

# Is Your Organization Prepared?

## A Readiness Checklist for Leadership Transitions

Dr. Bruce D. Thibodeau, President and Rebekah Lambert, Senior Advisor

Nonprofit leadership transitions are often described as “mission critical”<sup>1</sup> and “powerful lever points.”<sup>2</sup> We see this acknowledged in the Standards Program for Canada’s Charities and Nonprofits, which includes accountability for succession planning and recruitment of the chief executive among its Board Governance standards.<sup>3</sup> However, in a 2017 survey of arts and culture organization leaders conducted by Arts Consulting Group, only 19 percent of respondents rated their boards as extremely or very effective in succession planning for executive and artistic leadership. Data from BoardSource reveals that only 27 percent of nonprofit organizations have a written succession plan for their chief executive.<sup>4</sup>

While executive and artistic leadership transition is inevitable, “many executives [report] significant challenges when taking charge at their new organizations.”<sup>5</sup> In this edition of *Arts Insights*, we will provide a checklist of 10 fundamentals for arts and culture organizations to ensure transition readiness, facilitate an effective search process, and minimize the challenges faced by new leaders.

### Shared Purpose

#### ✓ Strategic Direction

Does your organization have a current or recent strategic plan? Transition readiness begins with a shared sense of purpose and direction. If you do not have a strategic plan in place, it is recommended that you take the time to affirm your organization’s strategic direction, mission, vision, values, and top-level goals for the future. This will help clarify the required experience and core competencies needed by the next leader while signaling the top strategic and implementation priorities.

#### ✓ Equity, Diversity, Inclusion, and Accessibility

Has the board defined what equity, diversity, inclusion, and accessibility mean to the organization and for its mission, programs, stakeholders, and community? How are the artists, programs, audiences, board, staff, and vendors reflective of that commitment? Before beginning the search for a new leader, arts and culture organizations should “look at their policies, procedures, and behaviors to minimize institutional biases that may be impacting the organizational goals around diversity.”<sup>6</sup>

### Board Effectiveness

#### ✓ Roles and Responsibilities

Does your organization have a history of strong and productive partnerships between the board and staff? Does the board understand its role in policymaking and governance? In preparation for a transition, it is important to clarify and assess this fundamental principle of the nonprofit business sector to ensure an environment in which the new leader is able to manage and lead effectively.

<sup>1</sup> Jamie Niessen, “Succession Planning Made Easy,” *Imagine Canada*, January 11, 2016.

<sup>2</sup> Jeanne Bell and Tom Adams, “Nonprofit Leadership Transitions and Organizational Sustainability: An Updated Approach That Changes the Landscape,” *Nonprofit Quarterly*, January 31, 2019, <https://nonprofitquarterly.org/nonprofit-leadership-transitions-organizational-sustainability-updated-approach-changes-landscape-2/>.

<sup>3</sup> “Standards Program for Canada’s Charities and Nonprofits,” *Imagine Canada*, revised 2018, 4, 13.

<sup>4</sup> “Leading with Intent: 2017 National Index of National Board Practices,” *BoardSource*, 2017, 52.

<sup>5</sup> Matt Shipman, “Nonprofit Exec Turnover More Turbulent Than Previously Thought,” *NC State University News*, May 24, 2016, <https://news.ncsu.edu/2016/05/nonprofit-exec-turnover-2016/>.

<sup>6</sup> Wyona Lynch-McWhite, “The Three Sides of Organizational Diversity,” *Arts Insights*, November 2016, <https://artsconsulting.com/arts-insights-november-2016/>.

✓ **Board Development and Evaluation**

Is there a robust process for the recruitment, orientation, engagement, and evaluation of board members? Do officers and the search committee chair have the experience and leadership skills to guide the board through a significant leadership transition? Do board members work well together? Candidates for the organization's top artistic or executive roles will inquire about the board's capacity to support the organization's mission, as well as the potential for a productive and amicable working relationship.

✓ **Fundraising and Community Ambassadorship**

Do board members participate in fundraising activities and lead by example in making personal gifts to the organization? Rather than stagnating progress, a leadership transition can be an opportunity to strengthen relationships with donors and other external stakeholders and provide a foundation for the new leader's introduction into the community and subsequent fundraising that supports organizational activities and new initiatives. It is a time for board members to serve as effective ambassadors throughout the community in signaling organizational strengths and identifying opportunities for the future.

## **Accountability**

✓ **Financial Reporting**

Does the board have a solid and pragmatic understanding of the organization's financial health? Current, complete, accurate, and intelligible budget and financial statements are essential for making good decisions during a transition and in ethically informing candidates of the organization's financial situation. A recent audit from a reputable outside source is critical. This transparency with top candidates will also illuminate any significant financial issues that should be addressed before launching the search for the next leader and indicate where the new leader should focus their attention in the earliest stages of their employment.

