TABLE *for* TWO

Can Founders & Successors Co-Exist So Everyone Wins?

by MARK LEACH

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Executive Summary

In most cases a graceful exit, in which the founder leaves the organization completely, is the most appropriate way for an organization to manage the transition from a long-time or founding chief executive. The fears about potential problems if the founder stays are, in many cases, well-founded. Violating conventional wisdom takes significant effort and invites some predictable risks.

However, the conventional wisdom about founder transitions has taken on the character of an absolute rule. So most boards, executives, and consultants do not seriously consider the potential benefits of having the founder stay on in a substantial role, and overlook the considerable opportunities that are lost when they discard such a valuable asset. There are situations where the value to the organization makes it worth the risk and effort to find ways for the founder to stay on in a permanent role or to have a significant period of overlap with his or her successor

In this study, the author examined in depth six cases in which the organizations decided that the costs and risks were outweighed by the significant organizational benefits. These organizations successfully experimented with bold, unconventional approaches to founder succession that allowed founder and successor to productively co-exist. In three of the cases, the long-term or founding executives have remained in their organizations for two to four years (and at the time of writing, all are still there) in *new, permanent roles.* In the other three cases, there was a period of *extended overlap* in which the founder and successor were each substantively engaged with the organization for between nine and eighteen or more months.

This study asks: ***What factors enable a founding executive director to remain in his or her organization long after stepping down as CEO (or to have an extended period of overlap with their successor), to the overall benefit of the organization and its mission?***

The results of this exploratory study indicate that while personalities do indeed play a role, ***organizations that have successfully retained a founding leader in a new role have replaced the conventional "graceful exit" approach (and its attending win-lose, zero-sum assumptions about leadership and power) with a "mutual success" approach.*** The organizations that have successfully embarked on this exceptional approach are characterized by:

1. An organizational situation that causes the board to conclude that the benefits outweigh the costs of the founder's continued presence.
2. Strong, capable founders and successors, willing and able to subordinate their own personal needs and egos to the good of the organization's mission and sustainability.
3. The intentional creation of mutually reinforcing relationships of trust, cooperation, and shared commitment.
4. Governance and management systems that reinforce appropriate roles, authority, and hierarchy.
5. Organizational culture and values consistent with the mutual success of founder and successor and with the specific transition plan of the organization.

This study will help organizations consider a broader range of options for the founder's continuing role, provide ways to weigh the risks and benefits to the organization, and provide initial insights about the factors that need to be present in order for such arrangements to succeed.

Since this is the first study to look deeply at this topic, there are limitations on what we have explored and learned. For example, we did not study failed attempts to keep the founder on in a new role, but relied instead on existing literature and conventional wisdom as our points of comparison with the successful examples. A more systematic look at the failures could point up additional learning. Secondly, a small sample examined in depth provides valuable hypotheses in new areas of inquiry but cannot prove them. A larger study would be needed to confirm or disconfirm these initial findings.

Finally, this study suggests some tantalizing issues worthy of further exploration:

- Impact of identity group membership (race, ethnicity, gender, age, and so forth) on these transitions.
- Impact on mid-level staff of transitions in which founders retain significant program leadership roles.
- How these situations play out over longer time horizons (five to ten years).
- Whether more thoughtful preparation for conventional transitions will:
  - » Significantly reduce the number of situations where there is a compelling need for the founder to remain.
  - » Significantly increase the number of situations in which the founder can remain on in a new role with much lower risk.
- How measurable individual personality factors such as the ability to manage complexity and ambiguity, are correlated to successful transitions in which the founder assumes a new role.

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Introduction: Retaining Organizational Wisdom and Resources

Much of the existing literature, conventional wisdom, and professional guidance on founding executive succession counsels that founding executives should have little or no ongoing relationship with their organizations after they step down as chief executive. Consultants working on these issues generally advise founding executives in the following ways — "after departure, ideally you will not be paying attention to anything in the organization," and "if your involvement is designed to assist the successor and he wants the help, a short overlap period can be useful. Staying on the board or similar long-term involvements that delay closure, however, is usually not helpful or advised" (Adams, 2001, p. 9 and p.10). Redington and Vickers (p.9, 2001), write, "If the founder maintains too much contact with the organization, that may undermine or interfere with the work of the new leader and make the founder's process of letting go more difficult."

This advice is based on well-grounded concerns, including:

- Creating barriers to the successor in establishing his or her own relationships with staff and board.
- Other staff being unable or unwilling to let go of dependencies on the founder.
- The founding executive (subtly or not-so-subtly, consciously or unconsciously) undermining the new executive director's authority.
- Difficulty doing deep review and revision of organizational purpose, core strategy, and goals.

Because the goal in these transitions seems to be retaining the best of departing founder's wisdom while freeing the organization of his or her influence, we've come to think of such departures as "Graceful Exit" transitions.

Until the recent publication of Jan Masaoka's *The Departing: Exiting Nonprofit Leaders as Resources for Social Change* (GEO, 2007) only a few references may be found to suggest that keeping a founding executive on in a substantive role may be worth the potential risks. In 2004, Deborah Linnell courageously asked "Do all founders or past executive directors really have to 'completely' leave an organization in order to allow the next leader to flourish?" (*Nonprofit Quarterly,* 2004, vol. 11, no. 1) and offered an intriguing but very brief example of one success story. Masaoka advances the conversation greatly by identifying a range of options for founders who remain in a modified or new role, such as project director, fundraiser, board member, ambassador, coach/advisor, writer, or advisory board member.

WHY WE NEED AN **ALTERNATIVE** TO THE **GRACEFUL EXIT**

There are several reasons we need to become much more knowledgeable about options for founders who still have much to offer and about the factors that load the dice for success in these situations.

Reasons for an alternative include:

- *Keeping Talent and Connections:* Many founding executives have a huge amount of talent, experience, wisdom, energy, institutional memory, and connections that could be used in the service of their organization. What board or successor would throw away this enormous asset if there were some other alternative?
- *Sustaining Success:* Keeping founders more involved for longer periods may be a partial solution to the so-called "leadership crisis" in the nonprofit arena (*Chronicle of Philanthropy*, 1/12/06) especially for organizations that have not developed adequate second generation leadership or succession plans to navigate the transition to new executive leadership.
- *Facilitating Transition:* An unintended consequence of the way we've been thinking about transitions is to encourage founders to stay beyond what is good for them or their organizations. Many founding executives *want* to bring all they have to offer and are not likely to go quietly away. When faced with the choice of leaving completely (the conventional wisdom) or staying on as CEO, they choose to stay as CEO even if they no longer have the skills, energy, or fresh ideas critical to the organization's health.

Despite the conventional wisdom, there are numerous situations in which founders have stepped down from the chief executive role, yet remained in and contributed substantially to their organizations, in ways deemed successful by successors, staff, and boards.

Management Assistance Group has helped several progressive social justice/advocacy organizations successfully manage the transition of founding executive to new roles within their own organizations and has anecdotal evidence of other organizations where such transitions have been managed successfully. The author's own interest in this began six years ago when he was asked — as an external consultant — by the board and co-founder of the Management Assistance Group, Susan Gross, to help with her own transition. After twenty-five years under co-founder Gross, the Management Assistance Group has transitioned successfully to a new executive director who is leading the organization in some new directions. Meanwhile, Gross has continued on as a staff member, consulting with clients, mentoring staff, and making her decades of accumulated experience available to the larger field through her writing and webinars. Organizations in the for-profit sector have developed time-tested ways to keep founding leaders constructively involved in key aspects of the organization's work (such as the "of counsel" role for ex-senior partners in law firms).

Together, the current leadership situation in the nonprofit sector and the existence of examples that run counter to the conventional wisdom suggest the need for a systematic look at how nonprofit organizations can make use of their founders' wisdom, contacts, and experience in new ways that will strengthen their organizations and help them successfully navigate the perilous journey to effective new leadership.

CRITICAL **QUESTION** AND PRELIMINARY **ANSWERS**

Even among many people interviewed for this study, there was a belief that their unconventional yet successful transition or extended period of overlap was the result of "luck," or of having "the right personalities" involved. But these are not very reliable or actionable factors on which to hang the future of an important organization.

So, our basic question is:
What factors enable a founding executive director to remain in their organization long after stepping down as CEO (or to have an extended period of overlap with their successor) to the overall benefit of the organization and its mission?

The results of this exploratory study indicate that while personalities do indeed play a role ***organizations that have successfully retained a founding leader in a new role have replaced the conventional "Graceful Exit" approach (and its attending win-lose, zero-sum assumptions about leadership and power) with a "Mutual Success" approach.*** The mutual success approach makes it possible for two powerful people to each occupy significant organizational space in appropriate ways. The Mutual Success model of CEO transition depends on five critical factors:

1. An organizational situation that causes the board to conclude that the benefits outweigh the costs of the founder's continued presence.
2. Strong, capable founders and successors, willing and able to subordinate their own personal needs and egos to the good of the organization's mission and sustainability.
3. The intentional creation of mutually reinforcing relationships of trust, cooperation, and shared commitment.
4. Governance and management systems that reinforce appropriate roles, authority, and hierarchy.
5. Organizational culture and values consistent with mutual success of founder and successor and with the specific transition plan of the organization.

The good news is that there do seem to be identifiable factors that allow these transitions to succeed. The bad news is that even the best of these transitions take considerable hard work, skill, and discipline to pull off. Also, there are some critical factors that an organization cannot control or manufacture on short notice if not already present. While mutual success transitions have enormous benefits, they are not for everyone.

METHODS SUMMARY

This study examined six cases in which the founders (or long term, founder-like executives), stayed on in their organizations in significant roles after stepping down as CEO. In three cases, the founder took on a **new, permanent** role, anywhere from two to four-and-a-half years prior to our contact, and is still in that role. In the other three cases, the founders remained for periods of **extended overlap** with the successor while transitioning out of their organizations. The shortest of these was nine months; the longest is eighteen months (and was still underway when interviews were conducted).

All six transitions are "successful," in that the principal actors interviewed (founder, successor, key board member, and senior staff) believe that the benefits of having the founder involved in these unconventional ways outweighed the difficulties or costs of doing so. Calling these transitions "successful" does not mean that the transitions were without difficulties or tension for the people involved — only that at the time people were interviewed, they perceived their organizations to have been left vital and thriving in the aftermath of the transition.

The author conducted separate, confidential one to two and half hour recorded interviews with 24 informants. About half were done in person and half by telephone.

Interviews were conducted with the founder, his or her successor, and in almost every case, at least one senior staff member and one board member closely involved with the transition.

By agreement with the organizations studied, the organizations' and informants' identities are not revealed in this study. Informants shared sensitive personal information critical to understanding the transition experience, plus some information and opinions which they do not intend to ever share with others in their own organizations. The author concluded that sharing the nuance and detail the informants provided would be more valuable to the reader than the identity of the organizations or informants.

All cases are drawn from the Management Assistance Group's extensive network of social change organizations and include organizations from a variety of fields, including environmental protection, leadership development, organizational capacity building, youth development, civil rights, and women's rights. The organizations ranged in size from less than a dozen staff and a budget of less than two million dollars to an international organization with hundreds of staff and a budget of tens of millions of dollars. While most of our clients are social change and advocacy nonprofits, our experience with other types of organizations leads us to believe that the principles uncovered with these groups would also apply to other types of nonprofit groups.

The analysis of the interviews was done using a grounded theory approach (Glaser and Strauss, 1976) and according to rigorous standards of validity for clinical, qualitative research (Smith and Berg, 1985). Ideas in the interviews were coded in detail and then grouped into more and more encompassing categories. In this way, the success factors emerged from the interview data and not from any preexisting theoretical framework. This approach is particularly useful when the intent is to generate initial hypotheses about a previously unstudied phenomenon rather than to prove or disprove any particular ideas.

HOW TO USE THIS **REPORT**

This body of this report is divided into four sections:

- The Mutual Success Model for Leader Transition describes the model examined in this study, the more conventional Graceful Exit model, and the rationales behind each approach.
- The Challenges of a Mutual Success Transition describes the challenges faced by founders, successors, board, and staff during these transitions. Supporting data in the form of examples and quotes from informants help illustrate the challenges.
- Success Factors examines the factors shared among the case studies that seem to contribute to the success of the approach.
- Recommendations for the Stout-of-Heart provide recommendations, drawn from the challenges, success factors, and other observations for those organizations wishing to consider or pursue a mutual success transition. Special attention is given to considerations for the board of such an organization, as the choice is its responsibility.

In addition to these sections, the reader will find a variety of tables, sidebars, and other information to enrich the analysis. The author hopes that readers will find in this work the encouragement to consider — and perhaps pursue — Mutual Success transitions within their organizations (and the wisdom to know when it shouldn't be tried.)

1 The Mutual Success Model for Leader Transition

Two Transition Models

We have observed two models for leader transition when a founder or long-term leader steps down. We call them the *Graceful Exit* and *Mutual Success* models.

The Graceful Exit model is more widely used. The guiding concern in the Graceful Exit model is *how to keep the founder as far away as possible from the organization during and after the transition, while extracting from the founder only what is essential to pass on.* It is based on the following win-lose (or zero-sum) assumptions:

- There can only be one leader or leader figure in an organization. A powerful former leader and powerful new leader cannot co-exist in the same organization.
- The founder's gravitas and informal authority will displace that of others.
- The founder's deep attachment will prevent him or her from tolerating new directions and methods.
- The co-existence of a founder and successor means that the proper flow organizational power and role boundaries have broken down, or will do so at any moment.

The Mutual Success model is studied in this monograph. The guiding concern in the Mutual Success model is *how to maximize use of the founder's assets for the good of the organization, while taking steps to guard against the potential pitfalls.* It is based on the following assumptions:

- Under certain circumstances, two powerful individuals can co-exist in an organization, benefiting the organization as well as each person.
- The founder can share ideas without those ideas necessarily being accepted or acted on.
- The founder can tolerate the organization moving in directions they might not have chosen.
- Appropriate power flow and role boundaries can be maintained even if the founder remains with the organization.

The two models set in motion very different processes and present different benefits, opportunities, and drawbacks.

Before diving into the findings from our six real world successful transitions, it will be helpful to contrast (in a general, rather than rigorous, scientific way), the "Mutual Success" model with the typical "Graceful Exit" approach to leadership transitions.

While fully aware of the conventional wisdom about founders, the six organizations in this study appear to have operated from a different set of conclusions and guiding concerns than what we can surmise[1] is the case in organizations that choose for the founder to exit completely.

The Graceful Exit model seems to hold, explicitly or implicitly, the following win-lose, or "zero-sum"[2] assumptions:

- The presence of a powerful, founding leader will invariably undermine the authority of new leadership; these two powerful figures cannot coexist in the same organization.
- The weight and authority of the founder means that his or her ideas, skill, and experience will displace that of others.
- Founders are so attached to what they have built that they will not be able to tolerate others doing things differently or taking the organization in new directions.
- The co-existence of a founder and her successor in the organization is, by definition, evidence that the proper flow organizational power and role boundaries have broken down, or will do so at any moment.

Given these assumptions, it makes sense that the guiding concern in the Graceful Exit model is *how to keep the founder as far away as possible from the organization during and after the transition, while extracting from the founder only what is essential to pass on.* As with most assumptions, the zero-sum assumptions made in Graceful Exit transition go largely unexamined by the people and groups that hold them. The consequences of the assumptions are powerful and appear normal — as if it could not be any other way. But as with many assumptions, they are also founded on hard-won experience and can contain important wisdom.

Many of the architects (board members, founders, successors, staff, consultants) of the six Mutual Success transitions studied here were well aware of the conventional wisdom embodied in the Graceful Exit approach, and some even started out holding and voicing the zero-sum assumptions.

However, the six organizations in the study were willing to question these assumptions and implicitly or explicitly came to the following different conclusions about founder transition in their particular situation:

- It will be possible for two powerful individuals to coexist in our organization for an extended period of time, to the benefit of each person and of the organization as a whole.
- It is possible for this particular leader to share his ideas without those ideas necessarily being accepted or acted on.
- This founder will be able to tolerate seeing the organization go in directions she might not have chosen.
- The appropriate flow of organizational power and clear role boundaries can be maintained even if the founder stays (provided the successor is clear about and feels free to exercise his own authority.)

The guiding concern of the principal actors in the Mutual Success model is *how to maximize use of the founder's assets for the good of the organization, while taking steps to guard against the potential pitfalls.*

Each transition model, operating out of its own set of assumptions, conclusions, and guiding concerns, sets in motion *an entirely different set of possible options for the founder's involvement and an entire system of transition mechanisms and processes designed to address the model's guiding concern.*

In the Mutual Success model, options, systems, and mechanism of transition are considered that increase the likelihood that the founder will continue to make a significant contribution and will work hard to ensure that arrangements that support their inclusion remain in place.

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1 The validity of this comparison is limited by looking only at a small number of "successful" examples, and by the fact that the study did not examine organizations that adhere to a conventional approach. However, this comparison highlights where the approaches may differ, and suggests some interesting avenues for additional study.

2 See sidebar for description of the relationship between game theory and executive transitions.

In the Graceful Exit model, options, systems and mechanisms of transition are considered that constrain the founder from making a significant contribution to the organization and which avoid the inherent risks and difficulties of using the founder as an asset. Paradoxically, these constraints and risk avoidance behaviors may have two perverse effects on founder behavior. First, the constraints and risk avoidance may delay the founder's decision to step down until well after they have exhausted their vision and energy. Secondly, if they stay on in a highly constrained role, they may unintentionally undermine their successor by constantly trying to expand their influence to a level commensurate with their considerable skills and experience.

To be clear, there are certainly instances — perhaps the majority of cases — where the zero-sum, win-lose assumptions and guiding concerns of the Graceful Exit model should be observed. However, our six Mutual Success examples may challenge readers to consider the assumptions and concerns they bring to the discussion of executive transition and to recognize that these assumptions and conclusions shape the options your organization will even consider and the dynamics the board and staff leadership will set in motion. Your organization's choice of model is exactly that — a choice — and it will shape your organization's future whether the organization is aware of having made a choice or not, and whether or not the organization examines or questions its underlying assumptions about leadership.

