

## ARRIVALS AND DEPARTURES OF EXECUTIVES: Adapting Best Practices for Christian Nonprofits

Current crises are exposing weaknesses in current executive-level leaders for Christian organizations. Many Christian organizations therefore will face transitions among their highest executives. How should organizations' Boards of Directors manage these transitions?

### **Authority**

The first issue for the Board is to identify who has the authority to supervise, evaluate, discipline, discharge and, ultimately, replace an executive. Senior executives often report only to the Chief Executive Officer, leaving the CEO in the role of disciplining, discharging, and even replacing the executive. The Board might only have authority to replace the CEO him- or herself. In some hierarchical church organizations, the Board might have limited authority even over the CEO. Other church bodies might have the right to weigh in with regard to replacing a CEO. Bottom line: Check the organization's bylaws and other constitutive documents.

### **Displacing an Executive**

If issues such as a global pandemic, racial unrest, and political turmoil have exposed an executive's weaknesses in key areas, the Board might need to explain the executive's failings and either encourage or, possibly, compel the executive's separation from employment. Review any employment agreements and past practices between the Board or the organization and the executive. Does an employment agreement specify metrics to measure performance? Have past evaluations praised the executive for skills you have now determined the executive lacks? The Board might need to define the executive's failings in greater detail. Bottom line: Check the executive's employment agreements and past evaluations; confer with Board members or supervisors who have communicated with the executive on performance issues in the past.

### **Severing an Executive**

Many executive employment agreements specify the terms of separation. Again, review the agreements and past practices. Crucially, choose carefully who will communicate with the executive concerning performance issues or the termination of employment. Some Board members may be too friendly with

the executive to strike the right tone; others may be too hostile. Always focus on the organization's needs and the executive's demonstrated performance.

### **Recruiting a Replacement**

Before immediately appointing a Board member or elevating an internal candidate, pay attention to the entire set of skills a candidate would need to be successful in the executive role. Consider the Statement of Faith, the values, and the mission of the organization.

Boards seeking a diverse executive team should make searches as broad as possible. Executive recruiters would present a variety of qualified candidates to the Board.

Bottom line: Prayerfully consult the Board and the organization's cultural commitments.

### **Negotiating with a Replacement**

Once you identify a desirable candidate, the candidate might insist on a written agreement, rather than a simple at-will engagement. A written agreement of some kind is common practice, but you should seek experienced, professional advice in preparing the agreement.

Bottom Line: Although some argue that every employment agreement must specify employment for a term of years, this is not true. Candidates for executive positions might be satisfied with carefully drafted severance provisions and other protections for compensation and benefits. Because state standards vary for the terms and conditions of employment, as well as for issues such as restrictive covenants, drafting an executive agreement requires legal expertise and the Board should consult counsel in the course of negotiations.

\*\*\*

*Reprinted with permission  
John Wylie & William Wright  
Sherman & Howard L.L.C.*