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## The Leader's Way

### AN INTRODUCTION

**T**HIS BOOK IS ABOUT the irrefutable connection between effective leaders and organizational results and impact. It challenges those who lead and care about the work of nonprofit organizations to appreciate our leadership advantage, to face some “ugly truths” about our current practices, and to consider the amazing gains in impact possible through focused and intentional attention to leader recruitment, development, and transition. It makes a powerful case for preparing for and successfully managing change in key leaders as an essential competency of successful leaders and organizations. It further offers a way for organizations to become more intentional about leader development despite limited resources. The results of adopting the practices suggested are a more leaderful organization that more consistently meets and exceeds its mission-driven goals.

Well-led organizations consistently outperform organizations that struggle to find and fully engage executive, board, and staff leaders needed to successfully carry out the mission. This is true for all sectors—for-profit, public, and nonprofit. While the case for the connection between leader effectiveness and organizational effectiveness is clear, how to consistently attract and retain the leaders needed for a particular organization and its work is more illusive.

The intent of this book is to contribute to the extraordinary work of America's nonprofit sector by offering practical specific actions that are

proven to dramatically increase an organization's capacity to attract, develop, and retain the leaders needed to sustain success. Through attention to leader transitions, succession planning, and leader development, we will demystify the path to a more leaderful and effective organization.

A local advocacy group in the Midwest was founded by a teacher who grew up in Central America.\* She was tortured for her role in fighting to end oppression and was forced to flee her country and come to the United States. She started a nonprofit and over a period of twenty years built an organization that provided education and health services to 2500 low-income immigrants each year. Finally, aging parents in her home country and her own health forced her to begin considering leaving the organization. The board had relied heavily on her and was a mix of professionals and recent immigrants served by the organization. In her final two years as executive, the organization did not meet its expenses and built up a \$500,000 deficit. The board advertised and had difficulty finding candidates who met their requirements. They wanted someone with the same passion and commitment as their founder plus proven fund-raising and management experience. They did not find that person so they appointed a senior manager from the staff. He was quite skilled in working with the people the organization served, but had limited experience in raising money. In twelve months, the deficit grew to \$1.5 million and the center was forced to lay off half its staff and severely reduce its services.

A human services organization in the Southwest was founded by five collaborating churches. During the period when the organization was forming and starting up, it served thirty families a week through volunteers and one part-time social worker. With success, the board decided to hire its first executive. Over the next four years, the organization had three executive directors, each less successful than the one before in achieving the goals set by the board. After the third executive resigned, the board decided to close the organization. The church leaders and volunteers were too exhausted from the efforts over the past four years to keep going.

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\**Note:* All stories in this book are fictional, although derived from the author's consulting experience.

A community development organization in the Northeast was founded by three activists concerned about displacement as their neighborhood attracted upper-income buyers looking for a convenient urban neighborhood. The organization grew and was the city and region's largest owner of affordable rental housing. With a staff of twenty-eight and a talented six-person management team (three of whom were the cofounders) the organization thrived. Over a three-year period, four of the six leaders including two of the founders left the organization. Two left due to health issues and two for promotions to run larger organizations. No middle managers were ready to move up to the top leadership positions. Of the four senior managers hired from outside the organization, two left in the first year and one more in the second year. The organization struggled for the next five years, and when the last founder died, funding dropped by 30 percent and the organization lived largely on rental income from properties developed by prior leaders. The golden era was over and the community was disappointed and angry at the lack of growth in available affordable housing.

Unfortunately there are many stories like this. They are stories of organizations full of passion and leaders. The passion and compelling work is enough for a period of time, sometimes a long period. Ultimately, however, without deeper attention to the connection between sustained leadership and inevitable leader transition, the organization weakens and in some cases closes down.

This book is written in the midst of the 2008–09 recession. There are many points of view on its impact on the sector depending on the leader's background and role in the sector. Some point to the negative impact of failed leader transition or organizations struggling with leaders who cannot provide the skills and competencies required in a new resource environment. For a number of foundations, executives are dealing with losses of 20 to 40 percent of the value of their assets and significantly reduced annual contributions. Organizational priorities and whose work is most valued are under much closer scrutiny.

Some leaders of color see organizations that serve communities of color or are led by leaders of color as most vulnerable to reduced resources and

forced merger or elimination in times of economic distress. Paul Light of the Brookings Institute predicts that one hundred thousand nonprofits will cease operation during the current economic downturn.<sup>1</sup>

Regardless of our philosophies or points of view about the sector and current economic conditions, the underinvestment in the leaders and infrastructure of nonprofit organizations is no longer acceptable. The cost of weakened and failed organizations like the three organizations above is too great for a wealthy democratic nation.

The idea that organizations with effective leaders achieve more and better results than organizations with ineffective leaders is self-evident. The deeper question that this book addresses is whether organizations can take actions that increase the effectiveness of their leaders and therefore their results. This question also seems straightforward. Certainly examples of for-profit companies, governments, and leading nonprofits exist who demonstrate this capacity.

