

REDF
Succession Planning
Workshop #4

Succession Planning 4: Bringing It All Home

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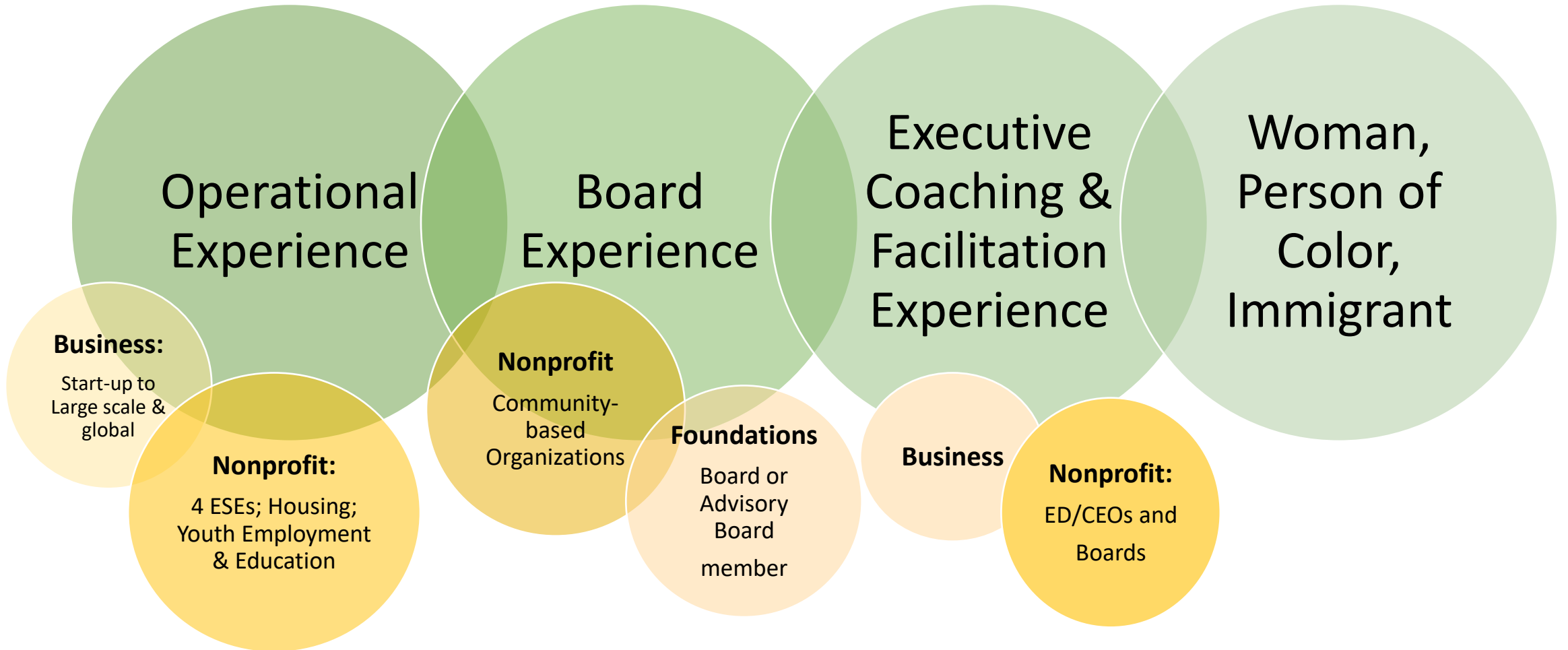
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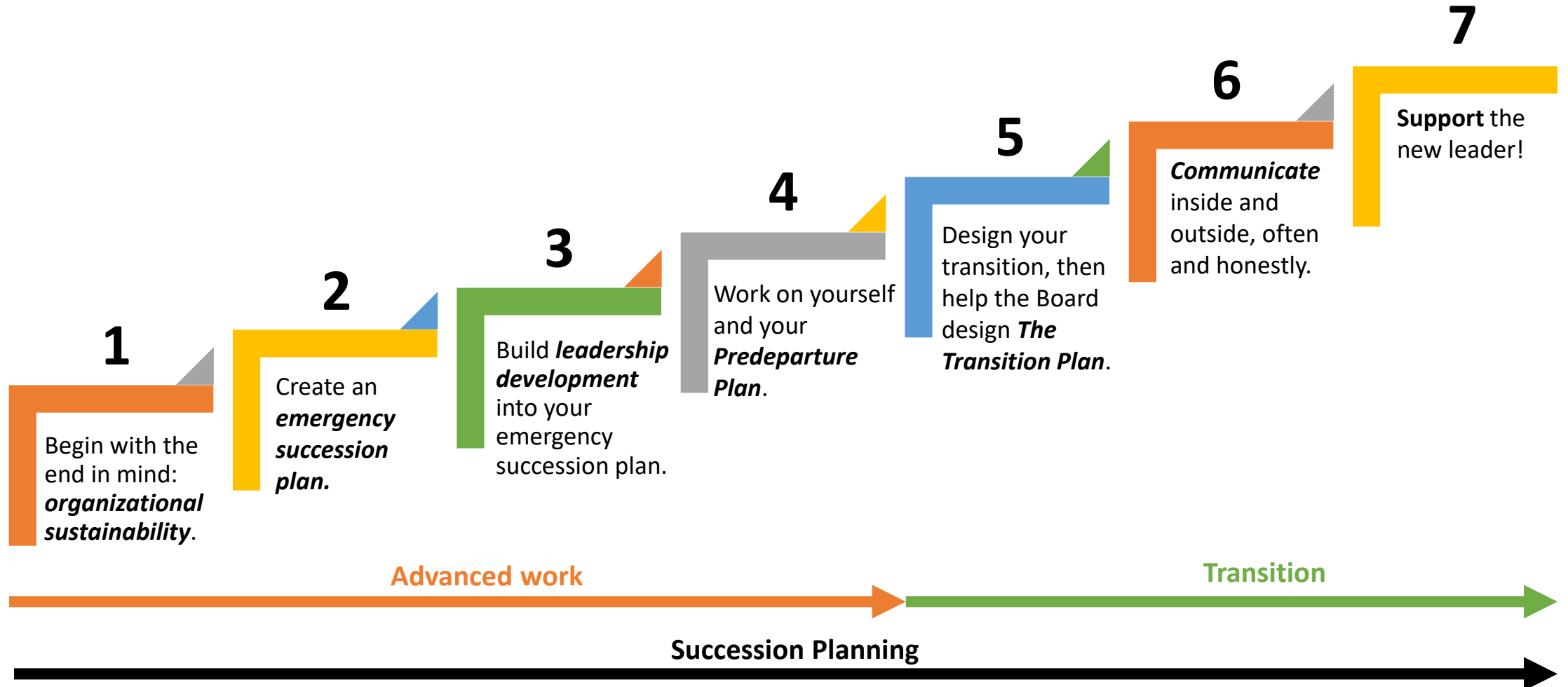
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REDF Succession Planning Workshops

