

BoardSource®

Five Leadership Transition Types

When an organization faces a chief executive transition, the first step the board must take is to identify what type of transition the organization is facing.

The type of transition influences the challenges involved and the ultimate strategy the board will adopt to **manage the process**, as well as what issues it needs to address in order to ensure that the new executive can start the job on firm footing. Below are five classic transition types and their associated key challenges.

Type 1: Sustained success

- The organization is well-led.
- Most of all components are performing well or at an exemplary level.
- Transition discussions are peppered with comments such as, “We can’t afford to miss a beat.”

Key challenges for the board

- **Resist the temptation to try to find someone just like the departing executive.** The skills, abilities, and attributes that got the organization where it is today may not be what it needs to move forward. The board should be asking where the organization is headed and what kind of leadership it needs to get there.

- **Take a hard look at the executive's responsibilities and workload.** The board should make every effort to make sure the executive job is doable and aligned with its strategic goals.

Type 2: Underperforming organization

- The organization may be performing poorly or it may have peaked and could start to decline without a change in strategy.
- Funders, board members, and key staff may be wondering if the organization is doing enough and if its work and strategies have “gone stale” and need to be revitalized.
- Transition discussions usually include worrying statements about the organization's business model or operating methods.

Key challenges for the board

- **Diagnose the problems.** The main challenge in this situation is to properly diagnose the underlying issues facing the organization and to make sure they are addressed during the transition.
- **Reorient the executive's job to fit the organization's needs.** Underlying questions about the organization's work and approach should be considered in the **design of the incoming chief executive's job** and the preparation of the organization to work more effectively with a new executive.

Type 3: Turnaround

- Organizational performance has reached a perilous state.
- External conditions may have deteriorated, causing a decline in support or a surge in demand for services that the organization cannot meet.
- Alternatively, mismanagement or a scandal involving the organization may have caused a crisis in confidence and morale.

Key challenges for the board

- **Stabilize the organization.** Whatever the challenges or the precise situation facing the organization, it must be stable before deep transition planning can begin. The board needs to acknowledge the crisis, understand the underlying factors, and meet them head-on. Sometimes, the challenges are so severe that the best course is to **merge with or be acquired by a stronger organization** that can provide new resources, a sound infrastructure, and a broader reach.
- **Establish interim leadership.** Turnarounds are not a situation for a novice manager. The board should therefore consider bringing in a skilled **interim executive** or consultant to help.
- **Improve staff morale.** Staff can be demoralized in a turnaround situation, feeling let down by a departing executive or the board, or both. One priority for the board: limiting the turnover of key personnel.
- **Avoid the “pendulum swing.”** Often, a board facing a turnaround brought on by problems with a departing executive will try to find that person’s mirror opposite to lead the organization into the future. Instead, the board should focus on the full set of skills required to get the organization to where it believes it needs to be.
- **Be honest.** People will respect and are willing to help an organization in a turnaround when they see diligent action, honest communication, and a positive attitude.

Type 4: First hire

- The organization is a start-up or is shifting from all-volunteer management to a hired executive.

Key challenges for the board

- **Clarify the executive job.** Hiring a chief executive for a start-up or all-volunteer organization presents its own unique challenges for the board. The chief executive may be the only paid position or one of a very few. It is essential to make the job doable and one that can actually be filled.
- **Look for experience.** “First hire” executives can face intense demands. With no management structure currently in place, and with the organization’s programs and strategies not yet clearly defined (in the case of start-up organizations), the questions facing the new leader can be overwhelming. Because this can be such a risky and demanding time, the board should consider candidates with startup

experience. An alternative is to contract with a seasoned executive to help get the organization off the ground before the permanent hire is made.

- **Manage expectations.** For all-volunteer organizations, it's important to make sure the board and the volunteer base understand that having a hired executive will not lead to improved performance and greater impact overnight. The founders and volunteers of the organization also may have a hard time letting go as the new executive takes over; there needs to be an acceptance that **roles will shift and the culture may change**.

Type 5: Hard-to-follow executive

- The organization is **facing the departure of a founder**, a highly entrepreneurial executive, or a long-tenured leader (seven or more years in the role).
- The looming departure presages major change as the organization's culture, performance expectations, relationships, and perhaps even its structure are a reflection of the departing leader's thinking and personality.

Key challenges for the board

- **Ensure the organization is stable.** Faced with the departure of a hard-to-follow leader, even the most stable organization can become vulnerable. The board should assess the situation carefully, identify vulnerabilities created by the departure (e.g., lost relationships with key partners or donors), and work to address them.
- **Sort out and reassign responsibilities as needed.** A second challenge is to understand the departing executive's role and impact on the organization and to find a new home for some of that person's accumulated responsibilities.
- **Think anew about board and executive roles.** The biggest challenge for the board in these situations may be to break out of its business-as-usual mentality and to thoroughly rethink its governance role and the board-executive relationship with a new executive in place.

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