

IMMEASURABLE - CCI-CANADA - 2016

EXIT STRATEGIES:

Preparing for a Leadership Change

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INTRODUCTION

- **Critical Nature of the Succession Decision**
 - Many experts say succession is the most significant decision a board makes.
 - Get this wrong and everything else is in trouble – get this right and everything else has hope.
 - “A board's single most important contribution is the selection of an organization's leader. This one task is actually more important than all the other tasks of the board put together.” Max DuPree
- **Why Organizations Do Not Address the Transition Issue**
 - Why might the CEO want to avoid the discussion?
 - Too Busy with day-to-day issues
 - Don't want to start the board thinking about a change
 - Don't want to face their own mortality
 - Why might the board want to avoid the discussion?
 - Transition can be hard work
 - Transition can be contentious
 - Easier to focus on immediate issues
 - No incentive – no motivation to tackle a tough issue before it is needed
- **Every CEO is an Interim**
 - The CEO should hold his or her position responsibly
 - Working hard
 - Assuming the longest-term perspective (Avoiding impunity – opening options)
 - Assuming the broadest perspective (Implications and impact)
 - Hiring a strong team
 - Challenging and developing everyone
 - The CEO should hold his or her position loosely
 - Humbly – honor to serve
 - Objectively – where is my identity?
 - Willing to do what is best for the organization rather than what is best for himself or herself.
 - Strategically
 - Am I still fully engaged?
 - Are my strengths (that brought us this far) the same tools that will be needed in the future? (Founder v Developer)
 - Where are we in the corporate life-cycle?

SUCCESSION CULTURE

- **A Pervasive Culture of Personal and Professional Development**
 - Ministry to campers and staff – Jesus – 5,000 and 12
 - CFO – What if we pay for all this staff training and they leave?
 - CEO – What if we don't and they stay?
- **Why camps are a wonderful place to develop leaders**
 - Close personal relationships
 - Intense work/life interface (Role Models)
 - Immediate feedback (Good place to make mistakes)
 - Incremental Advancement (Good place for challenge and growth)
 - Spiritual focus
- **A Specific Development Plan Within the Top Management Team**
 - Capacity
 - Self-Awareness
 - Knowledge
 - Experience
 - Emotional Strength
 - Empathy
 - Trust
 - Competency
 - Character
 - Consistency
 - Shared Emotional Experiences
 - Transparency
 - Vision
 - Clear Direction (Ability to say 'no')
 - Worthy Goal
 - Wise Timing
 - Unifying Focus
 - Godly Outcomes (and Process)
 - Inspiration
 - Embodiment within the leader
 - Communication skills
 - Valuable Benefits (Desired Change)
 - Energy
 - Honorable Use of Legitimate Power
- **What Personal and Professional Development Includes**
 - Modeling Quality Leadership
 - Honoring Strong Followers
 - Providing Structured and Challenging Growth Opportunities
 - Sharing Planning, Decision Making and Problem Solving Responsibilities
 - Accountability and Rewards for Outcomes and Process

- **How Personal and Professional Development Works (I Timothy 3:1)**

- Aspiration — Stretching
- Office — Responsibility/Position
- Desires — Moral and Ethical Tests
- Noble Work — Service of Others

DEPARTURE ISSUES

- **Unexpected Departures**

- Called to a new position
- Professional Problem – Termination
 - Money management
 - Time/Project Management
 - People Management
 - Failure to Perform up to Expectations
 - (This is a Board hiring problem – shared blame)
- Personal Problem – Termination
 - Moral failure
 - Interpersonal Conflict
 - Other
- Personal Problem – Resignation
 - Health Issue
 - Family Issue
 - Death

- **Anticipated Departures**

- Retirement
- Anticipated life changes (parents – children – grandchildren)
- Term-Limit (Denominational Moves)

- **Transition Preparation**

- **Simple Plan**
 - One – three pages
 - Simple statements about what should happen
 - A guide – not a master
 - Reality will look different in the moment
- **Short-term Plan**
 - Who will step into the day to day leadership on an interim basis?
 - Staff member?
 - Board member?
 - Outsider?
 - How long will they serve?
 - Set time? (3 months – 1 year – 2 years)
 - Until a trigger? (Next board meeting – search concluded)
 - What can he or she do and not do? (Authority and Limits)
 - Same as Full-Time CEO?

- Limited Authority?
 - Spending
 - HR Decisions
 - Programs
 - Communication
 - Other
 - To whom do they report?
 - Full Board?
 - Board Chair?
 - Transition Committee?
 - **Long-term Plan**
 - Who will lead the search?
 - How long will it take?
 - What steps will be followed?
 - (See Selection Section)
- **Related Details**
 - Severance Salary
 - Benefits
 - Over time or lump sum?
- **Honoring the Former CEO**
 - Trust God
 - Avoid burning bridges
 - Err on the side of over-honoring

SELECTION ISSUES

- **Prayer**
- **Search Committee**
 - Size (3 – 7)
 - Make up
 - Board Chair?
 - Staff?
 - Church/Representative Leaders?
 - Founder?
 - Departing CEO?
 - Responsibility Clear
 - Decide or Recommend?
 - How many?
 - By when?
- **Consultant/Search Firm**
 - To conduct the search? (On going)
 - To advise about the search process? (One time meeting)
- **Process**
 - Develop Position Profile
 - Desired

- Acceptable
 - Unacceptable
- Announcement and General Advertising
 - Profile
 - Closing Date?
 - How to respond
 - Confidentiality
- Pursuing Specific Candidates
 - Would you pray and consider?
 - Do you know anyone?
- Screening Applicants (Against the Profile)
- Reference Checks
 - Specific Questions to ask each Reference
 - Seek secondary References
- First Interview
 - Specific Questions to ask each Candidate
 - What have you done in similar circumstances?
 - Off Guard Questions – See how they respond
- Finalist(s)
 - We tend to see the best in candidates and obscure their weaknesses
 - We tend to assume the strengths of the current CEO and hire to cover his or her weaknesses
- Possibly Additional Interviews
- Presentation to the Board for Further Interview(s)
 - One at a time
 - Group process (2-3-4-5)
- Selection
 - Compensation Details
 - Acceptance
- **On-Boarding**
 - Welcome – CEO (and Family)
 - Announcement
 - Office set-up
 - Introductions
 - Staff
 - Donors
 - Key Stakeholders
 - Support during the first few months
 - Honoring the Past

TRANSITION ISSUES

- **Document Review**
 - Position Profile
 - Job Description

- Key Organization Document
- **Management Details**
 - Budget
 - Search Process
 - Double Salary and Benefits (Current and New)
 - Schedule
- **Severance Issues**
 - How Much?
 - How Long?
- **Compensation Issues**
 - Salary
 - Benefits
 - Time-off
 - Other
- **Board/CEO Relation**
 - Member or Non-Member of the Board
 - Voting or Non-Voting Member
 - Communication Expectations
 - Board Chair/CEO Relationship
- **Unique Issues of a CEO's Death**
 - Support for widow(er)
 - Emotional
 - Financial
 - Housing?
 - Role for widow(er)
 - Staff Position
 - Influencer

CONCLUSION

- Transition will Occur – Be Ready
- Develop a Culture of Personal and Professional Development
- Help People Leave Well
- Select Prayerfully, Thoroughly and Objectively
- Help him or her be successful in the first few months