining trends in the operating environment, articulating a shared vision, and developing/readjusting/ affirming priorities. Issues of organizational development—including succession— can be addressed naturally within this framework.
- 6. Test your emergency transition plan before you need it and evaluate the results.** An executive director sabbatical or vacation provides an ideal opportunity.

## **Forming an Emergency Transition Plan: Key Questions**

- ❑ If there is a gap between one executive director's departure and the arrival of another, who will take the departing executive director's place?
- ❑ Who will handle the work of the person(s) filling in for the executive director?
- ❑ How much authority will the interim executive director have? If authority will be limited, what responsibilities will the interim director fulfill? And who will (temporarily) fulfill the other responsibilities associated with the executive director position?
- ❑ Who needs to be informed of the leadership transition? For example: community partners, funders, clients, members, etc. How and when will each stakeholder be notified?
- ❑ Who is authorized to speak for the organization?
- ❑ How and when will the Board initiate a formal search for a new executive director?

Adapted from *Planning for Succession: A Toolkit for Board Members and Staff of Nonprofit Arts Organizations* by Merianne Liteman, 2003.