

Creating Effective Leadership Transitions: Six Myths of Interim Management

Jenna Deja, Vice President

The current arts and culture landscape is experiencing great changes in leadership as baby boomers retire or move into other roles. In fact, a study by the Annie E. Casey Foundation and Evelyn and Walter Haas, Jr. Fund notes that “each year one in 10 nonprofits goes through a leadership transition.”¹ Whether sudden or planned, a leadership change can be overwhelming, especially as an organization tries to maintain momentum in revenue generation, board governance, and institutional resiliency.

How an organization handles the leadership transition widely varies depending on timing, existing resources, and urgent priorities. In a relatively sudden leadership transition at the senior executive or departmental level, the process of retaining an outside expert can seem daunting, so there is a tendency to utilize existing board or staff resources when a vacancy occurs—typically putting pressure on a team that is already challenged with governance and managerial responsibilities. However, there are times when an organization appoints an external, objective interim leader to address both the organizational and emotional issues surrounding the transition. By revealing six myths about interim management, this edition of *Arts Insights* explores how engaging outside professional interim management services can create effective leadership transitions.

Myth 1: Finding the Right Person Is Too Complicated

A good interim leader, or consulting firm presenting interim leaders, will guide an organization through a timely assessment and thorough selection process. First, there should be a candid conversation to learn more about the organization, asking the following questions:

- Why and when is an interim leader needed?
- What is the composition and tenure of the rest of the team? What incremental skills are needed?
- What short-term major goals, events, or initiatives will the organization undertake?
- What specific scope of work is needed considering the business cycle of the organization?

During this preliminary discussion, it is necessary to identify the skills and experience the interim leader must possess in order to match the organization’s needs. Gaining this initial understanding is crucial. By taking out the guesswork from the start, the identification and engagement process can be easy and efficient, allowing the organization to confidently contract the right interim leader.

Myth 2: It Is Too Expensive

Many organizations believe that engaging an interim leader is out of their financial reach. However, there are different pricing options available. Depending on the organization’s needs, a workable plan can be created—one that is tailored to how much time per month the interim leader will work both on-site and off-site. Most interim leaders are adaptable to the budget parameters of the organization, and this should be discussed during the initial conversation to ensure that engaging an interim leader is an effective option. An experienced interim leader can be well worth the investment in organizational stability and resiliency during what is typically a challenging transition. With donors, audiences, board members, staff, and many other stakeholders observing the organization and how it responds to change, institutional credibility is at stake every step of the way.

¹ Annie E. Casey Foundation and Evelyn and Walter Haas Jr. Fund, *The Power in the Middle*, p 2, <https://www.aecf.org/m/resourcedoc/AECF-InterimExecutiveDirectors-2005-Full.pdf>.

Myth 3: Outsiders Do Not Understand Organizational Culture

Arts and culture organizations frequently appoint an internal employee or board member to a temporary interim role. While this can be an effective short-term solution, it can often create other challenges. Though familiar with the organization's specific discipline, internal employees may not have the time or capacity to take on a new role in addition to their current position. Splitting focus on two jobs, and likely managing two staffs, both departments can suffer from a lack of full attention and dedicated leadership. The organization risks overworking this valuable employee who may become frustrated by the additional responsibilities. An internal employee may also want to assume this interim position full-time when the formal executive search process begins. Should the organization choose an outside candidate, an internal employee can become frustrated in returning to their original position and may decide to leave the organization altogether.

While a board member may have the time and capacity to step in as interim leader, many do not have the necessary managerial expertise within the organization's specific arts and culture field. A board member may struggle at leading and anticipating the common challenges faced by a museum, opera company, or theater professional. This can lead to delays in critical decisions, including renewing and growing revenues, which will fall to the future full-time executive to recoup.

Engaging an external interim leader allows an arts and culture organization to select someone who has leadership experience within their specific cultural discipline, has no involvement in the organization's inner politics, and is not interested in the full-time position. The organization is free to simultaneously conduct the search process without creating conflicts of interest or interrupting daily operations. Additionally, good external interim leaders are particularly sensitive to the uncertainty that occurs when there is a major change within an organization, offering reassurance and a calm presence. Highly skilled at communicating expectations and setting goals with positive energy and professionalism, external interim leaders can move organizations forward while preparing for the full-time successor.

Myth 4: Part-time Engagement Means Limited Accomplishment

How can anything get done if the interim leader is available to work only part-time? Interim leaders are experts in providing guidance and results on a truncated schedule. As specialists in their respected fields—fundraising, marketing, or executive leadership—a skilled interim leader can quickly assess current needs, create achievable goals, and produce deliverables while providing big-picture organizational leadership and focused board and staff efficiency.

