

**Executive Turnover in the Nonprofit Sector**

**Risks and Opportunities, Executive Transition Management Services,  
Options for Grantmaker Support**

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## Executive Summary

Research indicates that a dramatic increase in the turnover of executive leadership within the nonprofit sector is upon us. Due to the imminent retirement of baby boomers (many who founded their nonprofit organizations 20 to 30 years ago) and competition for talent from other sectors, large numbers of nonprofit executives will be leaving their current positions during the course of the next five to ten years. While this increase in executive turnover threatens the sustainability of nonprofit organizations, it also offers an opportunity for positive change. Unfortunately, nonprofit boards, particularly those serving small and mid-sized nonprofit organizations, are not prepared to manage these transitions.

However, grantmakers that support small and mid-sized nonprofit organizations have the opportunity to help them capitalize on these transition opportunities. A number of national foundations have already developed successful models for supporting transitions. These foundations provide funding that supports “executive transition management services.” Executive transition management services consist of a menu of support services that can be provided by a consultant or a management support organization to guide a nonprofit board through the transition process. Grantmakers are urged to seize a “pivotal moment” by supporting the development of and access to executive transition management services. Funding for executive transition management services can help nonprofit boards avoid organizational havoc and instead capitalize on the transition opportunity by planning thoughtfully for the organization’s future.

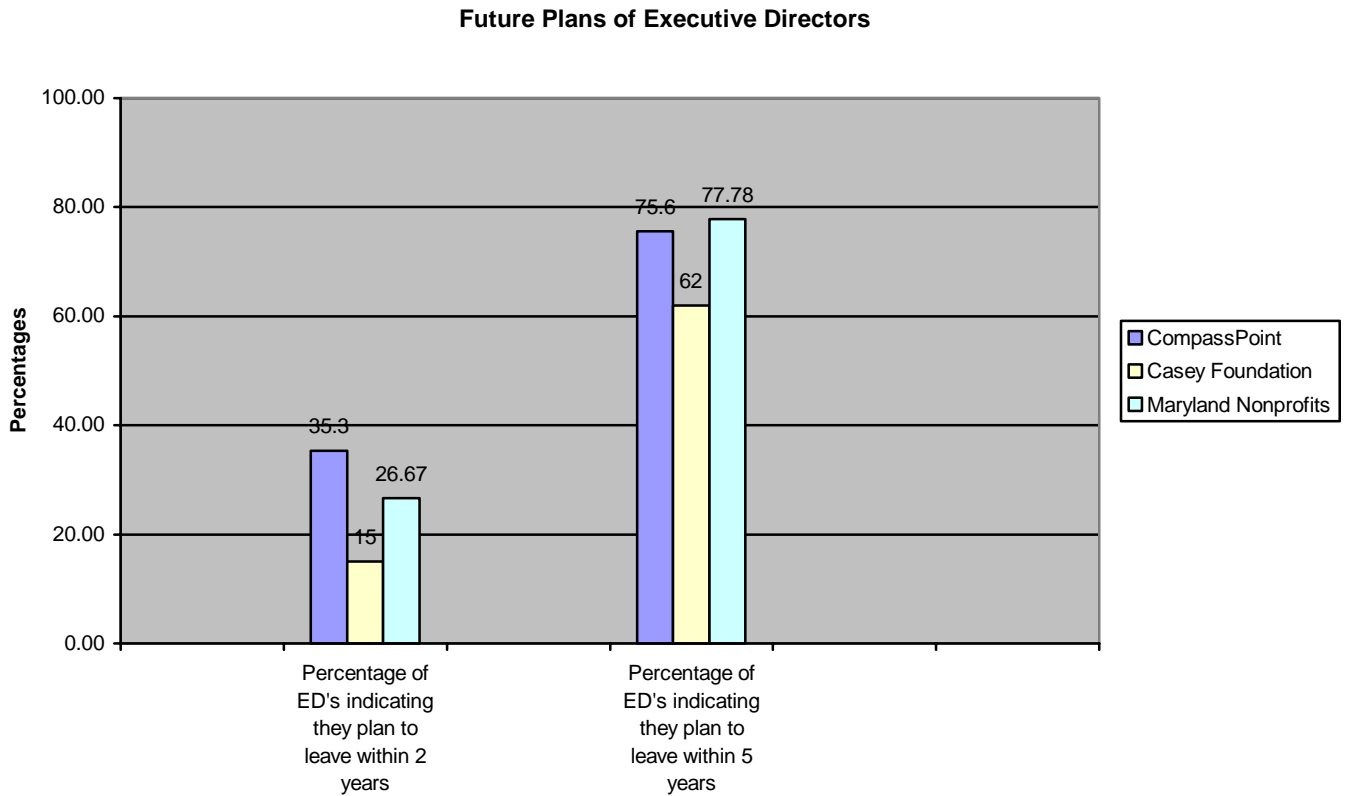
The Support Center for Nonprofit Management (Support Center) has assumed an important role in the development of executive transition management services. The Support Center has established goals that include:

- Increasing grantmaker, executive director, and nonprofit board member awareness of executive transition risks and opportunities and increasing their knowledge of executive transition management resources
- Increasing financial resources for and securing grantmaker investment in the development and delivery of executive transition management services
- Increasing the Support Center’s own capacity to deliver executive transition management services to nonprofit organizations (and especially small and mid-sized nonprofit organizations).

Substantial progress has been made toward the accomplishment of these goals. The author’s own personal experience with executive transitions has played a powerful role in the development of executive transition efforts at the Support Center.

