



Maintaining Stakeholder Relationships During Leadership Change

BY RICHARD TOLLEFSON



The Importance Of Constituent Communication

Employee turnover is nothing new in the workplace, but it presents an even greater challenge for nonprofits. The Society for Human Resource Management reports the voluntary turnover rate for nonprofits at 19%, compared to 12% in the overall labor market.

When nonprofits lose leadership positions, far more is at stake than the simple loss of personnel. Too much turnover can negatively impact public and donor trust, compromising an organization's reputation and, ultimately, the financial bottom line.

What are nonprofits to do during a time when their executive directors and CEOs are aging out and when, according to Nonprofit Quarterly, those who stay average only six years in their positions, taking with them continuity and stability?

Empower Volunteer Leadership

The first step is to empower volunteer leadership — specifically, the governing board of directors and, in particular, the chairperson.

When New York state-based Mount Saint Mary College's announced the imminent departure of its president, board chair Mike Horodyski stepped up to "provide a stabilizing influence," with the help of the college's vice president of advancement, its senior-most fundraiser.

"Our vice president strategically put me in front of major donors, emeriti and current board members, faculty, alumni and students," says Horodyski, who worked directly with her on a donor, alumni and community engagement plan. "I was able to interact with a larger

group of constituents, which was key to quelling rumors about the timing of various executive leadership departures." The vice president for academic affairs announced his resignation just one day before the president's intended departure announcement. "It was bad timing but, ultimately, two independent issues, and we were able to communicate that."

United Way also worked toward sustainable funding while juggling COVID's immediate needs. "While responding to immediate challenges, we were emboldened to set big goals because we received a \$25 million grant from McKenzie Scott," says Vargas Jasa of the plan to double their organization's endowment and fundraising efforts over five years. "When that five-year grant is expended, we will need the additional endowment and fundraising dollars to maintain our level of support in the community."

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Start with a Plan

Nonprofit-industry media report the average tenure of a chief development officer is 16 months, and that of other key development staff officer positions is only 18--24 months. Considering these poor attrition numbers, succession plans are vital. "Not only for top positions, but those down the organizational chart," says Mary Martuscelli, previous board chair of the Arizona Science Center.

She says that understanding how key functions interrelate and work together is crucial, especially during leadership change. Under Martuscelli's chairmanship, a much-respected CEO announced her plans to embark on a new position. Months after her departure, the interim co-CEO announced her resignation as well. Further complications arose, including visa issues that prolonged the new CEO's start date. Then, after only months on the job, he experienced a serious medical emergency that necessitated a new group of interim leaders until his recovery.

Martuscelli dealt with those curveballs by communicating widely and often — first with the executive committee to announce the CEO's intended departure, then with calls to the board, community leaders and Science Center staff. "I personally called our largest donors. They knew ahead of the media. You want them to understand they're an important piece of the transition." Because, she says, you never want a



donor to say, "I don't feel like you've been keeping me informed. I'm not that important to your organization, so I'll give my money and time to another organization."

Did You Know

Who to Keep In-the-Know during Leadership Change? High-level donors; current and emeriti board members; executive and support staff; volunteer leaders; and the organization's leading external constituents, community partners and influencers; and other key stakeholders.

Identify an Internal Champion

If volunteer leadership cannot be immediately put into place, organizations should identify an internal champion to communicate leadership changes. For Planned Parenthood Arizona, that person was Darcy Hill, chief development officer. When a beloved CEO of two decades departed, leadership in operations, finance, development and external affairs also took leave. With no external communications officers in



place, donors felt ill-informed of the circumstances behind the CEO's departure and concerned about the organization's stability. Then, in less than two years, the new CEO announced her resignation for an important national post.

When Hill inherited a "perfect storm" of turnovers, she rolled up her sleeves. A conduit between key stakeholders, she stepped up to communicate with donors and current and emeriti board members while juggling the transition of outgoing and incoming presidents.

"It is important to celebrate the outgoing president and her accomplishments while setting up the next person for donor confidence and forward growth," says Hill. Inform constituents about the national search or interim leadership, she recommends, and be positive but up-front about challenges.

Horodyski acknowledges the need for transparency and for executive leadership — as well as board members — to step up. "You love the mission, and you buy into it. When tough situations hit, you do what's right to continue the mission that you believe so deeply in."

"There is more of an expectation today from both nonprofit and public boards about the responsibilities of members," says Martuscelli. "There's a more fiduciary aspect and an expectation to play a greater role — internal and external to the organization — when needed."

Leadership Transition: Lessons Learned

Insight from Chief Development Officer Darcy Hill of Planned Parenthood Arizona, and board chairs Mary Martuscelli of Arizona Science Center and Mike Horodyski of Mount Saint Mary College:

Grieve privately. Those in the organization who have a good relationship with the outgoing CEO should take time to process what that departure means.

Delegate. "If it is going to work, everyone has to step up," Martuscelli said to her board, who responded with an "all hands on deck" approach when called upon.

Don't focus exclusively on donor-CEO relationships. Development officers can connect donors to the mission vs. a CEO "friendship," which may be negatively impacted during a transition.

Assign an individual board member to key staff members. Let them know they are supported. Internally invite faculty representatives or key staff to standing board committees.

Seek insight. "All you're looking for in times of challenge is information," says Horodyski, who leaned on both the Association of Governing Boards and the college's fundraising consultants. "The more insight, the better informed your decisions will be."



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