

# The Unexpected Challenges of Transitioning from For-Profit to Nonprofit Leadership

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*“Now that I have been here for a year and a half, I can report that removing some people, setting higher standards, eliminating unproductive behavior and bringing in some more talented senior people have made a huge difference. The staff is focused on the right stuff, the outcomes are significantly improved, and everyone seems energized. Me? I’m worn out. I had hoped to get to this place within my first six months. But I’m pleased that we finally turned the page.”*

Any new CEO could face similar frustrations, but it’s common for bridgers—for-profit CEOs turned nonprofit executives. Unfamiliar with the complexity of a nonprofit’s culture and often unaccustomed to working in resource-constrained environments, a number of the bridgers we’ve recruited and worked with have found their transitions into the nonprofit sector fraught with unexpected challenges.

The realities of the job often sidetrack bridgers’ desire to pursue work they’re passionate about. While there are many good resources available to make informed decisions before taking the leap into nonprofit management, in our work at Saroga and Bridge Partners we hear three common frustrations that aren’t covered in the how-to literature:

- **A wide gap exists between the aspirational job description they expect to fulfill and the daily realities of how they spend their time.**
- **People issues often pose a significant obstacle to making changes and moving forward to achieve the mission.**
- **The nuances and idiosyncrasies of the culture are very complex and take time and fortitude to decode.**

The quotes below and the challenges they illustrate come from leaders who are immersed in these circumstances. (We've withheld their names for privacy purposes.)

**“This isn't the job I thought I signed up for.”**

The job description that a candidate reviews may suit her skill sets just fine, but no amount of due diligence prepares the new leader for which lines on that document will eat up most of her time. The board and the new leader may agree on a very lofty agenda to move the organization and mission forward, but technical and tactical challenges may stand in the way.

In a situation where a nonprofit's systems or processes are inadequate or broken down, the new leader could find fixing these issues difficult, especially when the resources available in the for-profit world do not exist in the new world. In addition, a mission-driven leader can be pulled into daily operational problems that leave little time for big-picture concerns. She is forced to focus on issues that are frustrating and resource constrained.

Moreover, employees often resist attempts to institute new systems, processes, or policies because they are used to the status quo and have created workarounds to get things done. Attending to these basic infrastructure and management issues can cause the leader to feel detached from bigger responsibilities or advancing the nonprofit's mission.

**“The number and types of people issues are shocking.”**

One advantage to hiring a bridger is experience in handling a myriad of people issues. Yet, we sometimes hear from our bridger clients that they are stunned and overwhelmed by longstanding, unaddressed people concerns when they take on their new roles.

Many nonprofits struggle to develop robust processes and practices for managing staff performance and behavior. We often hear from new nonprofit leaders that they inherited a staff with uneven performance and high turnover among new hires, no learning or growth mechanisms, inadequate supervisory oversight, and limited management training or skills among supervisory personnel. In the first several months, new leaders assess their teams (as they would in a corporate setting), but they hesitate to make immediate changes because doing so would be destabilizing. Instead, they spend nearly 50 percent of their time in the first six to twelve months addressing one performance situation after another, according to the majority of leaders with whom we've worked.

Over time, we've seen that bridgers replace those who are unsuited to advance the organization and install forward looking performance standards. This sets the organization on a more disciplined path for managing staff behaviors.

### **“I’ve never experienced such a complicated culture before.”**

Culture is the informal way that people behave and actually get the work done. It is often different than the espoused protocols. In nonprofits this is especially complex and becomes even more so in the absence of clear talent processes. Leaders new to the nonprofit sector encounter dynamics they rarely see in corporate settings. For instance, in the midst of leadership vacuums certain people may emerge as the de facto ones in charge, creating a potential for resistance to any change. As the new leader takes steps to change norms she is told, “That’s not how we do things around here.” New leaders typically know what steps to take to fix this, but they are often disheartened with how often this comes up.

## **Success Tips for Bridgers and Their Boards**

Any one of these issues would be tough enough for a new leader, but many nonprofits we’ve seen have a degree of all three. We have developed some practices and ideas to help both bridgers and boards avoid or work through these frustrations.

### **Guidance for executives making the transition:**

- **Take a long view.** If you are used to turning things around in six to twelve months, double that. In our experience, change in nonprofits, especially around these dimensions, takes about two years.
- **Seek out the bright spots.** Look for past organizational success stories, people who have great track records, and natural early adopters. Engage these people to help build the future and shift the power dynamics. Marginalize the unproductive elements and feature the less vocal but more helpful ones.
- **Accept that the infrastructure may never be what you were used to.** Determine what “good enough” looks like, then keep it simple or outsource certain operations.
- **Walk in with a plan for people management and growth.** Bring your best interpersonal skills, use (but simplify) helpful corporate tools, install a performance management process, establish appropriate rewards, create learning opportunities, and clarify acceptable behavioral norms so that when you let some people go, it is well understood why they were dismissed.
- **Focus your early attention on your leadership team.** Take the time to get to know them and what they do, and then assess each one’s fit with your agenda and the organizational needs. Make any necessary changes so that within six to nine months you have the team you need to move forward.

### **Guidance for boards:**

- Frequently boards are too removed from the day-to-day operations of an organization and need to get a more realistic perspective before a new leader comes on board. The recruiter can conduct interviews with key staff members and share those insights with the board in the early stages to ensure alignment.

- Most executive director roles have a heavy change management component that is not always featured in the job description or interview process. When a board is open to candidates with corporate backgrounds in organizational change, it should make this an explicit job requirement. Furthermore, the board should make this known to the senior staff to set in motion clear expectations for change.
- Board members need to openly discuss any “sacred cows” during the search process. They need to commit to supporting the new leader in removing any of these people or practices.
- If the board is aware of problem people or habits, it must clear the path of obstacles before the new leader arrives.
- Regular check-ins with the board chair during the first year helps to establish an effective partnership. As issues arise the executive director can inform the board and ask for support. Having the board’s backing in the midst of making (often) unpopular changes is invaluable.

We have seen many for-profit leaders successfully bring strong management skills into mission-driven nonprofits. However, these organizations are more complex and idiosyncratic than their size would indicate—and fraught with human complexity. This is a marathon and not a sprint, so bridgers need to understand what they’re getting into and bring all of their best organizational and interpersonal skills with them for the ride. Positive change—as well as real results—will come.



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