



Generating Change:

Crisis Averted: Supporting Leadership Transitions

Challenge:

Help a nonprofit in crisis manage executive transition for a successful turnaround

Approach:

Provide expert consulting support to help board and new executive director navigate the transition

Investment:

\$40,000 for consulting services*

Result:

Organization on the brink of closing is now sound and effective

Players:

Annie E. Casey Foundation, Maryland Advocates for Children and Youth, TransitionGuides

It's cause for alarm for every funder: A trusted, long-term nonprofit partner organization comes to you on the verge of collapse. What do you do?

For the Annie E. Casey Foundation, this situation arose when Advocates for Children and Youth (ACY) in Baltimore, Maryland, lost considerable funding and was struggling with the departure of its CEO. "ACY is a key component of our Kids Count program [a national database of indicators on the well-being of children]. They are an important partner in our work and help keep issues surrounding Maryland's vulnerable children and families in the forefront," explains Rafael López, the foundation's associate director of talent and leadership development.

"When the board president and vice president approached us, they were up front about the massive decline in funding and the need for transition. We saw the importance of supporting the board and the new executive director, and we wanted to help them in planning for the transition and conducting their search."

The Casey Foundation provided significant funds to help with immediate debt relief, but it also made much smaller—yet more strategic—investments in consulting support via its long-term partners at TransitionGuides and Community Wealth Ventures..

A Valuable Ally in Trying Times

Don Tebbe, a partner at TransitionGuides, has been working on executive transitions since 1995. In 2000, he met Tom Adams, another transition consultant who was working on a project with the Casey Foundation. The two launched TransitionGuides in 2003 and now provide organizational sustainability planning, succession planning and executive search to nonprofits.

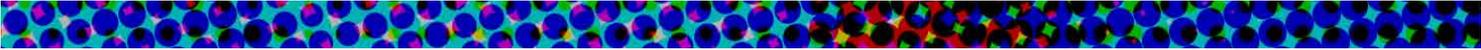
"Executive transitions are an opportunity for us to work with organizations at pivotal moments and increase their capacity to leap forward," says Tebbe. "It's not just about conducting an executive search, it's about helping them deliver on their missions."

Why Invest in Succession and Transition?

"The composition of talent in our field is changing daily. We need to be supporters of organizations that do the hardest work on the ground, and we must recognize infrastructure changes as critical. Our field historically sees professional development as a luxury, but you can't address the toughest challenges without leaders to drive change."

— Rafael Lopez, Annie E. Casey Foundation

* Supported services from TransitionGuides and Community Wealth Ventures



In Their Words:

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— Don Tebbe
Partner
TransitionGuides

Providing consulting support for the board was a key first step to strengthening the leadership capacity of the organization. Tebbe worked with the ACY board to determine the best way to stabilize the organization and its management, including bringing in an interim director to provide more time for thoughtful planning processes in advance of the executive search.

“ACY has a really good board of directors. They’re smart, well connected and diligent,” says Tebbe. “We helped them come to terms with ACY’s recent history so they weren’t making decisions in reaction to that experience. We defined the position according to their vision of the future, then began a search process that resulted in a good pool.”

Within that pool was Becky Wagner, a veteran executive director whom TransitionGuides had helped place in another position a dozen years earlier. Knowing TransitionGuides, she trusted its perspectives despite the grim outlook.

“What I like about TransitionGuides is that I felt I could be perfectly frank and they would make sure my concerns were addressed,” says Wagner. “I always felt that they were a resource for me during the process. I talked to Don about my strategy and expectations for salary and other issues, and he gave me honest feedback and answers. It was a very transparent process.”

Supporting the Turnaround

Wagner accepted the executive director post in 2011 with her eyes wide open. “After my first interview, I asked for financials and did my due diligence,” she recalls. “My response was, ‘Yikes!’ but I thought it interesting that the board’s commitment to the organization was so intense that they were willing to still try to move forward. The work was just too important to fail. That

strong commitment appealed to me. In the next round of interviews, our discussions were about what the next steps were for the organization. I was impressed that a member of Casey Foundation staff sat in on my interview.”

