

**White Paper #3: How to Survive an Executive Transition through Good Management**  
by Laura Otten, Director, The Nonprofit Center, La Salle University's School of Business

*“Transition planning is not about identifying exactly who will be the next executive director; it is about asking all the questions and then answering them during a period of calm to create the directions to follow at a watershed moment in an organization’s history. “*

Several years ago, the topic of the impending retirements of a large number of the current generation of nonprofit executive directors and the expected leadership gap that would result, was looming over the sector. The downturn in the economy, however, altered the departure plans of many baby boomers as well as other generations of leaders who were fearful of a job change in uncertain times. These outside forces made it even easier to ignore a difficult and often even unpleasant topic – succession planning, AKA executive transition.

The reality is that we are now seeing that predicted exodus of executive directors, both those who have served for long periods of time and those who are just moving on to their next organization. Even with sufficient time to prepare, far too many organizations are still woefully unprepared to deal with the inevitability of their executive’s departure. And unprepared organizations tend to have difficult and disruptive executive transitions.

Organizations don’t have to be unprepared and executive transitions<sup>1</sup> don’t have to be nasty. Certainly transition is a traumatic time for an organization and everyone —board and staff—involved. Being prepared helps contain the angst and avoid most of the mistakes—and certainly all of those that can be controlled, as opposed to the key one that no amount of preparedness can control: simply making a bad choice. Even the best hiring gurus make mistakes. It probably is, in part, what makes them such good guides.

Fortunately, you don’t necessarily need a Sherpa to get you prepared for an executive transition. In fact, much of the readiness for a successful executive transition is simply best management practices. And that is much of the beauty of succession planning: it isn’t extra work; it is what should already have been happening to run a strong, mission-driven business that is your nonprofit.

The most important thing to know about succession planning is that you don’t wait to do it until you have an announced executive transition on your hands. By then, it is way too late—unless, of course, the person has announced, as some do, that he will leave in a certain number of years in the future. But that scenario only works if the succession plan is done immediately and put into action as soon as it is complete. But you better hope that proverbial bus doesn’t hit him first! Because if you think a planned transition is bad without a succession plan, an emergency one is far, far worse.

**The Why and Who of Succession Planning**

There are those who plan and those who just do, with each seeing the other as fools. And in different situations, I can respect each approach. But, without an ounce of judgment, those who think they can

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<sup>1</sup> Executive transition is that period from the moment of announcement/decision that an executive director will be leaving through the first six months of the tenure of the new executive director.

bluster through a succession *without* a plan are simply foolhardy! We see again and again, boards of directors pressing forward to hire a new executive director without a succession plan, poo-pooing the notion that this hire is very different from all other hires. When do we see them? When six to twelve months after their hire they are coming to us to place an interim executive, or when we are asked to coach the new executive director because s/he just isn't working out as well as hoped, or when we are called in to right the ship that was ripped asunder by a botched hiring process that had none of the guidance that a succession plan provides.

So, besides the fact that a succession plan offers, among other things, clear directions on how to proceed when the time comes to start the process of replacing an outgoing executive director, why do it? First, and truly most importantly, a succession plan ensures that this most important hiring decision is based on the careful reflection that goes into the creation of the plan and its regular updating, and not in panic mode (which is where the vast majority of boards go when an executive director announces her/his plans to move on, and where every board goes when it is facing an unplanned departure, such as illness or termination). It ensures that a board will be proactive in selecting the candidate, with clarity not only of *what* to seek in the next executive but *why* and, thus, why "settling" (discussed more, below) is not an option.

Second, a succession plan provides comfort—to the board and the outgoing executive director (in the case of a planned succession), and to the rest of staff. One thing that unquestionably happens to a board when it is told that the executive director is leaving is panic—sometimes more, sometimes less. Then fear (often unspoken): "OMG! Does this mean we are going to have to step up?"

The end result is that boards skip beats; they don't move into action as swiftly as they should, with the end result often being a too quick process, settling a "leaderless gap" period or a board place-holder. With a plan, there is no need for panic: just pull out the plan and the following begins. For an executive director who has invested time, energy, blood, sweat—you get the picture—in this organization that s/he is now leaving, there is comfort in knowing that the organization has reduced its chances of backsliding due to a board that doesn't have a script to follow, and/or hasn't, in calm times, done the thinking that needs to be done about what is really needed in the next executive director and/or may allow the organization to slog through a period without a leader at the helm. For staff, a succession plan, by providing guidance and a clear identification of the role it will play in the whole process, takes one level of angst off the table during a period that is, by its very nature, riddled with anxiety.

