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### FOCUS ON: GOVERNANCE

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## THE BOARD'S ROLE IN SUCCESSION PLANNING

BY MERIANNE LITEMAN

Few events in the life of an arts organization are as important, as visible, or as stressful as when the director leaves. This is all the more true if the director is the founder of the organization.

How the transition to new leadership is managed reveals a lot about the director, the board and the organization. Perhaps more important, it also plays a key role in determining the organization's future.

We've all seen the results of poorly planned or badly managed leadership transitions in arts organizations. Damaged careers, disillusioned boards, dysfunctional staff relations, disaffected funders, puzzled constituents and even the demise or diminished influence of some great organizations have followed in the wake of inept transitions.

### Why Arts Boards Don't Discuss Succession

Rather than a single, dramatic change, succession should resemble a seamless flow of events that occurs over time. Like the passing of the baton by a winning relay team, the transition to new leadership in a nonprofit arts organization should be carefully planned and smoothly executed. Every organization should have a succession plan in place. Very few do.

Typically, executive directors are too preoccupied with the crush of daily concerns to devote time and energy to the question of who will take their place—especially if they aren't planning to leave any time soon. Boards, too, have full agendas without taking up the question of succession.

Furthermore, arts leaders often identify so closely with their organizations that they can't imagine the child they have nurtured through long hours of hard work being turned over to someone else. Some have difficulty giving up the status or recognition that their jobs afford them. Some are ambivalent about whether the organization actually can, or should, continue without them.

Boards of thriving arts organizations may be reluctant to raise the matter of succession, even if it occurs to them. Better to leave well enough alone for now, the thinking goes, and, like Scarlett O'Hara, leave off thinking about it until tomorrow.

Governance Centerpiece Curator: Judy Hansen, trustee, Milwaukee Repertory Theater. Copyright © 2003 by Theatre Communications Group, Inc. All articles reproduced by permission of the authors. No portion of this publication may be reproduced in any form, or by any means, including photocopying, without written permission from the publisher or author. Theatre Communications Group, Inc., 520 Eighth Ave., 24th Fl., New York, NY 10018-4156, telephone (212) 609-5900, fax (212) 609-5901, website: [www.tcg.org](http://www.tcg.org). Ben Cameron, executive director; Joan Channick, deputy director; Christopher Shuff, director of management programs; and Rachel Ford, management programs publications associate.

Yet such transitions are inevitable, and they're critical moments for an arts organization. If succession is handled well, an organization can maintain, and even elevate, its place in the arts community. If it is mishandled, an organization can struggle or even fail.

## Succession Planning Flows from a Strategic Vision

A plan for transition to new leadership can't emerge fully grown, the way Athena sprang from Zeus's forehead. For leadership transitions to succeed, they must be consistent with, and, indeed, grow out of, the organization's core strategy—its vision, mission and values—as well as a clear understanding of the organization's current status.

This strategy is best expressed through a formal plan that takes into account where the organization has been, where it is now, and where it wants to go.

With a thoughtful and up-to-date strategic plan in place, an organization has a solid platform from which to launch a successful transition effort. Without such a plan, any succession effort it undertakes will rest on quicksand.

Try this scenario on for size. The charismatic founding director of a small arts organization is slowing down. Members of the board can foresee a day when a new director will have to come in to take the founder's place. But what can they do? The director hasn't mentioned retirement, and the board isn't about to suggest that she ought to be thinking about it.

If the director herself is concerned about the organization's future, she might announce her intention to retire several months in advance of the event, giving the board plenty of time to search for a successor. If the organization has a strategic plan to draw on (or enough time to create one), it would be relatively easy to specify the education, experience, and skills the organization requires in a new director.

Alternatively, if the director suddenly decides to retire at the end of the month, or if circumstances compel her to leave with little or no notice, there may not be time for an orderly search for a new director. Still, if the organization has anticipated this contingency in its strategic plan, it will be able to move smoothly into a period of interim leadership while it searches for a permanent successor to the departed director. If there is no strategic plan in place, however, or if the plan is out-of-date, the organization may be in for a stretch of white water. Why do I keep stressing the need for a strategic plan? What does such a plan have to do with leadership transition? Everything.

