

2020

Search in the Time of COVID & the Disruptive 2020s

Insights for Boards Seeking a CEO Partner

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The partnership between the CEO and the board has never been more important. The ability to forge relationships, facilitate board dynamics, and foster a strategic framework approach has also never been more crucial in a CEO/board team, nor required at such a high level of sophistication.

In the era of COVID, social injustice, and so many disruptions on tap in the 2020s, resources must be focused on critical transitions without the invasion of the past, politics, positioning, or posturing in decision-making. Boards are changing the parameters, qualifications, characteristics and search processes they are engaged in to find candidates who are different from those they would have hired just a short six months ago.

We addressed some of our findings for candidates — specifically for those who are seeking a new CEO position — in Part I of this series. Here we will focus on the board’s perspective in searches, as well as what boards must be prepared for from candidates.

First and foremost, there has always been some hesitation on the part of candidates, and colleagues who warn each other, to engage in the process of a search conducted by a board or a search committee without a search firm. The volume of this commentary has increased across candidate pools during a time when trust in the search process must be established at a much deeper level between the board and candidates, and arrives much earlier in the process than ever before. There is always a leap of faith that occurs by both parties post-due diligence and after signing the employment agreement. However, today, there is a higher level of proof required by all parties well before getting to this point. The engagement of a search firm to help navigate all parties’ expectations through this process can be valuable.

The risks of hiring a new CEO feel even greater than they were before 2020. While a search process can be exciting and bring a new energy and the sense of a new era to an organization, there is always the underlying nervousness about finding the right fit and subsequent results for employees, members and other stakeholders. Boards perceive now that they cannot afford a mistake, as most organizations are in some form of significant strategic repositioning and are navigating for a longer period of uncertainty than preferred.

In addition, there were already substantial variables set to impact the 2020s in a definitive way that have not vanished because of COVID and social injustice — artificial intelligence (AI), virtual reality (VR), a workforce crisis, mental health crises, climate change, healthcare and so forth. We have already reached the significant mile marker of 71% of the workforce aged forty and under. A post-Boomer leadership era is emerging

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with all of the dualities of this transition playing out in the boardroom — the excitement of a new dawn is meeting a trepidatious handoff, and dual lenses of an expected COVID economic contraction are tussling with a predicted 2030s decade of abundance, when two large generations will be at their height of influence, earning, and investment power. All of this is playing out amidst polarized perspectives in political, social, and economic policies, while a collaborative decision-making preference emerges in the boardroom. While these are only a few of the well-documented transitions on our doorstep, the ultimate result is an extraordinary transformation that all organizations find themselves leading through — with the complexity and complications of COVID-19 and despicable racism and social injustices to eliminate.

We are now at the point where the new ways of responding to member needs that were snapped into service this spring are being viewed as likely more permanent. Opportunities lie before us, as we navigate this environment, find the gaps to satisfy a stunning new landscape, retrain and deploy a workforce into unknown territory, and re-examine what our core work is in relationship to our missions. Boards want to know that their CEOs can handle not just the basics of association leadership and organizational dynamics but that they can guide them to a sustainable future

and business model and repeatedly adapt in swift order — operationally and strategically — without having to default to crisis management mode.

Meanwhile, boards themselves have some serious work to complete prior to entering a search process in the era of transition and transformation described above. No longer can boards ignore or lightly address the pre-search work or expect to figure it out after the new CEO is identified. Candidates are looking at boards through different lenses, and they are less likely to take a risk on an organization that is demonstrating political infighting; has poorly formed or unformed strategy; indicates cash flow issues; is unwilling to use reserves in a strategic manner; insists upon a candidate moving to a brick-and-mortar headquarters during an unresolved pandemic and a recession of unknown severity; has early expectations of full returns to the office or early in-person board meetings or conferences; and fails to understand the breadth of new risks and legal implications that must be ascertained and navigated as the ramifications of the pandemic play out in a business setting.

