

## *Chapter One*

# Leadership Recruitment

The entrepreneurial nonprofit executive understands that he or she can only control the future, not the past, and that it is when upcoming realities are in their formative stage that they can be shaped most easily.

*Thomas McLaughlin*

In this chapter, board members will learn how their full involvement in the recruitment process—of both senior management and their board colleagues—is crucial in order to take organizations successfully through times of great change.

George was recently recruited to be the president of a growing university after the previous president had left unexpectedly for another position. At the same time, the university's board of directors was involved in redefining its mission, evaluating its market, and establishing strategic plans for an inevitable major organizational transformation. However, these agenda items were put on hold in order to quickly fill the vacated president's position. George's background and experience as president of a smaller, similar university reflected those of his predecessor, who was very successful from the board's perspective. However, after George was hired a financial crisis emerged, and the board determined that the university needed to make major changes in its market and consider embracing new technologies in delivering education. George did not have experience with the new market of students and was accustomed to traditional

ways of providing education. He found himself frustrated and felt at a loss as to how to deal with these changes. The board was also frustrated at George's inability to meet its new expectations and eventually asked him to resign. The board then appointed an interim president—a current board member who understood the new directions the board needed to take. Meanwhile, a presidential search was launched that focused on the organization's current and future leadership needs.

In a time of change, strong board and CEO leadership is crucial to steer an organization through the inevitable upheavals it will encounter. Board members adhering to the engagement model of board leadership understand this and are involved in the crucial recruitment process. People are the most important part of the transformation process. Without the support of key leaders, the organization cannot be changed. An organization's leaders need to have the ability to guide employees through the process—to help them see the value in carrying out the changes that must take place.

Especially important to the process of carrying out change is leadership that can motivate and inspire an organization to move energetically in the targeted direction. Only strong leaders who understand this necessity can engender a culture of empowering employees to move forward and keep needed change on track. Without this culture, organizationwide change will not be successful.

John Kotter says in his book, *Leading Change* (1996), “Only leadership can blast through the many sources of corporate inertia. Only leadership can motivate the actions needed to alter behavior in any significant way. Only leadership can get change to stick by anchoring it in the very culture of an organization” (p. 30).

### **Recruiting Board Members**

As boards consider the process of recruiting board members, it may be valuable to examine the motivations people have for joining boards, especially the motivations for joining their particular board. Board members should ask themselves, “Why did I join this board?”

What will motivate others to join?" The answers to these questions may be far-reaching and multifaceted. In all likelihood, many factors combine to convince a person to join a board of directors, including social prestige, opportunity for impact, personal or business connections to the board's mission, other special interests, or funding sources; others include the person's ethnicity, gender, age, or geography.

It is important before beginning the recruiting process to define those factors for a particular organization. Understanding motivation will help immensely in identifying, attracting, and keeping new board members. It will also help to realize that a well-balanced board undoubtedly has members who have joined for a variety of reasons. If everyone joined a board for the same reason, it would be a boring board—and probably not a very effective one.

The kind of board members an organization needs during major change may be very different from the kind needed in the past. Consequently, it is important for the board to identify the characteristics new members need. One key goal is to recruit board members who understand and embrace the need for change.

The ideal situation calls for recruiting board members who already have an understanding and appreciation of the organization. Nothing is more disconcerting to a prospective board member than receiving a phone call out of the blue with a request to join the board of an organization the prospect knows little or nothing about. A better approach is to have a board development committee identify prospective board members and encourage their involvement in the organization's activities.

For instance, these prospective members could be on ad hoc action teams or advisory councils. This gives the prospect an opportunity to understand the work and challenges of the organization and the board a chance to get to know the prospective board member, seeing firsthand the person's capabilities and commitment to the group. This approach isn't always possible, but the prospective board member should always have the opportunity to learn about the organization before making a decision to join the board.

In addition, the board's expectations for board members should be made very clear to the prospect in advance. For instance, what will the demands of the transformation process mean to board members? What are attendance expectations? What level of involvement is anticipated? If board members are expected to participate in philanthropy, either as donors or as fundraisers (or both), this needs to be clarified before the relationship begins. With nonprofit boards, members are typically expected to participate in philanthropy as a resource solution. Too many times these expectations are not discussed up-front, and serious issues emerge after the member has joined. However, looking at wealth or the potential for giving as the only criteria for board member selection is rarely a good idea. Farsighted boards seek well-rounded board members who can contribute time, talents, and resources on many fronts as the organization moves forward.