A current strategic plan is essential for a smooth transition. The process of creating a strategic plan—or of reexamining and updating an existing one—offers an arts organization the chance to take a critical look at itself, reconsider its vision, assess its strengths and potential challenges, explore opportunities for growth, rethink its policies in line with current realities, and address issues that are critical for its future.

Yet while nothing is more critical for an arts organization's future than the continuity of its leadership, few strategic plans address this issue. The topic is one of the biggest “undiscussables” in any arts organization. After all, it's awkward

for the board to ask, “Who will take over if the director is hit by a bus? What will we do if she becomes physically or mentally incapacitated?” But boards concerned about their organization's future—and what responsible board isn't?—must deal forthrightly with this often uncomfortable subject.

A succession plan may or may not necessarily be part of a formal strategic plan, but even if it isn't, it should be developed with the strategic plan in mind. As we all know, the environment in which arts organizations operate can change rapidly and dramatically these days. An economic downturn can affect contributions and attendance. Changing tastes and demographics or competition with other organizations with similar goals can decrease audiences. New priorities can have an impact on an organization's ability to meet all its objectives. Growth, downsizing or turnover of key staff members can influence how well an organization performs. The appropriate strategy for an organization even a year or two ago may no longer be right for that organization today. It may require tweaking or a major revision. In any case, it has to be explored.

Board members are supposed to be focusing on the long term. They must ask themselves, “When was the last time we took a close look at our strategic plan? Are we certain it is the right plan for our organization today?” If it isn't, working on a succession plan would be like groping in the dark. Based on my experience working with a wide variety of organizations in the for-profit as well as the nonprofit world, I'd say that an annual strategic checkup, like the yearly medical exam we all know we're supposed to have, is not a bad idea.

The board should work with the staff to arrive at a shared vision for the future of the organization and then widely disseminate a statement of that vision both inside and outside the organization. This will give everyone who cares about the future of the organization a vivid sense of what the leaders want the organization to look like five years down the road, and will also suggest the qualities that will be required of a new director to lead the organization toward that vision.

Only then can you focus seriously on the question of leadership transition.

## The First Steps in Succession Planning

When is the best time to begin succession planning?

Yesterday would be good. Otherwise, as soon as possible. Developing a succession plan is like buying insurance. You don't wait until someone is sick or injured to sign up for health insurance; you do it when that person is healthy. Similarly, boards shouldn't wait until the pressure is on to begin developing a succession plan. That's when they want to be able to take the plan down from the shelf, dust it off, and implement it.

Succession planning must proceed along two tracks. One—the most obvious—is determining how to go about replacing the director or another key staff member. The other is deciding who will take over in the event of a sudden vacancy, and how that person will get the training and experience needed to fill someone else's shoes on short notice.

Hiring the right person is obviously a responsibility of the board of directors—perhaps its most critical one—but it should

not be the board's responsibility alone. While the members of the board are presumed to be knowledgeable about the organization's needs, they can't have all the information they need to make the wisest selection.

For this reason, the board should involve non-board members in appropriate ways. A board could

- ❖ invite key members of the organization's *staff* to participate in the selection process, as advisors or even as voting members;
- ❖ engage a *consultant* to help deal with what might be the unfamiliar task of selecting a new director; and
- ❖ hire a *search firm* to seek candidates who meet the criteria the board establishes and who seem likely to be a good fit with the organization itself.

Participants in the succession planning process should resist the temptation to define the ideal successor as someone just like the person being replaced. Until cloning has been perfected, no one will be "just like" his or her predecessor. And since circumstances and organizations change, it's rare that someone just like the incumbent would be the ideal successor.

Instead, participants in the process should draw on the strategic plan and answer some core questions:

- ❖ Where do we want this organization to be in two, three, or five years? What should it look like? What should it be doing or not doing?
- ❖ In what areas are we currently successful? Where are we weak?
- ❖ Who are our key current stakeholders—audiences, funders, community leaders, art critics, board, staff, volunteers? Who would we like our stakeholders to be in the future?
- ❖ How well do we meet the needs of our current stakeholders? What might we have to do differently to address the needs of the stakeholders we would like to attract?
- ❖ What are the critical issues we are facing now? What issues will we be confronting in the next two to five years?
- ❖ What changes in our environment are likely and need our urgent consideration?

