Stepping Up:
A Board's Challenge in Leadership Transition

by Tim Wolfred

When the executive director steps down, the board has to step up and take charge in ways that may be new to it. In consulting with over one hundred nonprofits in transition, we've seen that nothing has greater impact on the outcome than a board's leadership skills in exploiting the moment of leadership turnover for its myriad opportunities.

Minimally, a board hopes to lose no ground in handing the agency keys to a new director. But beyond maintaining the status quo, transitions offer unique opportunities for renewal and growth. Whether ground is gained, held, or lost depends largely on the board. There's real work to be done for the good of your mission, work more complicated than simple recruiting, as the board makes several key decisions: What is our vision for this agency? How well do current operations fit that vision? What kind of person can implement that vision while competently addressing our operational needs? How are we going to recruit? Are we ready to guide and support our new executive?

A board must communicate with key constituencies, particularly staff and funders, during transition. These stakeholders are deeply invested in your mission and usually more than a bit nervous when your leader resigns—you must ensure their confidence in your approach to the transition.

If your board is organized around a strong executive, you have tricky dynamics of power shifting. How does the board respectfully take the reins and put them squarely into the hands of the next executive? The board's challenge is to exercise its own power thoughtfully while honoring the legacy of the departing exec and helping to transfer knowledge and influence from the exiting to the entering leader.

Following is some of what we have learned about what the board must attend to during a transition. At the end of the article and on page 31 are suggestions about types of help you may wish to employ in facing these issues.

Pleasure and Pain

As with most significant change, executive transitions can cause both pleasure and pain.

Taking the time in the transition to create a fresh vision and to consider new ways of working generates excitement. But you must also take stock of where you are currently. In many cases a candid assessment of an agency's strengths and weaknesses can cause serious discomfort. There may be intense struggles as competing opinions emerge on how to address deficiencies and on setting future directions—all part of a healthy process essential to capacity building.

Complicating the mix is the departing executive director, who wants the best for the agency's future but may dread a board looking into the closets. Even the best executive directors know they could have carried out some duties better if they'd had enough time and resources. They worry their legacy of achievements may be tarnished if the board pushes to shed light on organizational shortcomings developed or not resolved on their watch. It is the board's delicate job to understand this very human fear and to remain supportive both of the executive director and of the daylight shedding.

An Inspirational Tale: Recently I warned a board president and a good friend that she was in for a bumpy ride with the transition of her

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executive director. She called to thank me for my warning—the bumps would have been harder to take if she hadn't expected them. The board had navigated the stormy seas in airing the issues that needed to be addressed. They also helped the executive work through his ambivalence about leaving, expressed in two temporary reversals of his resignation decision. Additionally there had been heated meetings where the board managed to thwart a drive to anoint an internal successor without a search.

To avoid pain, some boards will neglect airing the problems—especially when they've enjoyed working with a creative, strong executive. Maybe the executive has done a particularly good job bringing in money or has through strength of personality and character gained the agency prestige. In such cases, a board may be eager to accept at face value the executive's declarations that things are generally fine and all that's needed is to find a successor who can continue along the same path. At other times the board is glad to have the executive leave and just wants the transition to end as quickly and easily as possible.

But failure to examine an agency's operations with due diligence not only misses a key growth opportunity, it also can set up the successor for trouble that can lead to a short tenure.

A Cautionary Tale: One agency recently lost its new executive after several troubled months. In 10 years, his predecessor had doubled the agency's size and forged important collaborations with government funders. But the staff, 25 strong, had chafed under his imperious management style; turnover was high. Unaware of the staff turmoil, the board hired a similarly autocratic leader.

Additionally, staff and board were predominantly white, serving a client population 90 percent people of color. Although the board recognized this issue, it simply charged the new executive with diversifying the staff, without itself studying the issue.

The mix of angry staff, brash new executive, and fiats on diversifying was explosive. The new executive was in constant conflict with his staff. The board was frustrated and baffled about what had gone wrong. Funding fell off. The executive director resigned. The agency now struggles to recover.

Communicate, Communicate, Communicate

A board must check in with key stakeholders early and often in the course of a transition.

Staff Input

Staff are often those most unsettled by an executive turnover. They may have bonded with the personality, vision, and administrative ways of your executive director—or at least they've adjusted to her ways in order to do the work they want to do for your clients. They need time to come to terms with her departure and they will be anxious about how the next leader will approach the work.

Staff needs to see that the board is leading a thoughtful transition to new leadership. For example, it's helpful for the board president to visit a staff meeting to hear staff concerns and discuss the transition plan—this physical presence is a powerful acknowledgement of the importance of staff issues.