For organizations that feel trapped between their belief that the organization will suffer great harm if the founder leaves, but that also recognize the founder may no longer have the energy or vision to lead the organization to its next necessary stage of evolution, the Mutual Success model provides an alternative worth considering.

Game Theory and Executive Transitions

The term "zero-sum" comes from game theory and describes a situation in which "what one player gains, the other must necessarily lose… Since one player can gain only at the expense of the other, there are no prospects of mutually profitable collaboration" (Colman, 1982, p.47). In the case of traditional leader transitions, the successor gains the opportunity to bring his or her talents, resources and personal power in the service of the organization's mission, and the founder loses it.

In non-zero-sum, or "mixed-motive" games, "win-win" solutions are possible — "through cooperation or reciprocation, both players can be better off" (Wright, p.198). Non-zero-sum games have other attributes consistent with the Mutual Success model of transition; the situation presents "complex strategic properties that motivate the players partly to cooperate and partly to compete with one another. A player in a mixed-motive game has to contend with an *intra*personal, psychological conflict arising from this clash of motives in addition to the *inter*personal conflict that exist in the game" (Coleman, 1982, p.93). Additionally, in non-zero-sum games, as in Mutual Success transitions, there is "no single strategy that is clearly preferable to the others, nor is there a single, clear-cut predictable outcome" (Davis, 1970, p.81). As non-zero-sum situations, Mutual success transitions are inherently messier and more ambiguous than conventional leadership transitions.

I invoke game theory here not to suggest that these situations are susceptible to purely rational analytic understanding. On the contrary, I agree with the noted game theorist who observed: "The very concept of rationality dissolves into ambiguity…in non-zero-sum games. The formal theory could serve as the conceptual point of departure for a descriptive (empirical) theory of conflict…Game theory as formulated by mathematicians is not equipped to deal with such matters, because there is no room in that theory for the psychological make-up of the participants" (Rapoport, 1966).

Founder Contributions and Constraints

A key to mutual success is agreement on where the founder will continue to contribute to the organization, and where he or she will step out of the way. The examples below show the paths Mutual Success founders followed.

What Founders Did after Stepping Down

Most founders in our study continued playing several important functions they held previously as CEO. However, their organizations set clear boundaries around what they would and would not be involved with. Typically the board and founder negotiated these boundaries prior to the leadership transition and usually with the agreement of the planned successor. Specifically:

- Half of the founders continued leading substantive program work in one or more areas in which they were the undisputed content experts and had significant funding, partnership, or political connections. They did so with reduced freedom to act independently and understood this function was at the pleasure of the new CEO.
- Half of the founders played significant, ongoing leadership roles in funder cultivation, organizing fundraising, and making "asks." (As in a typical Graceful Exit transition, all the founders in this study also helped transfer funding relationships to their successor and provided advice on managing those relationships.)
- Half of the founders kept speaking and appearing on behalf of their organization at coalition and association meetings, legislative hearings, educational events, etc. They mainly did so when asked by the new CEO and were disciplined about checking all positions and talking points beforehand with the CEO or other relevant senior program manager.
- Most founders also began some activities after stepping down in which they had *never been involved before,* including:
  - » Special project work, often to launch new initiatives begun under their watch.
  - » High level organizational problem solving (for example, managing growth or restructuring).
  - » Writing for the benefit of their field as a whole or to document their knowledge and learning from years of experience.
  - » Coaching, advising, or mentoring successor and staff.

What Founders Did NOT Do after Transition

There were some patterns in what founders *did not get involved* in after stepping down as CEO.

- Most founders became much less involved, or not at all involved, in setting overall organizational strategy — at least for a year or more after stepping down. This was done to address concerns about the founder's presence inhibiting the expression or development of new ideas. It took several forms, including:
  - » Not attending strategic planning sessions or board meetings for a year or more after the transition.
  - » Founder sharing ideas on critical organization-wide strategic questions only with their successor — leaving it up to successor to insert those ideas into the planning process at their own discretion.
- Four of the six founders did not attend board meetings after stepping down or did so only to participate in specific presentations or discussions at the invitation of the board or new CEO. Two founders either kept their previous board membership or joined the board for the first time as a voting member. In both cases, the board or successor set limits on the founder's board involvement, including permissible committee assignments and a waiting period before reengaging with the board.
- Other areas founders generally stayed out of — or were kept out of — after negotiation with the successor or board include:
  - » Program strategy, except in areas where they were designated leaders.
  - » Commenting publicly on board-staff relations.
  - » Commenting publicly on staff management issues.

2 The Challenges of a Mutual Success Transition

A host of challenges await the organization that pursues a Mutual Success transition. The founder will need to cope with a variety of losses — those related to positional power, to identity, and to influence, to name a few. The struggles for the successor are no less daunting. While exerting true authority when the previous leader is still present, the successor also has to manage the conflicted and confused loyalties of staff, board, funders, and others — and yet still have the ego strength to take risks and make sometimes glaringly obvious mistakes.

Board and staff are on the hook also. The board charge of due diligence is uniquely challenged when a long-time, beloved founder wants to set the stage for departure. How can the board honor the efforts and success of the leader who recruited them while seeking a new leader who will, hopefully, lead the organization to even greater success? How can the board learn to let go of the founder and transfer its support to the new leader? Meanwhile, staff face fears about their own roles and future as well as deep conflicts over the loss of a beloved leader — and how to treat the person who has migrated from authority to peer status.

In this chapter, we'll explore what we've learned from these cases about the unique challenges Mutual Success transitions pose for founders, successors, boards, and staff.

CHALLENGES FOR THE FOUNDER

There are good reasons why conventional wisdom dictates that the founder should make a clean break with their organization. Staying on is hard on everyone. At the personal level, it requires a high degree of self-awareness, interpersonal skill, ability to handle ambiguity, and capacity to confront losses and anxiety head-on. Many leaders either don't want the trouble — or simply can't deal with it.

In our six cases, the principal actors (founder, successor, board members, and key staff) all made the determination that the organization would be better-off if a way could be found to have the founder stay. They then embarked on the personal and organizational work necessary to make it happen.

For four of the six founders interviewed, the most difficult parts of stepping aside and into a new role (or being involved in a period of extended overlap with a successor) mainly centered on *losses and conflicts* of various kinds — the loss of power, connection and centrality, and conflicts between what the founder *knew* was needed, and the emotional pain of letting go.

The loss of power, control and influence

The most challenging thing was the sense of impotence. There are some things that would come across my desk, and I would immediately want to do something about it, and I realized I couldn't. It wasn't my call anymore. The sense of not being able to respond to a challenge or problem was the biggest drain. It was surprising. I didn't think it was going to be an issue for me.

—Founder in an extended overlap case

I still need the support of the institution to do what I do. Sometimes it works and sometimes it doesn't. It ALWAYS worked when I was CEO!

—Founder in a new permanent role case

The critical decisions that get made are sometimes not the decisions I would have made.

—Founder in an extended overlap case

I do have strong opinions, but I respect people here and do not pull rank. I really feel you have to make that commitment to yourself, that this is where you are, and you may not like it. [Holding back opinions] may be something that's hard to control, but it has to be controlled.

—Founder in a new permanent role case

The loss of connection and centrality

The hardest thing is no longer being essential or feeling as though I'm at the cause and center of what's going on. At times I feel quite isolated. It's the contrast between knowing and being involved in everything. It's hell to see things developed without my being drawn upon and my expertise not being drawn upon as much as I envisioned.

—Founder in a new permanent role case

Occasional visits are a bummer, because the organization has moved past me.

—Founder in an extended overlap case

Staff was not returning [the founder's] calls quickly, and he interpreted it as no longer being valued or important. He felt that way, continues to feel not connected anymore, and feels that he does not have power. I think it is to be expected — you are no longer the boss, you're no longer reviewing staff, you're no longer going to give them their salary increases. You're just another person that they need to send information to, and if it's not going to help them with their work, you're…not the top priority anymore. This is the pain of letting go. I said 'you need to let go of this. You do not have control anymore'. But it frustrates [our founder], and I can understand why. I said this is how the world works.

—Successor in an extended overlap case

The emotional pain of doing the necessary

I stayed away from a lot of the management of the succession process. It was too heartrending for me to be part of this stuff…It broke my heart to leave this organization — it is about love, it's about justice, it's about civil rights, humans rights, it is love for me. It's never been just a JOB

—Founder in an extended overlap case

[Our founder] was at war with himself during this period. His mind was telling him one thing, and his heart was saying something else. Our founder came to this decision, triggered it, made many of the important decisions, and brought his board along — but it was very painful for him.

—Sr. Staff member in an extended overlap case

Two of the six founders experienced few of these sorts of issues. Notably, both were founders in explicitly feminist organizations in which shared power, continual learning, and empowerment of others — no matter where they were in the hierarchy — were fundamental values and demonstrated ways of operating for many years before the transition. Each lived in a state of almost constant communication with their successors before and during the transition, and each had designed their transition with their preferred successor before engaging others in transition planning. In each situation, the successors were highly capable, and have already taken the organization in directions the founder would not and could not have done — and done so with the enthusiastic support and admiration of the founder.

For these two leaders, the most challenging parts of the transition were in not knowing how it would all turn out and worrying about what they would do when they finally left for good.

Several founders also acknowledged feelings of resentment that their successor would be inheriting an organization in much better shape, needing far less hard work than they had encountered in building the organization, and that the successor would get the credit for it. For one founder, becoming aware of these feelings through coaching in a leadership development program allowed her to begin fully supporting the successor and to move on.

The table, How Founders Can Meet the Challenges of Remaining in Their Organizations, page 58, summarizes some of the strategies founders can use to address the challenges they face when they step down as executive but remain in their organization.

CHALLENGES FOR THE **SUCCESSOR**

There was more variation in what was hardest for *successors* when the founder remained, but one theme was consistent: All successors had to deal with assessing and managing the impact of the founder's presence. Specifically, this required managing their own and their staffs' concerns about the founder's judgments and feelings and setting limits on the founders' participation and authority.

Managing the impact of the founder's ideas, influence, and judgments

At root, it was difficult for many people to say or do things they thought the founder wouldn't like, for fear of being seen as disrespectful, disloyal, or devaluing the founders' previous contributions.

> *The emotional side of me felt that if I don't do things the way [our founder] might have done it, that this is somehow disrespecting what she's done until now.*
>
> —Successor in an extended overlap case

> *It's hard on staff to have to pay attention to two principals.*
>
> —Successor in an extended overlap case

> *People misunderstood how difficult it would be. Support for one looks like disloyalty to the other. We want to be excited for our new CEO but be respectful to and honor the old one.*
>
> —Senior staff in a new permanent role case

One successor, who strongly felt the founder's presence was an overwhelmingly positive thing for the organization, still volunteered that she was willing to accept a slower pace of change in some areas as part of the cost of the founder remaining.

> *Having our founder in a continuing role constrains the kinds of changes that might be considered. We have deep respect for his leadership and what he created, so I won't propose changes that would undo that.*
>
> —Successor in a new permanent role case

In some organizations, the centrality and degree of dependence on the founder was great enough that the founder would not have to say a word and staff would still wonder and worry about what the founder was thinking and feeling. This dynamic was strongest in organizations that lacked a tradition of staff challenging the founder and in which the founder claimed central control rather than sharing leadership with others.

Setting formal limits on founder's roles and authority

Four of the six successors reported needing to deal with some aspect of setting limits on the role and authority of the founder (for example, determining the level of founder involvement in strategic planning or board work, the duration of the founder's extended overlap, or how much programmatic and day-to-day management responsibility the founder would have.)

While these were significant concerns, in almost every case it was resolved without high levels of direct conflict for the successor or founder and without the successor having to resort to their power as CEO. Instead, successors and founders used the following approaches to resolve conflicts over role and authority:

- A trusted board member acted as a go-between, deftly advancing toward a solution acceptable to founder and successor, without the two ever having to come into direct conflict.
- The successor expressed concern about founder's desired role directly to the founder, and the founder immediately backed off. (The espoused reason was the founder's commitment to not undermine the successor's authority and to reinforce the successor's role as CEO. An underlying, but unstated reason could be that failure to acquiesce to the successor's desired solution could end the founder's time in the organization — a power which each successor in these cases knew they could exercise and have the board's support.)
- The board chair, on behalf of the successor, set firm limits with the founder.

While these approaches were effective, successors also underscored that their use is not easy, and that it is important to decide where to draw the line on the founders' involvement and then to hold that line.

> *The only way to make it easier was to give [our founder] more of what she wanted, which wouldn't have worked. This is hard stuff.*
>
> —Successor in a new permanent role case

There were other difficulties (e.g., potential successor negotiating with the board about founder's future role during hiring process, or successor establishing their own relationship with the board) each very significant for the organization involved, but none that were so broadly experienced across the six cases. All challenges and strategies for coping with them, are shown in the table, How Successors Can Deal with the Challenges of the Founder Remaining, page 60.

CHALLENGES FOR THE BOARD

Despite the surface politeness and collaborative rhetoric and reality of these transitions, there is also an underlying power dynamic and negotiation going on between the founder and the board. Such negotiations can only be successful for the organization if its board is able to negotiate with the founder from a position of strength and relative independence. As long as the founder remains, the board must be prepared to exercise this strength and independence with the founder on behalf of the organization as a whole.

Willing and able to say "no" to the founder

Boards may feel "over a barrel" when a powerful, well-loved, capable, and connected central founder comes to the board:

- Expressing a strong personal desire to stay.
- With a compelling case for how staying would be good for the organization.
- With an implicit or explicit argument that refusing the offer could seriously damage the organization.

> *He was a great revenue generator and to many, was synonymous with the organization. But we really wondered how it would work for him to be subservient to someone else, knowing how invested he was in the organization. But he proposed it in the way he advocates for anything and was very convincing. He said 'I want to do this, and it will be very hard,' and we were impressed by how self-aware he was about what would be involved.*
>
> —Board member in a new permanent role case

In three of the six situations (two permanent new role cases and one extended overlap case), the founder came to the board with a "package" proposal that included a strong wish of their own to stay on and a pre-engineered role for a preferred successor. In two of these situations, the preferred successor made it clear that if a search were conducted, he or she would take it as a vote of no confidence and withdraw from consideration to be next CEO. Saying "no" to the package, and potentially losing not only the founder but also the organizations' second-in-command would certainly cause enormous loss of momentum, program effectiveness, and confidence.

In a fourth case, the founder did not come with a package that included a chosen successor but made it clear during the transition planning work that if a satisfactory post-CEO role was not created, she would take her extensive contacts and program-generating capacity to a competing organization in the same field.

However, in each of the cases just described, the board took their oversight and governance responsibilities seriously and experienced themselves as being able to say "no" to the founder if they thought it was necessary. Even when board members in these organizations were long time colleagues and even friends of the founder, they claim to have exercised real choice about accepting or not the fundamentals of the founder's proposals.

> *The Board was initially very concerned about our founder's desire to stay on. Most Board members had been recruited by the founder and felt a real loyalty to her and wanted it to work for her* <u>and</u> *for the organization. We discussed if we should even go there and in the executive session, we said 'let's be very careful about what we're doing.'...But we decided we were willing to get some outside consulting perspective on it and to see if something could work.*
>
> —Board chair in new permanent role case

> *The founder came with a proposal about [an internal person] who they wanted as a successor, but it never crossed [Board members' minds] for a minute that we wouldn't do an external search.*
>
> —Board chair in new permanent role case

In most cases, the board's deliberations were very short, with most board members concluding that the founder's proposal made a lot of sense for the organization and could be made to work with minimal risk.

> *We did discuss whether we should conduct an external search or accept founder's recommendation. It was not like we didn't feel we could talk about it. It's not that kind of a board. These are strong willed people for the most part. But there was such respect for the founder…And we all knew how unbelievably well [the founder and successor] have worked together. No one on the Board doubted that it could work.*
>
> —Board member in extended overlap case

In other cases, the whole board deliberations were short — with most members agreeing to the overall transition framework proposed by the founder, but followed up by fairly extensive behind-the-scenes negotiations between board leadership and the founder about particular aspects of the founder's post-transition arrangement (roles, title, compensation, physical location, etc.)

Strong and stable enough to manage a long transition

As has been well documented by others (Redington and Vickers, 2001; Adams, 2005, Wolfred, 2008), conventional Graceful Exit transitions present challenges to boards that can require significant board leadership and time for years. The tasks include initial transition planning with the CEO, ensuring needed institutional strengthening, preparing public announcements, managing the search, ensuring the successful launch of the successor, and providing adequate recognition and celebration of the founder.

The Mutual Success transition requires a board to manage all these tasks *and* more — and for longer. In addition to the more difficult negotiations just described, the board must be prepared to monitor and manage the presence of the founder for as long as the founder remains in the organization. The board remains responsible for its decision to allow the founder to remain, to support the successor (or successors), and to make sure the founder's presence remains, on balance, an asset to the organization.

The role of the board in Mutual Success transitions and ways of managing the challenges are covered extensively in Section 5.

The Less-than-Rational Side Of Founder Decisions

In all six cases covered in this monograph, founders, successors and board members all gave very reasonable, cost-benefit explanations for their choices. Every board said it had significant say in the decision and in the roles the founder eventually played.

But this rational view of things, while accurate, obscures lots behind-the-scenes positioning, strategizing, horse-trading, negotiating, and politicking:

- All six founders took steps to ensure that they would stay on, mostly in the roles they ended up having, and (in four of the six cases) with successors they had identified as their top choices.
- Two founders discussed with their preferred internal candidate the details of their hoped-for transition two to five years before discussing it with anyone else. When they were ready to "go public," they did so being strong in conveying their desire to stay and about wanting this particular successor.
- Two founders directly or indirectly let their boards know they might leave and take their considerable assets elsewhere if some of their key conditions for staying were not met — knowing that the boards believed the founders were critical to the organizations' viability.

continued on next page

CHALLENGES FOR THE STAFF

This study did not focus on staff roles and dynamics in founder transitions beyond one or two key senior staff most intimately involved in each case. However from founder, successor, and key senior staff interviews, it is apparent that the when the founder remains in the organization, it presents the following challenges for staff:

Reducing dependency on founder

Sometimes staff who have developed their professional identities working in a founder-led organization have a harder time letting the founder move into a new role than the founder does. With the founder no longer in charge — and a successor more prone to delegation and in some cases less knowledgeable about program content — the expectation is that staff must take more individual responsibility and leadership. Rather than going to the founder to get their questions answered or a decision made, they are expected to make the decisions themselves. For some staff, this requires significant personal growth, and some resist it mightily.