Further, if a good fit is to be achieved between the unique culture of the organization and its new director, the board needs to articulate the essential ingredients of that culture by addressing such questions as:

- ❖ What are the organization's core values?
- ❖ What really matters in the organization, and why?
- ❖ What myths, attitudes and beliefs are helpful—or unhelpful—to the organization?

- ❖ What behavior gets punished, ignored or rewarded in the organization?
- ❖ What personal attitudes, values, experiences and work styles work well with this organization?

Addressing these questions up front will yield dividends when the board makes critical decisions about the skills and competencies a potential successor should possess.

Sometimes boards decide to leave such questions for the new director to address once he or she arrives. Bad idea—that's like asking the pilot to decide on a destination after all the passengers are seated.

For one thing, the board needs to know where it wants the organization to go before it can determine which of several candidates is best qualified to lead it there. If boards don't make some substantive decisions about goals and direction, they are missing the opportunity to make a strong match between the needs of the organization and the new leader's expectations and abilities.

For another thing, if the board leaves it to the new director to set the organization's course, it will be inviting potential trouble. In the absence of guidance, a new director could, with the best of intentions, take the organization in a direction that is inconsistent with the work the board has done to refine its vision and goals.

## Updating the Job Description

The board and staff should work together to make sure that the current director's job description is consistent with the organization's future needs. Often in arts organizations (particularly smaller ones), job descriptions are nonexistent, were written to meet challenges that no longer apply, or don't accurately reflect what the director really does (or should be doing). As the board and the staff begin to think about succession, a realistic job description is a must.

A good job description will give both the board and potential candidates clear, accurate and specific information about what is expected of a new director. It should outline

- ❖ the general parameters of the position: overall purpose of the organization, programs, reporting relationships, budget and staff size, salary range and benefits;
- ❖ areas of responsibility and specific results for which the person will be held accountable;
- ❖ the scope of authority the person will have; and
- ❖ the qualifications in education, experience and demonstrable skills that are required for the position.

It is not uncommon for years to go by in an arts organization without anyone updating job descriptions. This is especially true in small organizations where "everyone knows" who's responsible for what, even when, in fact, there's considerable disagreement on that point. When a job description *is* updated, the task is usually undertaken by the job holder, and so reflects

more what he or she does than what he or she ought to be doing to implement the organization's strategic plan.

That's why it's so important for the board to require periodic revisions to job descriptions and insist that the revisions be made with the strategic plan in mind. Otherwise, there will be a situation I've seen in countless organizations, in which everyone is pulling hard, but in different directions. While updating job descriptions is smart management for any arts organization, it's critical in succession planning.

## Identifying Key Competencies

Any successful applicant for the position will be presumed to meet the educational and experiential requirements, and be able to carry out the duties specified in the job description. But that's not enough. An ideal candidate should also possess other qualities, such as interpersonal skills, commitment to diversity, and a management style that is appropriate for the organization's culture.

Before evaluating the qualities of specific candidates, the board should reach agreement on some vital and difficult questions, such as the following:

- ❖ Does the organization need someone who will maintain what has been built to date, or lead the organization in new directions?
- ❖ Is the organization already in the midst of rapid change, or does it need a new direction to break from an old, unsuccessful pattern?
- ❖ Is the organization primarily in need of an administrator, a visionary, a conciliator, a fundraiser or someone with political skills?
- ❖ What values must the new director promote and practice?
- ❖ Must the new director have experience working with a board?
- ❖ Must the new director come from the nonprofit arts field?

Board members should first individually and then collectively prioritize the key leadership qualities or criteria they identified by answering these questions, perhaps with the help of an outside facilitator.

These questions may be difficult to answer, but boards shouldn't avoid them. Coming to agreement on the qualities they're looking for in a new leader is probably the most important step board members can take in the process of succession planning. The board needs to know what it's looking for in a new director before it starts the search. Only when the board has answered these and similar questions thoughtfully and thoroughly will it be better prepared to evaluate the qualities of specific candidates.

