

## Considering and Evaluating Internal Candidates for Senior-level Nonprofit Positions

A senior manager announces that she's leaving, and one of her high-performing direct reports comes to your office and says that he's interested in the position. What do you say? What are the guidelines for treating internal candidates? And what if, ultimately, he isn't as qualified as an outsider?

In our experience, internal candidates surface in about 30 percent of searches for senior nonprofit roles, and it's clear that promoting from within can greatly ease the tricky tasks of finding someone who fits the organization's culture and of getting the new hire up to speed. But what do you do when that internal candidate isn't a perfect fit for the job s/he seeks?

Kathleen Yazbak, a partner with The Bridgespan Group, said she would typically advise organizations that have an inside candidate who is 70 percent as strong as an outside choice to hire the insider.

"I always tell clients that it's a huge opportunity if somebody matches your culture and is already successful in your environment because your risks on the search are far lower—there is a greater risk when you bring somebody in from the outside that it won't work out," said Yazbak.

In fact, Yazbak said a good yardstick for quickly evaluating whether or not an internal candidate could be a serious contender for a particular leadership position is to determine whether the candidate meets 70 percent of the specifications in the job description. "If somebody hits the spec 70 percent, chances are you can groom them into the function," she added.

Giving emerging leaders the opportunity to advance internally should be an important goal for any nonprofit organization. But at many small- to medium-sized nonprofits, opportunities for career progression may not come along very often. So, when there is such an opportunity, it is important to take an internal candidacy seriously.

### Communication as constant

One part of taking internal candidacies seriously is establishing clear and constant communication with an internal candidate from the time you first learn s/he is interested to when the final hiring decision is made. The candidate should be privy to any plans the organization has to search externally, and be fully

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informed of the role and the criteria that will be used to evaluate internal and external candidates. In addition, a thorough job description that lists the job requirements and qualifications should be shared.

“The key overall is massive amounts of communication,” said Yazbak. “That doesn’t necessarily mean complete transparency, but you need constant communication.”

In the rare case where an internal candidate hits 90 percent of the job specifications and is obviously a superstar, an organization may be tempted to simply make the promotion and skip a full search process, but in most cases, this is not advisable. Opening the search to include external candidates helps ensure that the internal candidate has been fully vetted, and offers the organization the opportunity to gauge the market and feel confident that they’ve gone through the process, according to Yazbak. It is at this point, when the process has been opened to include external candidates, that constant and honest communication with internal candidates becomes paramount.

Internal candidates should know why the organization is searching for external candidates at all, and the organization should be very clear in articulating the process, the search timetable, and specific criteria. Tell the internal candidates up front that you are excited that they have applied, and that the organization does not want to lose them, regardless of the outcome of the search. However, be very careful in setting expectations and avoid all implicit or explicit promises about the outcome of the process.

Explained Yazbak, “Sometimes an organization will say: ‘We want to make sure that we’ve seen everybody that’s out in the market. We want to make sure that we’re really choosing this person rather than just putting this person in the role. Would we have doubts about them if we hadn’t done a search, where we wouldn’t have doubts if we had done a search?’” In addition, being vetted along with external candidates can give an internal candidate more credibility within the organization if s/he is hired into the role.

## Conducting due diligence

It also is important for the credibility of the search that internal and external candidates undergo the same review process. Employers sometimes do less due diligence on internal candidates than external ones, assuming that they already know enough about people who have worked for them for years. But in reality, all candidates for a senior role should be subjected to the same type of review. That means having the same types and number of interviews, with the same panel of interviewers.

Fellowship Health Resources, a Rhode Island-based mental health services agency, attracted a mix of internal and external applicants when it announced plans to create a chief operating officer (COO) position. Joe Dziobek, the Fellowship's chief executive officer (CEO), said the vigorous interview process—which treated all applicants the same—made him realize that his most successful managers were those who were willing to roll up their sleeves and work directly with staff. As a result of that realization, the driving requirements for the search became finding a candidate who would thrive in a hands-on culture and who really understood the nature of the organization's operations.

The Fellowship ultimately promoted two internal candidates, splitting the COO role into two directors of operations positions. Dziobek said the fact that the internal candidates had been vetted in exactly the same way as the external candidates helped the Fellowship's staff to feel confident in the final decision to change the organizational structure and in the choice of people to fill the new roles. "I think for any senior level search—CFO [chief financial officer], director of human resources—even if you have internal candidates, it's important to consider external candidates," Dziobek said.

While it may seem unnecessary, it is helpful to do reference checks for internal candidates as well as the external ones. The checks conducted when the organization first hired the internal candidates likely focused on a different set of roles and responsibilities than those encompassed by the new role. Ask all the candidates—internal and external—to provide references who can speak to the specific types of experience they need for the new role. Of course, internal candidates likely have grown and developed since the time they left their previous employers, so keep the external references' comments in context.