The day Wagner started as executive director, ACY had enough cash to make one payroll, a fully tapped-out line of credit, no reserves and \$200,000 worth of debt.

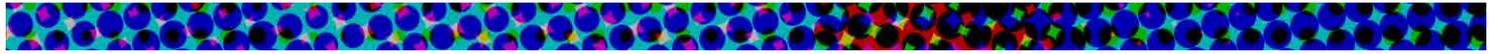
Luckily, the support of TransitionGuides didn’t stop once Wagner took her new post.

“TransitionGuides had me draft a 90-day plan and served as a resource to me. They also were able to help me understand staff perspectives. It was great to just pick up the phone and think out loud with Don about conversations around the past of the organization and how to navigate those with partners and funders moving forward.”

“Once a board has made its decision, it’s important to help the organization get ready for the new hire,” says Tebbe. “We take a look at how the board will create a high-quality relationship with the new executive director. In this case, we didn’t have to do a lot, since Becky is such an accomplished leader and gifted connector of people. She had a daunting challenge in terms of fundraising, but she jumped right on it.”

Wagner had a number of adjustments to make, having moved from a 117-person direct service organization that she describes as “loud and chaotic” to a small organization that was “quiet, focused on research and advocacy.”

“The staff was very dedicated and hard working, but it took awhile to earn their trust and convince them that we were going to do what we needed to do in order to continue our good work for kids. It was sort of like breathing life into the organization again.”



In addition to support from TransitionGuides, the Casey Foundation also helped Wagner and ACY with support from Community Wealth Ventures, another consulting firm, which helped with plans for fund development, staffing and stakeholder engagement. “We thought it was important to have the assistance of a neutral third party as she was coming on board,” explains López. “From our perspective, it was a three-pronged approach: support to the board, support for the search and technical support for the new executive director. We also provided a financial transition package to help with debt relief, so ACY ended up with support from multiple places.”

Meanwhile, TransitionGuides continued to provide support to the ACY board. “There’s always some component of board education and development in these transition processes,” says Tebbe. “The board has as much to do with the success of an executive director as that executive director does. Helping the board get clarity about what kinds of changes need to be made is key.”

More than Just Survival

Today, nearly one year after Wagner’s arrival, ACY has turned around and can go in new directions without being tangled in the past. “I met with a funder last week and had a wonderful conversation,” says Wagner. “It was great because I finally was able to talk past the apologies of the prior year.”

López also says that relationships between ACY and other advocacy groups in the state have strengthened, and the organization’s partners report a new sense of commitment and purpose.

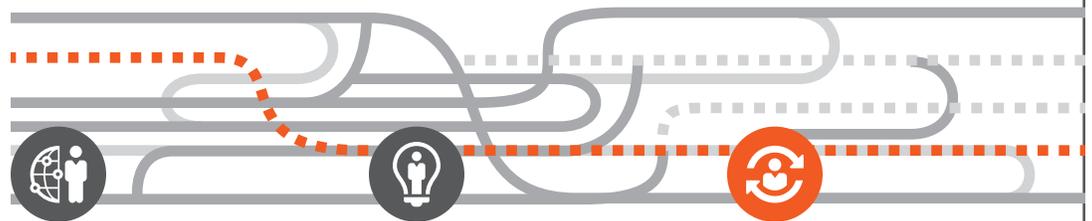
Although the Casey Foundation has done no formal evaluation of this work, López is pleased with the outcome. “The most significant result is that [ACY is] open and advocating for children and families,” he says. “This organization was in dire straits. They had done good work but were severely fractured. They needed financial and organizational development support badly, and we knew that if we didn’t help, there would be no ACY. I’m thrilled that we were able to support the board in making strategic decisions.”