## Introduction

A dramatic increase in the turnover of executive leadership within the nonprofit sector is upon us. Research indicates that the nonprofit sector is undergoing leadership transitions at a rate never before experienced. Studies by the CompassPoint Nonprofit Services, the Annie E. Casey Foundation, and the Maryland Association of Nonprofit Organizations indicate that the rate of turnover expected over the next two years ranges from 15 to 35%. More strikingly, these surveys indicate that the rate of turnover over the next five years ranges from 62 to almost 78% (Adams and Stark 1)!



**Figure 1: A comparison of studies on executive transitions: A study by Compass Point Nonprofit Services of Executive Directors (EDs) nationally indicate that 35.30 % plan to leave within 2 years and 75.60% plan to leave within 5 years. A study by the Annie E. Casey Foundation (of community-based grantees) indicated that 15% of EDs plan to leave within 2 years and 62% plan to leave within 5 years. The Maryland Association of Nonprofit Organizations member organizations indicated that 26.67% of EDs plan to leave within 2 years and 77.78% plan to leave within 5 years. (Recreated from Adams and Stark 1)**

Most nonprofit organizations are not prepared to handle turnover in executive leadership by themselves, and the majority of nonprofit boards of directors do not understand their responsibilities in handling a transition in the executive leadership of their organization. Few nonprofit organizations have a plan in place to help them manage a transition in leadership. A recent United Way of New York City survey verifies that increases in executive director turnover are looming and that planning for succession is seriously lacking, especially for small and mid-sized nonprofit organizations (Birdsell and Muzzio 2-4).

The board of directors of a nonprofit organization holds the responsibility for hiring and supporting the organization's chief executive officer. Often, nonprofit boards respond to an executive director transition with a "knee-jerk" reaction, rushing to find someone to hold the reigns of the organization, giving little thought to the background, abilities, and qualities most needed in a newly selected leader. This reactive approach often leads to poor hiring decisions and overlooks the board's responsibility to nurture a smooth and effective transition. Such an approach also misses the opportunity that an executive transition provides for organizational self-assessment – the opportunity to revisit the mission, vision, and value of the organization; a chance to examine the organization's future potential and plan for the future (Axelrod18).

A nonprofit board of directors has critical responsibilities during a leadership transition. These include responsibilities to:

- Select and support a new leader
- Support the organization's staff and volunteers through the transition
- Ensure continuity and quality of services to clients and customers during the transition
- Communicate clearly about the transition to all stakeholders. (Wolfréd 19-22)

Executive transition management services can help nonprofit boards through a transition in executive leadership. Executive transition management services can best be described as a menu of planning, interim management, recruitment, and hiring supports provided to help a nonprofit board navigate executive turnover (Allison 5,6).

Grantmakers, including private foundations, corporate foundations, and government agencies rely on nonprofit organizations to deliver essential and vital services to people in need and to ensure the quality of life in our communities. A crisis in executive leadership can put these services at risk. The dramatic increases in executive turnover expected over the next five to ten years will require support from grantmakers, particularly for small and mid-sized nonprofit organizations. One critical way grantmakers can help nonprofit organizations through these transitions in leadership is to provide support for executive transition management services.

### **Background: Trends in and Research on Executive Leadership Transition**

#### Trends:

National trends for all sectors, including the nonprofit sector, indicate that participation in the labor force drops significantly between the ages of 62 and 65 years of age. In 2008, when the first baby boomers retire, more than half of those participating in the labor force will retire, and there will be 3 million leadership positions to fill. The next generation (those now 30 to 40 years of age) is the smallest birth group in the 20<sup>th</sup> century (“Labor Force”).

According to the report Executive Leadership Transition: What We Know, “...of an estimated 1.6 million nonprofit organizations in the U.S., roughly 10-12% are managing a transition at any given time; in some communities this means a hundred organizations annually. The rate of transitions is expected to climb 15% or more in the next 5 to 7 years as the baby-

boomer generation -- many of whom founded organizations 20 and 30 years ago -- reaches retirement age” (Hinden and Hull 24).

Research:

Recent surveys provide a context for the seriousness of the impending changes for the nonprofit sector. First, a profile of the Annie E. Casey Foundation nonprofit grantees indicated that:

- More than 60% of their grantee executives are over age 50
- Eighty-five percent of current executive directors will transition out of their positions between 2000 and 2007.
- Those who could be next in-line (Deputy or Associate Directors) “mirror” executives in experience and age, and many have no intention of assuming the role of chief executive. (Adams, “What are?” 1)

Next, the Illinois Arts Alliance Federation released a national study of nonprofit arts organizations titled Succession: Arts Leadership in the 21<sup>st</sup> Century. According to this study, “some three out of four non-profit arts organizations report having no succession plans, even though nearly three-quarters of their aging top managers say they plan to quit within five years” (Jones 5.1).

Concerned that many of New York’s senior nonprofit leaders are on the verge of retirement and that executive development programs may not be meeting organizational needs for emerging leadership, the United Way of New York City asked researchers at the Baruch College School of Public Affairs to assess the sector’s present succession management planning and executive development activity (Birdsell and Muzzio 1). Focus groups conducted in the spring of 2002 with Executive Directors and Board Members indicated that most small and mid-sized nonprofit organizations had no succession management plans in place. In a follow-up

survey, conducted in the spring of 2003, 45 % of Executive Directors indicated that they plan to leave their jobs in five or fewer years (Birdsell and Muzzio1-5).

