SUCCESSION PLANNING & LEADERSHIP TRANSITION

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2009–2010 Robert H.B. Baldwin Fellow

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Communities In Schools

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ACKNOWLEDGEMENTS

The essence of Communities In Schools is relationships with the students and communities we serve, and with each other. The instant rapport that so often characterizes the relationships within the Communities In Schools network made the interview process for this project the highlight of my fellowship experience.

Thank you to the 43 local and state executives, eight national and state office staff members, and seven board members for your input and your commitment to the students and families we serve.A special thanks to those outside of the Communities In Schools network who so willingly provided valuable perspectives: representatives from the United Way of America, Girl Scouts USA, Bridgespan, and Boys & Girls Clubs of America.

To those Communities In Schools local executives and state directors who contributed your precious time to review the Communities in Schools Succession Planning and Leadership Transition toolkit, you have made a positive impact on the structure and content that will ensure that the final product is used.

My project drew heavily from the work of two pioneers and leaders in the field of executive transitions who deserve high praise for their roles in promoting succession planning and developing and implementing the executive transition management model:

- Tom Adams is the president and senior managing partner of TransitionGuides, which is a collaboration of experienced consulting firms with extensive track records in working with nonprofit organizations and leadership transitions.
- Tim Wolfred is the director of CompassPoint Nonprofit Services, a consulting, research and training organization. Its Executive Transitions Initiative involves a carefully selected group of experienced nonprofit executives with special training in executive transition management.

The Annie E. Casey Foundation has supported the efforts of Adams and Wolfred through funding a series of monographs focused on executive transition management.

The Robert H. B. Baldwin Fellows Program Director, Daria Teutonico, has provided outstanding guidance and support for all three fellows and helped us integrate our projects into a comprehensive approach, which includes the leadership/talent development pipeline and executive leadership development, as well as succession planning and executive transitions. Her expertise related to toolkits was invaluable. My coach, Dave Handy, offered encouragement, helpful critiques and insights from the field.

Thank you, Bill Milliken, for your key role in establishing the Robert H. B. Baldwin Fellows program and thank you, Dan Cardinali, for supporting the process. The program will indeed support one of the major goals of Communities In Schools: to promote and support the Communities In Schools "movement" while building a more cohesive network. I am so grateful to you for the opportunity to participate in this unique program, which I believe will strengthen the Communities In Schools network and our ability to help students achieve success.

Leadership transition and succession planning involve far more than just replacing a leader. Planning is like an insurance policy for the organization that will permit it to go forward. Having a plan ensures that the organization is in good shape—systems in place, information accessible, updated strategic plan.

Planning means knowing where the key to the storage room is, knowing the access codes to financial information and having information about donors in an electronic database rather than in the executive's head. Further, it creates a plan for leadership and talent recruitment, and development for the executive staff at a minimum. Planning provides for cross training and fulfilling the Communities In Schools Total Quality System (TQS) standards.[1]

The board plays the key role in succession and transition activities. It creates the succession and transition plans and leads the search and transition activities. Staff needs to be involved as well and key stakeholders may also play a role. Succession planning and leadership transition should involve the whole organization, not just a small part of it. Further, the Communities In Schools national office and state offices play a key role in supporting transitions by providing guidance and support in all phases of the process from hiring to the actual transition.

For the purposes of this report, leadership transition is defined as the departure of the chief executive of an organization and the departure of those in other staff and board leadership positions. Succession planning is a process that focuses on leadership and staff development throughout the organization and ensures a smooth transition among all key staff and board members. It includes putting systems in place that make organizational sustainability possible.

Developing strategic recommendations and creating a toolkit for leadership transition and succession planning for Communities In Schools involved a multi-pronged strategy: interviews with other national nonprofit organizations and experts on leadership transition and related topics; an extensive literature review of books, articles, websites and other written materials; a survey of leaders in the Communities In Schools network; interviews with 66 Communities In Schools leaders at all levels; and participation in courses and symposia to expand the knowledge base around this topic. Each of these components, in addition to my own transition experience, yielded quality information that helped to shape the strategic recommendations and toolkit that comprise the end products of this work.

While there is a great deal of leadership transition in the Communities In Schools network, very few affiliates or state offices are engaging in intentional succession planning and strategic leadership development. Many have indicated that these activities are on their agendas, but less than 10 percent of those interviewed for this project have current written plans. Further, executives and board members have limited

1 The Total Quality System (TQS) is a set of operational and business standards used as a yardstick for continuous quality improvement and growth throughout the Communities In Schools network. The goal of TQS is to ensure uniform quality and improved outcomes for the students we serve.

understanding of what is involved. Many think only in terms of a successor to the executive and the search. The situation becomes especially grave when one considers how many founding and long-term executives currently head our affiliates and state offices. Without thoughtful planning and preparation, their successors are less likely to be permanent replacements and may become "unintentional interims."

A failed leadership transition incurs costs at many levels beyond our ability to serve students. One source estimated the cost to be ten times the executive's base salary. Think about the massive amounts of staff and board members' time invested in recruiting and training a new leader or the loss of major donor and funder relationships when the transition fails. Or what about missed opportunities for funding or expansion? What happens when community confidence and staff morale crumble as the affiliate deteriorates? Staff and board turnover can be debilitating. How long does it take for an organization to recover and move forward?

The findings garnered through the research activities identified the essential succession planning basics — the minimum that any organization should have:

1. **A leadership succession policy** describing what will happen during a planned or unplanned leadership transition;
2. **An emergency succession plan** ensuring that key leadership and administrative functions, as well as agency services, can continue without disruption in the event of an unplanned, temporary or permanent absence of an executive; and
3. **A leadership/talent development and recruitment plan** providing "bench strength" to the organization during periods of transition.

Project findings also identified the Executive Transition Management (ETM)[2] model as a best-practice strategy incorporating all the components of a well-planned and implemented leadership transition. ETM is a comprehensive approach to managing the whole transition process, from the current executive's departure to the successful launch of the new executive. This unique model includes practices which can be adapted to a variety of situations, and constitutes a best practice for all transitions, planned and unplanned, in rural or urban locations, if implemented with fidelity. When ETM is used, an organization will have the three essential succession planning basics.

The ETM model organizes the multiple activities of the process into three phases:[3]

1. **Prepare: Executive Leadership Needs and Organizational Assessment.** The preparation phase addresses the organization's executive leadership needs during the transition and clarifies the organization's strategic direction and transition implications.
2. **Pivot: Organizational Strengthening and the Search.** This phase includes identifying areas that need to be strengthened prior to the new executive arriving, including work with the board and staff, and ensuring that financial, human resources, program operations and data management systems are in place. This phase also includes the search and hiring processes.
3. **Thrive: Post-Hire Launch and Support.** This phase recognizes the importance of providing appropriate orientation, support and learning agendas for the newly hired leader in order to complete a successful transition.

It is highly recommended that nonprofit organizations prepare the plans that comprise the succession planning basics and create a comprehensive transition plan using the Executive Transition Management model. The ETM model can be implemented with the help of a consultant or ETM services firm, or a board can implement succession planning and transition activities internally. To assist Communities In Schools and other nonprofits with managing succession planning and leadership transition, a toolkit was developed as part of this project. The toolkit includes introductory materials, definitions of succession planning, a description of the ETM approach, step-by-step guidance and tools for all components of the succession planning and leadership transition process. The tools can be adapted to suit the needs of an organization.

The evidence is undeniable: succession planning, strategic leadership development and planned transitions are not optional. They are vital components of healthy organizations and investments in the communities these organizations serve. For Communities In Schools, these investments are crucial to student success.

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2 The Executive Transition Management Model was designed by several practitioners, including CompassPoint Nonprofit Services, TransitionGuides and the Maryland Association of Nonprofit Organizations to decrease the risks and take advantage of the opportunities associated with an executive transition.

3 Tom Adams, *Founder Transitions: Creating Good Endings and New Beginnings* (Baltimore, MD: Annie E. Casey Foundation Monograph Series, 2005), p. 17.

Tales of Transition

Following a long-term executive has proved to be a challenge for the new executive in a rural nonprofit. The long-term executive did it all and the board asked no questions. The board wanted everything to continue in the same way: "Just do as the previous executive did and don't make any changes."

The staff members were loyal to the previous executive. They all knew their positions well but there was little communication among them. The new executive's hands were tied even tighter because the previous executive had raised funds with the promise that she would not approach the businesses again. To make matters worse, all information was erased from the computers.

The new executive received no orientation from anyone, including the interim director. The state office was very supportive, but the board was not interested in its assistance. "We don't need board training right now. Maybe later." A neighboring school district sought the nonprofit's services, but the previous executive was not interested in pursuing collaboration with them. As a result, that county no longer supported a significant fundraiser for the organization because it does not benefit that county.

Two years later, the new executive has gradually gained staff and board support. She believes, as she says, that "time is a good thing." She has persevered because she is very committed to the nonprofit's mission and believes the organization is making a difference.

Although this story had a happy ending, just imagine how much further along the organization might be had the transition been smoother. As the result of my own experience as a founding director of a Communities In Schools affiliate, I realized that failed transitions are common throughout the nonprofit sector, which led me to pursue the Robert H.B. Baldwin Fellowship on Leadership Transition and Succession Planning.

Overview

Leadership transition and succession planning involve far more than just replacing a leader. Planning is like an insurance policy for the organization, which will permit it to go forward. Having a plan ensures that the organization is in good shape—systems in place, information accessible, updated strategic plan. Planning means knowing where the key to the storage room is, knowing the access codes to financial information and having information about donors in an electronic database rather than in the executive's head.

Further, it creates a plan for leadership and talent recruitment and development for the executive staff at a minimum. Planning provides for cross training and fulfilling the Communities In Schools Total Quality System (TQS) standards.[1]

Leadership transition and succession planning create a road map to get the organization where it needs to go. It is building the organization for greater future success.

What is succession planning? According to Tom Adams, president of TransitionGuides, succession planning entails the following: sustaining the work of the organization over time through attention to its leadership, programs and systems; ensuring a smooth transition among key staff and board positions with a focus on preparing to replace pivotal leaders; emphasizing leadership and staff development in the entire organization; and taking a broader look at the entire organization and its programs, systems and leadership.[2]

Initiating a discussion on the need for succession planning often generates discomfort for both the board and the executive. It is much better if the board and the executive regard succession planning as a governance responsibility in relationship to its obligation to provide for staff leadership. This is most effective when it is a part of a larger strategic planning effort.[3]

Terms and definitions that you will see throughout this report include:

Leadership transition: Leadership transitions usually refer to the departure of the chief executive of an organization, but also refer to the departure of those in other staff and board leadership positions.

Succession planning: Succession planning is more than just replacing the leader of an organization. It is a process that focuses on leadership and staff development throughout the organization and ensures a smooth transition among all key staff and board transitions. It includes putting systems in place that make organizational sustainability possible.

Leader: A positional leader or manager is someone who can contribute significantly to the advancement of the organization. Leader development tends to focus on managers and potential managers.

Talent: This term refers to all individuals (staff, board and other volunteers) who can make a difference to organizational performance. Talent management is a mission-driven strategy that involves hiring, talent development, performance management, compensation and communications for an organization.[4]

Pipeline: A successful pipeline includes employees as well as board members: people who are capable of assuming a variety of leadership roles within an organization at a crucial juncture.[5]

Why Is Leadership Transition and Succession Planning Important to the Nonprofit Sector?

It is about organizational sustainability.

The significance of leadership transition and succession planning goes far beyond a change in leadership. **The real issue is organizational sustainability.** The lack of thoughtful planning incurs costs on many levels: the direct costs of the transition, additional staff and board turnover, missed opportunities for program growth and the loss of thousands of dollars in client services. The worst case scenario is closure.[6] Other consequences include decreased contributions, program cuts, confusion over the direction of the organization and poor employee morale.[7] An unsuccessful transition can also result in a negative image.

1 The Total Quality System (TQS) is a set of operational and business standards used as a yardstick for continuous quality improvement and growth throughout the Communities In Schools network. The goal of TQS is to ensure uniform quality and improved outcomes for the students we serve.

2 Tom Adams, *Founder Transitions: Creating Good Endings and New Beginnings* (Baltimore, MD: Annie E. Casey Foundation Monograph Series, 2005), p. 15.

