

The New CEO's Challenge: The First Three Years

By Tom Adams, Director, Raffa PC

A lot of moving parts and demands compete for a new executive's time: learning the people and culture of an organization, mastering the work and systems, managing strategic and organizational priorities. A significant number of executives struggle to sort it all out.

It is not surprising, then, that some new CEOs don't survive the first year, and even more, the first three years. Fortunately, boards and CEOs can take actions during the first three years that will not only help new CEOs get up and running but also develop a great foundation on which they can build a lasting career at their nonprofits.

Starting Off Right

The first step to a successful transition is to design a new CEO support plan. In my experience onboarding support is most successful when acknowledged and introduced before the hire and when it is bolstered by an organization that is open to making and learning from mistakes. The plan includes crafting a workable board-executive relationship and clarifying goals and priorities for the new CEO, in both the near and long term. It takes into consideration that the challenges for the new executive and the board are distinct and important during the first three years. (See [“The Nonprofit Board's Role in Onboarding and Supporting a New CEO”](#) by Libbie Landles-Cobb and Lisa Walsh for more on creating an onboarding plan.)

The First Year

During the first year, both the CEO and the board should focus on building a solid working relationship. This can be challenging for both parties. The CEO is likely facing many demands in his new role, and the board chair and members are still getting to know what motivates the CEO and how best to partner and support him. Giving each other the benefit of the doubt is a positive way to embark on this journey of discovery—unless taken to the extreme. Too much benefit of the doubt becomes laissez faire leadership or avoidance.

The first six months, in particular, present a number of risks that need to be managed by both the new CEO and the board. Here are some examples from transitions I have observed or worked with:

1. **The Honeymoon Snooze:** The board is so happy to have a CEO who appears competent that it provides no meaningful feedback. For example, in one organization I worked with the past CEO did not do a great job of reporting on the finances and the new CEO was spectacular at providing financial updates, so the board was hands off. Meanwhile the staff began complaining to the board about the lack of transparency and tight-fisted hierarchical style of the new CEO. The board ignored the complaints until four managers asked to meet with the Executive Committee and threatened to resign.

To avoid these situations, it's important that the board and the organization develop a work plan for the new CEO. The plan should include measurable results for which he is held accountable and outline how the new executive is expected to keep the board chair, committee chairs, and board informed of plans and progress.

2. **The Change Agent Mixed Message:** Times of new beginnings are often times of hope. Sometimes the hopes become unrealistic expectations from the board or too aggressive change driven by the new CEO. Learning a new organization and building relationships takes months and sometimes years, not days. Trying to change too much too quickly is dangerous and often results in new challenges. Calibrating the pace of change is an important step in the first year for both the board and the CEO.

3. **I Am Not My Predecessor:** It is sometimes challenging for a new CEO to remain gracious and to not treat the previous CEO as a scapegoat. No executive is perfect; all have strengths and all have blind spots or areas of under-performance. It requires a lot of emotional maturity and support from the board for a new CEO to address major issues like limited funding or a weak management team without focusing on limitations of the prior executive.

The Second Year

As the first year comes to a close, the benefit-of-the-doubt generosity starts to end, and the board and staff are now looking for their hopes to be fulfilled. New CEOs may experience deepening scrutiny of their work, such as micromanagement of the budgeting process or more aggressive questioning of a new program initiative for which there seemed to have been a lot of support for just a few months earlier. For some organizations, tensions about roles arise. All of these situations require that the board and CEO restate their goals, and clarify roles and procedures for achieving them.

This review of direction and goals can be done in several ways:

- Initiate a strategic planning process or a sustainability review that looks at the relationship of strategy to leadership, resources, and organizational culture.
- Convene a weekend or full-day board retreat organized by the board and a management team committee.

- Integrate more detailed goal setting into the annual performance management system for the organization and CEO.

The Third Year

Most would think that having made it to this point the new CEO would be well on his way to a long tenure at the organization. Yet for many CEOs and boards, the third year is the pivot year. Having worked through the earlier challenges, the CEO could decide the nonprofit isn't the right place to make a long-term commitment. The board may be too challenging and high maintenance or raising operational or growth funds is too difficult. Or, he may even decide that the mission fit isn't there. The board also may get restless for change. Given term limits, a new board chair may arrive with different priorities or with a style not to the CEO's liking.

The same processes outlined above as useful in the second year can also be helpful during the third year to take stock of the organization's direction and needs, and the board-CEO relationship and fit. In addition, it is helpful to think about milestones in executive leadership. The board and the CEO should have intentional discussions about mutual satisfaction and their aspirations for the next three years. Such a conversation usually will bubble up any unstated concerns that need attention.

Nonprofit organizations that welcome and orient their new CEOs well will have higher odds of success at keeping them for the long haul. Regular check-ins on how the transition is going, followed by effective accountability and support processes over the early years, can provide a solid foundation on which new CEOs can best lead their organizations and, ultimately, serve their communities.

For more information, visit www.transitionguides.com or see *The Nonprofit Leadership Transition and Development Guide* (Tom Adams, Jossey-Bass) available on Amazon.

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