2024 NONPROFIT LEADERSHIP CONFERENCE

May 8, 2024
Minneapolis
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Think You’re Prepared?
Creating Readiness for Executive Transitions

Wednesday, May 8th, 2024 | MCN Leadership Conference | Alex Clark (he/him)
Our Learning Objectives

Upon completion, participants will:

• be equipped to discuss transition readiness with their board and executive leaders
• know of techniques to assess transition readiness within their organization
• have access to resources that can assist them and their organization in fostering transition readiness
Before we start... an invitation

Please stop me at any point. This is a shared space for conversation and learning.

If you have any need of accommodation, please feel free to flag me down during our “neighbor chats” or text me at 612-845-5125.

Please use a mic when sharing or posing a question.
Neighbor Chat

Pair up with your neighbor and discuss the following question.

There are many great options during today's conference....

What brings you to this session? What makes this a topic of interest to you?
What is a Leadership Transition?
A Working Definition

A leadership transition is:

The set of activities related to planning, preparation, and managing the transition from employing one CEO to a successor CEO.

Related Terms

Succession Planning  Transition Planning & Mgmt  Off/On Boarding
Transitions Can Look Like This...
...This...
...This...

Transition Planning & Mgmt

Off/On Boarding
...And This.

Transition Planning & Mgmt

Canva, @elif-stays-team
The Reality (from our perspective)

There is no right or wrong way...

...there are only different outcomes.
Why is This Topic Relevant?
100-70-29 Paradox

100%
Need a plan

70%
Paradox

noun: a situation, person, or thing that combines contradictory features or qualities.

29%
Do any planning

The Generational Shift Is On

Interest Is Waning

Why Is Interest Waning?

The work of an Executive Director does not interest me

- People of Color: 29%
- White: 27%

My work/life balance priorities are not well suited for an Executive Director role

- People of Color: 25%
- White: 30%

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The Push and Pull: Declining Interest in Nonprofit Leadership (2022), Building Movement Project
The Rise of the “Glass Cliff”

“Women and diverse candidates achieve leadership roles during periods of crisis or downturn when the risk of failure is highest.”

Illustration by Carmen Deñó

100-70-29 Paradox

100% Need a plan
70% Paradox
noun: a situation, person, or thing that combines contradictory features or qualities.
29% Do any planning

Neighbor Chat

Why might leadership transitions often go undiscussed or unplanned?

What’s hard about this topic?
Oversimplification

Research suggests boards hesitate or resist a focus on transition readiness because of perceived or simplistic assumptions about a transition process.

It’s Just Plain Hard

The Impact

Boards and CEOs often report boards were ill-prepared for a leadership transition after the fact.

Common Outcomes
- Organizational instability
- Weakened leadership
- Friction with external stakeholders

Derailers and Common Pitfalls
Where To Exercise Caution

- Overlooking role clarity and negotiation
- Trying to do everything before the transition
- Doing nothing before the transition
- The outgoing leader is not really ready to depart
- Insufficient communication and partnership between chair and CEO
- Under communicating to stakeholders
- Assuming staff have no role in the process
- Thinking about the next CEO relative to the current CEO
- Timeline delusions
- Over-emphasizing the “who”, under-emphasizing the “how”
Creating Transition Readiness
What Are We Talking About?

Defining Transition Readiness

The process of *intentionally* developing the conditions for success

where the outgoing leader can leave well,
the incoming leader is effectively set up for success,
and
the organization can thrive (or at a minimum, manage).
(Re)Framing Your Transition.
From
A moment of instability

To
A catalyst for intentional transformation
How You Orient Matters

• Go slow to go fast
• Organization as organism – relationships are the lifeblood
• Intention > Efficiency
• Mission as a superpower
• Organizational context is an often overlooked yet invaluable ingredient
Roles & Responsibilities
The Nonprofit Paradigm

• Boards are responsible for hiring and managing the CEO
• CEOs tend to have a dominant role in the strategic execution and operations of a nonprofit
• Boards sometimes defer to the CEO on a range of topics (especially true for legacy leaders)
• Practicing good governance includes the Board staying out of management...
• ...but transitions require consideration of several management topics and factors...
• So...what are the roles and responsibilities required to uphold good governance and management boundaries?

