

EXECUTIVE TRANSITION AS DISRUPTIVE OPPORTUNITY

By William J. Coy-La Piana Associates

"After a tremendous amount of reflection and discussion with my spouse and family, I have made the decision to leave my position as Executive Director of Wayland Children Services. It has been truly an incredible journey that has lasted 17 years. Together we have built a strong organization that has always been on the cutting edge of creative programs and services that have met the needs of thousands of children and their families. I will not simply abandon the organization; my plan is to work with the board to ensure a smooth and seamless transition. The timing and process of the search, as well as of my role both during and after the search will be negotiated with the board of directors. It has been a privilege working with such talented and dedicated people."

Kelly sat back in her chair, looked at the screen and after a moment of hesitation moved the cursor, took a deep breath, and pushed the "Send" button. Well, it is done. She had raised the issue with Bob, her board chair, and everyone knew that she had presented the issue of succession planning at the last board retreat as an issue that was more immediate than eventual. Now she was going to have to deal with the reaction of the board, the staff, and her colleagues in the field. The timing was right; she needed new challenges and was really growing stale. After all those years of long hours and poor pay, she hoped that the board would do the right thing by offering her a severance package that would recognize her years of service, her skill as a leader and sacrifice that made Wayland what it is today. Maybe she could consult with the agency for a year or two to assist in the transition as part of her severance package?

Bob checked his email and saw one from Kelly. The subject line was: *A Difficult and Important Decision*. Well, he was expecting this, but had been in denial. This was his first year as Board Chair and he had hoped that this would be the burden of his successor. He did not need this right now. The demands of his family and professional life were increasing. The agency was already taking a tremendous amount of his time and now this was going to absorb every free moment that he had. Kelly had been a really good ED, but he could tell that she was getting tired. She simply did not seem as engaged as she once was. He felt it was the right decision for both her and the agency, but he did not know where to even begin this process.

Joan read the email. Her first reaction was shock. As Program Director she thought Kelly would speak to her first before she announced this to the board. Not only were they colleagues, but she thought that they were friends. What will this mean for the programs, for relationship with the funding community, for the staff? If she had these kinds of questions, what questions will the staff have? What answers will she provide? She had worked well with Kelly and dreaded breaking in a new ED. But, maybe this could be an opportunity for her. She knew that she would eventually be an ED, what

better place than this place that she knew so well. Would the board accept her as a candidate, or even better, as Kelly's replacement without the expense and cost of a search?

Each individual in our case story above is a critical player on a very complex stage. Each one has investments, concerns, reactions, and even fears. All of these will be important in the process of creating a smooth and graceful transition for Wayland Children's Services. However, the specifics of the process, their individual roles, and potential outcomes may not be in alignment.

This article will attempt to identify elements of executive transition and make recommendations about the ways that a nonprofit organization can best maneuver through what can be really difficult waters or gracefully move to the next chapter of the organization's life.

For many nonprofit organizations, the thought of trying to replace the chief executive is one endeavor most would want to put off contemplating. Ignorance of the reality is not bliss. Most organizations are functioning on very slim margins of both time and money so the disruption of an executive transition is not a welcome event. It can, however, be an extraordinarily positive experience for the organization and the incumbent. If managed proactively and intentionally, the planning and implementation of a transition plan helps capture the history, accomplishments, internal capacities, external challenges, and organizational culture of the organization.

The term "disruptive technology" has been used to describe a new technological innovation, product, or service that eventually overturns the existing dominant technology or product in the market. Done with both thoughtfulness and intention, executive transitions are really a "disruptive opportunity". While all types of organizations are both enabled and limited by the vision of the leader, nonprofit organizations are more inclined to form and adapt around the both the strengths and limitations of leadership. Leadership in the third sector is driven by vision, personality, skills, and demands. Long term executives, in particular, may unintentionally create a template for leadership that is particularly and uniquely adapted to them.

When an executive makes the decision to leave an organization, or when the board initiates the process, a window is opened to the potential of something different. It presents the opportunity to look with fresh eyes at the organization, the challenges, the demands of leadership, and the organizational needs not only in this current moment, but into the future.