Most effective boards thrive with representation from diverse backgrounds. They look for prospective leaders who are not already serving on numerous other community boards and who represent a range of an organization's constituencies. In many communities, certain people are on multiple boards. In a recent survey conducted by the National Center for Nonprofit Boards (2000, p. 32), 14.4 percent of respondents served on three boards, 7.4 percent served on four boards, and 4.6 percent served on five or more boards.

Busy business people serving on too many boards tend to be overly committed and unable to participate actively. In addition, they may not represent the diverse range of leaders an organization needs to move effectively through times of change. Organizations need to look carefully at their prospective board members' other involvements. It is essential to have board members who have the time and commitment for full participation, particularly during a challenging transformation process.

### **Handling Transitions with Care**

Board membership beginnings need to be well planned. If this does not happen, a new board member's initial board experience may be

problematic and lead to premature resignation or an ineffective use of talent. Orienting a new member to the board of an organization involves a range of complex issues and challenges. Not only do new board members need to fully understand the mission and operation of the organization but they need to understand the dynamics of board and management relationships. These new leaders also need to find their own roles on the board. Just handing new board members a stack of reading material is rarely an effective way to bring them into the organization. Board member orientation needs to be well planned and engage new members immediately.

The board, in partnership with the CEO, should think through the orientation process with the goal of building a successful team. Involving a new board member in a committee is a good way to integrate the person into the organization. Assigning a current board member as a mentor to the new person may also be helpful.

The orientation of new board members should include the following:

- *Review of the board's operating procedures:* How does the board operate? What is its role in the organization's structure? What are its responsibilities, and how does it fulfill them? What is its meeting schedule?
- *Definition of expectations for each board member:* What level of participation is expected of each board member? How should board members prepare for meetings? How will communication take place among board members and between board members and the organization's management? What role is the board member expected to take in philanthropy?
- *Profiles of the other board members and their roles in the board's structure and operation:* Develop each board member's biography to be reviewed by other board members. Why was the board member selected—for expertise, representation, or "other"? What committees or task groups does the board member serve on? Who are the officers, and are there other roles that board members play? How long do they serve? When does their term end?

- *A thorough briefing on the CEO and the board's expectations of the CEO:* What is the CEO's biography? What is the history of the CEO with the organization—longevity? What is the contract agreement with the CEO? What is the CEO's compensation, including incentives and benefits? How is the CEO currently evaluated? What specific goals and plans has the CEO committed to over the next year, the next three years? How do board members and the CEO interact?
- *A thorough review of all policies, operational plans, and budgets:* The changes that should be reviewed with particular care during the transformation process are these: Is there a listing of all policies? What are the operational plans for the next six months, for next year? What is the status of the current budget, cash flow, investments, assets, liabilities? What are the policies under review at the next meeting?
- *A complete review of the board's planning process:* How does the board assess itself related to its role and responsibilities? How does it engage in the overall planning process of the organization? Does it review its mission, vision, and values on a regular basis? How does the CEO engage the organization in strategic thinking about the future and planning of operational activity? Are there evaluation mechanisms regarding plans to be implemented?
- *A review of the organization's resources:* What support is being used to fund the organization's operations, quality improvements, new ventures, and development of reserves? How will plans being implemented during the transformation process be financed?
- *A breakdown of the current target market and also of marketplaces being contemplated:* What is the profile of the current target market or market niches? What market share are we serving? What is our ability to increase market share? What pricing strategies are we employing in relationship to services or products? What new markets are possible? What is the profile of

the markets? How are the new markets similar to or different from existing markets? How is the current market surveyed, and what is the satisfaction level of services and products?