Conflicted feelings about loyalty

Some staff feel that demonstrating agreement, loyalty, or respect to the successor or to the founder means being disloyal or disrespectful to the other. Some staff say they and others feel caught in this way, especially when in the presence of the old and new CEO.

- One founder lobbied board members individually for months to build support for her succession plan, and only let board members "who were likely to stir up trouble" know about the plan a day or two prior to the board meeting where it would be announced and voted on.
- Four of the six successors weighed in with their boards, specifically supporting the idea of the founder staying on.
- Two respondents suggested that their founders wanted an internal hire as successor, because it would be their best chance for being able to stay on in a significant role.

Such politicking could, of course, end very badly in many organizations. And an argument could be made that this level of behind-the-scenes founder involvement in succession planning short-changed organizations in this study by steering boards to consider a narrower set of leadership options than they might have otherwise. But given the success of these six transitions, it is hard to argue that a better result (long-term or short- term) would have been achieved with less transition engineering by the founders.

Even in the most politically engineered cases, where some board members resented for a while the way it was handled by the founder, these same board members wholeheartedly endorsed the plans proposed by the founders, and after careful consideration they believed they were good solutions. *Leaders in transition will almost always have some self-interested agenda that is not brought forth in an entirely transparent or explicit manner.* This is to be expected since transition negotiations involve using one's power (whether that of the founder, the successor, or the board) to get a desired outcome. It is an inherently political process that balances what one wants with what is possible. (As the saying goes, "Politics is the art of the possible.")

But a founder needs to be careful to not overplay her hand and leave her board resentful or her successor feeling set up. And the board still needs to be free and independent enough to accept or reject the founder's proposals and to make a clear, informed decision on their own.

Concern that advocating for new ideas will be construed as implicit criticism of the founder

This was reported as a common concern among staff in several cases. Notably, *none* of the founders reported feeling implicitly criticized when others introduced ideas different from their accustomed ways of doing things (strategy, program, operations, governance, etc.). Some founders *did* report difficulties seeing their organizations go in directions they thought were unwise, but they didn't feel criticized because of it.

Confusion about who to go to for what kinds of decisions

This was a particular concern in two of the cases of extended overlap.

> *The lines were clear, but just because you say it and state it as clearly as you can, doesn't mean that people stay within boundaries. It was not easy. There was confusion, because everyone knew I was going to be gone and [everyone knew who] was going to be the successor. So people did have a little confusion about who they should go to get a decision from and who to curry favor with. But we worked it through, and I think it worked out all right.*
>
> —Founder in extended overlap case

Uncertainty about staff's *own* role

Any leadership change can be a great distraction to senior management and can also necessitate the creation of temporary, transitional roles for leaders and managers. The leaders in our six cases varied in the degree to which they believe they paid adequate attention to the roles and supervision of subordinates during their own transitions. Most said they wished they had done a more thorough job of it.

The table, How Staff Can Deal with the Challenges of the Founder Remaining, page 61, suggests ways that staff can deal with some of the challenges and dilemmas created when the founder remains after stepping down as CEO, or is part of an extended overlap in leadership.

While beyond the scope of this study, it is important to understand more about the dynamics, challenges, and success strategies when a founder remains in an extensive program leadership role. In all of our cases, the programs were thriving, but we do not have any firsthand data about how this is experienced by mid-level and line staff.

3 Success Factors

Our analysis revealed five major factors present in all six of these successful and unconventional founder transitions. The five factors are:

1. Benefits appear to outweigh risks and costs.
2. Individual characteristics and commitments that reinforce mutual success.
3. Relationships that foster trust, cooperation, and mutuality.
4. Governance and management that reinforce appropriate roles, authority, and hierarchy.
5. Culture and values that are aligned with the style of transition.

Organizations considering a Mutual Success transition can use these factors to consider whether such a transition is the right option for them. Each is discussed in detail below.

1. BENEFITS APPEAR TO OUTWEIGH RISKS AND COSTS

Intuitively and based on experience, most people know that keeping a founder involved in their own organization after they step down as CEO is not easy. This difficulty was readily acknowledged, especially by successors in our study.

> *This was the right move and it is working well. It is inherently difficult but not overly difficult. It's worth it, but it's not without pain.*
>
> *It was the right thing for the organization and it was the right thing for me, but I'm not sure I'd want to do it again.*
>
> —Various successors

The Five Success Factors

1 Benefits appear to outweigh risks and costs.

2 Individual characteristics and commitments that reinforce mutual success.

3 Relationships that foster trust, cooperation, and mutuality.

4 Governance and management that reinforce appropriate roles, authority, and hierarchy.

5 Culture and values that are aligned with the style of transition.

But in each of these six cases, the principal actors also believed it was the best thing for their institution. When the full range of things each organization most valued were taken into account, all six said it was worth it despite the hard work.

Respondents cited numerous benefits of the founder staying closely involved with their organizations. Two of these could be described as essential organizational imperatives; the founder's involvement would help the **continued success** of the organization and reflected a **core organizational value**. Other reasons could be thought of as **"icing on the cake"** — benefits that were non-essential but nevertheless fruitful outcomes of the founder's continued involvement. Let's look at each in turn.

Continued Success of the Organization

Five of the six organizations believed that their organizations would suffer serious damage to their program or mission if they had not been found to make use of the founders' skills, experience and contacts.[3] Specifically, the various boards had well-founded reasons to believe that failure to keep the founder involved, at least for a significant time, would result in unacceptable consequences, including:

- Permanent loss of significant funding and revenue.
- Unacceptable levels of lost momentum on key programs.
- Loss of other key staff and organizational stability.
- Loss of political connections that would irreparably damage their legislative advocacy work for years.
- The founder continuing his or her work at another competing organization.

Alignment with Core Values

For three of the organizations in our study, honoring the founders' wish to remain involved was consistent with core organizational or cultural values about how to treat people. These same organizations would not have agreed to have the founder stay if they thought it would harm the organization. But they were willing to incur the additional effort and cost out of respect for and valuing someone who had done so much to build the organization over so many years. For these organizations, it was a matter of organizational integrity and consistency with deeply held values and beliefs.

> *The benefits of [meeting some of the founder's specific needs] do not, by themselves, outweigh the energy the board, staff, and I put into managing [the transition]. But there's another factor - there's a person here that we're dealing with. That is part of the equation. It's not so much what does the organization owe that person, but how do we value people?*
>
> —Successor in a new permanent role case

> *People were wondering why I was so patient— but we reflected in this transition the best of our institution and our culture.*
>
> —Successor in an extended overlap case

One organization, whose mission is the development of young leaders, felt strongly that their next CEO needed to be a young person. By definition, all the candidates lacked experience. They designed a thoughtful, prolonged transition in which the incoming executive and outgoing executive co-existed in the organization for six months, and the founder remained in another role for six months after that. They could have easily recruited an older, seasoned leader and forgone the cost and effort of the extended overlap but at the cost of undermining the mission and values of the organization.

3 A plausible argument could be made that the organizations would not be in this situation if they had done a good job of succession planning. We may be in a transitional phase between a time when succession planning was difficult to discuss, almost taboo topic in nonprofit circles, and a future time when all organizations will do such planning as a matter of course. But until that day comes, knowing the essential factors for a Mutual Success transition may help many organizations avoid the unnecessary loss of the valuable asset which is their founder. It is beyond the scope of this study to speculate further on this, but it is also possible that good succession planning may help create exactly the organizational conditions under which a founder can successfully remain in their organization after stepping down as CEO.

Icing on the Cake

Apart from mission-critical and values-driven reasons, every organization cited numerous other valuable, but not indispensable benefits to the organization's programs, the successor, and the founder.

Founders strengthen the organization's programs by:

- Improving the quality of other staff's work through mentoring.
- Leading (or continuing to lead) specific programs in which they were recognized experts.
- Representing the organization externally, in addition to the new successor.
- Projecting a sense of stability and continuity to funders and staff.

Founders strengthen the successor by:

- Providing institutional wisdom and memory to inform current decisions.

> *I'm very lucky. I can still pick up the phone and say 'Can you believe this or that?,' and 'What would you do with this or that?' Our founder's very respectful that these are all my decisions now, and it's very clear to others that I make these decisions. But I get the benefit of all these years of experience without ever having to worry about her stepping on my authority or in any way giving people the impression that she's really the power behind the throne.*
>
> —Successor in new permanent role case

- Coaching the successor on staff management issues, funder strategy, and on working with the board.
- Providing a valuable asset at successor's disposal.

> *In me, [the successor] has control over someone who has done the program for years and done extremely well, and she can use that resource to benefit her. It's very rare for two people with this high a skill level to be in an organization like this — it's a huge competitive advantage for the organization.*
>
> —Founder in extended overlap case

- Giving successor time to learn the program and gain the confidence of the staff.
- Keeping the successor from being seen as "the person who pushed out the beloved founder."

Many intangible benefits to founder

While it sometimes comes at a high personal price, founders also gain multiple benefits in this process. They get the satisfaction of seeing, up close, the organization become independent of them. They stay connected to colleagues and contacts they have built over decades. They deepen their legacy through mentoring and supporting others. They have time, free of the pressure of being CEO, to really think about what to do next with their life. And in many cases, they get to learn from a talented successor.

By itself, providing benefits to the founder should *never* be the reason to have the founder remain in their organization. But if justified by other benefits, then the organization also has the opportunity to give a great gift to the founder — a new career stage that is rich and fulfilling.

In conventional Graceful Exit transitions, the assumption is that whatever value the founder can still bring to the organization will come at too high a price. The author suspects many organizations make this assumption without questioning their zero-sum assumptions about leadership and power or rigorously examining the potential benefits and possibilities of the founder remaining.

2. INDIVIDUAL CHARACTERISTICS AND COMMITMENTS THAT REINFORCE MUTUAL SUCCESS

When asked why an unconventional founder succession worked, it is common to hear people say, "It's a matter of personalities. We got lucky."

But what is it about the people involved and their relationship that makes it work? This study penetrates the mysterious wall of "personalities" and provides insight into which kinds of transitions are likely to succeed and which to fail due to personality dynamics.

This study also suggests that personalities *do* matter, but that these personalities are supported to behave the way they do by a larger context. That context consists of relationships that have very particular qualities, supportive management and governance structures, and core values of the organization that give each transition its unique flavor. But let's start with the basic building blocks in this Mutual Success model — the characteristics and commitments of the founder and successor.

Subordination of Ego to Mission: An Essential Trait of Founders and Successors

Almost all the founders and successors were described as consistently putting the good of the organization above their own egos.

> *It's hard [for the founder] not to say 'this is my baby, these are my people, my funders, and think [of the successor], who are you?' It takes maturity and a unique individual who can really put the institution first. Both [successor and founder] see the good in the other and help each other to become successful.*
>
> —Board member in extended overlap case

For founders, this meant putting "head over heart" and doing what they knew would be best for their organization rather than only satisfying their personal needs for power and centrality.

> *I would rather see this organization strong and healthy than squeeze out another two or four more years as CEO.*
>
> — Founder in new permanent role case

> *[Our founder] can depersonalize things so he can deal with them in a strategic way. That helped us concentrate on the greater good and not make this about us, because it's not about us. You have to do this for the greater good right now. This can't be an emotional thing.*
>
> — Successor in new permanent role case

The Five Success Factors

1. Benefits appear to outweigh risks and costs.
2. **Individual characteristics and commitments that reinforce mutual success.**
3. Relationships that foster trust, cooperation, and mutuality.
4. Governance and management that reinforce appropriate roles, authority, and hierarchy.
5. Culture and values that are aligned with the style of transition.

Founders were also keenly aware of the consequences of *not* doing what they knew was best for the organization:

> *I was always thinking, what happens if we don't do this right? What does it mean for the organization? What does it mean for the people who work here? What does it mean for the movement? What does it mean for our relationship [founder and successor] to not do it to the best of our ability?*
>
> —Founder in extended overlap case

For successors, putting the good of the organization above their own egos meant being clear about the authority of their role as CEO and yet allowing space for the founder to make significant contributions and to go to extra lengths to collaborate with them. These successors did not need to "put their own name on a billboard." Yet they were firmly in charge.

Does Identity Prepare the Way for Mutual Success?

There is a striking contrast between the Graceful Exit model and it's zero-sum assumptions about leadership and power (much of which comes out of management theory and practice based on predominantly white and male-led organizations and cultures) and the fact that *all* of the successors in our six success cases were either white women or women or men of color.

Several respondents attributed the success of their organization's transition in part to the fact that the successor was a person of color who had learned to function successfully in a white or multi-racial world and observing that this background helped prepare them for the work of coexisting with the founder.

> *[Part of what makes this possible is] being black — having the agility one needs to mold oneself. It could be an under-developed sense of entitlement...a greater sense of tolerance for behaviors that other people with a stronger sense of entitlement wouldn't tolerate. If I didn't have this [tolerance], I would have made [the transition] more unpleasant for other people.*
>
> —Successor in new permanent role case

> *She's comfortable in the world. She really understands — it does not happen every day that an African-American woman can fit comfortably into a multiracial organization run by a white woman with a diverse staff, feeling comfortable in being able to lead. It is a set of values and qualities that is wonderful.*
>
> —Board member commenting on successor in extended overlap case

A senior staff person in another organization observed that "as a woman, [the successor] had gotten good at helping others succeed and did not have to have her stamp on everything."

This research was not designed to explore the role of dominant and subordinate group membership on key actors in these transitions. But it may be worth exploring further if the roles and personal attributes subordinate group members adopt and learn in order to succeed might also be helpful attributes for successfully navigating the tricky power relationships inherent when the founding leader remains in an organization. In a similar vein, to what extent are organizations that develop power sharing cultures more likely to be led by women or people of color, and what impact does this have on the success of their leadership transitions? It is an empirical question which is worth answering but which cannot be answered with data from this study (or by ideology).

I think people have these notions of why these transitions don't work, because they have their notion… that leadership means being on your own. Being at the top of the ladder means there's only one step. But in fact, leadership really is at the bottom of the ladder, because you are supporting everybody else and if you are not functioning effectively, everything falls down…This view of leadership [being on your own] has nothing to do with the organization. Because when you put yourself first, then you will worry about what people are going to say, which is about your ego, what the perceptions are out there. And as far as I'm concerned, these transitions don't work only, because you think that they cannot work. It is a self-fulfilling prophecy, based on not having your focus on the right target.

—Successor in extended overlap case

I went way out of my way to make sure I shared with [the founder] as much of the substance and purpose of what I was doing as I could. I never saw that as demeaning. I always saw that as part of making sure that we were in sync.

—Successor in new permanent role case

Characteristics of and Commitments of Founder

Two major tasks of the founder in a mutual success transition are to *let go of old roles* and to *strengthen (and not undermine) the successor*. The founders in our study had certain characteristics and made and kept certain commitments that supported these two tasks.

Centered and self-confident

Many were described as centered and self-confident, allowing them to be open to learning and to experimenting with different ways of doing things, such as their own transition. Their confidence also allowed them to be good partners and collaborators, able to ask for help and share credit — traits that most exhibited before and after their transition. Their confidence also allowed most of them to move on from their prestigious positions without feeling diminished by the transition.

Traits of Founders and Successors in Mutual Success Transitions

Two major tasks of the founder in a mutual success transition are to *let go of old roles* and to *strengthen (and not undermine) the successor.* Two major tasks of the successor in a mutual success transition are *to fully assume the authority of their role as CEO,* and *to ensure that the founder's distinctive skills, experience, and contacts are put to the best possible use* in the service of the organization. In our work, we uncovered the following personality characteristics of founder and successor that helped them accomplish these tasks and that contributed to a mutually successful transition:

Founders were:

- Centered
- Self-confident
- Self-aware
- Committed to learning
- Committed to and skilled at interpersonal communication
- Deeply committed to seeing their successors succeed

Successors were:

- Clear about their formal power and role
- Able to subordinate their ego
- Self-confident
- Highly skilled at interpersonal relations

[The founder] has a healthy ego — powerful and potent. He is the CEO who turned this organization around and put his stamp on things — but he works in really collaborative manner, because he likes what is going on around him and likes the people he gets to work with…He has strong ideas of his own but is open to thinking about other ways.

—Senior staff in new permanent role case

In one of the final days before [our founder] left on sabbatical, I said to her, 'I don't know if I can do this.' [Our founder] said, 'I know one of the reasons I've been so successful is because of what you've done.' It was an incredibly generous thing to say.

—Successor in new permanent role case

Self-awareness and commitment to adjusting behavior

Several founders' high level of self-awareness and commitment to changing their behaviors to adapt to their changed role was key to their transitions' success. In one case, the founder's self-awareness and her ability to encourage self-awareness in others, including her successor, was a critical element in her entire approach to leadership development and organizational strengthening.

Self knowledge, especially about leadership and one's own impact — inner knowing — is essential in leadership, especially in a women's organization. That's one of the things that makes me a good manager — that I trust people and encourage people to trust their own instincts. You acknowledge that you believe in somebody's leadership and support them so they can be the best leader that can be. And then you build the organization to be the best that it can be.

—Founder in extended overlap case

In another case, the primary value of the founder's self-awareness was that it enabled the founder to very quickly recognize and correct behaviors that might undermine the successor or jeopardize the transition. In this case, the founder recognized, as part of a pre-transition assessment, that staff were overly dependent on her. She immediately took responsibility for having created the situation and within days, began shifting her approach to mentoring and managing staff in ways that weaned most of them from that dependency in a matter of months.

Commitment to and skill at interpersonal communication

Most founders were committed to and skilled at interpersonal communication, enabling them to deal quickly and directly with emerging conflicts or tensions surrounding the transition.

When something comes up that causes tension or discomfort, we raise it with each other to keep the relationship clean.

—Successor in new permanent role case

In several cases, the board explicitly considered the founder's and successor's communication and interpersonal skills in deciding that the founder could stay after stepping down as CEO.

They're both very direct communicators. The successor has especially high interpersonal skills and is superbly able to deal with founder conflicts. That [he] was so open to discussing hard issues was refreshing and reassuring to the board.

