

A Table for Two: Founders and Successors in the Same Shop?

by Mark Leach

Editors' note: *This article is based on Table for Two: When Can Founders and Successors Co-exist So Everyone Wins? by Mark Leach of the Management Assistance Group (MAG).¹ The study profiles six nonprofit organizations whose founders were retained in a permanent new role or to overlap for a period with a recently hired successor (to see the study, go to www.table-for-two.net).*

Organizations that face an impending transition but are hesitant to lose relationships because of a leadership change can learn from some of the approaches described here. In this article, we focus on the roles of retained founders and how to make these leadership approaches successful.

EXECUTIVE TRANSITIONS ARE PIVOTAL moments in the lives of many nonprofits, particularly when organizations make the shift from a founder or long-term leader to a successor. Founders can be powerful organizers of the culture, direction, and developmental progress in an organization. Many are emotionally attached not only to the work but to the way the work is done.

So it is not surprising that much of the existing literature, prevailing wisdom, and professional guidance on executive succession counsels that a founding executive should have little—or no—ongoing relationship with his former organization after he steps down as chief executive. In most cases, this guidance is the best course. But is the need to purge the founder so absolute?

To the contrary. There are instances in which—if steered in the right direction—former executives' experience and institutional knowledge can be a valuable asset during leadership transitions. The key is to harness this power correctly and create clear lines of authority between the old and the new guard.

Until the recent publication of Jan Masaoka's *The Departing: Exiting Nonprofit Leaders as Resources for Social Change*, only a few would suggest that keeping a founding executive on in a substantive role is worth the risk. In 2004, Deborah Linnell courageously asked whether all "executive directors really have to 'completely' leave an organization" for an incoming leader to flourish and offered a successful example where the executive stayed on.² Masaoka advances the conversation greatly by

identifying various options for founders who remain at an organization in a modified role such as a project director, fundraiser, or board member.

The for-profit sector has time-tested ways of keeping founding leaders constructively involved in key aspects of the organization's work (such as the "of counsel" role for ex-senior partners in law firms). These for-profit sector examples and MAG's successful experimentation prompted us to identify other nonprofit organizations that had successfully transitioned into new leadership while retaining the founder on staff. MAG's study is based on six such organizations. Here we describe founders' dos and don'ts during the succession that enabled successful transitions.

Founders Dos during Transition

In our study, most founders continued in several important functions they held previously as CEO. But their organizations set clear boundaries on what they would be involved with and took steps to ensure that governance and management systems reinforced appropriate lines of authority. Typically the board and founder negotiated these boundaries prior to the leadership transition,

usually with the agreement of the successor. The successor had the power to terminate or change that relationship. In the six examples of leadership transition, some themes for success emerged:

- Half the former founders continued leading substantive program work in one or more areas in which they were the undisputed content experts and had significant relationships. They did so with reduced freedom to act independently and understood that they served at the pleasure of the new CEO.
- Half the former founders played significant, ongoing leadership roles in funder cultivation, organizing fundraising, and making “asks.” (As in a typical “graceful exit” transition, all the founders in this study helped transfer funding relationships to their successors and provided advice on managing these relationships.)
- Half the former executives continued to speak and appear on behalf of their organizations at various events. They mainly did so when asked by the new CEO, and were disciplined about reviewing positions and talking points with the CEO or other relevant senior program manager beforehand.
- After stepping down, most former founders took part in activities in which they had never been involved, including the following:
 - special project work, often to launch new initiatives under their watch;
 - high-level organizational problem solving (managing growth or restructuring, for example);
 - writing to benefit their field or to document their knowledge and experience; and
 - coaching, advising, or mentoring a successor and staff.

Founders Don'ts during Transition

Additionally, in terms of what founders did not get involved with after stepping down as CEO, some trends emerged:

- Most founders became less—or not at all—involved in setting overall organizational strategy, particularly during the first year or more after stepping down. This helped address concerns about inhibiting the successor's expression or development of new ideas and took several forms, including the following:
 - the founder did not attend strategic planning sessions for a year or more following the transition;
 - the founder shared ideas on strategic questions only with his successor and left it to the successor's discretion as to whether to insert these ideas into the planning process.
- After stepping down, four of the six founders did not attend board meetings or did so only to participate in specific presentations or discussions at the invitation of the board or new CEO. Two founders either retained their previous board membership or joined the board for the first time as a voting member. In both cases, the board or successor set limits on the founder's board involvement, including permissible committee assignments and a waiting period before reengaging with the board.
- Founders stayed out of certain leadership activities, including the following:
 - program strategy, except in areas where they were designated leaders;
 - commenting publicly on board-staff relations; and
 - commenting publicly on staff management issues.

Clarity Creates Continuity

MAG's report discusses individual and organizational characteristics and

practices that can make executive succession successful. But we conclude this article with a few words of advice to boards: (1) no board should consider such an arrangement as the result of feeling coerced or held over a barrel by a founder; (2) organizations should consider this kind of a transition only when its board concludes that the benefits greatly outweigh the costs; and (3) overdependence on a founder is not a good practice, nor is it a reason to attempt this type of leadership transition.

That said, the study indicates that these arrangements can work well under certain circumstances and can be responsibly considered by nonprofit boards. While the presence of former executives can create confusing lines of authority between former and current leadership, some organizations have proven the benefits of transitional periods or continued roles for a former CEO. These approaches can create continuity of leadership, bolster institutional knowledge, and empower a successor in his decision making.

ENDNOTES

1. Mark Leach, *Table for Two: When Can Founders and Successors Co-exist So Everyone Wins?*, Management Assistance Group (www.table-for-two.net).
2. Deborah Linnell, “Founders and Other Gods,” the *Nonprofit Quarterly*, vol. 11, no. 1, 2004.

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