- #1: Introduction to Succession Planning and Organizational Sustainability (August 2022)**
- #2: The Emergency Succession Plan (Oct. 2022)**
- #3: Seven Steps to a Successful Succession (Jan. 2023)**
- #4: Bringing It All Home (~~March 29~~ April 26, 2023)**

Seven Steps to a Successful Succession™



Rapid Recap

1. Organizational Sustainability

- Start succession planning work now!

*“In survey after survey of nonprofit leaders, succession planning comes out on top. In fact, it is mentioned twice as often as the next concern.”**

- Begin succession planning with the end in mind: *organizational sustainability*.
 - **B**oard Effectiveness
 - **E**conomic/Financial health
 - **S**trategy and Implementation
 - **T**alent and Culture



* Kirk Kramer and Preeta Nayak, *Nonprofit Leadership Development: What's Your Plan A for Growing Future Leaders*, Amazon.com, 2013, p. 14.

Rapid Recap

2-3. Have ESP and build LD in it.

- Use the **Emergency Succession Plan (ESP)** template we provided!
 - Schedule it on your Board Calendar for discussion and approval.
 - Build in **Leadership Development (LD)** in your E.S.P.
 - Review and update both annually.
 - Engage your Board.
 - Getting started is most of the work. Updates are easier and faster.
- ✓ Consider these essential, not optional.

