

WittKieffer

Selecting the Right Not-for-Profit CEO

A Comprehensive Guide





Selecting the right CEO is the most important decision a not-for-profit board must make. Here's how to identify a leader to sustain and grow the mission and work of your organization.

These last few years have been striking for not-for-profit organizations and their leaders, given the combination of the global pandemic, racial unrest, economic instability and the ever-increasing disparities between those with and without resources. These challenging circumstances have heightened the need for exceptional mission-based leadership. Today's chief executive officers must be dedicated, driven and inspiring leaders who can build financially sustainable organizations that serve constituents now and well into the future. If you are a board chair or member facing a CEO replacement, recruiting the right CEO for your organization is both a major undertaking and solemn responsibility.

WittKieffer is pleased to provide this guide to help boards such as yours through the process of selecting a new CEO. It is based on decades of our experience conducting successful searches for hospitals, integrated health care delivery systems, educational institutions and a range of not-for-profit organizations.

When the CEO Chair is Vacant

There are many reasons why your board must find a new CEO—the current CEO is retiring or has left for another organization, or perhaps your organization has outgrown its chief executive. Whatever your situation, you should use a proven, comprehensive process in recruiting a new CEO in order to align your organization to position it for success. The search process will not only increase your likelihood of selecting the right person for the job, it will also bring credibility to the chosen candidate and provide an essential foundation for their tenure.

When You Must Recruit a New CEO

How does your board prepare for the toughest but most important decision it must make? As you begin this process, keep in mind:

Search Is More than Finding a New CEO. View the process of recruiting a new chief executive as an opportunity to come together and reflect on your organization's history, current position and future plans. Search firms conduct 360-degree reviews of your organization, not only to identify the knowledge, skills, abilities and other characteristics necessary for the successful CEO, but to gain a robust understanding of the strengths and opportunities for your organization and its culture. With feedback from the search firm, this is the perfect time to evaluate your strategic goals, programs and services, financial position, merger and acquisition opportunities, executive team and expectations and measures of success for a new leader.

While you and your board might be overwhelmed by the prospect of finding a new leader, maintain a positive attitude toward the search experience. It can be an exciting and challenging time for the board and organization. Thankfully, search firms specialize in guiding you through a process that can otherwise feel stressful and unfamiliar.

Proceed with Caution on Current Initiatives. You may be developing a new strategic plan or taking on new programs and services; you may wish to hold off, unless absolutely essential. Postpone promotions or major staff decisions and discussions on new affiliations, mergers, acquisitions or alliances until you select a new CEO. A new chief executive will want to be part of shaping the future of your organization by weighing in on its strategy and infrastructure.

Select Interim Leadership to Fill the Gap

Your search process, if done correctly, will take up to six months or more. If circumstances require an interim leader, select a person who can fill the CEO void and allow more time and perspective in identifying the right permanent leader. Keep in mind:

Orderly Succession

Act quickly to orchestrate an orderly succession of senior leaders and avoid talented staff from leaving the organization. Doing so will help ensure that your organization maintains its strategic direction and sustains day-to-day operations.

External Placement

To reduce stress on the leadership team, consider bringing in a proven external executive who can fulfill the basic responsibilities of the CEO while maintaining objectivity and assessing the needs of the position. If your organization cannot find an interim executive on its own, hire a reputable interim leadership placement firm that can verify the quality and commitment of its placed executives.

Internal Placement

Some organizations opt to place a board member in that position to “keep the trains running.” While often this person can hit the ground running, it can be dangerous or awkward if that person goes back to serving as a board member and moves back into a governance role. This situation is also confusing to staff who have to work with that person as a board member and then as the interim CEO. It can also be difficult if this board member wants to be considered as the permanent CEO, as they might be perceived as having an unfair advantage by holding the interim role.

In some cases a designated internal executive is the logical individual to serve as interim CEO. We suggest that the title “Interim CEO” is more accurate than “Acting CEO.”

Often the board will choose an interim internal executive who might or might not be interested in serving as the permanent CEO. The board should understand the intentions of the internal executive and make the search process clear to that individual if they are interested in being considered for the permanent role. Namely, the board must establish a level playing field for all serious candidates.



Form a Search Committee

Role of the Board and Search Committee. The board must define the level of authority it will delegate to the search committee. Typically, it will delegate the process of selecting a search firm and going through the search process. The search committee will spend considerable time at each stage of the process, including selecting the candidate of choice. The board's role is to consider the search committee's report on the process and selection and either vote to approve or reject the committee's recommendation on the final candidate.

Search Committee Membership. Consider a core group of seven to 10 members of the board comprised of the immediate past board chairperson, current chairperson, chairperson-elect and standing committee chairs. Make sure that the search committee also reflects the diversity of the board. Sometimes a board wants to appoint one or two staff members to be part of the search committee. However, this is not recommended as it is difficult for a staff member to be impartial and not view the new person through their own lens as opposed to an organizational perspective.

