

A Guide to Recruiting Your Next CEO

The Executive Search Handbook
for Nonprofit Boards

By Dennis C. Miller
*with a little help from my good friend,
Michele Hickey*

SAMPLE CHAPTER



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A Guide to Recruiting Your Next CEO

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Dedication

This book is dedicated to the millions of men and women who voluntarily serve on a nonprofit board, committed to creating a positive social impact in the communities they serve, whether locally, nationally or globally.

Introduction

As a board member of a nonprofit organization, the most important responsibility you are likely to assume will be to hire your chief executive officer. Recent studies have estimated that more than 75% of current nonprofit executives plan to leave their positions in the next five to ten years. For the purpose of our discussion, the terms “chief executive officer,” “CEO” or “executive director” will be used synonymously in identifying the top-paid leader of the nonprofit organization.

Two major factors are driving the increased focus on succession planning in the nonprofit sector. First, we are experiencing the expected retirement of a baby boomer generation that sought out careers in the nonprofit sector because of the culture of social change in the 1960s and 1970s. Second, nonprofit boards are realizing the need for executive leaders to possess new leadership competencies to navigate today’s rapidly changing environment while successfully leading their organizations into the future.

Traditionally, a passion for the mission along with skill sets ranging from program development, grant writing and community relations were considered sufficient when selecting an executive. This is no longer the case.

Today, nonprofit boards appreciate that the skills required to successfully lead an organization have changed dramatically.

In this book, I will describe the new leadership competencies required to succeed as a social impact leader in the 21st century.

In addition to the new leadership competencies, there also needs to be a cultural fit as well. I will also address the importance of incorporating your organization's values into the recruitment and hiring process.

In my thirty-five years of experience as a board chair, CEO, nonprofit leadership coach and executive search recruiter, I have advised hundreds of organizations on executive leadership development, succession planning, leadership transitions and recruiting chief executives.

My purpose for writing this book is to help prepare the millions of nonprofit board members in our country to address this challenging responsibility.

In *A Guide to Recruiting Your Next CEO*, I will provide answers to many of the questions you may have about how to recruit and hire your next chief executive.

Here are the questions I hear most often:

- Should our organization develop a new strategic plan now or wait for the new CEO to develop such a plan?
- Have we mentored and cultivated the talents of current executive staff members who could “step up” to the CEO role?
- What skills should we look for in our next chief executive?
- Will these skills be the same as or different from those of our current executive?
- How shall we recruit the new executive?
- Should we use an executive search firm?

- Who on the board should participate in the search process?
- How do we involve other members of the executive team?
- What compensation package should be prepared to offer the new candidate?
- How can we use the search process to prepare our board, and our organization, to address the challenges of tomorrow?

This book includes the following chapters:

- Understanding the Search Process
- Defining the Strategic Vision
- Identifying the Right CEO Leadership Competencies and Values
- Activating the Search Committee
- Identifying and Screening Candidates
- Conducting the Interview Process
- Checking References
- Negotiating the Offer
- Onboarding the Candidate

You may want to jump ahead to a particular chapter, but I recommend first reading the book in its entirety. This way, you will gain a much better understanding of the entire executive search process and how to successfully prepare your board for the responsibilities of recruiting your next chief executive officer.

Though the focus of this book is on how to best recruit your next chief executive, many of the same principles will apply if you need to recruit your next chief operating, chief financial or chief development officer.

Our lives are enriched every day by the positive social impact that America's nonprofit sector creates in our communities, whether local, national or global. The need for competent and courageous executive nonprofit leadership has never been greater.

Whether your organization's mission is focused on healthcare, education, arts and culture, children and family services, the environment, professional associations or foundations, it is my hope that this book will support you and your fellow board members as you accept the challenge of recruiting and hiring your next chief executive officer. With knowledge, confidence and teamwork, you will be well on your way to selecting the best CEO to lead your organization forward.

Chapter 1

Understanding the Search Process

If your actions inspire others to dream more, learn more, do more and become more, you are a leader.

John Quincy Adams

Your organization's chief executive officer just announced that she is resigning or retiring from her position. Now what? You relied on her for so much, from human resource management to fundraising. Now what do you do?

Before you embark on this tremendous responsibility, ask yourself these questions:

- Who on our executive team or board has extensive experience with chief executive recruitment?
- Who has the knowledge and insight to identify the required skills and experience the new chief executive officer will need to be effective in this role?
- How likely are we to recruit and persuade candidates who are happy in their current positions to leave their organizations to work for us?
- Who will do the actual work of recruiting, screening and performing initial reviews of candidates?