Rapid Recap

4. Work on yourself first.

- Know what you want.
- Get yourself ready – mentally, emotionally, professionally, financially.
- Get help.
 - Coaching
 - “Kitchen cabinet”
 - Reading – lots of books and articles referred in this workshop series
 - Workshops – some handle confidentiality well, like TSNE *What’s Next*
- Create a “pre-departure plan” before you announce your transition.

Rapid Recap

5. Develop a transition plan with your Board.

- Quiet Phase
- Public Phase
- Search Phase
- Offboarding and Onboarding Phase
- Optional: Post-succession role for the past ED/CEO

Rapid Recap

6. Communicate, communicate.

- Craft your key messages. It's not obvious.
- FAQs help. Everyone will receive the news from a different angle.
 - Board
 - Staff
 - Donors and funders
 - Partners... and more!
- Carefully consider who needs to know prior to public announcement.
- Your personal assurances matter.
- Actions speak louder than words, esp. after the new leader starts.

Rapid Recap

7. Offboard well & support the new leader's success.

- Leave well.
 - Help your successor succeed.
 - Passing the baton is *not* a one-minute event.
 - Maybe stick around in a *new role*, if the Board and Successor-ED/CEO agree.
 - Clearly defined
 - Better if there's a brief break
 - Better to not join the Board right away, and especially not as Board Chair
 - Organizational sustainability is still the thread that runs through successful successions.
-
- Succession planning can be harder for founders and longtime leaders.
 - Keep in mind: The new leader's success enhances your legacy.

Today's Workshop: Bringing It All Home

- **Founder Successions**
 - **Co-Leadership**
 - **Interim E.D./CEOs**
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- ✓ **Case Examples and Q&A throughout**

Founder Successions

About Founders

- Nonprofit founders are employees, not owners/shareholders
 - Nonprofits are public-benefit organizations
 - There is no equity gain or payout at the end for founder(s)
 - Founders have a vision and passion for a cause, and the capacity to implement it
 - Often start unpaid or underpaid
 - Unique role of having assembled the Board and staff – and donors, partners, etc.
 - Founder-recruited Boards often describe themselves as “advisors” to the founder
 - The founder’s identity and the organization’s identity often become one
- Founders have *unique power* derived from the very act of building the *relationships* needed to start the organization

Challenge for Founders

- The leadership challenge for founders is to *shift...*
 - from creating/building,
 - to managing growth and institutionalization,
 - to letting go.
 - Boards and staff and community members may feel such loyalty to the Founder that they ignore issues like:
 - Mission creep or unfocused direction
 - Unattended organizational weaknesses
 - Fundraising over-dependence on the founder
 - Founders are often conflicted about when to leave and what ongoing role to have
- ✓ Eventually, *every* founder will move on.

Suggested Reading: [Nonprofit Lifecycles](#) by Susan Kenny Stevens, Stageswise Publisher, 2001 and 2008.

What is Founder's Syndrome?

Founder's Syndrome occurs when a single individual or a small group of individuals bring an organization through tough times (a start-up, a growth spurt, a financial collapse, etc.). Often these sorts of situations require a strong passionate personality - someone who can make fast decisions and motivate people to action.

Once those rough times are over, however, **the decision-making needs of the organization change, requiring mechanisms for shared responsibility and authority. *It is when those decision-making mechanisms don't change, regardless of growth and changes on the program side, that Founder's Syndrome becomes an issue. ...when decisions are still made as if the founders are gathered around someone's living room,*** desperately trying to hold things together.

Founder's Syndrome isn't necessarily about the actual Founder... It could be a board member or handful of Board members... *It could just be someone who's been at the helm forever.*

-- Hildy Gottlieb, ReSolve, Inc.

