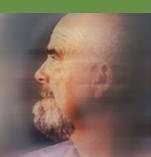


TEN STEPS
TO A BETTER
TRANSITION

TOOLKIT





steps **10**
to a
Better
Transition

1. Start the conversation
2. Get your house in order
3. Maintain a strong board
4. Clarify roles and responsibilities
5. Outline your process
6. Understand the job
7. Prepare for recruiting and selection
8. Be ready to make a good ask
9. Know how to welcome
10. Get good help

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1. START THE CONVERSATION

A healthy executive transition begins with a healthy conversation about executive transition – a conversation between the board and the current CEO.

The basis for addressing this, or any subject, is a relationship of trust, confidence and mutual respect between the board chair and CEO. That relationship is created through regular, structured and candid communication.

The board and CEO have a responsibility to understand that addressing transition is a fundamental part of leading the organization.

If a structured succession planning process is in place for all critical positions, then the conversation around executive transition will occur naturally.

But when these conditions are not present, other strategies may be helpful.

The CEO has a responsibility to hire individuals who s/he believes can be logical successor(s). Initiating conversation about the presence and performance of these “bench” players may be a way of opening the conversation about executive transition.

There are many excellent pieces of literature on the importance of executive succession planning. Circulating one or more of these among board members may stimulate conversation.

Rather than framing the conversation in terms of retirement or resignation, frame it in terms of random disaster – “What would happen if the CEO was hit by a bus? Do we have a plan in place?” It is less threatening, and opens the discussion in a more neutral way.

Remember: third party facilitation is always an option.

2. GET YOUR HOUSE IN ORDER

The foundation for a healthy executive transition is a healthy organization. Make sure the organization has its house in order.

Basic annual tasks for board & CEO:

Update the strategic plan annually. Address growth of service/s, finance, fundraising, board development, and board succession planning.

Obtain an annual financial audit by an independent certified public accounting firm. The board should review the audit with the auditors.

Annually review and update all organizational documents and policies, including articles of incorporation, bylaws, organizational chart, board manual, volunteer handbook, personnel policy, job descriptions, gift acceptance policy, investment policy, financial management policies, etc.

Maintain current written evaluations on all employees. Identify and document any outstanding people issues.

Tasks specific to an anticipated transition:

Establish a clear short-term plan, including an operating budget for the coming year and critical objectives for the next 12 months.

Review and update your communication plan in light of an anticipated change in leadership.

Document all development work during the past three years, and document plans for the coming year.

Identify and document any pending legal issues, and the plan to resolve them.

Update the organizational history.

3. MAINTAIN A STRONG BOARD

The board is THE critical unit in a healthy executive transition. Its strength, creativity and commitment will determine the organization's path.

Are the board members willing to make the organization one of their top five priorities?

If you don't know, ask them. If they are not willing to make that commitment, then they may not provide the level of involvement and engagement that the organization needs. Engaged board members who look for opportunities to promote the agency and its mission are most likely to insure that the organization is prepared for transition.

Does the board have a clear understanding of the relationship between the board and the CEO?

This relationship should be determined intentionally and not by default. Many variables come into play (organizational size, mission, program complexity, program effectiveness, organizational health, history of the board/executive functioning, etc.). But, in short, does the board drive the organization (strong board/weak executive); does the executive drive the organization (strong executive/weak board); or do the board and executive drive the organization together (healthy partnership)?

Does the board have a clear, written succession plan for its own leadership?

A strong board succession plan reflects top-down interest in orderly and thoughtful transition for the organization. It provides continuity of leadership. And it allows a new CEO to understand who will be most key in his/her early tenure.

4. CLARIFY ROLES AND RESPONSIBILITIES

Understanding who does what during a time of executive transition can help avoid missteps and confusion that create an unflattering impression of your organization.

The board should:

Establish and oversee the search committee, which will manage the process.

Have open and honest dialogue with the current CEO about the life cycle of the organization and the skills and characteristics needed for the new CEO.

Approve the job description and profile of the skills desired in the CEO. Participate in review of internal and external candidates, depending upon the size of the board and the search committee.

Maintain an open environment to keep staff aware of the search and selection process.

Select the new CEO and/or ratify the selection of the search committee.

Negotiate an executive compensation package that is appropriate for the competitive environment of the organization.

Be responsible for new CEO orientation and community introductions.

The staff should:

Make sure that business continues as usual.

Assist the board in identifying key questions that may be asked of applicants.

Provide whatever human resources support the board requests.

Assist with orientation and community introductions.

5. OUTLINE YOUR PROCESS

Each organization may customize its transition process, based on its size and other characteristics, but the board must make a few key decisions.

What does the search committee look like?

In small organizations, the entire board may serve as the search committee. In larger organizations, the search committee may be a subset of the board. In some organizations, non-board members may warrant a place on the search committee.

Just as committees can vary, their authority can vary. Will your search committee be expected to bring all applicants to the full board or only finalists? Will the committee have the authority to negotiate compensation? How much authority is the full board willing to cede to the search committee? And finally, what financial resources will the board provide to support the search?

