

Succession Planning for Successful Leadership Transitions In Faith-Based Organizations

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Perhaps no other event in an organization's life cycle is filled with a greater sense of expectation and angst as the transition of senior leadership. In particular, the departure of the chief executive presents unique opportunities and challenges – opportunities to evaluate and re-engineer the vision and mission of the institution - challenges of ensuring continuity and viability of current operations and future services. There is heightened risk when the CEO leaves, even under the best and anticipated of circumstances.

Executive transitions in general, and the specific genre of nonprofit succession planning, recently have received increased attention. Stemming from the work of writers such as William Bridges (DeCapo Press, 1991) and Thomas Gilmore (Jossey Bass Press, 1998), a consensus began to arise during the early 2000s about the crucial role succession planning plays in the nonprofit world. Some like Francis Kunreuther in *Up Next: Generation Change and the Leadership of Nonprofit Organizations* (Annie E. Casey Foundation, 2005) began to study the effect of the generational change from the retiring Baby Boomers to Generations X and Y. The social movements of the 1960s and 1970s catapulted Boomers to the leadership of the surging number of nonprofits, as detailed by Tom Adams in *Founder Transitions: Creating Good Endings and New Beginnings* (Annie E. Casey Foundation, 2005). Today many are reaching retirement age, but find it difficult to leave. Inadequate retirement savings, lack of planning for life after retirement, the dependence of the organization on the senior leader and the recognition that little time and resources have been invested in developing the next generation, all conspire to limit successful transitions for both leaders and their organizations.

Several succession researchers have focused on this sector of business and service. Among the findings are the insights of Tom Adams at NeighborWorks, Compass Point Executive Transitions, the Annie E. Casey Foundation, and several others. This challenge has received such scrutiny that leading academics and industry leaders founded the Leadership Transition Institute in Washington DC in 2013. Multiple studies agree that nonprofit executives are expected to leave at an unprecedented rate over the next five years *Sustaining Great Leadership: Succession Planning for NonProfits* (First Nonprofit Foundation, 2010). Recently, Vanderbloemen and Bird have applied these insights to the pastoral world where the rate of turnover in senior church leadership has increased dramatically (*Next: Pastoral Succession that Works* Baker Books, 2014). A more detailed list of publications and related resources can be found in the Appendix of a free publication available from Dingman.com titled "Executive Leadership Transitions".

Succession in faith-based institutions is particularly challenging since these entities depend heavily on leadership for vision, direction, operations, communications and fund raising. In these settings, the CEO is the face and identity of the institution's presence as well as the catalyst for fulfilling its mission. Historically such organizations take on the persona of the senior leader. Perhaps it is the need for a "divine call" or the realities that such organizations usually require leaders of significant talent, conviction, commitment and sacrifice that make the CEO



role of a faith-based organization so critical. All of these factors are converging to create a “perfect storm” – an unprecedented need for succession planning to address the growing demand for qualified leaders.

Having worked with over a hundred governing Boards, we at the Dingman Company rarely see effective succession planning. However, one noted example occurred in 1993. We were given permission to share these specifics. Almost twenty years prior, Wally Erickson, president of Compassion International, spotted a young man doing ministry with Compassion in Haiti. He believed he had found his successor. Over the next two decades, Wally mentored Wess Stafford providing him with a number of strategic roles including the Chief Development Officer and Assistant to the President. During that time, Wess was not told he was being prepared to lead Compassion into what would be one of its most significant eras of growth and service.

Other positive examples of past clients include a university president, who knowing in a few years he would retire wanted the Board to identify potential candidates. They hired our firm to research some future candidates who would fit the ethos, vision and mission of the school. Even though the Board would make the final decision as to who would be selected, the incumbent wanted them to have the advantage of identifying possible successors. Similarly, there was a president of a large Christian organization who each year when his performance review was done gave the Board a list of two internal and three external names to consider in the event of the need for a CEO search.

By contrast, we have conducted leadership searches where Boards have told the CEO they wanted a person in place to serve as a potential successor. In two cases, however, the CEO required that their assistants be candidates - neither became the president. Sometimes what a Board desires is not whom the CEO prefers.

Rarely has a Board or CEO talked with us where they purposefully groomed a successor - except in cases where it might be the founder's son. Sometimes there are internal candidates who appear to be the safest choices since they are a known quantity. However often these candidates do not possess the breadth of experience in and beyond the organization to be well prepared for the senior role. As a result, frequently internal candidates are unable to move the organization into a planned future that builds upon but is not limited by their own experiences within that organization.

Despite the challenges, intentionally orchestrating leadership successions can be one of the greatest opportunities to re-energize vision, adapt mission, assess current conditions, re-engineer structures, strategically reallocate resources and deploy the right people for God's next season of ministry and service. A leadership change provides a unique opportunity to assess the current and future viability of the organization including its mission relevance, functions, operations and structures. Effective transitions require focused attention to the “fit” between the organization's current needs and future opportunities with the skill sets, experiences and dispositions of its leadership.

Succession planning also can provide the opportunity to examine and strengthen Board governance and the critical relationship between the Board and the CEO – factors emerging as among the most important in successful leadership transitions. When mission drift, operational dysfunction or other crippling crises occur in organizations it is not unusual to find the root

causes to be in the unclear relationships between the governing Board's expectations and its CEO's implementations. We have a helpful resource titled "Governing Board Effectiveness for Faith Based Organizations" that provides a summary of best practices for organizations that may assist in examining and strengthening the essential relationships between the Board and senior leadership.

Based on the current research in succession planning, leadership development, policy Board governance and organizational effectiveness, as well as our experiences with multiple faith-based nonprofit clients, we have identified seven key questions for succession planning to help Boards and search committees with this most critical responsibility. While focused on the actual transition process, these seven queries can provide a foundation for succession planning policies, procedures and strategies that help anticipate and prepare for succession.

Space does not permit a detailed discussion of each of these questions. Additional exploration of these keys to effective succession planning, including approaches for organizational assessment, essentials for effective Board/CEO relationships, suggestions for developing leadership profiles to fit the present and future needs of the organization, preparing the current CEO for an orderly departure, decisions on using outside counsel, as well as developing and promoting from within can be found in "Executive Leadership Transitions" available as a free download from Dingman.com.



In conclusion, the changing needs of and pressures on the next generation of faith-based nonprofit executives require a new breed of leader and a new class of governing Boards. Senior leadership successions, when strategically managed, provide a providential opportunity to better serve the organization's vision and mission for the challenges and opportunities ahead.



How the Board prepares for these changes, manages the departure of current leadership and prepares for the arrival of the successor sets the standards for an organization's image, position and future ministry effectiveness. Managed well, succession planning can equip your organization for a new season of relevance. Handled poorly, it could take a decade or more for the organization to recover its momentum and distinctive contributions to the causes it seeks to serve. Ultimately, for faith-based organizations, God prepares, commissions and enables leaders. Prayerful, faith-filled and well-executed succession planning can be an important tool he uses to identify and support those leaders through whom he will advance His purposes for your organizations.

Company Profile Side Bar

Name: The Dingman Co., Inc.

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Mission: To make a positive difference in the lives of people and in organizations.

Clients: Compassion International, Christian Leadership Alliance, ECFA, Greater European Mission, Cornerstone U., Evangel U., Focus on the Family

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