Select a search committee chairperson with the political savvy and interpersonal skills to lead the group. Candidates will judge your organization based, in part, on their interaction with the search committee chair.

Time Commitment. Search committee members must also have the capacity to serve. The process generally takes four to six months. The amount of time needed to conduct a comprehensive search is significant at various points in time and requires individuals to set aside other responsibilities and be available during this key period in order to ensure a consistent and effective process.

Select an Executive Search Firm to Guide You Through the Process

Again, recruiting a CEO is the most important decision your organization will make and your choice will decide the future direction and success of the organization. Board members often don't have the expertise or the time to run a comprehensive search process. A high-quality search firm can offer a not-for-profit organization the expertise and objectivity it needs to manage a search from beginning to end and match the position, organization and its constituents with the right leader.

Search firm consultants are trained in the process and are experts at quickly understanding your organization and the requirements of the next CEO, representing you in the market in order to recruit qualified candidates, and facilitating a robust and successful search.

Full-time Commitment. Top search firms work full time to orchestrate a successful search. Their role is to:

- Listen to all of the important constituencies in the organization and understand the organization and position requirements.
- Be a relational partner to the search committee during a period of stress and change and guide the committee and organization through the process.
- Provide counsel on organization strategy and structure.
- Develop a recruitment strategy that fits the specific requirements of the position.
- Vet candidates thoroughly with credential verification and deep references. This includes internal candidates, and any candidates who have special ties to the organization.
- Present a full slate of candidates, all of which are qualified for the role but may offer diverse experience and perspectives from each other.
- Coordinate first- and second-round interviews with the search committee, leadership team, staff and key constituents.
- Present an offer to the candidate of choice and assist with any salary negotiations between them and the organization.
- Ensure successful onboarding and integration into the organization.

Time and Cost Management. Search Firms can not only identify and present the most qualified candidates but also make the best use of committee members' time, keep costs in line and handle politically sensitive issues with objectivity. In general, retained search firms cost about a third of the CEO's expected first year total compensation. Work with your search firm to understand their expected fees at the start of the search process.

Make sure that when you select a search firm that you know and feel comfortable with the team and who will be doing the work and representing you to candidates. Every search firm is different. Some firms have consultants who will sell the search then delegate the work to others. A good question to ask those proposing on the search is, "Will this group conduct the search themselves and who else will be helping you in this process?"

Also ask about the orientation of the firm and the percentage of not-for-profit vs. for-profit work it does so you can make sure you are aligned to the mission and focus of the firm. Understand the way that consultants are paid and the implications of a firm that is publicly traded vs. privately owned and how that might impact your search.



Prepare for the Organizational Assessment

The organizational assessment is the first and the most critical step in the search process. During this activity, the consultant spends a lot of time learning about the organization's mission, operations, strategic direction, infrastructure, challenges and opportunities. A skilled consultant will listen for where the organization is aligned and where there are disagreements and talk about these issues before the search begins. The consultant will work with the search committee to develop the framework and job description for the search at this juncture.

The assessment typically includes interviews with members of the search committee, other key members of the board, key members of the senior management team, and often external constituents. Depending on the size of your staff, and the organization's culture, the consultant will conduct a broad organizational survey to gain additional feedback. The organizational assessment includes the following critical areas:

Focused Questioning in Substantive Areas. What CEO competencies does this organization need to move successfully into the future? For instance:

- **Background:** What kind of experience and education are you looking for in your next CEO? Skill Mix: Does the board prefer a CEO with specialized financial skills and/or someone with greater expertise in marketing strategy,

insurance or new business ventures? What are the other critical skills needed? Does the board want a turnaround expert or one who will build on organizational successes? How important is it to find a CEO with experience in the targeted population or is the board open to a CEO in a related not-for-profit field or a leader from the for-profit sector?

- **Influence:** How much authority will the CEO have? Is the board an operating or governing board?
- **Expectations:** What are the organization's top five priorities for the CEO? What does success look like 18 months from the time the person is hired?

General Questions

1. What are the organization's mission and priorities?
2. What are the characteristics of the culture that define fit for the new leader?
3. What is the organization's overall strategic plan and how well is it articulated and implemented? Does the organization's current structure contribute to achieving its strategic direction?
4. What is the organization's current and projected financial condition?
5. How does the organization measure its performance?
6. How do the organization's image and reputation compare with those of competitors?
7. How qualified is current management to address the organization's problems and achieve its goals? Are there logical internal candidates?
8. How do internal politics affect the organization's ability to realize its goals?
9. What are we not asking you that is important to know about this search?