3 Tim Wolfred, *Building Leaderful Organizations: Succession Planning for Nonprofits* (Baltimore, MD: Annie E. Casey Foundation Monograph Series, 2005), p. 13.

4 Tom Adams, *The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations* (Draft for publication, April, 2010), p. 214.

5 Mindy Price, "Succession Planning and Sustainability in Nonprofit Organizations," accessed through Executive Transition Initiative website (www.leadingtransitions.com) or Donors Forum website (www.dfwonline.org/page9977.cfm).

6 Tom Adams, *Capturing the Power of Leadership Change: Using Executive Transition Management to Strengthen Organizational Capacity* (Baltimore, MD: Annie E. Casey Foundation Monograph Series, 2004), p. 7.

7 Holly Hall, "Special Report: Generation Next." *Chronicle of Philanthropy*, January 12, 2006, accessed through website (www.philanthropy.com).

It is about opportunity to grow and thrive.

The Annie E. Casey website notes: "The period of executive leadership transition…is fraught with risk. Often badly managed, these transitions can threaten the standing, stability and performance of nonprofit organizations, both fledgling and established. Conversely, if well managed, these changes can provide an important capacity building opportunity."

Thus, leadership transition can be an opportunity for an organization to grow and thrive. Boards can view the organization from a new perspective and possibly pursue new directions, which will not only maintain momentum but also result in a stronger organization. The experience can be transformational, a time to consider new possibilities and to achieve them.[8]

It is a best practice that results in positive community impact.

Succession planning is a sound risk management practice. From the viewpoint of developing a strong talent pool, an organization that engages in ongoing attention to talent-focused succession planning has the capacity to be more flexible when challenges occur. It means that the executive director's job is more doable because leadership is shared. As succession planning becomes more of a standard practice, nonprofits' community impact will increase.[9] For Communities In Schools, community impact means helping more students succeed.

It is about leadership and talent development.

Looking into the future reveals another reason why transitions require planning. There is a talent shortage. In the workforce, the Baby Boomer Generation numbers 78 million; Generation X numbers 38 million. *Change Ahead: The 2004 Nonprofit Executive Leadership and Transitions Survey* indicated that a national leadership shortage is likely, and nonprofits will compete with government and for-profit companies for talent. The survey, which involved 2,200 respondents, revealed that Baby Boomers represent 72.5 percent of all nonprofit leaders. Sixty-five percent of the respondents noted that they were likely to experience a transition.

8 Adams, *Capturing the Power*, p. 8.
9 Wolfred, *Building*, p. 3.

What is the Current State of Leadership Transition and Succession Planning in the Communities In Schools Network?

Responses to survey and interview questions uncovered many issues requiring attention at the local, state and/or national levels of Communities In Schools regarding leadership transition and succession planning.

A great deal of transition is occurring in Communities In Schools organizations.

- About 51 percent of the local affiliates that participated in a survey of Communities In Schools state and local leaders have undergone a leadership transition.
- During the past three years, the leadership in five of 12 state offices has changed.
- In three state offices, the executives have served 37, 26 and 20 years. All are contemplating retirement.
- In four of the largest affiliates, the executives have served between 15 and 20 years. Again, they are all considering a transition.
- Of the 12 affiliates under one state office, one-third are in transition.

Most Communities In Schools local affiliates and state offices do not have succession plans for executives or senior leaders.

- About 20 percent of Communities In Schools organizations that responded to the survey indicated that they have a succession plan, and only 15 percent indicated that they have a succession policy. They are most likely the same organizations.
- Of the interviewed staff members at 35 affiliates and eight state offices, only three at the affiliate level and one at a state office indicated they have a current written succession plan and/or policy. Several other interviewees noted that they are working on a plan or intend to do so.

The Communities In Schools network is not unique in that most nonprofit organizations have not paid sufficient attention to succession planning. Successful leadership transition requires succession planning, which is rare for nonprofit agencies.[10] Alex Neuhoff, strategy consulting manager at the Bridgespan Group, observed that in his 10 years working with nonprofits, he has encountered very few with succession plans. The *2004 Nonprofit Executive Leadership and Transitions Survey* indicated that less than half (44 percent) of organizations reported having a succession plan, even though two-thirds of executives planned to leave their jobs by 2009. Other studies suggest that the number of charities without succession plans is much higher.[11,12]

In spite of the occasional facetious question, "Succession planning, who has time for that?" the good news is that all of the affiliates and state offices participating in interviews indicated that succession plans are important. One executive noted that her board is developing a succession plan with her input, which will be part of the strategic plan and reviewed annually. Further, in the larger affiliates, considerable effort has been given to strengthening the leadership team with the thought that one of its members might be a potential successor. Interviews showed that in some instances succession plans may not yet be formalized, but they are in process.

Many affiliates and board members have a narrow view of leadership transition and succession planning.

Interviews revealed that executives and their board members tend to think in terms of replacing themselves and do not engage in intentional leadership development practices. They indicated that the organization could not afford "an heir apparent." Although interviewees focused on the search aspect of leadership transition, a review of the literature suggests a much broader approach, called Executive Transition Management, involving organizational readiness and strengthening as well as a transition period with specific guidelines. The strategic leader approach to leadership transition and succession planning specifically calls for a plan to develop a leadership/talent pipeline, which includes staff and board members.

The board often does not understand or exercise its responsibilities in regard to leadership transition and succession planning.

One of the most common themes that emerged during interviews with affiliates was the challenge of getting their boards engaged. The board plays the key role in succession planning and transition activities. It is the board that creates the succession and transition plans and heads the search and transition activities.

Communities In Schools board members do not always realize they have legal and fiduciary responsibilities and the ultimate responsibility for the organization. In an interview, Alec Neuhoff noted, "Many nonprofit boards aren't truly playing their true role as owners. The CEO is usually in charge. If they don't have ownership, they don't see themselves involved in succession planning. Lack of succession planning reinforces the need for a really strong board to hold the CEO more accountable…Sometimes executives are complicit in keeping the board from being engaged."

10 Wolfred, *Building*, p. 3.

11 Hall, "Special Report: Generation Next."

12 Jeanne Bell, Richard Royers, and Tim Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint Nonprofit Services (www.compasspoint.org) and The Meyer Foundation (www.meyerfdn.org), 2006, p. 5.

These examples from the network illustrate the need to educate board members:

- In several cases, boards did not receive regular or any financial reports.
- Boards often are not clear about their responsibilities. This can lead them to become too passive and "beneficiaries of competent executives," as one state office member explained.
- Another state office staff member commented, "Boards must understand their critical role. They are the continuity of the organization. We need a process of support for the new executive and for the board for successful transitions. We need a framework to orient new executives and build relationships with them and their boards, something beyond the manual."

Affiliates lack appropriate tools and systems to help with leadership transition and succession planning.

The survey of Communities In Schools executive directors indicated that many affiliates desired tools to help strengthen their organizations. At the top of the list was a succession readiness checklist (see Appendix A) followed by a succession plan with timelines, board-strengthening ideas, an organizational self-assessment and staff support ideas. Several interviewees indicated that TQS requirements are strengthening their organization.

Many examples from the network illustrated the chaos created by a lack of systems:

- In one instance, almost the entire senior management team left along with the executive. No systems were in place, and the new executive received one day of training from the interim director, a board member. She essentially started from scratch.
- A new executive arrived at a state office and was faced with total disruption. She fired three staff people. She received no orientation from the staff or board and was unable to access reports. Data was lost, and the financial person would not answer questions.
- Very few affiliates are doing an adequate job in regard to tracking donors and fundraising data. Unfortunately, much of that information is in the executive's head.

Transitions of founders and long-term executives can be especially challenging and require a great deal of thought and planning to be successful.

A significant number of executives at affiliates and state offices are founders or long-term executives. Survey responses revealed that 27 percent of respondents have been in their positions for 11 years or longer. Forty-two percent are over 55. A review of the literature cited transitions involving founders or long-term executives as one of the most risky kinds of transitions.

Making the Case for Succession Planning in the Communities In Schools Network

Interviews with the network point to a number of reasons why Communities In Schools affiliates must engage in succession planning and be aware of the ingredients for successful transitions.

Potential transitions. Communities In Schools leaders in several of the affiliates with the largest budgets have served more than 10 years, and several have served for 15 to 20 years. Three of 12 state offices are led by founding directors, with tenures of 37 years, 26 years and 20 years. The good news is that all of these executives have contemplated their departure and given thought to their successors. The larger affiliates have senior leadership teams composed of very experienced staff members, some with tenure as long or longer than that of the executive. What is unclear is how many of those senior staff would be interested in taking over the executive position when the executive departs.

Relationships. All of these executives are very aware of the importance of the relationships they have helped develop and nurture, many involving significant amounts of funding. For example, one affiliate has a $19 million budget, most of which comes from four large contracts with the school district and other governmental entities. Another affiliate's $9 million budget is more diversified and about half comes from the private sector. These partnerships are crucial to the survival of these organizations, and they are most often associated with the executive who may or may not have shared the information with members of the leadership team.

Future role. All but one of the interviewed founding or long-term executives expressed a desire to be involved in some way once they retired. They see themselves helping with fundraising and grantwriting, serving on boards and commissions, and acting as coaches and mentors for the Communities In Schools network. Two long-term retired founders are still involved in projects and fundraising at the local level and one has become a state Communities In Schools board member. A great deal of expertise exists among them, which could be well utilized in the network.

Community change. Changes in superintendents and school leadership can have a major impact. Currently in one city with a Communities In Schools affiliate only two of the 70 previous school district administration's staff members remain. In another city, the schools have been taken over by a team of consultants, and no one from the previous administration remains. In both cases, Communities In Schools and other nonprofits have the institutional memory for their school districts, which is an important factor in providing stability for the youth the organizations serve during periods of community change.

The economy. The economic downturn has had a negative impact on almost all of those affiliates interviewed. Executives are postponing retirement, faced with depleted retirement funds and not wanting to leave the organization in a weak financial position. In a rural area with a Communities In Schools affiliate, unemployment is at 12 percent, and jobs are available "when people die or retire." Another affiliate in a large urban area has been forced to cut 15 staff positions and make 20 percent pay cuts across the board.

The special challenges faced by rural affiliates specific to the availability of financial and human resources. The economic downturn has had a devastating impact on rural nonprofits, placing more people in need and resulting in fewer resources for nonprofits to provide services. In addition, the TQS requirement of at least a half-time site coordinator raises another funding challenge. As one rural affiliate explained, "Our people represent very small businesses and don't automatically give to nonprofits."

The lack of a talent pool from which to draw for Communities In Schools board and staff members relates to the lack of businesses in rural areas. This, combined with low compensation, severely limits the talent pool in rural communities. The staff member pool tends to be teachers and Communities In Schools volunteers. However, Communities In Schools can usually not compete with school district salaries and benefits. In regard to boards, one executive stated that all of the nonprofits are competing for the same pool of board members. State directors are working with the national organization to explore alternate structures for rural communities to address the financial and talent resource issues.

PROJECT DESIGN

The goal of this project is to assess how leadership transition and succession planning are handled in the nonprofit sector, to recommend an effective transition management model, and to provide a toolkit for Communities In Schools national, state and affiliate offices and other nonprofit organizations to use in their own processes.

Methodology

Developing strategic recommendations and creating a toolkit for leadership transition and succession planning for Communities In Schools and other nonprofit organizations involved a multi-pronged strategy: interviews with national nonprofit organizations and experts on leadership transition and related topics; an extensive literature review; a survey of and interviews with leaders in the Communities In Schools network; and participation in courses and symposia to expand the knowledge base around this topic. Each of these components yielded quality information that helped to shape the strategic recommendations and toolkit that comprise the end products of this work. Project activities included the following components.

Interviews with other national nonprofits: During the course of this project, interviews were conducted with eight national nonprofit organizations, including the Bridgespan Group, United Way of America, Boys and Girls Clubs and Girl Scouts. These interviews provided a range of options and ideas and were representative of other organizations in the nonprofit sector.

Literature review: An extensive review of the literature on succession planning and leadership transition was conducted as part of this project. These resources were used as the basis for the recommendations that are described at the end of this report.

Survey of leaders in the Communities In Schools network: In January 2010 an online survey of Communities In Schools leaders at the state and local level was distributed. Of the 100 responses, 87 percent were from Communities In Schools affiliate directors and 13 percent were from Communities In Schools state office leaders. These data provide a platform for the interviews that followed the collection of survey data.

