

Letting Go: A Leadership Challenge

by the editors

Editors' note: *In mid-2010, readers told us that the economy had played a role in the decision of their organizations' executives to postpone their departure. We consulted Tim Wolfred, the senior project director at CompassPoint Nonprofit Services; Hez Norton, the executive transitions program manager at Third Sector New England; and Deborah Linnell, the director of programs at Third Sector New England, about the trend of hanging on and other interesting developments in the world of executive transitions today.*

NPQ: *What developments have you seen in the world of executive transition lately?*

Tim Wolfred: After the recession hit, there were 18 months to two years of slowdown in turnovers. People held on for personal reasons or to see their agencies through the challenging time. Since early 2010, we've seen an uptick in requests for executive-transition assistance. The people who have been sitting tight in their organizations have decided to move on.

We are also seeing more boards asking executives to move on. With leaders who had been waiting to leave, boards are more frequently stepping up and saying, "It's better for you and the agency for you to begin planning your succession."

Hez Norton: We saw the same: first a slowdown, and now a recent increase in executive transition, particularly in the past six months. At least half of these changes were founders and/or longtime executives transitioning in their role but not leaving the organization. We are seeing many founders or longtime executives trying to stay.

NPQ: *As an organization approaches*

transition with a founding or long-term executive, what are some useful strategies?

H.N.: In situations where a founder or longtime executive stays in the organization either during the transition or in another role in the organization, it is helpful to hire an interim director as either a managing director or a co-equal director to help the organization practice the new structure before it hires a permanent new executive.

This helps the organization to discover whether it is ready for the change. It is "testing" shared leadership in the organization. In many cases, an organization might find that the new structure as planned will not work at all or that adjustments need to be made to make it work. It is better to "practice" this with an interim [director], rather than hiring a new staff person into a role that may likely change.

T.W.: We have had two major agencies go through a similar process. The founder chewed up the interim, in part because he didn't let go and didn't want to let go. It's so much better to surface these dynamics with the interim leader and deal with them rather than have the next

permanent hire destroyed by them.

Deborah Linnell: The takeaway is that an interim director is an excellent way to manage difficult change processes when a founder leaves or changes his role in an organization.

NPQ: *What's your advice for leaders in small and midsized organizations who hold onto an executive position?*

D.L.: You need to look at yourself and determine why you are holding on. If you are overwhelmed, it may help to use short-term funds and hire a coach to get perspective. If you have perspective and you want to see an organization through the transition, you need to look at where you can strengthen and delegate to your staff. Look at this moment as an opportunity to build capacity at the tiers surrounding or below you. At minimum, let go of the practice of holding onto everything and begin to delegate and engage the board. If you have a weak board right now, it's a problem. This is when a good working board can finally be worth its weight in gold.

T.W.: In addition to the executive

developing perspective and getting a coach, I would suggest getting a coach for the management team. Executive transition is an issue for the whole organization. Other staff members may also face burnout. All can sit down together to ask, “How are we going to get through this together?” Also for an executive, moving to a four-day workweek or another [form of] reduced schedule can help give relief while he regroups.

H.N.: The challenges that come with a recession can accentuate behavior in organizations. If organizations are healthy, they can react with healthy behavior, but if organizations are unhealthy, negative behavior increases.

Founders can be particularly adept at ignoring or manipulating the counsel of boards, which speaks to the value of hiring a coach. Many leaders are saying that they have been in this tough spot financially before but that they are not taking the [leap] to think about strategic structural changes. They continue to think the status quo will get them through, because it always has in some way. But this time, the status quo will probably not get you through.

NPQ: *How do you know it's time for an executive to leave?*

T.W.: The worst-case scenario is when you dread going to the office every day. The challenge for an executive in the thick of it is developing perspective. It's the slow boil that kills the frog. You don't realize it, but you are slowly dying.

I believe—and have heard this from boards as well—if a board has a practice of doing an annual evaluation of an executive and that evaluation has some elements of 360-degree evaluation [with] input from staff, it's one way to help an executive keep perspective and to keep the board in a dialogue about how well

the executive can keep up with the job. Absent that, the board has to do some sort of intervention. That's when we hear from folks. The board will say, “Enough is enough, we have to step in,” and that's when the executive will leave or step into some emeritus role.

H.N.: In some cases, the executive is not particularly tied to staying, and when asked, the executive responds, “The board needs me” or “The board wants me to stay.” But that's not a good reason to stay. Often these leaders don't really want to stay, and they are exhausted. But the board is not ready to let go, and it is scared about what it means for it as a board if a leader leaves.

D.L.: Some groups don't have boards developed to the place where they do a regular, organized evaluation of executives. Those boards are more following boards to begin with. That dynamic is a difficult one. Traditionally, as I wrote previously, with a weak board and a strong but increasingly ineffective leader, an organization's staff starts to force change by fussing, and then the board steps in. Those are the messy kinds of situations.

