



# Transition Executive Bridges the Gap During Change

*It's one of the most important decisions a board ever makes. Don't leave it to chance!*

BY CONNIE KNIGHT

**I**s your nonprofit facing a change of executive director? Confronting organizational turmoil? In need of a leader who can temporarily step in and pull your nonprofit together while you find a new chief executive?

During a change in leadership, a **transition executive officer (TEO)** can rescue a nonprofit and work in partnership with its board of directors—not only bridging a difficult transition period, but also strengthening and guiding it to become a better organization for the new director to take over.

## It Happens to Every Nonprofit... Sooner or Later...

Every nonprofit goes through good times as well as challenging times. During the good times, operations run (relatively) smoothly. But ineffective leadership, external pressures, or loss of an executive director will create a gap in leadership.

Board members, who are volunteers serving during their “free” time,

aren't prepared to manage critical challenges during this transition period. Inattention to day-to-day management or poor decision-making during the interim can wreak organizational havoc. The board will find itself pulled into serving as surrogate staff without adequate time or training, leaving its more important board duties under-attended.

But opportunity knocks. Hiring a TEO with outstanding qualifications and experience turns a leadership challenge into an opportunity for positive change. A TEO reduces the nonprofit's transitional risk by doing the following:

- Stabilize the immediate turmoil.
- Help the board clarify organizational direction.
- Prepare for future direction and change.

With a TEO at the helm, board members can remain focused on governance—without being impelled into day-to-day management. Staff benefits from the stabilizing force of a leader who brings people together as a new team, maintains accounta-

bility during the transition, and paves the way for future direction.

The TEO is a bridge-builder: a bridge from uncertainty and turmoil to new opportunity and challenges.

## Facing The Leadership Challenge

Change of executive management is one of the most important decisions a nonprofit board makes. The need for a new executive director may take the board by surprise, or it may have evolved over a long period of time. Boards are forced to act, for example, when the executive director:

- resigns unexpectedly from the position to pursue other opportunities or interests.
- despite historical successes, now seems misplaced in a more competitive and fast-changing environment.
- is unable to effectively manage the staff challenges, resulting in inner turmoil and unrest, a high level of unexplained staff turnover, or significant complaints from staff or clients.

*The TEO is a bridge-builder.*



## *A TEO is not a baby-sitter or caretaker.*

Faced with a change in executive management, even the best of board members embark on a challenging period, feeling daunted by the looming task. But through methodical and thoughtful action, the nonprofit board will turn the leadership crisis into an opportunity for positive change and organization renewal.

### **Responding to the Crisis**

So how does a board meet its responsibilities in the midst of such fragile and fragmented change? After all, the show must go on!

**First:** It must carry on with its primary responsibility, to govern. The board of directors holds the organization in trust for the community, and is accountable to the people the nonprofit serves. Even in the midst of crisis—especially in the midst of crisis—board members must continue to focus on their policy and fiduciary roles and responsibilities.

**Second:** The board must assess management alternatives and identify options for bridging the management gap:

- Boards faced with filling the executive director position sometimes choose to go without an executive during the candidate search. However, this option increases the risk that clients will experience a service disruption or that staff and financial management will suffer.
- Sometimes a well-meaning board member volunteers to take over the duties of an executive director. By doing so, however, the board member risks disrupting the balance of governance and management. Board and staff roles

become unclear and the board member often slips into micro-management, eroding staff confidence and morale. While acting as management, a board member often lacks the time to carry out the governance function—which now has the added burden of searching for a new executive director.

- Sometimes a board decides that a current staff member has the ability to provide interim leadership for the nonprofit. This solution may be short sighted. Other staff may resent a former peer being placed in a position of authority and thus become a roadblock to effective operations. The interim staff director may expect primary consideration as a candidate for the position and, if not chosen, may have difficulty returning to the original position. Letting go of authority can cause havoc among staff and lead to potential conflicts with the new executive director. Either way, the nonprofit risks losing a valuable team member.

**Third:** The board's final responsibility is to search for a new executive director. A board will be tempted to hurry and hire an "acceptable" candidate too quickly, thereby losing the opportunity to find the most appropriate and desirable leader for the organization.

