

Interim Management: A Powerful Tool for Organizational Recovery and Transition

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Leadership transitions are notably stressful as organizational change takes on a new dimension of complexity during times of crises. External threats like global pandemics, economic crashes, and natural disasters can create uncertainty within the arts and culture sector—massive layoffs, decimated revenue, and an upheaval in the industry. The Brookings Institution has reported that creative occupations in the fine and performing arts saw losses equaling nearly 1.4 million jobs and \$42.5 billion in sales due to the global pandemic of 2020 thus far. These losses represent 50 percent of all jobs in those industries and more than a quarter of all lost sales.¹

Environments of uncertainty can make leadership transitions more complicated, as organizations must make difficult decisions without a top executive or crucial department director. Completing an effective and inclusive executive search can take six months or more, which is disruptive even in normal times. When transitions are compounded by the need for immediate organizational restructuring or a complete rethinking of mission or program delivery, organizations can quickly become overwhelmed.

How do organizations combat the leadership vacuum when there are so many other problems to manage? Interim management is a key tool to overcoming the challenges an organization faces during times of volatility, uncertainty, complexity, and ambiguity. The arts and culture sector is not the only industry to recognize the merits of transitional leadership. This issue of *Arts Insights* examines how various industries have utilized interim management as a powerful tool for organizational assessment, recovery, and transition.

The Importance of Interim Leadership

Interim leaders who join an organization on short notice, with the explicit intention of providing bridge leadership between two permanent executives or department directors, provide critical support to ensure the sustainability of a business in difficult times. As many as 70 percent of nonprofit executive transitions are not planned and occur during a crisis.² In such situations, clear, calm, and immediate action by an experienced leader is necessary to preserve earned and contributed revenue streams and prevent businesses from failing.

A qualitative study featured in *The Leadership Quarterly* reported that interim leaders contribute to stability by reestablishing a state of normalcy, creating a positive working environment, minimizing employee turnover, and securing stakeholders' trust.³ Interim leaders keep the focus on future goals while dealing with the present issues, strategically sustaining operations throughout a crisis. In addition, the temporary nature of an interim leader or director can objectively make emotionally challenging decisions in a crisis and move forward effectively. They can take necessary but unpopular or disruptive action, allowing the eventual permanent leader to step in after the traumatizing changes are completed.

Interim Management in Corporations

Research reveals that interim successions comprise anywhere from 18 to 20 percent of all corporate leadership transitions.⁴ More and more companies have opted to leverage temporary leadership in recent years. A 2020 survey by the Association of Executive Search and Leadership Consultants reported that companies and executives view interim leadership as a key response to disruption. Ninety-four percent of survey respondents said that they expect interim executives to play an even bigger part in the future of work.⁵

¹ Richards Florida and Michael Seman, "Lost Art: Measuring COVID-19's Devastating Impact on America's Creative Economy," *The Brookings Institute*, August 11, 2020.

² Tom Sechrest, "The Interim Leader: Organizational Considerations Before the Permanent Leader Arrives," *Journal of Leadership, Accountability and Ethics*, Vol 17 No 4, 2020.

³ V. Suchitra Mouly and Jayaram K. Sankaran, "The 'Permanent' Acting Leader: Insights from A Dying Indian R&D Organization," *The Leadership Quarterly*.

⁴ Christine H. Mooney, Matthew Semadeni, and Idalene F. Kesner, "Interim Succession: Temporary Leadership in the Midst of the Perfect Storm," *Business Horizons*, Vol. 56, Issue 5, 2013.

⁵ "Watermark Search International: Interim Executive Annual Survey 2020," Association of Executive Search and Leadership Consultants, <https://www.aesc.org/insights/thought-leadership/c-suite-roles/watermark-search-international-interim-executive-annual>.

Interim Management in the Ministry

For more than 30 years, many Christian denominations in the United States and Europe have utilized interim ministers and priests as part of succession planning for congregations. Similar structures are increasingly used in synagogues as well.⁶ When a spiritual leader vacates their post, an interim can help the congregation come to terms with the change, reaffirm their congregational identity, and set new goals. This work leverages moments of change for strategic planning purposes and aligns the congregation to inform the selection of the eventual permanent appointment. Synagogues have reported that interim leadership is highly valued due to stabilization of membership and budget during the interim period and because interim leaders are able to shift focus to the future.⁷

Interim Management in Higher Education

The appointment of interim leaders is a frequent practice in higher education, particularly in the role of university president and in library leadership.⁸ Retirements and increasing pressures on academic boards suggest that interim management will increase as a tool to handle higher education leadership transitions, becoming a critical component of the academic landscape.⁹ Interim leaders in the academic administration environment can serve as strategic decision-makers who are positioned to successfully address complex internal challenges. *The Journal of Academic Administration in Higher Education* featured a national survey of 99 interim administrators at four-year public universities and colleges across the United States. At 57 percent, the majority of the respondents agreed that having an interim administrator made it easier to address important issues and 67 percent said that interim leaders have the advantage of being able to resolve challenges before a permanent executive or administrator arrives on the scene.¹⁰

Interim Management in Sports

The use of interim management in the sports sector also sheds light on the benefits of transitional leadership and the different approach an interim leader may take. The appointment of interim managers is common in both collegiate and professional sports. Performance, personal situations, or a voluntary departure for another team can lead to the high-profile and often abrupt departures of coaches and athletic administrators. In addition to diagnosing problems and leveraging the team's strategic human resources for solutions, an interim leader in the sports industry can minimize disruption from the transition and help the team maintain focus on its goals.¹¹ Moreover, an interim leader in a sports environment may need to be more proactive and hands-on with their leadership behaviors in order to build trust with the team around short-term goals and accomplishments.

