



# Nonprofit News

## Hiring a New Executive Director

### Part 1 of 2

If your organization is facing the transition of an executive director (ED), how the transition is managed will have implications—either positive or negative for the entire organization.

Change is never easy. According to the Daring to Lead 2006 survey (CompassPoint Nonprofit Services), 34 percent of nonprofit executives leaving their positions are either fired or otherwise forced out. Regardless of whether your executive turnover is forced or voluntary, this can be an opportunity for your organization.

In his book, *Chief Executive Transitions*, Don Tebbe introduces the principles of Executive Transition Management. ETM is more than just an executive search, it is a way of managing the entire process.

### Transition Types

First, understand the type of transition your organization will be making, and what the type of transition will mean to the new ED:

*Sustaining*—The organization has been well led and is successful. The new ED will be expected to pick up where his predecessor left off and continue the forward progress of the organization.

*Underperforming organization*—The organization has either been performing poorly, or has peaked and is on the decline. The new leader will be expected to address the underlying issues causing the poor performance.

*Turnaround*—The organization is in a 'perilous state'. The new ED will first have to stabilize the organization, address the root cause of

the problem, and expect to make necessary changes. Often an Interim ED, experienced in turnaround management, is the best short-term solution.

*First Hire*—The organization is shifting from an all volunteer organization to a management driven model. The ED will be forging new ground and may run into resistance from board members who have difficulty transferring tasks to the new leader.

*Hard-to-Follow*—When a long-time, beloved ED leaves or retires, her predecessor is faced with a unique set of challenges. The organization will want to step out of business as usual roles. This can be especially hard when the departing ED is also the Founder.

### Preparing for the Transition

When the executive director position becomes vacant, often the reaction is 'quick place an ad, fill the position.' Rather than see this time as an opportunity to evaluate if the needs of the organization have changed, boards often rush to find a suitable replacement. According to Tebbe, "An executive transition is a series of decisions and actions that begin with the executive's decision to depart (or the board's decision to terminate) and concludes with the completion of the first full budget or business cycle under the new executive's leadership."

A successful search begins with the end in mind. To do this, boards should:

- ◆ consider what are the future leadership needs of the organization, not just the current needs;

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- ◆ pay close attention to any issues that arise during the transition;
- ◆ engage the staff in a discussion about the transition. Staff members are a rich source of information about the organization, and will play a key role in the orientation of the new ED;
- ◆ establish commitment by the staff and board to work effectively with the new executive;
- ◆ charge the board with setting priorities, expectations and performance measures for the new executive.

### **Successful Search**

A successful search will begin with a clear description of the executive director position, an outline of the board's expectations and a fair compensation package.

Once these tools are in place, the search can begin. If your organization chooses not to use a professional search firm, you can still recruit a rich and diverse pool of candidates by focusing on three key activities:

*Advertising*-This will involve placing well-written ads in newspapers (local/regional) as well as trade journals and professional magazines. Note that each type of advertising can generate a certain type of candidate. Candidates answering ads from the local newspaper may not have the breadth and experience as those replying to ads in a trade journal.

*Web-postings*-More and more potential candidates are looking to on-line job announcements as a primary resource. There are basically three types of on-line sources: general job Websites such as Monster.com or Career Builder; sites that are specific to the nonprofit sector such as ExecSearches.com or Idealist.org; and, specialty sites through statewide or national associations related to the organizations field of work.

*Direct Recruitment*-Professional recruiters know the value of developing candidate pools through networking with professional associations, other recruiters as well as other organizations conducting a similar search. On a smaller scale, organizations can reach out to friends and stakeholders as we method of reaching candidates who may not be actively in the job market.

Having done their homework early on, and with a clear sense of the position and the ideal candidate, boards (or search committees) will be able to sort quickly through the mounds of applications and narrow the field to the most appropriate candidates. Now, the work of interviewing candidates can begin.