# Board Roles & Responsibilities

<table>
<thead>
<tr>
<th>Role(s)</th>
<th>Board</th>
<th>Board Chair</th>
<th>Executive Committee</th>
<th>Transition Committee</th>
<th>Selection Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold ultimate accountability for a well-managed, transparent, and values-aligned transition process.</td>
<td>Lead the board and participate in transition-related committees.</td>
<td>Bring forward relevant topics and votes to the board.</td>
<td>Guide the organization through the entirety of the transition process.</td>
<td>Identify, evaluate, and recommend the best candidate to lead the organization forward as the new CEO for.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>Board</th>
<th>Board Chair</th>
<th>Executive Committee</th>
<th>Transition Committee</th>
<th>Selection Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Develop succession plan</td>
<td>• Partner with the outgoing CEO</td>
<td>• Assess need for interim leadership</td>
<td>• Develop and maintain a detailed transition plan</td>
<td>• Conduct in depth search for potential candidates</td>
<td></td>
</tr>
<tr>
<td>• Appoint transition and selection committees</td>
<td>• Communicate to all relevant stakeholders</td>
<td>• Have representation on transition and search committees</td>
<td>• Identify and select a search firm</td>
<td>• Review resumes, conduct interviews, assess candidates</td>
<td></td>
</tr>
<tr>
<td>• Define outgoing CEO role in transition</td>
<td>• Facilitate board discussions and votes</td>
<td>• Monitor transition progress</td>
<td>• Develop a job profile and narrative</td>
<td>• Make a recommendation to the board regarding the final selection of the new CEO</td>
<td></td>
</tr>
<tr>
<td>• Resource transition process</td>
<td>• Participate in (or lead) transition and selection committees</td>
<td>• Negotiate employment terms of incoming CEO</td>
<td>• Engage with the selection committee</td>
<td>• Update the board</td>
<td></td>
</tr>
<tr>
<td>• Vote on the proposed CEO hire</td>
<td></td>
<td></td>
<td>• Onboard the new CEO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Support incoming CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Management Roles & Responsibilities

<table>
<thead>
<tr>
<th>Role(s)</th>
<th>CEO</th>
<th>Senior Leadership Team</th>
<th>Senior HR Leadership</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support the transition process in ways that mitigate instability and create conditions for ongoing success.</td>
<td>Foster stability and continuity within the operation and organizational culture.</td>
<td>Provide general support to the management team and the board.</td>
<td>Continue to deliver on the organization's mission and maintain operational responsibilities.</td>
<td></td>
</tr>
<tr>
<td>Responsibilities</td>
<td>• Partner with board chair • Communicate to internal stakeholders • Create transition-related deliverables (exit memo, relationship map, knowledge transfer plan) • Assist board and committees as requested</td>
<td>• Engage in the transition process as requested by the board • Support the outgoing and incoming CEOs • Bring continuity to the staff and organization</td>
<td>• Support succession and transition planning as requested • Advise the board and committees on how the organizational values and leadership model inform the CEO search • Partner with the transition committee on new CEO onboarding</td>
<td>• Support succession and transition planning as requested by board and senior leadership</td>
</tr>
</tbody>
</table>
Neighbor Chat

On a scale of 1-10, how clear are the transition-related roles and responsibilities within your organization today?
(1 = not at all clear, 10 = extremely clear)

How did you land on that number? What observations lead you to that 1-10 rating?
Transition Planning
A Transition Plan

A sound plan helps create the conditions for a successful transition, which includes:

• the outgoing leader leaving well,
• the incoming leader being effectively set up for success, and
• the organization being able to thrive (or at a minimum, manage).

This is what transition readiness looks like.
Steps Toward Readiness

Step 1: Assess Your Current State

Step 2: Build a Transition Plan to Account for Transition Risks

Step 3: Resource Your Plan Like Your Mission Depends On It
Your Plan

The precondition to developing a high-impact transition plan is in depth knowledge of your organization’s current state.
Step 1: Current State

Assess Your Current State

An assessment of the organization’s current state establishes a foundation for informed decision making related to your transition.
A Working Framework

Three Dimensions of Transition Readiness

Human
Organizational
Process
# Human Dimension

<table>
<thead>
<tr>
<th>Factor</th>
<th>Board</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>What adjectives would you use to describe our board culture? What are some examples of that in action?</td>
<td>What adjectives would you use to describe our organizational culture? What are some examples of that in action?</td>
</tr>
<tr>
<td>External Partnerships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity</td>
<td>To what extent do we have a board that brings the skills, experiences, and time required to practice sound governance?</td>
<td>How clearly defined are the skills and competencies that foster organizational success?</td>
</tr>
<tr>
<td>Succession</td>
<td>I envision being in my board role in 2-3 years.</td>
<td>I envision being with the organization in 2-3 years.</td>
</tr>
<tr>
<td>Board-Staff Partnership</td>
<td></td>
<td></td>
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## Organizational Dimension

