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## Retirement Journal

Stan Hinden



### In Nonprofit Sector, Transition at the Top

By Stan Hinden  
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*Second of two articles*

In last week's column, you may recall, I interviewed small-business founders who want to retire but face some hard choices about what to do with their successful companies. A growing number of executives will confront these decisions in the next few years as the 76 million baby boomers begin to retire.

As I was writing that column, my daughter-in-law, Denice Rothman Hinden, a management consultant who helps nonprofit organizations deal with organization and leadership changes, made me aware of another important dimension of the story: Thousands of nonprofit community groups across the country will lose their founders and executive directors in the next few years.

Denice and her business associate, Paige Hull, recently wrote about this issue in the *Nonprofit Quarterly*, an industry publication. They cited surveys showing that 15 to 35 percent of nonprofit executives plan to leave their jobs within two years and 61 to 78 percent are planning to leave within five years.

This is worth worrying about, Denice told me, because community-based organizations provide poor and disabled adults and children with many essential services, including food, shelter and clothing, plus education and employment opportunities. The loss of key leaders may make it harder for groups to serve their clients effectively.

Finding new leaders will be a challenge, but the search itself will be an opportunity to tap younger leaders for fresh ideas on how to solve the problems facing community nonprofits and how to meet critical goals of raising funds and attracting volunteers.

New leaders are expected to come from several sources. Some staff members will move up from jobs within their organization. Some folks will be recruited from other nonprofits. But, increasingly, future executives are likely to be graduates of nonprofit management training programs now offered by more than 100 colleges and universities. In any event, the next generation is smaller in numbers than the boomers. Thus, nonprofits can look forward to

increased competition with business and government for capable leaders.

In the nonprofit sector, as in the business world, charismatic founders and longtime executive directors are likely to wield extensive influence over their organization's activities. Consequently, when a nonprofit leader decides to retire, finding a successor who will please the board, the staff, the community and the departing executive can be a stressful task. But the process can be rewarding if approached correctly.

"Leadership transition is a powerful opportunity to improve balance and strengthen the reach and power of organizations," wrote consultant Tom Adams, head of Adams & Associates in Silver Spring, in the *Nonprofit Quarterly*. Adams has worked on more than 100 executive transitions.

Adams is also a project manager for the Baltimore-based Annie E. Casey Foundation, which supports hundreds of nonprofit groups working on behalf of disadvantaged children and their families. The foundation has funded research into how nonprofits can better manage executive transitions.

Researchers have found that not all executive directors are eager for the R-day to arrive.

Frances Kunreuther, a fellow at the Hauser Center for Nonprofit Organizations at Harvard University, recently interviewed executive directors and staff members at 16 small nonprofits in Boston and New York. Her goal was to investigate the differences in attitudes between older and younger employees. But in the course of the interviews, directors were asked about their future plans.

"We found that older founders were really having a hard time thinking about leaving their jobs," Kunreuther said. Most of them, she said, indicated that they had no future plans and one director said he expected to die on the job.

"I think it is really hard for them to think about letting go," Kunreuther added.

A key factor, Kunreuther said, was that the directors feared that any successor "would change what they worked so hard to build." A similar "don't touch my baby" attitude showed up in my conversations with longtime business executives thinking about retirement. They, too, worried about what would happen to the companies they lovingly created.

Even so, as I studied the nonprofit world, I came across several high-profile cases of longtime executive directors who felt they had accomplished what they wanted to accomplish and decided it was time to move on.

In the Washington area, one who let go gladly and willingly was the Rev. Lincoln "Lon" Dring, 68, of Rockville, the former executive director of Community Ministry of Montgomery County, an interfaith effort to feed the hungry, shelter the homeless and provide affordable housing to low-income residents.

Dring, a Presbyterian minister, came to the Community Ministry job in 1972 after six years as a chaplain at Howard University. Before that, he spent six years as the associate pastor of a Puerto

Rican church in the East Harlem section of New York.

When Dring was hired, the Community Ministry consisted of 10 congregations. When he left 27 years later, there were about 100 congregations involved. In the three years since then, the number has risen to 126.

Among the ministry's accomplishments during Dring's tenure were the establishment of the Manna Food Center in Rockville, the opening of a group of homeless shelters, and the creation of the Montgomery Housing Partnership, which now owns and operates 800 units of affordable housing in Montgomery County.

Dring told his board of directors well in advance that he planned to retire at age 65. Thus, the board anticipated the need to find a successor. "I wasn't exactly tired, but I was ready," Dring said, "Twenty-seven years was too long. And I was really ready to plow some new ground."

At the moment, Dring said, he is an interim minister at a church in Hancock, Md., and enjoys the challenge of preparing a sermon every Sunday.

During the search for Dring's successor, the Community Ministry board received scores of applications and slowly narrowed down the list. Dring said he was pleased that the board allowed him to interview and comment on some of the finalists. In many transitions, that is not the case.

Eventually, the board chose Rebecca Wagner of Bethesda as executive director. Wagner was then working for the Consumer Healthcare Products Association in Washington. But she had spent the previous six years working for Sen. Paul S. Sarbanes (D-Md.) as his representative in Montgomery, Howard and Prince George's counties. That meant that she was familiar with the territory and many of the area's officials and organizations.

Dring said he was pleased by the board's decision to choose Wagner. "She came so much better prepared than I did. She was strong where I was weak," said Dring, praising Wagner's management abilities. Dring said he feared that he often acted like "the Lone Ranger," seeing a need and going off and taking action without much consultation with his board.

Tom Adams, who served as a consultant on the Dring transition, said that Dring did much to make the transition a success by recruiting additional community and church leaders to serve on the search and transition committees. The board of directors, he said, also played an active role in the process.

The staff of the Community Ministry, Adams said, had mixed feelings about Dring's decision to leave. "They loved and revered Lon. But they were ready for a change. They were looking for more attention to day-to-day management."

Wagner, 53, a professional manager, said she believed that "different leaders are needed at different times in the life of an organization."

Dring, she felt, was the right leader at the right time because of his "bigger-than-life vision" of

the community's needs. When she became the director, Wagner said, one of her main tasks was to create new management systems for the growing organization.

Since Wagner took over in 1999, the Community Ministry budget has increased from \$900,000 to \$2.2 million and five new programs have been launched. The Community Ministry has help from some 6,000 volunteers.

The transition, Wagner said, was smooth -- in part because she and Dring had very different personalities. That helped members of the organization, she said, "separate their love for Lon from their love for the mission of the organization."

When one member observed that Wagner had "big shoes to fill," Wagner laughed and replied: "It's a good thing we wear different shoes."

Wagner also said that she and Dring used to joke that "the good news is that we're not each other."

The challenges of change, which confront both the business and nonprofit worlds, are growing steadily. The lesson of the Community Ministry story is that leadership changes at vital community organizations, even under the best circumstances, are time-consuming and require a high level of energy and enthusiasm from the board of directors and staff. Fortunately, experience has shown that advance planning can help diminish the emotional cross winds that often accompany these transitions.

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