

Major Leadership Transitions

A Practical Guide

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This guide is written for consultants, executives, founders, and boards who want to think long term about a major leadership transition or to successfully engineer an active or impending leadership transition.

The author has been an advisor to several founder and major leadership transitions, done informal research into transitions at another dozen, and been through two transitions of his own. He still has a lot to learn.

Overview

This guide offers basic insight into major leadership transitions and about organizational transitions in general. Major leadership transitions may involve a visionary founder or a long time executive director. The situation differs slightly in each case but the fundamental dynamics are the same.

Those seeking more depth can explore the four phases of an active leadership transition beginning on page 3 as well as more detail on organizational dynamics during a major leadership transition in the appendix.

Although it is not uncommon in the private sector, social sector organizations rarely commission a consulting firm to formally assist with a major leadership transition. Often the “presenting problem”, to use a therapeutic term, is the need for a strategic plan, board development, executive coaching, or teambuilding. Sometimes the need for a leadership transition has been stewing for years under the surface, and some event—the departure of a key staff member, a downturn in revenues or performance—will stir the system and the need for a leadership transition will become apparent. In short, the presenting problem—as in psychotherapy—may not be the real problem. This is often the case in troubled organizations. In a sound, well functioning organization major leadership transitions are usually addressed as a matter of course.

Major Leadership Transitions

Major leadership transitions can be rocky and maddening or smooth and mature, depending on the character of the leader, the vitality of the organization, the degree of urgency, and extenuating factors, such as the loss of a key funding source or a significant reputational challenge.

In particular, long time founder transitions tend to be tough, even in the best case, and disastrous examples abound. The famous “founder syndrome” is real, and seems particularly virulent in the social sector. Mission-driven social entrepreneurs might well represent a special breed of the classic “type A” professional. It is true that a founder may have a deeper emotional investment in the organization than a long standing executive director, but that is not necessarily the case. Many long time executive directors experience the same feeling of profound identification with the organization they have faithfully led over many years.

At the deeper level of personal psychology, some founders and long time executive directors do not fundamentally differentiate themselves from the organizations they lead or create. They literally experience the organization as an “extension of themselves”, for the same reason that some parents “live through their children” and some artists can’t bear to part with their work. But we must not be too quick to criticize. Societies need passionate leaders, and a degree of “ego” identification with one’s creation may be unavoidable, even appropriate. Some leaders let that identification go at the appropriate moment. Others simply cannot.

Major leadership transitions play out in a variety of ways. In some cases the founder/leader is forced out or simply exits the system, more or less gracefully. In other situations s/he stays significantly involved but in a new role. Some founder/leaders occupy an honorific position either in perpetuity or for a short time, maintaining only a minimal, advisory role. In other cases they remain the de facto authority, whatever their title, and these are the cases where the terms “founderitis” and “founder syndrome” are most applicable.

A high degree of complexity is the rule when the founder/leader stays significantly involved in the system and has real deliverables, such as a board seat and salary. Roles and titles can vary widely in these cases. Usually a new leader will assume the title of Executive Director (ED) or Chief Executive Officer (CEO). However, in some cases a founder or long time executive director will retain the ED (or CEO) title, and the new leader will be a Managing Director, Chief Operating Officer, or Deputy Director. For consistency, the term Executive Director (ED) has been used throughout this guide to denote the new leader who follows the founder or long time executive director.

There is some evidence that founders and long time EDs are scapegoated by staff and board. Harald Katzmaier of FAS research (www.fas.at) says that his research finds clear patterns within NGOs of founders becoming scapegoats for disappointed (often idealistic) staff and board who blame the founder/leader for more than their rightful share of organizational failings. It is easy for a founder/leader to hide behind data like this, and it is true that the leader can be the largest part of the problem. That said, I have personally observed this phenomena. Boards and consultants must be incredibly careful in assessing the actual truth of the situation and not be too quick to jump to conclusions.

Organizational Transitions

It goes without saying that all major leadership transitions are a moment of truth—not just for the leader but for the whole organization—board, staff, even donors and external stakeholders. A major leadership transition is a major organizational transition.