*In the next issue of the Nonprofit News we will look at interviewing, hiring and keeping the new Executive Director.*

# Board Governance of Nonprofits

by **Ken Berger, President & Chief Executive Officer, Charity Navigator**

After many years of working in the trenches of the nonprofit sector, in June of last year something extraordinary happened to me. It was as if I was grabbed by the collar and lifted up to a high mountain, where for the first time, I got to see all the nonprofit “trenches” people work in. I have learned a tremendous amount this past year; in addition, I have been given an opportunity to voice what many think but often can not say because they are on the inside of the sector. Charity Navigator takes no money from any of the charities we evaluate. As a result, we have more latitude than many to speak from the “outside” less restrained by vested interests and political maneuvering.

So here let me speak plainly about some of the dirty little secrets about many nonprofit Boards and how they govern – they often do it badly and in some cases they do not govern at all. On the one hand (more typical in my experience), you have uninvolved Boards (no governing at all). They abrogate almost all governing responsibility to the CEO who is usually more than happy to take the power and run with it. The CEO then is largely unaccountable and, not surprisingly, we see all kinds of scandals in the sector as self interest trumps mission.

At the other extreme, you have micromanaging Boards. In these tough economic times, I think this type of Board is on the rise. The agency starts running deficits and suddenly the Board begins to awaken from its slumbers and questions everything. They can then swing to getting into agency minutia that is inappropriate. They often can place unrealistic expectations on the CEO and staff leadership to raise funds in this difficult environment, when they are unwilling to play the critical role of helping to make it happen. Another variant of this (with or without deficits as the instigator) are the arm chair Boards who believe that, since they made a lot of money in the for profit sector, they need to teach the idealistic and naïve nonprofit leaders how to manage. A good antidote to that would be to have every Board member read Jim Collins supplement on the Social Sector for his book– Good to Great.

In one sense, for profits and nonprofits are like comparing apples to steak, they are both the same in one sense

continued from page 2

(organizations or food) but not even remotely similar in certain fundamentals. I am not saying there isn't stuff for profits and nonprofits can learn from each other, but the hubris of some Board members, to assume that for profits have all the answers, is quite appalling.

So whether it is the fault of the CEO or the Board members themselves, the bottom line is that many nonprofit Boards are an unmitigated disaster. So much for the problems, now what is to be done about it? It gets us to Charity Navigator's plans for modifying our rating system of evaluating nonprofits. We believe that for an individual to become a wise social investor (a donor with their eyes wide open); they need to consider three components when looking at a nonprofit (by implication the nonprofits should be managing and focusing on all of this!):

**Financial health** – what Charity Navigator currently evaluates (for more information: [www.charitynavigator.org](http://www.charitynavigator.org)). We encourage you to go over these matters with your Board and develop a dashboard where you benchmark your financial performance against standards such as ours.

**Accountability** – measures of transparency, governance and management best practices are encompassed here. A good resource for thinking about this (another document to give your Board) was developed by the Nonprofit Panel and is called Principles of Good Governance and Ethical Practices, they also now have a workbook to help you implement all of them).

**Outcomes** – more precisely outcome indicators and other evidence of nonprofit high performance. Every nonprofit needs to implement a performance management system that includes meaningful outcome indicators. A good place to learn about these matters is the Center for What Works. Another great resource is the Alliance for Effective Social Investing ([www.alleffective.org](http://www.alleffective.org)). If you go to the resource page you can find a tool that measures the potential to create social value. Test your organization against these standards to get an idea how you are doing in this regard. Also you can subscribe to my blog ([www.kenscommentary.org](http://www.kenscommentary.org)) where we are hosting a forum about outcomes.

A good, effective and high performing Board should be fully engaged in the development of a theory of change process to laser in on what truly matters for the nonprofit to be effective. The key components of their ongoing oversight should include the three measures listed above. However, the fundamental starting point of all of this is

those of you who are reading this, the nonprofits management leadership. You are the ones who must have the integrity and ethos of transparency. In other words, if you do not support and encourage the Board to become actively engaged, it will not happen. That is a critical weakness of our sector. If the staff leadership is unethical, everything else can fall apart. So the most critical job of the Board is to hire an ethical CEO who believes in the three components listed above.