—Board chair in new permanent role case

But direct communication was not the only successful approach. In one case, hard issues were prevented from occurring and resolved if they did occur - not through direct founder-successor communication but through highly evolved indirect communication patterns that relied on senior staff and board as intermediaries to reach accommodation.

Commitment to having successors succeed

Most importantly, all founders were deeply committed to having their successors succeed, and they let their successors know it. For some, the source of this commitment was the survival of the organization. For others, it was because they genuinely liked their successor personally; and for others it was because they saw their own success integrally related to that of the successor.

I've got to make [my successor] bigger, stronger and better. If I don't, I'm not doing my job. All I do for [my successor] is so that he can develop mastery, confidence, and be an All-Star. It matters to both of us that we not fail; it would hurt our program's clients and put us both at professional risk.

—Founder in extended overlap case

Both have to have confidence in the other and acknowledge that confidence. Both have to be loyal and that is loyal to each other and to the organization first. You have to be able to check your ego. You have be able to trust [your successor], and the person who is leaving needs to know they are not the most important person anymore — the successor is.

—Founder in extended overlap case

Characteristics and Commitments of Successor

Two major tasks of the successor in a mutual success transition are *to fully assume the authority of their role as CEO*, and *to ensure that the founder's distinctive skills, experience, and contacts are put to the best possible use* in the service of the organization.

The successors in our study had certain characteristics and made and kept certain commitments that allowed them to effectively balance these two potentially conflicting tasks.

Clarity about formal power and role

The successors were very clear about their own formal power and role in the hierarchy and knew they could and would fall back on it if they needed to protect their leadership.

[Our successor] is a strong manager. He clearly says to the board, 'Listen, just because founder did it that way, does not mean I want to do it that way, and that is not necessarily how I want to be judged on this.'

—Board member in extended overlap case

[Our successor] decided to be the CEO when she became the CEO. She didn't see it as an ongoing partnership. Her approach was, 'This is my job, this is what I'm doing, the buck stops here.'

—Staff member commenting on successor in extended overlap case

People do not believe me when I say that [the transition] is seamless and working well. They say 'You are hiding something; you're probably not telling the truth,' or 'You are having a hard time and putting up a good front.' But why would I do that? It would not benefit me to put up a front because it would just fall down on me. If it was not working, I would end it. I would say, 'You've done a great deal for us, thank you very much,' and terminate the founder's contract. I would not hesitate. But it is working very well, and it allows me to focus my energy on the things I need to focus on. If this relationship was causing added stress, I would just end it.

—Successor in extended overlap case

I knew I could fire her.

—Successor in new permanent role case

Self-confidence and openness to learning

The successor's confidence plays a key role. Half of the successors said they were very glad to be able to be learning from the founder — evidence of their self-confidence and security. Confidence also shows up in these successors' willingness to share substantive work with the founder, without worrying that this will create openings for the founder to undermine their leadership in ways the successor cannot handle.

Skilled at interpersonal communications

All the successors also were described as having extraordinary interpersonal skills — able to have difficult conversations, knowing how to work in partnership with others, not taking things too personally and putting them in context, and being able to listen to concerns of the founder patiently without feeling the need to "fix" the problem or become reactive.

3. RELATIONSHIPS THAT FOSTER TRUST, COOPERATION, AND MUTUALITY

As we've seen, a range of individual characteristics and commitments set the groundwork for a successful Mutual Success transition. But how and when these two individuals come together and the dynamics they establish between them also matter. Trust, cooperation, and mutuality are key. Such characteristics occur when the successor is already **well-known to the founder** and has a **dense network of relationships in the organization** and when the founder and successor **can create a "virtuous circle" of confidence, trust, and cooperation.**

Successor Is Well-Known to Founder and Organization

Successors need to be well-known and trusted in many parts of the organization and even beyond.

Prior relationship

All of the successors except one were well-known to the founder prior to their being formally chosen as the new CEO. In these five cases, the founder had hired the successor (anywhere from several decades to several years earlier) and had relied on them heavily for very significant functions (for example, deputy director, chief operating officer, or development director.) Four of the six founders claim they expected the eventual successor to be the successor at the time they were first hired — although in most cases, the founder did not reveal this to the eventual successor immediately. In some cases, the person was being groomed for succession by the founder (although not always with the successor's knowledge). In others, the founder's approach to leadership development and supervision resulted in them being groomed but not necessarily differently than others in the organization.

Preexisting trust

In two of these founder transitions, high levels of preexisting trust allowed the founder to hire or elevate the eventual successor into a "number two role" (chief operating officer or deputy director) and to hand over significant responsibility and authority to the eventual successor many years before the founder stepped aside as CEO. This suggests that better role boundaries, cleaner transitions, and faster letting-go are possible when the founder knows and trusts their successor very well. It also argues for the importance of long-term leaders planning and developing a pipeline of capable leaders over the course of years prior to their transition.

The Five Success Factors

1 Benefits appear to outweigh risks and costs.

2 Individual characteristics and commitments that reinforce mutual success.

3 Relationships that foster trust, cooperation, and mutuality.

4 Governance and management that reinforce appropriate roles, authority, and hierarchy.

5 Culture and values that are aligned with the style of transition.

One successor captured the sense of shared responsibility and trust between the founder and successors who have been second-in-command in the organization for a long time (and also the degree of control some founders exert in their transitions):

> ***Interviewer:*** *Can you imagine any situation where an outside hire would work here?*
>
> ***Successor:*** *No. I can't see [our founder] going with a wide-open search not knowing who it is going to be. He would not leave it to chance. He would not have done it — to use a search committee to pick the person. He crafted the transition. It was his transition. He would not turn that over to another party. If you don't have somebody already on the staff, it's hard to hire somebody who will wait in the wings. I think it becomes problematic.*
>
> *In the period when I was [second-in-command], I wasn't waiting to be [CEO] — I was doing my job. I didn't come in thinking that I wanted to be president. I had many conversations with [our board chair] saying 'I don't want to be president.' [The founder] wanted me to [be the successor] and the staff wanted me to do it — and I didn't want a stranger either. It was kind of an institutional agreement that I would be [CEO]. It was something of a burden on me. You can't say 'No.' 'No' wasn't in the vocabulary. [The founder] was my mentor all the way through. So at the end am I going to let [him] down and say 'No, I'm not going to do it, and your organization is going to be turned over to a stranger?' I did not work with [him] for [decades] to see that happen.*
>
> *It would be tough for a founder, any founder, to agree to move on without knowing and having confidence in who is taking over. A founder would want to be involved to some degree.*
>
> —Successor in new permanent role case

Established board and funder relationships

Four of these successors had already established close working relationships with the board (e.g., by leading strategic planning, routinely working with the board as development director, reporting to the board as the chief operating officer, and in two cases, having been a board member).

Notably, the two successors who did not have close, preexisting working relations with the board were chosen only after a professionally managed search process. In one organization, a search was conducted, even though the candidate was well-known to the board, simply because the organization felt it was the appropriate way to make sure they were getting the right person.

Four of the six successors had significant relationships of their own with important funders or had been heavily involved in fundraising for the organization.

Even in the one case where the successor was not known to the founder prior to the transition, high levels of mutual respect and personal fondness rapidly developed and helped the working relationship succeed.

The table, Characteristics of Founder and Successor that Help and Inhibit Mutual Success Transitions, page 32, sums up these personal factors.

Characteristics of Founders and Successors That Help or Inhibit Mutual Success Transitions

	Help	Inhibit*
FOUNDER	• Centered and self-confident; manifested as ability to trust others to lead • Strong ego, but not egotistical • Willing to subordinate ego for good of organization • Disciplined speech; carefully controls which ideas and opinions to share with others • Demonstrated capacity to share power and give up control • Self-aware • Committed to learning and growth • Willing to experiment and take calculated risks • Believes the organization's success is result of joint efforts • Able to deal directly with conflict, (or knows how to use constructive, indirect methods) • Sees others success as contributing to their own • Has a life and commitments outside the organization	• Needs to be central • Puts own needs for centrality, status, or power above needs of organization • Holds unattainable standards and uses them to justify not delegating authority • Undisciplined speech; can't help but share what they think • Significant blind spots and little demonstrated capacity for acting on self-reflection or insight • Only confident when in complete control • Sees self as cause of all that organization has done well • Conflict averse; passive-aggressive or manipulative • Threatened by the success, contributions, or ideas of others • Has built entire life around the organization and has trouble seeing new possibilities outside • Is financially unable to leave top post • Not fully committed to stepping down; actively ambivalent (not just hesitant or scared)
SUCCESSOR	• Self-confident, manifested as ability to learn, share credit, and be patient • Strong ego, but not egotistical; able to maintain personal presence in same space as other powerful figure • Willing to subordinate ego for good of organization • Extremely competent and capable at managing program • Recognizes own position authority and is willing to use it • Extraordinary people management and interpersonal skills • Willing and able to make demands of their board • Is well-known and trusted by founder and board • Comfortable with both ambiguity and uncertainty of future	• Sees self as dependent on founder for own continued success • Feels diminished/threatened in presence of another powerful figure • Needs to put own stamp on the organization whether it needs new direction or not • Will struggle to appear technically competent • Afraid to use own authority to set limits; over-use of group process for decision-making • Conflict averse; passive-aggressive or manipulative • Impatient; feels entitled • Values people primarily in instrumental way • Has little or weak preexisting relationship with founder or board • Desires certainty before acting

* NOTE: Most of these inhibiting characteristics were *not* derived directly from research interviews. Rather, they describe what the opposite of the helping characteristics look like in practice, and are in-formed by interview data and by the authors' many years of observing leaders who would likely be poor candidates for a mutual success transition.

Founder and successor build "virtuous circle"

Building on these foundations of individual skill and character, individual commitments to mutual success, and high-levels of preexisting trust, founders and successors took specific steps which resulted in their relationship becoming a "virtuous circle," or reinforcing loop of cooperation, trust, mutual affirmation, and mutual success. (Note, even though these positive, reinforcing loops were evident in varying degrees in all six cases, these same cases also exhibited periodically the difficult dynamics described in Section 2, The Challenges of a Mutual Success Transition.)

The founders created these positive, reinforcing dynamics in three ways — generosity in "first moves" of role negotiations; public and private communications that address each party's core concerns; and appearing "in-sync" to board and staff. Let's explore each in turn.

Generosity in "first moves"

In our six cases, the first substantive proposal about the founder's new role came from several sources — from the founder himself (one case), from the board (one case), from the founder and successor together (three cases), or from a process involving the successor and staff (one case). But regardless of how the initial proposal was put together (and whether it was years or months in the making), all had embedded in them an implicit spirit of generosity and inclusiveness about the future role of the founder. Each underscored the tremendous value and important role of the founder and proposed some way for that value to be tapped for the good of the organization.[4]

Building a Virtuous Circle

A virtuous circle occurs when the people and organizations give to each other in such a way that trust, relationships, and rewards grow mutually. To get started, someone has to be willing to *give.*

Founders are in a tough spot, knowing that it is time to move on but often having much to lose in the process. They often fear being marginalized. Meanwhile, successors fear that the founder will actively or inadvertently undermine their power at the very sensitive time when they are just getting established. In such situations, generosity addresses the deepest concerns of both founder and successor. Paradoxically, generosity toward the founder may be an incentive for them to play a more constructive role.

It's easy to derail a virtuous circle in the early stages of development — for example, by making a selfish move, by failing to be transparent, or by not following through on promises. Once established, virtuous circles are self-reinforcing. They can tolerate mistakes and transgressions, so long as the participants in the circle have the ego strength to own up to and amend the errors, and so long as they practice mutual forgiveness and encouragement.

4 This is a strikingly different starting point from that in a Graceful Exit transition discussion — which is concerned with how to minimize the founder's post-transition role so they don't wreak havoc in the organization. In the Graceful Exit transition, the true generosity usually lies with the founder, who gives up the organization they created and love, their colleagues, centrality, and big parts of their identity for the sake of the organization, and in return usually gets relatively little (a great party, a sweetened retirement package, a short consulting contract to support the successor while they get their bearings, and a sigh of relief from the board that the founder didn't make it any harder than they did).

After this "first move" (and even while it is being cobbled together), both the potential successor and the board have an opportunity to respond. If they respond with generosity (i.e., being open to the idea of the founder remaining, affirming the valuable contributions they could make, offering or agreeing to roles that are meaningful to the founder, coming up with financial packages that make the founder's transition doable, etc.), then the first steps toward the virtuous circle and toward increasing commitment to the mutual success of founder and successor have begun.

> *[My successor] has not had me relinquishing everything — he's given me an extraordinary amount of control and authority over a lot of work and I'll be damned if I will let him down.*
>
> —Founder in extended overlap case

> *[Our founder] has been intensely generous about staying out of the way — she's been amazingly selfless.*
>
> —Successor in extended overlap case

These two quotes illustrate how *generosity addresses the deepest concerns* of the founder (that he will be marginalized and isolated) and of the successor (that the founder will insert himself inappropriately into roles and situations that will undermine the successor's leadership). It is one of the paradoxes of founder transitions that generosity toward the founder may *reduce* the chances that a founder will play a dysfunctional role.

Alternatively, what if the successor or board respond not with generosity but mainly with expressions of skepticism, maximum constraints, skimpy compensation terms, or a much narrower scope of post-transition work than fits the founder's desires and capacities? Then it is more likely that the founder would seek to simply leave the organization grudgingly, refuse to step down at all, or conduct herself in ways that sour the environment and undermine new leadership. (There can *be* second chances at a Mutual Success transition though, even if opening moves falter. See the sidebar, A Second Chance for Generosity to Beget Generosity, page 36.)

A final note on "generosity" in these negotiations. As with all apparent acts of altruism, the generosity may not be entirely selfless. Each player wants something from the other.

> *It's not all altruism on my part. When you devote thirty years of your life to an institution, you have an investment in making sure the institution continues and flourishes; it gives a sense of gratification and meaning.*
>
> —Founder in extended overlap case

The founder knows that if they appear to want inappropriate roles or levels of authority, the board or successor might cut them out completely. The board and successor know that if they are not adequately generous to the founder, they may take their nearly irreplaceable assets elsewhere. So once an organization enters this "game," each side's moves are in part dictated by those of the other — which is why the outcomes are never certain. This is a game only for people who can live with ambiguity and with a continual balancing act of self-interest and selflessness.

The Math and Science Of Mutual Success

Game theory, along with its intellectual cousins evolutionary biology and evolutionary psychology, has much to tell us about the concept of "reciprocal altruism" (Trivers, 1971). These fields explain the virtuous circle that develops when opening moves in transition planning are cooperative and generous.

In reciprocal altruism, one party provides something of value to the other, often with no calculated expectation of payback or reward. (For example, in the case of a Mutual Success transition, the "something of value" provided to the founder could be a board's willingness to consider having the founder remain in their organization, rather than being directed toward a graceful exit.) If the value experienced by the recipient is high enough, it will give rise to a cooperative or beneficial response back to the first party. In a leadership transition, this could be a willingness by the founder to reduce her expectations about what she will still have control over after she steps down.

Reciprocal altruism research maintains that the amount of reciprocal cooperation or generosity is enhanced by specific factors, each of which has a parallel in Mutual Success transitions. These factors include: the amount of gratitude or value experienced by the recipient of the first party's "move"; interpersonal cordiality and friendship; demonstrated trustworthiness, degree of mutual dependence, and a generally non-exploitative social environment (Wright, p. 190, 195; Trivers, pp. 35, 37). In our six Mutual Transition cases, cooperation "can emerge from small clusters of discriminating individuals…who use strategies [in which they] will be the first to cooperate, and they will discriminate between those who respond to the cooperation and those who do not" (Axelrod, p. 175). Once such a self-reinforcing symbiotic system gets going, there is evidence in game theory, evolutionary biology, and psychology (and in our Mutual Success transition cases), that the system can become quite stable and resistant to "cheaters" or "defectors" — parties tempted to increase their gain at another's expense.

For future work on Mutual Success transitions, it would be worth pursuing several counter-intuitive findings in evolutionary psychology research suggesting that cooperative reciprocity can develop and thrive *without* altruism. There may be fascinating implications for mutual success transitions of Axelrod's (1984) findings that: a) under certain circumstances cooperative systems can develop and remain stable even between bitter enemies (pp. 73-87), and under conditions of low trust, non-rational parties, and little direct communication (pp. 173-174) b) stable, cooperative systems can be sustained even when there is no central authority to establish rules or punish cheating (Axelrod, p. 174).

Stable, cooperative, mutual benefit systems that do *not* depend on altruism can be promoted in at least three ways (Axelrod, pp. 124-141). All of these cooperation-supporting factors have parallels in our six cases, including: a) "making the future more important relative to the present" because the players can each "use an implicit threat of retaliation against the other's defection." (In our cases, each leader, and the organization as a whole, stood to lose a great deal if the cooperative relationship was never created or broke down after it began); b) "changing the payoffs to the players…[so that] the long-term incentive for mutual cooperation is greater than the short-term incentive for defection." (This is what boards in our cases did in negotiating the terms of a founder staying on. The "nuclear option" of a board removing a founder for non-cooperation never even came close to being used in any of our cases — likely because the other payoffs had been well-balanced for self-regulation); and c) "teaching people to care about each other…and teaching the players values, facts, and skills that will promote cooperation." (In the six cases of Mutual Success, each organization had well-established cultures of power sharing, partnership, and the valuing of people's development and success.)

A Second Chance For Generosity to Beget Generosity

In one fascinating instance, an initial rebuff by the successor was turned into a very powerful successor-founder relationship due to the perceived generosity of the founder in her "second move" in the role negotiation. The board conducted an external search for a successor and identified two finalists. The finalist that the board initially preferred promised to make great use of the founder. The finalist that the founder thought would be the best CEO for the organization had a very limited, distant advisor role in mind for the founder. The founder, acting out of great integrity about who she thought would be the best CEO, argued strongly and successfully for hiring the person who wanted to distance her the most. In the end, the two developed a working relationship in which the successor is clearly in charge but has delegated enormous amounts of authority and responsibility to the founder.

Public and private communications that address each party's core concerns

A second aspect of building the "virtuous circle" of Mutual Success is carefully managing public communications to make founder and successor each look good and to address their core concerns.