No board examination of an agency's health is complete without the staff's perspective. We use a brief, anonymous staff survey to elicit useful information on agency operations. It includes these two questions: What barriers to your doing your job well exist at the agency? What are the barriers to the agency achieving its mission? Any perceived barrier mentioned by at least three staff gets further investigation. (The same survey honors the legacy of the departing executive director with a request to list her top three achievements and asks which of her leadership skills are important for her successor to possess.)

Staff Versus Management Perceptions: We interviewed the 10 top managers in a 60-person health services agency where we were doing an interim directorship. On the barriers question, they identified infrastructure needs (better facilities, updated computer systems), and the need for more aggressive outreach. The managers reported staff productivity and morale as high.

The staff survey, however, drew a different picture. Half of the respondents reported poor supervisory support as a barrier to their success, among additional managerial problems. When the data was presented to the managers, they decided with the interim executive director to boost their managerial skills with a professional development plan.

Including staff representatives on the board's transition committee can provide critical perspectives on future directions and what is needed in the next executive. In the final selection phase, a chance for the staff to meet the candidates from whom the board will choose their next boss provides excellent information, and further cements staff buy-in and loyalty to whomever is hired.

Funders as Information Resources

The second key constituency with whom you must skillfully communicate is your donors and government and foundation program officers. They may fund your operations not only because they are committed to your mission but also because they trust your agency's leader. News of that leader's departure may give them pause. They may have also observed problems with leadership and been unsure of how to communicate them. A letter detailing the board's transition plan—and phone calls to the top tier of supporters—softens concerns and helps to hold their trust.

Additionally, funders not only know your agency and have ideas on how it might improve, they also have perspective on the broader nonprofit environment. A program officer who's giving grants to you and to several related agencies can tell you about funding trends and about programmatic innovations in your field. Also, she may know of experienced professionals in your sector who are possible candidates. It is always worth inviting funders to invest in the transition process, but bill it as the pivotal capacity building moment it really is!

The Bigger Picture: The executive director of an agency working with homeless mothers and children was moving overseas. In five years the executive had dramatically raised the quality of the agency's programs. Staff in all divisions reported high job satisfaction and pride in being part of the innovative programs. Funders and peer agencies unanimously praised the agency's success.

Foundation and government supporters also talked of the upcoming "regionalization" of Bay Area services to homeless families. The only housing affordable for San Francisco families moving out of homelessness is a county or two away. Future contracts would go to agencies capable of following their clients into their new, and distant, housing. This would mean opening offices close to affordable housing or collaborating with agencies in other counties. The board decided the next executive director had to address regionalization. They moved from wanting to hire a "clone" of their revered director to pursuing a different set of skills.

Preparing the Way

In an excellent booklet on the departures of nonprofit founders, Redington and Vickers[1] frame the executive's final two leadership tasks as "letting go" and "preparing the way" for a successor. Often a critical board task, then, is to support their executive director through these final duties.

Successful execs rarely let go easily. Essential to their achievements have been their passion for your mission and the energy they've devoted to the work. How do they now coolly detach and trust that the enterprise, for which they've given and sacrificed so much, will not suffer for their leaving?

A board inattentive to the personal struggle in letting go may find the transition derailed by an ambivalent, anxious departing executive "acting out." We've seen resignations withdrawn after serious transition planning has begun, resistance to a full audit of administrative records, demands to choose the successor, insistence on being part of every step of recruiting and selection, and criticisms of the board's transition work to staff, colleagues, and even funders.

It's up to the board to bring a healthy, clear closure to the tenure of the incumbent by, among other things, acknowledging his legacy with receptions and written testimonials by staff, funders, clients, and board. Feeling appreciated, outgoing executive directors are emotionally freer to help prepare the way for a successor.

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Usually the executive director should be an advisor—not the captain—in the transition. A board's first search task is to assess current challenges and future vision for the agency, then to build its profile of the skills and characteristics needed in the next executive director. Too much guidance from the departing executive director can cause organizational challenges to be overlooked and can too strongly shape the vision around the exiting executive director's sensibilities. The board alone has full responsibility in making the choice and making sure their choice succeeds. Too heavy a reliance on the judgment of the previous executive in screening and hiring weakens the board's commitment to the next executive director as their own. Literally and figuratively, the executive director should not be in the room as the board chooses their next executive.

The executive director should not anoint a successor—at least not without the board independently deciding what the successor needs to look like—and the smart successor will want to have been chosen first and foremost by the board, his or her future working partner. It's dangerous for the agency and the next executive director if the board evades an arduous choice by letting another authority choose.