Of course, you do not get to hire the Board, so once the agency has the right CEO doesn't mean the problems of poor Board governance have been resolved. As Jim Collins would say, one of the first steps to developing a great organization is to get the poor performers off the "bus" and recruiting high performers to get on. So a critical role for the good CEO is to help in Board recruitment and training to make this the case for the Board.

At the end of the day, as the emphasis on measuring meaningful nonprofit performance grows, I think one of the longer term consequences will be an improvement in Board governance. Why? Because I believe that poorly governed nonprofits are far more likely to have poorly performing programs. As the movement calling for performance measurement grows and becomes the gold standard for funding, poor performing nonprofits will wither on the vine. Charity Navigator [www.charitynavigator.org](http://www.charitynavigator.org) will be there to chronicle and evaluate the good, the bad and the ugly. We also hope to be there as a critical friend to you, on the journey to higher performing nonprofits and a better world.

### NONPROFIT MANAGEMENT TRAINING SEMINAR

November 5, 2009

12:30-4:00 pm

#### **Which Bus Is Your Board On? Board Governance and Other Motivational Ideas to Empower Your Board**

Elizabeth Vibber, MS and Cindy Bergvall, CPA  
Bee Bergvall & Co.; Bucks County Center for Nonprofit Management.

The strength of your nonprofit Board forms the foundation for your organization. This seminar will not only look at best practices for 'good governance', but we will also discuss tools your organization can adapt to motivate and empower your board.

PA Center for Biotechnology, 3805 Old Easton Rd., Doylestown.

Cost is \$35 per person (\$30 for clients of Bee, Bergvall & Co./BCCNM). **Special Offer:** 1 board member attends free with a paid staff member.

Liz Vibber 215-343-2727 or e-mail [lvibber@bbco-cpa.com](mailto:lvibber@bbco-cpa.com).

# BCCNM Community Bulletin Board

We are pleased to accept your submissions of jobs and special announcements. E-mail directly to: Liz Vibber, lvibber@bbco-cpa.com. For a more complete listing, visit our website at [www.buckscountynonprofit.com](http://www.buckscountynonprofit.com)

## Congratulations to Foundations Community Partnership's 2009 Youth Partnership Awardees

**Bristol Riverside Theatre**--Six week summer theatre program for special needs children

**A Woman's Place**-Teen Advisory Board Outreach Project

**Upper Bucks Alliance for Creative Expression**--Instruction for two concerts fostering the artistic development of special needs children

**Council Rock North High School-Kick-Off Mentoring Program** which trains 11th & 12th grade students to mentor incoming Freshman with special needs

**Bucks County Intermediate Unit Foundation**-Establishment of a lending library of resource items for children with traumatic brain injuries.

**Bucks County Head Start-Dr. Is In** program providing on-site mental health consultation for teachers manage behavioral issues.

**Upper Bucks YMCA**-Establishment of an after-school club for high risk tweens.

**ADHD Aware**-Scholarships for financially disadvantaged children to attend social clubs designed for kids with Attention Deficit/Hyperactivity Disorder.

**Orthotic & Prosthetic Assistance Fund**-First Volley Tennis Clinics offering adaptive instruction for amputees and those with physical challenges.

**Cradles to Crayons**-Providing homeless and low-income children with necessary school supplies.

**Special Equestrians**-Assist in the development of a new program introducing injured racehorses to the therapeutic riding program

**Latino Leadership Alliance of Bucks County**-Assist the First Light After School program focused on developing well-rounded students reinforcing lessons taught in school.

## [www.buckscountynonprofit.com/grants](http://www.buckscountynonprofit.com/grants)

The Bucks County Center for Nonprofit Management is pleased to announce a new feature, the Grants page. Look for listings of grants and deadlines you may have missed!

## [www.buckscountynonprofit.com/bulletinboard.htm](http://www.buckscountynonprofit.com/bulletinboard.htm)

The Bucks County Center for Nonprofit Management's Community Bulletin Board includes job postings, announcements and available board positions. To submit your information to the Bulletin Board, free of charge, please contact Liz Vibber at [lvibber@bbco-cpa.com](mailto:lvibber@bbco-cpa.com)

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