## When It's Time to Find a New Director

I recommend that succession planning initiate a process that takes place over time, so that when the director decides it's time

to move on, or has to leave, the board and the staff will already know what to do.

That process should specify who will take over what responsibilities in the event of a gap in leadership. The director's announced or actual departure should not set off a scramble for interim leadership. A good transition not only provides for a line of succession but also ensures that those who may be called on to assume other duties during an interregnum are able to perform them.

This demands an active and ongoing mentorship and training program, which is often left out of the succession planning equation.

If the managing director, for example, is designated to take over temporarily for the departing executive director, he should have been working closely with the director long enough to be able to step into her shoes and carry on successfully.

Or, if the board decides to divide up the job so that the program director will share with the managing director some of the former executive director's responsibilities, that person, too, must have been brought up to speed before being called on to assume his temporary new role.

In these examples, both the managing and program directors should have been preparing others to take over some of their burden when they are called to higher responsibilities. It's not enough to say that Carol will take over for Bob and that Pat will help, too. Carol and Pat need to be prepared for that possibility; otherwise, they may fail and the organization could suffer the consequences.

## The Work of the Search Committee

While selecting a new director is the whole board's responsibility, screening potential candidates is too labor-intensive a process to involve every board member.

Most nonprofits I've worked with have established some sort of a search committee, and I've found that to be an effective strategy. It's usually the prerogative of the board chair or the executive committee, as specified in the organization's bylaws, to appoint the search committee's members. Often the executive committee itself becomes the search committee, but I advocate a more purposeful approach. When designating who will make up the search committee, I encourage boards to consider the following factors:

- ❖ *Size:* The search committee should be large enough to represent a cross-section of the board, but small enough to work effectively as a group. Three to five members is a manageable size.
- ❖ *Composition:* Committee members must demonstrate a balance of skills, contacts, and points of view; knowledge of, involvement with and commitment to the organization; and skills in decision making and collaboration. Members must also be able to devote the time necessary to the task at hand.

- ❖ *Tasks:* It's important for the board to clarify the committee's tasks. How many final candidates does the entire board want to consider—one, two or several? The more tasks the full board can delegate to the search committee, the speedier the process will be. But a balance must be struck between the desire to expedite the search and the degree of confidentiality required; the board's need to maintain its ownership of the decision; and, of course, the need to identify the best possible candidates.
- ❖ *Staffing:* A committee member, a qualified consultant or a staff member will need to devote considerable time to ensuring that the committee's work gets done expeditiously. Whoever takes on this responsibility should be reliable, discreet and able to devote sufficient time to this critical function.

The board, ideally in consultation with the outgoing director, should develop a realistic timeline. A tentative set of dates for interviews and the final selection meeting should be set. The committee will probably want to meet three to four times over the course of the search and to confer regularly between meetings. The committee chair should make clear at the beginning of the process what the attendance requirements will be for the committee; much time can be wasted updating members who were not present at a prior session, and the final decision will not be made as smoothly if everyone does not have the same information and experience with the candidates.

Should the board hire a search firm? The answer hinges largely on the organization's financial situation. Most search firms are equipped to move rapidly and expertly in ways that a board might have to invent as it went along. If a search firm specializes in staffing arts organizations, it may already have well-qualified candidates in its files. It can perform background checks that a board or staff member might find difficult or awkward. And it can do its work without revealing which organization or position it's recruiting for, if this is something the board prefers (though it's just as likely that the board will want to publicize its search to attract a larger pool of candidates).

But the services of a search firm can be costly. If the board finds the idea of using a search firm appealing, it will have to decide whether doing so would be a reasonable investment in the organization's future or a luxury the organization can't afford.

Funders can play a helpful role in making this decision. If they see the use of a search firm as a way of protecting their investment in the organization, they could provide a grant to offset some or all of the costs. Alternatively, board members and the development director might approach a local search firm and explore the possibility of exchanging the firm's services for recognition by the organization as a major contributor in kind.