- *A complete description of the organization's products and services:* This process should include some experience or contact with those services. For instance, a new board member of a higher education institution should have had the experience of sitting through a few classes and of talking with students and professors.
- *Results of recent evaluations of the organization, the board, and the CEO:* Usually these are confidential, and therefore certain policies may be in place regarding published reports. How does each board member receive these reports? What is the schedule for evaluations? What mechanisms and processes are used? What committees or task groups are involved? What is the current evaluation of the organization's programs, services, and products, of its accomplishment of plans and targeted goals, of the board and its role, and of the CEO and the stated expectations by the board?
- *Results of recent customer satisfaction surveys:* What is the opinion of constituents or customers regarding the program, service, or product they used? Did it meet their expectation? What improvements would they contemplate? How often do they use the program, service, or product? What would encourage them to use it more? Would they recommend it to peers? What new services, products, or programs would they encourage the organization to think about? Is it priced right? Are the channels of delivery appropriate? Is there a better way to access the program, service, or product?

All this information cannot be conveyed in one meeting. A thorough member orientation may take place over several months; many board members would like to have a much more extensive orientation than is typical. It is particularly important for board

members to have a thorough understanding of an organization in order to lead it through a demanding process of major change.

Board membership endings need to be just as carefully considered as beginnings. Appropriate recognition and appreciation need to be expressed. If the board member leaving has been a valuable asset to the organization in the past, the same can be true for the future. Boards need to establish a way for former board members to maintain their relationship with the organization. They can be appointed to advisory groups or presidents' councils or be given some sort of emeritus status that involves a continuing involvement or relationship with the organization. All too often, valuable board members say good-bye and are never heard from again. This can be a great loss to the organization.

### **Assuming an Active Role in Recruiting Peers**

Many nonprofit boards take the process of choosing new board members too lightly; however, choosing effective board leaders is a crucial board responsibility and a key component of the engagement model of governance. Without proper attention to the board member selection process, new members may join the board without any relevant experience or cultivation and then exit quickly because they feel they don't belong. Just as the organization has a plan for its direction based on its mission, values, and strategies, there should be a plan for the board's recruitment and development of its own leadership. Many boards do not have a carefully considered plan for their own development—a plan that specifies what kind of leadership talent is needed in relationship to their organization's plans for the future and the transformation process.

Some boards have subgroups that regularly think about board recruitment. Sometimes called nominating committees or leadership development committees or teams, these groups think seriously about the criteria, characteristics, and talents needed to create a board that can provide strong leadership as the organization goes

through major change. This needs to be an ongoing process because member criteria change as the organization changes. “Leadership development” is probably a more appropriate descriptor for this committee or team because this group may also assume a mentoring role for reviewing and evaluating a new board member’s first year.

As the board recruiting process begins, it’s also important to look at what an organization’s bylaws say about board membership. When organizations are approved as tax-exempt, certain guidelines and restrictions are established for board members. Such issues as the size of boards, qualifications of board members, and length of board terms may be addressed in the bylaws. Sometimes policies haven’t been reviewed for years and, as organizations go through transformation, the bylaws may need to be changed to accommodate the board’s evolving needs. For instance, a board may decide that the term of board membership should change (perhaps made longer or shorter), based on the cycle of the organization and its plans and leadership needs during the transformation process.

### **Establishing a Sound Recruitment Plan**

An effective board recruitment plan should define the board’s role in the organization and answer some of the following questions:

What kind of constituent representation do we need from the marketplace?

What kind of specific expertise do we need on this board?

How do we recruit board members who are team players and who can relate to others on the board?

How do we balance our need to have board members who believe in our organization’s underlying values with the diversity that represents a broad constituency?

What kind of time and commitment expectations do we have for board members, including philanthropic expectations?

How do we determine if the prospective board member is respected by peers and constituents?

The answers to these questions should lead to the development of a board member profile that can be used during the member selection process.

### Recruiting the Right CEO

Having the right CEO who has the complete support of the board of directors is a cornerstone of the engagement model and is essential during times of change. The importance of recruiting the right CEO cannot be emphasized enough, especially in transforming environments.

The span of time that a CEO spends with an organization is relatively short. This is true across the nonprofit spectrum—at universities, hospitals, social service agencies, religious organizations, and cultural groups. According to an article in the *Chronicle of Higher Education* (“Diversity Increases . . .,” 2000) that reports on a recent survey of presidents, college presidents averaged 6.9 years on the job in 1998. That is only a little bit longer than an average planning cycle that typically ranges from three to five years.

