



When the President of a Nonprofit Organization Resigns: The Chairman's Checklist

When the president resigns or is asked to leave, it is a dreaded situation. The question becomes: what needs to be done and in what order so that the institution stays robust, on course, morale stays high, and the right successor is found and installed?

Having been involved in more than 35 successful non-profit and educational CEO searches over the past eight years, and over 45 search committee searches, let us share some insights. Feel free to contact us for some *pro bono* advice if additional questions arise.

The Announcement

First determine what should be said without damage to the person or the institution. Secondly depending on the constituency involved, the announcement may be handled in differing ways. By priority, first the Board Members should be called by the Chairman, then direct reports; and others may be notified through written notification. Perhaps a press release is needed.

Communication expediency is needed in order to defeat or prevent rumors. If it is not a negative departure, then openness might be appropriate. What is happening about starting the effort to find a successor and if there is to be interim leadership might be suitable information. If it is a negative departure, all communication should be handled with respect and grace.

Is Interim Leadership Needed?

If the president will be leaving before a search can be done, temporary leadership should be in place. Perhaps two or three direct reports will act as a temporary "Office of the President" with frequent consultation with the Chairman of the Board. Maybe the Chairman, other Board Member, or a previous president, or a professional interim president might be selected. When selecting an interim president several characteristics should be evident; the person should exhibit wisdom, be willing to make decisions and confront problems when needed. Caution should be taken to maintain boundaries and performance expectations within the organization in order to counter anarchy or staff exodus.

Choosing a Search Committee Chairman and Committee Members

Having worked successfully with over thirty-five search committees let us share some insights. Some of these suggestions are crucial for search committee success.

Selecting the Chairman

The Board of Directors has the fiduciary responsibility for providing the overall strategic leadership of the organization with one of its specific duties being the selection of the CEO.



The Chairman of the Search Committee must be widely respected, possibly being the Chairman of the Board or Chairman Elect, or other board member, and hopefully with prior experience on successful search committees.

Given that the Search Committee Chairman has the responsibility for the committee's success, he or she should have a part in the selection of the committee members.

The Board's charge to the Search Committee

The charge given to the Search Committee should be that they insure there is a thorough search and vetting of candidates, then a recommendation to the Board of the best candidate. They should be prepared with backup candidates in case the Board does not select the person presented or the person withdraws.

If a Search Committee recommends more than one candidate, the Board might feel the need to do their own vetting to insure the board understands the qualifications and fit of the candidate, and to differentiate between the candidates. This needlessly duplicates what the search committee should already have done.

Choosing Members with the Right Temperament and Perspective

To be effective search committee participants, there should be no domineering or weak personalities, personal agendas or preferences should not play a major factor or bias in the committee considerations.

The Value of Diversity

For the sake of diverse perspective, it is best if the committee is comprised of some younger as well as older members, some female as well as male members, different ethnic groups and different professional backgrounds.

What Constituencies Are Represented on the Committee?

While it is not uncommon for a board to select only its members for a search committee, the Board and the organization will be more highly respected internally and externally if the search committee is composed of wise people who also represent the different constituencies of the organization. For a college presidential search that might include a member of the faculty, administration, staff and the student body, plus perhaps the parent of a student, a major donor or an alumnus.

At the same time, the search committee should have a majority of board members because that body ultimately has the responsibility for selecting the president.

How many members should be on a Search Committee?

Big enough, but not too big. Nine members might be ideal, with seven or eleven also acceptable. But if too small then an absence it is a significant loss of input when making a decision. If the committee is too large then it may be difficult to get everyone to attend.



What is needed in the Next Leader?

The Board is responsible for determining the future direction of the organization. Therefore, it would be inappropriate to seek a president who would bring a vision different than that of the Board's. Rather the Board should project, "This is who we are and generally where we are going...now we need someone who can take us there."

The Board should do a strategic analysis of where they are and where they want to go: what is their mission, organizational values and culture, desired growth in size and revenue? For an educational institution it might include what needs to be done in campus growth, endowment, student life, branding, enrollment, academic excellence, athletics, cost control, academic programs offered, and perhaps even spirituality if a religious school. Additionally, the Board should determine what are the points of experience, education, leadership, personality and values being sought in the next leader. Then these should be given to the Search Committee as guidelines for the search.

Should Outside Assistance Be Used?

Conducting a well done presidential search needs expertise, time, manpower and experience. If the Search Committee does not have these abilities within itself then using an executive search consultant may be wise.

An executive search consultant can take on 90% of the search process leaving the search committee to be involved in defining what is sought in the next president, agreeing on the search process and timing, determining the questions the committee will ask of the final candidates, interviewing the final candidates and determining which to recommend forward to the Board.

How to Select a Search Firm

In determining which executive search consultant is most appropriate, find several who seem right for your need. In fairness to the consultants invite them to come make an hour long presentation to the committee with the institution paying their travel expenses if they're not selected.

The Handling of Internal Candidates

Often there are people within the organization who feel they should get the job or at least be considered. If the search committee handles them respectfully, their loyalty to the organization can be maintained, but if not then that loyalty may be needlessly lost and they may even leave the organization.