Interviews with staff at all levels of the Communities In Schools network: Interviews were conducted with executives of 35 affiliates and eight state offices, five state office staff members, three Communities In Schools national office staff members and seven board members. The affiliates varied in size and included offices in rural, suburban and urban areas. A significant number had been involved in transitions or were led by founders or long-term executives.

Participation in courses and symposia: This project allowed for participation in three short courses at the Center for Nonprofit Management at the Kellogg School of Management at Northwestern University: Impact of Social Media on Public Relations Marketing and Fundraising, Critical Issues in Board Governance, and Leading for the Future. In addition, the project included participation in several webinars on strategic thinking and board governance. The resources and information garnered in these sessions are woven into both the findings and the strategic recommendations.

Overview

The research activities conducted as part of this project identified four key findings:

- Every organization should have the succession planning basics in place.
- The Executive Transition Management (ETM) model is a proven best practice.
- The board plays a key role in succession planning and leadership transition.
- The Communities In Schools national and state offices play a role in succession planning and leadership transition in the network.

Each of these findings is described below.

Succession Planning Basics

The kind of succession planning you are doing will determine what is in your plan, according to Tom Adams in his book, *The Nonprofit Leadership Transition and Development Guide: Proven Paths for Leaders and Organizations*.[13] Succession planning basics include:

A succession policy covers planned and unplanned transitions and describes the activities that need to take place. For example, the TransitionGuides website features a template with the components of a succession plan policy. A succession policy template and sample are also included in the toolkit that accompanies this paper. The components include:

- Statement of commitment to prepare for inevitable leadership change
- Statement of commitment to assess leadership needs before beginning a search
- Plan to appoint interim leadership to ensure smooth operations and compliance with contractual obligations
- Outline of succession procedures, including:
  - Internal management succession to the interim position
  - Timeframe for making the interim appointment
  - Timeframe for appointing a board transition committee
  - Responsibilities of the transition committee, e.g., communicating with stakeholders, identifying a transition management consultant, conducting an organizational assessment and designing the search plan

An emergency succession plan provides for the unexpected departure of the executive director (and, in some cases, for executive managers). This short-term approach ensures that key leadership and administrative functions, as well as agency services, can continue without disruption in the event of an unexpected, temporary or permanent absence of an executive. Although the most critical instance is losing an executive director, it is important to have emergency plans for other senior staff and board positions as well.[14] Survey and interview responses indicate that when a transition occurs in a Communities In Schools organization, there is often not a plan in place to guide the transition process. An emergency succession plan template and sample are included in the toolkit that accompanies this paper.

The first step is to define the position's key responsibilities so that a staff member or board member (in the case of small agencies) can be trained as a back-up. Activities to build the back-up's skills may involve shadowing the person who holds the position under study.[15]

Advantages of an emergency succession plan include:

- Providing a safe way to begin the succession discussion without saying that the executive is considering departure
- Strengthening the management team
- Increasing board involvement because the process increases the board's awareness of the executive's functions, which helps in recruiting and hiring the right successor when the time comes[16]

13 Adams, *The Nonprofit Leadership Transition*, p. 170.

14 Wolfred, *Building*, p. 7.

15 Ibid.

16 Ibid.

A leadership/talent development plan that may include a bench strength review report to the board.[17] Wolfred describes a "strategic leader development plan, an ongoing practice and long-term approach based on defining an agency's strategic vision, identifying the leadership and managerial skills necessary to carry out that vision and recruiting and maintaining talented individuals who have or who can develop those skills."[18] This approach is tied closely to the strategic planning process as well as to mission and results. Once the agency has a clear vision of its long-term goals and the leadership competencies needed to achieve them, the organization creates a professional development plan to recruit the talent pool, which includes staff and board members.[19] A leadership/talent development template and sample strategies are included in the toolkit that accompanies this paper.

Succession planning is not an academic exercise. The information gathered for this project reinforces the concept as an experienced-based best practice. Implementing the succession planning basics should be a priority for every nonprofit organization, including Communities In Schools state offices and local affiliates.

Thomas Gilmore outlines new imperatives that must occur if we are to capitalize on transitions. He notes that leaders need to develop executive recruiting skills if they are to be strategic in managing transitions and that they must search actively both inside and outside the organization. Further, from the moment they arrive, leaders must consider as one of their key roles preparing the organization for future transitions at all levels.[20]

Executive Transition Management Model

A review of the literature describes different kinds of succession plans and policies: short term and long term, unplanned and planned. However, these various plans and policies all share common elements that are brought together in a comprehensive way in a proven effective leadership transition model called Executive Transition Management (ETM)[21]. Steps and processes in most transitions described in the literature fit well into the three phases of the ETM model:

- Preparing for the transition by addressing the leadership needs of the organization and conducting an organizational assessment
- Strengthening the organization and conducting the search for the new leader
- Making the transition to a new director

This model has been proven to be effective in achieving successful transitions regardless of the size of the organization or the nature of the transition, when implemented with fidelity and a strong board commitment. However, not every organization will have access to a firm that specializes in implementing ETM or the financial resources to pay for this assistance. Therefore, the Recommendations section of this report will serve two purposes:

- To describe the ETM model in detail, giving an understanding of all the components
- To give guidance on designing and implementing an internal leadership transition and succession planning initiative

17 Adams, *The Nonprofit Leadership Transition,* p. 154-155.
18 Wolfred, *Building Leaderful Organizations, p. 4.*
19 Ibid, p. 5.
20 Thomas Gilmore, *Making a Leadership Change: How Organizations and Leaders Can Handle Leadership Transition Successfully* (New York: Authors Choice Press, 2003), p. 253.

21 The Executive Transition Management Model was designed by several practitioners, including CompassPoint Nonprofit Services, TransitionGuides and the Maryland Association of Nonprofit Organizations to decrease the risks and take advantage of the opportunities associated with an executive transition.

Role of the Board in Leadership Transition and Succession Planning

It cannot be too strongly emphasized that the board plays the key role in succession and transition activities. Wolfred considers board engagement one of seven essential ingredients for a successful transition.[22] It is the board that creates the succession plan and the transition plan and heads the search and transition activities, including creating a transition committee and communications plan (which are described in more detail in Phase I of the Executive Transition Management model.) See Appendix B for recommendations and comments from Communities In Schools board members on leadership transitions in the network.

Bridges recommends that the leaders must be educated about the nature of transition and how it is different from change. Transition is a process; change is an event. Help them realize that transition can be managed and that leaders play a key role in making it manageable.[23]

As part of its normal duties, the board should have several types of plans in place for the inevitable transition in leadership. The board needs to lead the development and implementation of the succession planning basics. These basics outline many key activities that must take place during a transition. Further, the board must be involved in the following activities which will help ensure a transition is successful:

- Be aware of staff roles and responsibilities and current activities
- Ensure job descriptions are up-to-date and performance reviews are occurring annually
- Develop highly functioning finance and fundraising committees
- Communicate regularly with staff members and stakeholders

22 Wolfred, *Building*, p. 15.

23 Bridges, William, *Managing Transitions 3rd Edition* (Philadelphia, PA: DeCapo Press, 2009), p. 37.

Role of the Communities In Schools National and State Offices in Leadership Transition and Succession Planning

The Communities In Schools national office and state offices play a key role in supporting leadership transitions. They can and do provide guidance on strategies ranging from providing a hiring toolkit and helping with management during the transition, to providing orientation for the new executive once he or she is on board. The state and national offices work collaboratively with the board chair and the search committee. One state office staff member summed it up:

"The state office helps with transitions by ensuring the kinds of organizational components that should be in place, such as a succession plan and an updated strategic plan; by assisting with the search and selection; and by providing a foundation and framework for the new executive. TQS definitely helps provide these things."

Another state office staff member offered the following:

"We offer to participate in the interview process. If the executive has already departed, we offer more support. We help the board figure out what they are looking for, but it is their choice. After the person is hired, we provide support, including coaching, for a two-year period. Part of that is bringing new executives together for training."

The consensus among state directors is that they should be involved in the local affiliate hiring process, and that the process should be formalized and standardized.

RECOMMENDATION: THE EXECUTIVE TRANSITION MANAGEMENT MODEL

Our sector's challenge is to move beyond episodic and scattered attention to leader transitions and leader development to a consistent and thoughtful ongoing strategy.

Tom Adams, President and Founder, TransitionGuides

The Executive Transition Management Model (ETM) was designed by several practitioners, including Compass-Point Nonprofit Services, TransitionGuides and the Maryland Association of Nonprofit Organizations to decrease the risks and take advantage of the opportunities associated with an executive transition. Although ETM services are not widespread, studies illustrate their effectiveness:

- From 1992-97, the Neighborhood Reinvestment Corporation provided transition and capacity-building services to its member organizations, which they credit with causing significant increases in executive tenure (4.3 to 5.7 years); increased organizational health (67 percent to 89 percent); and increased direct investment in communities (from $146.7 million to $418.9 million).
- In 1998-99, CompassPoint Nonprofit Services provided ETM services to 28 local nonprofit organizations, which resulted in improved organizational health one year after the new executive was hired in 11 of 12 organizations.
- The Casey Foundation found positive results and high satisfaction with its community-based grantee organizations. The board chair of a foster care innovator expressed his enthusiasm for ETM services by offering to host workshops for other board leaders in Chicago and nationwide to "help wake them up to the impending stress and the opportunity leadership transition brings."[24]

24 Adams, *Capturing*, p. 10.

Description and Rationale

The ETM model, which can be adapted to a variety of transitions and to organizations of any size, urban or rural, is a best practice that has a high probability of resulting in a successful transition if implemented with fidelity. The ETM approach includes a set of flexible, adaptable practices that take place in three phases and can meet the needs of the diverse Communities In Schools network and other nonprofit organizations. Understanding the three phases of the ETM model and implementing them with fidelity will lead to successful leadership transitions.

Wolfred believes that seven factors are crucial to a successful transition.[25] These are consistent with the consensus in the literature around the elements of a successful transition. All of these elements are embedded in the three phases of the ETM process and are important for Communities In Schools organizations that will be designing and implementing their own processes:

- Board leadership and engagement
- Healthy closure with the departing executive director
- Strategic review and candidate profile
- Staff engagement
- Attraction of qualified candidates
- Thorough candidate screening
- Attention to the new executive's launch

25 Tim Wolfred, *Managing Executive Transitions* (St. Paul, MN: Fieldstone Alliance, 2009), p. 27.

ETM is a comprehensive approach to manage the whole transition process from the current executive's departure to the successful launch of the new executive. This unique model is divided into three phases:[26]

Prepare: Executive Leadership Needs and Organizational Assessment. The preparation phase addresses the organization's executive leadership needs during the transition and clarifies the organization's strategic direction and transition implications. The transition planning and assessment should address any capacity-building activities that need to occur to provide a foundation for the next executive.

Pivot: Organizational Strengthening and the Search. The organizational self-assessment and strategic planning process may reveal areas that need to be addressed prior to the new executive arriving, such as working with the board and the staff, and ensuring that financial, human resources, program operations and data management systems are in place. This phase includes the search and hiring processes, which are carried out in accordance with the organization's growth and development needs.

Thrive: Post-Hire Launch and Support. During this phase, the new executive is welcomed and given an orientation; the new director prepares an entry plan; and the board and new executive create a leadership agenda, based on their agreed-upon priorities for the first 12 to 18 months. Roles and expectations are clarified using a social contract and a system for monitoring progress is put in place.

Gottlieb adds another perspective. She believes that "Vision and Values" are the two most critical issues in navigating a successful transition. To prepare for the next leader, the board must have a clear vision for the organization's impact on the community. In addition, the board must have a well-articulated and written set of core values. These values must be communicated with the new executive and will serve as the basis for measuring his/her success. One of the major fears of founders is that their boards will replace them with "someone who doesn't have a passion for our mission and vision." Gottlieb notes, "As you look at your community, at the founders who have retired and the replacements who have failed, you will be surprised at how often Vision and Values are at the core of that failure."[27]

Availability of ETM Services

In the past 10 years, TransitionGuides, CompassPoint Nonprofit Services, and the Maryland Association of Nonprofits have tested the ETM model with support from a number of local and national foundations. A study commissioned by the Casey Foundation reveals that ETM providers are few in number, but they do exist, and studies demonstrate this approach to be effective. Services include creating a capacity-building plan, coaching at various stages of the transition and developing a post-hire plan. (See Appendix C for additional information on coaching.)

