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SKILL BUILDING

Managing Executive Transition: From Succession Planning to New Leadership

By John W. Corwin

Change is coming! Is your organization ready? How will it affect your fundraising?

73% of nonprofit CEOs are among the nation's 78 million baby boomers. More than 60% of these current CEOs plan to leave their jobs by 2009. Most nonprofits don't have internal staff both willing and able to take over. The next generation is only half as big (38 million), and has not been systematically trained for leadership responsibility. On top of that, most nonprofits (60–80%) do not have any succession plans.

Finally, a majority of nonprofit CEOs say that they have no intention of serving in that role in the future. This suggests that competition for talent will become fiercer than ever.

Among the most challenging transitions are those involving the departure of the founding or long-term executive. The organization may have great difficulty even conceiving of itself in any way different from that of recent memory. The executive may be ambivalent about letting go. The skill set needed for the next leader may be quite different from that of the founder, either because the organization is at a different level of development, or because the substantive and environmental challenges facing the organization are very different.

Why manage executive transitions?

A lot is at stake during an executive transition. Funder relationships must be nurtured and reassurances given. Staff morale can plummet and lead to unnecessary and costly turnover. Public visibility and credibility of the organization can be diminished if its message is not consistently communicated. And, of course, sound fiscal management is vital to maintaining stability. Donors and others expect that delivery of services will continue in an effective manner.

The bottom line: it is vital for the organization's stakeholders to have confidence in its future.

The Three Phases of Transition

In his excellent book "Managing Transitions," William Bridges describes the three phases of transition. The first phase, the "ending," involves facing the loss, letting go of the old ways and old identity, and celebrating and honoring the departing CEO. Then comes the "neutral zone," characterized by (healthy) confusion, a search for clear direction, and shifting patterns. Finally the organization is ready for the new beginning, fueled by a new sense of purpose, and a re-commitment of energy to the organization.

Ensuring Stability

The first imperative is not to panic! It is important to recognize the transition as an opportunity for the organization to take a fresh look at its goals, its strengths and weaknesses, and the environment in which it is operating.

Communicating reassurance to all stakeholders is critical. From the perspective of the professional fundraiser, contacting your donors is a top priority. You want them to hear about the change from you, and not from the grapevine. You want them to understand what steps the organization is taking to manage the transition, how it is going about the search, and who is running the organization. Letters and/or phone calls from the Board Chair to major donors can do a great deal to meet this objective. In general, close cooperation between the Board and the development staff will be effort well spent.

Interim leadership is a key part of the transition plan. In addition to reassuring the donors and thus protecting fundraising income, this step will ensure fiscal and managerial continuity, support staff morale and reduce turnover, and preserve the organization's visibility and reputation.

Recruitment of the new Executive

Consider what you may be able to learn from the CEO's departure. It is useful to identify the challenges that the new CEO will face, as well as the leadership qualities needed for your organization at this moment in time. These could include financial and managerial skill, ability and commitment to lead and inspire, capacity to manage and develop the Board, fundraising, personal maturity and sophistication, and substantive knowledge of the field.

Establish a clear, transparent, credible search process. Be clear about the working relationship that the Board will have to the new leader. Finally, in light of the market, be prepared to increase compensation, especially following a founder or long-serving executive.

Planning Ahead

Succession planning is still the exception rather than the rule in nonprofits. Now is the time—before your chief executive leaves or is suddenly incapacitated—to develop both emergency and non-emergency succession plans.

An emergency plan can include the following elements: (1) prompt communication with donors and other stakeholders; (2) securing of key documents and financial controls, and (3) active management of the press and other public contacts.

Beyond emergency planning, other steps can be taken right now. Design a methodology for conducting the search. Determine a plan for interim leadership. Encourage the CEO to share information with senior staff so that all the critical information is not in one place.

Finally, cultivate talent from within. Senior managers whose professional growth is supported will be more effective, and this will benefit the nonprofit sector, either in your organization or elsewhere.

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