Candid Feedback. Immediately following the assessment, the search consultant meets with the search committee to provide feedback, validate and gain consensus on the content for the leadership profile and advise the committee of problems that might interfere with the search, or could affect the organization in the future. Potential barriers include compensation, structure, governance practices, culture concerns about quality, unrealistic expectations, etc. The consultant works with the committee to provide solutions to any problem areas to ensure the organization is well positioned to attract the very best talent.

Leadership Profile. The consultant will develop a carefully crafted leadership profile outlining what they have heard about the organization and the position. The leadership profile aligns key constituents and the search committee around qualities and prerequisites that are essential for ideal candidates and provides a framework for priorities and responsibilities when the new CEO comes on board. This profile should be robust and serve as the market-facing document for the search. Prospective candidates should be able to gain a strong understanding of your organization, position and community through this material.

Timeline. The search team will work with the committee to identify aggressive yet realistic milestone dates for the search process. Once a leadership profile is created, search firms will typically spend six to eight weeks identifying and contacting potential candidates, and conducting phone screens and interviews of those qualified. In addition, they will conduct references and background checks.

Search committee members should adjust their schedules to accommodate key upcoming steps, including regular update calls in between the time that the leadership profile is completed and the search consultants go out to the market to find candidates and actual first-round candidate interviews. While in the last few years first-round meetings are often conducted via video, these interviews may require as much as two days of the committee's time. Second-round interviews will soon follow, and the organization should be prepared to host two or three candidates on-site for a full day or day and a half, depending on the number of people that finalists must meet.

Internal Candidates. One or more individuals inside the organization may express interest in being considered for the CEO position. Search consultants have extensive experience in bringing objectivity to such situations, which can be very helpful to the committee and board in working through delicate and perhaps politically sensitive dynamics. Typically search firms take these candidates through the same process as external candidates, often allowing the committee to assess them next to the leadership profile. This also gives internal candidates an opportunity to gain valuable interview experience, and be given an opportunity to receive feedback on their fit with the position.



Select Top Candidates for First-Round Interviews

Following the startup process, the consultants will begin the process of searching for candidates. Consultants will approach potential candidates and evaluate them against the criteria established during the organizational assessment. Usually, this process takes six to eight weeks but once they have identified and interviewed a decent number of qualified individuals, the consultant meets with the search committee to present, on paper, a carefully screened and vetted slate of candidates. The consultant will bring candidates to life and explain in detail how each candidate has the required blend of skills, experience and leadership style to meet the organization's needs and will also talk about areas for future exploration.

Narrowing the List. The search committee, with the consultant's guidance, narrows the list of candidates for first-round interviews, based upon the experience, skill set and personality of each candidate. This gives the committee an opportunity to compare a select number of candidates without the process becoming overly burdensome.



Conduct Committee Interviews with Candidates

First-round interviews can either be conducted in person or via a web conferencing platform such as Zoom. The benefit of in-person meetings is to give the committee a better feel for each candidate and their personalities. Many committees prefer virtual interviews, however, in order to facilitate scheduling and save time and money. The search committee and consultants can decide whether to conduct face-to-face or virtual first-round interviews.

While the search committee will focus on the candidate's executive presence, leadership skills and overall ability, be mindful that the candidate will make similar judgments about the organization. The following guidelines can make the interview experience meaningful and productive for both the committee and candidates:

Interview Approach. The consultant should recommend an approach to interviewing that is right for your organization. They will also provide recommended interview questions, and an evaluation form in order to objectively compare candidates against one another. If there is mutual interest after the initial “chemistry check” interview, the committee will follow up with a second, more comprehensive in-person visit that includes the candidate's partner.

The search committee, with the consultant's help, will conduct first-round interviews and cover a wide range of topics for the candidate. Following the first-round interviews, the search committee will narrow down the first-round candidates into a smaller pool of finalist candidates who will be invited to the organization for a second round of interviews.

Scheduling. Schedule first-round interviews to allow plenty of time for interaction. Schedule interviews on successive days so that committee members can better compare candidates' responses. The consultant will help you standardize your interviews so that the same committee members will ask similar questions to all candidates. Focus on the same areas in interviewing each candidate and keep in mind the candidate profile developed in the assessment phase. The search committee should make each candidate feel welcome and valued. Listen to their needs with sensitivity.

Sell. Maximize any opportunity to “sell” the organization and community. Remember, candidates will be evaluating you as well.



Evaluate Candidates and Provide Prompt Feedback

Following the first-round interviews between the candidates and committee, the committee should meet quickly to evaluate those sessions and begin the process of further narrowing your choice.

Consider the following:

Evaluation Method. The search consultant will offer suggestions about a deliberation and ranking method that is right for your situation. For example, the committee may want to conduct a secret ballot or develop total scores on a weighted system. Or you might prefer an open process where each committee member describes his or her ranking and provides a rationale for the decision.

Choice. It is always helpful for a committee to choose at least two, but probably not more than three, top candidates for the position to invite for second-round interviews.