NPQ: *Other than hiring an interim director, what's the ideal time line and process?*

T.W.: The process isn't any different. The steps to hiring a new executive are still the right steps: Get clear on where the organization is going and what its current constraints are in getting there. Based on that clarity, determine which skills and characteristics are needed in the next executive. Engage board and staff in the vision. The result is an organization ready to embrace change. They see clearly what they need in the next executive and are enthusiastic about it.

H.N.: One issue that always comes up and is particularly important right now is that the board understands the financial reality of the organization. That [reality] can be missed, because the board may not have clearly understood what the executive has been doing or the cash flow. Then the new executive gets in, and low and behold, he has three months to raise tons of money, or worse. The financial picture has to be really clear, and the board has to understand and articulate it to a potential new leader.

D.L.: There's the traditional process that Tim speaks to, and I agree that on the front end, getting the finances together is important. To get people to be as honest as they can: “What might be challenges?” And “What good things do we want reinforced so people can develop a profile?”

For instance, if a leader has been an expert in content but not a good manager or communicator, the group might want to go to a program director and strong content manager and a new leader who can buoy the weaknesses around communication and management. There has to be a process that identifies the weakness in the culture and our processes do that, but it depends on the capacity of the group to be open about that.

NPQ: *What's an “average time line”?*

T.W.: Five to six months is ideal in terms of taking a group through a healthy process of strategic review, followed by a rigorous candidate search-and-screening process. Some groups will shorten it a bit.

D.L.: Unless there are external factors, this is not the time to rush, but a time to slow down to leverage the best possible results for the organization long term. It is also a time for funders to step up and support organizations through leadership transitions.

T.W.: In the current economy, what we're seeing is more groups trying to do it on their own. They don't have money and can't get funding for this process. They are either doing it themselves or asking us for a limited amount of coaching and advice to help them through the process.

NPQ: *What do you do when an executive director leaves without giving notice?*

T.W.: Get an interim director.

D.L.: Get an interim director—unless there's a solid management team with solid expectations among team members and with the board of directors, especially about communications. If internal staff steps up, I would recommend a management team rather than one person. A study that Tim and I did showed that a team does better than a single person.

T.W.: It helps if the agency is in a relatively healthy place.

D.L.: Even in a healthy place, those groups that have a great setup, every organization needs some capacity built, and you can get an external interim executive with particular expertise that can help build a certain capacity. People shouldn't feel like they can't have current staff people step up. And on the other hand, an external person can bring a fresh eye, a new perspective, and possibly build a capacity that wasn't so strong before.

H.N.: Definitely get an interim [director] and take the time to consider whether the organization's current structure/way of working is the most effective way to accomplish the mission. It is a good time to consider strategic partnerships as well.

NPQ: *In this economy, have you seen more mergers or collaborations?*

H.N.: Very few. And those few that we have seen have had foundations support the process by paying for consulting support.

NPQ: *Have you seen an uptick in alternative management structures?*

T.W.: We see a parallel stream of thirty-something leaders who want more of a shared-leadership model. Sometimes its codirectors, sometimes it's leadership dispersed across a team under one director. We're seeing more of that and requests for helping organizations shift to a shared-leadership model. That's not really tied into transition work.

H.N.: We have experienced this as well: younger leaders who are integrating shared leadership into their management structure.

D.L.: With the economy, you might not have staff say what they need to say because they fear losing their jobs.

T.W.: I had a call the other day from an agency with an uncomfortable situation, where older managers were not working well with younger ones—different sets of expectations.

I recently came across the concept of phased retirement. Some folks are now advocating this for boomer executives who are having trouble letting go: maybe [because of] personal finances, maybe wanting to stay involved longer in what's been their life's work.

D.L.: We need to talk more about succession planning and the importance of it. No matter how long an executive thinks he'll stay, everyone should do succession planning.

NPQ: *Walk through an ideal process for this planning.*

T.W.: We refer to it as *strategic talent development*. An executive should continually develop the skills of those in the organization and their ability to step up. So there's a constant attention to what it takes to lead an agency and how to develop staff to step up in the future.

H.N.: That kind of work helps when it's shared with the board. It helps the board understand more about the executive role which can help when the transition happens. So board members understand that it may not be a realistic job and what needs to shift so that other leaders in the organization can take leadership. Board engagement is important.

D.L.: As strategic alliances take hold to get the mission-related, community-based work done, I believe there will be a strong emphasis on shared leadership across multiple organizations.

I believe that there are new organizational norms emerging and that the tradition of nonprofit lifecycles may not be exactly as they have been. Younger generations will be a part of that change, but so will the larger structure and systems changes that are forcing groups into creative ways of getting to the community impact they desire.

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