In other words, boards must do their own heavy lifting in good governance work before they enter a search process, making sure their house is in order and that they can answer much more pointed and sophisticated questions. There is a high likelihood that candidates will ask for much more background information upfront, including proof of the organization's health, and then move to questions around the ongoing board culture work; evidence of actions taken and planned

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in diversity/equity/inclusion beyond statements and policies; flexibility in understanding individuals' perspectives on how personal health and well-being is handled in the COVID era; clarity on focused strategy

mapped to proof of financial resources; and evidence of the board being true to their strategic role, while allowing the CEO to be the CEO. An organization's ability to demonstrate competency in these areas has become a baseline. Boards should expect a candidate will put them through their paces and not look favorably on a governing team that cannot answer these thoroughly.

This could ultimately mean that boards may wind up realizing that they need an interim CEO while they complete this governance and search preparation work before they can even begin to author what a position profile needs to encompass. A search firm can help navigate through this labyrinth of considerations. Timing is everything, and addressing these issues and governance gaps head on can be the difference between:

1. having a long search as candidates unexpectedly remove themselves from the process along the way due to a perceived lack of information, or lax or chaotic governance;
2. winding up in multiple CEO searches, as one or more new CEOs decide to depart the organization back to back, once they realize the truth of the state of the association and board; and
3. having a new CEO spend valuable honeymoon time and/or early political capital on cleaning up organizational and governance dynamics, instead of building relationships and leveraging the organization to its next successes.

Practically, it also means reshaping the interview experience. Far too often, there is an hour in-person interview with either no question time left for the candidate or 10 minutes to get one or two questions in before “the wrap-up statement.” Far too often, the board is not ready with succinct and clear responses to sophisticated questions by candidates, which leaves the candidates wondering what kind of board they are going to be working with as a partner. As a result, this could lead a great candidate to decline an offer that could be a terrific fit — particularly in our current environment.

This means boards need to be better prepared for their own responses to candidates, adding a minimum of 30 minutes in interviews for candidates to ask and explore deeper questions with the board. It also means boards must not delegate the search process to a committee of past or influential leaders. In today's world, the candidates need to meet the leaders who will be their partners and who are jointly responsible for navigating this era of the greatest transitions and transformations that we have ever seen in business and global history. We have never had such complex variables convene at the same time that require the redefining of who we are, what we stand for, what creates value, how it will be delivered, and how it will be resourced. We have never had such abundance in technology, global connectedness, and common experience to shape solutions. Candidates must meet with those who are co-designers of the future and who are invested in the success that will have an impact on them as members, leaders, and fiduciaries.

All of these factors require boards to rethink their own non-negotiables in their future CEO. Specifically, gaining access to the best talent pool requires an openness to a wider continuum of candidates than in previous years. This is occurring at exactly the time when boards would like to have a safety net of hiring those with a proven track record of change leadership and entrepreneurship. Some candidates with deeper experiences of these types will be available. However, boards need to realize that the availability of the specific type of track record they would like to see for confidence in future success may be less available. The desire for a deep bench and experiential underpinnings of having navigated change at the magnitude that we are seeing now will not be present to match the numbers of positions that will become vacant over the next five years. Quite simply, the pool of potential CEOs in general will be less experienced than in the past, due to the demographic changes, the reduction in leadership preparation over the last 10 years, and the fact that no one has a playbook for what we are experiencing in this time.

On the one hand, this creates a huge positive in that those who lead will not necessarily be boxed in by how they have seen it done before and will arrive with excitement, energy, potential, and new ways of designing the future. The challenge will be helping them learn how to lead and influence organizational dynamics, develop critical judgement call abilities to avoid mine

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fields, and understand how to bring delicate moments to an end instead of allowing them to escalate. This can be accomplished with leadership development, coaching, consistent participation in peer networks, creating a personal board of advisors, and facilitating strong partnerships between the CEO and board chair.

Willingness to grow together in partnership will be essential for board and CEO success, and may feel uncomfortable to boards when hiring in the environment in which we are in. This will be particularly true in the cases where a board is hiring a new CEO to follow a long-term leader. The investment by the board in a search process must go far beyond the search, identification of a person and initial onboarding. Boards must be open to new ways of doing things not just to attract a new CEO but also to be perceived as relevant to the majority of members, who have much different perspectives and priorities than those who “raised them up.” They will need the leader who may be the right fit but also probably makes them feel somewhat uncomfortable. This will be true unless the board has already completed significant nominations committee, governance, culture, and D/E/I work. Boards should expect very new perspectives, ideas, and recommendations from the next pool of CEOs they interview. This experience should assure and invigorate boards — not paralyze or prevent them from making a reasonable decision to hire the eager change leader with an entrepreneurial bent, who may be several decades younger than the average age of the board.

