

Armstrong
McGuire



Countdown to the Inevitable, Unavoidable Leadership Transition

January 26, 2021

Harvard 100

Bert Armstrong



About Armstrong McGuire

Serving NC's nonprofit and philanthropic community since 2004

Core Values: *Integrity. Experience. Relationships. Results.*

Clients across North Carolina

- Building the capacity of local start ups to large statewide and national organizations
- Millions of dollars raised through annual, capital and endowment campaigns
- Executive and professional leaders recruited on behalf of nonprofits and philanthropic foundations
- Leadership development, organizational development, and resource development services

Executive Transition Management (ETM)

Acknowledgements and Resources

Armstrong
McGuire

- Transition Guides; now Raffa PC (Marcum's Nonprofit & Social Sector Group)
- CompassPoint
- Annie E. Casey Foundation
- North Carolina Center for Nonprofits
- BoardSource
- National Council of Nonprofits

Your Experiences

Armstrong
McGuire

- For those who have recently gone through a leadership change, what are some situations that have led to chief executive departure?
- How effective was the transition? Has your leadership change impacted your organization? In what ways? Positive or negative?
- For those involved with organizations who have not experienced recent leadership changes, what is your sense that your organization is prepared for a planned or unplanned departure of your chief executive?
- What is your biggest fear or frustration about a leadership transition?

Inevitable Realities



2011 study (*Daring to Lead*) found that 67% of nonprofit executives anticipated leaving within 5 years
(Compass Point and Meyer Foundation)

2013 National Nonprofit Sustainability and Succession Survey Report

(Transition Guides and McGladrey LLP survey)

- 51% of all chief executives plan to leave their position in 4 years or less
- Almost 50% of chief executives are 60 years old or older
- 25% reported either “unplanned and challenging” or “difficult and disruptive”
- Nearly 75% reported no assessment of leadership talent

2016 NC Nonprofits CEO/Executive Director Survey

(NC Center for Nonprofits)

- 58% of Executive Directors plan to leave in 4 years or less
- 71% of nonprofits do not have a board approved succession plan
- 67% do not have an emergency back-up plan

Unavoidable Truths

Whether they are the best or the worst, leaders...

- Have significant impact on your culture
- Set tone, vision, and strategic direction
- Hire and fire...and everything in between
- Build budgets
- Are expected to make the tough decisions
- Are looked to by your donors and community stakeholders for engagement, confidence, passion, and vision
- Make decisions that can build up or damage an organization's reputation
- **LEADERS LEAVE!**

Why would any organization leave this to chance?

A View of Succession Planning



- **Succession planning is about reflection, clarification, and communication.**
- **It is not a one-and-done event. It is more than a document with check boxes. It requires a deliberate balance of short- and long-term thinking.**
 - Policies help make priorities
 - Emergency succession
 - Founder/long-term leader transitions
 - Professional development of the team (staff and board)

5

Reasons successful nonprofits commit to succession planning

Armstrong
McGuire

1. They recognize that succession planning is essential to sustainability, strategic direction, and long-term success.
2. They value relationships with their stakeholders – staff, donors, and partners
3. They understand that change is costly (money, time, energy and attention)
4. They know that crisis and chaos are really bad outcomes
5. They embrace the theory that “good endings lead to good beginnings”



Unfortunate things that can happen if you don't plan well

Armstrong
McGuire

1. Loss of institutional knowledge
2. Donor/stakeholder anxiety; disruptions or loss of key relationships
3. Abandonment/disruption/suspension of major campaigns and program initiatives
4. Staff anxiety and/or entitlement

Staff anxiety and/or entitlement happens when:

- Boards fail in balancing their leadership responsibilities
 - Won't address issues
 - Get too deep in the weeds
- There is a rush to hire quickly, or promote internally, without understanding current needs
- Interim leaders misinterpret their roles (stability and preparation), instead believing they are auditioning for the permanent job



Steps to take NOW

Armstrong
McGuire

1. Educate and position your board and staff
 - Talk about it before you think you need to
 - Hold brain dump sessions with your current leader
 - Activate a board committee to oversee a succession planning process
 - Develop the basics of an emergency succession plan



Steps to take NOW

Armstrong
McGuire

2. Conduct routine evaluations; help staff understand their value and leadership potential
 - Professional development/cross-training for staff

3. Build your Strategic Plan
 - Include goal for internal capacity building

2

*Keys to effective succession
planning*

1. Recognition that change is inevitable, OK, and necessary
 - Average tenure of a nonprofit chief executive today is significantly shorter than 20 years ago
 - Different times require different types of leadership
 - Growth
 - Maintenance
 - Turn-around



Keys to effective succession planning

Armstrong
McGuire

2. Investment of time, energy and resources
 - “It’s not a budgeted item.”
 - “We are too busy just keeping our heads above water.”
 - “We have time. Our executive director isn’t going anywhere for at least 5 more years.”



Extraordinary outcomes are possible

Armstrong
McGuire

- Good endings lead to good beginnings
- Engaged team that is positioned for building the future you want
- Great candidates will be attracted to you

Preparing the Organization for a Healthy Change in Leadership

- Prepare for a planned or unplanned change
- Strengthen your people, processes and services
- Pay attention to relationships and organizational culture
- Remember that leadership goes hand in hand with sustainability, strategy, and success

Keys to the Successful Navigation of a Transition: Prepare. Pivot. Thrive.

- Have a plan in place for executing change
- Talk about change, and equip your team, before it happens
- Celebrate or navigate the departure of a current leader
- Board leadership through the transition; healthy platform building in the interim

Keys to the Successful Navigation of a Transition: *Prepare. Pivot. Thrive.*

- Identify interim leadership and the transition team
- Determine if hiring outside counsel for the search
- Engage your stakeholders appropriately
- Be thoughtful in the interview process (first date *to* engagement)
- Look for what you need, not what you have/had

Keys to the Successful Navigation of a Transition: *Prepare. Pivot. Thrive.*

Armstrong
McGuire

- Launch a new leader in a healthy way
- Save energy for onboarding
- Establish a covenant agreement