



What's in a Name? Benefits of the President/CEO Title

Is it time to change your organizational title?

By Eugene Fram

Over the last 100 years, senior managers of nonprofits typically have held the title of “executive director.” During the past 30 years, many nonprofits have changed the title to “president/CEO,” following a common business practice. Many more nonprofits need to consider the same change to obtain some subtle but useful organizational benefits.

A wide range of nonprofits use the executive director title: churches, human service agencies, trade associations, and medical facilities. An executive director can be the only manager in a church with an annual budget of \$200,000, or be the head of a medical facility with a \$10 million annual budget and 200 employees. These significant differences in responsibility levels can:

- **demean the contributions** of many executive directors in the eyes of some important audiences
- **minimize people’s perceptions** of the organizations’ contributions.

The Executive Director in Nonprofit Organizations

According to Wikipedia, nonprofit senior managers are called executive directors instead of chief executive officers “to avoid the business connotation which the latter name evokes.” It also distinguishes them from “members of the (volunteer) board of directors and from non-executive directors, who are not actively involved in running the corporation.”¹ (Non-executive directors are volunteers who mentor or advise an operating division within the nonprofit, such as the development office.)

Using the title of executive director made sense during the early part of the 20th century when nonprofit organizations were modest ones with a handful of employees, and volunteers regularly filled managerial or service roles. As late as the 1960s, one occasionally witnessed volunteer board members having internal operational

¹See http://en.wikipedia.org/wiki/Executive_director.

roles. Those who advocate for the continued use of the executive director title argue that the title’s use is empirical evidence of board involvement in the organization’s activities. However, the negative side of the argument is that continued use of the title leads to board micromanagement of operations, which stunts organizational growth.

“Many boards see the change as a managerial power grab.”

Nonprofit organizations became larger and more complex in the latter part of the 20th century. Local professional societies became regional

organizations; hospitals became regional healthcare systems; and so on. The proportion of volunteers involved in management operations and staff work declined. Consequently the trend to use the president/CEO title became more appealing to focus operational responsibility on management and staff. If properly structured, the title requires the chair and CEO to develop a more trusting professional relationship and assures stakeholders of higher levels of performance. Organization results become focused on outcomes, not process.

The President/CEO in Nonprofit Organizations

In the latter part of the 20th century, businesses began to add CEO to the title of either their president position or board chair position.² The objective was to clearly designate which of the two had final operational authority, except for those actions reserved by the firm’s bylaws for the board (usually acquisitions, pension plans, and long-term contracts). In the business environment, as contrasted to the nonprofit environment, both the chair and the president can be corporation employees.

In the 1980s, nonprofit organizations began to mirror business organizations managerially. Many developed marketing departments and installed complex information technology. A few hired experienced business executives to head their organizations. The older philosophy of “avoiding the businesses connotation” was quickly eroded. When hiring new senior managers, nonprofit boards offered titles of president/CEO and made bylaw provisions for others in the senior management teams to become vice presidents.³

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Some president/CEOs even became voting members of their boards, if permitted by their state laws. It wasn’t unusual for some incumbent executive directors to seek the new title if it was politically expedient. However, many conservative boards still look upon the change as a managerial power grab, which has slowed the change process.

Three decades have passed since early adopters made the first changes. Yet thousands of complex nonprofits are still headed by managers holding the executive director title, although they may have substantial, complex operational duties.

Changing the title of the chief staff officer to president/CEO can positively influence three things:

1. PERCEPTIONS OF THE ORGANIZATION

There’s little public understanding of the robust responsibilities of executive directors. Most people holding the title can relate stories of having to describe their jobs to those unfamiliar with nonprofits. But most people recognize that the president/CEO is the head of the organization with authority to lead its employees and to direct operations.

The senior manager from time to time may have opportunities to be interviewed by the media. This can be a critical responsibility when a rapid response to a crisis is needed or an unusual public relations opportunity arises. The president/CEO title enables the senior manager to move quickly and authoritatively; there is no ambiguity related to the leader’s authority.

How leaders and organizations are perceived by stakeholders are realities with which leaders must deal, whether or not the perceptions are accurate. Providing the chief staff officer with the president/CEO title can help develop more desirable internal and external perceptions of an organization’s strength and the responsibilities of the person leading it.

2. ORGANIZATION CULTURE

When organizations change the title, they often do so in connection with developing a structure that brings more formality and managerial professionalism to the culture. In the past, years of volunteer involvement in operations often developed a more family culture, which is a positive force when the nonprofit is in its early stages. But it’s hard to maintain a family environment as the number of employees grows. A new formality, brought about with the senior manager’s title change, along with a group of former managers now titled vice presidents, may be seen by older members of the staff as making the operation “uncaring” towards staff and clients.

As time progresses, with the president/CEO being the communications nexus between the board and staff, there will be less personal contact between the two groups. This requires the CEO to be concerned that a mistrusting atmosphere may develop. Under the CEO’s guidance, contact between board and staff can take place on ad hoc committees, on strategic planning projects, at various board orientations, and at organization celebrations. In

these ways, the board can seek the participation and advice of all staff in establishing the major programs involved with missions, visions, and values.

The change in top titles and the greater formality it can bring may raise some trust issues with older staff. Management needs to convey a message to the staff that the change is a result of the board placing more trust for operations in the hands of management and staff.

3. FINANCIAL GROWTH

Some nonprofits take the position that fund development is the board’s responsibility, since board members have the broadest range of community and other outside contacts. With a president/CEO in the top management position, fund development becomes the joint responsibility of the president/CEO, the development person — if one is employed — and board members capable of fundraising. The new title gives the senior manager the immediate recognition necessary to credibly approach donors and, with the consent of the board, to make commitments on the organization’s behalf.

“The new title can open doors and communications.”

To involve the board more directly, the president/CEO can work collaboratively with board members to develop contacts opened by the board. (As one nonprofit executive person explained the situation, “Top people readily communicate with persons in similar positions.”) In seeking support funds, the new title can open doors and communications that might not be available to one holding an executive director title (which conveys such an unspecified range of responsibility). It might even raise an unarticulated question in the minds of some donors as to why the person hasn’t been given the title of president/CEO.

Which Title Will Work Best for You?

Compared to the duties of a president/CEO, the duties of an executive director range much more widely on a management activity scale. Some executive directors are simply clericals while others are sophisticated senior executives. Any organization that ignores this fact can leave a psychological gap in public perceptions relating to the group’s strategic posture and the senior manager as a substantial leader. Where warranted by higher responsibility levels, changing a senior manager’s title to president/CEO can help present a better public posture for the senior executive and a better strategic posture for an organization. 

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²In the nonprofit corporation, the board chair is usually an unpaid volunteer who also might hold the CEO title, indicating that person has final operational authority. A volunteer holding the CEO title may be subject to more personal liability than other board members.

³This also assumes that those directly reporting to the president/CEO are concurrently given vice president titles.