> *[The founder] told anyone who would listen that [the successor] was the right person for the future, that change is good, and that the organization would be better than what [the founder] started. Both of their heads were in the right place; the mindset was that this is going to work — that 'we're going to make it work and be successful.' [The successor] told anyone who would listen that he owed everything to the founder, that he stands on her shoulders, appreciates everything she did, was thankful for all the opportunities, and that while he would have other priorities, they would all be in the spirit and tradition of the organization.*
>
> —Board member in new permanent role case

> *You have to have a certain attitude about this, and if you have any other attitude, you can't make it work. I can't sit here and have second thoughts about [my successor]. If I have second thoughts and express them to anybody, it means I shouldn't be here. It's just not healthy. We have a new CEO, and I'm not the CEO.*
>
> —Founder in new permanent role case

The quality and frequency of private communications is equally important to maintaining the trust and mutual affirmation which leads to mutual success. Frequent communications assured the founder that she weren't being cut out of important issues and reassured successors that the founder was not assuming authority for things she shouldn't. Some founder-successor pairs described their communications in *problem-solving terms* — communicating to address big and small issues that invariably come up.

> *If I see an issue, I don't run from it — I am the least conflict-averse person in the world. Conflict is healthy; it's not personal.*
>
> —Founder in extended overlap case

Other pairs described their frequent communications as a *source of support and pleasure.*

> *Part of the trust was the fact we had such good confident communication. When you like someone, you do not mind talking to them, and you do not mind spending time with them.*
>
> —Successor in new permanent role case

Whatever the tone of the communications, they served to build and maintain trust and to reassure each party that the other is committed to the success of their unconventional relationship. Communications addressed the other's deepest concerns — isolation, marginalization of the founder, and undermining of successor's authority.

Appearing "in-sync" to board and staff

In all six cases, the founder and successors were usually very conscious about not expressing any serious disagreements in front of their staff or boards. They went to considerable lengths to be in agreement publicly (and privately).

> *For board meetings, [the successor] made sure [the founder] was on same page, and [the founder] was very careful not to be in conflict with the direction [the successor] was trying to take the organization.*
>
> —Board member in permanent new role case in which founder remained on the board

Some successors always had this kind of close communication with the founder prior to their leadership transition, and when their roles changed, the style of communication did not. For other successors, keeping the founder informed took some getting used to as CEO.

> *It's hard to remember sometimes to keep [our founder] in the loop. At the beginning, I needed space, and I kept things from him. Now it's important that he's informed, and he's entitled to know.*
>
> —Successor in new permanent role case

Occasionally, respondents told of situations where a founder felt very strongly that a core organizational principle or value was about to be violated and weighed in strongly about it. But the norm for not undermining the successor's authority was for the founder to raise major concerns only with the successor and in private. Several founders spoke of their willingness to leave the organization quietly if it began moving in directions they truly could not support.

In the three cases of extended overlap, founder-successor pairs went to great lengths, and usually succeeded, in not giving their staff or outside constituents mixed or confusing messages. If staff came to one with a question, they would not answer unless certain the other was in agreement. Several people discussed how important it was to not give mixed messages and to be in agreement, so staff could not "drive wedges" between them and play one off against the other. Some of the more extreme strategies employed in the extended overlap cases to accomplish this included:

- Requesting that staff copy founder and successor on e-mails primarily written for one of them.
- Having cubicles next to each other, "with elbows almost touching," so they could be in constant communication. "It was like we were two halves of the same brain."
- Sharing opposite sides of the same desk and answering the phone with both names.

Creating a Mutual Success transition is a choice, not just the result of personalities and luck. Organizations, including founders, boards, and successors, create mutual success by the choices they make about who the successor is, about their opening moves in negotiating roles, and about their public and private communications. These choices set and keep in motion a dynamic of trust, confidence, and mutual success.

> *If my successor and I did not enjoy the trust and confidence in the partnership we had all these many years, this could not have possibly worked. I would've felt pushed out and avoided her and she'd have thought I was meddling at every turn.*
>
> —Founder in new permanent role case

> *[The founder's confidence] let me operate knowing that I was never going to be undermined.*
>
> —Successor in new permanent role case

> *[The founder] has such confidence in [his successor] that [the founder] was not going to worry; he had peace of mind and confidence that the organization was in wonderful hands.*
>
> —Board member in new permanent role case

But these mutually reinforcing relationships are not enough to ensure a good Mutual Success transition. The organization's board and the way the organization manages the transition supplement personal and interpersonal factors.

4. Governance and Management that Reinforce Appropriate Roles, Authority, and Hierarchy

When a founder remains in the organization, it is critical that those parts of the system with the most formal authority — the board and the new CEO — understand the nature of their formal authority and take steps to ensure that the presence of the founder does not subvert that authority. Even organizations that had relatively permeable role and authority boundaries under usual circumstances, appeared in these transitions, to attend very carefully to making sure power was lodged in appropriate places when attempting a Mutual Success transition. Board and staff awareness of the pitfalls of the founder remaining helped them manage authority, roles, and hierarchy responsibly.

In practice, this meant — in most of the six cases — being highly attentive to:

- Founder roles that respect authority boundaries.
- Symbolism, communications, and logistics that support mutual success and reinforce appropriate roles.
- Shared strategy and direction that does not require radical change by successor.
- Engaged, questioning board that maintains proper authority boundaries.
- Support for founder and successor and monitoring of negotiated agreements.

Founder Roles that Respect Authority Boundaries

In mutual success transitions, the role that the founder plays after the successor comes on is critical. The organizations we talked with set clear boundaries around the areas founders would be involved with and areas they would steer clear of. To the degree possible, board and founder negotiated these boundaries prior to the leadership transition and usually with the agreement of the planned successor. Some preplanning of roles seems essential to good mutual success transition.

Founder roles after transition

After stepping down as CEO, most founders in our study continued in several of the roles they had held previously. These roles were mainly in programmatic work, fundraising, and representing the organization publicly.

Half of the founders continued leading substantive program work in one or more areas in which they were the undisputed content experts and had significant funding, partnerships, or political connections. However, as a result of their reduced authority in the organization, these ex-CEO's needed to first get explicit agreement from their successor to lead the program work.

The Five Success Factors

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3 Relationships that foster trust, cooperation, and mutuality.

4 Governance and management that reinforce appropriate roles, authority, and hierarchy.

5 Culture and values that are aligned with the style of transition.

Also, the founders were no longer free to take these programs in whatever direction they chose, nor were they able to decide their programs' overall priority in the organization. All the ex-CEOs understood their reduced authority over program and accepted that they led these programs at the pleasure of their successor.

> *I was clear that any time [my successor] wanted me to give back the leadership of this work, it was up to her. My primary interest is to protect the institution.*
>
> —Founder in new permanent role transition

All the founders played a role prior to and after their transition in transferring funding relationships to their successor and providing periodic advice on managing those relationships. But beyond this, half of the founders also played significant, ongoing leadership roles in funder cultivation, organizing fundraising, and making "asks."

Half of the founders also kept doing significant public speaking and appearances on behalf of their organization at coalition and association meetings, legislative hearings, educational events, etc. The founders clearly understood; however, that they were not free to represent the organization on their own initiative and only did so when asked by the new CEO or another senior manager in the organization. Most were much disciplined about checking all positions and talking points with their successor or other relevant authority beforehand.

Most founders also began some activities after stepping down in which they had *never been involved before,* including:

- Special project work.
- Writing.
- Coaching, advising, or mentoring the successor and staff.

Founder limits after transition

There were some patterns in what founders *did not get involved* in after stepping down as CEO. Most founders became much less involved or not at all involved in setting overall organizational strategy, at least for a year or more after stepping down. This choice addressed concerns that the founder's presence would inhibit the development or expression of new ideas or play too big a role in others' decision-making. The founders' reduced role in strategy was manifest in several ways, including:

- Founder and successor independently concluding that founder should not attend strategic planning sessions for a time following the leadership transition.
- Founder sharing ideas on critical strategic questions only with successor — leaving it up to successor to insert those ideas into the planning process at successor's discretion.
- Founder not attending any board meetings for at least a year following transition.

> *I felt staff would be much freer to say exactly what they think [about organizational strategy] without worrying about it being heard as criticism or as invalidation of me. It was also important to see if folks at [the organization] wanted to take the organization in a very different direction. If it was going to happen, I would want to know about it. Then I could decide if where they were taking was still a place I wanted to be involved with. I care more about fundamental qualities and values of [the organization] than about its strategic directions. Once that was defined and committed to, I had lots of room to go in many different directions. Beyond that core, I didn't care.*
>
> —Founder in new permanent role transition

While organizations were wary of the founder exerting too much influence on future strategy and direction, most organizations also wanted some way to draw on the founder's accumulated knowledge and experience. One organization's successor, whose founder became a board member a year after she stepped down as CEO, said "[Our founder] is one of the great visionaries, so I would want her involvement in strategy."

However, most founders also did *not* maintain a presence with or membership on their organization's board after stepping down as CEO. Four of the six no longer attended board meetings after stepping down or did so only to participate in specific presentations or discussions at the invitation of the board or new CEO. Two founders, after stepping down as CEO, either kept their previous board membership or joined the board for the first time as a voting member. In both cases, the board or successor set some limits on the founder's board involvement, including not participating on nominating committees and having a post-transition waiting period of six months to a year before the founder would attend meetings.

After negotiation with the successor or board, founders generally stayed out of — or were kept out of:

- Program strategy, except in areas where they were designated leaders.
- Commenting publicly on board- staff relations.
- Commenting publicly on staff management issues.

How founder's new roles were negotiated

The major boundaries around founder's new roles and activities were generally negotiated between the founder and board prior to the leadership transition and — significantly — *with the agreement of a successor who was already on the staff or board of the organization*. In five of the six cases, the successor was involved before the transition in shaping the founder's post-transition role in one of several ways, including:

- As part of staff involvement in a consultant-led transition planning process.
- Through negotiations mediated by the board chair or designated board members.
- As part of extensive one-on-one discussions between founder and successor prior to making a proposal to the board.

Boards that took a significant role in negotiating and agreeing to the founder's post-succession role kept the successor from being seen as the one who "pushed the founder out or aside." This also protected the successor from being seen as having "blown it" if the founder's post-succession role failed, and it allowed for a buffer between the founder and successor in sometimes difficult negotiations.

In one case, where the eventual successor was previously unknown to the founder, the board left virtually all the negotiating about the founder's post-transition role up to the successor — believing that to do otherwise would be an "inappropriate interference in the new executive's staffing decisions." This approach led to perhaps the most stressful and inefficient of the six transitions. In all the other cases, the board took a much more active role in ensuring that the successor was not alone in negotiating the overall shape of the founder's post-succession role or was fully satisfied with roles the founder and successor had developed together.

Specific details of new roles (such as designated program work or level of involvement in fundraising or public speaking) were typically left for the successor to work out after the transition. However, organizations that made their agreements explicit, put them in writing, and built them into the founder's new job description (with approval from the successor) seemed to find the most success.

Preplanning of roles

While it was not possible to anticipate all the role issues that emerged during transitions, planning for the founder's post-transition role seems to have improved the transfer of power.

In two of the three cases where the founder took permanent, complex, and wide-ranging post-transition roles, the organizations put the new, negotiated roles in writing. In the one case where the founder's new role was not put in writing, the transition also proceeded smoothly — perhaps because the founder's post-transition role was the narrowest of the three and there was a well-established, decades-long relationship between founder and successor.

> *There was no written plan about [the founder's] roles. It was understood that he would continue as senior adviser. Nobody felt a need to create a job description for that. It was a reflection of how comfortable he and I were with each other, and people were very clear about that. This board watched us*

interact with each other [for two decades], and they were not worried at all about whether it would be problematic for us to be working together once the roles changed.

—Successor in new permanent role case

In the three cases of extended overlap, role definition was, of necessity, more evolving and fluid. The successors in these situations were all in a learning mode in relationship to the founder, and so both founder's and successor's roles continually changed as the successor took on more and more responsibility. Success in managing these changing roles seemed to depend on two factors:

- Open and almost constant communication between the founder and successor. This was facilitated in various ways, such as sharing office space, joint involvement in major decisions, joint visits and extended "transition tours" to meet with staff, funders, partners, and other stakeholders, and copying one another on electronic communications.
- Clear, frequent communication with staff about how founder and successor roles were changing.

In the one case of extended overlap in which high levels of continual communication were not maintained, a respondent said:

There's a lot to be said for long transitions. But there was a fair amount of angst over exactly what authority did [the successor] have and what authority did [the founder] have during the transition period. We should have been more formal. Most constructive transfers of power require getting the accountability right. The only times it worked well was when we had open, transparent conversations with all three of us at the table [founder, successor, and senior staff person], and we left there with stuff in writing. When that didn't happen we had problems. There's a lot to be said for accountability and transparency.

—Senior manager in extended overlap case

Documenting agreed roles in writing was useful to different organizations for different reasons:

- Short versions were shared with staff to reduce confusion about roles and set realistic expectations of what to expect from the previous leader.
- Successors referred to role agreements to inform their decisions about new issues that arose a year after leadership transition.
- Board chairs used written role agreements as a reference point when doing formal or informal assessments of how well the transition was working.
- Writing the agreement required board and founder to confront some issues (founder's centrality, authority, title, inclusion/exclusion, etc.), which were inherently difficult and therefore were tempting to avoid.

One founder who relied on verbal agreements with the board chair regretted not putting key compensation agreements in writing when that board chair left the organization before the transition was complete.

Transfer of signing authority in cases of extended overlap

In extended overlap transitions, the issue of who has authority for which decisions is a major challenge and one that's worth investing time in to get right. Two of the three incoming-outgoing pairs never signed the same documents and divided up signing authority according to agreements about who would have authority for what areas of work at various times in the transition. However in one case, the founder and successor had planned almost every aspect of the transition together. They signed every document together as "Incoming Executive" and "Outgoing Executive." Notably, this pair reported the fewest points of conflict or confusion about who was responsible for what during the period of overlap.

Symbolism, Logistics, and Communications that Support Mutual Success and Reinforce Appropriate Roles

Symbolism matters. When a powerful, usually well-loved founder steps down or steps aside, it is a highly visible act, both within and outside the organization. In founder-successor transitions, three symbols carry significant weight: 1) *the founder's post-transition title,* 2) *the founder's physical location and presence,* and 3) *public communications about the transition*. There are, of course, pragmatic sides to each of these — issues of employment status, space requirements, and who hears what, when, and how.

Deeper issues govern the expression of the symbols. Here, the founder and board are confronting, naming, and ultimately accepting the loss of identity, status, centrality, and formal power that is a natural part of a Mutual Success transition. A hypothesis derived from these cases (and worthy of further exploration) is that when these issues are dealt with more explicitly by founder and board, the discussion of these three symbols (title, location and presence, and public communications) is easier and more organic.

Post-transition title

Organizations in our cases settled on descriptive titles. These titles reduced the risk of confusing the founder's new role with that of the new CEO and they did not imply a level of authority the founder no longer had. To maintain anonymity, we do not list titles here exactly as used in these organizations. However, the titles chosen were similar to ***Senior Advisor, Senior Consultant,*** and ***Outgoing President***. Titles similar to those rejected by organizations in this study include ***Founding Director*** and ***President Emeritus*** since those titles were likely to confuse constituents.

In several cases, the founder's post-transition title required considerable (and loaded) discussion of how to balance the respect and recognition due to the founder with the very real need to signal the reduction in the founder's power and authority.

The post-transition employment status of most founders in our cases was determined primarily by practical considerations such as the number of hours they worked or personal considerations having to do with the tax treatment of their income. Most were on half to three-quarters time consulting contracts. However, in one case, the successor was very clear that she wanted the founder to have a consulting arrangement for symbolic reasons — not wanting him to show up on employee lists and not receiving an employee paycheck.

Physical space and founder's presence

Another area where symbolism and practicality were critical was in how the physical presence of the founder was handled. The process used — and actual decision made — sent signals about the founder's role and was loaded with meaning for the founder.

In the three cases where the founder remained in a permanent role, there were some consistencies in how the founders' physical location and presence were handled:

- **Office space:** In all three cases where the founder remained in a permanent role, the successor moved into the founder's old office — sometimes going to considerable lengths to make it over to reflect personal tastes. Two of the founders moved to other, smaller but still nice offices "down the hall" from the successor. In one case, the founder and long-time executive assistant moved to a suite of rooms with its own reception area designed and built especially to meet the needs of the founder's ongoing project work. This space provided the founder with necessary space and equipment. Moreover, it signaled to staff and visitors that the founder was still involved in substantial work for the organization and retained significant status in the organization. However, the founder's office area was located several floors below the successor and other senior staff, clearly signaling that the founder was no longer part of the senior management team or of the day-to-day executive decision-making for the organization.

- **Sabbaticals:** In every case where a founder stayed in a permanent new role, the founder took a sabbatical of at least three months sometime after the leadership transition. In each case the sabbatical allowed the founder to adapt some to their changed status and role. Meanwhile the sabbaticals allowed the successors to establish their own leadership and relationships with the staff and board and to ultimately come to trust their own leadership and judgment. Finally, in each case it was the *successor's* call (in consultation with the founder), as to when the sabbatical would start and end.

  However, there were few commonalities across the cases in terms of the sabbaticals starting time. In one case where the successor wanted additional time to get familiar with the job, the founder's sabbatical started almost five months after the leadership transition. In one case where the successor was already a well-established senior leader, the founder's sabbatical began the day after the transition. In another situation, the timing was driven more by personal factors in the life of the founder. The successor, also a very well-established leader in the organization, said the timing did not matter much and that they could have managed the transition successfully without any sabbatical at all because the founder's post succession role, while important and substantive, was clearly defined and circumscribed.

  Most of the sabbaticals were three to four months in length. However, in several cases this was deemed too short by the successors and staff who felt the founders needed more time to adapt to their changed role and needed to be absent from the board for a longer period for the successors to fully establish their own authority.

- **Meeting attendance:** Founders remaining in permanent roles stopped attending meetings where their presence could send confusing signals about their role or where they felt their presence would inhibit staff from discussing and deciding things on their own terms. Sometimes the absence was temporary, sometimes permanent, and sometimes done selectively on a meeting-by-meeting basis. (For example, one founder was kept off the senior management team, but separate "working group" conference calls were created so that founder could continue to lead and coordinate their designated program work.