ETM support organizations offer a menu of services, which vary to fit the needs and budget of the organizations they serve. They include:

- An initial consultation and assessment with required competencies and priorities for the next executive
- A capacity-building plan
- Compensation review
- Candidate screening and selection assistance
- Post-hire plan
- Leadership succession planning and coaching
- Transition management coaching
- Interim executive referral/placement
- Executive coaching and peer support
- Capacity-building assessment and planning[28]

For those groups who wish to implement transitions on their own, components of successful transitions are outlined in the following pages.

26 Adams, *Founder,* p. 17.

27 Hildy Gottlieb, *Succession Planning: The Elephant in the Room*, accessed through the Community Driven Institute website (www.help4nonprofits.com), 2006.

28 Ibid, p. 12-13.

ETM Phase 1 — Prepare

Phase 1 — preparing for a transition — requires two major steps:

1 **Addressing leadership** needs during the transition, including the needs of an interim or acting director. An important part of this discussion is how to address the transition of a founder or long-term executive and why those transitions are often challenging.

2 **Assessing the organization,** including establishing a transition committee, creating a communications plan and conducting an organizational self-assessment.

Addressing Leadership Needs

The Interim or Acting Director Option

(A more complete discussion on the interim option is provided in Appendix D.)

When a transition occurs, the first step is to address leadership needs. If an executive's departure is abrupt, the norm is to appoint an interim or acting director. It may be a temporary promotion from existing senior staff or it may be a board member, depending on the state of the organization and how quickly a search can be conducted. In addition to bringing a fresh, objective perspective to the situation, the advantages of appointing an interim include allowing more time for the search and building the capacity of the agency or stabilizing it by putting systems in place.[29] In CompassPoint's experience, the agencies that have utilized an interim director and a transition consultant have experienced the most success under their new leaders.[30]

Though many nonprofit organizations use the terms acting director and interim director interchangeably, there is an important distinction. Given his or her brief tenure, an acting executive will usually not be given the level of authority and autonomy that an interim executive will be given. It is important that an emergency succession plan clearly outlines the acting executive's level of authority within the organization and level of accountability to the board.

29 "Interim Leadership: Looking Beyond the Executive Director," 2007, p. 2-4, accessed through the Bridgestar website (www.Bridgestar.org).

30 Tim Wolfred, *Interim Executives: The Power in the Middle* (Baltimore, MD: Annie E. Casey Foundation Monograph Series, 2005), p. 13.

Discussion with the board about what an acting executive will be authorized to do and not do in the event of an emergency departure will reduce ambiguity and strengthen the organization's functioning during those critical first weeks.[31]

Establishing the Executive's Role in the Transition

According to Wolfred, the executive should be an advisor to the process. It is the board's responsibility to make the choice, and the current executive should not be present when the decision is made.[32] Adams describes three approaches:

- Hands-on management. The executive leads the board in making the key decisions, including recommending candidates. This approach does not allow the board to assume its full responsibility during the transition.
- On-call resource. The executive defers to the board in regard to key decisions, but remains on-call to help.
- Hands-off involvement. This is a more extreme approach, but it may be best under certain circumstances.[33]

Grooming a Successor

Leaders should be developing talent as potential successors or management team members throughout the organization.[34] Grooming a successor seems like a logical practice for all nonprofit executives. However, a deputy director, for example, may not possess the creative vision and external focus required for a successful leader. If a potential successor exists, it is imperative that the board be involved immediately to determine if the choice fits with the agency's current direction.[35] The smart successor will want to have been chosen by the board, his or her future working partner.[36]

31 Executive Transition Initiative website (www.leadingtransitions.com/initiatives.html).

32 Wolfred, "Stepping Up," p. 3.

33 Adams, *Founder*, p. 19.

34 Austin and Gilmore, "Executive Exit," p. 52.

35 Wolfred, *Building*, p. 14.

36 Tim Wolfred., "Stepping Up: A Board's Challenge in Leadership Transition." *The Nonprofit Quarterly*, Winter, 2002, p. 4.

Challenges Related to Planned Departures: Focus on Founders and Long-term Executives

(A more complete discussion of the challenges related to the departure of a founder or long-term executive can be found in Appendix E.)

Although the following discussion relates to long-term executives and founders, much of it is applicable to all types of transitions.

A review of the literature suggests that transitions involving founders or long-term executives are particularly risky for a variety of reasons. Understanding the dynamics of a transition involving a founder is crucial to a successful transition and organizational sustainability. These transitions require a great deal of thought and planning to be successful.

Nonprofit founders create extraordinary social benefit for their communities. Their passion and entrepreneurial drive help communities address unmet human needs. Founders are essential leaders, and as a group, key contributors to the nonprofit sector's growth and vitality. Given founders' roles in building and sustaining critically needed organizations, it is important to celebrate their work and invest in successful transitions that protect their legacies. The organization must ensure that their unique contributions are not lost.[37]

Because a significant number of executives at affiliates and state offices are founders or long-term executives, this factor is particularly relevant to the Communities In Schools network. The survey revealed that 27 percent of Communities In Schools leaders have been in their positions for 11 years or longer. Forty-two percent of the respondents are over 55.

In dealing with a founder or long-term executive, the following issues are significant:

1 **Emotional attachment.** It is often extremely difficult for a founder to let go. The founder and the organization are often inextricably linked in the eyes of the board and key stakeholders.[38]

2 **Relationships.** A founder tends to be more involved in governance according to the TransitionGuides website. David Renz, director of the Midwest Center for Nonprofit Leadership, notes, "The board does not realize how much it relies on the founder, nor does the founder realize how much he or she is being relied upon. When a founder leaves, so does much of the institutional memory and many relationships." Fundraising relationships are especially important. Founders who have been with the organization for a long time have established strong relationships with key donors and sponsors, ties that may be cut upon departure.

3 **The personality** makeup of founders also contributes to their difficult departures. Susan Kenny Stevens, in *A Call Taken to Heart*,[39] references the strong sense of "calling" or mission among entrepreneurs, and the influence of early childhood development on predisposition to achievement and control. From these observations, it would appear that there are a number of factors that contribute to the founder's inclination to "control," making the "leadership of letting go" more challenging for some.[40]

4 **Personal considerations.** If the founder is retiring, finances may be an issue.[41] Family issues, such as a divorce or aging parents, can also be a factor.[42]

Usually, a period of private reflection and assessment precedes a long-term or founder's decision to leave.[43] Action steps to support the decision and the departure include:

- Broaden the circle of trusted confidants, friends or mentors during this period.[44]
- Provide executive coaching.
- Create a timeline for the departure. Indecisiveness benefits no one.

37 Adams, *Founder,* p. 4.
38 Ibid, p. 6.

39 Susan Kenny Stevens, "A Call Taken to Heart: The Entrepreneurial Behavior of Nonprofit Founders." *Grantmakers in the Arts Reader*, Spring 2005, p. 13-14.
40 Adams, *Founder*, p. 24.
41 Wolfred, *Building*, p. 14-15.
42 Michael Austin, PhD, and Thomas Gilmore, PhD. "Executive Exit: Multiple Perspectives on Managing the Leadership Transition," *Administration in Social Work* 17 no. 1, 1993, p. 57-58.
43 Wolfred, *Building*, p. 9.
44 Adams, *Founder,* p. 12.

- Begin with a sabbatical to test the skills of the management team and help the executive and the board determine what areas of the organization need strengthening.[45] One of the Communities In Schools founders ended up taking an unplanned sabbatical and concluded that it was most helpful for her to see how things worked without her. "I could see who the true leaders were," she said.
- Participate in peer networking workshops. Annie E. Casey Foundation sponsors Next Steps workshops, which provide the opportunity to address the isolation, develop a usable framework and language for thinking and talking about transitions with others, and become clearer about the issues related to their own transitions.[46]

A recent study entitled, *Creative Disruption: Sabbaticals for Capacity Building & Leadership Development in the Nonprofit Sector*, makes the case for some very positive outcomes for sabbaticals which:

- Rejuvenate leaders and help them share more leadership responsibilities, which will help in the case of a leadership transition;
- Build executive bench strength and result in new strategic directions; and
- Strengthen governance by helping boards be more effective as the result of the planning and learning that occurred related to the sabbatical process.[47]

To achieve a successful transition, it is crucial that closure occurs for the departing founding or long-term executive and the board and staff members of the organization. It is the board's role to ensure a healthy closure to the tenure of the departing executive by acknowledging his or her legacy with receptions and written testimonials by staff, funders, clients and board members. Outgoing executives who feel appreciated find it much easier to prepare the way for their successors.[48]

According to one retired founder of a Communities In Schools affiliate, "Being the director of Communities In Schools is not a job. It's a mission. It's serving children directly, but it's also about improving the systems that serve them, a perfect blend of direct service and advocacy. The creativity involved in making connections to benefit kids is unparalleled. Departing is like giving up one of your children for adoption."

Preparing to Assess the Organization

Prior to assessing the organization, the board must create a transition committee and communications plan. Once the executive has announced his/her departure, the board's role is to formulate a plan to address the departure, a timeline and communications strategy. This plan includes how the departure will be announced and the executive's role during the transition. Typically, a transition committee is appointed to be in charge of the process.[49] Led by the board, its members may include board members, representatives from stakeholder groups (such as the school district) and a few staff representatives. Wolfred suggests a senior staff member and a line staff member.[50] He describes the committee's major duties:

- Achieve a healthy closure with the departing executive.
- Plan the transition and search activities (the search activities may be carried out by a subcommittee).
- Assure a healthy beginning for the new executive.[51]

45 Wolfred, *Building*, p. 7.
46 Adams, *Founder*, p. 12.
47 Deborah S. Linnell and Tim Wolfred. *Creative Disruption: Sabbaticals for Capacity Building & Leadership Development in the Nonprofit Sector*, 2009, accessed through Third Sector New England (www.tsne.org) and CompassPoint Nonprofit Services (www.compasspoint.org) websites.

48 Wolfred, "Stepping Up," p. 3.
49 Adams, *The Nonprofit Leadership Transition*, p. 214.
50 Wolfred, *Managing Executive Transitions*, p. 34.
51 Ibid, p. 33.

The transition committee also deals with organizational strengthening issues and the priorities that need to be addressed prior to the new executive's arrival. Wolfred also recommends that once the search has been completed, it may be more effective for the board to create a fresh committee to provide orientation and support for the new executive.[52]

Communicating the departure of an executive is a key first step in moving forward. The board and executive can work together to determine the list of key constituents and the type of communication necessary: a letter, a telephone call or a visit. Periodic updates are essential. It is also important to involve board members and/or key staff members in visits to ensure the continuity of the relationships.

Transitions are often a period of considerable anxiety. Therefore, it is crucial to keep the staff, stakeholders and board informed in regard to the transition plan and the search process. It is also essential to provide opportunities for input from these groups. Key community constituencies include funders, partners and the local press. The vehicles for communicating include websites, newsletter articles, customized letters and phone calls that may address the following topics: the departure of the executive and her accomplishments, the formation of a search committee and its schedule; the executive profile as part of the search; status of the search; and announcement of the new executive.[53]

In *Managing Transitions,* Bridges emphasizes the importance of giving people information again and again[54] Further, he cautions leaders to give equal weight to bottom-up and top-down communication. It is crucial to close the gap between the decisionmakers and the other employees. Bridges says, "Remember that during endings people crave information… people seem distracted…remember that mourning involves a very complicated inner sorting process which takes a surprising amount of energy.[55]

Assessing the Organization

The next step in the preparation phase is to assess the strengths of the organizational systems, including staff, to provide essential input to a transition plan. According to Gottlieb, the discussion of the importance of the founder highlights the fact that succession planning involves shifting from a reliance on individuals to a reliance on systems.[56] Systems include all key staff, not just the executive director. It is critical to ensure that systems are in place before a transition takes place, so assessing the current status is an important step. The key to effective succession planning is to put systems in place that make organizational sustainability possible.

It is clear from interviews with the Communities In Schools network that TQS is playing a significant role in ensuring that systems are in place since it requires meeting business and program standards, which will facilitate transitions at all levels of the organization.