This trend toward abbreviated CEO tenure puts strong pressure on boards of directors, both because of the frequency of a time-consuming recruiting process and the need to find the right person who will stay with the organization during a challenging period of transformation. The last thing a board needs is for the CEO to leave in the middle of an intense transformation process, yet this happens regularly, particularly when the wrong CEO is in place. Boards need to look closely at the organization and where it’s going as they select appropriate leadership for the present and the future. The *Chronicle of Higher Education* (Basinger, 2001) notes, from the report titled “Presidential Succession and Transition: Beginning, Ending and Beginning Again,” that “ample evidence suggests that many presidential transitions are untimely, poorly managed, personally dissatisfying and in some cases even demeaning for the primary players—the presidents themselves.” The article “urges boards to comprehensively manage transitions—from the announcement of a

president's departure through the search and into the early months of a new presidency and to help the president make key acquaintances both on and off the campus.”

The short terms of so many CEOs result in a lack of leaders who have tenure and experience with the organization. Who in the organization brings the invaluable asset of an institutional memory that goes back more than a few years? If not the CEO, is it other staff members or board members (or consultants or constituents) who have the institutional memory? If you have short-term board members and a short-term CEO, you may have no organizational memory. When you consider the importance of developing relationships with a range of constituents and the time it takes to develop these relationships, the trend toward short terms (of both CEOs and board members) becomes a serious issue. This issue of having short-term CEOs is especially crucial when you consider that a major organizational transformation takes time—sometimes three to five years or more.

Why do CEOs leave their positions? A survey conducted in 1999 by CompassPoint Nonprofit Services revealed that of 137 nonprofit executive directors, only one-fourth of them would want another job as CEO of a nonprofit organization. When asked, “What would make you leave your job?,” “burnout” and “seeking career growth” earned 26 percent of the responses (p. 2); however, following close behind with 22 percent of the responses was “problems with board relationships” (p. 2).

Despite the best intentions on the part of boards, this unhappy scenario repeats itself with disturbing regularity, particularly in nonprofit organizations. In most cases, this happens because the board doesn't understand the importance of its role in hiring the CEO or misjudges the kinds of talents and characteristics needed to guide the organization through a period of transformation. This can happen if the board has not carefully analyzed its present and future position in the marketplace or doesn't have organizational plans to attach to the recruiting process.

## Balancing the CEO-Board Relationship

Recruiting a CEO demands a delicate balance between hiring someone strong enough to run the operation and yet interdependent enough to be responsive to the board's direction and policies. An essential tenet of the engagement model of board leadership is having a board and CEO that collaborate closely as they take their organization successfully through change.

In the engagement model, the CEO is still officially under the supervision of the board of directors; however, in the ideal situation the CEO and board work as partners supporting the mission of the organization. The CEO represents the board both within the organization and in the marketplace, but the right CEO assumes the position of leader of the transformation process. The board should expect the CEO to bring a vision of the future to the board and to provide leadership in the crucial consensus-building process among board members and managers.

It should be pointed out that in some nonprofit organizations, particularly the smaller ones, a wide variety of unique and workable relationships exist between boards and CEOs. Sometimes the CEO is actually a member of the board or functions as the president of the board as well as president of the organization. Although these kinds of relationships may not be the norm and are not generally recommended, they sometimes work well for individual organizations. However, even in these instances, boards and CEOs still need to strive for the appropriate balance in their relationships.

When a CEO has success and longevity, the board's role and the CEO's role can become blurred or reversed. In some cases, the CEO, however well meaning, may start to set policy and the board becomes an audience. Then if a crisis strikes, such as the unexpected resignation of the CEO, the diminished board may find itself incapable of managing the organization without a CEO or of mounting a solid recruitment program.

The relationship between the CEO and the board becomes critical during times when significant change is taking place. The best

relationship is one where there is a partnership between the board and the CEO as they work together to implement change. The board and CEO may come to a consensus on the change that is needed, and the CEO then defines the transformation process for the board and the organization's managers. It is essential that the CEO has the complete confidence and support of the board of directors during the process of change. This can only happen if the right CEO is recruited and in place and if the board makes a commitment to support that CEO through the inevitable challenges and upheavals that characterize the transformation process.

### **Choosing a CEO Who Is Poised for Change**

Boards facing the intense challenges of change on many fronts need a CEO who has multiple talents and extensive experience. Specifically, boards may want their CEOs to have most or all of the characteristics discussed in the sections to follow.