In the for-profit world, companies such as GE and UPS stand out as oft-cited examples of companies that consistently invest in leader development and as a result lead their industries. It is tempting to attribute the capacity to pay attention to leader transitions and development to size. Larger organizations in any sector have the resources for that, not midsize and smaller organizations. What follows argues strongly (and we hope persuasively) that attention to leader transitions and development is about commitment and action rather than about size and resources.

The nonprofit sector is building a habit of investing in leader transitions and leader development. As with any new habit, progress is uneven. I believe this habit will grow over the coming decades, because we are at the beginning of a major leadership turnover. Though nonprofit sector experts argue over the numbers involved, leader transitions are as certain as death and taxes, and they have the potential to have significant impact on organizational effectiveness. It makes sense for leaders and organizations to enthusiastically embrace practices that reduce the risks of a failed or poor transition and increase the odds of organizational progress and in some cases organizational transformation.

Once a leader and organization decide leader transitions are important, it is a small step to engage in succession planning. As we explain in greater detail later, a number of actions can advance succession planning. The

important decision is the commitment to the habit of paying attention to succession all the time.

Any discussion of leader succession of necessity requires clarification of what it means to lead in a particular organization and who are the leaders. Most nonprofit organizations who have this conversation conclude that two types of leaders are important to their success: *positional leaders* (those who have a title and formal leadership role like executive director, development director, board chair, treasurer, and so on) and *informal leaders* (those whom the organization relies on to carry out much of its work—managers, staff, volunteers, and board members). When the positional leaders and an organization commit to investing in leader development of both positional and informal leaders, they make huge steps on the path to becoming a leaderful organization. The decision to invest in positional leaders or informal leaders achieves similar results. An organizational habit of paying attention to leader development is deepened.

What follows expands on the benefits, barriers, and changes that are necessary for the habit to take deeper root in the sector. In this process we will define further what is meant here by “leaderful organization” and other terms important to exploring these ideas.

For those of us who lead nonprofit organizations—on staff or a board—paying attention to the importance of leadership is challenging. While reading, you may even have a little voice reminding you of some of our many deeply engrained defenses or rationalizations for inaction, such as:

- “Sure, investing in leaders is important, but we don’t have the resources.”
- “I don’t expect to leave any time soon, so why worry about executive change now?”
- “Sure, our management team is aging, but when we need to, we’ll find great successors for ourselves. We always have.”
- “We’ll get to that as soon as we finish this big project.”
- “We have too many people to serve to take the time to talk about leadership or to have our staff distracted from our mission.”

- “We have all the talent we need. Every time I put an ad in *Idealist* I get more energetic people full of passion for our work than I need. Why should I spend precious time and dollars on leader development when I can hire a new leader whenever I need one?”
- “This sector is built on passion and commitment. That trumps leader development any day. As long as I have that in the staff, I can make it work.”

This book challenges the reader to reexamine these and other half-truths that severely limit the impact of the nonprofit sector. It offers a set of practices that if adopted will increase the effectiveness of leaders and any organization’s capacity to achieve the results it seeks. To explore this possibility, bring an open mind and a commitment to try out the practices that have worked for other leaders and organizations.

Besides offering a case that a commitment to leader development is both possible and makes sense, this book offers a framework and set of practices that serve as a guide to building a *leaderful organization*. Since resources are indeed scarce, we offer a point of view on how to make the most of any investment in leader development. This book offers concrete processes and examples to be used at two strategic points of investment:

1. Preparing for and making the most of leader transition when it occurs
2. Building attention to leader identification and development into the ongoing processes of the organization through leader development and talent management

Embracing this approach means letting go of some of our “either/or” choices that limit possibility. For example, given the two investment points above, either we invest in one or the other. “Either/or” thinking argues that investing in both leader transitions and a leader development system isn’t possible. “Both/and” commitment says it is not only possible, but vital to success and sustainability.

A second “either/or” debate that frequently arises in considering leader development is “either we invest in our top leaders and managers or in our next generation.” Yes, available resources will require choices. However, once there is a shift to a commitment to creatively exploring leader development

with the same passion we bring to the results we want in the world, more possibilities open up.

To make these ideas concrete, contrast two organizations in your mind's eye for a minute. Think about your favorite "humming" organization—the one where the board and executive and staff have a clear agreement on their work and how it will contribute to good. There is great chemistry among the leaders. Ideas are explored, plans are made, the appropriate people and resources are in place, and the results are amazing. If you are fortunate, this is your organization or one you have been a part of. If you haven't personally experienced it, you've probably heard about such organizations and seen and felt their impact. It is amazing and irrefutable.

Now think about one of the struggling organizations you know—the one that doesn't seem quite able to get it together. It feels as if there are constant crises—some small, some large—all distractions from getting the work done. Leaders may stay the same or change. It doesn't seem to matter. For some reason, this organization can't get anywhere close to humming. In fact, you may know one or two organizations that don't exist any more because everyone became exhausted from years of ineffectiveness.

If you scratch a little deeper in these two organizations and explore their leader history—who led and how the transitions were planned for and managed—you'll find an interesting pattern. Sometimes from the inception and always over time, weak organizations struggled with leader change and became weaker as a result of it and strong organizations successfully managed leader change and became stronger.