The board is accountable for the operation of the organization, which does not mean that the board has to do the work, but rather, the board has to ensure that it gets done. By being involved in determining the information needed and building the systems to facilitate the transition, the board will learn a great deal about how the organization functions, which will, in turn, help the board govern. Based on the results of the organizational assessment, the board can identify weaknesses in the organization and decide which should be tackled before a search is conducted and which should be incorporated in the strategic and operations plans of the new leader.

52 Wolfred, "Stepping Up," p. 4.
53 Nancy R. Axelrod, *CEO Succession Planning: Essential Guidance for Boards and CEOs*, Second Edition, accessed through BoardSource website www.boardsource.org.
54 Bridges, *Managing Transitions,* p. 32.
55 Ibid, p. 159.
56 Gottlieb, *Succession Planning.*

Organizational Self-Assessments

There are several very good reasons why an organization should engage in a self-assessment:

- Transitions are a unique opportunity for revitalization and growth, offering a time to create a fresh vision and determine new ways of working and an opportunity to build capacity, which may cause great discomfort but can be very worthwhile.[57] An organizational review involving the board, staff and possibly key stakeholders is a critical part of the transition preparation process and should definitely occur prior to recruiting a new executive. It reveals strengths, challenges and perceptions of the organization's effectiveness, which will in turn determine the key competencies and attributes needed by the next executive.[58] The assessment can be the basis of the executive search profile that gives finalists a clear picture of the organization and the requirements for the next executive.[59] It also results in the formulation of strategic priorities for the new executive.
- A governance paradox is that nonprofit board members are often least prepared for their most important role: the selection of a new leader," notes Gilmore.[60] A board self-assessment can ensure that the board is prepared by helping the board review how it currently functions, create a vision for change, assess how well it is meeting its responsibilities and discover areas for improvement.
- Because self-assessment is so important for the organization as a whole and the board in particular, it should be considered a part of the transition process, even in cases of an abrupt or unexpected departure and should be done before a new executive is hired.
- The assessments will result in the formulation of strategic priorities for the new executive, which can be used during the transition phase.

An organization can choose from several types of assessments, which target the board, the staff and the stakeholders in varying combinations. The toolkit that accompanies this paper includes several examples.

One possibility is a life cycles assessment, which may be especially important during a transition. According to the TransitionGuides website, the literature and the experiences of transition consultants indicate that where an organization is in its life cycle will have an impact on the issues that will need to be addressed during its transition. The Communities In Schools Learning Management Team has used Susan Kenny Stevens' Life Cycles Assessment which describes the stages of organizational development: idea, start up, growth, maturity, decline, turnaround and terminal.[61] Board and staff members provide their perspectives on what stage each of these areas of the organization is in: program, management, governance, financial resources and administrative systems.

Bridges views transitions as the dynamic interludes between the stages of organizational life. Their purpose is to end one phase, reorient and renew people during the neutral zone and carry them into a new way of doing that is the beginning of the next phase.[62] He believes that it is important to understand the developmental stages of organizational life. At times the issues that organizations are experiencing are not problems to be fixed, but rather normal behavior for that stage of life. The organization does not need fixing, but rather renewal, which occurs by taking it back to the beginning of its life cycle.[63]

One interviewee commented that boards experience cycles, just as the organization does. Initially, the board is very committed and takes great ownership in the organization. Then, as the CEO spends increasing time on programs, the tendency is to spend less time focused on the board. Another executive noted that his early boards were composed of representatives of key partner agencies who provided loaned staff. His subsequent boards have included members from the corporate sector with the purpose of providing more funding.

57 Wolfred, "Stepping Up," p. 1.

58 Adams, *The Nonprofit Leadership Transition*, p. 124.

59 Tom Adams, "Toolkit: When the Boss Bails: Surviving—and even thriving—after a change in leadership," *Stanford Social Innovation Review*, Fall 2004, p. 55.

60 Gilmore, *Making a Leadership Change*, p. 56.

61 Susan Kenny Stevens, *Nonprofit Lifecycles* (Washington: Stagewise Enterprises, 2002).

62 William Bridges, *Managing Transitions*, p. 82.

63 Ibid, p. 87-89.

Revisit the Strategic Plan with the Board

According to Carter McNamara, strategic planning is one of the best ways to engage the board and assess the organization. Organizational self-assessments often identify weaknesses in systems, staffing, or programs that need to addressed. Updating the strategic plan or revisiting the mission, vision and direction of the organization can be helpful in addressing the areas that need to be strengthened. It is important to concentrate on the top three or four issues and focus planning on the next 12 months during the new executive's transition.[64] These issues may constitute the strategic priorities or leadership agenda for the new executive. This process should take place when the new executive joins the organization in order to allow him/her to contribute to the development of the plan.

ETM Phase 2—Pivot

It's not so much that we're afraid of change or so in love with the old ways, but it's that place in between that we fear…It's like being between trapezes. It's Linus when his blanket is in the dryer. There's nothing to hold on to.

Marilyn Ferguson, American Futurist[65]

Bridges describes this phase of the transition as a neutral zone, the core of the transition process, and a dangerous and an opportune place. He notes that during the neutral zone people often feel lost and confused, and they are searching for ways to understand what is happening and to get more control over their situations. But he cautions those involved not to rush the process because the neutral zone offers organizations and individuals the best chance for renewal.[66]

This phase includes two activities: organizational strengthening and the search.

Organizational Strengthening

The organizational self-assessment process usually reveals areas that need to be addressed prior to the new executive arriving, including work with the board and staff as well as systems issues. The key issue is to ensure that financial, human resources and program operations systems are in place and functioning as they should.

Interviews with leaders in the Communities In Schools network revealed that most arriving executives were confronted with organizational disarray. Systems were not in place; data was unavailable or inaccessible; the board was not engaged.

Interviews with state and local affiliate leaders indicated that too much information was still in people's heads, task lists needed to be created and donor databases needed work. However, many indicated that they had their affairs in order and their systems in place, especially in regard to financial systems and general policies. Those who are slated for the next round of TQS are aware of weaknesses and are addressing them.

Board

It is especially crucial to strengthen the board prior to a founder's departure.[67] One of the questions for board recruitment should be: "Will this person be a good addition to a hiring process?" When an organization is in or facing an executive transition, it is important to know that the right people are on the board and key slots are filled with the right expertise.[68] In one case, a founder recruited two former effective board members to ensure institutional memory when she left. Frequently, an executive committee takes charge of the search process. Are the committee members the right people to choose a successor?

During the course of interviewing Communities In Schools affiliate and state office leadership, board engagement emerged as a significant challenge and interviewees made a

64 Carter McNamara, *Founder's Syndrome: How Corporations Suffer—and Can Recover,* adapted from the *Field Guide to Leadership and Supervision* and *Field Guide to Developing and Operating your Nonprofit Board of Directors,* Authenticity Consulting, LLC, accessed through Free Management Library website, www.managementhelp.org.
65 Bridges, *Managing Transitions*, p. 39.
66 Ibid, p. 160.
67 Adams, *Founder*, p. 15.
68 Jan Masaoka and Tim Wolfred, "Succession Planning for Nonprofits of All Sizes," CompassPoint electronic newsletter, September 19, 2005 (Board Café@compasspoint.org).

number of board-strengthening suggestions, including the following comments from board members about lessons learned:

- "We need a strong, involved board and executive committee which has regular contact with the executive. We were too hands off."
- A systematic approach and plans for board succession and leadership need to be in place.
- Board members' institutional memory is important and must be retained on the board.
- Regular meetings between the board chair and executive must occur, and the annual performance review can be used to strengthen the relationship between the board and the executive.

A complete list of recommendations from board members and from the Communities In Schools network is in Appendix B.

Staff

"The only universally wrong step a board can take is not to have thought through how the staff will be involved and be kept informed at all states of the process," observes Gilmore.[69] Staff members frequently experience the most anxiety over a change in leadership. Communication and inclusion are two effective strategies to overcome that anxiety. It is vital for them to know that the board has a plan for the transition, to have a copy of the plan and to receive frequent updates. Wolfred suggests that the board president visit a staff meeting to listen to staff concerns and discuss the transition plan.[70]

In addition to frequent communication, it is helpful to include staff members on the board's transition committee because they can provide critical input in regard to future directions. During the final selection phase, staff can provide valuable perspectives in regard to the final candidates. Their involvement can increase their buy-in for the person who is hired.[71]

Gilmore suggested that staff might be convened and requested to prepare transition materials to brief the new leader. Employees will feel productive and will have the opportunity to contribute to a successful transition process. However, the materials might force the new leader to make choices more quickly than he or she desires.[72]

Examples of Staff Strengthening

These examples come from interviews with Communities In Schools executives:

- A long-term executive felt comfortable with her planned departure, but her administrative team was anxious. As a part of the transition plan, the administrative team worked with an executive coach to allay their fears and create a set of ground rules outlining how the team could interact effectively.
- One interviewee uses a notebook with job descriptions and workplans that are updated annually in order to clarify roles and improve staff performance.
- One executive director involves her administrative team in strategic planning.
- Involving staff in meetings with significant partners, as well as in board meetings, helps the partners and board members see a face of Communities In Schools other than the executive's and helps staff feel more comfortable in interacting with the stakeholders.

Administrative Tools and Infrastructure

A number of excellent tools are available to help strengthen organizational systems:

- Meeting **Communities In Schools TQS standards** ensures that an affiliate will be succession-ready.
- Appendix A includes a **Succession Readiness Checklist**, which is also in the toolkit that accompanies this paper.
- A **sample administrative calendar** and **an organizational inventory** are included in the toolkit.

69 Gilmore, *Making a Leadership Change.*
70 Wolfred, "Stepping Up," p. 2.
71 Ibid, p. 3.
72 Gilmore, *Making a Leadership Change,* p. 103.

The Search

The failure rate of senior leaders hired from outside is now 40 percent…The direct cost of failure is estimated to be 10 times the executive's base salary.

Michael Watkins, ***The First 90 Days: Critical Success Strategies for New Leaders at all Levels***

In the final analysis, an organization can invest heavily in preparing for a transition by assessing and strengthening the organization, but a successful transition requires the right person in the right place on the bus, according to Jim Collins, author of *Good to Great and the Social Sector*.[73] The literature and interviews provided excellent advice and suggestions in regard to the search.

- Most searches take four to six months. The search committee should include board members, staff representatives and a few stakeholders.
- Several sources emphasized the importance of not rushing the search so that the information obtained from the organizational assessment may be used to define the type of leader needed. It is critical to create a position description that reflects the competencies required by the job.
- A proactive networking effort is most effective to attract a diverse pool of candidates. Gilmore recommends making several calls to sources in regard to possible candidates and notes that it is a good strategy to create an effective pitch to sell the job.[74] Adams states that effective searching is about social networking, reaching out to extensive and racially diverse networks of leaders to attract a diverse talent pool.[75]
- Avoid trying to find the perfect person. Search committees often seek "God on a good day." Rather than seeking someone who has it all, focus on the competencies really needed.[76] The opposite is also true. Never settle for a candidate who does not meet your requirements.[77] Another tendency is giving one factor more weight than it should have. "Our previous executive director was not a good manager. Let's hire someone with that focus."[78]
- Thorough reference checks and background checks are crucial. Gilmore notes that a recent survey of more than 500 executives revealed that almost 20 percent of new employees do not provide accurate salary information or information in regard to their qualifications.[79] A credit rating check is also recommended.
- After the candidates have met board and staff members, it is crucial for members of the search committee to thoroughly follow up with the members of the groups involved. If someone has a negative reaction, it needs to be recorded at this point, not after the candidate is recommended to the board.
- It is important that the compensation package be discussed and created as one of the tasks of the search committee.[80] Falk recommends addressing expectations in regard to compensation at the beginning, middle and end of the search so that the organization can make creative adjustments if necessary.[81]

In regard to the insider vs. the outsider, Gilmore observes that even the most talented outsider rarely possesses the detailed knowledge of the organization essential to high performance. A fresh perspective must be weighed in contrast to the ability to implement.[82] Kathleen Yazbak, managing director of national relationships at Bridgestar, said that she advises organizations that have an inside candidate who can meet 70 percent of the job specifications to hire the insider. "I always tell clients that it's a huge opportunity if somebody matches your culture and is already successful in your environment because your risks on the search are far lower…" she said. Further, she believes that it is important to conduct the search to give the internal candidate more credibility within the organization if he or she

73 Jim Collins, *Good to Great and the Social Sectors* (New York, NY: HarperCollins, 2005), p. 14.
74 Gilmore, *Making a Leadership Change*, p. 61-62.
75 Adams, *The Nonprofit Leadership Transition*, p. 131.
76 Adams, "Toolkit: When the Boss Bails," p. 56.
77 Ibid, p. 56.
78 Ibid, p. 132.
79 Gilmore, *Making a Leadership Change*, p. 82-83.
80 Adams, *The Nonprofit Leadership Transition*, p. 132.
81 Alison Falk, "Looking for Talent? Avoid These Common Pitfalls!" Accessed through Nonprofit Professionals Advisory Group website (www.nonprofitprofessionals.com/library/common_search_pitfalls.htm).
82 Gilmore, *Making a Leadership Change*, p. 53.

is hired into the role.[83] The Communities In Schools experience supports this finding. Of 18 Communities In Schools' executives interviewed who had made a recent transition, two-thirds experienced major challenges, but five of the six who were successful were promoted from within.