Leadership transitions share many characteristics with other types of organizational transitions, such as mergers, restructuring, down or “right-sizing”. All serious organizational transitions involve a significant amount of anxiety for the whole system, and a variety of human psychodynamics are likely to be in full flourish, often unconsciously.

“Human systems” have their own rhythms, both internal and external, and change within individuals tends to occur more slowly than external, structural change. Internal transitions can stretch out at different speeds for different people, like runners in a marathon. Typically, the most senior people are way out ahead, and must be reminded to over-communicate and bring others along respectfully. Transitions that take place too fast can be dangerous, because people don’t have time to process both the structural and emotional elements of the transition. Too slow may be even more dangerous—when things drag on morale sinks, a festering quality can take hold, and key staff may exit.

Some organizational transitions are more fluid and undefined, but in my experience the most successful organizational transitions have clear goals and a specified timeframe. That time can be extended if necessary, but laying out a plan at the beginning for how the transition will unfold over time helps everyone in the system, particularly rank-and-file staff, to “self-manage” during an inevitable period of ambiguity and distress. Organizational change occurs in phases, with a beginning, middle, and end. The old must be carefully put down and sometimes formally grieved, the uncertain middle must be carefully managed, and the transition to a new order skillfully accomplished.

In general, any significant organizational transition cannot happen in less than 6 months, and one year is a probably the minimal timeframe for most transitions. Even one year will seem aggressive to many people, and In major leadership transitions or other serious transitions like a merger, an organization might spend 2 - 5 years to fully complete the various adaptations.

In times of organizational transition, a robust internal communications strategy is essential. The essential element of such a strategy is that leaders and consultants must deliberately over-communicate, as well as set up regular opportunities to receive feedback from staff. I’ve heard it said that it is necessary to communicate 3 – 7 times more often during major transitions than in ordinary times. In the absence of information, people tend to project negative possibilities onto a blank slate, feeding rumors and general distress. Successfully sharing all that can be openly shared relieves anxiety and strengthens any human system during an organizational transition.

The Four Phases of an Active Leadership Transition

If a major leadership transition is imminent, the following material will guide leaders, boards, and consultants through the roughly sequential phases one is likely to encounter in the course of an active transition. It has

been written primarily for consultants but will be applicable to anyone with responsibility for managing a major leadership transition.

1. **Initiating the Transition**
Messaging, choosing a search firm, stabilizing the system
2. **Clarifying the Agreements**
Detailing roles, responsibilities and reporting relationships
3. **Passing the Torch**
Transitioning the leader, welcoming a new ED, transferring knowledge, messaging the moment
4. **Building the Future**
Integrating new leadership, monitoring progress, assisting the whole system

If it is not entirely clear that a leadership transition is called for, and some other facet of the organization has surfaced as problematic, an earlier phase is necessary. This is the **Diagnosing the System** phase, and can be found in the Appendix. Information about the challenges inherent in “Managing the Middle”—the uncertain period during the actual transition—can also be found in the Appendix.

The Four Phases of an Active Leadership Transition

Note to Consultants

When facilitating any transition, my approach is to clearly communicate to the leader and board members that the “organization and its highest potential” are my client. Yes, the consultant reports to the leader and/or board chair, but without the freedom to guide the system on a critical path to its highest potential—whatever the leader/founder, staff, or board might think—the consultant is compromised in his/her ability to tell the truth and recommend the best way forward.

1. Initiating the Transition

In this phase the basic tasks are to develop internal and external messaging related to the transition, choose a search firm, and craft the job announcements for the new ED.

There is much to consider in this phase. Perhaps an internal candidate exists, sometimes a long-time #2. A critical series of conversations will be necessary to ensure that s/he will be truly right for the system. Things can get complicated if the founder/leader has handpicked an internal successor that the rest of the organization does not want in the position. The leader may also recruit someone from outside the organization that they know personally. This can work if their judgment about the individual’s qualifications is sound. But if the founder/leader is not trusted, their decisions—even good ones—may not pass muster with the troops.