Some founders were absent from staff meetings, board meetings, or both. But in all case,s attention was paid to the founder's impact on others. In most cases, founders independently decided not to attend certain meetings; in some cases they did so in consultation with their successor or board chair.

In the three cases of extended overlap, there were few identifiable commonalities in how the founder's presence was handled.

In the two cases where the successor was relatively new to leadership in the organization — and had a lot to learn from the founder before she departed — the overlap period was described as "intense learning," lasted from three to six months and the two seemed "almost joined at the hip." In one, they had desks right next to each other "with elbows almost touching" and spent several months traveling to field offices and other stakeholder sites around the country on a "transition tour." Another incoming-outgoing pair actually shared opposite sides of the same desk so they could be in constant communication and avoid giving mixed signals to others. In both of these cases, the shift from this intense period of shared responsibility was noticeably more difficult for the founder than the successor.

In two of the three cases of extended overlap, the founder made a point of not returning to the organizations' offices after the leadership transition — unless there was a specific need to be there or they were invited by the new CEO.

Public communications

The third area where practical concerns and symbolism powerfully overlap in mutual success transitions is in public communications about the transition. Leaders and staff in our six cases understood this and devised many creative communications strategies that simultaneously met the practical needs to communicate while reinforcing symbolically the way they wanted the transition to be perceived. These communications strategies are summarized in Tips for Handling the Logistics and Symbolism of Transition Communications, page 44.

Tips for Transition Communications

Respondents devised several ways to enhance communications between founder and successor, or between these leaders and other stakeholders in order to help these unusual Mutual Success transitions succeed and to reinforce symbolically how they wanted the transition to be understood. Here are some of their methods.

Focus groups. Leaders held external focus groups about how the highly visible founder and organization were seen to determine how to communicate about the founder's post-transition role. This led to designing public messages focused on the ongoing strength and sustainability of the organization and not on retaining the iconic founder. Symbolically, the founder became "background" in communications and the organization's mission, goals and sustainability became "foreground."

Relationship building. Founder and successor conducted a three-month Transition Tour in which the founder explained her transitional role; directly expressed her support for her successor; said goodbye to long time partners; and got stakeholder input on managing the transition itself. The tour enabled the successor to build relationships with key funders, partners, and field staff; begin taking on leadership roles with key constituents; identify people the successor wanted to work with; and mine the founder's deep knowledge of the history of the organization and its relationships. Symbolically, the joint tour left no doubt in anyone's mind that founder and successor were fully aligned on and committed to the extended overlap, power-sharing transition they had designed.

Joint signatures. During the period of extended overlap, two founder-successor pairs introduced themselves and signed documents as "Incoming Executive Director" and "Outgoing Executive Director," as a way of reducing confusion about authority and symbolically reinforcing people's awareness of the transition.

Milestone management. Founder and successor disseminated a "transition timeline" that laid out key milestones in the leadership transition, including role changes of founder and successor. This let people know what to expect and symbolized the deliberate and inclusive nature of the transition.

High-touch communications. Leaders announced the transition in an all-staff meeting immediately after the board approved the transition plan. This was followed shortly afterwards by one-on-one follow-up meetings with each staff member to explain the new founder and successor roles and hear staff concerns. Symbolically, this conveyed to staff that leadership understood staff anxiety about the transition and were willing to spend considerable time dealing with it.

Change management. Leaders facilitated meetings to gather staff ideas about the founder's post-succession role and to openly discuss grief that might otherwise get in the way of releasing the founder and accepting the successor. This inclusive approach triggered a shift from staff over-dependence on the founder to staff stepping up to higher levels of responsibility and leadership.

Shared Strategy and Direction

In most of our cases, the organizations completed a strategic review or full strategic planning process before their leadership transition. While this is considered good practice in conventional leader transitions, successors in several of our cases saw it as essential. This increased the chances that at least for the first few years after the transition, the founder would not need to face the challenge of seeing radical changes in direction being made that they had not had some role in shaping. And it certainly makes life easier for the successor:

> *I don't feel any need for putting my own stamp on a change in direction… The strategic plan made a big difference and created a roadmap. It was enormously valuable not only to me but to the rest of the staff because they knew where we were going. So it wasn't about 'Where's [she] taking us?'*
>
> —Successor in permanent role change

As some of our cases show, boards need to be brutally honest with themselves (about the possibility of a founder remaining in a new role) as to how much and what kind of strategic changes the organization needs and whether the founder's presence will impede a new leader's change efforts. This is where a careful examination by the board of the character, commitments, and demonstrated ability of the founder to let go of authority and control is critical to their decision about the founder remaining. It is also where the board needs to most monitor the situation and assist the new CEO in ousting the founder if his presence does become a barrier to important changes.

Predictably, the founder's presence causes the board, new CEO, and staff to wonder and worry some about how their old leader will react to a new idea or direction. So the issue is does concern about the founder's reaction to new ideas become so great that it inhibits the creation or adoption of those ideas? As one successor (in a transition that was universally seen as successful and well worth the trouble) said:

> *Having [the founder] here in a continuing role does constrain the kind of changes that might be considered. I'm not saying they're all kinds of changes I would want to do, but if you have a founder who has an ongoing relationship, then you're very respectful of that. Respectful of [her] leadership, of what [she] has created, of the culture. I wouldn't propose changes that I thought would undo that.*
>
> —Successor in new permanent role case

In the cases studied here, concern about the founder's reactions to new ideas and directions was present — but did not rise to a level where it stood in the way of truly important changes. The cost — in worry and in additional decision-making time — was still considered worth it given the other, much greater benefits of the founder's presence.

Two organizations studied here did not do a strategic review before their leadership transition. In one of these, the successor engaged the board in a strategic planning process after becoming CEO and took the organization in some very new directions. The founder's extraordinary trust in the successor and board, and their long history of sharing organizational control with others made it possible for them to be fully supportive of these changes:

> *[My successor] is taking the organization in directions I would never have dreamed of taking it. He's playing to his strengths and expertise and it is fabulous. We are thriving as an organization and making a difference in whole new ways with someone with a great deal more and different energy.*
>
> —Founder in new permanent role case

How founders affect strategy and direction after they step down is one of the clearest examples of where exceptions to the conventional wisdom carries big risks but also makes possible enormous benefits.

A Diligent Board with Clear Boundaries

In many respects, a board overseeing a transition in which the founder will remain must undertake many of the same tasks and make most of the same adjustments in the exercise of its authority as it would in a conventional founder transition. For example, it still must assess the organization's future directions and leadership needs, identify the core values and practices, ensure a thoughtful transition plan, recognize and celebrate the founder, and so forth. And in both kinds of transition, the board will usually have to step up to a new level of responsibility and ownership in areas such as strategic direction, fundraising, selecting the new CEO, evaluating her performance, and developing a more engaged working partnership with the new executive.

However, from these cases we learned that in a Mutual Success transition, the board must also work to protect the organization's authority boundaries. Most of the boards we studied evaluated transition plans independent of influence by the founder or successor. They also put procedures in place to ensure that the board's and successor's authority were not undermined by the founder remaining with the organization. Following are the procedural safeguards they used.

Fully vetting founder's transition proposals

In most of these six cases, the founder (or the founder and his or her hand-picked successor) came to the board with some sort of plan for the founder's continued involvement in the organization. (See previous discussion in the section, Challenges for the Board, page 18.) Most of the boards in our study understood implicitly that preserving the proper authority of the board required that the board exercise independent judgment about the founder's transition plan. Most said they were prepared and willing to say "no" to the founder's transition proposal — in part or in its entirety — if they decided it was not in the best interests of the organization.

Negotiating the major outlines of the founder's post succession employment

Boards in most of our cases (whether they knew explicitly that they were doing it or not) protected the authority of the successor by taking responsibility for negotiating key elements of the founder's post-transition role (major tasks, title, employment status, compensation, location of work, etc). (See Challenges for the Successor, page 16.) Most also made sure at each step that the successor had input and was in agreement with the negotiated arrangements. Some successors and board members were fully aware that if the board abdicated authority for these tasks to the successor, it would set up a stressful relationship between successor and founder and risk the successor bearing the blame should the relationship fail.

Short-term monitoring and accountability for founder-successor relationship

In most of these six cases, the board took steps to monitor the progress and success of the transition through either formal or informal means and made it clear that the board would take responsibility for asking the founder to leave if their continued presence was undermining the successor's authority. In one of the more formal arrangements, a board transition team checked in with staff at three and six months after the transition. This included confidential phone calls from the board chair to the successor and other staff to gauge how well the transfer of power and authority was going. In other cases, board members stayed in close touch with successor and key staff on a more informal basis. These steps reassured successors that the board would support their appropriate roles and authority in relation to the founder.

> *Board oversight was a big help psychologically. It was really a source of comfort to me that I didn't have to manage this difficult relationship on my own. Although I never had to call on the Board to intervene, I knew I could.*
>
> — Successor in new permanent role case

Long term-monitoring

Several board chairs and successors mentioned that while the board's responsibility for ensuring successful transition is greatly reduced over time, this responsibility does not go away entirely as long as the founder remains in the organization. While this was not explored in depth in this research, the author anticipates that the board's responsibility for monitoring would be reactivated at times of significant change (e.g., changes in external situation necessitating a major strategy change; departure of the successor CEO or other significant shakeup in top management or leadership; a dramatic decrease in the founder's mental or physical capacity; or a souring of the relationship between founder and successor). To maintain healthy and appropriate authority relations in any of these situations, the board would need to be aware of and support the CEO in taking whatever decisions were best for the organization, whatever the objections of the founder.

See Recommendations for Boards of Directors, page 52, for additional detail on board management of transitions in which the founder remains in the organization.

Additional Support for Founder and Successor

Boards of organizations in our case studies provided many kinds of support for both the founder and successor in Mutual Success transitions. Internal support came in the form of resource allocations, staff support, board support, and mutual support from successor and founder. Additionally, both successors and founders reported external support from coaches, family, friends, and networks.

Internal support

There are several areas where the organizations' assistance in providing resources made these transitions smoother and more productive. In some cases, the transition would not have been possible without such support.

> *My leadership training and coach gave me the ability to talk about the transition and gave my successor space to talk about it. I also did some of that work with some board members. My severance package meant I did not have to worry about where I was going next and gave me a few more months to really explore and be creative and finish up all the things I wanted to do but did not have time to do [as Executive Director]. There were lots of supportive people around me, holding me accountable but also being really supportive and understanding.*
>
> —Founder in extended overlap case

Specific actions to support these transitions included:

- Consulting agreements with founders to support continued work or give them "breathing room" to explore and decide what their next permanent move would be after stepping down.
- Paying rent on a small, local apartment for founder's use.
- Paying for external coaching.
- Support to ensure that founder's long-time executive assistant could remain to support the founder's ongoing work.
- Establishing retirement accounts over several years to make up for decades of neglect of founder's retirement needs.
- Building a separate suite of offices to support substantial ongoing work of founder.
- Supporting founder and successor participation in leadership development programs.
- Funding for transitional staff and other positions left open when founder and successor take new roles.

In several cases, close, trusted senior managers and colleagues of the founder and successor played significant roles in supporting these two key actors by:

- Ensuring the organization took steps so that the founder felt adequately recognized, included, supported, and respected (a role that the successor could not and should not be expected to do).
- Conducting "shuttle diplomacy" or facilitating face-to-face conversations between founder, successor, and board to head off or resolve conflicts.
- Being a sounding board for founders and successors who knew it would be inappropriate and unsatisfactory to discuss transition challenges with anyone except a highly trusted, discreet colleague who understood their situation deeply.

As previously described, board chairs were key to negotiating founders' post-transition roles and compensation, managing and preventing conflicts among board, founder, and successor and ensuring formal or informal monitoring of the leadership transition.

In several cases, the founder and successor named each other as some of their biggest internal sources of support for the leadership transition. Some successors praised the care with which founders handed-off organizational knowledge and information and the quality of developmental mentoring they received. Four of the founders mentioned how much they enjoyed learning from their talented successors about leadership, management, or new ways of thinking.

External support

Three successors (and one of the founders) in our six cases made use of external coaches funded by their organization to help them navigate their change in role — including, but not limited to, dealing with dynamics of the founder's presence. One founder used coaching very successfully to identify and overcome the barriers she was experiencing when preparing to hand over control of the organization.

> *Having the coach was invaluable…to process with someone what I was experiencing. And it couldn't be people on the board because it wouldn't have been appropriate and I wouldn't have felt safe doing that. Being able to go to someone outside of the institution, to process how I was feeling, and to strategize how to deal with it was very helpful.*
>
> —Successor in new permanent role case

With one exception, every founder and successor in this study cited their spouse, partner, or a close friend as a major source of support for dealing with the inherent challenges of these leadership transitions.

> *Having friends that I didn't have to be positive with — to tell horror stories to — was very good. I needed some space where I could [complain] about it. I needed release so I could come back and deal with things in a very positive, constructive way.*
>
> —Successor in new permanent role case

The successors also made more formal arrangements for external support, such as joining a network of new CEOs, discussing their transition in individual therapy, or having regularly scheduled dinners with wise and trusted former colleagues.

5. CULTURE AND VALUES THAT ARE ALIGNED WITH THE STYLE OF TRANSITION

As we have seen, there are many steps individuals and organizations can take to help these Mutual Success transitions succeed once they make the choice to do so. However, some critical success factors must already exist deep in the organization's culture and values. If these factors are not present, no amount of last minute planning or engineering can make them appear. These factors include:

- Pervasive commitment to innovation and learning.
- Shared power and a culture of "partnership".
- Extraordinary commitment to valuing individuals and their successes.
- A culture and history of board engagement.

Pervasive Commitment to Innovation and Learning

By their nature, mutual success transitions are experimental — requiring founders, successors, and boards to behave in new ways, try new things, and manage situations for which there is little precedent, research, or professional support. To be successful, these experiments appear to depend on a classic action learning model (Leach, 1993) of planning, acting, learning from feedback, planning again, and so on. Critical ingredients of this kind of experimental, high-wire action learning at the organizational level are:

- The ability to innovate and take a calculated organizational risk to do something for which few or no exact models exist. Each of our six organizations had histories of inventing new approaches and being bold in breaking new ground (such as pioneering new delivery models for youth services, crafting and helping to pass state and national environmental legislation, developing new legal protections for working women, or creating politically powerful national networks of previously marginalized groups).
- An organizational culture in which both direct and indirect channels for communication and feedback existed. Without these communication channels, the continual learning needed for a Mutual Success transition would not occur. The indirect channels were constructive and facilitated by sophisticated third parties who kept the organizations' best interests foremost. (For example, in one organization with a long-established, conflict adverse culture, a senior staff member kept information flowing between founder and board. As a result each party had timely notice of the other party's major concerns and face-saving ways to test the impact of different options for managing the transition.)

The Five Success Factors

1 Benefits appear to outweigh risks and costs.

2 Individual characteristics and commitments that reinforce mutual success.

3 Relationships that foster trust, cooperation, and mutuality.

4 Governance and management that reinforce appropriate roles, authority, and hierarchy.

5 Culture and values that are aligned with the style of transition.

Shared Power and a Culture of "Partnership"

The cases in this study varied widely in the degree to which the founders made themselves central to the functioning and success of their organizations. But the organizations which had the least conflict during transitions were also those in which shared power and decentralized control had been the operating style for many years.

Four of the six organizations studied espoused and to a great degree exhibited "partnership" and "empowerment" models of management in which open communication across functions and levels, high participation in decision-making, and entrepreneurial project work was the norm.

> *I don't have a lot of ego invested in this. [The founder] knows and I know that we're not the reason [the organization] is successful. None of us here are fooling ourselves that [the organization's] great reputation is built around us as individuals. Recognizing that allows an approach that's built a lot around participation.*
>
> —Successor in new permanent role case

Extraordinary Commitment to Valuing Individuals and Their Successes

In these same four organizations, there was a culture of great appreciation for the contributions and successes of individual staff at whatever level in the organization. This may have something to do with the ability of these same organizations to have relatively uncontroversial successions involving internal hires.

> *This transition created an opportunity for us to live our values and for staff to do that. It was a successful transition because by building individuals, you build a strong organization. We really do believe that here. [The organization's] culture supported the transition — it's the nature of the staff to be really proud of others' successes. We were very excited about this opportunity for [the successor].*
>
> —Senior staff in extended overlap case

As discussed earlier, several informants said their organizations placed an especially high value on treating individuals with respect. (See Alignment with Core Values, page 23.) These organizations saw it as a matter of organizational integrity to find a way to honor the founders' wish to remain with the organization they had built and which had benefited so many others.

A Culture and History of Board Engagement

The boards of all six organizations in our study had a history of being willing and able to challenge the founder, of disagreeing with him when they thought the founder was wrong, and of being able to influence the course of the founder's decision-making. Boards varied a great deal in how much they made a habit of challenging the founders, but all had a critical mass of relatively strong, experienced members who demonstrated the ability to act collectively in the interest of the organization when necessary.

The benefits of a strong, questioning board to these Mutual Success transitions were manifest several ways. First, they did not approve portions of founder-proposed transition plans that the boards did not think made sense. For example, one board accepted the founder's wish to serve on the board but limited how soon she could participate after the transition and restricted the committees she could join. Another board, in an extended overlap case, insisted on a firm departure date that was much sooner than the founder wanted. In several other cases, boards took very seriously their responsibility of vetting successors favored by the founder. As one senior staff person put it,"*[The founder] and our board could really push each other hard around what the organization needed in a successor.*"

As a result these boards experienced themselves as having made a real choice about the design of the transition and did not feel they had been forced into it even when the founder had a lot of bargaining power.

Second, several boards took the courageous move of initiating the transition discussion with the founder but were also open to a variety of ways the founders could continue to contribute. A successor in an extended overlap case commended his board chair's willingness to have this difficult conversation in the best long-term interest of the organization: *"The board chair was open and transparent that the institution was an important one and had grown beyond the purview of any one individual."*

Finally, most of the boards in our six cases could argue vigorously among themselves about various issues related to transition planning. In most cases, there were substantive differences among board members at the beginning of their transition planning processes. In the few cases, where full consensus was not eventually reached, those in the minority agreed to not block progress on or to publicly criticize the board's final decision.