Falk stresses the importance of assessing the organization's image in the marketplace and not trying to cover up challenges and obstacles that the new executive will face. Being realistic will help an organization find the best candidate for the position. Falk also cautions against interviewing non-viable internal candidates. To avoid this situation, communicate clearly about the candidate's desired qualifications at the outset of the search.[84] Karen DeMay, executive search senior director at Bridgestar, adds that the organization should try to 'coach' the person out of the process by explaining the key requirements of the job and pointing out where the candidate's qualifications do not match up.[85]

Role of State and National Offices in the Search: All of the Communities In Schools state offices interviewed indicated a desire to be involved in the hiring process for local affiliates, and most already provide tools such as job descriptions and interview questions. The national office provides a tremendous amount of direct support to state offices and local network affiliates (LNAs) to assist them when transitions occur. A national office staff member observed that this role of the national office needs to be formalized. In addition, the support that the national office does and can provide during transitions needs to be communicated better to the network. The network must ramp up its ability to hire effective leaders.

A board chair at a state office undergoing transition commented that the involvement of the national office was most helpful. TQS provided a structural model and a vision. He also viewed the formal job description, networking and best practices available through the national office as excellent support. In this case, the board established an executive task force to create a sense of ownership for the process and the decision. Some board members have remained on the board and serve as the institutional memory.

ETM Phase 3—Thrive

The more thrilled the board members are with the new executive, the less they nurture the relationship. It is a relationship, and it must be nurtured.

David Renz, Midwest Center for Nonprofit Management

The Transition

Once the search is complete and the new executive is on board, the natural tendency of the search committee is to "hand the new hire the keys and slip away for a rest." Overlooking the transition often leads to negative results. Therefore, ETM consultants recommend establishing a fresh orientation and support committee to assist the new executive.[86] These suggestions and strategies from the Communities In Schools network and other interviewees can help organizations make a successful transition.

Board's Focus on The Executive

One of the areas of greatest concern among Communities In Schools organizations at the local and state levels was the lack of a solid orientation. The first step is to welcome and introduce the new executive. A suggested approach is for the board president to introduce the new hire to staff at a special meeting, pointing out the qualities that make him or her a good fit for the position and to thank the staff for their support during the transition.[87]

83 Bridgestar website, www.bridgestar.org. Bridgestar, an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.

84 Nonprofit Professionals Advisory Group website, www.nonprofitprofessionals.com.

85 Bridgestar website, www.bridgestar.org.

86 Wolfred, "Stepping Up," p. 4.

87 Ibid.

The next step is to create a "social contract" that helps the board and executive clarify their roles, responsibilities and expectations. Activities may include the following:

- Determine the new executive's orientation needs within the organization and to the community, including an overlap period with the departing executive, professional development, visits with other affiliates, joining a local or national executives' group and coaching. Discuss how the board can help.
- If there is an overlap between the departing and arriving executives, it is important to determine the tasks to be accomplished and a timeline for the departing executive.
- Review the job description and expectations in regard to the roles of the executive and the board, including regular communication.
- Encourage the executive to create a 90-day plan of entry based on the strategic priorities and the new executive's learning agenda in regard to the organization.
- Provide a copy of the executive performance review. Establish a 90-day review period and provide the performance criteria based on the strategic priorities and the 90-day plan of entry.
- Review the strategic priorities for the next 12 to 18 months resulting from the organizational assessment and the roles the executive and the board will play in achieving them. The executive will provide input and seek the board members' commitment to them during individual visits.

Executive's Focus on Staff

As referenced in *Nonprofit Leadership*, Gabarro concluded from his study on transitions that the biggest difference between those who failed and those who succeeded was the quality of the new manager's working relationships at the end of the first year. Three of four managers in failed successions had poor working relationships with two or more of their key subordinates. The underlying problem was the new manager's failure to establish a set of shared expectations with his or her subordinates.[88]

Gilmore notes the importance of building the team from the outset. It should begin with a self-assessment by the executive, based on input from the search committee and external friends. It also involves learning the strengths and weaknesses of existing staff. One new executive gave each staff member 90 minutes for a transition briefing and concluded that he learned a great deal from the way each one utilized the time.[89] Gilmore suggests staff retreats as effective vehicles of staff assessment. The informal setting and small group assignments reveal strengths and weaknesses.[90]

A new state office executive who wanted to strengthen her relationship with the state's executive directors implemented a two-day statewide training focusing on a new strategic plan. To follow up, she involved small groups of executives meeting quarterly on different aspects of the plan. The result was increased buy-in by the executives.

Gilmore provides advice to leaders on how to take charge effectively while paying attention to the organization's history and values:

- Focus on working with the healthy parts of the system.
- Listen to people's stories so that they feel heard and help the new executive address some of the organization's challenges.
- Acknowledge the existing structure prior to implementing changes.
- Connect with all groups so that each feels understood.[91]
- Develop effective patterns of delegation to avoid an overworked inner circle and an underutilized out-group.[92]
- Maintain a balance between external and internal needs.[93]

What Doesn't Work

Lack of orientation and follow-up: The tales of transition gathered during interviews with Communities In Schools executives reveal that very little orientation takes place in many instances due to organizational disarray. Many arriving executives felt like they "started from scratch." In addition, little follow-up with new executives is occurring. In one instance, the board was unaware that a new executive did not avail

88 Adams, *The Nonprofit Leadership Transition*, p. 210.

89 Gilmore, *Making a Leadership Change*, p. 146.
90 Ibid, p. 154.
91 Ibid, p. 130.
92 Ibid, p. 136.
93 Ibid, p. 139.

herself of the coaching and services of a consultant that were made available through the transition plan. The board also did not follow up to see that the new leader was not addressing the issues that surfaced in the organizational assessment and had been designated as strategic priorities.

What Does Work

Many executives in the Communities In Schools network and from other nonprofit organizations had suggestions and examples of what does work to transition the new executive.

Judy Vredenburgh, CEO of Big Brothers Big Sisters of America, shares her thoughts on what helps a new leader in a nonprofit organization succeed in an article from Bridgestar:[94]

1. **Develop a good working relationship with the board of directors.**
2. **Create a clear, common understanding of goals, roles and responsibilities**—the "who does what and why"—among board members, senior-level managers and direct reports.
3. **Establish a trusting and loyal team** within the first three to six months on the job.
4. **Identify a trusted confidante** with an independent outlook, an understanding of the organization and its culture and an ability to deliver the tough messages, who can serve as an interpreter of sorts or a sounding board as needed."

A relationship with the departing executive: The ideal situation, of course, is when the new and departing executives are on amicable terms and there is an overlap. One state director had the benefit of weekly meetings for several months with her predecessor. A new executive in a rural affiliate worked with the previous director for six months and then for 15 hours weekly for six months.

The founders interviewed for this project all said they want the organization to be successful and would appreciate a positive relationship with their successors. A successor to a founder summed up the ideal relationship, "I'm very lucky. I can still pick up the phone and say 'Can you believe this or that?' and 'What would you do with this or that?' Our founder is very respectful that these are all my decisions now, and it's very clear to others that I make these decisions. But I get the benefit of all these years of experience without ever having to worry about her stepping on my authority or in any way giving people the impression that she's really the power behind the throne."

Training, mentoring and education: Several state office executives observed the need for training beyond the manual and a brief orientation by the Communities In Schools national office staff. One suggested a mentoring system which pairs more experienced state directors with those who are new to the role.

Another pointed out that informal mentoring between state offices does exist and is very helpful. In fact, she visited another state office for a week, which she deemed an effective training approach. Going to visit another state office or another affiliate is very productive. In one case, a new executive selected five effective leaders of other nonprofits and visited with them about effective strategies. The visits also created relationships resulting in partnerships.

A new executive, who did have a Communities In Schools background, chose to participate in a workshop for executives sponsored by a university. She believes the opportunity to get on a plane and get away from it all allows valuable time to think.

Networking: A 1990s United Way Benchmark Survey concluded that executives saw affinity groups, rather than taking courses, as the most useful development opportunities. This observation is reinforced by input from Communities In Schools organizations. Effective strategies focused on the ability to network and to visit other affiliates or state offices.

The United Way offers a New Presidents' Forum, which provides a quick start for new executives and establishes their priorities for the first 90 days. Bill Mills, United Way's vice president of talent development, lays out the areas new executives find the most challenging: partnership relationships, meeting and aligning expectations in regard to the organization's strategic plan, internal operations and systems issues. Respected United Way executives attend the forum and talk about their challenges. The United Way is building this group as a cohort and supporting them with webinars and online tools.

Having a plan to follow: Having a plan is an enormous advantage. One new Communities In Schools executive arrived at the interview with a 90-day plan, which became her plan of

94 Bridgestar website, www.bridgestar.org.

action when she was hired. A Communities In Schools state office gave interviewees a copy of the organization's strategic plan and asked them to come to the interview with suggestions of how to implement it. Mills observes that United Way builds transition into the final stage of the search process by laying out a six-month plan with specifics in regard to internal and external groups the candidate will meet with, areas he or she will tackle first and a sense of the board. Engaging in creating the plan helps the executive as he or she comes on board and gives the new executive a chance to articulate clearly to board leadership what she needs.

A variety of approaches to engage the board: Communities In Schools state and affiliate leaders cited one-on-one meetings, a 7 a.m. weekly coffee with the board chair, and site visits as successful ways to engage board members with a new executive. In some cases, executives have had no experience working with a board, so the meetings are mutually beneficial and foster board/staff relationships.

Coaching

One of the strategies used during transitions is coaching, and an evaluation study by CompassPoint Nonprofit Services conducted by Harder & Company Community Research showed that it is an effective strategy in the case of executives who had been in their positions for four or fewer years. According to the study, coaching consistently resulted in executives reporting higher impact in management areas, stronger leadership skills and improved ability to deal with rapid change and tremendous financial challenges.[95]

Jeff Gunderson, CEO of Executive Connections, an executive search and placement firm, believes so strongly about the need for transition support that the firm includes six months of coaching in all of its placements.[96]

Only one interviewee from Communities In Schools received coaching when she arrived on the job as the executive of a state office. She believes that one of her biggest supports was being part of a pilot mentoring program sponsored by an organization of local nonprofit executives. She was paired with a veteran executive of a domestic violence center for monthly mentoring. This relationship continues along with an hour of monthly coaching by the woman who heads the nonprofit executives' organization. In addition, she attends monthly workshops sponsored by the nonprofit executives' organization.

Another state office executive spent a week at a well-established state office to help her envision possibilities for her own organization. She believes that such a visit is one of the best orientations available.

Keeping the Transition On Track

During the planning process, the board will set indicators and benchmarks consistent with the transition timeline. The board will know if the transition is on track by regularly assessing progress relative to these benchmarks.

Seven Ingredients for a Successful Transition

Tim Wolfred, in his book, *Managing Executive Transitions*, listed seven elements that MUST be included to achieve a successful transition[97]:

- Board leadership and engagement
- Healthy closure with the departing executive director
- Strategic review and candidate profile
- Staff engagement
- Attraction of qualified candidates
- Thorough candidate screening
- Attention to the new executive's launch

95 Harder & Company Community Research, *Executive Coaching Project: Evaluation of Findings* (CompassPoint Nonprofit Services, 2003), p. 2.
96 Tim Link, "Job Transition: Why the First Few Months are Critical", *The Coaching Link Newsletter,* accessed through Link Resource Group website, www.linkresourcegroup.net.