Leadership Assessments. Between first- and second-round interviews and prior to finalist visits, the search firm can provide skills-based, behavior-based and other forms of leadership assessments in order to distinguish between three or more qualified CEO candidates.

The assessments can suggest how an individual will perform within the given role and your culture, and provide qualitative and quantitative information to support the committee's selection process. Assessments can also shed light on whether the chosen candidate may need coaching or other support upon joining your organization. These assessments are highly informative and offer invaluable data to help make this important decision.

Arrange for Return Second-Round Interviews

The second-round interviews are conducted in-person and will dive deeper into what separates one candidate from the other finalists under consideration. The committee will ask about the candidate's working style, specific experiences and any lingering question marks from the first-round interview. The candidate often meets with other members of your organization, including board and senior staff in order to meet people with whom they would be working.

The committee can make the second-round interview a valuable experience for the organization and each candidate by considering these points:

Partner Sensitivity

Arrange a thorough visit for the candidate's partner that includes a tour of the organization and the primary constituents and surrounding community. The consultant will suggest a schedule that fits the candidate's family's needs, interests and priorities, as well as provide the committee with information to facilitate consideration of career options for the partner.

Arrange for an introductory dinner that involves the candidate, partner and committee members and their partners. This provides an opportunity to extend a warm welcome and observe the candidate in a public, social situation. Confidentiality. Arrange a meeting with key leaders. In preparing for this meeting, remind constituents that the meeting is confidential and that its purpose is to become acquainted with the candidate's leadership style, background and ideas — not to vote on the candidate.

Meeting with Board and Other Leadership

Schedule one-on-one time between the candidate and the board chairperson. This will help ensure that the required chemistry exists.

Wrap-up Session

Conduct a wrap-up session with the full search committee as a final step to the visit. This meeting will give both parties an opportunity to ask probing questions and clarify any difficult issues.

Making a Decision

When the committee meets to make a final determination, they will have a lot of information to consider which should include references on each of the candidates, the leadership assessments, and their notes on how each candidate interviewed. The committee will consider this material and should discuss the pros and cons of each candidate and choose their first and alternative choice.

Extend an Offer to the Candidate and Negotiate Contract Terms

Usually it is the search committee's charge to consider all of the information and recommend a preferred candidate to the board. The board then ratifies the decision. If the committee is enthusiastic about one candidate, and the candidate is excited about the opportunity, the chairperson of the search committee and/or the chairperson of the board should contact the candidate and extend congratulations and the board's offer. In some cases, the committee delegates this task to the search consultant.

Negotiations. The negotiation process varies from organization to organization. The committee should review the compensation information and recommendations that the consultants relayed to candidates during the initial assessment.

In addition to the base salary and incentive compensation component, candidates may seek a wide range of perquisites, including among others: sign-on bonus, supplemental executive retirement plan, relocation assistance including moving, temporary residence and potential assistance in the sale of home. Given the complexity of executive compensation packages today, it is good practice to consult on parameters with a compensation consultant at the outset of the search.

The committee can also rely on the search consultant's negotiation expertise. By bridging the gap between the board's expectations and expectations of the candidate, the consultant can ensure that both parties come out winners.

Confidentiality. Emphasize confidentiality until an offer has been accepted. Neither the search process nor professional careers should be compromised. Breaches in confidentiality can derail a search and damage the reputation of the organization.

Severance Agreement. Most candidates seek a contract and a severance agreement. Such arrangements have become increasingly common for senior executives. Because of the high level of risk inherent in many CEO positions — frequent board turnover and potential mergers and acquisitions — most CEO candidates will want basic economic security before they accept a new position.



Final Thoughts

Selection of the right CEO completes the first step in ensuring the continued success of your organization. Maintaining that success is a complex formula and will require continuous attention. While this process seems overwhelming at the onset, the right search firm can effectively guide you to a smooth resolution.

Search Process

New CEO needed

Board or parent organization appoints search committee

Search committee retains executive search firm

Consultant evaluates organization;
Committee and consultant establish leadership profile

Based on established criteria, consultant evaluates and interviews candidates,
checks credentials/references

Consultant recommends candidates;
Search committee selects candidates to interview

Search committee conducts first and second round interviews;
Leading candidates are assessed;
Additional references are checked

Search committee selects finalist - choice is ratified

Terms are negotiated

New leadership begins/transitions for success

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WittKieffer is a global executive search firm dedicated exclusively to organizations that improve quality of life in healthcare, education, the life sciences and the not-for-profit sector. Its industry-specialized consultants deliver solutions across the leadership continuum – experienced, emerging and interim – that build long-term partnerships and successful outcomes. The firm understands leadership, people who lead and the impact they have on organizations and society. WittKieffer—leading the way forward for 50 years.

Visit [WittKieffer.com](https://www.wittkieffer.com) to learn more.

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