As you read this book, you will see that your organization can adopt the strategies that strong organizations use—either intuitively or intentionally—to make smooth leadership transitions and nurture strong leaders at every level of the organization. You will see that these organizations became strong and stayed strong because they invested in critical infrastructure: leader recruitment, development, and succession.

The rest of this chapter offers:

- A deeper look at the unique leadership advantages of the nonprofit sector and both the barriers and reasons to make a commitment to investing in leader transitions and leader development

- An introduction to the practices and tools that make becoming a *leaderful* organization possible
- Some practical suggestions on how to decide where to start and how best to use this book based on your circumstances and goals as a leader

## The Nonprofit Leadership Advantage

Let's begin by appreciating the unique advantages that involvement in the good works of the nonprofit sector offers. Some may seem self-evident, others less obvious. Appreciating these strengths informs our attention to building leaderful organizations.

### Passion and Meaningful Work

Most if not all surveys of nonprofit leaders that ask about the motivation of leaders, staff, or volunteers find the commitment to the cause to be the driving force. The groundbreaking CompassPoint Nonprofit Services 2001 Leadership Lost study reported that 39 percent of the responding executives took their current job because it was a "mission I believe in, and chance to have an impact."<sup>2</sup> This response combined with opportunity for professional growth accounted for 70 percent of executives (p. 12). A 2003 study by the Illinois Arts Alliance Succession Arts Leadership for the 21<sup>st</sup> Century reported that three-quarters of respondents are very satisfied with their job and "mission and the organization's artistic product were major sources of satisfaction." Anecdotal information on conversations with thousands of private sector career changers report a desire for more "meaningful work."<sup>3</sup>

### Size and Economic Impact

The nonprofit sector employs 9.4 million paid workers in the United States, according to the 2006 report *Employment in America's Charities: A Profile*, by Lester M. Salamon and S. Wojciech Sokolowski and the Johns Hopkins Center for Civil Society Studies.<sup>4</sup> When the 4.7 million full-time equivalent volunteer workers are added, the nonprofit workforce swells to 14 million

workers and 10.5 percent of the nation's workforce. The report goes on: "Put somewhat differently, the paid workers of charitable nonprofit organizations outnumber those of the utility, wholesale trade, and construction industries; and the paid and volunteer workers together outdistance the combined employment of all three of these major industries taken together." This sizable workforce naturally attracts significant wage payments. Nonprofit paid workers thus received \$321.6 billion in wages in 2004, more than the wages paid by the utilities (\$50.1 billion), construction (\$276 billion), and wholesale trade (\$283.7 billion) industries, and almost as much as the finance and insurance industry (\$355.8 billion)."<sup>5</sup>

## Creativity and Innovation

The *Harvard Business Review* (December 2008) reported on GE's decision to develop and offer a four-day seminar, "Leadership, Innovation and Growth," to its top managers. Twenty-five hundred managers from 260 teams attended this seminar over a two-year period. While large corporations have money to pour in to such "extras," leading nonprofits foster creativity and innovation *out of necessity*. Limited resources and in-your-face needs demand extreme flexibility. Private sector leaders who transition to nonprofits are surprised at the opportunities to innovate and develop creative solutions to vital community needs.

## Inclusiveness and Diversity

The nonprofit workforce mirrors America in its diversity and inclusiveness. There are rich traditions of ethnic-based organizations among our indigenous population and every immigrant group who calls America home. There are organizations for and led by people with disabilities. We organize by our age and gender. America's unique nonprofit sector has given voice to most conceivable causes and their leaders. The racial diversity of the leadership of our sector is mixed. Smaller and ethnic-specific organizations have a significant number of people of color in top leadership positions and on boards. However, there is significant room for progress in terms of the racial diversity of the top leadership of larger nonprofits and their boards.

## Career Mobility and Opportunities to Lead

There are countless examples of volunteers who rise from staff to the executive of a nonprofit doing work they care about. Over a third of the close to six thousand young people who responded to the *Ready to Lead? Next Generation Leaders Speak Out* survey and report in 2008 indicated a desire to become a nonprofit executive director.<sup>6</sup> Look at the career trajectory of America's top leaders, including the President and First Lady, and you'll find nonprofit employment.

## Readiness to Lead

The *Ready to Lead?* survey of six thousand next-generation leaders (under age forty) revealed other findings that indicate the long-term strength of the sector. The pipeline consists of highly skilled and educated individuals, 39 percent of whom have received a postgraduate degree and 92 percent of whom have a college degree.<sup>7</sup> A higher percentage of respondents who definitely aspire to become executive directors are people of color, and people interested in social change view the nonprofit sector as a desirable place to work and to seek employment.<sup>8</sup>

These and other assets of our sector provide our resiliency and capacity for amazing good. After a few years of underappreciating the leaders of our sector and their accomplishments, more recent comparisons of for-profit and nonprofit leadership reveal the depth and sophistication required to lead the nonprofit sector. It is this enormous base of talent and possibility to which we offer expanded choices for managing leader transitions well and fully unleashing current and future talent.

