Annual Conference
Leadership Transition Strategies

Thursday, October 12, 2017
Saint Paul, Minnesota
Case Study #1

• Social services organization
• International
• ED of 40 years retiring
• Conducted national search
• Hired a rock star (local)
• Overlap/Transition period
• New ED lasted less than six months
Case Study #2

• Long-term care organization
• Southern Minnesota
• CEO of 25 years retiring
• Conducted national search
• Hired a rock star (out of state)
• Overlap/Transition period
• Still in the role, succeeding
Group Exercise

• What makes leadership transition successful?

• What makes leadership transitions unsuccessful?
Five Approaches to Leadership Transition

1. Internal succession
2. External succession
3. Interim leadership
4. Merging
5. Exit strategy for the current executive
Internal Succession – Why it Works

• In-place relationships
• Institutional knowledge
• Lead time for preparation
• Creates promotional opportunity for others
• Creates culture of advancement
• Rewards performance
Internal Succession – Why it Doesn’t Work

• In-place relationships
• Only one person can pass through that door
• Longer time to establish own identity/style
• Pressure to establish own identity/style
• Relationship with past executive
• Still tied to old role
• Lack of experience working with a board
External Succession – Why it Works

• Different perspective
• Knows how the movie ends
• Understands board interaction
• Afforded a longer learning curve
• Has been thoroughly vetted
External Succession – Why it Doesn’t Work

• Different perspective
• She/He isn’t the former leader
• Isn’t afforded the opportunity to learn
• Tension with staff
• Makes too many changes too soon
• Hasn’t been thoroughly vetted
Interim Leadership – Why it Works

• Systems and processes need shoring up
• Allows board to re-evaluate what the staff executive role should be
• Creates a greater period of separation between exiting and incoming leader
• There is a defined period of time
• There are defined objectives
Interim Leadership – Why it Doesn’t Work

- Objectives for interim period haven’t been established
- No evaluation period
- Staff resist changes that frequently occur during interim management
- Board overreach
- Relationships with key stakeholders are tested
Internal v. External Interim

Internal
Interim Leadership
- Trial run for potential successor
- Maintain relationships with key stakeholders
- Interim could be stretched thin

External
Interim Leadership
- Can mentor potential successor
- Knows role of interim leader
- May have other clients
Merging – Why it Works

• Mutual benefit for both organizations
• Potentially stronger organization after merger
• Reduce redundancies
• Reintroduce yourself to the market
Merging – Why it Doesn’t Work

• Cultures struggle to get along
• We/They
• Learning curve blamed on merger
• Creates winners and losers
• Too much focus on structure and not on people
Merging Checklist

• Is there pressure to act immediately?
• Is there a clear vision of what a merged organization will do that neither could do before?
• How have we planned to honor the history of each organization?
• Have we previewed with key stakeholders of each organization?
Importance of Exit Strategy

• List of deliverables for exiting executive
  • Transition plan – for staff and board
  • May (or may not) include onboarding new leader
  • Prepare board for new leader
  • Communication with key stakeholders

• Leaving a legacy
  • More important for founders/long-tenured
  • Clear boundary or breaking point
  • Leave on a high note
Without an Exit Strategy

• Exiting executive hangs on
  • Doesn’t prepare organization for new leader
  • Doesn’t transfer institutional knowledge
  • Personal To-Do list is overwhelming
  • Feels sense of “I should have done more”

• Board can struggle to govern
  • Assumes some ED/CEO responsibilities
  • Views governance through lens of exiting executive
Group Exercise

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• What makes leadership transitions unsuccessful?
Leadership Transition Checklist

- Do we have a plan to formally recognize the exiting leader?
- Will key stakeholders have an opportunity to give thanks and say good-bye?
- Have we updated the position description(s)
- Have we reviewed our bylaws?
- Have we put mechanisms in place to make it difficult to not let go?
- Have we established a formal legacy?
Leadership Transition Checklist

- Is there work to be done that can be best handled through interim leadership?
- Have we looked at board composition?
- Do we have a strategic or operating plan for the incoming executive, or will we create one after?
- What is our on-boarding plan for the new leader?
- Have we communicated with staff multiple times through this process?
FURTHER DISCUSSION?