#### ***Be a Strong Leader Who Motivates Others***

The person being considered for the CEO position needs to have a desire and ability to be a strong, motivational leader who can lead others in a direction they might not have initially considered. This person should be able to mobilize an organization's membership constituency through a unique ability to persuade and convince people of a new vision and direction. The leader should have the ability to clearly articulate and direct the mission and vision for the organization and be persistent in the face of obstacles. In particular, leaders during times of change should have high energy, empathy, and effective urgency, and they should not be afraid of risks that have been thoughtfully considered.

#### ***Be Team-Oriented***

A CEO should also be team-oriented and be able to partner with the board of directors in planning, developing policy, and seeking

human and financial resource solutions. It is particularly important that the person be able to interpret organizational issues, trends, assumptions, and environmental changes; to lead teams; and assist in the planning of solutions. The CEO should be a strong consensus maker, a collaborator, and a communicator within an organization. The CEO should have a sense of vision and be able to articulate and appreciate a variety of perspectives. (Yes, we are asking a great deal of the CEO. You can see why finding the right CEO is a significant board challenge.)

### ***Have a Varied Background***

A CEO with a varied and not necessarily traditional background can be a tremendous asset to an organization. A CEO who has had significant experience as a corporate board member or senior manager may have a special understanding of the unique qualities it takes to develop an effective board-CEO relationship. There are impressive examples of corporate business leaders who have taken over nonprofits and done an excellent job of bringing business experience to the organization; however, during the recruitment process, boards need to remember that nonprofits have a unique culture, and the CEO must be able to fit into that culture. Even though nonprofits increasingly recognize the need for stronger management, the first priority is still the mission, not the bottom line. It is the unique corporate CEO who can make the challenging transition to a nonprofit agency—a CEO who knows change and transformation and yet has an understanding of mission and process, as well as the ability to manage and direct.

### ***Relate Well to Others***

A nonprofit organization is a relationship organization, and its market leaders need to be guided by their ability to empathize with and relate to people. Their excellent interpersonal relationship skills communicate to others their understanding of them and desire to

be of service to them. They need to enjoy people, exhibiting a good degree of sociability and a comfort with people both one-on-one and in public settings. A modest degree of gregariousness indicates that a person can move within social settings with comfort, embodying the relationship nature of an organization. This person should be appropriately accommodating, not shrinking from the challenge to relate to the various constituencies represented in the organization's diverse publics—from the nursing home to the board room. Leaders also need an adequate degree of shrewdness or political savvy, including the ability to comprehend motives and agendas within any setting.

### ***Be a Creative Problem Solver***

The leader of a transforming organization should be a creative problem solver and reliable in decision making. Given the strategic nature of nonprofit activity, this leader should possess the highest level of abstract reasoning. Leaders need to be bright, creative, open-minded, strategic, flexible thinkers who are not afraid of risk; they should feel the urgency in making decisions and yet possess sufficient thoroughness to make sound decisions. The CEO in a changing organization should be a creative change agent and risk taker because growth demands both change and risk. A CEO who doesn't have these characteristics isn't going to do very well in steering an organization through the choppy waves of change.

### ***Be in Touch with the Organization's Marketplace***

The CEO should have a deep understanding of the organization's designated marketplace and a propensity to listen and interact within that marketplace. This means looking to the market of the future rather than the past. For instance, if a college or university is moving into a nontraditional market of working, older students, selecting a president who comes from the traditional college market orientation may be inappropriate. If a social service agency is

neighborhood-based, it would seem wise to hire a leader who understands the needs and desires of that neighborhood or a similar neighborhood.

### *Organize Time and Priorities Effectively*

Nonprofit CEOs should be able to initiate, organize, prioritize, execute, and follow up on activities. Time and task management can often be delegated in leadership positions, yet the leader should have a degree of self-structure or self-discipline along with the ability to prioritize and accept tasks, as well as to monitor their implementation. While respecting existing policies, procedures, and processes, the leader should have the capability to set an innovative course and pilot the ship through inevitably turbulent waters.