## Our Leadership Challenges

Leading in the nonprofit sector is not easy. A number of challenges confront most leaders in the sector. Some are obvious, others more subtle, and some we might even put under what Jim Collins in *Good to Great* might describe as facing our "ugly truths."<sup>9</sup>

Three studies authored by CompassPoint Nonprofit Services with different partners sum up the leader challenges the nonprofit sector faces.

The first, which was completed in 1999, *Leadership Lost: A Study of Executive Director Tenure and Experience*, revealed that only 25 percent of the surveyed executives would consider another executive director job.<sup>10</sup> This study shed the first light on the vulnerability the sector faces by underinvesting in its executives and their transitions.

A 2006 follow-up study, *Daring to Lead*, added more depth to the earlier study.<sup>11</sup> This survey involved two thousand executive directors in eight cities. The main headline here was that 75 percent of the executives planned to leave their position in the next five years and 9 percent were already in the process. Related findings that add fuel to the attention to building a leaderful organization include the following:

- A third of the executives who preceded those surveyed lost their positions involuntarily.
- Seventy-one percent of the organizations had no succession plan.
- Executives believe they make significant financial sacrifices to lead nonprofits.
- Bench strength, diversity, and competitive compensation are critical factors to finding future leaders (Major findings summary, *Daring to Lead*, p. 3).

The 2008 *Ready to Lead?* report offers additional insights into the sector's leadership challenges, including:

The long hours and compromised personal lives associated with executive leadership are significant deterrents to pursuing top positions.

Nonprofit salaries and actual or perceived insufficient lifelong earning potential are barriers to executive leadership. Sixty-nine percent of respondents feel underpaid in their current positions and sixty-four percent reported that they have financial concerns about committing to a career in the nonprofit sector.

Lack of mentorship and support from incumbent executives in helping to pave a career path are serious frustrations for many next generation leaders.

Inherent nonprofit structural limitations and obscure avenues to career advancement are obstacles to leadership opportunities inside organizations.

The prevailing executive director job description is unappealing to many next generation leaders.<sup>12</sup>

The Bridgespan Group 2006 study of nonprofit sector leadership shortage reported an estimated gap of eighty-four thousand leaders for the nonprofit sector. A 2009 follow-up study reported this gap growing despite the 2008–09 recession.<sup>13</sup>

These studies, earlier project activities by The Annie E. Casey Foundation and NeighborWorks America,<sup>14</sup> and the TransitionGuides experience in working with over four hundred nonprofit organizations point to the following leadership challenges.

There are some ugly truths behind these challenges—the “elephants in the room” that need to be named. Here are some candidates for your consideration; it is likely you may suggest others that are equally or more compelling.

## **Nonprofits Too Often Treat People as Disposable Commodities**

We use our commitment to mission to avoid looking at what investment of time and resources we are making to our current leaders and staff. When a leader or staff person leaves, we find someone to replace that person. In too many cases that is our leader and staff development plan. In some cases, zeal for mission becomes a barrier to needed investment in people and infrastructure.

## **We Collude with Funders and Government Agencies to Create Fantasies About What It Costs to Run an Effective Organization and Provide Services That Change Lives and the World**

The pressure from some funders and boards to keep administrative costs minimal undermines the capacity of the sector. A similar impact occurs when government contracts pay for services at rates that don't support livable wages or investment in the development of staff and managers. Executives and boards who live on the edge with the next funder needed to make the budget balance are at significant risk when the executive, the funder, or the economy shifts. Sustainability is not possible because the underlying economic

assumptions are not real. The lack of investment in infrastructure or support for leaders makes difficult jobs impossible. Some funders prefer to fund a few hero organizations well and act as if the other organizations don't exist or are happily underperforming.

## **We Prefer Hero Leaders to Ordinary Leaders**

The upside of our attraction to the hero leader is the inspiration and modeling they provide. President Barack Obama and Mother Teresa are two prominent examples. In every community, there are locally and often nationally recognized "go to" individuals who are the strong backbone for change and action there. Unfortunately there is a shadow side to our fascination with hero leaders. While perhaps hard to admit, we are equally fascinated by scapegoating hero leaders when they fall. In addition to the pendulum swings of opinion about hero leaders, this fascination takes the rest of us off the leadership hook. Many don't aspire to be hero leaders. Our models of the requirements to be successful as a leader get exaggerated and become unattainable. *The Ready to Lead?* finding cited previously pointed to the lack of interest in executive positions in the nonprofit sector as currently structured because the people doing them didn't seem to have a life. The jobs were unattractive and appeared not doable on any terms that the participants found acceptable.

## **We Romanticize the Private Sector and Its Leaders**

An increasing number of for-profit leaders are engaging with nonprofits and offering advice on how to improve the nonprofit sector. For some this naïvely means nonprofits should become more like for-profits. For those who scratch below the surface, there is a growing respect and recognition that leading a successful nonprofit is at least equal to and in many ways more difficult than leading a for-profit company.