Assuming no internal candidate stands ready, choosing the right search firm is essential. Not all firms understand the uniqueness of major leadership transitions where the leader stays involved. Interview several, and ask specifically about their perspectives on and experience with founder/long time ED transitions. A full ED search typically takes 6 – 12 months, and usually costs a nonprofit between 25k and 75k. It’s critical to make a sound decision.

Another key challenge is to get the organization’s internal and external messaging right—both the explanation of the leader’s transition, as well as the job announcement for both the leader and the new ED. Having the founder/leader contact key donors and stakeholders personally before the public message comes out can also help ease the anxiety others may feel about the transition.

Clarify the founder/leader’s role as much as possible before the job announcement hits the streets. Sometimes the new and former ED work out the details after the hire, but search firms I’ve spoken to are unequivocal in recommending that unless it is clearly spelled out that the founder/leader will report to the new ED, the chances for a successful ED hire are seriously diminished. Few talented professionals will want the job if their future relationship with founder/leader is unclear, but there have been exceptions to this.

Make the basic details of the hiring process clear. In particular, formally define the extent of the leader's involvement in the hiring process, especially who has final decision rights regarding the hire. In most cases, appointing a board search committee that takes input from the founder/leader but has final decision rights is the best course of action. A search committee is especially necessary if there has been friction between the leader and the organization or the board, or there has been organizational turmoil because of the leader's inability or unwillingness to let go and move on.

Chemistry is critical if things are going to work between the leader and new ED, and if the leader is going to stay involved in the organization, s/he certainly deserves legitimate input into the final decision. A chance to interview the short-list of candidates may be the best way to accomplish this. In congenial situations, where leader, board, and staff are aligned, the leader sometimes leads the search and makes the hire. This is not common but seems to work in some cases.

It is often said that the leader who follows a founder or long time ED is doomed to failure, and this has proven to be true in many cases. That is another reason why some organizations intentionally appoint an interim ED to run the organization while a new ED is found. This is a wise approach if a talented individual exists in the system or can be found fairly easily. If not, few nonprofit organizations have the resources to hire a firm for back-to-back searches, first for an interim and then for a permanent ED. In any case, initiating the transition involves a number of critical considerations in what might otherwise seem a pretty straightforward process.

2. Clarifying the Agreements

Clarifying the Agreements is a process that can take 1 – 6 months, depending on the complexity of the situation. The core work of this phase is to develop detailed formal job descriptions for both the founder and new ED, and to successfully address and answer the many key questions that will chart a future course for the founder/leader, new ED, and organization.

This is usually a sticky area when the founder/leader remains significantly involved in the organization. It is one thing to define the overall categories where the founder/leader will be active—for instance, strategy and visioning, board service, special projects, high-level fundraising or donor cultivation, networking and field-building. It is another thing to clarify exact details regarding the founder/leader's role on the board, his/her reporting relationship to the new ED, compensation and concrete deliverables, and final job descriptions (not just the ED job announcement).

Generally speaking, my approach is to engage the founder/leader in his/her own transition—have them draft their own vision for the future of the organization, get their perspective on roles, responsibilities, and reporting relationships. They may not “get everything they want,” but allowing them the “first draft” is not only respectful, but also revealing.

Some of the key questions that must be answered to clarify agreements when a founder/long time ED stays involved are:

- Is their role in the organization more substantive or merely honorific?
- What is the founder/leader's new title?
- Will s/he receive all or part of a salary?
- Should the leader take a sabbatical? How long should it be?
- Will they have day-to-day responsibilities or do “special projects”?
- What is the reporting relationship between the founder/leader and the new ED? Does one report to the other? Will both the new ED and the founder/leader report to a board chair or board management committee?
- Will the founder/leader have staff support? Direct reports? Will they share support with the new ED?
- Will the founder/leader serve as the board chair? Be on the board? With term limits like other members?
- Who physically sits in the corner office?
- Who is ultimately responsible for the organization's budget and to whom are they accountable for it?
- Will there be consulting support for the founder/leader and the new ED to make sure things get off to a good start?

