

# Options in Leadership Transition

Laura Otten 09 May 2010

It seems funny to call something an innovation when it's been around for decades, at least in the for-profit world. But in the nonprofit world, the use of an interim executive director seems truly to be an innovation. People's eyebrows rise when you mention the concept, as if to ask, "We can do that in the nonprofit sector?"

An interim executive director may not be the silver bullet or panacea board or staff members seek, but it is certainly often the best solution for so many nonprofits facing an executive transition, be it forced or planned. Boards that refuse to even consider such an approach are failing in their responsibility to always do what is in the best interest of the organization.

According to The Nonprofit Center's most recent executive transitions survey of November 2009, 67 percent of those executive directors who have given any thought to leaving their position plan to leave by 2012. Sixty percent of these exiting executive directors will give six or fewer months' notice to their boards; 30 percent will give less than five months' notice. And at the organizations of these exiting executive directors, 61 percent have had, at best, informal discussions at the

board or staff level about succession planning, while at worst, 30 percent have had no succession planning discussions at any level. Only 7 percent of these organizations have done any formal succession planning.

Framework for disaster? Absolutely. And this accounts only for those planned departures. What of those organizations where the executive director will leave unexpectedly because of illness, death or failure to perform?

With data like this, why is there such resistance to the idea of an interim executive director? Truth be told, six months is not really enough lead time to replace an executive director when none of the prep work has been done, for three reasons.

First, experience shows that after an executive announces his or her departure, the majority of boards spend the first several months in denial.

Second, when searches are done in a rush, perhaps the most important step in the hiring process gets short shrift: considering what is needed in the next executive director. One of the biggest mistakes boards make in hiring a new executive director, especially when done under the pressure of time, is to hire what they had instead of figuring out what is needed in an executive director going forward. This is no slight on a much-beloved departing executive director but simply the recognition that in light

of where the organization is headed, the same skills and talents may not be what are needed for the future. It takes time to do proper stakeholder interviews and an organizational assessment, and to cull and sift through all of that data to determine the profile of the needed, future leader.

And third, haste makes waste. There are too many examples of boards that hired too quickly only to find themselves, less than a year later, in hiring mode once again.

Enter an interim executive director—that experienced executive director who has served, once or more, as a permanent executive director. What makes this such a great choice?

First, pure and simple, it buys the organization time. This experienced interim is ready to hit the ground running, allowing staff to continue to do its job and giving the board time to catch its breath and continue to do its work while also conducting a search. Thus, the board can take the time needed to identify what to look for in the next executive director, to assess fully whether the organization is properly staffed for that future. Of those executive directors in our survey who plan on leaving by 2012, 46 percent said they were leaving to reduce the level of stress the job creates, 33 percent to work less and 25 percent to earn more money. These are all good indicators that currently employed executive directors are

doing the work of multiple positions for a salary of less than one. In the next hire, boards will need to be prepared to address this. That kind of planning and execution takes time, not a mere three months.

Second, an interim is not interested in the “real job,” as being an interim *is* this person’s real job. Thus, as we so often find, interims walk into an organization that had seemed to be in great shape only to find that some degree of “turning around” needs to be done. The interim can peel back that onion without hesitancy or fear of exposure of incompetence or balls dropped, as he or she has nothing to safeguard—no self-interests to protect, no bridges that might get burned, no relationships that might get disrupted at best or destroyed at worst. The interim can go in and simply and immediately do the job that needs doing and leave the board and staff with a fully functioning staff, board and organization. Or, if necessary, the interim can help to close an organization if sustainability has been proven unattainable.

Third, an interim can actually save an organization money—if not make the organization money. Interims bring a fresh set of eyes and a different perspective, allowing them to see new ways of doing old things—new ways that may be more efficient, more effective, more financially viable. We have seen interims turn large six-figure deficits into barely three-figure ones; we have seen them take moribund fundraising strategies and make them lucrative.

Fourth, while interims are not free, they are not expensive either, compared to the salary that a nonprofit *should* be paying its executive director and the benefits it *should* be providing. Far too often, particularly when the outgoing executive director was a long-serving one and the organization sees itself as “small,” the executive director was being under-compensated. One of the goals of the fee structure of an interim should be to help the organization realign the compensation for the incoming, permanent executive director. (As a consequence, a serendipitous benefit should be a realignment of the compensation of the rest of staff.)

Fifth, without any doubt, the best thing that a board can do when faced with replacing a founder or long-serving executive director is to hire an interim for nine months, give or take a bit. Any organization, meaning board and staff, which is used to having done things in a certain way for a long period of time needs to learn how to adapt to new, to change, to different. A board that has been overly dependent upon an executive director needs to (re)learn how to lead on its own. A staff that has been led and managed according to a certain set of principles and practices has to (re)learn to be open to modification, if not revolution. A culture needs time to experiment with a new world outlook. An interim helps to prepare an organization for alternative ways of doing and being.

Borrowing from historians who constantly warn us that our failure to study history means we will repeat the mistakes

of the past, those boards that do not take the time to reflect upon both their pasts and their futures before they begin the search for their next, "real" executive director are doomed to make mistakes. Those who rush headlong into a search for which they are not prepared simply so they can get it behind them and move on are, more often than not, putting another search in front of them sooner than anyone would like. And that means added, and unnecessary, trauma for board, staff and even constituents.

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