## **Our Top Leadership Lacks Diversity and We Are Doing Little to Fix That**

The *Daring to Lead* study of nearly two thousand executives found that 82 percent of the executives were white.<sup>15</sup> The sample for this survey was eight major cities in the United States. Perhaps more telling is the absence of

leaders of color in most meetings of the major nonprofits and foundations in most communities. A 2007 study by the Urban Institute reports that nationally 10.5 percent of nonprofit board members are nonwhite.<sup>16</sup> While there is no guarantee, it makes sense that boards that are more racially diverse will have more success in hiring leaders of color. Without acknowledging white privilege and its impact on communities of color, we struggle to move forward.

## We Don't Have Enough Leaders in Development

Many younger leaders and managers have a similar disbelief about the alleged upcoming shortage of talent. Like people of color who are incredulous when white leaders say they can't find candidates of color, young leaders believe ample talent exists. The issue is making room for the next generation, supporting their values and way of making mission commitment work, and investing in their development and preparation. Many argue we don't have a leader shortage; we have a clogged pipeline that needs a good scrubbing.

Most, perhaps none, of these practices are intentional. But we are challenged to turn around a system that has grown up over many years and carries with it some ugly truths from the past. What follows offers a way forward, which if practiced over time would confront our challenges and ugly truths.

## The Leaderful Organization

What is a *leaderful organization*? My first awareness of the term came from the article "We the Leaders: In Order to Form a Leaderful Organization" in the December 2005 issue of *Journal of Leadership & Organizational Studies*.<sup>17</sup> A colleague and TransitionGuides senior consultant Karen Gaskin Jones began using the term in our succession planning workshops. Over time it became a placeholder for a vision of organizations that make a consistent commitment to leader development and preparing for and managing leader transitions. For our purposes, a *leaderful organization* is a nonprofit that consistently pays attention to and invests in leader transitions and leader development. These organizations live out their belief that there is a direct link between the effectiveness of their leaders and their impact in the world.

A large West Coast nonprofit has the mission to empower leaders and communities in the United States and other countries around the world to improve the quality of life. Concern about leadership has been central to their fifty-year history. In 2006, their CEO and board decided to review their informal practices and make a commitment of time and resources to leader development and succession planning a central component of their new strategic plan. Among their actions were adoption of emergency backup plans for top managers, development of an emerging leaders program with a national leadership development training organization, completion of a bench strength review, and a commitment by all senior managers to attend a university-based seminar to create a shared experience and language. These actions helped a leaderful organization expand its capacity.

An East Coast community development organization executive was frustrated by the constant challenge of fund-raising. He enrolled in a year-long executive leadership training program to see what he was missing. Through that process he realized he needed to shift his attention from the details of projects to hiring and empowering a team who could develop more affordable housing projects each year. This conclusion and the support he received from the training resulted in a personal commitment to learning about leading and managing and investing in the development of his managers and staff. Fifteen years later, after successfully building the organization and its capacity, and three years in advance of his retirement he began to work with the board on a plan for his transition. The transition occurred, was successful, and the new executive is continuing the established habit of investing in leader development and leader transitions.

A Midwest health clinic served new immigrants. Over time consumers of the clinic began to work for the clinic in entry-level jobs. The executive and board decided that the best way to build the organization was to use a dual strategy of hiring the most experienced and skilled managers they could afford who were committed to mentoring and developing their staff and managers. For over eight years this conscious commitment resulted in over 60 percent of the management team consisting of recent immigrants who first came to the clinic for services.

Each of these organizations faces the same challenges and opportunities that all nonprofits face. They stand out in their fields and the sector because of their ongoing and growing commitment to leader development and leader transitions. They are building leaderful organizations.

No organization ever arrives and sits still in leader development. The radical changes in the economic and funding environment in recent years demonstrate the need for leaders who are nimble and able to be strategic and make hard decisions. The organizations above and most organizations will struggle from time to time to find the time and resources to do everything they want to do to advance a leader development culture. They may pull back and go through rough times. Yet the investment made in leader development and attention to powerful leader transitions give these organizations a resiliency and strength to make it through tough times and to thrive in good times.

Let's look briefly at the two cornerstones of building a leaderful organization: attention to leader transitions and leader development.

## The Leader Transition Opportunity

Changes in leaders are happening all the time and with more frequency. Leadership transition is perpetual, ubiquitous, and unavoidable. *Leaderful* organizations face this reality boldly and pragmatically. Thus, they get better results than organizations that are haphazard about or inattentive to leadership. To be *leaderful* requires preparing for leadership transitions and managing them well.

Leader transitions are like a string of pearls on a necklace and the links that hold them together. If one link is weak, the necklace is threatened. If several get weak or one breaks entirely, the beauty and integrity of the whole necklace is destroyed.

If you look at “great” organizations in any sector, they consistently are well led. None are perfect; there may be a bumpy or even failed transition along the way. Hiring is more art than science, so not getting the right fit between a hire and the needs and opportunities of the position is to be expected. Leaderful organizations pay attention to their leadership string and

what holds it together. They catch mistakes that threaten their capacity and invest the time and resources to increase the odds of sustained excellent leaders.