Founders Need to Work Harder at Succession

- **Harder work to separate self from the organization**
 - Personal reflection and personal readiness
 - Antidotes: Get a Coach, build a “kitchen cabinet,” or both
- **Harder look at organizational sustainability**
 - Can no longer run on Founder’s personal power and charisma
 - Need a Board that both governs and supports – and can lead the search and transition process
 - Financial/economic health – able to support a healthy transition
 - Vision and strategy are shared
 - Staff and leaders are developed and share in decision-making

Making Founder Successions Work

From SSIR Article, Spring 2018

- Conventional wisdom promotes a clean break...
 - ...but there's evidence that a carefully planned and extended transition can benefit the nonprofit organization
 - 2018 Bridgespan study: 45% of nonprofit Boards work out a continuing role for Founders versus only 31% made a clean break.
 - Among orgs where Founder stayed, 75% thought the benefits outweighed the complexity.
 - Among orgs where Founder did not stay, *nearly half* said the transition would have gone better had the founder played a role.
- Lesson 1: Working out an ongoing role for the Founder can make the transition go better for the organization.

Lesson 2: One model is more successful than the rest

Making Founder Successions Work, SSIR Spring 2018

“Transitions that **paired** a *founder in a continuing role* with a *successor from inside* the organization proved to be the most successful of all transition models.”

Success defined as:

- Revenue growth through the transition (exceeded control group);
 - Retention of the successor (more than 3 years); and
 - Self-reported successful transitions.
- Yet, only 30% of key leadership roles in nonprofit sector were filled by internal promotion, according to a Bridgespan 2015 survey.

Key Elements of the Cost of Unwanted Executive Turnover

FINANCIAL COSTS	PRODUCTIVITY COSTS
<ul style="list-style-type: none">• Recruiting (eg., advertising, search fees)• Hiring inducements (eg., relocation)• New hire orientation (eg., training, "road shows," coaching)• Payout of accrued time off for exiting executive	<ul style="list-style-type: none">• Management/HR time spent recruiting/managing exiting executive's transition• Productivity loss due to unfilled positions and time for new hire to ramp up• Lost expertise, institutional knowledge, or cultural capital of exiting executive• Lost relationships (eg., funders, constituents, partners)• Disruption to strategic direction/momentum• Other key talent may leave or have lower morale

Examples of Successful Succession from Within

- Communities in Schools (CIS) – \$69M budget in 2021
 - From founder Bill Milliken, after 25+ years, to Dan Cardinali, EVP of Field Operations
- Building Educated Leaders for Life (BELL) - 35 sites in 21 states, est. budget \$20M/year
 - from founder Earl Phalen to COO Tiffany Cooper Gueye.
 - Eight years later, Tiffany's own successor also came from inside the organization.
- Family Promise (national, over 200 affiliates)
 - Founder Karen Olson worked with Claas Ehlers, Director of Affiliate Services, for 12 years before he was appointed her successor.
- Citizen Schools
 - From founder Eric Schwarz to insider Emily McCann
- Drucker Institute
 - From Eric Wartzman (after 8 years) to insider Zach First

Lesson 3:

Transition work is not easy; it requires preparation

- Board needs to help the founder define an appropriate role in support of the successor and the mission.
- Board must shepherd the process.
- Common roles for founder: fundraising, ambassadorial visits, advocacy, and mentoring the successor.

➤ *“Start early because successful transitions often take several years to plan...”*

Four Conditions when Considering an Extended Founder Role

1. Founder has the capability and desire to stay engaged
2. Board perceives clear value from the founder staying involved.
3. Founder is willing to play a different role and genuinely wants the successor to succeed.
4. Successor is willing to work with the founder.

➤ *In all cases, both Founder and Successor must sublimate ego.*

Advice for Managing an Ongoing Role for a Founder

- Establish frequent interaction between the successor and the board chair
- Encourage active participation by the Board throughout the process.
- Limit the founder's role to specific areas of high interest and capability.
- Anticipate conflict and agree to a process to mitigate it.
- Engage in regular coaching for both founder and successor, individually & together
 - To help navigate the operational and emotional aspects of the transition
- Transition Board, funder and staff loyalty in a logical order
- Create initial separation to allow the successor to settle in , especially if the founder's new role is substantial or long-term. E.g.:
 - Founder working remotely most of the time;
 - Founder stops attending executive staff meetings

Should a Founder Transition to a Board Position?