Even if the board decides to use a search firm, members shouldn't relinquish their responsibility to seek out qualified candidates on their own, and they should encourage staff members to make recommendations as well. There is no reason not to take advantage of people's contacts and knowledge of the field, even if a search firm is helping to manage the process.

## Involving the Staff and the Outgoing Director

The current director is likely to be able to offer insights on the qualities necessary in a successor. No one is in a better position to understand the unique challenges and pressures of the job, so the incumbent has much to contribute to the search process. At the same time, the board must retain its responsibility to apply the criteria articulated in the organization's strategic plan and make the choice based on its members' judgment of the organization's needs for the future.

This is a delicate matter, but it's important that board members focus on the future, not the past. While the outgoing director's perspective on the position and skills required is extremely valuable, the board must also recognize that the director's vision of the future may be limited by his or her relation to the past. It's worth getting the director's views, but the board should take it as guidance, not gospel.

The board should also take time to hear the staff's perspective on the organization's needs. Because of their daily involvement in the work and constant exposure to both internal and external stakeholders, staff members are likely to see elements that might be missed by board members or the director.

The board, for example, might invite staff members to develop their own criteria for selection, rank them as the board did, and convey the results to the search committee. One or two staff representatives might be selected to participate in parts of the screening process. The staff might be given an opportunity to meet and evaluate the final candidates, or asked to evaluate the candidates' resumes and make recommendations regarding those they believe should be evaluated further.

Since the new director will have to earn the confidence of the employees, the more say they have in identifying the characteristics they'd like in a successor, the more likely they will be to support that person when he or she takes the helm. And if they understand the criteria the board is using to make the selection, it may lessen the disappointment staff members might feel if an internal candidate—someone they know well and like—was not chosen.

The board must be prepared for the likelihood that there will be one or more internal candidates. Honest communication with them is essential. It is a mistake to allow a candidate that the board deems unsuitable to move through the selection process. If this is the case, the board chair may need to have a frank discussion with the candidate. Conversely, if there is a strong internal candidate, the board may choose to make just a quick scan of outside possibilities before naming the internal candidate to the job.

The board should keep the staff informed throughout the search process. A change in leadership inevitably stirs up anxieties and causes staff members to rethink their own careers. Even when the board has no progress to report, reassuring the staff that the selection process is being actively managed will lessen staff members' anxieties and help them remain focused and productive.

A period of transition is a particularly good time for the board to encourage staff loyalty by paying attention to the details that will help the organization retain its best employees. Is the

work environment pleasant? Do people have the support they need? Do staff members feel heard, appreciated and a part of things? What more can the board do to help create the best conditions for the employees who will be staying on?

## Handling a Vacancy

When looking to staff a vacancy on an interim basis, the board could appoint a staff member, someone from outside the organization or a board member:

- ❖ *Appointing a staff member as acting director during the hiring process.* If a suitable person is available, this can have several advantages. It allows the board time to be thorough in recruitment and screening, avoids a leadership vacuum that can lead to internal power struggles, and affords the board the opportunity to assess the acting director's qualifications to fill the position permanently if he or she is a likely candidate for the position.

The board should be mindful, though, of the risks involved in putting a staff member in charge, albeit temporarily. Although organizations routinely name staff members to fill in when the director goes on vacation, filling a vacancy when the director leaves is a different issue.

The temporary incumbent may get used to the position and find it difficult to return to his or her former job when a permanent successor is found. In addition, unless there is an obvious choice on the staff to take on this responsibility, naming someone may provoke resentments on the part of other staff members who may believe (rightly or wrongly) that they should have been selected instead.

- ❖ *Appointing an interim director from outside the organization.* While this option offers many of the same advantages as naming someone from inside the organization, it is difficult to implement. The interim director will probably lack the information and experience to really run the organization. Handicapped in this way, he or she will not likely gain the immediate confidence of the staff and constituents, or even of the board.

Alternatively, it might give this person the inside track on becoming the permanent replacement and could become in effect a trial run for a particularly promising candidate. The board would have to make its expectations and the conditions of this appointment extremely clear to avoid a potentially uncomfortable experience for everyone concerned if the board decides to hire someone else.