There are two practices that advance a leaderful organization during and before leader transition: 1) *succession planning* (which is of three types—emergency, departure-defined, and ongoing leader development/talent management); and 2) *executive transition management* (which includes the three phases: prepare, pivot, and thrive, as well as attention to organizational capacity, direction, priorities, required leader competencies, a proactive search, and successful entry and connection of the new executive).

William Bridges, a leading author and consultant to major corporations and organizations on the topic of organizational change and transition, highlights the difference between *change* and *transition*. Change is the event. A new executive begins in January. That is the change. The transition process for the new executive and the organization began long before she arrived and will continue for months, and in some cases years. The transition, Bridges offers, is the emotional and psychological process that accompanies the change.<sup>18</sup>

Following Bridges's notion of transition, it makes sense that leaders who are passionately committed to a cause will struggle with handing off leader roles. Preparing for succession and managing transitions well are vital to long-term sustainability.

## The Leader Development Opportunity

Attending to leader development is at once simple and complex. At its simplest, there is a decision to encourage managers and staff to develop and grow. Most people have a basic idea of their skills and abilities and what they enjoy doing. Executives and managers of leaderful organizations tap into this knowledge, encourage a clear articulation of potential areas of growth, and support this growth in whatever ways they can. This process gets repeated, and as managers and staff grow, they encourage the growth and development of others. Sometimes there is money to support courses or seminars, sometimes not. Sometimes there is a formal coaching or mentoring program,

often not. *How* leader development is supported is less important than the commitment and culture that supports it.

Leader development becomes more complex as leaders work to make it part of the organization's practices. This usually leads to discussions of values and what it means to be a leader in the organization. From these discussions, competencies and attributes of leaders get defined, with requirements for different leadership positions.

How leaders are defined is tied to mission and strategic priorities. What competencies does this organization need to get maximum results? How much time and money will we invest in leader development and for whom?

Leader development is usually a messy evolutionary process. Each organization finds its own way.

## How This Book Is Organized

The remainder of this book is organized around two topical areas and concludes with a set of appendices that offer tools and samples. Each chapter includes case examples and stories. *All the stories are fictional.* They are composites of real-life experiences brought together in such a way as to be authentic and not specific to any individual or organization. All the names used in the stories and the organizations are also fictional.

At the end of each chapter is a set of reflection questions. These questions are organized for three audiences: 1) individual leaders, 2) organizations, and 3) supporters and stakeholders, including funders, membership associations, management support organizations, and other capacity builders and consultants.

Chapters Two, Three, and Four address what in my experience are the most important contextual issues that impact leader transitions and leader development. These three critical issues are as follows:

### Chapter Two—Managing the Power of Emotions

Leader transitions are emotional processes for the departing leader and the organization. Leader development begins with attention to leader self-care and leader self-awareness. It is difficult to grow

as a leader without facing some feelings you would prefer to avoid. Managing diverse staffs and boards of many backgrounds and points of view stretches the most evolved leader. This chapter frames the emotions most commonly in play and provides tools from multiple disciplines that other leaders have found quite useful.

### **Chapter Three—Founders and Founder Transitions**

If strong emotions are in play in most leader transitions, then imagine the feelings of the founder of an organization. References to “my baby” and the birthing process are fairly common when discussing transitions with founders. These are the most complex transitions and most important to the long-term viability of the organization. This chapter goes beyond the popular and not so helpful “founder’s syndrome” to the understanding of the unique gifts and challenges of founders and provides tools and a guide for founders, their boards, and their successors.

### **Chapter Four—Seeking Diversity Through Leader Development**

All organizations are diverse. Some are more diverse than others. While there are many important dimensions to diversity, this chapter looks in depth at racial/ethnic and age diversity. As America becomes increasingly racially and ethnically diverse and the workforce is comprised of multiple generations, leaders must have skills in building racial/ethnic and age-diverse organizations. Developing leaderful organizations that are effective in working with people of different races, ethnic backgrounds, and ages requires a commitment to action by leaders. This chapter makes the case and offers a path and tools for achieving this goal.

The next four chapters introduce proven practices that advance a leader development culture. These practices are executive transition management and succession planning. Three types of succession planning are provided that offer choices to meet the current needs of each organization.

### **Chapter Five—Executive Transition Management**

The patterns of executive transitions define the strength and sustainability of an organization. Humming organizations get stronger each time

they hire a new executive; struggling organizations get weaker each time they make a poor hiring decision or fail to attend to the transition issues that are key to the new executive having a chance at succeeding. Executive transition management combines strategic thinking, organizational development, and executive search to maximize the transformational opportunity that executive transition offers. This chapter describes how it works and the process for implementation.

### **Chapter Six—Getting Started on Succession Planning**

There are many approaches to definitions of succession planning. Here succession planning broadly refers to the planning and actions that ensure there is effective leadership over multiple transitions in an organization. Experience in introducing succession planning to nonprofits of all sizes and types suggests that attention to emergency backup planning for the executive (and in larger organizations senior managers) and development of a board-adopted succession policy is the best place to start. This chapter introduces the reader to succession planning and how to put the “succession basics”—an emergency backup plan and succession policy—in place.