### **Maintaining confidentiality**

One area where it may be reasonable to treat internal and external candidates differently is around the issue of confidentiality. Some internal candidates, concerned about being seen as a lame duck if they do not get the promotion, may request that their candidacy be kept confidential.

Karen DeMay, senior director, executive search for the Bridgespan Group, said that while maintaining confidentiality can be a real challenge, it is possible to keep an internal candidacy from becoming public. She said one simple method is to interview internal candidates before opening the process up to external candidates, swearing the interviewers and interviewee to secrecy to help keep the process confidential. But if there will be external applicants regardless of how well the internal candidate's interviews go, be sure to explain that clearly to the internal candidate. Also explain how the process will work, and tell the candidate that s/he will be treated the same as the external candidates.

It sometimes may be difficult for a hiring manager to be as frank with internal candidates as s/he is with external candidates about how their qualifications stack up against the job requirements. But allowing an internal candidate to enter or continue in the hiring process when s/he has no realistic shot at the job can result in feelings of resentment down the road when the hiring decision is announced.

If an internal candidate is clearly not a good fit for the new role, DeMay said the organization should try to “coach” the person out of the process. Explain the key requirements of the job and why they are important to the organization, and then objectively point out where the candidate’s qualifications do not match up. Tell the person you don’t want him or her to go out on a limb and then not get the job. Assure the candidate that the organization values the contribution s/he makes in her or his current position. If possible, allow the person to withdraw his or her application rather than having it rejected.

### Declining an internal candidate

The most difficult scenario that an organization may face is when a very strong internal candidate makes it to the final stages of the interview process but ultimately does not get the job. However, there are several ways to soften the blow and, hopefully, keep the employee from either leaving the organization or harboring bad feelings. As with every other step of the recruiting process, clear communication is the key.

Here are some approaches:

- Arrange an in-person meeting with the unsuccessful candidate to explain why s/he is not getting the promotion.
- List the key requirements of the job and explain that there are other candidates who more closely align with those requirements.
- Emphasize that the organization really needs to gain that particular skill set. It’s helpful to assure the internal candidate that you’re really glad s/he applied and that going through the process has given the organization a better understanding of her or his background.
- Tell the candidate s/he will continue to have opportunities, if appropriate, but for this particular role, it’s imperative for the new hire to have all the key requirements.

Most unsuccessful internal candidates likely will still be disappointed in the search’s outcome. But it can make a big difference to people if you simply explain that the decision was not made lightly.

“Let them know what a tough search it was,” DeMay said. “Tell them these are really hard decisions, but in the end you have to do what’s right for the organization. You should reassure them that you never would have let them be a part of the process if you didn’t think they had a really strong chance of getting the job.”

Yazbak described a search she conducted that represents perhaps the best-case scenario for an unsuccessful internal candidacy. During the search, there was an internal applicant who was an extremely strong candidate and was very well-liked within the organization. Late in the search it became apparent that an external candidate had the specific content expertise that the organization really needed for the new role. The internal candidate was given the option of withdrawing her application, which she did. In addition, she was given the opportunity to take over a challenging new project at her current level. Since her interviews had been handled confidentially, none of her co-workers ever knew she had applied for the promotion. The organization even included the unsuccessful internal candidate in the decision of how much to tell the new executive about her candidacy.

“They told her that they thought the new person coming in should know she was a candidate for his job, then asked her how she wanted to position that information,” said Yazbak. “Because of the communication all along, the internal candidate understood why she didn’t get the job and she was a real grownup about it. She wanted to work productively with the new person.”

Yazbak said the internal candidate stayed with the organization and continues to thrive there. But sometimes, despite an organization’s best efforts, things do not always end so happily.

“In some situations, it’s not going to be a clean process,” said Yazbak. “Sometimes you’re going to lose a person or face other fallout. You need to be realistic about that and be prepared for it.”

To help manage the potential fallout, the best approach is, once again, honest communication. Be upfront with the new external hire. Explain that there was an internal applicant for his or her job and explain how the situation was handled. If there are likely to be some personnel changes or some friction in the organization as a result of the new hire’s coming on board, tell the incoming person what s/he may face. “The person coming in is starting a new job and learning a new culture, and hopefully they’re not being put in a position where they’re going to get sabotaged by anyone,” Yazbak said.

## Conclusion

Having one or more strong internal candidates for a leadership role is a valuable opportunity for a nonprofit organization. An internal candidate already knows your organization's culture, and s/he can hit the ground running in a new role. The key to overcoming any challenges that may crop up during the hiring process is relatively simple: Provide clear and constant communication from the time an internal candidate announces his or her interest to when the final decision is made. By being clear about the organization's expectations and requirements from the start, you can make the hiring process a positive experience for both the organization and the internal candidate—whether or not s/he ultimately gets the promotion.

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