The table below, Characteristics of Organizations that Help or Inhibit Mutual Success Transitions, describes these factors.

Characteristics of Organizations That Help Or Inhibit Mutual Success Transitions

Help	Inhibit*
• Engaged, questioning board composed of independent-minded people willing to challenge the founder when necessary	• Board composed of members who mainly act out of loyalty to founder
• Strong, long-term relationship between founder and board chair	• Board lacks leaders willing and/or able to take on needed tasks of mutual success transition
	• Weak or dysfunctional board-founder relationship
• Culture of innovation and calculated risk-taking	• Culture of imitation and playing it safe
• Direct and indirect channels for communication and feedback	• Open communication and feedback is rare
	• Indirect communications take unhealthy forms (triangulation; coercion; manipulation)
• Leadership and staff development is an ongoing practice at all levels of the organization; there is a pipeline for excellent internal CEO candidates	• Founder-centric culture; dependent staff and little shared leadership
• Culture of partnership and shared power, where founder is not central to all important activities and decisions	• Staff development is rare; history of talented leaders leaving because there's no room for them to exercise their competence
• Staff delights in one another's success	• Recognition is grudgingly given and turf is jealously guarded
• Agreed-upon strategic framework	
• Capable, well-functioning senior staff with tradition of accountability	• Senior staff have jobs due to loyalty and longevity; shakeup would be needed for true accountability
• Internal and/or external situation which makes keeping founder worth the effort	• Benefits of founder remaining do not justify the effort and expense

* NOTE: Most of these inhibiting characteristics were *not* derived directly from research interviews. Rather, they describe what the opposite of the helping characteristics look like in practice, and are informed by interview data and by the authors' experience with organizations that would likely be poor candidates for a mutual success transition.

4 Recommendations for The Stout-of-Heart

Founder transitions where the founder remains with the organization are clearly not for boards and staff who are unwilling or unable to do the work needed to make them successful. But for organizations that decide it's worth the inherent effort and risk, the benefits can be enormous. This section summarizes our initial learning about what boards, founders, successors, staff and funders need to consider before launching a Mutual Success transition and what it takes to make such transitions effective.

RECOMMENDATIONS FOR **BOARDS OF DIRECTORS**

Most founders are not known for building engaged, questioning board — choosing instead to spend their scarce time strengthening programs and staff. But significantly, most of the leaders in our six cases *had* worked to recruit independent-minded board members and to strengthen the board as a whole.

While this research strongly suggests that a strong, independent board is a critical factor in Mutual Success transitions, it would be oversimplifying to assume that board strength and engagement is an *independent* causal factor in the success of these transitions. It is possible (but would require additional research to prove), that this correlation between strong, independent boards and founders capable of a mutual success transition can be explained by the personal characteristics of the founder. The personal traits (self-awareness and confidence, ability to subordinate ego for sake of the mission, ability to share power and trust others' leadership, etc.) that allow a founder to successfully step aside and continue contributing to her organization may be precisely the same traits that lead her to *want* a strong, independent board. But regardless of causality, an engaged board willing to make choices that depart from the wishes of their beloved founder appears essential to planning and executing Mutual Success transitions.

Long before a founder comes to the point of choosing to step down, the board should take steps to avoid being put "over a barrel" by a founder who has made himself indispensable by refusing to delegate mission-critical tasks, develop a pipeline of strong second-level leaders, or develop a succession plan. The Mutual Success transition should not be seen as a desirable option or reward for leaders who have created unnecessary organizational dependency on them.

The time for boards to consider how to avoid this negative organizational imperative is years *before* the founder gets focused on planning a transition. However, transitions happen when they happen. The recommendations below are categorized as **steps to take before choosing the Mutual Success model; steps during the interim** — between choosing to conduct a Mutual Success transition and the founder's stepping down; and **steps after the transition has started.**

Steps Board Should Take *Before* Choosing Mutual Success Transition

Engage founder in discussion of transition planning several years before he or she is likely to step down

The board should never place the organization in the position of being "trapped" into retaining the founder, no matter how good the founder is. Early discussions reduce the chance that a transition plan in which the founder remains is the *only* viable choice. Early planning means the organization can begin defusing some of the issues that could result in the founder staying on out of necessity rather than by choice. Such issues include excessive centrality of founder, staff dependence on the founder, core funding that's tied to the founder as an individual, lack of retirement planning for the CEO, and so forth.

Only approve a transition proposal that you are convinced is sound

Your organization's founder may vigorously lobby for a Mutual Success transition plan, but that alone is no reason to pursue one. The plan needs to include the following elements:

- One or more organizational imperatives (financial, programmatic, or based in core values) that can only be met by the founder remaining.

- A likely successor who is well-known and trusted by the founder and the board. The candidate should be extremely well-qualified in all important dimensions. He or she may be inside or outside the organization. A preexisting relationship of trust and mutual respect was critical to the success of five of our six cases. In the sixth case, the organizational imperative for the founder to remain was a clear one, but there was no internal or external successor with whom the founder had such a relationship of trust and respect. This transition was one of the most demanding to manage and encountered the most troubles along the way.

  This is not to say that someone previously unknown to the organization should never be considered for a mutual success transition, but it would need to be done extremely carefully and only with a powerful, inescapable imperative for the founder to remain. (See sidebar, How to Attract Top Candidates When the Founder is Staying, page 56.)

- An agreed set of organizational strategies and directions are in place and are likely to not need substantial revision for at least a few years.

- Basic elements of any "package" proposed by the founder really make sense. This means there's a realistic assessment of the founder's ability to relinquish control; the board believes that any founder-preferred successor is really the best person for the job, will be able to stand on their own, and will deal powerfully and effectively with the founder; and the proposed roles for the founder do not carry undue risk of undermining the authority of the successor or the board.

- The founder is capable of placing the organization's mission and best interests above personal needs for centrality and influence.

The board and especially the board chair (or designees) can handle the extra effort associated with a mutual success transition

The board must be prepared to put the necessary time into negotiating the founder's new role, monitoring the situation for as long as the founder is in the system, and if necessary, holding the founder accountable (including removing him or her) if the arrangement does not satisfy the successor.

Interim Preparations

This stage — between deciding it makes sense for the founder to stay and the day the successor becomes CEO — requires all that is needed in a Graceful Exit transition and more.[5] We cover here only that which is different because the founder will be remaining in the organization.

5 Several organizations provide excellent written help for planning a transition — notably Transition Guides (www.transitionguides.com) and CompassPoint Nonprofit Services (www.compasspoint.org).

Prepare the founder to remain after stepping down

Preparation includes negotiating details such as employment status, checking in to keep the transition on track, and ensuring the founder plans a sabbatical.

With the successor's significant input and eventual approval, the board chair (or designees on a board transition committee) needs to negotiate any remaining specifics of the founder's employment arrangement with the organization. The board should not leave this up to the successor to do directly with the founder. Likely areas requiring agreement are: employment status (staff or consultant); number of hours worked and compensation; physical location of founder; title; relationship to the board; and extent of and limits on organizational work.

The founder and successor must clarify the founder's post-transition roles and the limits on her authority and power. These may be implicit or explicit understandings but they must exist. The less established the relationship is between founder and successor and the more difficulty the founder is having letting go, the more explicit the agreements must be. While it was not done in several of our successful cases, the author recommends these agreements should *always* be made explicit, in writing, and made part of the founder's post-transition job description. In our cases, few major stumbling blocks were reported when organizations had gone to this level of negotiation.

The board chair (or designees) should check in periodically with the founder to keep the transition planning on track. In some cases, a transition committee member may work with the founder and key staff to lay out a timeline defining when the founder will have disengaged from certain responsibilities. Significant resistance to planning or failure to reach agreed milestones are an important warning sign that the founder may not be able to remain in the organization after stepping down and should cause the board to reconsider the arrangement.

Finally, the board should require the founder to take a substantial sabbatical at some point following their transition. This should last at least three months; six months or more may be appropriate. The exact length and start date can be left to the founder and successor to arrange, with board involvement in details only at successor's request. The board chair should check during this interim period to be sure that sabbatical planning is underway.

Prepare the staff for the post-transition period

Insist that the founder and successor meet regularly before their transition to clarify roles, anticipate areas of possible confusion for staff, and communicate regularly and explicitly about how staff can best support the transition and relate to the founder and successor.

Where appropriate, the transition committee should work with the founder to convene conversations with staff. The conversations will help the staff develop a habit of discussing the inevitable challenges brought on by the transition. (See How Staff Can Deal with the Challenges of the Founder Remaining, page 61.) These conversations also alert the founder and transition committee to staff needs they may have overlooked. In some cases, these staff conversations will go better if preceded by one-to-one conversations with staff who may be particularly concerned about the transition. A skilled external consultant (or possibly a board leader) can be useful to facilitate the conversation, especially in cases where the staff seems fearful or unhappy about the pending transition.

Prepare for financial costs associated with the founder remaining

Costs can include:

- Funding two high-level salaries.
- Infrastructure for virtual or physical office space to accommodate founder.
- Coaching for founder, successor, or both.
- Outside assistance to board and senior staff to decide about, plan, and execute the Mutual Success transition.

After the Transition

In addition to doing all the things a board would do to ensure the successful launch of a new executive in a conventional transition, the board in a Mutual Success transition where the founder remains, must also focus on three critical areas: 1) ensuring that the commitments it has made to the founder are met; 2) monitoring the progress and success of the Mutual Success transition; and 3) developing strong ties to the new successor. (From these experiences, the author believes a year or more wait for founder involvement on the board would appear wise.)

Meet commitments

The board has made written and verbal agreements with the founder. Now is the time to ensure that any agreements negotiated by the board chair (or designees) relating to the founder's post-transition role, compensation, or other matters are met. Responsibility for ensuring that these commitments are met should be clearly given to someone — usually the board chair. The board should review its formal conversations with the founder, and if any verbal agreements remain that have still not been written down, do it now.

Monitor progress

Follow through on formal commitments to monitor success of the arrangement under which founder is remaining in the organization. This can include:

- Confidential phone calls with selected staff from board chair or other respected member of transition committee.
- Periodic check-ins between successor and board chair.
- Including update on success of founder's role in annual board evaluation of the successor.

Any direct feedback from the board to the founder related to the founder's performance or how they're managing their new role is inappropriate unless first cleared with the founder's supervisor — typically, the new CEO.

The board should be prepared to monitor the founder-successor relationship for as long as the founder is with the organization and should stand ready to fully support the founder's dismissal should the successor deem that necessary.

Build a relationship with the new CEO

Take steps to ensure that the strong, primary relationship between the board chair and CEO switches from the founder to the successor. It is important that the board chair's (and all board member's) primary allegiance switch to the successor, even if this means that the board chair needs to phase out of that role after overseeing the transition.

At the same time, ensure that lines of communication between founder and board are appropriate — meaning that the founder no longer has direct, independent communication to the board after successor's first day as CEO. After the transition, the founder's access to the board should be on the same basis as that of other non-CEO staff. The board must reinforce that the new executive is the successor. They need to observe boundaries consistent with the fact that the founder is now an employee of the successor and not of the board.

The Indispensable Role Of the Board Chair

In almost every case, the board chair played a critical role in the success of Mutual Success transitions. Chairs drew on their experience and their preexisting relationships of trust with the founder to:

- Advise the founder on options and decisions regarding timing and content of the leadership transition and post-transition roles.
- Conduct formal or informal check-ins with founder and successor.
- Negotiate compensation packages with the founder for the post-transition period.
- Negotiate adjustments in the founder's relationship to the organization on behalf of the successor and "buffering" potential conflicts.

In two of our six cases, the board chair's role was deemed so important to the success of the transition that the chairs remained beyond their originally stipulated board term in order to provide irreplaceable support and guidance to the transition.

How to Attract Top Candidates when the Founder Is Staying

If the organization decides it must conduct an external search to find a new CEO who can work with a founder the board wants to retain on staff, the search must be done with extreme care. Handled poorly, it will drive away all except those candidates too naïve to know what they are getting into, or too weak to negotiate for what they'll need to succeed. From our cases, it appears the following can be valuable:

- Be upfront (in initial interviews but not in written job announcements) about the board's desire that the founder remain, the general areas where the board sees the founder contributing, and the reasons it is critical for the founder to remain.
- Make it clear that: a) the founder will work only in roles explicitly approved by the successor and that the founder is accountable directly to the successor (not to the board or solely to another senior manager); b) the board has an agreed method for monitoring the arrangement; and c) the board will intervene in or support ending the founder's continued involvement if the successor decides that is necessary.
- Have someone with a sophisticated understanding of recruitment (either a very experienced board member or high quality external search consultant) be involved in the initial interviews and follow-up negotiations with the best candidates. This person will be able to assess and track with each candidate individually what they require in order to enter this unusual leadership situation.

If it looks as if no strong candidates are interested in being in a situation where the founder remains, the organization will have to change gears and plan for the founder's graceful exit. The board should find and hire the strongest candidate for the organization's needs — even if that means surviving without the founder's previously hoped-for contributions.

RECOMMENDATIONS FOR FOUNDERS

Before deciding to entertain or propose a Mutual Success transition and an ongoing role for themselves, founders need to ask themselves some very tough questions and answer them with integrity.

- Do you have the temperament and self-discipline needed to successfully remain in your organization when you are no longer top dog? (See table, Characteristics of Founders and Successors That Help or Inhibit Mutual Success Transitions, page 32.)
- Do you think you can tolerate the loss of centrality, influence, and the possible marginalization and isolation that comes with your changed status?
- Have you built a life outside your organization that can be a focus for your leadership and personal energies if the Mutual Success transition doesn't work out?
- Have you ever demonstrated the ability to delegate or divest yourself of significant power, authority, and control? How did that go for you, for the board, for staff, and for the organization's constituents?

- Have you built an organization that encourages leadership at multiple levels and where you are *not* central to all important activities and decisions?
- Have you helped build a questioning, engaged board that you can trust to tell you "no" if they think some of your terms for remaining in the organization are unreasonable?
- Can this organization survive, and possibly even do better with you completely out of the picture?
- When was the last time you voluntarily made an enormous change in an important part of your life? How did it go? What kinds of supports were you able to call on to help you through it?

To answer these questions most accurately, it may be useful for founders to involve people who know them very well and who will give them a fully candid assessment or help them clarify their own thinking.[6] This could include a board chair, partner or spouse, close friend, or trusted senior colleagues at work. An assessment conducted by an external consultant and involving confidential, individual interviews with people who know the founder well can be a valuable way to gather information necessary to determine the most appropriate model of transition for a particular founder.

Founders who can't answer many or most of these questions affirmatively should not consider undertaking a mutual success transition, and the Graceful Exit will be best for the organization they have created and nurtured all these years.

Paradoxically, a founder's chance of executing a Mutual Success transition increases to the extent that he becomes *less* central while still CEO. It also helps to have embraced power sharing, substantial delegation, leadership development at multiple levels, board strengthening, and succession planning in the years leading up to the transition.

It generally leads to less resentment and to healthier long-term board-staff dynamics if the founder does not get too far into the transition design and planning process before engaging the board chair or executive committee in deliberations. Together the founder and board leadership can decide on the best steps and timing for involving the rest of the board. But regardless of steps and timing, the founder should not be left with sole responsibility for how the transition is handled and will likely benefit greatly from the counsel of board leadership.

Once the decision has been made to pursue a Mutual Success transition, the strategies in the table, How Founders Can Meet the Challenges of Remaining in Their Organizations, page 58, will help the founder in loading the dice for success.

6 In addition to having individual conversations, or consulting with professionals, founders might consider convening a "kitchen cabinet" of trusted friends and advisors to help them discern if they are a good candidate for a Mutual Success transition. The author agrees with Parker Palmer that ultimately "there are no external authorities on life's deepest issues, not clergy or therapists or scholars; there is only the authority that lies within each of us waiting to be heard." Given the personal and organizational demands that attend a Mutual Success transition, a founder's decision about pursuing a Mutual Success transition can rise to the level of one of life's deepest issues. One form of group-assisted discernment, potentially valuable for founders considering staying on, is called a "clearness committee" — developed over hundreds of years by the Society of Friends (the Quakers) but frequently used in secular settings. A clearness committee is a confidential gathering of five or six people chosen by the "focus person." The committee gathers for several hours (often more than once), only to ask clarifying questions that help the focus person "remove the interference so that they can discover their own wisdom from the inside out." There is no advice given, no sharing of other members' experience or perspective, and members are not to raise the issue with the focus person unless he or she requests a conversation. (Palmer, 2006-2008)

How Founders Can Meet the Challenges of Remaining in Their Organizations

Challenges	Coping Strategies
Loss of power	• Negotiate for substantial leadership in program area closest to your heart and expertise • Develop external roles (board leadership in other organizations; opinion leadership or ambassador in same field) in which to exercise power needs. • Executive coaching or therapy to manage normal, intense feelings of loss.
Loss of centrality and perceived importance; loss of positional respect; feelings of isolation	• Take time for individual conversations and group gatherings to formally say goodbye and to reset your and other's expectations about new role. • Build support (coach, therapist, close friends, etc.) *outside* the organization to discuss and deal with these inevitable feelings. • Negotiate explicitly for staff support needed to carry out authorized duties and roles. • Take significant sabbatical *(more* than three months; six may be better) with explicit goal of accepting loss of power and centrality and building other areas where founder *is* central. • Identify specific triggers for feeling isolated or unimportant. Then a) deal with it in coaching or therapy b) see if successor and colleagues are willing to make accommodations to reduce impact of triggers. • Avoid temptation to distance self from the organization or from hard discussions about role; stay "in the game" (and deal with anxieties via external support).
Maintaining neutrality once out of power, especially regarding critical leadership decisions	• Recognize that sometimes you will need to watch decisions and actions you think are mistakes, but remind yourself that you are committed to giving advice only when asked. • Do not negotiate to be part of situations where you feel you can't control yourself. • Discipline yourself to keep focused on the more important task of letting successor establish authority and make mistakes in order to learn. Check-in frequently with successor on your performance in this area • Set *very high threshold* for which issues you will weigh in on. These should primarily be issues of core values or principles, rather than strategy, program direction, or management — which in most cases, will no longer be in your area of influence. • If you decide you must intervene, do so privately with successor if possible or state view and then defer to successor and other staff or board. • Absent yourself from meetings where you or your successor think your presence will prevent the successor and staff from frank and open discussion of issues. The successor has the final call on this.
Facing the uncharted territory of a Mutual Success transition	• Negotiate for a significant enough financial package that you have time and leeway to explore what you will do after stepping aside. • Use external support (coach, therapist, close friends, etc.) to discuss and deal with inevitable feelings of insecurity. • Stay in frequent communication with successor about the fit between your individual needs and the organization's needs (not different than good supervision, where *successor* is the supervisor). • Purposefully build a significant life outside the organization and always have an exit strategy in place in case organization takes directions that are intolerable to you.