97 Wolfred, *Managing Executive Transitions*, p. 27.

RECOMMENDATION: TRANSITION MANAGEMENT BY THE ORGANIZATION

When the services of an outside provider are not warranted, available or affordable, an organization can take on leadership transition and succession planning on its own. This process is led by the board of directors. The earlier section in this paper on the role of the board and leadership in succession planning described the steps any board should take to prepare the organization for a leadership transition.

When faced with a transitioning executive, the board will decide whether to take this on itself or seek outside assistance. If the board decides to run the process internally they should identify a board member, volunteer or other individual who is experienced with leadership transitions to advise in the process. This individual will be a member of the transition team and lead the planning process.

Like the ETM strategy, an internal organizational plan must have several components to be effective. The toolkit accompanying this paper includes resources that assist boards to implement each phase of the ETM model that is described in this paper.

Implementing the ETM Model Internally

To assist Communities In Schools and other nonprofit organizations to manage succession planning and leadership transition on its own, a toolkit was developed. The toolkit includes introductory materials, definitions of succession planning, a description of the ETM approach, step-by-step guidance and tools for all components of the succession planning and leadership transition process. The tools can be adapted to suit the needs of an organization. Many sample documents from the Communities In Schools network are also included. The major portion of the toolkit is organized around the steps involved in the ETM model:

- Leadership needs during a transition
- Organizational assessment and strengthening
- The search
- The transition

Once the board decides to lead the transition process internally, it can use the toolkit to implement the necessary action steps in each phase of the process. The document "How to Use the Toolkit," which accompanies the toolkit, provides information on what steps to undertake for each phase of the ETM process and provides specific tools and resources for each of those steps.

CONCLUSION

A failed leadership transition incurs costs at many levels. One source estimated the cost to be ten times the executive's base salary. Think about the massive amounts of staff and board members' time invested in recruiting and training a new leader or the loss of major donor and funder relationships when the transition fails. Staff and board turnover can be debilitating. How long does it take for an organization to recover and move forward?

Leadership transition and succession planning involve more than a change in leadership. The core issue is organizational sustainability. The findings of this project clearly demonstrate that the Executive Transition Management (ETM) model makes the most sense for nonprofit organizations, including Communities In Schools affiliates and state offices, because it is a comprehensive, adaptable approach that deals with all aspects of a transition. If a board decides to implement the ETM model internally, it can use the information and guidance contained in the toolkit that was developed to accompany this report.

As with many other nonprofit organizations, the Communities In Schools network is engaging in little intentional succession planning and strategic leader development. Many interviewees have indicated that these activities are on their agendas, but only four, or less than 10 percent of those interviewed, have current written plans. The situation becomes especially grave when one considers how many founding and long-term executives currently head Communities In Schools affiliates and state offices. Without thoughtful planning and preparation, their successors are less likely to be permanent replacements and may become "unintentional interims."

The evidence is undeniable: succession planning, strategic leadership development and planned transitions are not optional. They are vital components of healthy organizations and investments in the communities these organizations serve. For Communities In Schools, these investments are crucial to student success.

APPENDIX A: SUCCESSION READINESS CHECKLIST

For Communities In Schools, those affiliates who meet Total Quality System Standards, which reflect the components listed below, will be succession ready. When the following conditions are in place, an agency can expect a relatively smooth transition to new leadership whenever it might occur. An agency might determine which elements below are lacking in its current operations and then create a "succession plan" or "capacity-building plan" that prescribes activities and timelines for filling the gaps. The agency is then ready for leadership transitions, foreseen or unforeseen.[98]

Succession Readiness Checklist

- ❑ A strategic plan is in place with goals and objectives for the near term (up to three years), including objectives for succession planning and leadership talent development.
- ❑ The strategic priorities would provide helpful information in determining a position description for a new executive and a road map for activities once a new executive is hired.
- ❑ The board is well-briefed on issues, trends and challenges facing the agency.
- ❑ The board evaluates the executive director annually on general performance and achievement of strategic goals.
- ❑ The board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs—financial oversight, executive support and oversight, policy development and strategic planning.
- ❑ The executive's direct reports, based on current annual evaluations and job descriptions, are judged as solidly skilled for their positions.

The top management cohort, as a high-performing team:

- ❑ Has a solid team culture in place in which members support one another and can reach decisions as a group efficiently and harmoniously.
- ❑ Shares leadership of the organization with the executive in having significant input to all major agency decisions.
- ❑ Can lead the organization in the absence of the executive.
- ❑ Has authority to make and carry out decisions within their respective areas of responsibility.

- ❑ The board is aware of the strong performers on the management team and the executive's choice for an acting director, if needed.
- ❑ Another staff person or board member shares important external stakeholder relationships (major donors, funders, community leaders) maintained by the executive.
- ❑ Donor and partnership records are current and contain key information in regard to the relationships.
- ❑ A financial reserve is in place with a minimum of three months' operating capital.
- ❑ Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the board and senior managers responsible for the agency's financial strength and viability.
- ❑ Operational manuals exist in the office for key administrative systems and programs, and are easily accessible and up-to-date.*
- ❑ Top program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.
- ❑ The board knows who is responsible for check signing and payroll in the absence of the executive.
- ❑ The board knows how to access the following:
  - ❑ Confidential information (such as personnel files) accessed only by the executive
  - ❑ A listing of all computer passwords
  - ❑ Corporate records*
  - ❑ The executive's files, which are organized and properly labeled
  - ❑ Key contacts' and constituents' lists and databases
  - ❑ Backed-up computer information, which should be kept off site
  - ❑ Keys

* The board secretary should have a copy of these manuals and records, which are kept off-site.

SOURCE: CompassPoint Nonprofit Services

98 CompassPoint website, www.compasspoint.org.

APPENDIX B: THE ROLE OF THE BOARD IN A TRANSITION

The recommendations and comments from Communities In Schools board members who have survived difficult transitions and those anticipating transitions are outlined below in a general category and within the ETM framework.

General

- Appreciated the support they received from Communities In Schools national office in the case of state office transitions and from the state offices in the case of local affiliates' transitions and described the support as "invaluable."
- Emphasized the importance of good relationships between state office and local affiliates.
- Emphasized good financial systems and stability.
- Addressed the need to intervene early when there are problems; do not ignore the warning signs: individual behavior, distrust among staff, negative comments from donors. Use a survey for anonymous feedback.
- Advocated for regular board meetings, which decrease the number of surprises.
- Recommended regular meetings between the board chair and executive and using the annual performance review to strengthen the relationship between the board and the executive.
- Suggested getting board chairs together on a regular basis.
- Noted the importance of board members' institutional memory and ensuring that it is retained on the board.
- Observed that it is all about communication when an organization is in transition.

Address Leadership during the Transition

- Assess internal candidates on an annual basis to determine potential leadership.
- Observed that an interim provided the luxury of time for the search.
- Advised an overlap between the founder's departure and the new executive's arrival.

Assess and Strengthen the Organization

- Noted that TQS is extremely helpful and provides a solid nonprofit structural model and a vision.
- Advised conducting ongoing assessments to improve functioning.
- Recommended the importance of getting the board mobilized and involved so that it takes ownership. In one case, an executive task force was created. In another, a transition committee was recommended.
- Learned that "we need a strong involved board and executive committee which has regular contact with the executive. We were too hands off."
- Stressed a systematic approach and plan for board succession and leadership.

The Search

- Advised others to think about leadership styles and how they fit with the culture; it takes a special kind of person to be a nonprofit leader with a different kind of motivation.
- Noted that it takes extra time to get the right person; do more thorough reference checking.
- Agreed that word of mouth and networking resulted in a better candidate pool.

The Transition

Board members' suggestions included these recommendations:

- Provide more oversight of the transition; give board members a specific oversight role.
- Insist on weekly updates with the new executive initially and then monthly ones.
- Conduct a 90-day review; if it is not working, do not let the situation fester.
- Seek external help to review the situation if the transition is not working. An objective report can provide the data the board needs and help it coalesce and move forward.

To ensure that the transition is working, board members offered these suggestions:

- Survey staff on the new executive's performance.
- Get continued, positive feedback from stakeholders.
- Frequent communication is necessary to monitor activities.
- Make sure the board is updated on progress of implementation of plans and financial reports.
- Staff turnover may be an indicator of instability.
- Creating a dashboard to track progress in regard to the operations or strategic plans as a report to the board.
- Providing board members with weekly email updates One executive sends a weekly email update which includes information from committee meetings, board meetings, upcoming events, annual operations plan, finances and her schedule.
- Increasing board training and orientation; board retreats.

Network Input On Boards

NOTE: As the result of interviews with the Communities In Schools network, board engagement emerged as a significant factor in executive transitions, and a number of recommendations were made in regard to strengthening board recruitment, education, engagement and governance.

Board Recruitment

- Identifying the right people.
- Using a board profile to determine the skills needed and ensure diversity.
- Providing a job description and very clear expectations.
- Using a set of questions to determine passion for the cause, time and financial commitment, motives, expectations, professional and personal constraints.

Board Education

- Providing each board member with a manual containing the annual and strategic plans, financial information, key policy documents, an org chart, program information, and PR/marketing tools.
- Providing a board orientation within three months.
- Involving board members as Board Buddies which means they "adopt" a school.
- Involving board members in site visits.
- Providing "mission moments" at board meetings (stories)
- Orienting boards to TQS.
- Increasing state office communication with boards, especially during transition periods, which allow for "teachable moments."

Board Engagement

- Utilizing an individualized written board business plan outlining the board member's commitment.
- Using a board report card, an individual status report indicating attendance, financial gift, participation in committees and activities.
- Visiting individual board members at the end of their term to determine future involvement.
- Involving board members as mentors to Communities In Schools students.
- Involving board members in visits to stakeholders, especially during transitions.

Board Structure and Governance

- Implementing an effective committee structure with key staff supporting the committees.
- Implementing an effective strategic planning process.
- Making succession planning a part of the strategic plan.

APPENDIX C: COACHING

One of the strategies used during transitions is coaching, and an evaluation by CompassPoint Nonprofit Services conducted by Harder & Company Community Research showed that it is an effective strategy in the case of executives who had been in their positions for four or fewer years. Twenty-four executives received coaching services through CompassPoint during a year-long project involving 40 hours of one-on-one coaching. The executives also participated in three peer learning roundtables to enrich their coaching experience. They were matched with one of 12 coaches prescreened by CompassPoint, and coaching occurred several times over each month for 30 minutes to an hour at a time.

Coaching is not mentoring, nor is it therapy. Executives emphasized one unique element: coaches encouraged them to find their own answers and solutions. Coaches do not provide expertise and recommendations like consultants do, and they do not do the work for the executives. Coaching increases a leader's awareness of his or her own unique strengths and talents as a basis for improving management and leadership talents.

According to the study, coaching consistently resulted in executives reporting higher impact in management areas, stronger leadership skills and improved ability to deal with rapid change and tremendous financial challenges.[99]

The evaluation revealed six areas in which coaching made an impact on the executives and their organizations: leadership and management, organization, attitudes and beliefs, personal life, job satisfaction, tenure and turnover.[100] Executives agreed that coaching met and often exceeded their expectations and rated the coaching experience 4.6 on a scale of 1 to 5.

Jeff Gunderson, CEO of Executive Connections, an executive search and placement firm, believes so strongly about the need for transition support that the firm includes six months of coaching in all of its placements.

99 Harder & Company Community Research, *Executive Coaching Project: Evaluation of Findings* (CompassPoint Nonprofit Services, 2003), p. 2.
100 Ibid, p. 5.

APPENDIX D: PUTTING AN INTERIM DIRECTOR IN THE JOB

There are many good reasons an organization may choose to hire an interim director. The most important reason may be to give the founder or long-term executive, staff and board time to "separate." It is often hard for the executive to leave; the staff and board may experience equal difficulty in letting go; and many expect the same kind of leadership style. It can be helpful to give an agency a four- to six-month period to separate from the influence of a founder. An interim may reduce the risk that staff and board will reject the leadership of the next permanent executive.[101]

The typical responsibilities of the interim include oversight for finances, fundraising goals, program operations, and staff and board support. As a result of the transition, specific agency needs might include allaying staff anxieties, increased communication with stakeholders, assisting the board in its transition and search activities, addressing agency systems, and offering a positive view of the agency's prospects and future.[102]

The advantages of hiring an interim director include:

- Allows enough time to do an adequate search.
- Offers an unbiased, fresh perspective.
- Provides the skills to effect needed changes.
- Focuses on key priorities.
- Assists the new executive.