- How will conflicts be resolved if things go sideways?

Think through the roles of the founder/leader and the new ED carefully. There are a number of ways the two roles can be defined. No one size fits all—lots of different titles and reporting arrangements can work. Key questions for defining the two roles are:

- Is the new ED in an internal role and the founder/leader an external one? Or do they share both internal and external responsibilities?
- Is the founder/leader the de facto ED and final decision maker? Is the new ED more of a COO or internal managing director, a role that is becoming more popular in the nonprofit sector?
- Do the titles the ED and founder/leader take on correspond to the reality of the situation?

Be as specific as possible about every detail to avoid potential future contention. Although agreements can be altered by mutual agreement when a new ED comes on board, lack of clarity up front can open the door to future power struggles. Some details can be left vague if the founder/leader feels strongly enough about them. In one case a founder requested that reporting relationships be left undefined for now, with “both reporting to the board.” Few believe this lack of clarity is optimal, but preventing a founder/leader meltdown may make such compromises necessary.

Make a sabbatical part of the agreement. My feeling is that the ideal arrangement is one where the founder/leader welcomes the new ED, introduces them publically and privately to staff, board, and key stakeholders, does a solid handoff, and then goes on sabbatical for 3 – 6 months to allow new leadership to take hold and gel with the system. This can be a “working sabbatical,” where the founder is active in the system, but out of the office, or on a full break. Every case will be unique.

If the work to establish a set of new agreements with the leader starts to break down, bring in outside perspectives and experts. During one transition I facilitated a “summit meeting” with a founder and three board members, along with two senior colleagues, who made significant contributions. It was a high-stakes and difficult meeting, but one that finally arrived at formal agreements.

Bottom line—whatever the titles, reporting relationships, and various details, the key issue is this: is the founder/leader still the official or de facto #1? Do they still have ultimate authority in the system? Or do they understand that they are moving into a #2 role, or an even more honorific role with much less authority? If push comes to shove, who truly has final decision rights on the evolution of the organization?

3. Passing the Torch

Passing the Torch is a about a one month process whose overall goals are to formally transition the leader/founder, welcome a new ED, coach the new partnership, ensure that key knowledge and relationships are transferred, and get the next round of internal and external messaging right.

If the previous stages and processes have been designed and executed with integrity, this phase can be an important moment of renewal and lift-off for the system. Assuming a top-notch person has been hired, with buy-in from the leader, board, and staff, the handoff should go fairly smoothly. If there was contention around the hire, if organizational sturm and drang are high, or if the agreements were tenuous or tortured, things will be rather less rosy.

There are both internal and external dimensions to the handoff period, and both need to be managed skillfully. Externally, messaging must be robust and precise. The founder/leader should ideally introduce the new ED to major stakeholders, demonstrate solidarity in public, and create every possible condition for the success of the new ED. Internally, building rapport with the new ED, functioning in a supportive manner with staff and board, working through various details of the agreements, and solving problems up front before things go south are all essential.

Even if consulting support has dwindled or been absent in the final stages of the transition, this is an important time to engineer a formal meeting between the leader and new ED. If things have been going smoothly, the board chair or board transition team can manage this. But to assume that things are automatically going to “work themselves out” is naïve—unless a high degree of emotional and leadership maturity is in evidence on all sides.

Formal “welcoming” ceremonies for the new ED, where the leader introduces the new ED to both internal and external audiences, are important. Symbolic gestures need not be hollow—they can also be full of meaning and send strong messages that resonate through the system.

If the founder/leader is struggling with the transition, a talented and understanding executive coach could be of critical importance at this point. Even a well-meaning and mature founder/long time ED will have difficult moments—this can be one of life’s great transitions for a serious social entrepreneur who has founded an important effort to alleviate suffering in the world. Some founders in particular believe that only other founders can truly empathize with the depth of passion and the sense of self they have wrapped up in their work for the world. They may be right. In any case, sensitivity matters, and the wise advisor will be an empathetic listener and skilled counselor as the founder or long time ED moves into a new period in their professional and personal life.

