

DON TEBBE

**CHIEF EXECUTIVE
TRANSITIONS**

HOW TO HIRE AND SUPPORT
A NONPROFIT CEO



BoardSource®

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Introduction

If your organization is facing a chief executive transition, then welcome to the club. Each year, about 10 percent of nonprofit executive positions change hands — and the rate of turnover is sure to accelerate in the years ahead.

- *The Nonprofit Executive Leadership and Transitions Survey 2004*, a study of 2,200 nonprofit leaders sponsored by the Annie E. Casey Foundation, found that two-thirds of chief executives (65 percent) intended to leave their positions by 2009.
- *Daring to Lead 2006*, published by CompassPoint Nonprofit Services and the Meyer Foundation and based on a survey of 1,900 nonprofit executives, found that 75 percent planned to leave their positions within five years.
- The BoardSource *Nonprofit Governance Index 2007*, a study of over 2,200 board members and chief executives, cited that 49 percent of chief executives see a change in their position in the next five years, while only 30 percent of board members see this change coming.

Clearly, the question is not whether a nonprofit will experience an executive transition, but when. Managing the transition effectively will be crucial to the organization's future impact and continued success. The chief executive, in concert with the board, plays a vital role in defining the organization's strategy, providing the focus for its long-term strategic direction and managing its day-to-day affairs. The handoff from one chief executive to the next is therefore a watershed moment for an organization.

But transitions like these are never easy. According to the *Daring to Lead 2006* survey, 34 percent of nonprofit chief executives leaving their positions are either fired or otherwise forced out. Whether the process is initiated voluntarily or not, successfully managing the departure of a chief executive and the recruitment, hiring, and installation of a replacement is a complicated process that requires months of work. The transition can fail because of a bad fit between the new executive and the organization, or because the board didn't prepare itself to work effectively with its new executive. Such failures can be very costly to the organization.

Among the direct costs of executive transition are advertising, executive search, consulting fees, and relocation expenses. A transition also has "soft costs" such as staff and board time devoted to the transition and hiring process, as well as the time and energy that could otherwise go into fundraising or mission-related activities.

The bottom line: Nonprofit boards need to figure out how to make sure executive transitions are not a problem for their organizations, but rather an opportunity to enhance capacity and add to mission impact down the line.