Will outside consultants be used in the search?

Depending on the scope of the job and the characteristics of the organization, the board may or may not choose to use a job search firm. If an outside firm is used, the board needs to be clear as to whom the firm reports and how often.

What is the time frame for the search?

The board should establish a time line for the search and advise the search committee of when, how often and in what form it should report back to the full board.

What is the communication plan?

Some organizations choose to conduct their search in private. Others, because of their nature, must comment publicly about the status of the search. What is the strategy to keep staff informed? And what, if any, obligations exist for public communication and how will they be fulfilled?

6. UNDERSTAND THE JOB

To hire the right person for the job, the board/search committee must have a clear understanding of the nature of the job – its scope, demands and place in the organization.

Does the board seek a CEO who works in partnership with the board, who can lead a weak board or who can provide support to a strong board?

Defining the job should be a joint effort of board and current CEO. But the definition should not be based on the current CEO, but on the organization's goals. In all likelihood, the organization has evolved thanks to the strengths of its current leadership and is in a different phase of life than when the current CEO was hired. Define the job with the future, not the present, in mind.

Establish criteria for the job in terms of education, experience, skill sets specific to mission, generic managerial skill sets and intangibles unique to the organization.

Determine the general parameters of compensation, including the available budget for the position, the extent and nature of benefits, and any restrictions on compensation. Doing this effectively requires that the board have some knowledge of the competitive landscape.

7. PREPARE FOR RECRUITING AND SELECTION

Good selection demands good recruiting. The better the pool of applicants, the better hire the organization is likely to make.

Use networks, including national organizations, referring organizations, community connections and professional affiliations.

Look inside the organization.

Learn to use job search web sites. Most younger candidates use web-based resources in their job search.

Read job ads in your field.

Be realistic about the salary range being offered. Don't lowball. Try to attract the best possible pool of candidates.

Be knowledgeable about employment law and the boundaries for appropriate interviewing. Strategize in advance with the selection committee on appropriate questions that will elicit the information that is needed.

Be rigorous about checking references. Develop a standard list of questions to be asked of all references. Be willing to search to find someone who can give an appropriate reference. Keep written summaries of the reference calls and provide to the full search committee.

Be prepared to be patient. Don't rush. It is better for the organization if the position remains vacant for a while than to settle or have a false start.

8. BE READY TO MAKE A GOOD ASK

An exemplary search can be marred by a fumbled ask. Think through the process of offering and negotiating the hire beforehand.

Do your homework: know the candidate's current compensation package and whether it is compatible with your budget.

If possible, make the offer in person, in a private setting, with no distractions.

Make the offer verbally, but provide a draft letter of employment, clearly marked "draft," with the position description attached.

Be prepared to answer detailed questions about compensation and benefits, including vacation policy, sick leave, health benefits, expense reimbursement, relocation assistance and retirement packages.

Be clear about expectations: job responsibilities, goals, time tables.

Indicate when you would expect/desire the candidate to begin employment and allow some room for negotiation.

Assume that the individual will want a certain amount of time to consider the offer. Select a mutually agreeable time by which the candidate will respond.

Remember that a candidate who treats his past employer well in the transition is the type of candidate you want.

Put everything in writing.

9. SUPPORT THE TRANSITION

Making the hire is only the beginning. Carefully orienting, introducing and launching the new CEO is critical to a successful transition.

The board should establish an environment in which the new CEO feels comfortable asking questions. The board chair should schedule periodic conversations with the new CEO and begin to build the relationship of trust and mutual respect.

Let the selected applicant have input into how the orientation should be structured.

Offer to provide a senior board member to work closely with the executive for the first 6-12 months, to share local knowledge.

Announce the appointment to the community-at-large.

Arrange introductions to key stakeholders and community leaders. Host one or more social events providing an opportunity for board members, volunteers, staff and constituents to meet the new executive in an informal setting.

Make sure all promises are delivered.

Staff should continue to do their jobs, share institutional knowledge, be team players, and reinforce the culture of the organization. Staff also should anticipate change in operations as well as in style and remain open-minded.

The outgoing CEO should be available for questions and support the new CEO with the staff. The outgoing CEO should participate in introductions to key stakeholders and community leaders, if asked by the board.

10. GET GOOD HELP

Opinions differ on whether or not to use professional recruiters. But even without such help, there are many available resources.

Look to your board: are there members who can bring their corporate resources to the table?

If your organization is part of a national organization, does the national office provide resources? Are there peer resources available?

Is there a nonprofit center – either independent or university based – that could provide resources? What about your community foundation or other philanthropic organizations in the community?

Community coaches with the right expertise could be helpful in “defining the job,” structuring the process and in supporting the new CEO.

“You get what you pay for” ... “There’s no free lunch”
... Quality consultation is costly. If an organization’s budget won’t bear the freight, then the board has the responsibility to find the resources from their own pockets or external sources.

Notes



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