“Executive search on its own is a good service, but it’s also risky,” Tebbe advises. “Two studies on the search industry found that 40 percent of executives they place are gone within 18 months. That’s why it’s important to pay attention to more than just the search, to not rush into it or hire in reaction to the outgoing leader. Transition should allow for a thoughtful process and be done with an eye toward the future and a new direction. The process used with ACY reflects an excellent ‘stick rate’—more than 90 percent of executives stay three or more years.

“The Casey Foundation’s example is a good one: If you really care about the quality of leadership among grantees, help them plan better for succession and transition. Help them prepare, manage and follow through with successful transitions to get the new leadership off to a great start.”

The Nonprofit Talent and Leadership Development Pipeline

“Reengagement” is just one of seven stages in the nonprofit talent and leadership development pipeline identified by Emerging Practitioners in Philanthropy. Each stage of the pipeline offers myriad ways for funders to support the future of the nonprofit sector. Learn more about each stage at:



Filling the leadership pipeline

- Recruitment
- Retention

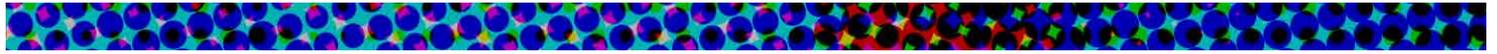
Developing and harnessing leadership talent

- Development
- Realignment
- Renewal

Transitioning and reengaging seasoned leaders

- Succession and transition
- Reengagement

epip.org/genchange



Lessons Learned

- **Potential new leaders should be frank about personal goals.** “People have to fall in love with the mission of an organization,” says Wagner. “If you’re just trying to fit in, it won’t work. Spend some time to explore if this is the right person in the position so that the person and organization both thrive. You need to be honest and frank. Outside consultants like TransitionGuides can help you think through that.”
- **Funders should be part of the conversation.** “The folks at Casey encouraged me to pick up the phone and holler if I needed to,” says Wagner. “They made an investment in ACY and really wanted it to work. They were willing to talk through the issues to make that happen. I think if funders are going to invest in a transition, then they have a right to know what the consulting group is doing to conduct a deep and worthy search to find the right candidate. They also have the right to do a check-in with the new ED. They should establish those relationships and keep them.”
- **Be prepared for change.** “Change is inevitable, especially in the social sector,” says López. “If we’re going to solve problems, you need results-based leaders in place who are agents of change, willing to take risks and take on disparity. To do that, you need to be prepared for change.”
- **Transitions take more time than anyone expects and are more difficult than anticipated.** The support needed for new leaders and remaining staff must continue to be a funder’s priority, says López. After a new leader is hired, there still are challenges in navigating new relationships between that leader and the board.
- **You can get a big bang for small bucks.** “For a relatively small investment like our transition support for ACY, you can really get an important bang for the buck,” explains López. “Supporting an organization with \$10,000 to \$15,000 for the right consultant, at the right moment in time, may be all that’s needed to help them get on track.”

Three Types of Succession

Tim Wolfred, in *Building Leaderful Organizations: Succession Planning for Nonprofits* (CompassPoint 2008), suggests the need for three different types of succession planning based on three different scenarios:

1) **Strategic leader development** is an ongoing practice of identifying the leadership and managerial skills necessary to carry out an agency’s strategic vision, recruiting and maintaining talented individuals who have or who can develop those skills.

2) **Emergency succession planning** ensures that key leadership and administrative functions as well as agency services can continue without disruption in the event of an unplanned absence of a leader.

3) **Departure-defined succession planning** is recommended when a long-term leader has announced his or her departure date two or more years in advance.

Learn More

Find out more about how foundations are supporting succession and transition for nonprofit leaders at:

epip.org/genchange
aecf.org
transitionguides.com

This case study is part of **Generating Change**, an initiative designed to illuminate, inspire and activate the funding community to invest in talent and leadership development in grantee organizations, across networks and sector-wide. Generating Change is an initiative of Emerging Practitioners in Philanthropy, a project housed at the Tides Center. Founded in 2001, EPIP builds extraordinary new leaders for foundations and the communities they impact.