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Finally, the board needs to clarify what role the departing exec wants to play with the agency in the future. Help with fundraising? Be a goodwill ambassador for the agency with important stakeholders? Focus on policy with key decision-makers? Whatever the role, the board must set limits so his presence empowers the successor. An unfettered, overly involved predecessor can so dominate a successor that the new executive director is never fully in control (or, worse, is seriously undermined), making her tenure frustrating and often short.

Two More Cautionary Tales: An executive director of a youth services agency, who had been on the job for six months, called me for advice. She said that her predecessor, although off the payroll, was still occupying her old office in the agency—and regularly offering advice on all matters. We talked about how the caller could convince her board of the need to step in and move the predecessor out of the building.

The charismatic founder of a health advocacy agency left the executive director job after two years. He did not have the skills or desire to be chief administrator of what had had quickly developed into a successful policy and prevention program. A new executive director was hired. The founder moved out and was put on retainer for fundraising and speechmaking, but he couldn't relinquish control. He remained socially close to the activist staff, most of whom he had directly hired. When the new executive director set a direction he did not agree with, he organized the staff to resist. Two years into the successor's rocky term, the staff went into full rebellion and the executive director resigned. The next hire set clear terms of engagement with the founder before accepting the job. The board agreed to enforce the terms.

A continuing relationship with a departing executive can be worked out, but it is tricky enough that we advise you to set limits. There are many cases where everyone smiles smugly in a "we are all mature enough to handle this" way before the transition, only to become immersed in horribly awkward interactions that retard progress and distract focus.

Success with the New Hire

Diligently moving through a productive close with the departing executive director and a demanding search and screening can exhaust a board. The temptation is to hand the new hire the keys and slip away for a rest. But skipping the final phase can set up a board for unnecessary trouble.

Yet More Cautionary Tales: One exec tells of his board being so depleted when he started that they couldn't muster a quorum for his first five board meetings. Faced with revenue shortfalls due to tough economic times, he had to restructure services, cutting two staff positions, all without serious board discussion. He's now feeling stressed and isolated, and considering resignation.

In another agency, the founder built an innovative, successful youth service program in an inner city neighborhood. The board envisioned replicating it in several other neighborhoods. To that end, they hired a private sector entrepreneur to succeed the founder. He had served on several nonprofit boards but had not worked in a community agency. They turned him loose, and six months later complaints were coming from staff and funders. He was running afoul of an agency culture that had valued staff input. His aggressive expansion tactics, which complainants asserted were more appropriate to the competitive business world than to a collaborative nonprofit environment, were repelling community supporters.

We recommend that a board establish a fresh orientation and support committee to succeed the typically exhausted search committee in installing the new executive. The first day on the job, for instance, the board president introduces the new hire to staff, highlighting the qualifications that made him stand out among the candidates, and thanking staff for their help in the transition.

The committee details an initial set of explicit executive director performance goals based on major agency objectives. Some weeks later, they revisit the goals for possible changes based on the executive director's newly grounded perspective on what's possible.

The committee sets up the "social contract" between the executive director and the board, stating the kind of help they expect from each other, including formal and informal protocols for communications. The committee helps the executive director craft a support and development plan.

People hired by mid- to small-sized agencies are often new to the executive director role and can profit from structured help in their complex and demanding jobs; we suggest an executive coach or mentor, classes on management skills, or a peer support group for guidance and empathy.

Getting Ready and Getting Help

Most boards manage transitions with internal resources: a search committee, perhaps a staff manager for input and administrative support. The committee chair is a board officer with experience in hiring professional staff, and the time to oversee a transition.

The committee seeks external and internal perspectives on the agency's challenges and future. Several committee members devote time to aggressive recruitment, carefully vetting resumes and then candidates. The committee sends two or three finalists to the board, which makes a choice and delegates the installation of its new executive to a board member or two.

A board short on experience or hours for the transition tasks may contract with a consultant. Our contracts at CompassPoint have ranged from 30 hours for limited coaching of a board to 300 hours providing most of the labor required in a transition.

Money can be a barrier to asking for assistance; however, most of our clients have gotten grants from their funders to cover all or some of their transition costs. Many foundations are pleased when asked for transition help, because they already have a stake in your making the right hire. A modest one-time grant to help you through the process protects that investment.

Admittedly, I may be biased by the fact that transition work with nonprofits is my business, but I believe almost every board, when possible, is wise to seek the objectivity of an experienced consultant for their leadership transition. The work can be tough and the pitfalls numerous. Expert guidance and facilitation can save time, ease a board through the rough spots, and help it explore the renewal opportunities in a transition. You may want to avoid the expense, but the cost of missed opportunities—or of failure—can be much higher.

Endnote

Redington, E. and Vickers, D. 2001. *Following the Leader: A Guide for Planning Founding Director Transition.* Columbus, Ohio: The Jefferson Center for Learning and the Arts.

About the Author

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