

Investigating Process and Outcomes of Varying Approaches to Executive Transitions

Background

Executive transitions are inevitable in the life of an organization,¹ and volunteer boards of directors are responsible for managing executive transitions in nonprofit organizations. The prescriptive nonprofit literature is rich with instructions about how boards should manage nonprofit executive turnover events, but research on board performance describes it as uneven and even problematic.² Thus, it is critical to understand what equips boards for strong outcomes in the responsibility of overseeing an executive transition.

Boards typically have three options for managing a transition event:

1. Board management of the selection and recruitment on their own;
2. Working with support of an executive recruiter or executive search firm for the selection and recruitment of the new executive; or
3. A more holistic approach known as executive transition management (ETM) or executive transition (ET). ETM is a set of change management practices that support departing and arriving executives/CEOs, and board and staff organizational leaders, in successfully moving through an executive transition. The three-phase process produces a consensus among board and management on strategic priorities for the organization and the resulting competencies that will be required of the new leader. These practices are intended to result in a new executive hired who will advance organizational effectiveness and impact and in a staff and board prepared to team up enthusiastically with the new leader.³

Each approach requires differing levels of board involvement and commitments of financial and time resources.

With these three options, we have little empirical evidence about how each approach equips boards and contributes to organizational outcomes, and if there is any advantage, in terms of resource outlay and associated outcomes, between these options. Addressing this gap in our understanding has implications for both research and practice. An executive transition tests the leadership mettle of a volunteer board of directors, and sorting through process and outcomes would have implications for how we understand board capacity, and are able to link board performance to overall organizational outcomes. From a practical perspective, this research would help explicate what contextual factors should be considered in selecting a transition approach, and how limited nonprofit resources can be most appropriately applied in support of desired outcomes.

¹ Gabarro, J. (1988). Executive leadership and succession: The process of taking charge. In D. C. Hambrick (Ed.), *The executive effect: Concepts and methods for studying top managers* (pp. 237-268). Greenwich, CT.: JAI Press, Inc.

² Marx, J., & Davis, C. (2012). Nonprofit governance: Improving performance in troubled economic times. *Administration in Social Work, 36*(1), 40-52.

³ Executive Transition & Leadership Continuity Affinity Group Standards, adopted 2014, Alliance for Nonprofit Management

Research Questions

To help fill this gap among nonprofit research and practice, a research study is being prepared to investigate the following questions:

- What factors do nonprofit boards use to define an executive transition's outcome as successful?
- What are factors contributing to the selection of a nonprofit's approach to an executive transition event?
- What elements of executive transition approaches give nonprofit boards confidence about an executive transition's outcome?
- How do transition outcomes differ according to executive transition approaches?

Research Approach

The research approach intends to seize upon nonprofits currently facing an executive turnover event, and is organized among three phases:

- *Phase 1: Create a survey.* Using the expertise of the study team and their contacts, develop a survey tool that investigates transition management elements and contextual factors that define nonprofit executive turnover events. Expected implementation March 2017.
- *Phase 2: Inquire to nonprofits actively managing executive turnover events.* The definitions from Phase 1 will be used to construct an email survey that will be implemented among a sample of nonprofit organizations currently working through an executive transition event. The sample will be sufficiently large to account for a 30-40% response (n~500) and will be primarily identified using job boards of state nonprofit associations and other online job boards. The survey will inquire about factors contributing to the turnover event, how the turnover event is being managed (independent, executive recruiter, ETM), an assessment of board capacity and organizational climate, and preferred outcomes of the turnover event. The survey will be implemented during spring-summer 2017.
- *Phase 3: Follow up with nonprofits about executive turnover outcomes.* For nonprofits responding to the Phase 2 survey, approximately 1 year post-job posting, the nonprofit will again be contacted with a follow up survey to inquire about the turnover's outcomes. The outcomes will be specific to the nonprofit's responses to Phase 2. The survey will be implemented during spring-summer 2018.

About the Study Team

The study team brings together both nonprofit practice and research expertise:

Tom Adams, MSW: Tom is a director with Raffa PC, a national consulting and finance company. He co-founded TransitionGuides, a consulting company which helped lead the adaptation of executive search and succession planning to nonprofit organizations. Tom has led field research projects funded by the W. K. Kellogg and Annie E Casey Foundations focused on executive transition. He is the author of "The Nonprofit Leadership Transition and Development Guide" (Jossey Bass 2010) and numerous articles and monographs on leadership transition and related topics.

Dennis McMillian: Dennis has held numerous nonprofit positions, including as CEO, and helped form the The Foraker Group with the mission of building sustainability and organizational capacity. During his career, he's trained thousands of professionals and volunteers, spoken at numerous conferences and consulted across America, Canada, Asia and Russia. In 2013, Foraker published his book, *Focus on*

Sustainability, A Nonprofit's Journey. In June 2015 he stepped down at the CEO at Foraker but continues to consult nonprofits in Alaska and around the country. He serves on numerous national nonprofit committees and is a regular speaker at regional and national conferences.

Amanda J. Stewart, PhD: Mandi is an Assistant Professor at North Carolina State University in the School of Public and International Affairs. Nonprofit executive turnover has been a central interest of her research agenda, including publications and her dissertation research on the performance implications and moderating factors of nonprofit executive turnover.

Tim Wolfred, Psy.D.: Following a 25-year career as a nonprofit executive, Tim founded the executive transitions consulting service at CompassPoint Nonprofit Services in San Francisco in 1997 and managed it for 14 years. He authored the 2009 book "Managing Executive Transitions: A Guide for Nonprofits" and has published several monographs relating to executive leadership and succession planning.

