

Report on Perspectives on Executive Succession in Nonprofit Organizations

**A Nonprofit Seminar sponsored by the
Center for Nonprofit Strategy and Management**

School of Public Affairs

Baruch College

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Featured Panelists:

Greg Farrell, President, CEO and founder of Expeditionary Learning Schools, Outward Bound

Rita J. Stella, Director of Vocational Services, Easter Seals NY

David Hinsley, Cheng, Managing Partner, DRG

The Center for Nonprofit Strategy and Management at the School of Public Affairs presented a seminar on "Perspectives on Executive Succession in Nonprofit Organizations." This event took place on March 19, 2008, at the Newman Conference Center, Baruch College. This seminar was jointly organized with the Alumni Association at the School of Public Affairs.

To address this important topic there were three engaging panelists:

- Greg Farrell, President, CEO and founder of Expeditionary Learning Schools, Outward Bound
- Rita J. Stella, Director of Vocational Services, Easter Seals NY
- David Hinsley, Cheng, Managing Partner, DRG

Succession planning is an important issue in planning and preparing for the change of executive leadership within organizations. Succession planning is an opportunity for the organization to redefine its new direction and find the qualities that the new leader needs to possess in order to reach that vision.

Mr. Cheng stated that 'nonprofit organizations are not planning well for succession'. A national survey in 2006 asked Executive Directors in nonprofit organizations if they are planning to leave and if so, has there been a succession plan developed. The results stated:

- 40% had a succession plan and were planning to leave within two years or less
- 60% have engaged in no communication regarding succession planning

This survey indicates that nonprofit organizations are not prepared for the potential upcoming transitions. This could provoke the thought that organizations are not preparing because they are optimistic that things are going well at the moment, and will continue this way. However, succession planning within organizations needs to have a more strategic focus and be given higher priority.

Other sectors in our society clearly see the importance of succession planning. The US army trains more leaders than any other institution in the world. They have clear succession plans, and they ensure that their leaders are in the right position and have the tools to do the job effectively. The corporate sector in 2004 spent \$6.5 billion dollars on executive level training. This is an example of why the nonprofit sector also needs to place an emphasis on the importance of succession planning.

From the time an executive places their resignation, to the time it takes to have a new executive in place; an average of 4-6 months can pass. This is a substantial amount of time that will leave a void and potentially many lost opportunities in terms of revenue development, marketing positioning, and organizational branding.

In order to efficiently carry through the recruitment process, there are many qualities and experiences that an organization should look for when selecting their new leader. Ms. Stella, speaking in her former role as chair of the board of a community based housing organization that went through an executive director transition, stated that “these can be broken into three tiers of expertise:

1. Fundraising and management
2. Industry specific knowledge and entrepreneurship
3. Communication skills and leadership”

An initial search strategy could be for the board to distribute a survey to the staff in order to gather information on who they would like to see take over the new executive role. This would engage and motivate the staff through their involvement in the process, as well as providing focus and direction to the board.

To ensure a successful transition, it is best that the outgoing executive creates a transition guide. Mr. Farrell, who is the founding, and now retiring, CEO of the Expeditionary Learning Schools of Outward Bound, stated that “this guide should highlight current organizational contacts, grant organizations, board structure and management, staff development and all other major challenges and issues”. With the transition it is especially important to inform the incoming executive of the current relations with the Board, whether it is active or inactive and how to motivate and engage them. This transition guide will provide the new executive with an articulated overview of the organization, and help them transition into the organization in a smooth and effective manner.

Some executive leaders think they know the organization better than anyone else, and should allow a minimum of 3 months to transition their role to the new Executive. This is not advised and could be more harmful than helpful. Once the executive leaves their job, it is

best to ensure some distance between the new leadership and the old leadership; this allows the new person to stand on their own feet and lead the organization.

Recommendations for Transitions:

1. Have a 12 month plan for the potential departure of an Executive
2. Who will be involved in the search of the new Executive? What role will the board, staff, volunteers, search committee, or Executive Director play?
3. Create a separate strategy of planned and unplanned departure.
4. Integrate HR into the developing, training and retention of upper level or mid-level staff.
5. Require the Executive to take an active role in mentoring the senior or mid-level staff
6. Outline the role of the Executive during the search process
7. Define when the Executive will officially step down

Biographies of the Speakers:

Greg Farrell

Greg Farrell is President, CEO and founder of Expeditionary Learning Schools, a division of Outward Bound, the non-profit adventure and service education organization. Expeditionary Learning Schools is a comprehensive design and program of teacher development for creating and improving public elementary, middle and high schools by emphasizing academic rigor, learning by doing, and a school culture that brings out the best in everyone. Expeditionary Learning Schools now comprises a national network of 160 schools in 30 states, the District of Columbia and Puerto Rico. These schools are almost equally divided among elementary, middle and high schools, are located primarily in low-income neighborhoods in cities and rural areas, and involve over 45,000 students and 4,300 teachers. Expeditionary Learning doesn't operate or manage these schools; it partners with individual schools and school districts to prepare their faculties and reshape their structures to improve instruction, school culture and student learning and growth.