4. Building the Future

There are three essential tasks in this phase: 1. Integrating the new ED into the system 2. Coaching the founder/long time ED and helping him/her transition to a new role (before, during, and/or after the sabbatical) 3. Assisting the entire system as it enters a new era.

In the best case, the board or consultant’s role tapers off gradually rather than ending abruptly, and sometimes a period of 3 – 6 months of ongoing support for the organization is absolutely critical. In one otherwise successful founder transition where the founder gracefully left the system, this consultant worked with a remarkable organization until a new ED took over from the founder. The hire was disastrous and sent the organization into a tailspin. Two years later, after an interim ED and as yet another ED takes the reins, the system is rebuilding almost from scratch.

A number of scenarios can play themselves out in this period. At one end of the spectrum, the new ED is solid, chemistry between the ED and the founder or long time ED is strong, tensions are minimal, and the whole system is energized moving forward. At the other end, the new ED and the leader can be mired in personal and professional conflict and drag the system down accordingly. Between these extremes are different variations.

It is not uncommon for the founder/leader to subtly or overtly sabotage the new ED—often unconsciously—leading to endless anguish that distracts the organization from its important work in the world. In another nationally recognized organization I’ve worked with, the founder was board president for many years and even after high-level professional staff were brought in, continued to be the de facto leader of the system, determining strategic priorities, making major financial donations when needed, and steering the system from behind the scenes as a “benevolent dictator” might. Historically, this founder made a number of impulsive growth and leadership decisions, and although the program model is outstanding, the organization has never scaled appropriately or reached its potential. The board remains a “founder’s board,” and a string of talented EDs, some national class, have come and gone in the past decade.

Create and be prepared to implement a Plan B. Expect some tension between the new ED and the founder/leader, and address it matter-of-factly and with as little drama as possible. If tension begins to escalate, each may begin to lobby board members and senior staff, creating a “he said/she said” dynamic that serves no one.

If the relationship between the leader and new ED becomes truly problematic, revisit agreements made, alter them to strengthen the situation, or pull the plug. Sometimes, even with the best of intentions all around, it just doesn’t work out for the founder or long time ED to stay “significantly involved” in the organization. Your client is the system, and if the system is in danger, you must be precise, principled, and uncompromising in your counsel. If you have failed to establish a strong relationship with the board in the previous months, this will make a difficult moment even more difficult. If they are hearing one thing from you, another from the leader, and something else from the new ED, they will be confused and divided in their loyalties. At that point it may be too late in the game for the consultant to have a significant impact on the outcome.

Be deliberate about integrating a new ED into the system. Have staff and board communicate their hopes and expectations directly to the ED. This can take the form of “Letters to a New Leader,” where key questions are addressed such as “my hopes for you,” “our key organizational priorities,” etc. This can be done directly by individuals, or be compiled into a report, can be anonymous or not. This is important data

for a new ED to reflect on as they assume leadership and chart the next course. The founder/leader can also participate in this process, but the data is for the new ED alone, unless they choose to share it with others. Whatever methods are used, being deliberate about integrating the new ED into the system builds trust, establishes lines of communication quickly, and sets the ED up to succeed in the all important “100 first days”.

This is also a good time to begin thinking about serious board development work, particularly if, as is often the case, the previous board was a classical “founder’s board,” composed primarily of the friends, colleagues, and sometimes family members of a founder. A strong new ED will have their own ideas about board members and development and will be eager to get to work in this area. Likewise, board members who’ve been instrumental in seeing the organization through a major leadership transition may be ready to transition out themselves. In the best case there is a natural period when new members join and old members exit with grace.