- What will the ultimate cost be for taking on this task internally, compared with the cost of retaining a search firm?
- Can we use the search process as an opportunity to become a better organization?

As an experienced executive search recruiter for the nonprofit sector, I admit that I am biased against any attempt to recruit your next chief executive on your own. My observation has been that boards who take on the CEO recruitment challenge without professional help are apt to limit their search to applicants who are actively seeking new employment.

While it is, of course, possible to find a qualified CEO this way, you are still working with an incomplete picture of the executive talent available to you. A professional search consultant will expand your candidate pool to include highly motivated, high-performing executives who are not currently in the market for a new position.

The biggest reason given by boards to conduct their search themselves is to avoid the fee for engaging a retained search firm. Retainer search consultants charge a percentage of the chief executive's base salary, usually in the range of 20% to 30%. If your chief executive officer's salary is \$200,000 and your search fee is 25%, your expense for conducting the search will be \$50,000. However, when you find a successful match, the amortization of this fee over the course of your next chief executive officer's tenure in your organization could be \$5,000 per year if they remain in their job for a period of ten years.

I will be the first to say that executive recruiters are not always perfect and they do occasionally misinterpret the quality of a match between CEO and organization. However,

unless an experienced executive recruiter serves on your board, it can be a costlier endeavor in the long run to recruit your next chief executive officer on your own. In fact, most organizations seriously underestimate the time and energy that will be required by the board to conduct a search. Combine that with the risk that a poor match will require a repeat search within a year (which most search firms will take on at no additional charge). Your organization will suffer as board and staff energy are funneled away from core activities such as programming, public relations and fundraising. And make no mistake: major individual and institutional donors will become concerned when your organization is operating for an extended period without a chief executive.

Once you have made your decision to perform the search either internally or hire an experienced search firm, I recommend the following process for searching for your next chief executive officer:

1. Identify the strategic challenges the new chief executive officer will be faced with in your organization along with the skills and experience needed to effectively address them. What is your desired future direction? What specific strategic goals and implementation plan needs to be developed to achieve the new vision?
2. Conduct an objective, in-depth assessment of your organization and board governance to determine your strengths and any areas in need of improvement related to best operating and governance practices.
3. Develop a comprehensive customized position and ideal candidate profile for the CEO. This profile will include the specific competencies and experiences you are seeking in your next CEO.

4. Conduct a targeted search into organizations and sectors that align with your organization to identify executives with the relevant skill sets and qualifications required by your organization.
5. Develop a list of qualified prospects for consideration.
6. Approach potential candidates to test their interest in the new position, communicate the strengths of your organization, and persuade strong candidates to consider the new opportunity.
7. Organize a board-level search committee to screen candidates and schedule interviews.
8. Present the most qualified candidates to meet with the search committee after conducting in-depth interviews and reference checks.
9. Select the most qualified candidate and offer them the position.
10. Negotiate a compensation package and other related benefits.
11. Notify all candidates who applied and interviewed for the position and thank them for applying.
12. Provide a plan for onboarding and ongoing support for your new CEO.

Developing the Ideal Position Profile

It is amazing to me how many times I have asked members of the senior team and board to describe the experiences, qualifications and knowledge they wish to have in their next chief executive and they answer, “We want someone just like our current CEO.”

Now, I will agree that is a nice endorsement of your current chief executive officer. I am glad to know he or she is well-respected and admired by your organization. But the challenges and opportunities that confronted your former CEO may be very different from those facing your organization today and in the coming years.

Wouldn't it be better to identify the strategic challenges ahead and the new leadership skill sets needed by your next chief executive officer to meet them?

If you would like to see a sample position profile for a new CEO, there is one on my website. You can find it at dennismiller.com/CEOprofile.

To read more, visit us at
emeraldlakebooks.com/dennis-c-miller



About the Author

Dennis C. Miller is a nationally recognized strategic leadership coach and executive search consultant with more than thirty-five years of experience working with nonprofit board leadership and chief executives across the country. Dennis is also an expert in board governance, leadership development, philanthropy and succession planning. In addition, he is a sought-after motivational speaker, retreat facilitator, and board and leadership performance coach.

