

Leadership Transition Strategies

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Kay Sohl

kay@kaysohlconsulting.net

Kay Sohl Consulting
Living and Working Better



Nonprofit CFO's

- May not have the CFO you need now
- Dearth of nonprofit specific professional prep
- Boomer generation over-represented in "homegrown" CFOs

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Bridgespan/American Express 2009 Study

- 24,000 nonprofit senior management vacancies in 2009
- Retirements + new roles

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Recession Opportunities

- Delayed departures
- Access to new candidate pools
- Compensation pressure mitigated

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Recession Challenges

- Volatile environment deters planning for succession
- Exhausted leaders stay on
- “Cross-over” pitfalls

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For-Profit “Cross-Overs”

- 50 to 75% of nonprofit leadership roles require business skills
- Bridgespan study found 20% of senior financial managers in nonprofits have for-profit background

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Cross Over Sources

- Social enterprise interests
- Late career desire to be part of positive community service
- Lack of for-profit opportunities

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Cross-Over Deal Breakers

- Cultural fit
- Decision-making process
- Compliance and restrictions
- Core values

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"Cross- Over" Resources

- www.civicventures.org
- www.atlanticphilanthropies.org
- www.bridgespan.org/finding-leaders-for-americas-nonprofits.aspx

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Succession Scenarios

- Emergency Succession:
- Strategic Leadership Development
- Departure-defined Succession

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Emergency Succession Plans

- Clear process for appointment of acting Executive
- Internal/external communication plan
- Strategies if absence will be permanent

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Emergency Succession Plan Template

www.compasspoint.org/assets/520_emergencysuccessionplanmo.pdf

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Beyond Emergency Plans....

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Barriers to Transition Planning

- Executive ambivalence
- Board anxiety
- External relationships
- Staff morale

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Executive Ambivalence

- Identity merged with the nonprofit
- Inadequate retirement \$\$
- Anxiety about survival of nonprofit

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Board Anxiety

- Organizational survival
- Board survival – increased responsibility
- Role and process confusion

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Funder/ Community Barriers

- Discussion of succession planning may **undermine confidence**
- **Confidentiality** concerns
- **Lame duck** ???

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Staff Impact Barriers

- **Anxiety** about future of the organization
- **Positioning** for power shift
- **Staff concerns** about Board capacity to make appropriate selection

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Benefits of Succession Planning

- **Reduce isolation** of executive
- **Build board engagement**
- **Encourage staff leadership development**
- **Support capacity building**

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Baseline Realities

- Most EDs and CFOs are no longer doing the job they were hired to do
- Long term relationships allow complex problems to be addressed more quickly

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Resulting Reality

Long tenured leaders can manage a greater breadth and depth of responsibilities than will be practical for successor

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More Baseline Realities

- Must address both **organizational** and **individual** needs
- Need to avoid search for a **"clone"**
- Beware the **pendulum** effect

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Raising the Succession Issue

- Founder/leader strategies
- Board leadership strategies
- Funder strategies

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Preparing for Transition

- Exec
- Organization
- Board
- Funders & partners

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Exec ???

- What's only in your head?
- Do Board and exec team understand key relationships and business strategies?

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More Exec ???

- Is your compensation package competitive for positions with similar scope?
- Are you working way too much?
- How deep is your management bench?

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??? For Boards

- Emergency succession plan?
- Clarity on Board role in emergency
- Plan for leadership transition?

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??? For Boards

- Clarity on mission & values?
- Understand financial condition & resiliency?
- Aware of community perception?

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??? For Boards

- Competitive position of your exec compensation
- Key roles of your ED
- Adequacy of management infrastructure

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??? For Funders

- Support for leadership development
- \$\$ support for succession planning
- Operating support during transitional periods

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Leadership Development Approach

- Ongoing process
- Development opportunities for executive team
- Expand external relationship responsibilities

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Leadership Development

- Deepen exec team understanding of financial position and business models
- Use ED sabbatical to identify strengths/issues

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Departure-Defined Planning Stages

- Initial planning
- Getting ready for transition
- Recruitment and hiring
- Post hiring transition

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Initial Planning

- Clarify timeline
 - Leadership development focus??
 - Defined Departure??
- Clarify roles & structure
 - Board
 - Staff
 - Consultant

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Getting Ready

- Organizational assessment
- Identify infrastructure, management, and leadership needs
- Explore options for restructuring executive team

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Financial Readiness

- Assess current financial resiliency
- Identify potential financial risks and vulnerabilities
- Multi-year business plan
- Build reserves

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Board Readiness

- Explore potential impact of transition on current board/exec roles
- Identify missing board skills/relationships and strategies to address them

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Values Clarification

- Board and staff identify core values to guide the organization
- Commit to retaining core values throughout the transition process

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Communication Strategies

- Conversations with key stakeholders
- Emphasize Board leadership and staff capacity
- Clarify process & timeline

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Recruitment & Hiring

- Identify board, staff, and consultant roles
- Clarify decision-making process & timeline
- Obtain input on position requirements

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Key ???

- “Must have” skills, capacities, experiences?
- Compensation: your scale in relation to today’s market?
- Scope of the search?

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Internal Candidates

- Strong potential successor(s) within your current team?
- Process for considering internal candidates

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Interim Executive Strategies

- Replacing a long term, beloved leader may create set-up for failure for successor
- Interim executive works through grief and power issues
- Increases likelihood of success for next executive

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Selection Process ???

- Final decision authority
- Role of hiring committee
- Input from staff, full board, partners, others
- Reference checking

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Post Hire Transition Process

- Communication/introduction strategy
- Role of current exec in orientation
- Board and staff support & accountability structures

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Prepare for Success

- New exec and board leadership identify goals and performance indicators for 3, 6, and 12 months
- Coaching and exec support during transition

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Your Next Steps?

- **Emergency plan in place?**
- **Initiate succession discussion**
- **Leadership development strategies?**
- **Explore "cross over" strategies?**

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Nonprofit Transition Resources

**Leadership Transition Series:
Annie E. Casey Foundation
www.aecf.org**

**CompassPoint Nonprofit Services
www.compasspoint.org**

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