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Exit gracefully and well. Consultants who’ve been engaged in a system for a long time become like adjunct staff. It is important to taper off wisely and build capacity for the various functions you’ve assumed seamlessly and over time. Better to become invisible and leave no trace when you exit, than to create a dependence on “the star consultant” that leaves a gap that the system must also try to fill while managing the dynamics of a new ED. The whole system deserves a celebration at this point as well, something to book end the process and close the formal period of organizational change during a major leadership transition.

Appendices

Diagnosing the System

If it is unclear what is going on in the organization, but appears that a leadership transition may be in order, job #1 is to diagnose the system. The key challenge in this phase is accurate “sense-making”, which can take from 1 – 3 months. Designing the correct assessment instruments, having the right conversations with the right people, and developing a basic understanding of what’s going on are the key tasks. My main assessment tools are “laser” organizational and cultural surveys, an open ended questionnaire, and individual and group conversations.

Be prepared: a lot will surface in this phase—especially if the system has been stagnant for awhile. The organization might seem awash with problems that are not just specifically leader related but at the board, staff, and management team levels. All this is “noise in the system,” and it can be intelligent noise—meaning there is a great deal to learn if one can successfully make sense of it.

Once an organizational assessment has been concluded, the first great challenge is determining the appropriate way to present his/her findings since they may be painful to the founder/leader and potentially various other people in the system. This phase will take one month or less, depending on the size of the system.

My approach is to put together a “pull no punches” document that lays out what the system is saying about itself and the leader, and first share this in a candid but sensitive conversation with the founder/leader. This is an early opportunity to go deep with the leader. Even if they are widely seen as “the problem,” it is absolutely essential to build trust and develop a collegial relationship with him/her. There will be difficult conversations later on that build on this foundation.

At this point my preference is to lead face-to-face conversations with both board and staff that not only presents the information but allows people to talk through it, understand it, and begin to think creatively together about the evolution of the organization. The leader should be present and introduce the consultant and frame the session. Be careful not to upstage or threaten the leader’s authority at this critical juncture. The threat that s/hemay feel in the form of actual feedback from board and staff can be plenty hard enough to bear.

A session in which the entire organization, or at least a significant cross-section of it, comes to terms with the current state of the organization is the first serious opportunity for the consultant to engage the system forthrightly. This is an important moment in which to build trust, frame the overall organizational transition, to honor but not dwell on the past, and take a positive, asset-based approach. It is also a prime moment to begin to shape perceptions around the possibility of a successful transition that, no matter how difficult, will position the organization more effectively for the future.

In a small organization, the consultant can facilitate a conversation like this with everyone in the room. In a larger organization, decisions will have to be made about who will and who will not be included in the process. To be sure, there are hyper-sensitive situations where a completely transparent approach may not be possible. Discussing the founder/leader's transition in select one-on-one conversations may be necessary in this case. But if you have been hired to help the system navigate all or most of the transition, conducting an open session with everyone present will kick the whole process into high gear and prevent much of the back-channeling and misinformation that tends to occur when only a few people are "in the know."

Organizational transitions are a bit like campaigns—they work best if they are named, have a defined set of outcomes, and are built on a timeline. It is important to help all concerned treat this organizational transition seriously—to make it explicit and not downplay the moment. Of course, don't overplay it either. Be matter of fact about the challenge and opportunity that such transitions entail. Better for people to be a bit concerned at the outset than be shocked and dismayed later when the going gets tough.

Managing the "Middle" in a Major Leadership Transition

As in all organizational transitions, the middle is hard because the system is in limbo. The middle, therefore, is both a time of great danger and of great potential. Expect "the middle" to last 3 – 6 months. Basic tasks here are to strengthen management, stabilize the overall system, gather input into the founder's new role, and move forward with the search.

If the engagement includes organizational development work with the whole system and not just a limited coaching relationship with the founder and/or key board or staff, this phase can be quite complex and challenge even the most skillful advisor.