Interim Management in the Arts and Culture Sector

In a previous study of the leadership transition strategies for the senior executive role in the performing arts field,¹² one-fourth of respondents indicated that their departing executive remained until a replacement was on board while more than one-fourth left the position vacant. Nearly 40 percent appointed an existing staff or board member to serve as the interim leader.

While approximately half of the total respondents perceived their choice of strategy to be the least disruptive to the organization, long-term detrimental impacts on organizational programs and stability were evident. A staggering 84 percent of the organizations that selected an internal interim leader experienced decreases in contributed income during the transitional period. Therefore, any administrative savings from the utilization of an internal interim leader was offset by losses in contributions during this period.

When rating the effectiveness of their selected leadership transition strategy on a scale of 1 (low) to 10 (high), the average effectiveness of respondents was 6.5. Selecting an outside nonprofit or arts and culture management professional to fill the interim role was rated as the most effective interim leadership strategy (7.9). This was higher than retaining the existing executive during the transition (7.7) or leaving the position vacant (5.4). However, less than 10 percent of respondents chose an outside management professional to serve as interim leader, showcasing that arts and culture organizations recognize the value of this strategy but underutilize it as a tool for organizational assessment, recovery, and transition.

⁶ Kristin Ruth Tichenor, "No Leadership Lull: Stakeholder Perspectives on the Interim Presidency," 2019.

⁷ "Interim Rabbis Help Stay the Course for Congregations in Transition," *JWeekly*, 2016.

⁸ Kathy M. Irwin, Susann deVries, "Experiences of Academic Librarians Serving as Interim Library Leaders," *College & Research Libraries*, 2019.

⁹ Tichenor, *supra*.

¹⁰ Marie Thielke Huff, Judy Neubrander, "Interim Administrators in Higher Education: A National Study," *Journal of Academic Administration in Higher Education*, Vol. 11, Issue 1, Spring 2015.

¹¹ M. Travis Maynard, Cristian J. Resick, Q.W. Cunningham, Q., M.S. DiRenzo, "Ch-Ch-Ch-Changes: How Action Phase Functional Leadership, Team Human Capital, and Interim vs. Permanent Leader Status Impact Post-Transition Team Performance," *Journal of Business & Psychology*, 2017.

¹² Arts Consulting Group, "The Performing Arts in Transition: Executive Leadership on the Move," *Arts Insights*, September 2002.

Conclusion

Uncertain times can spur leadership transitions while simultaneously demanding strategic, business model, and tactical changes for organizations across all industries. Interim leaders and directors can provide experienced, nimble, and impactful leadership and reduce the effects of the economic trauma caused by a pandemic and other crises. Looking to the success of transitional leadership in other industries, arts and culture organizations can engage an interim leader to replenish internal capacity, bringing fresh perspectives, stability, and strategy while bridging the gap between two long-term leadership eras of an organization.



Jenna Deja, 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.



María Muñoz-Blanco, Vice President

María Muñoz-Blanco joined ACG in 2020, bringing more than 25 years of experience in the arts, culture, and public sectors, specifically within arts service, venue management, and grantmaking organizations. Her work in the public sector has focused on improving quality of life in diverse communities, expanding programs and services in the arts and parks, and successfully integrating diverse voices from a broad spectrum of creative organizations and artists. Prior to joining ACG, she led public agencies in Dallas, Houston, and Memphis, managing multidisciplinary programs, capital projects, and public-private partnerships with performing arts organizations, museums, cultural centers, and sports and recreational facilities. She has implemented arts education and literacy programs for youth in multiple settings, capacity building programs for emerging and midsize cultural organizations, public art programs with strong local artist participation opportunities, and a wide array of grants and funding programs. Ms. Muñoz-

Blanco has secured increased public investment in the arts and has sought opportunities for private investment in public projects, most recently managing a \$4.5 million program from a health corporation for the redevelopment of a neighborhood park. Her capital project experience includes opening the \$40 million Moody Performance Hall, planning for a cultural center in Dallas' Oak Cliff neighborhood, and managing \$5 million in improvements to the historic Liberty Bowl Memorial Stadium in Memphis. Ms. Muñoz-Blanco holds a bachelor of arts in art theory, graduating magna cum laude from the University of Puerto Rico, and a master of arts in art history from Rutgers, The State University of New Jersey. She has also pursued graduate studies in mass communication and public relations at Florida International University and is a graduate of the Leadership Memphis program. She has served on the Texans for the Arts Board of Directors and co-chaired the Civic Common Areas and Open Spaces working group of the Memphis 3.0 Comprehensive Plan.

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bridge the gap during your organization's next leadership transition.**

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