It's not an easy task for boards to find prospective CEOs with these characteristics, but with a sound recruitment plan and a diligent approach, the boards' efforts will be well rewarded with highly effective leadership, particularly in times of change. However, it cannot be emphasized enough that even the ideal CEO, who may completely reflect the characteristics profiled here, will not be effective or successful without the support and involvement of the organization's board of directors.

### **Knowing the Organization and Board**

Boards ought to look carefully at where and how they recruit their CEOs. Boards need to be clear about what they believe in as a board, about their mission, and about how their organization is changing and transforming in relation to their marketplace. If the board doesn't understand itself and what its belief systems are and has not established a consensus around direction, it's unlikely that the recruitment process will result in the ideal candidate.

Rejection of offers is an increasing phenomenon in organizations. For instance, during an eighteen-month period, a prominent nonprofit organization in Minnesota offered its CEO position to

three candidates who rejected the offer. Under pressure to hire a CEO, the organization then felt forced to choose an insider who had maintained the status quo well but had not effectively addressed emerging changes. In another instance, a church in Nebraska called six different pastors who all rejected the offer because it was obvious to these candidates that the church had not solved dysfunctional issues within the organization that carried through to the recruitment process.

The search for a CEO should push the board into a serious reflective mode, leading to an environmental analysis of where the organization stands. This process may very well cause the board to take a strategic look to the future, identifying the key organizational issues the new CEO will face in the next five to ten years. Then the board can ask, What are the leadership requirements we need for the future? The board should develop a list of priorities it's seeking in a new CEO. What key areas of knowledge, what key skills, and what type of personality should this person have? From this process, a professional and personal profile starts to emerge.

If the board has difficulty developing this profile, the problem may be general board dysfunction or lack of consensus about the organization's direction. The CEO may be hired to resolve the conflict, and the organization risks letting an outsider determine the direction of the public trust. Ideally, a board will resolve its conflicts before hiring a CEO. In some situations, a board may need to bring in an outside consultant to help resolve these conflicts before beginning the CEO recruitment process.

### **Seeking Help with Recruiting**

A variety of good resources are available to help organizations recruit CEOs. Psychological testing can help reveal the true characteristics and key personality strengths of an individual.

Service organization leaders have come to recognize the importance of testing because they have become aware of the limitations of most job interviews. What is now commonly understood as the

“first five-minute impression” can sway the interviewer for or against the candidate. However, the answers to the questions, “Can the person do it?” and “Will the person do it?” and “Does the person fit our culture?” require more sophisticated approaches to exploring a person’s match for a position. “An accurate understanding of a person’s abilities, motives that drive working, and indicators of job satisfaction dwarf experience and expertise as primary factors in a good position match,” according to David Lichter, chief operating officer of Growth Design.

### **Recruiting with Direction and a Plan**

The CEO’s job is to represent the board in day-to-day operations. Therefore, it is important that the selected individual represents and understands the direction in which the board is going. The board needs to map out this direction before starting the recruitment process and communicate this very clearly to candidates for the CEO position.

It is important for the board to empower a point person to lead the recruitment process—a person who will coordinate effectively with any outside consulting firm while ensuring that the board stays closely involved and maintains its position as the final decision maker when a CEO is hired. There is a danger that board members may, for lack of time, delegate the recruitment process to an outside consultant or a committee independent of the board and not participate fully in the process. Then, at the point of decision, board members may realize their CEO candidate is not exactly the person they need because the criteria for selection did not reflect the board’s current direction.

A consultant can provide valuable assistance during CEO recruiting. However, the expertise and objectivity an experienced outside consultant can bring to recruiting may broaden the scope of applicants initially, help in narrowing the list of appropriate candidates, and guide the board toward a decision focused on the organi-

zation's needs and objectives. Although board members may be distracted by a variety of special interests and relationships, the consultant can assist in targeting a candidate who meets pre-established criteria. Associations and other resources listed in the Resource section of the Appendix can be excellent referral sources for prospective consultants.

A prospective CEO profile can be a tool for an outside human resource professional to use in initiating the search process; however, boards should be wary of traditional search firms and should ask whether the prospective firm is capable of finding the kind of person the board has identified. Boards should scrutinize the firm's ability and track record carefully in relation to the kind of person being targeted, the networks in which that person may be found, and the search firm's experience in those networks. The conventional approach of going to someone who fits the mold of the traditional CEO by identifying the best leaders in the field may, in fact, result in a poor choice. Some search firms are placing people in transforming organizations who may have been ideal for the job last year but are not necessarily good for this year or for the future.