Previous to his joining Outward Bound in 1990, he was for 20 years Executive Director of the Fund for the City of New York, a private operating foundation and public charity established by the Ford Foundation in 1968 to help government and non-profit agencies improve the management of public services and the quality of life in New York City. Before that (1967-70), he served as Assistant Commissioner of the New Jersey Department of Community Affairs, and was a visiting lecturer at the Woodrow Wilson School of Public and International Affairs at Princeton University and at the New School in New York City. In

the mid 1960's he was executive director of United Progress, Inc., the Trenton, New Jersey Community Action (anti-poverty) Agency. Before that, in reverse order, he was a reporter for The Trenton Times, assistant director of admissions at Princeton University, a private in the U.S. Army and a high school English teacher at the Punahou School in Honolulu.

His publications include one book: A Climate of Change: The New Haven Story, New Brunswick, Rutgers University Press, 1965; and several articles and book chapters: "Creating Small Urban Schools: Expeditionary Learning as School Reform" Urban Education With An Attitude, Greg Farrell and Michael J. McCarthy, State University of New York Press, 2005; "Expeditionary Learning Schools: Tenacity, Leadership, and School Reform" Leadership Lessons from Comprehensive School Reforms, Corwin Press, 2003; "The War on Poverty: Where To Now?" New City, Chicago, The New City Foundation, 1967; "Resources for Transforming the Ghetto" The Schoolhouse in the City, Alvin Toffler, ed. Frederick A. Praeger, 1968; "The View from the City: Community Action in Trenton" On Fighting Poverty, James Sundquist and Connie Schelling, ed. Basic Books, Inc. 1969; and "Helping Government Do Better with Less" Public Papers, Fund for the City of New York, Vol. 1, No. 1, January 1982.

He has a B.A. from Princeton University in 1957, was a Ford Foundation Fellow in Urban Affairs at Rutgers, 1962-63; and a Loeb Fellow in Advanced Environmental Design at the Harvard Graduate School of Design in 1970-71.

He is married to Catherine Farrell, has two sons ,Andrew and Nicholas, and lives in Brooklyn, New York.

Rita J. Stella

Rita J. Stella entered the nonprofit world in 1998, after leaving a successful career as a children's clothing designer. It was Rita's volunteer experience on seven different boards that lead to a career change into employment training services.

Rita became the Director of Vocational Services at Easter Seals New York (ESNY) in September 2005. She currently manages the ESNY Senior Community Services Employment Program (SCSEP) which serves over 600 participants a year. SCSEP is legislated under the Older Americans Act with the dual goals of increasing the economic self sufficiency of unemployed individuals 55 years of age and older, as well as increasing community resources by placing participants in internships in non profit organizations.

Earlier in her nonprofit career, Rita was the coordinator of an employment program that served homeless individuals. It was during that time that she became the chairperson of Neighbors Helping Neighbors (NHN) a small housing non profit in Brooklyn. In her fourth year of service, Rita led the board through a successful Executive Director change.

Rita earned a Bachelor Degree from Marymount Manhattan College. She was selected to be part of the first cohort of the United Way Senior Leadership Fellowship and received a

Master of Public Administration degree from Baruch College. Rita recently completed the Public Private Ventures Leadership Academy.

David Hinsley Cheng

David Hinsley Cheng, is the Managing Partner of DRG Inc, a national retainer-based executive search firm that has specialized in recruiting for the nonprofit sector since 1987. Headquartered in New York City, DRG works throughout the United States conducting searches and consulting assignments with nonprofit organizations and institutions from a wide variety of fields.

At DRG, David conducts searches nationally for chief executive officers and C-suite staff executives. While he has worked within all sectors of the nonprofit sector including human services and advocacy organizations, David's practice has centered on working with boards of national voluntary health organizations, grant making foundations and hospital foundations.

Prior to joining DRG in 1995, David served as a nonprofit executive and board member to organizations such as Artists Space, H.T. Dance Company, and The Center for Modern Dance Education. David is a TAAC Fellowship Recipient for Talented Arts Managers and served as a panelist for the New York State Council for the Arts Dance Partnership Program.

As DRG's Managing Partner, David also oversees the firm's daily operations, marketing, and branding efforts. He has also been an invited speaker at the national conference for

Association for Fundraising Professionals and for the New York University School of Continuing and Professional Studies.

A graduate of New York University, David holds academic degrees in both Economics and Political Science.