As pointed out in "10 Common Mistakes And How to Avoid Them" (May 1997 *Board Member*), "One of the biggest mistakes a board can make is rushing to hire (a candidate) without taking the time to consider the challenges facing the organization, and its expectations of the executive. It may be appropriate to hire

an interim executive to fill the leadership gap and give the board time to do some planning." Rushing the process results in a candidate who may not be best suited for the organization and adversely affects programs and staff morale. Finding a person with the talents to lead the nonprofit into the future necessitates taking time for an organized and effective search process.



All of these solutions have been tried, with varying degrees of success, by boards facing an executive leadership challenge. But there is a more successful solution: Hire a TEO.

## Engaging a TEO

A TEO is a seasoned management professional, not a baby-sitter or caretaker, not an up-and-coming senior staff member, not someone seeking the executive director position.

The TEO is skilled in the transition process, quickly assessing and managing urgent needs, while directing organizational issues to the board or committees for appropriate decisions. The TEO brings an outside perspective, an unbiased viewpoint, and keen observational skills with a thorough understanding of change dynamics. This individual serves as a role model in defining priorities, building teams, and nurturing accountability.

The TEO is the bridge from the board to the staff, guiding the organization through the transition. Under the stabilizing force of this transition leader, the board governs with “business as usual.” The board stays out of direct management, and the staff remains focused on meeting the clients’ needs.

Hiring a TEO also gives the board time to conduct an effective executive search. Indeed, the TEO is skilled in assisting boards with just such a task. Meanwhile, funders and key constituents maintain their confidence in the nonprofit, knowing a professional is in charge.

## Desirable Qualities

What should the board look for in the TEO? The single most important consideration is good recommendations from other nonprofits. A successful track record is more crucial than any credentials. Qualities to seek in such references include:

- Someone who quickly assesses situations, creatively solves problems, and enjoys the challenge of undefined

## A CASE STUDY

Charles,\* board chair for Shelter Group,\* a nonprofit that provides shelter for the homeless, recently received a call from a major funder expressing concern about Edward,\* the executive director, and his uncooperative behavior and lack of communication. This call followed a letter signed by four staff members citing his lack of direction and numerous staff resignations in the past year.

Charles wasn’t surprised. For several years, the board had grown increasingly dissatisfied with Edward’s performance, particularly his lack of communication with the board and inattention to fundraising.

The board made the tough decision and asked Edward to leave. The board also made the decision to invest in the future of the organization by hiring Terry,\* a respected nonprofit consultant, to serve as the TEO. Her contribution to the organizational health and well-being went beyond their expectations. For the first time in years, the staff worked together to achieve common goals, and the professional atmosphere in the organization changed dramatically. Clients sensed the difference in the upbeat attitudes of the staff, the board received some friendly nudges to sharpen their performance, and best of all, Terry nurtured a thoughtful executive search process that produced an exemplary new executive.

When Terry left Shelter Group several months later, after the new executive director was hired, the key management staff thanked her for unleashing their potential as a team.

\* Not the real names

situations, with a demonstrated record of successful transition management.

- Someone who “rides the waves of chaos,” advises Pastor Harry Mueller, who has done interim ministry work with the Lutheran Church.
- Someone who helps staff members recognize their talents.



## Where to find these magicians?

There are many ways to find a qualified TEO. You can contact:

- your local Council of Nonprofits
- your own network of nonprofit and business associates
- foundations that provide support to your organization
- United Way or other national nonprofits
- Nonprofit Yellow Pages or comprehensive regional listings
- local nonprofit or foundation clearinghouses
- Directory of Nonprofit Providers in each issue of *Nonprofit World* (see page 19 of this issue).

The two most important things to remember when selecting a TEO: Be sure the individual you select meets your key criteria, and be sure the individual you select is highly recommended.

## Qualities of an Excellent TEO

- Thrives in chaos
- Focuses on mission
- Learns & assesses quickly
- Makes tough decisions
- Leads & nurtures leaders
- Communicates with clarity & candor.
- Fosters team environments

- Someone who fosters a team environment, in which people’s talents are welcomed and used to further the organizational mission.
- Someone who leads and nurtures leaders, bringing out the leader in others.
- Someone who understands a mission focus and can ensure the nonprofit navigates through the transition with an unwavering commitment to its core purpose.