The convergence of increasing executive turnover with boards of directors that are inexperienced and unprepared to manage executive transition poses significant risk for the nonprofit sector. Poor planning and preparedness can result in interruption of essential services, loss of critical funding, and disruption of important relationships. Small and mid-sized nonprofit organizations are particularly vulnerable to problems resulting from executive turnover. Many do not have the resources to plan for turnover, and many have inexperienced boards that limit their capacity to manage leadership transitions. Connie Knight, in her article Transition Executive Bridges the Gap During Change states, “Board members, who are volunteers serving during their ‘free’ time, aren’t prepared to manage critical challenges during [a] transition period. Inattention to the day-to-day management or poor decision-making during the interim can wreak organizational havoc” (5).

During the last decade, field research by the Neighborhood Reinvestment Corporation highlighted the serious risks of failed or unsuccessful transitions. This work has found that most transitions (as many as 70%) are “non-routine” and occur due to an organizational crisis or the departure of a founder or visionary leader. This research has also demonstrated that poorly managed executive transitions incur high costs to organizations and communities. Too frequently, there is repeat executive turnover and extended periods of under performance. In extreme circumstances, organizations go out of business, leaving a wake of broken commitments and financial entanglements (Adams and Stark 3).

These negative results occur most frequently when boards react by attempting to take a quick route to solving the challenge of leadership turnover. Only after experiencing the disastrous effects of bad hires do they seek out the support of transition management services.

Executive transition management services can help an inexperienced board to manage a transition and take advantage of the opportunities for organizational change resulting from leadership turnover.

### **A Solution: Executive Transition Management Services:**

Executive transition management services can be provided to assist nonprofit organizations and their boards as they plan for and manage the transition from one executive leader to another. Many organizations can begin a planning process by developing a contingency plan. A contingency plan should be:

...ready to implement in response to all of the most common succession scenarios that may confront a company, including:

- Incapacitating illness or sudden demise of the CEO
- Replacing an under-performing CEO
- Surprise departure of the CEO
- Normal retirement. (Carey and Ogden 17)

Executive Transition Management Services are typically provided by a consultant or by a management support organization (MSO).<sup>1</sup> Executive transition management services can be offered as a menu of options that can be used before or during a transition period to:

- Provide planning services: A consultant or coach can work with the executive director and board prior to a transition. Pre-transition planning services can help the

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<sup>1</sup> A management support organization (MSO) is a nonprofit organization that provides technical assistance to nonprofit organizations. MSO's typically provide affordable consulting and training services exclusively to nonprofit and public interest organizations and are eligible to accept grants from foundations and other grantmakers in support of their work with nonprofit groups.



board to create emergency or contingency executive transition plans. They can also be used to facilitate planning in the midst of executive transition.

Planning services provided during a transition can facilitate strategic planning to ensure that the organization is relevant and needed in the current environment.

Planning during a transition can also be used to examine and determine the abilities and background needed in a new executive and can consider whether the current organizational structure should be changed or refined to improve effectiveness.

- Assign interim management: An interim executive can be assigned to provide day-to-day management of the organization, thus giving the board time to plan and recruit an adequate replacement for the outgoing executive. The interim executive is usually a person who has held the position as chief executive of a nonprofit organization before and has adequate experience to ensure stability for the organization during the transition.
- Recruit and select the new executive: The consultant or coach can work with the board to clarify the competencies needed in a new leader, review compensation parameters, advertise and market the position, and guide the organization through the interview and hiring process.
- Engage and orient the new executive: The consultant or coach can assist the board with orientation of the new executive and guide the board in establishing realistic and shared expectations with the new executive.
- Manage the departure of an outgoing executive: The consultant or coach can work with the board to manage a fair and appropriate departure for the outgoing executive,

ensuring that this transition, too, is as smooth and effective as possible. (Allison 5,6, Liteman 4-7)

<b>How Executive Transition Management Services Can Help</b>		
<b><u>Planning Services</u></b>	<b><u>Interim Management &amp; Executive Search</u></b>	<b><u>Post-Hiring Support</u></b>
Begins 18 months (or more) prior to Executive Director (ED) transition	Begins when the ED announces transition date	Begins when the new Executive Director is hired
<ul style="list-style-type: none"> <li>• Provide opportunity for both board and ED to learn about and begin planning for succession and transition management</li> <li>• Assist in the creation of an emergency or contingency transition plan to handle an unexpected transition</li> <li>• Develop a long-range plan for the management of a planned executive transition</li> </ul>	<ul style="list-style-type: none"> <li>• Create short-term transition management plan with timelines</li> <li>• Facilitate organizational analysis and strategic planning process with board and key staff</li> <li>• Help identify and secure appropriate interim management (Interim Executive Director)</li> <li>• Facilitate board through process to identify skills, experience, background needed in the next Executive Director</li> <li>• Coach board through search, interviews, and selection</li> <li>• Coach the board on managing the departure of the outgoing ED (where necessary)</li> </ul>	<ul style="list-style-type: none"> <li>• Assist the board and new ED in clarifying shared expectations, establishing the performance review criteria and process</li> <li>• Assist in creating and implementing an orientation process for the new ED</li> <li>• Provide executive coaching for the new ED</li> <li>• Continue coaching of the board for the management of the departure of outgoing ED where necessary</li> </ul>

Without the support of executive transition management services, an inexperienced board will often move too quickly to the recruitment and hiring stage. A poor hiring decision can be costly to the organization in so many ways. Beyond the lost opportunities for good planning, poor hiring can result in lowered staff morale, funder and donor skepticism (and sometimes a loss of funding), and loss of valuable time and energy. A mismatch in the hiring of a new leader may mean beginning the recruitment process all over again and needing to find another executive in a short period of time.