### **Chapter Seven—Departure-Defined Succession Planning**

When an executive plans to depart in one to four years, a unique opportunity exists to build organizational capacity. This opportunity usually occurs when the executive plans to retire or move to a different field or kind of position. Departure-defined succession planning supports executives and boards in using the planned departure to build leadership and look at organizational strengths and areas for growth. This chapter details when this makes sense, how to do it well, and the amazing benefits and opportunities it offers.

### **Chapter Eight—Leader Development and Talent Management**

Leading is a team sport. No leader can do everything that needs to be done. Thinking about how to build the best possible leader team and involve all staff as leaders is the goal of leader development and talent

management. This chapter looks at leader development from both the individual and organizational perspective with action steps and tools that are proven. Talent management is a for-profit practice with broad applicability when adapted to the nonprofit culture. This chapter introduces talent management and how to apply it in nonprofits of any size.

## Chapter Nine—Many Paths to a Leaderful Organization

Finally, we need to tie all this information together in a way that helps you envision the leaderful organization. Chapter Nine helps you see the many paths and what individuals, organizations, and supportive stakeholders can do to sustain attention to leader development and leader transitions.

## Appendixes

The Appendixes (also available online) offer additional examples of tools and resources around major topic areas. Appendix E offers several inventories that support a leader reflecting on key areas of personal and organizational leader development and developing action plans to advance important personal or organizational goals.

## How to Use This Book

There are a variety of ways to approach this book. Some readers may be inclined to follow the book in the order of the chapters. That works. Other readers may want to begin with areas of pressing interest. That works just as well.

Regardless of your preference, most readers will want to begin by reading the chapters on emotions (Chapter Two) and race and age diversity (Chapter Four). These issues are relevant to every leader; failure to attend to them creates the highest potential for derailing leader development and transitions.

If your organization has not done work on succession planning, reading the succession basics (Chapter Six) will be among the more helpful places to start.

Here are the audiences for whom this book is intended:

- Seasoned executives and founders
- Board leaders

- New executives
- Potential executives and managers
- Funders
- Technical assistance providers and other supportive stakeholders

The following section offers alternative paths for each of the audiences. Please tailor your path to meet your needs and interests.

## **For Seasoned Executives and Founders**

If you have no imminent plans (within the next year or less) to depart from your executive position, then there are four chapters you won't want to miss. I suggest you begin with the founder chapter whether you're a founder or not. As you read, see what applies and what doesn't. How clear are you about when you might consider leaving and what you might want to do? Next you will want to read Chapter Two to make sure you are paying attention to the emotions and self-care. This may seem obvious. It is a huge challenge for most long-tenured executives and founders. You have a lot of skin in the game. You don't want to undermine or weaken your contribution by ignoring the emotions of transition.

If you plan to leave your position in the next one to four years, you will want to go to departure-defined succession planning (Chapter Seven) next. This will give you some ideas on what you and the organization can do to ensure sustainability and a positive leadership transition when it occurs. If you are not sure when you might leave and are of an age where retirement is on your mind, read this chapter. You also may find the leader self-assessment inventories in Appendix E (also available online) useful for your personal and organizational leader development or transition planning.

If you don't have an emergency backup plan and the board has not adopted a succession policy, you'll want to read Chapter Six and pick from that low-hanging fruit.

Once you've addressed the issues related to transition and succession to the extent needed, you'll want to head to Chapter Eight to look at how to advance leader development and talent management. This can be one of

your greatest legacy gifts to the organization. Read it carefully with an eye to what commitments you are willing to make, when, and why.

In short, you are the primary audience for this book and eventually you will want to read and study the whole book.

## **For Board Leaders**

If your executive is long-tenured or a founder, you will want to start with the chapter on founders (Chapter Three). (Even if your executive isn't the founder, long-term executives have many of the same characteristics as founders, and it will help you understand your executive better.) Since you won't avoid the emotions of transition and day-to-day leadership, Chapter Two is strongly encouraged.

If your executive is planning to leave in the next year, the chapter on executive transition management (Chapter Five) will provide a detailed road map and lessons about the key issues and steps to ensure a successful transition.

If your executive is planning to retire or leave in the next one to four years or this is a possibility, you will want to read Chapter Seven about departure-defined succession planning.

If your executive isn't leaving and you don't have an emergency backup plan or a succession policy, Chapter Six will guide you in a simple process to put these in place. Once those are in place, if you haven't read and addressed the issues, you can turn to work on increasing diversity and inclusiveness (Chapter Four) and advancing your leader development and talent management (Chapter Eight). You also may find the leader self-assessment inventories in Appendix E (also available online) useful to your personal and organizational leader development or transition planning.

## **For New Executives, Potential Executives, and Managers**

New executives, potential executives, and managers should head to leader development and talent management for ideas on how to develop as a leader and advance a leader development culture. Start with the section on individual leader development. If you have not completed a leader self-assessment tool,

you will want to do that (see Chapter Eight for possible tools). Ideally you can do this self-assessment with a trusted mentor or coach.