In the middle the organizational culture is in flux as old patterns "thaw." This is ultimately good news—when old patterns become unfrozen, the chance to develop new and healthier patterns in the "social system" of the workplace becomes a promising opportunity. But the middle is unnerving, and the whole system tends to de-stabilize in varying degrees. Power relationships are shifting, and people begin to subtly jockey for position and start to "look out for #1," usually without being fully aware of it. Uncertainty and ambiguity become palpable. At some point the honeymoon fades, and staff and board who were hopeful that "things are really going to be different this time" can become overwhelmed by the difficulty and time required to actually engineer tough changes. These are some of the psychodynamics mentioned in the overview.

During major leadership transitions, and during the middle phase, other staff transitions also tend to occur. Expect the "deck to shuffle." Senior staff may exit; junior staff may rise. Reorganizations that have been pending for a long time may be put back on the table. Typically, the board may also feel the need to overhaul itself during such transitions. Unless there are compelling reasons to the contrary, my feeling is that it is better to have the existing board—even if it has been weak or ineffective—to step up to stabilize the system and help design the transition. Too many things in flux at once can stress a system beyond its resilience and cause positive, adaptive behavior to slow down or cease.

There are important steps a consultant can take to help manage the middle successfully. One is to establish small "transition teams" at both the board and staff levels. These internal teams keep their finger on the pulse of the transition, move agenda items forward, and serve as points of contact for staff, board, and the founder, as well as for the consultant. One staff transition group I worked with called itself the Yoda Team, adding a touch of much appreciated levity. Although there are distinct advantages to having transition teams composed of people from all levels of the organization, an existing or newly-formed management team could serve as the transition team at the staff level, if appropriate. The executive committee might do so at the board level, although there are advantages to forming a new board team. Ideally, board and staff transition teams meet regularly, even if just by phone, which builds board/staff connectivity and develops organizational stability during the long middle period.

Strengthening the management team is another key way to stabilize interim leadership while the system is in flux. It's also a good idea to use the middle to experiment with new agreements between the management team and the founder/leader that can take them out of day-to-day operations sooner rather than later. That gives the leader the chance to "feel" what it will be like in the future and perhaps prevent his/her backsliding into old attitudes and behaviors when the new ED is in place.

If resources are available, hiring an interim ED or COO is a common practice worth considering. Sometimes consulting support is absent or inadequate, the board has not stepped up sufficiently, or the system is in chaos. Interim leadership—clearly not in the running for the top spot but here to stabilize the system—can be a critical success factor for some transitions.

Pitfalls for consultants to avoid in the middle phase

- Especially when things are floundering, it is tempting to assume a savior role or to function, in effect, as the interim ED. If assuming a role as interim ED is appropriate, then formalize the role and its responsibilities. Failure to do so can lead to the consultant becoming the target for the frustrations of disgruntled parties.
- Be cautious not to show favoritism with individuals, or be seen as allying yourself with any one group.
- As your own influence in the system escalates, be prepared to be "worked" by the system. People may approach you regarding their salaries, job titles, any number of things. This is a danger zone. I've made some (honest) mistakes here.
- There is a largely unconscious psychological phenomenon called "displacement": You're mad at your spouse, but yell at the dog. Individuals upset with the leader or the overall situation may take it out on you, especially if you're seen as allying yourself with the founder/leader. That's safer than expressing anger at the founder or at each other.
- In short, be careful not to "cross the consultant's line"—this is not your system, although you may indeed have a critical role in it for now. This can be a very fine line, and it is here that colleagues with objective eyes can offer fresh insights and help you avoid missteps.

If resources are available, two consultants are better than one in these kinds of situations. It is easy to get swept up in the various dramas attending a founder transition and fresh perspectives can prevent mistakes and missed opportunities. In the absence of a fellow consultant, having a "kitchen cabinet", or using "peer consults" can be enormously helpful.

Annotated Bibliography

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An eighteen-page compendium of bullet point perspectives and step-by-step instructions for boards, founders, and staff. Founder transition do's and don'ts, including advice on the search for a new CEO. Dense, some solid material.