### **The Value of Executive Transition Management Services - Case Studies:**

Hinden and Hull, in their article Executive Leadership Transition: What We Know, identified three “Waves” of executive transition management services during which studies are available that demonstrate the value of Executive Transition Management services. The “First Wave” of transition management services studied was in the early 1990’s. The study was conducted by a national nonprofit organization called Neighborhood Revitalization (NR). NR is an umbrella organization working with local housing organizations to promote neighborhood revitalization:

NR initiated a research project to conduct a study of needs, collect relevant data, and develop a working hypothesis on the dynamics of leadership transition in their network. This five year pilot study monitored 100 executive transitions (occurring at a rate of 15-30 each year) and developed in-depth case studies of 10 transitions... A framework outlining three distinct phases of executive transition services was developed, refined, and evaluated through hands-on work with the 10 case study organizations: (1) getting ready/preparation; (2) recruitment and hiring; and (3) post hiring. Each phase built on the preceding and failure to attend to the key tasks at any point increased the odds against a

successful outcome. In fact, the principle conclusion from NR's early research was that technical assistance providers working together can improve the odds for a successful transition. (26)

Neighborhood Reinvestment highlighted improvements such as a boost in new executive director tenure from 4.3 years to 5.7 years and a tripling of community investment in organizations using executive transition management services from \$146.7 million to \$418.9 million. Adams states, "Nine out of ten executive transition clients reported increased budgets and staffing improvements" ("What are?" 1).

CompassPoint, a management support organization in San Francisco, conducted the study during the "Second Wave" cited by Hinden and Hull in the late 1990's. CompassPoint evaluated the effectiveness of its own executive management transition services conducting a survey of 12 organizations that used their executive transition management services. Adams suggests that despite the small sample size, two of the findings are striking:

- **Agency Wellness Improved** with nearly all of the agencies saying they were "healthier" or "much healthier." Nine out of ten reported that their budgets increased. Two-thirds mentioned that their board is stronger as a result. Nine out of ten reported staffing improvements
- **Organizational Capacity Increased** with one-third serving new populations, nearly half offering new programs and another third increased the number of clients [they served]". ("What are?" 1)

The "Third Wave" is identified by Hinden and Hull as 2000 to the present. One of the studies in this "Third Wave" is a study of the Maryland Association of Nonprofit Organizations

(Maryland Nonprofits) Executive Transition Initiative. Building on the learning gained from the earlier models of executive transition management, Maryland Nonprofits crafted an executive transition management program of their own and offered support to member organizations. The Maryland Nonprofits program offered “transition assessment and planning services, interim executive placement, executive transition and comprehensive coaching, and new executive support services to 15 area organizations” (27).

As of November 2002, among the 15 organizations receiving assistance during the first year:

- The new executive remained with the organization in all cases where the transition services involved hiring the new executive.
- In two cases, the assessment process helped boards conclude that the organizations should close down.
- In 11 of the 15 cases the organizations are ‘healthier’ or ‘much healthier’ (in terms of funding and identifying organizational issues). (28)

While these studies involve small samples and primarily examine the early impact of executive transition management services, when compared to anecdotal evidence of transition disasters, it is hard to deny the potential benefits. Executive transition management services allow organizations and their boards to take a conscious approach to the transition process, reducing the likelihood of the reactive responses that so often lead to organizational vulnerability.

### **Grantmaker Opportunities:**

Tom Adams is a nationally recognized expert in the field of nonprofit executive transitions. Adams indicates that there are existing models for grantmakers to follow in supporting executive transition management services for their grantees and good reasons they

should do so. National foundations such as the W.K. Kellogg Foundation, the Annie E. Casey Foundation, and the Lucille Packard Foundation have invested in executive transition management projects that are demonstrating promising results (“What are?” 1). These foundations have helped their grantees by supporting projects that educated their boards about executive transition management services, by subsidizing the cost of executive transition management services, and by providing funding for their grantees to pay for executive transition services during a transition period.

Grantmakers, including government, foundation, and corporate foundation grantmakers, are concerned about the stability and vitality of the nonprofit organizations that they fund. More than ever, in our current results-oriented environment, grantmakers want to protect and ensure the results of their investments. Effective utilization of the grant money they provide is the key to their own success as well as the success of the nonprofit organization.

Most grantmakers spend considerable time analyzing the strengths and weaknesses of the nonprofit organizations that request grants from them. They seek to identify organizations with strong leadership and capable management so that they can be assured that the funding they provide will lead to meaningful results and impact in our communities. It makes sense, then, that grantmakers should consider supporting efforts that will help build strong leadership for their grantees when the grantees are experiencing leadership turnover.

The opportunities for grantmakers are numerous; they range from contributing to building awareness of the risks and opportunities possible during a transition to providing financial support to an organization going through an executive leadership transition. Some suggested areas for grantmaker support include:

- Research – Grantmakers can contribute to efforts that research the leadership transition conditions within their areas of interest (current and projected rates of

transition, current profiles of succession planning). They can study the availability of, access to, and quality of executive transition management services in their fields of interest and geographic regions. Grantmakers can support research and documentation of the effectiveness of executive transition management services when used by their grantee organizations. Models of research support include the W. K. Kellogg Foundation support of the research conducted at Neighborhood Reinvestments (NR) and the United Way of New York City support of the research by Baruch College (Birdsell and Muzzio; Adams “What are?”).