This process will result in personal decisions about how to further your growth as a leader. Your action plan ought to include reading, participating in peer learning, and seeking out a leader development program that will advance both your skills and networks. In addition, pay attention to Chapter Four for the importance of attending to diversity as part of your personal development.

If you are not sure you are in the right position or organization, ideas in Chapter Eight will help you assess where your talents might best be used. This chapter will also provide ideas on actions you and your peers can take to increase attention to leader development in the organization.

If an executive or other major leader transition is imminent, head to Chapter Five, which covers executive transition management. This process will ensure that the staff voice is heard during the transition and that the organization is stronger after the leadership change. You can also adapt the principles to transitions of key staff members or board leaders.

## **For Funders**

Funders individually and collectively have significant influence over organizational behavior, often way beyond their financial contribution. Funders who are students of capacity building will want to skim through the entire book and go more deeply into areas of interest. Funders who don't currently support leader development or capacity building might want to study the first and last chapters to see if the case is persuasive. (If it isn't, contact the author at TransitionGuides and let us know why not.) If it is, read on to determine where you might want to consider and commit to increasing your leadership and funding.

Regardless of whether you support capacity building among grantees, you will want to read the chapter on executive transition management to learn about why some of your important grantees flounder or die during leader transition and what can be done to reduce that risk.

If you or your foundation or both are concerned about the lack of racial and age diversity on boards and among executives and senior managers, then you will

want to read Chapter Four carefully. If this hasn't been an issue or concern, you may want to read Chapter Four and ask why it isn't a concern. It should be.

If you manage a leadership or capacity-building portfolio, you will want to build on your knowledge and strengths. If you are up-to-date on executive transition management, head to succession planning. If in succession planning you have a lot of knowledge of the basics, then spend your time on departure-defined succession planning (Chapter Seven) and leader development and talent management (Chapter Eight). Talent management may be a new term to you. It has great power to accelerate results. You'll want to become familiar with how this for-profit practice is used by leading nonprofits.

## **For Capacity-Building Providers and Other Supportive Stakeholders**

For capacity-building providers, membership association leaders, and other stakeholders who are engaged in some fashion in supporting the development and growth of nonprofits, follow your nose to the chapters that will best serve you.

If the organizations you serve have a number of baby-boom generation executives and managers, you will want to read the founder chapter (Chapter Three) and executive transition management chapter (Chapter Five). As consultants or technical assistance providers, we are prone to dismissing or underestimating the power of emotions and the need for attention to our own self-care. Chapter Two is an important read for that reason.

As leaders, we also have a responsibility to advance more diverse and inclusive organizations because it leads to better results. Chapter Four provides some ideas and practices to consider. Ultimately it is the consistent attention to leader development and talent management that will advance the work of the sector. Chapter Eight provides you and those with whom you work with practical tools and processes.

## **Conclusion: Join the Campaign**

Each chapter and the book conclude with reflection questions and a framework for developing a personal and organizational action plan. Our hope is

that you will pick out at least one question that is useful to you and answer it. This process will connect the material to your situation and perhaps result in a commitment to action or an important decision.

Larry Hirschorn of the Center for Applied Research suggests that social change happens best when there is a *pull* for change.<sup>19</sup> The hope of this book is that it will fuel the pull for more intentional attention to leader transitions and leader development. Experience shows both the power of such attention and the challenge of keeping funder and leader commitment to it. Through your commitments and actions, the pull for better led and more effective organizations will grow. Thanks for reading on and considering joining the campaign!

## REFLECTION QUESTIONS

The questions are organized around three points of view:

1. *The individual leader*—questions to consider in your role as a leader and ones you can act on personally regardless of organizational support
2. *The organization*—questions to consider relative to organizations in which you are an executive, board leader, or potential leader. These actions require organizational support and commitment.
3. *Supporting stakeholders*—questions relevant to funders, association leaders, and staff, consultants, and others who in some fashion are engaged in work with nonprofit organizations

### For the Individual Leader

1. What are your strengths as a leader? What leader roles and activities make your spirit soar?
2. Where are you on the continuum of investing/not investing in your personal development as a leader?
3. In what way might you grow as a leader and increase your capacity to advance the mission of organizations to which you are committed?

### **For Executives and Board Leaders of an Organization**

1. What do you most value about an organization to which you are committed and its work?
2. What role does effective leadership play in making real the work you value?
3. To what extent does the organization invest time or money in preparing for leader transitions and leader development?
4. Which of the ugly truths or leadership challenges above are most important for this organization to face?

### **For Funders, Capacity-Building Providers, Association Staff, and Other Supporting Stakeholders**

1. What do you value about the organizations you support or to which you provide services?
2. How does leadership or its absence influence what you value in these organizations?
3. How does your organization invest in leader transitions and leader development for your organization?
4. What ugly truths or barriers are most important for your organization to face in order to better support or serve the organizations to which you are committed?

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