

Nonprofit founders and succession: how to ensure an effective leadership handover

Joseph C. Santora, James C. Sarros and Mark Esposito

Joseph C. Santora is based at Department of Management, ISM, Paris, France. James C. Sarros is based at Department of Management, Monash University, Melbourne, Australia. Mark Esposito is based at the Grenoble Graduate School of Business, People, Organizations and Society, Grenoble, France.

Quote 1: "Most founders want *the* say in selecting a successor [. . .]"

Quote 2: "Clearly there is a great deal of work that needs to be done to educate founders."

Finding a successor is one of the most important decisions a founder can make. Unfortunately, most founders fail miserably at it. While it may appear to be a relatively easy task for founders to identify and select a successor, it is often a very complex task, filled with high levels of anxiety and apprehension about their personal and organizational future. Questions such as "Have I selected the right person to carry out my vision?", and "What role, if any, will I play in the organization, once I relinquish my position as CEO?" surface and often preoccupy them.

Based on more than 30 years of extensive research studying founding nonprofit executives, we have learned that most founders rarely relinquish their positions as executive directors (aka CEOs/Presidents) without a serious inner struggle and experience that same level of difficulty identifying and selecting a successor (e.g. Santora and Sarros, 1995, 2001a, b; Santora *et al.*, 2013). In fact, many founders postpone their decision to retire until the last possible minute and some die in office. Those founders who have the foresight to identify a successor often do not make the wisest decisions when selecting their successor, for personal and psychological reasons (see Kets de Vries, 2003).

We base this article on reflections and learning from this previous research and, as a result, have created a typology based on the findings and analyses of nonprofit founders and the ways in which they approached leadership succession. We believe our findings are significant in that they may help educate other founders and their boards better understand the outcomes and impact their decisions have on organizational sustainability. We illustrate this typology through four case examples and are, of course, therefore fully aware of the limitations and the generalizability of the typology.

We first provide demographic data on the founders and their organizations compiled by our past case studies; next we identify and discuss the different types of nonprofit founders we encountered from which we created our typology; then we discuss the founders and their succession planning process, their selection of successors based on gender, and their selection of insiders/outside as successors. We offer several lessons learned from these case study experiences and observations of the selection thought process in action over the course of 30 years. Finally, we make recommendations for future and more comprehensive research initiatives.

The four founders

Each nonprofit founder profiled in this article made many significant organizational contributions during his or her long tenure. Such contributions include, but are not limited to:

- moving the organization from a small start-up to a well-respected and financially solvent organization;
- providing constituents with goods and services needed for survival; and
- serving as an advocate and voice for constituents.

Table I provides comparative data on the four nonprofit founders listed as Executive A-D. Executives shared two common characteristics: they were founders and they served as chief executive officers (CEOs) of their respective organizations for more than 20 years. Three of the four executives in our case research were males (75 percent) and one was female (25 percent).

Table II provides a glimpse of the formal/informal leadership succession planning process, insider vs outsider successor selections, and successor gender issues. Many smaller nonprofit organizations lack a formally prepared succession plan which is approved by a board of directors. Three founders (75 percent) we studied had an informal succession plan (a preconceived unwritten notion about his/her successor), and one founder (25 percent) did not have any succession plan. A similar pattern existed with respect to insider-outsider successor and gender.

Founders A, B, and D selected insiders (a current employee of the organization) and females as replacements; founder C selected an outside male candidate as the successor.

Typology of founder types

We describe the characteristics of each founder in our typology here. Table III identifies the four founder types of destroyer, conscientious, maverick, and controller. Autocratic leadership and longevity in office were common characteristics across the four types (see Santora and Sarros, 1995, 2001a, b).

Founder A: destroyer

We labeled founder A as a destroyer. He has been a serial successor destroyer. In the past 20 + years, he has identified multiple successors. In one case he disbanded the potential successors (Santora and Sarros, 1995); in a second case, he handed the organization to a long-time associate in preparation for the ascension of a family member as organization leader; and in a third case, he made way for yet another successor (Santora *et al.*, 2013). In all three cases, in one way or another, he consciously undermined the successor, by creating impossible situations in order to regain his leadership control of the organization. While he

Table I Demographic data

Organization type	Executive	Founder	Title	Founder's gender	Longevity ^a
Nonprofit	A	Yes	Executive director	M	30+ years
Nonprofit	B	Yes	Executive director	M	25 + years
Nonprofit	C	Yes	President/CEO	M	20 + years
Nonprofit	D	Yes	Executive director	F	25 + years