- Education – Grantmakers can support workshops and other educational forums for the executive directors and board members of their grantee organizations. These workshops can focus on helping executive directors plan for succession. They can help board members understand the depth of their responsibilities during transitions. Sessions can be created to identify supports available to nonprofit organizations in their region, providing a menu of services and identifying resources for financing and delivering needed services. The Packard Foundation has supported the educational efforts at CompassPoint Nonprofit Services and Annie E. Casey supports educational efforts nationally.
- Financing – Funders can work together to decide on a strategy to subsidize the costs of executive transition management services for small and mid-sized nonprofit organizations. Various subsidy models exist that include: (1) full subsidies offered directly to grantee organizations going through a transition; (2) partial subsidies to grantee organizations; (3) pooled contributions and grants to management support organizations (MSO’s) to reduce the cost of transition management services; and (4)

pooled foundation funds made available through an application process to nonprofit organizations preparing for or going through executive leadership transitions.

The Annie E. Casey Foundation and the Lucille Packard Foundation have supported MSO services; Annie E. Casey has supported the Maryland Association of Nonprofit Organization's pooled fund for transition services. (Hinden and Hull 20-25)

**Conclusion:**

The problem of increasing leadership transitions in nonprofits is imminent. Many grantmakers count on small and mid-sized nonprofit organizations to help them accomplish their goals and to deliver essential services to the communities and populations they care about. Most of these small and mid-sized nonprofit organizations are not prepared to deal with the executive transitions ahead.

Adams points out, "Failed transitions often cause repeated executive turnover, loss of organizational focus and momentum, and extended periods of under-performance. In extreme circumstances, organizations enter a downward spiral, eventually going out of business and leaving in their wake a host of broken commitments and financial entanglements" ("Surviving" 7).

Change is always a challenge, but within every change there is both risk and opportunity. Adams refers to efforts that capitalize on the opportunity as, "Seizing a Pivotal Moment" (5). The pivotal moment is just ahead for many nonprofit organizations. He suggests that grantmakers help nonprofits to "prepare, pivot, and thrive" by building on the existing models of support embraced by those foundations that have already demonstrated their commitment. Grantmakers who care about the organizations they fund - - the many small and mid-sized organizations that, despite their limited resources, provide critical services to their clients and



communities -- need to seize the pivotal moment now by supporting executive transition services for their grantees.

### **Recommendations and Action Steps:**

#### Overview:

Marianne Liteman, in her publication Planning for Succession: A Toolkit for Board Members and Staff of Nonprofit Organizations states “Boards of Directors must incorporate leadership transition into strategic planning. Organizations should plan for succession as carefully as they plan the next season or the upcoming capital campaign” (1). A major initiative to develop and deliver executive transition management services is needed to help small and mid-sized nonprofit organizations navigate the impending executive leadership transitions. As CEO/Executive Director of the Support Center for Nonprofit Management (Support Center), I am committed to cultivating grantmaker support for and developing services to help nonprofit organizations to address the executive leadership transitions ahead.

The Support Center is a management support organization (MSO) dedicated to helping nonprofit and public interest organizations increase their effectiveness and enhance their ability to serve their clients and their communities. The Support Center provides services regionally and nationally specializing in serving small and mid-sized nonprofit organizations.

Services include workshops, coaching, and consulting. Currently, the Support Center has offices in New York City, and Trenton, New Jersey. While we work nationally and internationally, the vast majority of services are delivered in the Greater New York Metropolitan area, central New Jersey, Westchester and Rockland counties of New York, and Fairfield County in Connecticut. It is a strategic priority of the Support Center to create a comprehensive Executive Transition Management Services initiative.

### Current Status of Support Center Executive Transition Management Efforts:

The goals of the Support Center's Executive Transition Management initiative are to:

- Increase grantmaker, executive director, and nonprofit board member awareness of executive transition risks and opportunities and increase their knowledge of executive transition management resources
- Increase financial resources for and secure grantmaker investment in the development and delivery of executive transition management services
- Increase the Support Center's capacity to deliver executive transition management services to nonprofit organizations (and especially small and mid-sized nonprofit organizations) in New York and New Jersey.

### Progress Toward Support Center Executive Transition Management Goals:

#### ***Increasing grantmaker and nonprofit awareness:***

In August 2003, using a condensed version of my initial research for this paper, the Support Center published an article titled Executive Transition: Nonprofit and Grantmaker Opportunities in our fall publication. This publication (catalogue and magazine) is circulated directly to more than 10,000 nonprofit leaders and managers and grantmaker representatives.

Another 60 grantmaker members of the New York Regional Association of Grantmakers (NYRAG) received copies of the article excerpted from the catalogue and mailed directly to them. This mailing was implemented to build interest in a NYRAG Member Breakfast briefing we planned to conduct in September.

On September 30, 2003, the Support Center, in collaboration with NYRAG and sponsored by Rockefeller Philanthropy Advisors, the J. M. Kaplan Memorial Fund, and the

Westchester Community Foundation, conducted the member briefing billed as When Executive Directors Leave: Reducing Risks and Increasing Organizational Resilience. More than 30 grantmakers attended this educational forum. Tom Adams, Managing Senior Associate of Transition Guides, and Donna Stark, Senior Program Officer of the Annie E. Casey Foundation, were the primary presenters at this session. Douglas Bauer of Rockefeller Philanthropy Advisors and a board member of the Support Center facilitated dialogue between the presenters and the audience.

***Increasing financial resources and securing grantmaker investment:***

The Support Center received its first investment from a grantmaker when the Altria Employee Fund agreed to provide \$20,000 to implement “Succession Planning and Leadership Transition” forums with Executive Directors from Westchester County, New York City’s five boroughs, and New Jersey. These forums were conducted during October and November of 2003. Additional forums are planned for 2004.