And third, a succession plan signals to all of your stakeholders, including that most important group – funders - that an organization has its act together. To many funders, the loss of a leader, especially if that leader has been in place for a long time, can be a pivotal moment in their grant process decision-making. Their faith and confidence—and their reason for giving—is in the leader; when that leader leaves, so might their money. A succession plan gives promise to those funders who give because of who the leader is that the next one will be equally deserving because s/he will be selected as the result of a solid, carefully thought out process.

But with all of this said, it is important to understand that a succession plan does not tell a board the precise person to hire. It can't. Rather, it lays out all of the steps to follow and the parameters to work within, and it has done all of the hard, heavy lifting during a time that was not loaded with stress. It guides and nudges; it does not lock a board in.

Finally, though a board plays the central role in creating a succession plan, with a Succession Planning Task Force leading the way, and is totally responsible for doing annual updates, a board pulls others into the process of creating the plan. While an executive director should never pick her/his successor—as that simply is not her/his job—an executive director has key contributions to make in creating a succession plan. Boards would be remiss not to listen to that voice or, conversely, to over-empower that voice.

### **Steps to a Successful Transition**

As noted previously, there are a number of basic tenets of best practices in management that every organization should have in place *all of the time*. In fact, they are so important that an organization without a succession plan, but with these items firmly entrenched in the organization's culture, can do passably when it comes to maneuvering an executive transition. It won't be as smooth as with an actual plan, and it won't go as quickly as with a plan, but the transition can be made with a good possibility of strong outcomes. The board would just have to do the work of creating a succession plan as they were doing the transition. Its vision might not be as clear nor its objectivity as unencumbered, and the pressure will be significantly higher. But it can be done.

Here are rudimentary elements of good management that are also six components of organizational readiness for an executive transition follow.

1. **Annual performance appraisal**, with a prescribed process, goals and timeline that is religiously followed *every year*-

A solid performance appraisal system has a set of agreed to—by both the supervising party, in this case a board, and the supervisee, in this case the executive director—annual goals by which the executive director's performance will be measured. There must also be a codified process for conducting this appraisal that does not vary and is followed *every year*. This contributes to organizational readiness by a) helping the board to be ever mindful of what things may need to be different in the next executive director, b) having in place, and tested, a means for assessing the new executive director which, for the first year at least, will have to happen more than once, such as at three, six and twelve months and c) being the ever present reminder that the board, and not the executive director, is the supervisor in this relationship.

2. **Strategic plan**

Without a *live* strategic plan (by which is meant it is current, used—and not sitting on a shelf—and progress examined), a board will be hard pressed to look into the future and know what it needs to look for in the next executive director. What skills and talents will be most needed in order to help the organization achieve its strategic priorities? But this strategic plan must be real, having come out of the collective and inclusive process of strategic planning, and it must be monitored on a regular basis so progress is clearly tracked. With a strategic plan, a board reduces

the chances of hiring reactively—either hiring what it had, or the opposite—and hires intentionally to bring in the attributes needed *going forward*.

3. **A strong board**, with a board president who knows his/her responsibilities-
4. The period of an executive transition is a time when the “balanced partnership” of board and executive director swings solidly to the board side. The board must be strong enough to lead the organization through the transition, give staff confidence that the organization won’t go into a tailspin, or back step or flounder and allow the outgoing executive to leave with confidence and the new one the room to get her/his sea legs more steady than not. And it is exceedingly important that the board president/chair during this transition period understand his/her responsibilities, how to execute them and not overstep the limits of the role.
5. **Board leadership succession plan-**  
It is important that a board be cultivating a pipeline of future leaders—officers and committee chairs—at all times, so that it, too, can match the current needs in a board leader with the people having the right skills and assets. It is equally important that the volunteer and paid leadership *not* turnover at the same time. With a board succession plan, this can be avoided.
6. **Executive director succession plan-**  
Yes, it is a fundament of good management. A succession plan for a planned departure can easily be adapted to have a succession plan for an unplanned departure. Thus, for the work of one, plus a very little extra work, an organization gets the game plans for two of the most important and unsettling times in its history.
7. **Honor the legacy-**  
Just as the media writes obituaries of famous people while the people are still living (and updates them regularly), so, too, is it best to know how you plan to honor the legacy of a departing executive director—and update it regularly. There are certain eventualities in life for which we can and should plan—and how we wish to celebrate (or not) the departure of an executive director is one of them. Departures of well-loved and respected executives are a fundraising opportunity, and that shouldn’t be ignored. Plan how to honor the person and her/his legacy. And remember: once a person becomes the former executive director, in 99% of the situations, she must leave the organization. S/he cannot hang around on the board or as a consultant or in some other capacity; s/he must go. The only exception to this is if the incoming executive makes the request.