And, of course, all these qualities must be accompanied by the ability to communicate with clarity, caring, and candor.

Does this sound a bit much for your nonprofit’s leadership needs? Martin Wood, director of Boyden Interim in London, England, doesn’t think so. “The interim manager’s strength is in being suitably overqualified,” he insists. An experienced and versatile TEO needs a broad range of skills to bring stability to a potentially stressful situation—and to give the organization the breathing space, time, and structure it needs to choose new leadership wisely.



## Managing the Transition

Just what does the TEO do? There are three priorities:

### Phase I:

#### Stabilize the Situation.

An immediate priority for the TEO is to understand the organization's mission—and how it is understood within the nonprofit and the wider communities. With the mission as the foundation, the TEO assesses the current state of affairs.

This assessment includes a review of management practices, governance policies, program operations, client feedback systems, and employee interactions. The review is designed to identify the mission-essential functions that need immediate mending.

The results serve as the basis for a road map of priorities. With these conclusions in hand, the TEO proceeds to solving the problems that could disturb programs and services. The goal is to ensure that client needs are being met and that there is no gap in service.

Since solutions require staff cooperation, the TEO pays attention to establishing rapport and developing relationships. In challenging transitions, staff relationships may have become strained and divisive; the TEO acts as a moderating influence and models a collaborative approach.

### Phase II:

#### Clarify Direction.

When the nonprofit is stabilized and maintaining its service commitment, it is time to consider where the organization is headed. A seasoned TEO facilitates board discussions regarding the long-range plan and engages the board in discussing:

- What issues are challenging the organization?
- What is going well?
- What needs to be done better?

- What are the desired outcomes during the next three to five years?
- What executive-director traits are needed to address the issues and achieve the desired outcomes?
- What are we looking for in our new executive director?

Once these questions are addressed, the TEO helps the board refine the job description for the new executive director. Recognizing that all leaders come with different gifts, the board defines what abilities are essential for its refocused direction: Fundraising skills? Communications skills? First-hand program expertise? Day-to-day operational management? Financial management proficiency?

Was the answer “yes” to each of the skills? Then it is time to step back and determine what the organization needs *most*, since the person wearing the blue tights and red “S” is probably not available. Once the board agrees on skill priorities and job responsibilities, the executive-director search is launched. The burden of the board is eased since the TEO facilitates the search process—*facilitates* but doesn't assume decision-making responsibility.

### Phase III:

#### Prepare for Change.

Next, the TEO paves the way for the changes to come. An advantage of having a professional TEO is that the organization will be in better health when the new executive takes over. Here are a few of the improvements you can expect from the TEO:

- Clarify lines of authority.
- Identify organizational weaknesses and begin strengthening them.
- Help the board clarify the nonprofit's desired future and leadership needs.
- Design effective management tools.
- Demonstrate effective communications among staff and board.

- Review practices that safeguard clients. For example, strengthen fiscal controls, and assure that laws and regulations are being followed.
- Improve board practices. For example, it is common to find that boards have been micro-managing the organization. Realignment of board and staff roles becomes a key to effective board relationship with the new executive director.

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## Turning Over the Reins

Having stabilized the situation, clarified the nonprofit's direction, and paved the way for change, the TEO has positioned the organization for the new executive director to take over. Throughout the interim, the nonprofit remained focused on its mission. Service to clients was maintained or improved. Board and staff reaped the rewards of having new, motivated, and independent on-staff consulting expertise. The board had a chance to practice its governance role under an experienced coach.

The foresighted board not only handled an important and urgent problem but invested in the future of the nonprofit by hiring a TEO to guide the nonprofit through its change in executive leadership. The transition of leaders, from the depart-

ed executive, to the TEO, to the new executive director, was seamless to the clients and transparent to funders and key external constituents.

The TEO bridged gaps on all fronts: from uncertainty to opportunity, from the board to the staff, and from the past to the future. ■

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These publications are available through the Society for Nonprofit Organizations' Resource Center (608-274-9777).



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