The Annie E. Casey Foundation has stepped forward to offer a \$15,000 matching grant to enhance efforts in New York City if additional funders will pledge at least \$15,000. JP Morgan Chase has expressed its interest and will be helping to lead a gathering of funders to discuss the Casey opportunity and determine next steps.

***Increasing our capacity to deliver executive transition management services:***

The grant from the Altria Employee Fund has helped us begin to build our capacity to deliver these essential services. This funding has enabled us to design both the process and the materials for executive transition management and succession planning educational forums.

I have attended a two-day introductory educational session sponsored by the Annie E. Casey Foundation in Baltimore, Maryland. This session provided us with starter materials and tools that can be used to assist Executive Directors considering retirement or some other form of

transition. The Support Center's Associate Director has initiated work to build our consulting and coaching capacity in executive transition management. He has experience helping congregations manage leadership transition and is building some of our practices based on his experience.

Plans for the Future: Support Center Executive Transition Management Services:

The Support Center's Board of Directors has approved and supported Executive Transition Management Services as a primary initiative for our future. We will continue our efforts to build a full scale Executive Transition Management services division within our organization. By "full scale" we mean an Executive Transition Management Services program that provides all of the aforementioned menu items: planning, interim management, recruitment and selection, engagement and orientation of the new executive, and managing the departure of the past executive. For the long-term, this will require us to secure significant (more than \$150,000 annually) grantmaker investment in the effort. Such funding will allow us to secure administrative support for the effort and implement a focused marketing and promotion effort for the service. We plan to have a business plan in place for this effort by December of 2003.

We will continue to promote the opportunity for grantmaker investment in Executive Transition Management Services through our catalogue, individual mailings, and on our web site. We plan to do a series of articles in the Journal for Nonprofit Management that we publish annually. We are currently working with Tom Adams, the Annie E. Casey Foundation, and the Council of New Jersey Grantmakers in the planning of a member briefing similar to the New York briefing for New Jersey grantmakers. This will take place in February of 2004.

Working with leadership from JP Morgan Chase, NYRAG, and the Council of New Jersey Grantmakers, we plan to secure financial resources from grantmakers over the next few

months and throughout 2004. We will facilitate a meeting late in 2003 with the Annie E. Casey Foundation, the J. P. Morgan Chase Foundation, United Way of New York City, and other interested funders to identify interest areas and determine next steps and commitment levels. We plan, also, to build on the New Jersey grantmakers briefing meeting in February to secure participation and commitment from grantmakers there. In 2002, the Support Center opened a new satellite center (the Support Center in Trenton) with \$500,000 in funding from area foundations. The center in Trenton will also adopt Executive Transition Management services as a key focus area, and we will invest resources from this center in the effort. Our goal is to establish by December 2004 a full service Executive Transition Management Services program serving our region.

#### A Final Word:

I first became interested in Executive Transition Management Services during the winter of 2002. I chose the topic for my research paper in the spring of 2002 in part because of the growing interest in our sector regarding the upcoming dramatic increases in executive transition. In larger part, however, my interest was peaked because I have been an Executive Director of a nonprofit organization four times (the Support Center is my fourth). I have had direct experience with the challenges that face both the Executive Director and the board of directors during transition. Clearly, transitions present a period of great vulnerability for the organization (both board and staff), the executive director, and those served by the organization. Nonprofit organizations are held “in the public trust.” As leaders and managers we are called upon to handle transition with care and concern for all involved.

Each time I have “transitioned” out of my role as an executive director, I have been awestruck by the depth and breadth of my responsibilities during the transition. Often, I have

felt isolated during the transition and many times, in retrospect, I have been disappointed in my performance of these responsibilities. Learning about Executive Transition Management Services has given me both perspective and inspiration. My perspective has been broadened in learning that many executive directors and their boards struggle with periods of executive transition. I have been inspired to help create and deliver executive transition management services that can make a difference to the many people involved in executive transitions who might otherwise go through transitions feeling isolated and, in the end, disappointed. I am heartened to have had this experience and eager to take Tom Adam's advice to "prepare, pivot, and thrive."

**Annotated Bibliography**  
**Works Cited/Works Consulted**

Adams, Tom. "Key Transition Decisions to Consider and Avoid." The Nonprofit Quarterly 9.4 (2002): 30.

Tom Adams is a nationally recognized expert in the field of executive transitions. In this publication, Adams presents an outline of a sound process that can be used to facilitate healthy transitions. The outline looks at long-term preparation for transition, preparation for imminent departure, recruitment and selection processes and post-hiring supports.

---. "Surviving and Thriving: Lessons for Executives." The Nonprofit Quarterly 9.4 (2002): 6-11.

In this article Adams emphasizes the importance of the planning process in executive transitions. Particularly engaging is the notion of "seizing a pivotal moment" because the phrase strongly highlights the notion that when an executive leaves his position, there is both risk and opportunity. The article provides rich suggestions about "pivoting" in the direction of opportunity to maximize the positive outcomes of transition

---. "What are the Benefits of Executive Transition?" Transition Guides 16 Jan 2003. 1 Nov 2003 <<http://www.transitionguides.com/overview/benefits/htm>>.

The TransitionGuides web site is dedicated to executive transitions and is focused on nonprofit executive transitions. It serves as a broad resource for research related to transitions, includes a substantial bibliography of research and practical resources, and was particularly helpful in constructing this paper through a section dedicated to the grantmakers role in supporting executive transitions in nonprofit organizations and in the section that highlights the benefits of executive transition management services.