- Most successful when focused on core Board functions such as fundraising and setting organizational strategy
- Value of Founders in program-related roles, or mentoring their successor, proves significantly *lower* when they serve as Board members
- Founder becoming Board Chair immediately is *not* advised

Examples of Successful Founder Transitions

- **Fresh Lifelines for Youth (FLY)**

- Transition of Founder Christa Gannon to insider/COO Ali Knight
 - Christa moved from CEO to going on sabbatical while Ali became Interim CEO
 - Christa returned from sabbatical to a new role as “Founder” working on Fundraising and Special Projects.
 - Ali moved from COO to Interim CEO (during Christa’s sabbatical) to CEO.
 - Board was deeply involved as a partner throughout the process.
- See [Bridgespan](#)’s three-part series on FLY’s leadership transition

Examples of Successful Founder Transitions

- **REDF**

- Transition between Carla Javits and Maria Kim
- Carla led for 15 years and grew REDF from ~\$1M/local to \$18M/national
- Maria was an “insider” as a grantee executive
- Maria provided 3 months’ notice to Cara
- Two-phase transition
 - June 2021-Feb 2022: Carla as CEO, Maria as President
 - March 2022: Maria assumes full leadership as CEO and President; Carla moves to Senior Advisor role focusing on strategic partnerships and policy. Both are on the Board.

Examples of Successful Founder Transitions

New Door Ventures (my own transition)

- I was CEO for 16 ½ years and grew NDV from ~\$2M in SF to \$8.5M across Bay Area
- Implemented a new strategy at NDV, plus new org name and branding
- My COO did not want the job, so the Board hired a firm to do a national search
- My replacement started 11 ½ months after I informed the Board of my transition
 - 8 ½ months after the public announcement
- Was a paid Advisor for 8 hours/month for 4 months at my hourly salary rate
 - After I took a 6-week break

Co-Leadership

Exploring Co-Leadership

- Roots in “distributed leadership” movement
 - Move to distribute power and decision-making from a sole individual making decisions, to at the most distributed end, many people having a voice in making decisions
 - See “[Case Studies in Distributed Leadership](#)” by the Hewlett Foundation, 2018
- *Distributed Leadership** is a model in which there is one decision in the executive role but decision-making is consistently and methodically pushed down to other levels in the organization.
- *Shared Leadership** is a model in which the top level of executive leadership is shared internally by two or more people (e.g., a co-directorship).

**Structuring Leadership: Alternative Models for Distributing Power and Decision-Making*, by Caroline McAndrews, Frances Kunreuther and Shifra Bronznick, Building Movement Project, www.buildingmovement.org

Foundations for Distributed Leadership

- High levels of trust and transparency throughout the organization
- Investment in learning and development of all staff – to equip them to make informed decisions and contribute to shared decision-making
- Values-based leadership, and a structure that supports organizational values – including diversity, equity, inclusion and belonging (DEIB)
- Patience and time

**Structuring Leadership: Alternative Models for Distributing Power and Decision-Making*, by Caroline McAndrews, Frances Kunreuther and Shifra Bronznick, Building Movement Project, www.buildingmovement.org

Indicators of Success in Distributed Leadership

- Power to decide on programs, including raising funds
 - More decisions being made by people other than the ED/CEO
 - Relationship-building with funders can be driven by program decisions.
- Greater innovation and spreading of new ideas
- More responsibility and responsiveness
 - Staff can see the tangible results of taking more responsibility both externally and internally.
 - Greater ownership of the decision and the results.
- Increased and diverse external representation
- Greater impact – program growth, talent retention, more funds raised

Source: *Structuring Leadership: Alternative Models for Distributing Power and Decision-Making*, by Caroline McAndrews, Frances Kunreuther and Shifra Bronznick, Building Movement Project, www.buildingmovement.org

Challenges of Distributed Leadership

- More responsibility is needed from all staff members; Shift might be difficult for staff used to one executive defining the tasks needed to advance the organization
 - Offering support and information for staff to make transition is crucial
 - One or two people not on board can implode the organization
- Accountability – less certainty about who has the “final say” or who’s responsible for moving the work forward
- Hard to be nimble
 - Hard to respond quickly to emerging trends or opportunities, or to change direction, as quickly as in highly centralized organization
- Handling conflict

**Structuring Leadership: Alternative Models for Distributing Power and Decision-Making*, by Caroline McAndrews, Frances Kunreuther and Shifra Bronznick, Building Movement Project, www.buildingmovement.org

Why Shared Leadership or Co-Directorship?