### **Elements of a Succession Plan**

As mentioned before, approximately 90% of a succession plan works for both a planned and unplanned departure because so much of a succession plan is, once again, just smart management. The components of a succession plan are very straightforward to understand; a number of them, however, are much harder to achieve.

1. **DOCUMENTATION:** While every organization knows that all of its policies, procedures, funders list and calendar, calendar of events (its own and those where the organization needs to be), basic information (i.e., passwords, security codes, names of key providers, etc.) should be documented, very few do it or do it well. But the amount of information that resides in an executive director’s

brain—especially if s/he is a founder or has been there for a long time—is massive. And, too often, that is the only place where that information resides. The first step in a successful transition is having all of that information synthesized, written down and stored in appropriate places. When the executive director does this, it should be the signal for the rest of staff to do so, as well.

2. **KNOWLEDGE TRANSFER:** It isn't enough that things are written down; knowledge must be shared—with the board and other staff. One of the scariest people in the world is the executive director who runs everything: she micromanages staff; he tells the board only what he thinks the board needs to know; there is no democratic leadership, etc. In a successful transition, the board knows all that it needs to know to function without the executive director and to keep the organization functioning until that position is filled. The same thing is true of staff: do they have the information needed to continue to do their jobs, make decisions, carry on? (This is why a controlling executive director, who may look great and extremely competent to a board because “she has it all under control,” is one of the greatest risk hindrances to a successful executive transition.)
3. **ORGANIZATIONAL IDENTITY:** Far too often, and somewhat understandably, an organization becomes synonymous with a person, generally the founder or a long-serving executive director. While it might be a nice ego boost for that individual, it is death knell waiting to sound for the organization. Organizations that appear to be one person deep make most funders nervous, as well they should. Collaborators who don't know the strength of your bench can get skittish. Organizational identity *must* be shared beyond the executive director. In doing this, such as bringing others along to a meeting or an event, or sending someone in his/her stead, not only is the identity of the organization being broadened, but an executive director is providing free professional development opportunities. But identity transfer doesn't happen overnight, so it cannot wait until the last month or two. It is not as simple as taking a staff member around and making introductions, but rather it is providing opportunities where that staff member can demonstrate her/his competency and value so that people see the strength of the organization's bench. For a planned succession, this needs to start years before the planned departure; and for an unplanned departure, it is never too soon. Thus, to play it safe, sharing the organization's identity has to be a constant.
4. **WHAT DO WE NEED/WANT GOING FORWARD:** Perhaps one of the most important tasks in succession planning is knowing the answer to this question: in light of the strategic vision for the organization (hence, the importance of an up-to-date, living strategic plan), what are the skills, talents, assets that we absolutely must have in our next executive director? Too many boards that don't do succession planning and find themselves with the task of hiring a new executive director hire reactively instead of reflectively. Our last executive was great; let's find someone just like her! Phew! We are so glad to be rid of our last executive director; let's hire the exact opposite. Neither is the right approach; rather, the profile of what is needed going forward must be built based on the goals of the strategic plan and a person hired who brings that profile to the table. The odds of the next hire staying for 15-20 years are slim. Aim for five!
5. **JOB DESCRIPTION:** Once a group knows what it wants and needs going forward, the *new* job description for the next executive director should be written.
6. **COMPENSATION:** With the new job description written, the board needs to determine what a competitive compensation package will look like for the new executive director. And, then, a strategy needs to be developed for how that new package will be financed. (Once again, the odds are extremely high that the new position will cost the organization more than is the current position.)
7. **INFRASTRUCTURE:** One of the things that we do know is that most of the people who will be replacing current executive directors who have been in their positions for 15 or more years won't do all the work that currently was being done by the executive director (which was far more than just what was in his/her job description). This means that a good succession plan takes this into account and *also addresses* what the transition will mean for overall infrastructure of the organization. Is a

new senior management position going to need to be added? Will that mean other positions will need to be added on the next tier of the organization chart? Will a senior management level need to be created? Just how many new positions will need to be added? Full-time or part-time? What will all of this cost and how will those costs be covered?

