

# Transitions: Make the Most of Organizational Change



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Long-time residents of the Greater Washington area become accustomed to the abrupt change in seasons. After a record-setting winter and what seemed like only a week of moderate spring weather, summer conditions have once again arrived before the calendar marks the new season. Steamy hot days interrupted by very brief storms are the “new normal.”

The abrupt change in weather and a question from an enews reader prompted me to reflect on the issue of organizational transitions. During the past year a record number of nonprofits underwent necessary and often difficult transitions, including CEO departures, staff layoffs, reductions in staff hours and benefits and the closure of branch offices.

One of the most challenging transitions for many nonprofits is the departure of a long-time CEO. Transitions in the senior leadership post must be handled with care to protect the reputation of the organization and maintain the trust of stakeholders. In cases where trust has diminished during the CEO’s tenure it must be restored and rebuilt, and the transition provides an opportunity to begin this process in earnest. In contrast, when a beloved and highly effective CEO leaves the top position at a nonprofit there may be an actual or perceived loss of momentum. Once again, the process must be handled with care to position the nonprofit to continue its tradition of achievement. Yet many boards move too quickly to the task of recruitment, without first stepping back to reflect on the organization.

Transition expert Don Tebbe notes that whatever the impetus behind the departure of the CEO, awareness of the CEO’s impending departure or recognition of the board’s intent to remove the CEO triggers a time “to take stock of the situation.” Don adds that there are common transition “types” that influence the “challenges the board is likely to encounter” as well as the most appropriate strategy for managing the transition.

Some of the myriad risks that arise during a CEO transition include:

- **Loss of stakeholder support due to their loyalty to the outgoing or ousted CEO.** This risk is heightened when stakeholders believe that the CEO was discharged unfairly. The risk is also heightened when stakeholders give sole credit to the CEO for the success or survival of the nonprofit.
- **Concern among senior staff who have been especially loyal to a departing CEO.** Some staff may worry that the new CEO will want to conduct a little “house cleaning” or appoint familiar compatriots to

key positions at the nonprofit thus requiring some displacement of long-time employees.

- **Loss of momentum for critical projects** due to the need to focus staff and board attention on transition-related tasks and activities coupled with uncertainty about the degree to which the incoming CEO will view these projects as top priorities.
- **Inappropriate hire.** This risk is especially high in a nonprofit where the board simply dusts off the job description and runs an advertisement as quickly as possible. In some instances a board that has had a less than favorable experience with an incumbent will make the mistake of trying to hire the CEO's mirror opposite. In both cases, the risk of disappointment is substantial.

The potential for waning support, growing concern and anxiety, loss of momentum and the risk of an inappropriate hire can be effectively managed by a dedicated leadership team. Like other risks facing an organization during its lifetime, managing transition-related risks requires awareness of the issues (and potential issues) followed by thoughtful action. Keys to managing these risks include:

- **The commitment to transparency.** The best way to avoid a highly unproductive and anxiety-filled guessing game is to be generous in providing information. When staff are kept "in the dark" they will speculate about the board's vision and plans. Keep the staff and other stakeholders informed and up to date about the transition.
- **The commitment to inclusiveness.** A CEO transition offers a unique opportunity to demonstrate the value of inclusiveness to the nonprofit's advantage. Rather than limiting discussion of the qualities sought in the next CEO to a small "selection committee," take the time to find out how stakeholders throughout the organization feel about the qualities and talents the organization will need for the next phase of its organizational life. Diverse views on this topic will be invaluable to the committees that will lead the transition and selection processes.
- **The commitment to self reflection.** Don't miss the opportunity to "take stock" of the nonprofit's "situation," including the organization's past successes and missteps, future opportunities, changing environment, and core strategies. An essential part of organizational self-reflection is a candid look at the present and future leadership needs of the organization. Rushing to fill the empty or soon to be empty chair in the CEO's office is a mistake that few nonprofits have the time and resources to bear. Like pre-marital counseling, self reflection can help the organization and prospective candidates avoid an ill-suited match. Don Tebbe reminds us that the position and search expectations should be "calibrated around the leadership needs of the organization."

There is no magic bullet to ensure a smooth organizational transition. By recognizing the risks and proceeding with care a period that could cause headaches and heartache can instead be the first step in a nonprofit's journey to greater success.

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