An example of a CEO search that worked well with the involvement of an outside consultant is an inner-city service organization. When the board of this organization learned that its current executive director would be retiring, they realized they had a limited amount of time to commit to the substantial amount of legwork involved in an executive search process; yet the board wanted to remain involved with the hiring decision. With this in mind, they decided to hire the services of a consulting company to coordinate the recruitment process and bring forth several candidates for final interviews with a newly designated search committee.

The board of directors felt it was essential that members of this search committee be vital, active members of the community, with exposure to the organization and its child-focused programs. Strong personal belief in preserving and supporting the mission of the organization was essential, as was recognition of the changing needs

of social service organizations. Committee members would need to understand that hiring an experienced and competent executive director with the ability to advance the organization and meet its resource needs was a priority and therefore worth the personal time and attention the search would require.

The board of directors decided that the ideal committee composition would be approximately six members, with representation from the board, staff, and at least one external constituent. Under the direction of the chair of the board's personnel committee, the search committee needed to exhibit leadership and involvement in the search process.

The search committee chair met with the consultants to communicate clear expectations and responsibilities from the beginning, outline the organization's needs and objectives, and develop a work plan and timeline. The consultants conducted the initial steps in the recruitment process, including advertising and networking, collecting and analyzing resumes, and conducting the initial interviews of candidates. In order to keep the organization informed throughout the process, the consultants sent biweekly progress reports to the search committee and communicated regularly with its chairperson. Once several strong candidates had been identified, an executive search summary packet, with all crucial information, was given to the search committee. The committee then conducted the final interviews themselves, brought the top candidate to the board, and, ultimately, made the final hiring decision.

In this successful example, the board members on the search committee stayed closely involved and provided the necessary leadership in the recruitment process. They set clear expectations and objectives with the consultants at the beginning of the executive search, appointed the chair of the search committee as the communication liaison between the committee and consultants, and remained in close contact throughout the process. The board of directors still owned the process of hiring their new executive director but without the time-consuming daily work involved in a search process.

## Supporting the New CEO

Once the candidate is chosen, board members need to develop a plan for orienting and supporting the new CEO. This plan may include appropriate introductions and guidelines for building the proper relationships between the new person and the existing board members. These steps are essential in order to build an effective team. The CEO needs to feel a partnership with the board. At the beginning of this relationship, the stage can be set for the evaluation process with the CEO and board working together to establish goals and agenda points that will be part of a performance evaluation in the future. During the first year after being hired, the CEO should visit all board members individually.

If the board and CEO are not working together from the beginning, the result can be disastrous. As an example, a small midwestern university hired a new president who determined independently, without consulting the board, that the university needed to go through a major transformation. He took the institution in a new direction, did not tune into the target market, did not understand the organization's history, and almost took the university under. Much of the responsibility for this problem was with the dysfunctional board that had not articulated expectations for the CEO or set up a process for regular communication. When the board finally realized what was going on, it fired the CEO and appointed an interim president who was closely aligned with the board. Eventually, working together, a new president and the board did, in fact, determine that transformation was necessary; however, they had consensus on the direction they needed to go, so the university thrived under new leadership.

In practice, the board needs to actively support the CEO through its agenda setting, planning, and policymaking. This entails regular communication and articulation of the organization's mission and direction. During times of great change, it is particularly important for the board and the CEO to be moving toward the same goals and to fully understand the steps necessary to achieve those goals. The

CEO-board relationship is in trouble when communication stops, when the board finds itself surprised at steps the CEO has implemented, or realizes that operations are not reflecting policy and mission. The stage should be set for a positive and productive board-CEO relationship when the CEO is hired, with the mechanisms for communication and evaluation being established at that time.

### **Ending Relationships Properly**

If a relationship was worth starting properly, it's worth ending properly. In most instances, it's best to view the person leaving the CEO position, for whatever reason, as a valuable asset to the organization in the future. Consequently, it's best for everyone involved if the board focuses on ending the CEO relationship in as positive a way as possible.