Three Phases of Executive Search and Leadership Transition

Most organizations seek to get through the process as quickly and as painlessly as possible. The perceived urgency of a situation or an obvious simple choice of an internal candidate can deprive an organization of a tremendous opportunity to do the self-examination, understand its role in the community, appreciate all the current and emerging challenges, as well as look at issues that may have been ignored or even suppressed when “normal” was the standard.

Having done a number of executive searches, La Piana Associates has come to the understanding that the most successful and productive Executive Search and Leadership Transitions have three specific phases;

Phase I: Organizational Analysis

Replacing a chief executive is not like replacing a cog in a machine. In order to be most effective you have to define the requirements of leadership, identify the key constituents who will participate in the process, articulate the context for the organization as well as for the candidates, and set the search criteria and all aspects of the process. Elements of this first phase include:

- Providing guidance on the key accomplishments and issues of the organization
- Assessing organizational needs and evolving leadership competencies as well as organizational challenges
- Review of mission, vision, strategic position, and competitive advantages
- Consultation with board, staff, and constituencies on organizational issues and challenges
- Developing profile of the ideal candidate and ranking core, secondary, and tertiary requirements and competencies
- Facilitating retreat for the board/key staff on executive transition and finding alignment on the appropriate set of competencies for the next executive

Below are some key questions and considerations when dealing with executive transition:

- What were the challenges when the incumbent became the leader?
- Where was the organization in its life-cycle at the time? Where is it now?
- What would the incumbent list as his or her most significant accomplishments?
- What legacy would the incumbent like to leave?
- How has the organization dealt with transitions in the past?
- What happens to people who leave the organization?
- What are some peculiarities about the organization that you should be aware of as part of your preparation for a transition to new leadership?
- What is the current relationship between the board and the executive director, and how might it affect this transition?
- What might the timing look like for both the organization and the incumbent?
- What skills, competencies and capacities might the new leader need?
- What errors could the board, the incumbent or the new leader make in the transition?
- What level of stakeholder (staff, public, and client) participation in the process would be appropriate?

- Developing of comprehensive executive profile
- Planning the overall transition process
- Identifying appropriate roles for the board and staff in the process
- Appreciating and celebrating the organizations as well as the departing executive's accomplishments and legacy

Phase II: Executive Search

The search is not only about finding the right candidate, but also about creating a process where stakeholder investment in the process and the outcome is enhanced. While it is ultimately a board decision, the board would make a major mistake by excluding others from the process. While this is a sensitive issue, it can be and needs to be well managed. Elements of this second phase include:

- Developing the process and identification of key stakeholders
- Development of search mechanisms and distribution outlets
- Development of competency "screens"
- Identification and "tapping" of key candidates
- Sorting and screening candidates
- Communication and connection between candidates and the board
- Identify and define appropriate role of staff in the process
- Supervise the interview process
- Facilitate the selection process
- Assisting with compensation negotiation
- Providing resources for the offer letter

Phase III: Transition Management

Too many boards have thought that the job was done when the offer letter was returned signed, sealed, and delivered. This is where most executive transition processes have failed to be fully completed. No matter how successful or unsuccessful the incumbent was, no matter how incredibly strong or weak the organization is, no matter what challenges face the previous executive, "new" means different. The leadership style, skills, weaknesses, temperament, communication styles, all of these will be different with a new leader. One can create a foundation of successful leadership by acknowledging the differences, articulating the expectations and developing the relationships among all the stakeholders.

If this phase is overlooked, more times than not, another search process will be the result.

Elements of the third phase include:

- Facilitating introduction of new chief executive

- Defining mutual expectations for successful relationship
- Dealing with knowledge transfer
- Identification of potential obstacles to success
- Assisting with the development of preliminary work plan
- Development of specific goals/metrics for the new chief executive
- Facilitate the development and basics of board chair/chief executive working relationship
- Providing organizational consulting to the new chief executive and the board
- Closing and evaluating the process

All three phases of the process can be and should be integrated to build upon the knowledge, relationships and momentum that have been created as a result of the transition. Most important of all, there needs to be a sense of confidence and competence that the process will be well managed, inclusive, engaged, and most of all- intentional. It is very difficult for the board, the departing executive or the staff to take this on without outside assistance.