Adams, Tom, and Donna Stark. Executive Transition Research Update.

Baltimore: The Annie E. Casey Foundation, 2002.

Executive Transition Research Update was published to highlight key findings of the Annie E. Casey Foundation survey of community-based organizations (CBOs) and two other related studies: the Maryland Association of Nonprofit Organizations study of their membership and the national study of nonprofit executive directors conducted by CompassPoint Nonprofit Services. This update looked at incidents of transitions and emphasized "Executive transition has been, and will continue to be an important issue for nonprofit organizations in the foreseeable future". The update includes a discussion of founder transitions, demographics, executive director career paths, and recruitment and retention issues. The update provides strong data that suggests the

nonprofit sector will be dealing with a significant increase in the percentage of executive director transitions over the next five years.

Allison, Michael. "Into the Fire: Boards and Executive Transitions." Nonprofit Management and Leadership 12.4 (2002): 341-351.

"Into the Fire: Boards and Executive Transitions," keeps its focus on nonprofit boards and the lack of preparedness they are likely to have in handling a turnover in executive leadership. Allison directs the article at professionals in the nonprofit field, and identifies three characteristic threats to executive transition that his organization has observed in working with twenty-eight nonprofit organizations going through executive transitions. The connection between these "characteristic threats" and how executive transition services can assist nonprofit boards contributes to the foundation of the thesis regarding the value of grantmaker support for such services.

Axelrod, Nancy R. Chief Executive Succession Planning: The Board's Role in Securing Your Organization's Future. Washington: BoardSource, 2002.

Chief Executive Succession Planning: The Board's Role in Securing Your Organization's Future provides a strong overview of the board of director's role in executive transitions and provides a strong case for a disciplined and planned approach to nonprofit executive transition. Ms. Axelrod's book emphasizes the importance of taking a comprehensive approach to planning before conducting an executive search, conducting an "institutional assessment" before hiring a new executive, and developing a "post-appointment executive transition plan" to support the new executive and increase the chances for successful transition. This book is both a theoretical and practical guide to succession planning and executive transition management.

Birdsell, David, and Douglas Muzzio. "The Next Leaders: UWNYP Grantee Leadership, Development and Succession Management Needs." United Way of New York City. 23

Oct. 2003: 1-19. 2 Nov. 2003

<[http://www.unitedwaynyc.org/pdf/the\\_next\\_leaders.pdf](http://www.unitedwaynyc.org/pdf/the_next_leaders.pdf)>.

This Birdsell and Muzzio study looks at nonprofit grantees of the United Way of New York City. Using both a survey and focus groups approach, they examined future projections of executive director retirement and strategies used by the grantees to plan for succession. While larger organizations (called "above median" in the study) report that they have succession plans in place, most of the smaller ("below median") organizations do not. The survey suggests that 45% of United Way of New York City grantee executive directors plan to leave their positions within the next five years.



Carey, Dennis C., and Dayton Ogden. CEO Succession: A Window On How Boards Can Get It Right When Choosing a New Chief Executive. New York: Oxford University Press, 2000.

While CEO Succession: A Window On How Boards Can Get It Right When Choosing a New Chief Executive deals mostly in the realm of corporate CEO succession, Carey and Ogden explore the importance of having a “process in place” and the sometime difficult aspect of handling potential successors (especially the “Number Two”). This book is extremely helpful as it explores in depth many of the more difficult and unwieldy aspects of handling an executive transition. Carey and Ogden offer a wide perspective, examining the issues from both the board and the CEO perspective.

Hesselbein, Frances, Richard Beckard, and Marshall Goldsmith. eds. The Leader of the Future. San Francisco: Josey-Bass, 1996.

The Leader of the Future is a thoughtful compilation of essays that emphasizes the many ways that leadership impacts the quality of our organizations and our communities and, most importantly, the quality of our lives. Two articles, in particular, influenced my thinking about executive transitions. One, “Leading from the Grass Roots” explores the characteristics we will need to look for in our future leaders if our organizations are going to be responsive and effective. The second, “On Future Leaders,” provides guidance to the kind of “persona” our new emerging leaders will need to have to successfully lead organizations in the future and provides important guidance to how nonprofit board might think about the hiring of a new executive.

Hinden, Denise Rothman, and Paige Hull. “Executive Leadership Transition: What We Know,” The Nonprofit Quarterly 9.4 (2002): 24-29

Hinden and Hull, in “Executive Leadership Transition: What We Know,” provide a meaningful summary of what we know and have learned about executive transition services in the nonprofit sector over the last 12 years. Using case summaries of three different executive transition service projects, Hinden and Hull highlight the looming “era” of nonprofit executive turnover and demonstrate strategies that support the value of executive transition services. The article is enriched by statistics gathered from a study conducted by the Annie E. Casey Foundation, surveying 208 of their grantees. This survey provides some powerful anecdotal evidence for the value of executive transition services

Hinden, Stan. "In Nonprofit Sector, Transition at the Top" The Washington Post

23 Feb. 2003. H.1+ Proquest Direct. Manhattanville Coll. Lib., Purchase, NY 23 Mar. 2003 <<http://umi.com/proquest>>.

Hinden's article emphasizes both the importance of planning for transition and the important role that nonprofit board's need to play in the process. He points out some of the real risks inherent in an executive transition particularly emphasizing the stress that can be caused when a founding executive or a charismatic leaders leaves his or her organization. "In Nonprofit Sector, Transition at the Top" highlights the risks involved in executive transitions through anecdotes of transitions gone by and notes that executive transitions are worth worrying about "because community-based [nonprofit] organizations provide poor and disabled adults and children with many essential services, including food, shelter and clothing, plus educational and employment opportunities. The loss of key leaders may make it harder for groups to serve their clients effectively."