In recent years, these high impact results have become more visible and sought after in both the nonprofit and commercial sectors. According to The Conference Board's *CEO Succession Practices: 2017 Edition*, "One out of 10 CEO successions in 2016 were navigated by an interim CEO, a role once used only in situations of emergencies and unplanned transitions."² Moderately paced transitions have become more commonplace as organizations have realized the effectiveness and potency interim leadership can provide. Addressing financial, structural, and behavioral issues can quickly put an organization on a new course as it awaits the arrival of its next leader. This tends to strengthen the caliber of the candidate pool interested in the full-time role, as they readily recognize that they are entering a more stable and responsive organization.

Myth 5: A Placeholder with No Impact

One of the biggest myths about interim management services is that the interim leader will not have any impact—or worse, will disrupt the organization's current environment. Interim leaders are not placeholders. They get results, prioritize high value projects, and focus on key issues. Quality interim leaders are skilled at overcoming organizational inertia and avoiding distractions that slow down timeframes and delay deliverables. Their concentration is on initiatives that will have significant and immediate positive impacts on the organization.

If there has already been disruption due to the sudden departure of an executive, appointing an interim organizational or department leader can be instrumental in avoiding further distraction and internal dissonance. It also has the external added value of assuring funders that an expert is at the helm. A recent article from Ethical Boardroom, "Reframing the Role of an Interim CEO," supports this idea, stating "The use of an interim CEO provides boards with a valuable option that can minimize the risks associated with the immediate appointment of a permanent

² The Conference Board, "CEO Exits from Underperforming Companies Rise to a Level Unseen in 15 Years Amid Record-High Dismissals in the Retail Sector," July 7, 2017.

CEO.”³ While interim leaders should be selected for their skills and experience—at times, agnostic of affiliation with a certain arts and culture discipline—they should be equally evaluated on their ability to fit into particular cultures and match the organization’s needs at a specific moment in time.

Myth 6: Fundraising Will Decline

Interim management provides a unique platform for new and continuing conversations with donors. When engaging a professional interim leader, organizations can take advantage of other services that will enhance the interim leader’s impact. According to the North Carolina Center for Nonprofits, an effective interim leader “helps nonprofits to emerge stronger, more fiscally sound, and with higher levels of optimism.”⁴ Therefore, contributed and earned revenue goals should be discussed during the initial conversation, especially when engaging an interim development director or marketing director. A consulting firm may provide added development or marketing assessment services to help identify significant challenges to the organization’s revenues. The organization could benefit from donor research and wealth screening, for example, which can provide a veritable blueprint for action to the development committee and staff in donor identification and cultivation strategies. These tools can open the door for the interim leader to initiate conversations with prospective donors and supporters of all levels while engaging board members in their community ambassador and fundraising capacities.

Conclusion

Transition and growth can be difficult but interim leaders are available to help organizations thrive. Using the expertise and guidance of an interim leader can be an option that results in cost savings, increased staff morale, board focus, and enhanced earned and contributed revenues. By providing the necessary guidance, support, and direction, an interim leader may be just what an arts and culture organization needs to bridge the gap during a major executive or departmental leadership transition.



Jenna Deja, Vice President

Vice President Jenna Deja joined ACG in 2015 as an integral part of the firm’s Leadership Transition team. She serves as ACG’s Interim Management Practice Leader and has guided various successful executive search initiatives for numerous clients throughout North America. Ms. Deja has more than 17 years of experience in executive search, cultural organization leadership, programming, strategic planning, and marketing. Her deep belief in the value of interim management and her high-level client service skills have led to success in providing arts and culture organizations with impactful transitional leaders. She provided professional interim management services to open and lead the Marathon Center for the Performing Arts. As Interim Executive Director, she moved the organization from assessment to action, prioritizing construction tasks, engaging and reassuring staff and board members, and finalizing plans for donor recognition, front-of-house procedures, and marketing. Ms. Deja also served as Interim Executive Director

for the newly opened Highland Center for the Arts, where she implemented high-level organizational planning and operational strategy and used her skills of diplomacy, negotiation, and teamwork to help the organization achieve its goals. Prior to joining ACG, Ms. Deja spent 12 years at Chicago’s legendary comedy theater The Second City, most recently as Managing Producer. Ms. Deja’s most formative experience in the arts was gained through her work as General Manager at the Arden Theatre Company in Philadelphia. She holds a bachelor of arts degree, graduating with honors from Muhlenberg College.

**Contact ACG for more information on how we can help
bridge the gap during your organization’s next leadership transition.**

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³ Ethical Boardroom, “Reframing the Role of an Interim CEO.”

⁴ North Carolina Center for Nonprofits, “Why and How to Hire an Interim Executive Director,” 2012.