8. **SEARCH PROCESS:** This is where the roadmap really gets laid out, and if smart, laid out with a detour for an unplanned search. It begins by identifying who—types of people and titles, not specific names—will make up the search committee and goes on to ask and answer every question that comes up in a search process. Do we want to bring in an interim to allow for the organization to get us all used to change and doing things differently and/or because we need to get our house in order and/or because we need more time and don't want to rush the search process? (A "yes" answer to this question sets up a whole other set of decision points, such as how will we find an interim?) Are we doing a local, regional or national search? Where will advertise? Do we want/need an outsider or do we want to promote from within<sup>2</sup> or do we not care and just want the best candidate regardless of from where s/he comes? Will we use a search firm and, if so, which? (If yes, it is best to do the vetting of firms then and there.) How will we involve staff in the process? And this list goes on.
9. **TRANSITION PROCESS:** Sadly, this step is too often not done and that has consequences of its own, as this is about the process for ensuring internal integration and acculturation and external passing of the torch. This is a plan unto itself! This addresses questions such as, how will the new person be introduced to staff? Clients? Volunteers? What will the new person's first week look like—a staff meeting? Individual meetings with each staff member? A board meeting or an executive committee meeting? How will the new executive director be introduced to key funders and partners and over what period of time? When will the appropriate committee of the board sit down with the new executive director and go over her three, six and twelve month goals? How will the board tap the staff to get its perspective on the transition? What is the calendar of meetings with the board president? Various board committees? The full board? And this list, too, goes on and on. Even the best search process can lead to a bad executive transition if this post hire time period isn't carefully thought through and planned.
10. **REVIEW and UPDATE:** As with a strategic plan, a component of this plan is how the succession plan is going to be reviewed and updated. To be useful during its time of need, a succession plan, once developed, must be regularly (every six to twelve months) reviewed and updated [i.e., documents are update once a year, the job description is reviewed to be sure it is still appropriate, the search firm(s) identified is still in business, shrinkage or growth in the organization hasn't changed the infrastructure needs, etc.]. If this last step does not occur, doing the previous nine is for naught.

Even with the best plans for a transition, boards still face pitfalls during this stressful time. They are, however, easy to avoid if everyone is mindful.

- *Disregarding the plan:* there is no point in doing all of the work that goes into creating a plan and then keeping it current only to ignore or argue with it when it is needed. The plan is created during a time of calm, when cool heads, objectivity, data, reflection, and logic can all rule—things that are too often absent during an executive transition.
- *Selecting an interim executive director from within the organization:* big mistake! While it certainly seems easy at the time to temporarily promote a staff member or select the gracious board member volunteering to step in, such a decision will bite, often ferociously, not too far

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<sup>2</sup> Here is a perfect example of the value of having a succession plan long before it needs to be implemented. If a board is interested in promoting from within, this should effect hiring decisions and professional development plans for key staff members.

down the road. Promoting a staff person to a position that he may not assume permanently means one of three things: that staff person will immediately look for a new job, she will try going back to her former position, be unhappy and look for a new job or he will go back to his former job and become a thorn in the side of the person who does assume the job (by constantly saying things like, "That isn't what I did when I was interim." Relying on a board member to step in means one of three things: he goes back on the board and becomes the thorn in the side of the new executive director and board, leaves the board or, and this is an exception, goes back on the board as a better board member having come to understand the organization, the mission and the work very differently.

- *Settling*: too often, we see boards settle when hiring an executive director. They hire what they can afford instead of hiring what they need. (A succession plan, when done well, should absolutely help prevent this, as Step 6, above, requires that a board not just determine what the compensation of the next person should be, but also identify the strategy(ies) for getting the money to pay for it. Depending upon the strategy(ies) identified, work should have begun before hiring needs to take place so the resources are there when needed.) That's settling. But settling also happens when a board gets tired or dismayed or disgruntled and still insists on finding its next hire in a lackluster pool of applicants.
- *Thinking change is synonymous with bad*: Things are going to change when a new person comes in to lead an organization; it may not happen immediately, but it will eventually. Staff may bristle at this; the board may, as well. But different isn't necessarily bad, so don't have that knee-jerk reaction and throw the new executive director out with the bath water.

Transition planning is not about identifying exactly who will be the next executive director; it is about asking all the questions and then answering them during a period of calm to create the directions to follow at a watershed moment in an organization's history.