First, invite anyone feeling they should be considered to confidentially contact the Chairman of the Search Committee or the search consultant (if there is one) to express a possible interest. Suggest they do not tell anyone else, including their colleagues, of their action or interest so if they are not presented as a finalist their reputation is not damaged. Whoever screens the candidates should do so confidentially and if the



internal candidate isn't ask to proceed, tell them why others are a more appropriate choice. If a search consultant is used the person can blame the consultant, and thus the loyalty to the institution is likely still in tact.

The Search and Selection Process

There is more to this than one might think. The elements include:

- Creating an Opportunity Profile to be used as a marketing document which outlines: the organization's history, mission, and current status; and the job description and what experience, abilities and ethos are sought in the next president. Examples of such a document are typically available on our website under "searches...non-profit." Also, a questionnaire ought to be developed to which all candidates respond. Questions might include "what attracts you to this opportunity, what are the strengths you have for this position, in what areas should the board or organization support you (areas of weakness), how does moving affect you and your family, how would subordinates likely describe your management style, etc.
- Determining then executing the strategy for finding potential candidates, to include who to network with and on what job boards or in what publications the search should be posted. Search consultants typically contact 300-500+ people in seeking candidates.
- Preliminary screening of potential candidates should include asking for additional details in resumes, getting responses to the questionnaires, answering questions of the candidate and a comprehensive telephone interview.
- Secondary screening of candidates should include an extensive personal interview, followed by reference checking (criminal, credit, driving and verification of degrees and certifications). Candidate Profiles should be prepared on each candidate to be presented to the Search Committee.
- The search committee determines what questions it will ask of each candidate and which committee member will ask each question.
- Presentation of the final candidates to the Search Committee for an exhaustive interview.
- The Search Committee caucuses to review all the candidates interviewed and determine which to recommend forward to the Board. Hopefully there are back up candidates in case the first one recommended forward is not the one hired.
- The Board interviews the preferred candidate, and may have a social occasion with that person and spouse. If things remain positive then perhaps the preferred candidate and spouse are given "town hall" sessions with the organization's various constituencies and in effect saying, "This is who we are thinking of hiring; please get acquainted and let us know what you think." Additionally the

candidate meets one-on-one with his or her direct reports, plus the candidate and spouse have a chance to look at houses, schools, etc.

- The chairman should gather feedback. If there are any red flags these need to be resolved. Then the Board's Executive Committee fashions a compensation package that is likely to be accepted. The Board agrees to offer the position, and the Chairman makes the offer.
- The candidate accepts, an announcement is made, and plans are initiated for an inauguration. Also, some plans are made for assisting in the candidate's family's transition and integration into the community.

Fashioning and Negotiating a Compensation Package

Any well run organization will have a compensation range for a position and hopefully the person enters at or below the mid-point of that range so there is room for increases later. However, when hiring a CEO often times attracting the right leader is so crucial that what the board prefers to pay and what they are willing to pay to get the right person can be quite different. So, first find out what the candidate has been earning and what their expectations are. It might be said, "We are thinking of a salary around X amount, plus additionally benefits. How does that fit with your expectations?" Once a verbal compensation offer is made then a formal job offer with all the specifics of the compensation package is presented in writing. It might include relocation assistance, retirement, incentive plans, vacation, insurance, car, housing, an allowance for conferences, etc.

With the offer having been made, if a search consultant is involved, they would ask the candidate for their thoughts on the offer. The relationship between the organization and the candidate begins delicately and if either seems to be unfair, unreasonable or inflexible damage can result. So the consultant would ask for the candidate's reaction and then call the board chairman to help him or her understand the candidate's thoughts and see if some accommodation can be made. All concerns should be addressed at once rather than making several petitions for modifications to the offer.

Making the Job Offer and Getting Acceptance

Once the offer is made and depending on the person's current situation, the question perhaps should be asked of the candidate, "How do you think your current employer is going to react? How would you respond to a counter offer?"

Explore the candidate's opinions to help decrease the chances of him or her accepting a counter offer if one is made.

The candidate may need some time to process accepting the offer. If the process has been done well to this point, considerations by family members have been dealt with. If not, then the chances of the person not accepting the offer are higher. So make sure the family is involved early in the process; don't wait until a job offer is made to see if the spouse and kids are behind the move.



A reasonable amount of time for someone to consider an offer would seem to range from a couple days to a week.

Setting Performance Expectations and Performance Review Periods

As part of the candidate's accepting the position, the Board's Executive Committee should have addressed performance expectations and periodic reviews with the candidate. No wise candidate will accept a position without knowing what will be expected of him or her, the metrics involved and the process for performance reviews.

Integrating the New President and Family

The new president and family will transition and integrate into the new community easier with the Board's assistance. Perhaps another spouse with a similar family situation can "befriend" the candidate's spouse and help make introductions to doctors, school or friends.

A real estate agent can be found. Information on the community can be provided to assist in finding a home near the right schools. Perhaps some social occasions can be arranged to introduce the candidate and spouse to other members of the senior management team and their spouses. Maybe another family has children of a similar age so the kids can get acquainted.

When done right such efforts can make the transition much easier for the new president and family. If not done, the chances increase although slight, that the new residents may not like their new community, may never feel they fit in, and may want to leave.

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