- Same motivations as for Distributed Leadership
- Hard to find a “unicorn” ED who can “do it all” internally and externally
- Overcomes the sense of isolation common among E.D.s
- Enables greater leadership development
- Potentially advances DEIB values
- Sometimes, promoting from within is less risky with co-directorship

Meet Andie and Kerry

Co-Executive-Directors of Farming Hope



Farming Hope is a REDF-funded ESE. It manages a garden-to-table **job training program** for community members who are overcoming obstacles such as prior incarceration or homelessness. Its **paid employment program** helps adults transition to personal wellbeing and employment while **nourishing food-insecure neighbors** and **rescuing food from landfill**. Andie Sobrepena and Kerry Rodgers became Co-EDs in 2022 following the transition of the founder, Jamie Stark.

Other Examples of Shared Leadership

For-profit businesses:

- Warby Parker, \$540M revenue, founded 2010
 - Co-CEOs are Neil Blumenthal and David Gilboa, 2 of the 4 co-founders
 - Named “the most innovative company in the world” in 2015 by Fast Company

Nonprofit organizations:

- Participatory Budgeting Project
 - National scope, Oakland-based, 14-person org in 2021
 - Three Co-EDs, 3 roles: Programs, External Engagement, Management/HR
- Pro-Inspire – nonprofit consulting firm, national
 - Monisha Kapila and Bianca Anderson, co-CEOs
 - Moved to Co-Leadership in 2021 as part of succession planning
- Somos Mayfair – a \$6M grassroots organization in San Jose
 - Saul Ramos and Victor Vasquez were promoted to Co-EDs in 2022 after the departure of longtime and highly respected leader, Camille Llanes Fontanilla

Some Tips from Other Co-Directors*

- Have OKRs that clarify who's the executive accountable for each goal
- Invest in executive coaching, individually and together
- Lots of communications between Co-Directors
 - E.g. two 2-hour meetings between Co-CEOs every other week, and two 2-hour meetings together with Executive Team every other week.
 - Invest in building an authentic relationship; willingness to be vulnerable
- Suspend judgment of yourself and others.
- Engage the Board as champions of co-leadership
 - De-mystify the Board for staff
- Create meaning together.
- Give it time. Be patient. It's a learning journey.

Sources: Hewlett Foundation, BuildingMovement.org, Bridgespan,

Interim ED/CEOs

Managing the “Middle”

- What if the departing ED/CEO has limited time to stay for a transition?
 - Some exits aren't planned
 - Important to keep operations running smoothly while doing a search
- “Leadership transitions can be highly disruptive to strategy, programming, and revenue streams, so it's important that nonprofits plan ahead...”
 - Kevin Dean, CEO, Momentum Nonprofit Partners

Who are Interim EDs?

- Most were Executive Directors at one time in their careers
- “The interim EDs we recruit for the Executive Transitions Program are able to do everything an executive director can do. They bring the knowledge of organizational dynamics, the operations skills, and the art of management to the table.”
 - Hez Norton, former program manager at Third Sector New England (TSNE)

Interim ED/CEOs: What They Do

- Affirm what's right about the operations of the agency.
- Short-term shoring up helps make the job more attractive to candidates
 - Interim EDs can identify organizational barriers to full programmatic achievement, and work with managers to develop short-term solutions for removing these barriers.
 - Objectively review administrative systems and create a plan for upgrades
- Some Interim EDs describe their role as *“taking care of problems rooted in the past so that the newly hired executive can focus on the future.”*

Why Consider an Interim ED/CEO?

- **Staff Capacity**

- Staff may already be overworked and cannot take on more.
- Sometimes, staff is applying for the position and needs their best shot at the job.

- **Added Leadership Capacity and Experience**

- Most Interims have run a nonprofit in the past and can lead right away
- Interims provide added capacity especially when the past ED cannot offer a long transition
 - Can codify organization assessment to help inform the next leader
 - Support the Board with refining Job Profile, Onboarding Plan, etc.

- **Board Capacity**

- Allows Board to focus on Search and Selection of new leader
- Facilitates the Board's sharpening of its vision for the org and its profile for the next leader

Why Consider an Interim ED/CEO?

