

## Are Executive Directors Disappearing?

*Planning for succession*

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With a new perspective each month, Trends & Issues features timely, relevant, and thought-provoking stories from people and organizations in the non-profit sector who share their thoughts, opinions and musings on a range of topics relating to HR and workplace issues.

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Executive Directors are truly an endangered species. Frequently underpaid, they risk burnout while struggling to deliver value to stakeholders in the face of drastically reduced funding and contributions during the past year and a half of recession.

One third of executive directors will be lost to retirement in the next five years according to predictions in the 2005 Boland Study of Alberta non-profits. Other studies revealed similar results. Last year's global economic turmoil may have slowed the loss as executive directors, finding their retirement funds in peril, decided to stay on longer. This is temporary relief at best. Postponing retirement until that magical day when the market recovers only adds uncertainty to the problem.

Compounding the situation, ambitious middle managers feel stoppered like a genie in a bottle. The lack of opportunity for promotion causes them to search for greener pastures either inside or outside the non-profit sector. When the Boomer cohort finally does retire, there will likely be a shortage of experienced middle managers ready to take the reins.

The solution lies in implementing a succession planning process two to three years before the planned retirement. Effective succession planning practice employs multi-dimensional measures to assess the leadership potential of middle managers. Psychometric assessments identify gaps between candidates' current state and the traits or competencies required for above average performance in a leadership role.

Closing gaps is no easy task. Careful communication is required to manage the potential for internal competition. In an ideal situation there will be more than one candidate, but be mindful of the fallout when those not chosen discover their fate. This can be debilitating to any organization. Candidate self-awareness and a willingness to work on weaknesses are important conditions for success. The tangible steps to close gaps require meaningful organizational

and supervisory support. Rarely are gaps closed through skills training – more often they require the acquisition and practice of management and leadership skills supported by coaching and mentoring.

In their 2001 book, *The Leadership Pipeline*, authors Ram Charan, Stephen Drotter, and James Noel describe the passages that managers must go through as they transition from managing themselves to managing others including:

- Defining and assigning work to be done
- Enabling direct reports to do the work
- Building strong relationships with others

Sources of job satisfaction shift from solving problems on one's own to getting work done through others.

Developing future leaders when “future” is defined as a mere two or three years out requires deliberate action to create experiential opportunities and then coach candidates to reinforce the learning that took place. Common efforts include filling in for the executive director for an hour to run a meeting or responding to inquiries for a week while the executive director is on vacation. However, one does not learn to drive a motorcycle sitting in the sidecar. True development to master the skills described in *The Leadership Pipeline* calls for more intensive practicum-style learning.

Over the past few months I have delivered this ‘how to’ message to scores of Executive Directors and their board members. Typically I hear a litany of reasons why it can't be done:

- We only have two managers and there is no one to fill in for them if they are on other assignments;
- Our planning horizon is based on funding commitments. It's difficult to think about two-year training plans when we don't know how we're going to be able to pay this person's salary in 13 months.

These are all good reasons but the reality is that, thanks to demographics, we are facing a shortage.

Some brave pockets of innovation have tackled the issue square on and succeeded. A shining example is the work done by Eldon Emerson of Edmonton's Muttart Foundation. Muttart initially funded and brought six non-profits together to share common HR resources in a ‘cluster project.’ With Emerson's encouragement the non-profits began to share ideas about developing people by providing learning opportunities in other parts of the cluster. The results of the collaboration were so successful the group expanded its membership and decided to fund the work after the initial support period ended.

Within the cluster, Liz O'Neill, Executive Director of Big Brothers Big Sisters Edmonton & Area, took an even bigger step. In 2006, O'Neill began to train some staff in critical thinking techniques in support of a “lean agency” initiative. A portion of the efficiencies that were realized by reducing work was applied to providing time for organizational development initiatives. Many of Charan et al's conditions for leadership succession were met by providing opportunities to work on cross departmental problems and receive coaching. Three years later, O'Neill's organization now has a two layer leadership bench that is empowered and maturing.

Few organizations possess the scope or the resources to deploy a leadership development program on their own. The type of cooperation fostered by the Edmonton cluster project provides an effective alternative to creating an environment capable of supporting development planning. It is difficult to learn how to manage others if your only direct report is the mouse attached to your computer. It is equally difficult to think broadly and strategically if you never have the opportunity to step outside your own department.

The for-profit sector and government both offer useful approaches that can be adapted:

- Secondments – What would happen if one of your high potentials was loaned to another organization for six months to a year? Wouldn't they come back with fresh perspectives on the problems you face? And while they were gone, could you replace them with a secondment from another non-profit?

- Cross-functional teams – Are there problems your organization shares with other non-profits that lend themselves to team solutions? Could your high potential learn something about getting things done through others if you coached her on how to sell her ideas to a committee?
- Board mentoring – Do you have experienced leaders on your board who are willing to supply the energy to mentor a high potential? They can provide the perspective of years of seasoning to facilitate thinking about leadership in a practical context.
- Serving on boards or other non-profit committees – The best way to understand the way a board member thinks is to become one. Encourage your high potential to serve on another non profit board. Understanding the difference between governance responsibilities and management accountabilities, summarizing information for busy people, learning how to leverage board members' knowledge and contacts, seeing how other ED's work with their boards are all valuable learnings that come from sitting at the board table.

It may be unrealistic to achieve transformation into a 'learning organization' described as one that acquires knowledge and innovates quickly enough to survive and thrive in a rapidly changing environment. However, for those valuable managers with the potential to move into leadership roles, it is critical to create an environment that supports and encourages their growth and development. Solutions can be found if you think broadly about creating development opportunities. They may be found in collaborating with other non-profits or leveraging the talent that sits on your board. This is a time that calls for creativity and courage.

Please write me and share what you've learned: [jszold@PlanningForSuccession.com](mailto:jszold@PlanningForSuccession.com) or (647) 346-6741.

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