✓ **Legal Requirements**

Is your organization in compliance with legal, financial, regulatory, and other reporting requirements? Are all your taxes paid? As an organization prepares for a transition, it is a good idea to ensure that compliance records and documentation are current and easily accessed. Similar to financial reporting, this is standard operating practice as well as an obligation to the incoming leader and the existing team. Organizations should also consider benchmarking salary and benefits to ensure that it is prepared to provide an equitable compensation package to a new leader that also complies with Internal Revenue Code Section 4960, also known as the Tax on Excess Tax-Exempt Organization Executive Compensation.

✓ **Personnel Policies**

Are the organization's personnel policies up to date? Is there an employee handbook? Prior to making an offer, these documents must be presented to prospective leaders with the understanding that outdated materials can send negative signals to the top candidates that basic organizational documentation is lacking and that adherence to legal and ethical commitments to staff is not a priority.

## **Staff Structure and Organization**

✓ **Organizational Chart**

Is there an organizational chart that clearly displays staff reporting relationships? Does that chart reflect a logical, workable organizational structure given the mission and programs? In advance of a significant transition, an organizational assessment may help to clarify the roles and responsibilities of the new leader, laying the groundwork for a more effective search and a successful placement.

✓ **Job Descriptions and Performance Reviews**

Are there current job descriptions and performance reviews for all staff? It is important to understand the competencies, gaps, and status of team members when anticipating a significant leadership transition. Is there internal capacity to cover executive responsibilities during the transition or will external interim management be needed?

## **Getting Started**

Organizations that recognize the inevitability of executive and artistic leadership transitions are well-served by ensuring that their governance, fiduciary, oversight, and management fundamentals are in place. Use this checklist as a tool to inventory these 10 essentials. Dedicate discussion time at an upcoming board meeting to assess your organization's preparedness and key priorities. These efforts will benefit and strengthen your organization in advance of a leadership transition and will position the organization for the greatest success when the time comes.



## **Dr. Bruce D. Thibodeau, President**

**Boston, Massachusetts and Toronto, Ontario**

Dr. Bruce D. Thibodeau founded ACG in 1997 and has guided hundreds of nonprofit, university, and government clients in achieving effective leadership transitions, planning cultural facilities, increasing revenues, developing dynamic institutional brands and messages, crafting strategic plans and business models, and revitalizing board governance practices. He has also conducted extensive research in a threefold exploration of stakeholders, nonprofit arts management, and cultural facility project management and has facilitated numerous community engagement processes that have increased the public dialogue and stakeholder awareness of the arts and culture sector's value and impact on communities. As both a researcher and practitioner, his expertise highlights the important roles of project champions and followers as they overcome inertia and gain momentum derived from their social connections, personal

commitments, and financial capacities to support the arts and culture sector. Prior to founding ACG, Dr. Thibodeau held various management roles at the Los Angeles Chamber Orchestra, Boston Symphony Orchestra, Hartford Symphony Orchestra, Santa Fe Chamber Music Festival, Price Waterhouse, and Museum of Contemporary Art Los Angeles. He is a regular guest speaker at national and international arts, culture, and academic conferences and has several published papers. Dr. Thibodeau holds a doctorate of business administration from the Grenoble Ecole de Management (France), a master of business administration from the F.W. Olin Graduate School of Business at Babson College, and a bachelor of music from The Hartt School at the University of Hartford. He also has multiple certifications in competencies, communications, and motivations analysis from Target Training International.



## **Rebekah Lambert, Senior Advisor**

**Portland, Oregon**

Since joining ACG in 2009, Rebekah Lambert has proven herself to be a thoughtful, creative, and flexible partner with scores of clients across North America. Embedded in the firm's Planning & Capacity Building area, she facilitates strategic planning, organizational assessments, and community engagement processes where ACG's clients create and take ownership of useful and actionable plans that evolve from in-depth stakeholder dialogue about their organization, role, impact, and future in their communities. Ms. Lambert has also worked extensively in ACG's Executive Search practice, where she frequently supports clients through critical leadership transitions, ensuring the integrity of a thorough, equitable, and inclusive process. A certified Strategic Management Professional, Ms. Lambert is engaged in numerous governance and board development projects. Prior to joining ACG, Ms. Lambert served as Executive Director

of the Eugene Symphony and held positions with the Hawaii Symphony Orchestra and Symphony of Southeast Texas. She completed the prestigious League of American Orchestra's Orchestra Management Fellowship after early career positions at the Los Angeles Philharmonic and the Young Musicians Foundation. She also served as a Peace Corps volunteer in Albania from 2003 to 2005, where she engaged in capacity-building efforts with municipalities and nonprofit organizations. Ms. Lambert holds a bachelor of music degree from the University of California, Santa Barbara, master of business administration from the Yale School of Organization and Management, and a strategic management certificate from The George Washington University and Strategy Management Group.

**Contact ACG for more information on how we can help strengthen your organization  
in advance of a significant artistic or executive leadership transition.**

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