Jones, Chris. "Study: Arts Groups Lack Process for Change at Top." Chicago Tribune

9 Jan. 2003. north sports ed. : 5.1+ Proquest Direct. Manhattanville Coll. Lib., Purchase, NY 23 Mar. 2003 <<http://umi.com/proquest>>.

Chris Jones' article "Study: Arts Groups Lack Process for Change at Top" highlights a study that resulted in staggering statistics supporting the notion that a significant increase in executive transition in the nonprofit sector is coming ("70% of the executive directors and 90% of the emerging leaders plan to leave their positions within the next five years"). The study focuses nationally on nonprofit arts organizations and notes that three out of four nonprofit organizations studied report having no succession plans.

Knight, Connie. "Transition: Executive Bridges Gap During Change." Nonprofit World

18.5 (Sep/Oct 2000): 11-18. Proquest Direct. Manhattanville Coll. Lib., Purchase, NY 23 Mar. 2003 <<http://umi.com/proquest>>.

Knight's article highlights the challenges a nonprofit board faces when faced with a leadership transition and makes a strong case for taking a thoughtful planning approach that keeps boards in their "governing" role and helps them avoid being drawn in to handling the day-to-day management of the organization. "Transition: Executive Bridges Gap During Change" also makes the case that transitions at the top offers both risk and opportunity and emphasizes the

benefits of hiring a “TEO” – a transition executive officer – to stabilize the organization and support the board volunteers through the transition.

“Labor Force Statistics From the Current Population Survey.” Bureau of Labor Statistics. U.S. Department of Labor. 12 Oct. 2003 <<http://www.bls.gov/cps/home.html>>.

The Bureau of Labor Statistics web site includes extensive information on participation of the population in our workforce, demographic information, projections of trends, and changes in workforce participation. A number of analyses emphasize the impact that the retirement of “baby boomers” will have on the population’s participation in the workforce.

Liteman, Merianne. Planning for Succession: A Toolkit for Board Members and Staff of Arts Nonprofit Organizations. Chicago: Illinois Arts Alliance Foundation, 2003.

Merianne Liteman’s book is a practical guide for succession planning and transition management. Planning for Succession takes a strong point of view in creating a mandate for the board’s role in nurturing a healthy executive transition and is very useful in both its layout and content. Ms. Liteman’s book has a “frequently asked questions” section and provides practical advice and step-by-step directions on how such topics as “How the Board can engage the Executive Director in Succession Planning” and “Incorporating Succession Planning into Strategic Planning.” Another section takes a close look at the executive search process and recommends that boards take into account “the organization’s mission, values, and the particular challenges it is likely to face” when interviewing for a new executive. The book makes a strong case for a comprehensive approach to executive transition management.

Molrig, Diane. “Planning for CEO Transitions.” Credit Union Executive Journal 41.2 (2001) : 41 pars. BusinessSource Premier. Ebscohost. Manhattanville Coll. Lib., Purchase, NY 23 Mar. 2003 <[http://rdas.mville.edu/bin/rdas.dll/RDAS\\_SVR=web19.epnet.com](http://rdas.mville.edu/bin/rdas.dll/RDAS_SVR=web19.epnet.com)>.

Molrig makes the case for taking a comprehensive planning approach to CEO transitions by using interviews of people who have experienced the CEO transition process. Her article looks at starting points in planning (“Laying the Groundwork”), and “replacement” planning. *Planning for CEO Transitions* provides “Succession Planning Pointers” that build on the interviews of those who have handled executive transitions.

Seley, John, Noelle Tutunjian, and Julian Wolpert. The New York City

Nonprofits Project Oct 2003. New York: Community Studies of New York,  
Inc./Infoshare. 4, Nov. 2003

<http://www.nycnonprofits.org/about/index.html#abouttheproject>.

The New York City Nonprofits Project uses Internal Revenue Service form 990 data and other information to analyze the status and role of nonprofits within the five boroughs of New York City. It is particularly helpful in understanding the numbers of nonprofits that exist within the geographic region and its impact on the City's economy.

Schall, Ellen. "Public Sector Succession: A Strategic Approach to Sustaining Innovation."

Public Administration Review 57.1 (1997): 4-11. BusinessSource Premier. EbscoHost.

Manhattanville Coll. Lib., Purchase, NY <http://web6.epnet.com/citation/ebscohost>.

"Public Sector Succession: A Strategic Approach to Sustaining Innovation" is based on Ms. Schall's own experience managing succession at the New York City Department of Juvenile Justice. Ms. Schall provides a brief review of the literature on succession planning and emphasizes some of the obstacles to succession planning (a section titled "Reluctance to 'Deal' with Succession"). The article offers strategies that can be employed by a leader who is willing to plan for succession including a section on "Managing the Feelings" that provides an important investigation of the often neglected emotional side of transition.

Wolfred, Tim "Stepping Up: A Board's Challenge in Leadership Transition" The Nonprofit

Quarterly 9.4 (2002): 18-23.

Tim Wolfred's article highlights the board's key role in transitions. According to the description in The Nonprofit Quarterly, Dr. Wolfred "directs the Executive Transitions program at CompassPoint Nonprofit Services in San Francisco. He holds the unusual distinction of having served as interim executive director 16 times for various northern California nonprofits."