There are disadvantages to consider as well:

- Results in two personnel changes rather than one.
- Creates a sense of uncertainty among staff.
- Provides limited authority to the executive.

Several conditions make using an interim as an executive or in a key leadership role a logical approach:

- The organization is experiencing change and significant issues.
- It is not clear what skills will be needed for the position.
- Leadership is crucial and a search will take time.
- A person who can transition into the position is not available.
- A founding or long-term executive is leaving.
- A turnaround is needed.
- Systems need to be implemented.[103]

Wolfred and Molnar offer advice for organizations hiring interims:

- Set clear goals for the interim.
- Limit tenure to about six months. The presence of an interim must not prolong the search.
- Interims are more effective in internal positions because most internal and external stakeholders are not likely to bond with an interim.
- Internal interims are not always effective.
- It is not a good practice to hire an interim who is interested in having the job permanently.[104]

101 Wolfred, *Building*, p. 16.
102 Tim Wolfred, *Interim Executives*.
103 "Interim Leadership: Looking Beyond the Executive Director," 2007, p. 4, accessed through the Bridgestar website (www.Bridgestar.org).
104 Ibid, p. 5.

A review of the literature suggests that transitions involving founders or long-term executives are particularly risky for a variety of reasons. Understanding the dynamics of a transition involving a founder is crucial to a successful transition and organizational sustainability. These transitions require a great deal of thought and planning to be successful.

Closure for a Founder

To achieve a successful transition, it is crucial that closure occurs for the departing executive and the board and staff members of the organization. It is the board's role to ensure a healthy closure to the tenure of the departing executive by acknowledging his legacy with receptions and written testimonials by staff, funders, clients and board members. Outgoing executives who feel appreciated find it much easier to prepare the way for their successors.[105] The literature suggests several types of activities:

Creating a legacy. Founders are leaving a legacy, and it is important to highlight their contributions. Describing a legacy gives the executive the opportunity to make a final report including relevant data and recommendations. It provides the organization with a recent history, and it reflects the perspectives of someone who knows the organization the best. A legacy also serves as a public progress report on the organization's efforts to improve itself and to serve its clientele effectively.[106] The founder's legacy is an important part of the transition communication planning. A statement in regard to the founder's future focus may also be included.[107]

Creating an ethical will. For some founders, it is helpful to draft an ethical will that describes what they think is valuable about the organization's work. It may also include a statement of what the founder hopes to provide for the next executive and for the future of the organization.[108]

Celebrating the transition. It is essential to celebrate the founder's departure with some type of special event. Receptions, dinners and special staff meetings all provide an opportunity for the staff, the board members and the stakeholders to recognize the founder's accomplishments. It is typical for the founder to share his or her contributions at these events, which are an opportunity for all parties to reflect upon the organization's past, present and future and to express their appreciation for the executive's leadership.[109]

Establishing the founder's future role with the organization. Tom Adams, president of TransitionGuides, notes that if executives wish to continue to play a role with the organization after their departure, a mutual understanding must exist among the departing and incoming leaders and the board. It works best when the incoming executive has input into the decision to continue to involve the departing executive. Successors are trying to create a new path and note that the availability of a founder for questions and support is both a gift and a burden.[110] A variety of roles are possible: help with fundraising, being a goodwill ambassador with key stakeholders, focusing on policy with key decision-makers. However, the board must set limits so that the new leader remains in control.[111]

105 Ibid, p. 3.

106 Michael Austin, PhD, and Thomas Gilmore, PhD. "Executive Exit: Multiple Perspectives on Managing the Leadership Transition," *Administration in Social Work* 17 no. 1, 1993, p. 50.

107 Adams, *Founder Transitions*, p. 18.

108 Ibid.

109 Austin and Gilmore, "Executive Exit," p. 56-57.

110 TransitionGuides website, www.transitionguides.com.

111 Wolfred, "Stepping Up," p. 3.

In *Table for Two*, Mark Leach makes the case that situations exist in which finding a way for the founder to remain in a permanent role or to have a lengthy overlap with his or her successor is of great benefit to the organization.[112] Leach lays out a Mutual Success model that is based on the following assumptions:

- Under certain circumstances, two powerful individuals can co-exist in an organization, benefiting the organization as well as each person.
- The founder can share ideas without those ideas necessarily being accepted or acted on.
- The founder can tolerate the organization moving in directions she or he might not have chosen.
- Appropriate power flow and role boundaries can be maintained even if the founder remains with the organization.[113]

Leach describes the questions that the founder, the successor and the board must ask themselves to determine if the founder's continued presence will work, and describes the characteristics of founders, successors and organizations that help and those that inhibit mutual success transitions.[114] He outlines the critical success factors of such arrangements:

- The status of the organization is such that the board determines that the benefits outweigh the risks.
- Strong founders and successors who put the organization's mission first.
- Intentional creation of mutually reinforcing relationships
- Systems that reinforce appropriate roles, authority and hierarchy.
- Organizational culture and values that facilitate the success of the founder and successor, and relate to the transition plan.[115]

112 Table for Two website, www.Table-for-Two.net.
113 Ibid.
114 Ibid.
115 Ibid.

APPENDIX F: RECOMMENDATIONS

TIMELINE	RECOMMENDATIONS: COMMUNITIES IN SCHOOLS NATIONAL OFFICE
IMMEDIATE	The Communities In Schools national office should promote the Succession Planning and Leadership Transition toolkit to the Communities In Schools network as soon as possible and utilize the tools in its work with network transitions. **Rationale:** In view of the amount of transition occurring in the network, these tools are needed. The toolkit needs to be promoted as much as possible so that affiliates are aware of the support that exists.
IMMEDIATE	The Communities In Schools national board should begin discussion and develop a timeline in regard to implementing succession basics. The Leadership Succession Plan should also address board leadership. **Rationale:** The Communities In Schools national office should lead by example.
SHORT TERM (WITHIN ONE YEAR)	The Communities In Schools national office should adopt an intentional policy and agreement in regard to leadership transitions and the roles of the national and state Communities In Schools offices in relationship to each other and to the affiliates. The Executive Transition Management (ETM) model concepts should be a part of the policy and agreement. **Rationale:** Interviews revealed the need for clarity in regard to roles. Currently, the Total Quality System (TQS)* stipulates that states must help affiliates with transitions, but local TQS standards do not stipulate that they use the state offices' assistance.
SHORT TERM	The Communities In Schools national office should incorporate succession basics into TQS as a part of the annual strategic planning process. **Rationale:** This seems like the logical area for succession basics, but there may be others.
SHORT TERM	The Communities In Schools national office should include the ETM model as a highly recommended best practice in the Standards and Evidence-Based Curriculum (SEBC) Manuals. **Rationale:** Research reveals that ETM is a best practice and is a comprehensive, flexible approach for organizations of any size.
SHORT TERM	The Communities In Schools national office should provide webinars on implementing succession basics for the network, including a special focus on leadership development. The 2009–2010 Fellows can assist the Learning Management Team with these webinars. **Rationale:** Webinars should be helpful in disseminating information about the succession basics. Current executives who have implemented the basics can participate in these sessions and the toolkit provides the necessary tools.
SHORT TERM	The Communities In Schools national office should develop a plan through Learning Management to implement a greater focus on board recruitment, development and engagement, and should disseminate best practices in the network and the nonprofit sector through Learning Management training, including webinars, PowerPoint presentations, and face-to-face regional and state executive director meetings. **Rationale:** Successful board engagement is crucial to a smooth transition. Interviews revealed a need in this area.
LONG TERM (WITHIN 2-3 YRS)	The Communities In Schools national office should create an ad hoc task force to identify effective donor databases for affiliates of varying sizes and disseminate the information to state and local offices. Once the databases are identified, the information can be discussed on a webinar. **Rationale:** Updated donor information is very significant in times of transition. Interviews with leaders in the network indicated that this piece is not fully in place in many cases. It is very time-consuming to research donor databases.
LONG TERM	The Communities In Schools national office should work with executive transition management firms to identify potential funding to assist state offices and affiliates with leadership transitions. The priority should be founding and long-term executives. **Rationale:** In view of the large number of founders and long-term executives in the network, it seems logical to target those who are nearing a transition and provide financial assistance to their organizations for transition if needed. A great deal is at stake. Major firms who utilize (and who created) ETM, such as CompassPoint Nonprofit Services and TransitionGuides, have indicated their willingness to work with nonprofits in transition and secure the funds needed.
LONG TERM	The Communities In Schools national office should create an ad hoc task force to determine if it is feasible to use retired executives and staff members from Communities In Schools to benefit the network and preserve its values. The task force should be made up of former executives and staff members who have retired, as well some who are nearing retirement. **Rationale:** Since almost all founders and long-term executives have indicated a desire to remain involved, it makes sense to utilize their skills, even on a voluntary basis.
ONGOING	The Communities In Schools Rural Task Force should review the structure of rural Communities In Schools affiliates as related to organizational sustainability in view of the lack of funding and human resources. **Rationale:** Interviews with ten rural affiliates revealed significant needs in these areas, which can be most effectively addressed under the auspices of the Rural Task Force.

TIMELINE	RECOMMENDATIONS: STATE OFFICES
IMMEDIATE	State offices should promote the Succession Planning and Leadership Transition toolkit to their affiliates and utilize the tools in their work with transitions at the state and local levels. Specifically, state offices and national field staff can distribute the executive summary, the How to Use the Toolkit tool, and a template of an emergency succession plan to jumpstart the process. **Rationale:** In view of the amount of transition occurring in the network, these tools are needed. The toolkit needs to be promoted as much as possible so that affiliates are aware of the support that exists.
IMMEDIATE	State offices should begin the discussion with their boards about succession planning and develop a timeline for implementing the succession basics with a special focus on leadership development. **Rationale:** State offices should lead by example.
SHORT TERM	State offices should work with the Communities In Schools national office to craft an intentional policy and agreement in regard to transitions, and the roles of the national and state Communities In Schools offices in relationship to each other and to the affiliates. **Rationale:** Clarity is needed in the roles at each level.
SHORT TERM	State offices should assist their affiliates in implementing the succession basics through executive director meetings and webinars produced by the Communities In Schools national office.
ONGOING	State offices should develop a plan to provide a special focus on board training: recruitment, development and engagement. They should share best practices from affiliates with the Communities In Schools national office, which should in turn share them with the whole network. *(Note: We need a mechanism to share best practices.)* **Rationale:** Board recruitment, development and engagement surfaced as major issues during the fellowship interviews and issues that can have a major impact on transitions.
TIMELINE	**RECOMMENDATIONS: LOCAL AFFILIATES**
IMMEDIATE	Local affiliates should begin the discussion on succession planning with their boards and use the toolkit to implement the succession basics, minimally, an emergency succession plan and a succession policy. They should develop a timeline to implement a leadership succession plan and a leadership development plan.
IMMEDIATE	Local affiliates should utilize the ETM model when undergoing transitions, and they should work with the state office in the process.
ONGOING	Local affiliates should work to meet TQS standards, which should ensure that systems are in place.
ONGOING	Local affiliates should focus additional efforts on board recruitment, development and engagement, using the tools in the toolkit and other Communities In Schools resources offered by the national office.
TIMELINE	**RECOMMENDATION IDEAS FROM ALL THREE FELLOWS**
IMMEDIATE	A report to the Communities In Schools national board should be made in regard to the work of the Fellows.
	The Communities In Schools national office should promote the work of all the Fellows through the Fellows website.
	The Communities In Schools national office should promote the work of all the Fellows through educational offerings such as webinars.
	The Communities In Schools national office should sponsor a symposium to share the work of the Fellows with other nonprofits.
	State offices should utilize the work of the Fellows through their executive directors meetings.
	The Communities In Schools national office should provide more opportunities for networking and face-to-face training. **Rationale:** This recommendation is based upon our observations and a great deal of feedback from the network.
	The Communities In Schools national office should include parental engagement in TQS.

* The Total Quality System (TQS) is used as a yardstick for continuous quality improvement and growth throughout the Communities In Schools network. The goal of TQS is to ensure uniform quality and improved outcomes for the students we serve.

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