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<thead>
<tr>
<th>Factor</th>
<th>Board</th>
<th>Staff</th>
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<tbody>
<tr>
<td>Business Model</td>
<td>On a scale of 1-10, how well does the board as a whole understand our business model?</td>
<td>On a scale of 1-10, how effective is our current business model?</td>
</tr>
<tr>
<td>Planning (MVV, Strategy)</td>
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</tr>
<tr>
<td>Financial Management &amp; Development</td>
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<tr>
<td>Advocacy</td>
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<tr>
<td>Programming</td>
<td>What changes are needed to our programming to meet evolving and growing community needs?</td>
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# Process Dimension

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<td>What is the process for conducting discussions and making decisions at board meetings?</td>
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<td>Role Development and Clarity</td>
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<td>Systems, Policies, and Procedures</td>
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<td>On a scale of 1-10, how well developed are the organization's systems, policies, and procedures?</td>
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<tr>
<td>Feedback Loops and Norms</td>
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Is It Really Necessary?

The primary purpose of conducting a transition assessment is to:

- Establish a foundation for informed decision making

A comprehensive transition assessment helps:

- Identify work to be completed after the leadership change
- Shape your executive role profile
- Identify work to be completed after the leadership change

This seems to be pretty necessary.
Step 2

Build a Transition Plan Based on Your Current State

Your assessment will indicate where you are entering transition from places of strength and places of risk.

A transition plan should specifically address the risks that are most pressing and relevant to the transition.
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Your Toolkit

- Failure scenario “back-tracking”
- Relationship map
- Staff engagement plan
- Search partner criteria development
- Outgoing CEO legacy plan
- Outgoing CEO exit memo
- Incoming CEO onboarding plan
**EXAMPLE – CEO Legacy Plan**

**Purpose:** To bring intention and attention to the CEO’s final months and weeks with the organization.

**Goal:** Shape and intentionally design the final 12 months with the organization, including time allocation and desired recognition/celebrations.

**Questions**

<table>
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<th>Topic/Area</th>
<th>Question</th>
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<tbody>
<tr>
<td>Work to Be Completed</td>
<td>What are your highest priorities before your June 2024 departure?</td>
</tr>
<tr>
<td></td>
<td>What are you most confident about accomplishing before your departure? Least confident?</td>
</tr>
<tr>
<td></td>
<td>What issues can best be resolved with your institutional knowledge and relationships?</td>
</tr>
<tr>
<td></td>
<td>What issues should be addressed to help a new leader get off to the best possible start?</td>
</tr>
<tr>
<td></td>
<td>What does an amazing final month look like? Final week? Final day?</td>
</tr>
<tr>
<td>Work Not to Be Completed</td>
<td>What issues or items would best be addressed by the new leader? Do you have all the information you need to decide on those issues/items?</td>
</tr>
<tr>
<td></td>
<td>What personnel changes might you need to consider ahead of the transition? Which ones should wait for the new leader?</td>
</tr>
<tr>
<td>Support</td>
<td>What do you need from the board over the next 12 months?</td>
</tr>
<tr>
<td>Search Process</td>
<td>What are your thoughts and preferences about your role in the search process? Are you clear about how you would prefer to be involved? Informed?</td>
</tr>
<tr>
<td>Recognition</td>
<td>How do you want to be recognized by the board? By staff?</td>
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Your Toolkit

- Failure scenario “back-tracking”
- Relationship management
- Staff engagement strategy
- Search plan
- Outgoing CEO legacy plan
- Outdoing CEO exit memo
- Incoming CEO onboarding plan

Tools are only good as the conversations they produce
Your Plan

How your plan comes together can only be determined by your organizational context.
Step 3

Resource Your Plan Like Your Mission Depends On It

Like any good process, your outputs will only be as good as your inputs.
Common Resources

Internal
- Committees and ad hoc workgroups
- Communications
  - Time is often the resource that gets shorted, for both board and staff

External
- Research and thought leaders
- Learning networks and groups
- Search firms
- Transition and governance consultants
- Executive coaches
Know Where You Are

Succession Planning  Transition Planning & Mgmt  Off/On Boarding  Succession Planning
Questions?
Thank you.