RECOMMENDATIONS FOR POTENTIAL **SUCCESSORS**

It is a common view among search consultants and experienced managers that strong candidates will not apply for CEO positions in which the founder is remaining in the organization in a substantial role. This isn't surprising since few organizations take the care which this research suggests is necessary when planning and executing a transition where the founder stays.

Rather than running away from what could be a tremendously satisfying and growth-producing professional role, internal and external candidates can use the findings of this research to diagnose the prospects for a successful mutual transition. Some of the indicators to pay particular attention to are:

- Does the successor have the personal characteristics, commitments, and relationship with the founder which seem to be key to mutual success transitions? (See table, Characteristics of Founders and Successors That Help or Inhibit Mutual Success Transitions, page 32.
- A founder that has *demonstrated* — not just given lip-service to — the personal characteristics and commitments described in the table, Characteristics of Founders and Successors That Help or Inhibit Mutual Success Transitions, page 32.
- Indications that the board (and especially the board chair or other powerful, designated member of the executive committee) is prepared to take on the financial commitments, time commitments, and monitoring roles necessary to properly support a Mutual Success transition.
- Indications that the board understands the authority dynamics involved and is unflinchingly prepared to support a shift in allegiance to and support of the leadership of a successor.
- The existence of a *real* organizational imperative that makes the founder staying worth the cost and effort. If the board cannot articulate such an imperative, it is an indication that they are doing it primarily to accommodate the founder. This is insufficient and will not turn out well.
- The organization has the values and a history that will support a Mutual Success transition.

If these organizational indicators look promising, then *internal* candidates (and external candidates with strong pre-existing relationships with the founder and board) are in a good position to influence the way the organization approaches the transition. Using the findings (and warnings) in this research, they can suggest to the founder and board diagnostic questions, governance systems, and operational procedures that will a) enhance the likelihood of making a good choice between a Mutual Success and Graceful Exit transition and b) increase the likelihood that a Mutual Success transition will be successful.

External candidates who do not have strong pre-existing relationships with staff and board must be especially careful in their diagnosis of whether the proposed post-transition founder role can work. The more substantial the role, the greater the degree of trust that must be established with the founder. So in addition to satisfying themselves as to all the indicators and benchmarks above, external candidates must look *very* carefully at whether the role proposed for the founder is too extensive to be carried by an initially weak founder-successor relationship.

All candidates must also be absolutely honest with themselves about their willingness and ability to help the founder be successful in their new role. This includes spending the extra time necessary to allay — in symbolic and practical ways — the founder's fears of being isolated, marginalized, or disrespected. Successors must be absolutely sure of their ability to share space with another powerful person, while remaining centered and confident. They should also be comfortable with ambiguity, thrive on learning and change, and be up for a challenging, experimental, and high risk, high reward job. Successors who have real doubts about themselves on any of these dimensions should probably not apply.

The following table, How Successors Can Deal with the Challenges of the Founder Remaining, page 60, gives more specific guidance to successors on navigating the challenges of entering and managing a Mutual Success transition.

How Successors Can Deal with the Challenges of the Founder Remaining

Challenges	Coping Strategies
Not knowing board's expectations of how successor will use founder	• Ask explicitly in interview what expectations, if any, board has for how you will use founder after transition and if any promises about it have been made to founder. • At time of interview, set expectation with board that if chosen as successor, you will: a) have final say over how founder is used and b) will expect the board to support what you negotiate with the founder.
Preventing own leadership from being undermined while respecting founder's needs	• Ensure that board will support your right to set limits on where and how founder will be involved. • Directly or through a trusted surrogate, invite founder to propose how he would *like* to be included and then decide what you are willing to accept. • Write a job description that specifies the founder's post-transition roles and authority. Use it to evaluate and supervise her. • Remind yourself that with time, the founder's needs will become less intense and your willingness to have the founder in the loop or exert influence will likely increase.
Avoiding undue influenced by founder's judgments of successor or staff	• Explicitly state your expectations of how or if you want the founder to express disagreements with you or your staff publicly; call them on it if the expectations are violated. • Decide if there are settings in which you do not want to have to deal with the founder's evaluations and judgments and exclude them from these settings. • Use coaching or therapy to deal with your issues in claiming your own authority in the presence of the founder. • Engage founder and key staff in explicit discussions of what it will take for *all* to move on from dependency on founder; then supervise accordingly.
Avoiding overdependence on the founder; learning to let go of founder	• Make and stick to clear decisions about where and when you want the founder's advice and input. • Overcome the tendency to avoid taking on tasks that are part of your new executive role but which are outside your comfort zone and "easier" to let the founder do. • Arrange for significant sabbatical for founder so you are forced to take on all CEO roles.
Feeling constrained about the kinds of changes the organization can consider	• Decide if the founder should be kept out of roles (e.g., as board member, or on senior management team) and/or meetings (e.g., planning retreats) where founder might impede needed changes. • Accept that part of the cost of having all the benefits founder brings is that certain changes will happen more slowly.
Establishing own relationship with board	• Invest heavily in one-on-one and collective discussions with the board, especially in your first year as CEO. • Arrange for the founder to not attend board meetings for one to two years following transition. • Use your own judgment about whether you want the founder's advice on how to deal with board. • To prevent gossip or end-runs, ask the founder to commit to immediately stopping any comments or conversation a board member brings to her about you, after which she should ask the board member to speak to you directly.

RECOMMENDATIONS FOR STAFF

For staff, a well-managed Mutual Success transition provides many of the same opportunities as a Graceful Exit transition and a few more as well:

- Temporary leadership assignments in transition management structures.
- Possible input into shaping the transition process and the post-transition role of the founder (this depends, of course, on the planning process selected by the organization's staff and board leadership).
- The chance to shed unnecessary dependencies on the founder and to grow personally and professionally. Mutual Success transitions can actually provoke more of this type of development since staff members must confront how they deal with changing roles and habits in the presence of an authority figure (the founder), who is remaining in the organization. For many staff in our case examples, this was enormously empowering — more so than if they had simply developed a new way of working with an entirely new person.

Being on staff during any leadership transition requires flexibility and patience. Mutual success transitions probably require a little more of staff, especially in expressing needs and confusions created by the transition. For their own sake and for the good of the organization, staff should always take advantage of organized opportunities to learn about the transition, express their ideas about it, and deal with any feelings of loss connected to the changed role of the founder.

The table below, How Staff Can Deal with the Challenges of the Founder Remaining, makes some more concrete suggestions about how staff can best manage the challenges of being part of a Mutual Success transition.

How Staff Can Deal with the Challenges of the Founder Remaining

Challenges and Dilemmas	Coping Strategies
Reducing dependency on founder; letting the founder go	• Confront your own resistance to assuming more responsibility. • Take on developmental opportunities (new training, enhanced job assignments) before and after the founder's transition. • Talk with founder about founder behaviors that contribute to staff dependency.
Feeling caught between two leaders; concern that advocating for new ideas implies criticism of founder	• Explicitly state that you feel in a bind — that no disloyalty or disrespect is meant; you are simply offering your best thinking and judgment. • Encourage founder to name this dynamic publicly and thereby open the topic for staff discussion. (Identify which staff have a relationship with founder that makes this possible.)
Experiencing confusion about who to go to for what kinds of decisions	• Insist that founder and successor work it out between them and clarify for you who deals with what. • If staff relationship allows it, encourage founder and successor to work out responsibilities ahead of time and communicate these with staff.
Dealing with uncertainty about *own* role during and after transition	• Take initiative to schedule regular check-ins with your supervisor (especially if you report to founder or successor); keep communication open during transition. • Explore how transition could open new opportunities on interim or permanent basis. • Engage actively in any staff sessions designed to plan or monitor the transition.

RECOMMENDATIONS FOR FUNDERS

Founder transitions are costly and risky, whether the transition follows the Graceful Exit or Mutual Success model, and your grantees need support through either one. Founders, board members, and consultants are all likely to contact you at the early stages of a possible Mutual Success transition to get a sense of your openness to the founder staying on after stepping down as CEO.

If you've read this far, you know that there may be value in suspending your initial assumptions about the prospect of a founder staying on. Consider asking your grantee some probing questions.:

- What is the compelling organizational imperative for the founder to stay?
- Has the board developed — or are they intending to develop — a transition plan that takes into account all the major success factors outlined in this report?
- If the founder was the prime mover behind the plan, has the board done extensive due diligence on that plan and are they strong enough to say "no" if it's not a convincing plan?
- Does the founder, potential successor (if one exists), the organization, and the board itself exhibit the characteristics necessary for a Mutual Success transition?

Only when you have satisfied yourself on these points should you consider supporting the Mutual Success transition financially. There are elements of Mutual Success transitions that are costly but which provide great benefit to the organization and the larger field.

Funding could support:

- Coaching for founder, successor, or both to help them navigate transition planning and first six to nine months of post-transition period.
- Documentation and distribution of founder's accumulated experience and wisdom for benefit of the field (books, articles, webinars, presentations, etc.)
- Compensation and benefits for the founder — either to cover the short-term budget add-ons created by the founder's new role or to make it financially feasible for the founder to step down when adequate retirement benefits haven't been provided.
- Consultation for board and senior staff to help plan and execute the transition.

Concluding Thoughts

Mutual Success transitions are a high-wire act of devotion for all involved — devotion to the success of the founder, the successor, and most of all to the mission of the organization. These transitions demand a lot of time and discipline, and the risks and costs are significant. But when undertaken for the right reasons, under the right conditions, all this is justified by the enormous continued contributions of truly exceptional founder-leaders. It is not for everyone or for every organization. For the organization with the reason, boldness, leadership, and character to try it, a Mutual Success transition can provide a rich capstone to a founder's career, a fabulous growth opportunity for the successor, and otherwise unattainable contributions to the organization and the larger field.

Research Methods

DEFINITIONS AND CASE **SELECTION**

For this study, we selected six cases, all of which demonstrate successful examples of founders (or long term, founder-like CEOs), either remaining in their organization in **new, permanent roles** (n=3), or engaging in periods of **extended overlap** (n=3) while transitioning out of their organizations. These organizations were referred through the Management Assistance Group's extensive network of nonprofit social change organizations. They represent a variety of fields: environmental protection, leadership development, organizational capacity building, youth development, civil rights, and women's rights.

We defined a *successful transition* as:

A founder to successor transition in which all the principal actors (founder, successor, and involved board members and senior staff) believe that the benefits of having the founder involved outweighed the difficulties or costs of doing so.

It's worth noting that in each case the organizations reported no loss of funding (and in several cases experienced significant increase directly tied to how the transition was managed) or any reductions in program performance or quality. Note that our definition does not include the terms "trouble-free." The primary criterion is that the organizations were seen by the people involved to have been left vital and thriving in the aftermath of the transitions.

Other key definitions:

Founder: The individual who actually founded or co-founded the organization or had been running the organization for such an extended period of time that he was "founder-like" and deeply associated with the organization's identity.

Successor: The individual hired to become executive after the founder. (May be called Chief Executive Officer, President, Executive Director, or by other similar titles.)

Senior staff member: An individual who is part of or very close to executive management.

Board member: A member of the governing board for the nonprofit organization. Typically, we sought the board chair or other board officer most closely involved with the transition.

Permanent new role case: A transition in which the founder took a permanent position with the organization after stepping down.

Extended overlap case: A transition in which the founder stayed for a period of time with a planned exit after that period.

The author chose to look at both permanent new role cases and extended overlap cases in the same study for several reasons. First, the larger purpose of this study was to enlarge the range of possibilities organizations could consider that involved keeping the founder deeply engaged in unconventional ways. Thus, the author did not want to limit the optional engagements for the founder. Second, when looking at the data, the author found a remarkable similarity in the factors that contributed to a successful transition, regardless of whether the case was a permanent role or extended overlap.

Note that the identities of the organizations are hidden and the data is presented in pieces rather than as "whole" cases. The author did this for several reasons. Informants shared sensitive personal information that was critical to understanding the experience of these transitions. They also shared information about choices they made or opinions they held which they have not shared and in some cases, do not intend to share with others in their organizations. In the interest of learning about these transitions, the author decided that the nuance and detail they shared (upon the promise of confidentiality) was more valuable than the identity of the organizations or informants.

In keeping with the goal of preserving confidentiality, the genders of informants were changed at random during the editing of this report so that gender was consistent only within a single example — not even across every appearance of the same organization. *The reader is both cautioned and asked not to try to guess the identities of the organizations.* This caution extends to readers who are on the staff of organizations that provided informants for this report. Identities have been scrambled by an individual who had no familiarity with any of the cases.

DATA COLLECTION

In almost every organization we had extensive confidential, recorded interviews with the founder, successor, at least one senior staff member and one board member closely involved with the transition. These ranged from 45 to 150 minutes, with an average of 80 minutes. One case lacked a board informant since the board member most closely involved in planning the transition left the board during the transition and was not at all involved in its execution. In another organization, the author interviewed the founder, successor, and board chair, but no senior staff person.

The author conducted all the interviews himself, using four different interview guides specifically written for each of the four kinds of role occupants interviewed. The guides ensured that certain categories of information were covered for each type of interview; however, the interviewer gave respondents plenty of leeway to introduce new categories of conversation if pertinent to the overall goals of the research.

In total, the author interviewed twenty-four individuals.

Interviews with a potential seventh case were not completed after initial interviews indicated that a true transfer of executive leadership and authority had not taken place in the organization.

Selected demographics of founders and successors interviewed:

Founders
- 1 man of color
- 4 white women
- 1 white man

Successors
- 3 women of color
- 2 white women
- 1 man of color

The organizations studied ranged in size from $1.5 million to over $80 million and covered a range of sectors including environmental protection, leadership development, organizational capacity building, youth development, civil rights, and women's rights.

ANALYSIS PROCESS

Interview data was analyzed and success factors identified systematically using a modified grounded theory approach (Glaser and Strauss, 1976). In grounded theory, the purpose is not to test an existing theory but to generate a new theory from comparisons of differences and similarities across groups. Careful analysis of interview data generates ideas and concepts that can then be developed into broader theories and subsequently tested for predictive value with other groups. Increasing the number of iterations of theory generation and comparison with new groups refines the theory. The approach used in this study is "modified" in that rich comparisons across six initial cases have been made — but subsequent iterations to increase the robustness and predictive value of the success factors have not yet been made.

To analyze the data, verbatim transcripts were made of each interview. The contents (key phrases, sentences, and paragraphs) of each transcript were coded into categories — some very general ones based on chronological phases of transition and others expected to be relevant based on pre-existing transition literature (e.g., "personal characteristics of founder" or "pre-transition preparation by board"). New categories were created as they emerged from the transcripts. Spreadsheets were used to capture and organize the coded data, where one cell represented the intersection of a particular interviewee (row) and one of the categories of data (column).

The spreadsheet was analyzed for ideas and findings cell by cell and column by column. Visual maps showing key ideas and findings and the hierarchical relationships among them were generated using MindManager software. The number and type of case for which a particular idea or category applied was recorded on the maps.

Initial drafts of this report were circulated to principal informants from the six cases. They were asked to identify any changes they felt were needed to preserve confidentiality and to comment on the validity of concepts and inferences developed from their interview data. Before it was revised, the initial report was also circulated to several other readers who reviewed it in light of their many years experience dealing with organization change and leadership transitions.

LIMITATIONS

The conclusions and recommendations drawn in this study are subjective, but they are qualified by the long practice in organization development of the author and his colleagues at the Management Assistance Group. Readers should take care not to generalize too broadly from the examples here and to exercise judgment in the application of the recommendations.

The cases themselves possess certain limitations. Since all cases chosen had decided to pursue what the author has come to term "Mutual Success" transitions, the informants no doubt had an investment in describing their efforts as successful and worthy of time. Their self-definition as having succeeded at such a transition needs to be taken into account by the thoughtful reader.

That there are only six cases here is mainly a result of time and resource limitations and the focus on finding cases in the Management Assistance Group's network. It is unknown how many cases might be found where the founder and successor have successfully co-existed in the broader nonprofit universe. Certainly more research is needed in this area and more cases will be available in the future. With the wave of retiring babyboomers — many of whom are still leading organizations they founded in the 60s, 70s, and 80s — we expect that more organizations will consider and pursue a Mutual Success transition.

QUESTIONS ARISING FROM THE **REPORT**

As the first systematic study of this topic, it is to be expected that it will raise as many questions as it answers. Among the more promising and tantalizing questions deserving further exploration are:

- How robust will these factors prove to be when compared with additional cases of Mutual Success transition?
- What might be the impact of identity group membership (race, ethnicity, gender, age, and so forth) on these transitions?
- What is the impact on mid-level staff of transitions in which founders retain significant program leadership roles?
- How will these situations play out over longer time horizons of five to ten years? (For example, what happens when the successor chooses to leave? Can the founder stay on through a second transition?)
- Will more thoughtful preparation for conventional, Graceful Exit transitions:
  - » Significantly reduce the number of situations where there is a compelling need for the founder to remain?
  - » Significantly increase the number of situations in which a Mutual Success transition can be attempted with much lower risk?
- How individual personality factors (such as those measured by instruments such as the Myers-Briggs Type Indicator or the Firo-B) or the ability to manage complexity and ambiguity (as measured by instruments such as the Subject/Object Interview or Growth Edge) are correlated to successful Mutual Success transitions.
- How will changes in the economy impact interest in this model? (For example, drastic reductions in the value of a founder's retirement portfolio could add years to the length of time she needs to work before being able to step down.)

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