- ❖ *Appointing a board member as interim director.* While a board member will have a deeper understanding of the organization's mission and programs than an outsider, this solution may create difficulties if the board member becomes accustomed to running the organization. He or she could decide to become a candidate, and in that capacity might not be competitive, or he or she might be reluctant to let go of the reins once a new director is in place. Both of

these scenarios would be very awkward. They can be avoided, however, if board members bring these concerns to the surface and discuss their expectations before naming one of their numbers to the post.

## The Board's Work Is Never Done

The board's work isn't completed when the new director is in place. To ensure continuity and a smooth and successful transition, the board should help the director get off to the right start by providing a thorough orientation and initial guidance.

- ❖ *Educate the new director on the history of the organization.* The director shouldn't be trapped by the organization's history but needs to be sufficiently informed either to build on it or to knowingly chart a new course.

Boards carry the responsibility for both continuity and change. They can guide the new leader to build on prior success rather than starting over, and help him or her avoid the pitfall of being dismissive of the efforts and accomplishments of staff members.

- ❖ *Connect the new leader with relevant key external resources.*
- ❖ *Work with the new director to set ground rules for how the board and the director will interrelate.* Board members shouldn't assume that the new director will interact with them just as the former director did. Nor should the new director assume that the board will have the same expectations and make the same demands as his or her previous employers might have. Board members and the new director need to talk candidly about the kinds of communication each regards as useful, and mutually critique the first few board meetings and other interactions to ensure that they are meeting each other's needs.
- ❖ *Communicate openly.* As a new leader begins to chart his or her course, it's entirely possible that a few board and staff members will be disappointed in some way. The board should address such disappointments quickly and directly. And because staff members may be more comfortable talking to someone on the board than to the new director, they may express a disappointment or complaint to a board member in the hope that somehow the board will "fix it." If this occurs, the board member involved should suggest that the employee raise his or her concerns with the new director, rather than allow the board to get in the middle.
- ❖ *Help the new leader avoid the trap of trying to do too much too soon.* It takes some time for even the most experienced and best-qualified leaders to get up to speed. Organizations can be harmed by decisions made in haste, before the new director has the information necessary to make them wisely.

## In Conclusion

Arts organization directors spend much time thinking about how to propel their organizations—and their careers—forward. They usually spend far too little time thinking about the right time and way to leave. Similarly, boards tend to focus on fundraising, financial oversight and their other responsibilities, and the question of succession planning doesn't appear on their radar screens. In addition, both incumbent directors and members of boards may be reluctant to address the issue before they absolutely have to.

Yet a successful transition can be a seamless, productive, and unifying experience. If boards can help directors execute their final leadership responsibility with the same care and attention that they give to performing their other duties, the

departure could be an inspiring gift to the arts organization, the people in it and the audiences it serves.

Where do funders figure in all this? Well, not merely as funders per se. Their role is more like that of the grain of sand that irritates the oyster until it produces a pearl. If funders called attention to this delicate question of succession and required up-to-date strategic plans that addressed leadership transition as a condition of future funding, boards and directors alike would give this critical issue the prominence it deserves.

The interaction of executive and artistic directors, boards and funders around this critical issue will help ensure the continuity of leadership in arts organization, so that these vital organizations will endure and be able to enrich the lives of those they serve for generations to come.

*"The Board's Role in Succession Planning" was written by Merianne Liteman, president of Liteman Rosse, Inc., a consulting firm that specializes in designing and facilitating offsite retreats. She is a specialist in board effectiveness and co-author of Retreats That Work, published in October 2002 by Jossey-Bass Pfeiffer. This article was originally published in Succession: Arts Leadership for the 21st Century, a compendium of surveys, focus groups, interviews and white papers examining leadership succession from every direction. The complete publication is available from the Illinois Arts Alliance Foundation (IAAF) at [www.artsalliance.org](http://www.artsalliance.org) or (312) 855-3105. In May 2003, IAAF will release Planning for Succession: A Toolkit for Board Members and Staff of Nonprofit Arts Organizations, also by Merianne Liteman.*

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