- **Objectivity** -- Interim is uniquely free to “speak truth” to the Board and leadership about what are the areas of growth and challenge
 - **Efficient Use of Time** -- Avoids the ‘rush to hire’
 - **Stabilization** -- Transform the uncertainty of the transition period into an opportunity to create a solid platform for growth
 - Staff uncertainty: What will our new leader be like? Will my job change?
 - Org uncertainly: Will our strategy and priorities change? Will some programs be cut?
 - Funder uncertainty: Will my funding continue to deliver impact?
- Interims provide short-term stability. They are experienced enough to make short-term decisions without putting the organization in “limbo.”

Why Consider an Interim ED/CEO, *continued*

- **Change Readiness** -- Creates necessary separation from the ways and means of the previous CEO, and allows staff to speak into what they'd like to see in the next executive
 - Staff can “vent” to the Interim, without risking their reputation with the Successor-CEO
 - Opportunity for staff to speak their longings for the future
 - Can “test” new ways of doing things
- **Can be Cost-Effective**
 - Most Interims will work 25-30 hours/week for the cost (or less) of the former ED's FT salary
 - Interims typically do not receive the normal agency benefits (vacation, insurance, etc.)

Some Nonprofits Who Hired Interim ED/CEOs

- 26 Health (Orlando, FL)
- Alameda County Behavioral Health
- Asian Pacific Foundation
- California Environmental Justice Alliance
- California Ocean Science Trust
- Chinatown Community Development Center
- Contra Costa Crisis Center
- First 5, San Mateo County
- First Place for Youth
- My New Red Shoes
- Ronald McDonald House Charities of the Bay Area
- SF-Marin Food Bank
- Spirit Rock
- United Way of San Luis Obispo County
- United Way of Central Minnesota

Tips from Some Interim ED/CEOs

- Boards should have a direct and supportive relationship with the Interim.
- Establish specific processes for a transition, e.g., budgeting, staff participation in selection committee, etc.
- Recognize and nurture the potential of existing staff
- Find a mentor and professional development opportunities for the new leader, especially for new leaders of color.
 - Encourage the Board to have salary transparency and fair negotiations
- Donor relationships are key for Interims to manage. Pre-empt their concerns about continuing to support an organization in transition.
 - “Continue to invest in them so they can succeed.”*
 - “Things are under control. Things will be okay.”*

The Great Nonprofit Leadership Turnover*, Sara Herschander, **The Chronicle of Philanthropy, Nov. 1, 2022

Where to Find an Interim Executive

- Bay Area Interim Executive Directors (BAIED), <https://www.bayareainterims.com>
- Third Sector Company, Interim Executives Academy, <https://interimexecutivesacademy.com/find-nonprofit-interim-executive/>
- The Support Center of New York, <https://supportcenteronline.org/services/executive-transition/interim-executive-director-placement/>
- Interim Executive Network, Washington DC, <https://interimnonprofitexecs.com/our-network/>
- Executive Service Corporation, Chicago, <https://www.execservicecorps.org/interim-executive-directors>

Recommended Reading

- *Three Nonprofits Share Their Approaches to Co-Leadership*, Bridgespan, March 23, 2022, bridgespan.org/insights/approaches-to-nonprofit-co-leadership
- *How to Make Co-Leadership Work*, Bridgespan, Nov. 16, 2022, <https://www.bridgespan.org/insights/how-to-make-co-leadership-work>
- [*Leadership Transition in Times of Turmoil*](#), Bridgespan, Sept. 2020,
- [*Case Studies in Distributed Leadership*](#) by the Hewlett Foundation, 2018
- *Structuring Leadership: Alternative Models for Distributing Power and Decision-Making*, by Caroline McAndrews, Frances Kunreuther and Shifra Bronznick, Building Movement Project, www.buildingmovement.org
- *Making Founder Successions Work*, SSIR Spring 2018
- *Founder's Syndrome? Who Me?* By Hildy Gottlieb
- *The Leadership in Leaving*, by Frances Kunkreuther, Phyllis Segal and Stephanie Clohesy, The Building Movement Project

Final Q&A

Succession
Planning 4:

*Bringing It
All Home*