It may seem like the most blatant form of self-interest, but we have come to believe that there is a critical role for consultants to play, not only in assisting in the search, but in managing the overall transition for the organization.

The Role of the Consultant

Our experience in Executive Transition has grown out of our experiences of organizational transition and change. Leadership has always been a key requirement of organizational success no matter what the process. From Strategy Formation to Strategic Restructuring, the most effective organizations are the ones with the most effective leaders. The selection of the leader is the most critical choice a board of directors will make. They often make that choice with limited time and assistance. It is no wonder so many errors occur in this process.

Search and Transition Services require a combination of basic recruitment knowledge, but even more importantly, the ability to facilitate, synthesize, analyze, and communicate with a variety of communities and stakeholders. Unlike the public or private sectors, nonprofit executive transition can get you the right person with the wrong process and not set the new leader up for success. La Piana Associates sees this as a rare opportunity to help any nonprofit see itself and its future in a new way. We see ourselves as a facilitator of the process. The root of the word is “facile” or to make easier.

Given the significance of the outcome, the consequence of error, and the tremendous amount of time and energy it takes, it is a perilous journey to try and take without an intentional, well planned process.

Regardless of whether an organization decides to use outside assistance or not, it would be a major mistake to assume that the process will be easy or require a minimal amount of time, effort, and energy. This will be the most important decision the board of directors will make for the organization. Give it the attention it requires.

How did the story of Wayland Children's Services end? It is a familiar story that can have many endings. How would you have written the ending?

The Funder's Perspective: Hawai'i Community Foundation

In 2001, Hawaii participated in a nation-wide survey of Executive Directors (EDs) called *Daring to Lead: Nonprofit Executive Directors and their Work Experience*, conducted by CompassPoint Nonprofit Services.

The results of the survey reinforced what the Hawaii Community Foundation (HCF) had been seeing in the community. Almost two-thirds of EDs surveyed were in the position for the first time, less than half of them said they would take another ED position, and almost one-third said they did not expect to be in the position in another two years. The sector was experiencing a lot of turnover, and this transition from one ED to the next was creating a lot of stress for organizations. Boards often don't know where to begin with hiring a new ED, and a lack of clarity around the transition process can create uncertainty for staff. When managed poorly, an executive transition can destabilize an organization and negatively impact programs and services. HCF wanted to help address the problem and reasoned that if groups could get support to conduct a thoughtful, well planned out transition, they would do a better job of selecting and retaining a new ED.

In 2002, we began offering Executive Transition grants of up to \$30,000 for organizations to prepare to hire a new Executive Director. These grants don't pay for an interim ED, or the cost of recruiting a new ED, but beyond that we try to be open to what groups feel they need to do to prepare themselves to make a good hiring decision. We have provided funding for groups to revisit their mission and strategies in order to identify the kinds of skills they needed in a new ED. We have funded groups to hire human resource consultants to create realistic job descriptions for the management team and new ED, to redistribute workload more evenly. In most cases groups have hired consultants to work with the board and staff, in particular on developing a hiring and orientation process. Early results are promising for the Executive Transition grants -- since 2002 we have funded 10 of these grants, 6 of the 10 groups still have the EDs they hired, 1 nonprofit went out of business, and the remaining 3 groups are currently in the midst of their grants.

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Previously he was Director of Human Resources for the Yosemite National Institutes; an environmental education organization that has three sites; Yosemite National Park, Olympic Park in Washington State, and in the Marin Headlands.

Originally trained as a cultural anthropologist, Bill holds graduate degrees in systematic theology and clinical counseling and is a licensed marriage family and child therapist. Certified in Critical Incident Stress Debriefing, he has experience working with groups and individuals in post trauma and disaster situations. .

He is the former head of Training and Development for Lucas Digital, which included Industrial Light & Magic, a movie visual effects company and Skywalker Sound, located in Marin County.

He is the only consultant known to have facilitated meetings at both the Vatican and Skywalker Ranch.

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