Wasserman, Noam, *The Founding CEO's Dilemma: Stay or Go?*, Working Knowledge, Harvard Business School Press August 15, 2005

An interview with Noam Wasserman whose focus is on entrepreneurial, private sector, high-growth firms. Among his points are that private sector founders must choose between "being rich or king." Not an exact parallel to the social sector, but a useful insight nonetheless.

Wasserman, Noam, *The Founder's Dilemma*, Harvard Business Review, February 2008

More from Wasserman. Interesting statistics about private sector founder transitions and thoughts about how to keep a founder usefully engaged.

Donohoe, Margaret, *Beyond Succession Planning: Thinking Strategically About Leadership Planning and Inevitable Transitions of Leadership*, Leadership in Transition, www.leadershipintransition.org

Not specifically about founders, a basic guide to leadership transitions. Boards new to managing leadership transitions might find it useful.

McLaughlin, Thomas, and Addie Nelson Backlund, *Moving Beyond Founder's Syndrome to Nonprofit Success*, BoardSource.

This is a new publication from BoardSource, "the national voice of nonprofit governance." The book, written for founders, board members, and staff examines the phenomenon that some founders struggle to adjust as the organization matures and many boards find their loyalty to the founder in conflict with the best choices for the organization, leading to tension between the founder, the board, and the senior staff. Available at www.pnnonline.org/article.php?sid=8169

Founder Research

In recent research, I was looking for examples of successful founder transitions where the founder remained significantly (and successfully) involved in the long-term strategic evolution of the organization, but was minimally (or not at all) engaged in day-to-day or internal management. We cast the net wide for examples of successful founder transitions among the broader Institute network.

I. Representative Responses

Some direct quotations from senior professionals:

Success stories with the scenario of a Founder retaining influence over the strategic directions of an agency after leaving the ED position are hard to come by. I have forwarded your message to the consultants in our Executive Transitions group to see if they may know of examples.

Well, I heard back from each of my folks. They all said they have no examples of organizations where the founder has successfully stayed in a position of strategic influence. On the contrary, each has at least one “horror story” of an organization where it was attempted and created serious problems for the next ED. In fact one of our recent executive transition clients, a large national organization of prominence, just had the ED we helped them hire six months ago resign...in part because the founder of 30 years who had left the ED position stayed around and interfered.

An executive at another leading nonprofit management firm remarked:

I have never seen this work successfully. The established “neural pathways” of the founder, and the organization, are most difficult, if not impossible to rewire. The only way the leader can no longer be seen as the leader is not to be there. I will go through my files and see if I can find any examples that are contrary to this experience. Nothing comes to mind really.

I did run across several examples where there were reports of successful founder transitions where the founder stayed significantly involved. One example from another senior professional:

Project Open Hand in SF. Founder Ruth Brinker started it out of her kitchen and then staff were hired, then an ED and she continues to be the moral force behind the successful org. There were moments of conflict, but she has almost always let staff do staff work. Also a great model of board governance and ED leadership.

II. Founder Research Questions

In the research conducted, these were the questions used for interviews.

Founder and Organization Basics

- Is the founder a long time ED or the actual founder of the organization?
- What was the previous management structure?
- Staff size?
- Is founder on the board? Lead the management team?

Leadership and New Structure

- What's the new leadership arrangement? Management team? Co-leadership?
- How are decisions made? Power shared?
- Is the founder the de-facto leader? Have veto power? On the board? Board chair?
- How well is the arrangement working? Why/why not?
- Critical success factors? Why do you wish you'd one more/less of in hindsight?

Documentation/Templates

- Can you share formal agreements, board memos, org charts, or job descriptions with us?

III. Organizations with Leadership Transition Lessons

In the course of the research, the following organizations surfaced. They all seem to have interesting stories to tell full of important lessons. I received some of these names from other sources, and didn't speak to everyone personally on the list. The conversations I did have suggest that in many cases founders and leaders have been able to stay productively involved in their organizations in new roles.

- Bioneers
- Center for the New American Dream
- Civic Ventures
- Commonweal
- Conservation International
- Ecologic
- National Community Development Institute
- Project Open Hand
- RSF Social Finance
- Sustainability