Dennis' experience working with hundreds of nonprofit organizations has provided him with the knowledge and insights to understand the competencies required of today's nonprofit leadership, whether as chief executive officer, chief operating officer or chief development officer. As Managing Director of The Nonprofit Search Group, he recruits executives who can inspire their organization to achieve greater levels of success and measurable achievements.

As the former president and chief executive officer of a major medical center and foundation in New Jersey, his reputation as a respected healthcare executive resulted in numerous honors, including the status of Fellow in the American College of Health Executives. He has served as a member of the Board of Trustees for the New Jersey Council of Teaching Hospitals, Chaired the Board of Trustees for the

Center for Health Affairs, Inc. in Princeton, and served in a leadership capacity on many other nonprofit boards.

Dennis obtained his undergraduate degree from Rutgers University and Master's degree in Public Health Administration from Columbia University's Mailman School of Public Health.

Passionate about leadership and governance, Dennis was the Founder of the Center for Excellence in Leadership, Governance and Philanthropy at Fairleigh Dickinson University, the largest private university in New Jersey. He served as the Center's Executive Director from 2012 to 2016. He was also the Chairman of the Board of Trustees for Saint Joseph's Regional High School in Montvale, New Jersey, a highly respected academic college preparatory school. He served as Chairman of their Profiles in Excellence Capital Campaign and was recently inducted into the school's Green Knights Hall of Fame.

Dennis is the author of three books on nonprofit organization success:

- ***A Guide to Achieving New Heights:***
The Four Pillars of Successful Nonprofit Leadership
- ***The Nonprofit Board Therapist:***
A Guide to Unlocking Your Organization's True Potential
- ***The Power of Strategic Alignment:***
A Guide to Energizing Leadership and Maximizing Potential in Today's Nonprofit Organizations.

Dennis is also a regular columnist for many of America's leading nonprofit business publications and blogs.

With his autobiography, *Moppin' Floors to CEO: From Hopelessness and Failure to Happiness and Success*, Dennis mixes

together the right ingredients for an engaging, illuminating and compelling memoir, providing a gut-honest recount of his highly eventful life with engaging stories and valuable life lessons. Dennis shows how anyone, including a troubled kid from New Jersey, can overcome seemingly insurmountable obstacles, make it to the top and live a happy and fulfilling life.

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Other Books by Dennis C. Miller

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The Four Pillars of Successful Nonprofit Leadership

The Nonprofit Board Therapist:

A Guide to Unlocking Your Organization's True Potential

The Power of Strategic Alignment:

A Guide to Energizing Leadership and Maximizing
Potential in Today's Nonprofit Organizations

Moppin' Floors to CEO:

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Praise for **A Guide to Recruiting Your Next CEO**

As you know, hiring and onboarding a CEO is one of the most important actions a board will ever undertake. So often, even experienced boards struggle to find the right person and are challenged by the process. *I think this book will provide a solid set of guardrails for any nonprofit board in their next search for a CEO.*

**David A. Williams, President & CEO
Make-A-Wish America**

Dennis' new book is a very useful outline for nonprofit boards of directors of the need for the board to rethink about the whole executive recruitment process, especially since most board members only go through this once or twice. *The risks of getting it wrong are too high.*

**Jim Purcell, Chief Executive Officer
Council of Family and Child Caring Agencies of New York**

One of the primary responsibilities of a board is to hire a great CEO to lead and push ahead so the organization doesn't become mediocre. *This book provides an excellent roadmap to ensure the board recruits a high-performing CEO.*

**Jonathan R. Pearson, Executive Director
Corporate Social Responsibility
Horizon Blue Cross Blue Shield of New Jersey**

Hiring a CEO is the single most important task a board will ever take on. To find a person not only with the right qualifications, but the right personality, passion for the mission, understanding of the complexities of the nonprofit arena, and leadership skills to inspire both staff and board members, is not an easy task. *This book provides a solid set of fundamentals to guide you in that process and ensure that your next CEO is the right CEO to lead your organization to its greatest potential.* A must-read before you begin the hiring process!

**Diana A. Blankman, Senior Director
U.S. Corporate Giving & Social Impact
Novo Nordisk Inc.**

Dennis C. Miller has provided a practical roadmap to succession planning, new CEO recruitment and transition of leadership. He offers many insights into excellent management, planning and coordination by board members. *It's a must-read for board members and CEOs in the nonprofit sector.*

**Charles Venti, President
Inventive Strategies, LLC**