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ORGANIZATIONAL TRANSITIONS: The Importance of Having an Interim Leader

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In June of 2005, Arts Consulting Group was asked to conduct the search for the next Executive Director of a prominent arts organization in Hawaii and I was called upon to serve as its Interim President. I thought that three to four months in the 50th state would be pleasant and filled with sunshine. Little did I know the challenges I would face, or that I would stay for ten months, or that it would rain non-stop for forty days and nights in February and March.

Now that I look back and evaluate my time in Hawaii, I can say without hesitation that without an interim President (or Executive Director), this fine organization would no longer exist, at least in its current form. Even if their key executive had not departed, it was a critical period in the organization's development. Having an objective, if temporary, executive with arts management experience was an essential factor in successfully guiding the board and the organization through this period of transition and change.

Organizational Imbalance

For every organization, whether for-profit or not-for-profit, losing a chief executive (or, to a lesser degree, any key position) is a traumatic experience. Key leaders bring with them styles, strategies and ways of doing business that are unique to them. Over time, their organization adjusts to do business in accordance with these unique characteristics. This core element of organizational culture is suddenly absent, or at least thrown out of balance, with the departure of the executive. Further, during the transition period, staff and stakeholders know that the new head, once he or she is brought aboard, will establish their own culture with new and different managerial processes. They may even bring in new personnel who will further shift familiar work patterns and staff/stakeholder interactions.

Because many resigning managers wish to start their new assignment as soon as possible, most departures occur before candidates for replacement have been identified. On the other hand, many executives stay far too long after their resignations, not realizing that notification of their departure creates an immediate "lame duck" situation that can be unproductive or even unhealthy. In other words, there is no "perfect departure".

Including time for relocation, even the most efficient recruitment process may take four to six months - sometimes longer. What happens to the organization in between? At best it stays in one place, but often it starts slipping backwards. Why? Because the heads of organizations are leaders. They are ahead of the pack in their thinking and their keen sense of which direction will best guide the organization toward fulfilling its mission. The loss of a key leader stops this forward momentum and creates stagnation. It may even immediately impact the bottom line. The Arts Consulting Group conducted an industry wide study some time ago that concluded that the appointment of a board or staff member as an interim was common practice, but in 80% of the cases, this strategy resulted in a significant decline (10% or more) in contributed income during the transition period.

The solution? Find an objective, experienced interim leader from outside the organization who will reestablish equilibrium and continue to advance the mission. This allows existing Board and staff members to continue focusing on their primary responsibilities.

Outside Objectivity

Organizations often either appoint someone from inside to be “in charge” or ask a board member to take over on a temporary basis. Sometimes this is an effective short-term solution, but far more often it creates a problem. Such insiders have an existing set of relationships with peers and co-workers. Their styles of communication with current colleagues are different than those of “boss” and “subordinate”. Most likely, he or she will want to keep these relationships intact as one day they will go back to being peers and colleagues.

At best, insiders are able to keep the organization stable (that is, in the same place). In some cases stasis may not be too bad, but often this creates a crisis situation sooner or later -- assuming it is not a crisis already. A board member, with few exceptions, has little experience in the organization’s specific field and will be unable to properly lead or even anticipate common challenges. The result: The organization slowly begins to slip backward and pushes critical problems forward in time to greet the new executive. Insiders sometimes fail to see “the big picture” as they are not used to doing so.

The best solution in most cases is to bring in an interim executive from outside the organization. An interim should have experience in the specific field or discipline, leadership experience, and knowledge of how to move organizations forward on a temporary basis. Indeed, there is significant difference between leading in the short and long terms. In some ways it is easier to lead in the long-term because you can create a strategic plan, build consensus among stakeholders and, in some circumstances, move patiently to effect long-term change. Short-term leadership requires overcoming the trauma of the executive’s departure, picking up the pieces as quickly as possible, and avoiding the creation of a culture that is ineffective as a bridge between the old and the (as yet unknown) new. Challenging? You bet!

Short-Term Not Short-Sighted

The fact that most interim positions are on a “30-day notice” basis due to the uncertainty of the recruitment process creates many challenges. For example, it is extremely difficult to make even essential personnel changes inside such a thirty-day window. The most decisive interim executive is reluctant to hire even his or her own secretary, hoping that the new executive will approve of the selected candidate and wondering if anyone worth hiring will take the job knowing that the “real” boss hasn’t been hired yet, but will be soon. And when, exactly, is “soon”?

One of the main challenges of an interim is the need to know how much of the “long-term” you should influence. The decision-making timetable for some areas, such as finance, board leadership and some artistic aspects is established by the calendar or set by circumstances. But should the interim President change the advertising strategy if they know that the current one is seriously flawed? Yes.

Simply put, an interim leader should make all changes that will move the organization forward -- this is why they are there! Once hired, the permanent replacement will make adjustments based on their own judgment, but the interim must not be allowed to avoid making changes, even substantial ones, if their experience dictates they will result in better long-term outcomes.

An effective and experienced interim leader is able to regain the organization’s internal and external balance while keeping it in forward motion. His or her ability to make candid, objective decisions in the short term is likely to ensure positive long term outcomes for the organization as well as greatly easing the transition process for staff, stakeholders, and the incoming executive.

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