Note: ^aAt the time the original case studies were published

Table II Succession plan, successor and gender

Founder	Succession plan	Successor selected	Gender
A	Informal	Insider	F
B	Informal	Insider	F
C	None	Outsider	M
D	Informal	Insider ^a	F ^a

Note: ^aProposed replacement at the time the original case was published

Table III Founder types and characteristics

<i>Founders</i>	<i>Type</i>	<i>Characteristics</i>
A	Destroyer	Identifies successor Undermines successor Uses autocratic control ^a
B	Conscientious	Identifies and mentors successor Works with board to ensure appointment of successor Uses autocratic control ^a
C	Maverick	Does not provide leadership development/grooming Selects external successor Uses autocratic control ^a
D	Controller	Controls all aspects of succession Identifies and appoints a successor Uses autocratic control ^a

Note: ^aCommon across all types based on published case studies

has single-handedly made major important contributions to the organization, he has simultaneously destroyed the succession process and potentially jeopardized the future of the organization.

Founder B: conscientious

We labeled founder B as conscientious. He identified and mentored his long-term deputy as the heir apparent in the succession process. To ensure her selection was secure, he worked cooperatively and assiduously with key board members over time to make them aware of her contributions and her capacity to lead the organization. When he retired, the board selected his recommended successor to replace him as executive director through a smooth transition process. Once in office, the successor continued to implement the founder's policies as part of his legacy. As a result of this approach to succession planning, all constituents benefitted (Santora and Sarros, 2001b).

Founder C: maverick

We labeled founder C as a maverick. Even though he shared a few traits (e.g. highly autocratic, longevity) with the other three founders, he parted company with them when identifying a potential successor. He believed there were no suitable inside candidates so he initiated an external search to select his replacement.

Executive D: controller

We labeled founder D as a controller. The only woman among the four founders profiled in our article, she led the organization since its inception. During her lengthy tenure in office, she had several deputy directors whom she dismissed over the years to insulate her position as executive director. Her rationale was that these deputies, though qualified to serve as seconds-in-command, lacked the leadership skills to run the organization; the organization was dependent solely upon her for leadership, and no successor was available to replace her. She eventually hired a deputy with whom she worked closely, and only after several years of "testing" her in various situations did she develop enough confidence in her as a successor (Santora and Sarros, 2001a).

Lessons learned

Based on the assessment of four founders profiled in our article, we learned three major lessons:

1. Some nonprofit founders want *the* say in selecting a successor despite which profile they fit in our typology.

2. Some nonprofit founders may act selfishly (see Singh, 2008, for an interesting view) and seek to preserve their legacy.
3. When confronting succession issues, our case research at different points in time with different types of founders seems to suggest that nonprofit founders are not all alike and cannot be classified as such.

Conclusion and recommendations

The extensive research on succession in all types of organizations is increasing at a rapid rate. After all, if succession is successful and efficiently expedited, organizations continue to thrive with minimum disruption both to everyday transactions as well as long-term developments in the organizational culture. Get the succession right, and all things must follow. However, our study has shown that in some cases, the founders of nonprofits are often the key impediment to succession. That is, founders feel they have both an emotional as well as moral right to remain a significant voice and influence in the organization once a new executive director or president has been appointed. Reason as well as research evidence suggests that this strategy is not only wrong, but disruptive. Accordingly, we recommend that future studies examine the long-term impact of founder interference in the succession process before, during, and after the successor has been appointed. These studies could consider some of the following questions: Why is succession important? Who is best suited for successor selection? What qualities do founders look for in successors, and are these qualities relevant to the needs of the business? Why do founders compromise and frustrate the selection process for successors, and what protocols can be implemented to help circumvent this intrusion? Answers to such questions will add considerably to the current founder-successor conversation.

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About the authors

Joseph C. Santora, EdD is Visiting Professor of Management and Dean and Director of the Doctoral Program, ISM, Paris, France. Joseph C. Santora is the corresponding author can be contacted at Jcsantora1@gmail.com

James C. Sarros, PhD is an Adjunct Professor of Management, Monash University, Caulfield, Australia.

Mark Esposito, PhD is Associate Professor of Business and Society, Grenoble Graduate School of Management, Grenoble, France.

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