In many cases, setting up events for saying good-byes and getting closure are very appropriate, especially if the retiring CEO is moving to a different part of the country. In cases where conflict has occurred, resolving those conflicts before the CEO departs is desirable for everyone involved. This process may not occur at board meetings but in smaller group meetings, with the goal of healing wounds so that both the departing CEO and the board members who are staying feel a sense of closure and resolution. Even in the worst of situations, if at all possible boards may acknowledge the departing CEO for contributions made to the organization. The result will be a healthier organization that is ready to move on and start the process of hiring a new CEO in a positive atmosphere.

It is also best if the departing CEO participates in an exit interview and evaluation so that board members can learn from the CEO's experience with the organization, especially in short-lived or difficult situations. Board members might ask the departing CEO, "Why didn't this work?" and "What can we do to alleviate this kind of situation in the future?"

Sometimes boards consider retaining the retiring CEO in another position, perhaps as a fundraiser, because of the relationships that have been established. Boards should be cautious and think this step through carefully before proceeding. In some situations, the retiring CEO who stays around can be inhibiting as the new CEO strives to gain control of the operation and establish relationships.

### **Handling Interim Leadership Carefully**

CEO searches can run from a year to eighteen months—or sometimes longer. How the board manages the organization in this interim is a key issue. Many boards want to cut this time period short because of pressures to have a new CEO in place; however, in moving too quickly, boards may be compromising the thoroughness of the recruiting process.

This is an important time period in the life of any organization, and each situation is different. Organizations may flounder or flourish during this crucial interim period. An announced retirement typically allows a window of opportunity for pursuing a thorough hiring process while keeping the current CEO in place. A resignation (whether unexpected or requested) or difficult health situation may present the necessity for an interim leader. This time period may allow the board to go through the careful selection process of finding the proper CEO.

Although some boards may feel pressure to find a new CEO as quickly as possible, it may be wisest for boards to have a temporary leader in place and take an adequate amount of time to find the right person. An interim period can give the board a clearer vision of the kind of CEO they want and may become a very positive strategy for change; however, waiting too long with a temporary leader in place may impede the positive momentum of a changing organization. The board needs to strive for an appropriate balance between lingering too long without a permanent CEO and allowing enough time for a thorough search.

### **Timing Leadership Changes Appropriately**

The engagement model of leadership emphasizes the recruitment of strong leadership, both on the board and in an organization's management. The process of transformation starts with leadership. The leaders of an organization must be willing and able to envision change and must also possess the courage to lead the process. Competent management needs to be in place to implement the process, but the board and management leaders must be there to oversee and persuade. Once the roles of leadership and management have been established, the process selected for change work can begin.

For example, in a planning process with a college board and senior management, it was realized that a number of changes were needed to transform the college into a higher-quality institution for its new target markets. New talents were needed on the board, a different experience level was needed on the management team, and enhancements were needed in the faculty and administration in order for the college to get to the point being set as the standard. During initial discussions as the college embarked on the transformation process, it was determined that the right leaders had to be in place before the organization could move forward toward its goals. Without the right leaders it looked unlikely that the organization could get where it wanted to go. So early in the transformation process the college made significant changes at its highest leadership levels, and these leaders were able to take the institution to the next step.

This is a common scenario during transformation, as boards make sometimes difficult but essential decisions about the kind of leadership needed to carry the organization through the process of change. Leaders who were excellent during a period of maintaining the status quo may not have the right skills and experience to lead effectively in volatile times of dramatic change. Effective boards need to lead their organizations through these kinds of decisions and personnel changes, both at the board and management levels.

### Questions for Reflection

What is your board's profile of an effective CEO? Of an effective board member? Do you have specific, measurable performance objectives in place for your CEO and your board members?

What is your current CEO-board relationship? Who is in control?

Does the CEO of your organization have the same leadership style and professional background as his or her predecessor? Is this style appropriate for your current environment?

What plans do you have in place for recruiting a new CEO if the need should arise?

Do more than half of your current board members share the same professional, cultural, or socioeconomic background, or run into each other during the course of their daily lives?

What plans do you have for ongoing board member recruitment and development? Do you have a committee looking at this process on an ongoing basis?

How well does your board understand and represent your marketplace? Do you think that your board is diverse enough to fully understand the constituency you serve?

What plans do you have for successful beginnings and endings of both CEO and board relationships?