A reminder to boards — when we create new strategic frameworks with a sitting CEO that has us launch new subsidiaries, programs, initiatives and service lines, we don't fire the sitting CEO every time we design for the future and set new bold strategy. Nor should we assume that a potential CEO candidate who has not implemented everything we have in our next road map is not the right match. What we want to look for is a track record of leading into the future, walking through the fire, speaking up for innovation, taking action on

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The way to unveil this type of talent is to become far more comfortable asking a wider range of more complex questions than have been traditional in interviews. We have to move beyond asking segmented questions of experience in certifications or meetings or advocacy. We want to know how an integrated portfolio can deliver the mission's intention in a time of tremendous transition, uncertainty, and fluctuation of multiple variables all occurring at the same time — and without the comfort of a playbook.

- *What is their approach?*
- *How do they identify and engage the resources needed to explore these questions?*
- *What is their comfort level in building a multi-scenario, multi-budget, multi-year approach?*

- *How do they see the board dynamics, composition, and engagement designed to support the strategic thinking necessary for the marathon of transformation that the 2020s will be?*

We also want to get comfortable asking considerably more complex questions that seem unanswerable and yet are an example of how a significant number of variables are colliding at the same time that we must have a facility to address. Can you imagine your board adding one of the following to a CEO search interview? Subsequently, can you imagine being ready when the candidates, after answering themselves, then ask the board to share what their thoughts are on the same question?

- How do we lead our workforces/associations/companies through culture, ethics, strategy, and execution transitions, in a fully inclusive world, in which everything seems to be being redefined at the same time, all while polarization, intransigence, generational shifts and new definitions of work play out in a public, global, social media era both through and post-COVID and social injustice?
- How do we proactively respond to an evolving profession/industry, prepare for and manage a recession of unknown severity during the biggest generational hand-off in history, AND continuously evolve the association to remain relevant to its members? (And take into consideration the long-term impact of COVID-19 while responsibly and continuously addressing social injustice?)
- Given the complexity of what is before us, we need to know that you are ready to be our proactive partner for this next phase. What are the lessons you learned from the last Great Recession or 2020 recession, examples of innovations you led, and how you created a plethora of possibilities so your department or the association could adjust as the circumstances unfolded?

As mentioned earlier, boards should also expect candidates to come with much more complex questions

and to potentially take longer to elicit a “yes” to an offer from the candidate of choice. This is particularly true if the board restricts access to information, chooses to only offer candidates 15 minutes during the interview conversation to ask questions, or assumes if you make an offer that you’re going straight into contract negotiations. Instead, boards may have to provide more documentation post-interview, and officers may have to engage in some additional conversations to create a comfort level and to assure that there is clarity about the state of the association, the board’s expectations, and the board’s willingness to do what needs to be done over a longer period of time than just the onboarding of a new CEO. Below are a few areas where the board of directors may be surprised about the additional depth to which they must go in order to move into the negotiation stage with a preferred candidate. These represent potential questions of the board by the candidate:

- 1. Documentation: Transparency is essential.** I’d like to see a much longer list of documentation that gives me a better understanding of the organization than a copy of your 990, audit and most recent board meeting minutes.
- 2. Culture: Board demonstration of not just a partnership culture, but courage in the face of gender issues, racism, or social injustice as experienced by the board or members.** Talk to me about the culture of how the board makes decisions, partners with their CEO, addresses inappropriate behaviors, and handles crisis. Give me a specific example of the last time you demonstrated courage and dealt with something uncomfortable.
- 3. Finances: Beyond the provision of documents, provide demonstration that the board understands multi-year, multi-scenario planning, with realistic projections provided to the candidate.** What can you share with me that provides an understanding of your present and future financial position, how your strategy and processes provide an integrated path forward, and lessons learned from the last recession?

These examples of preparation and the external variables that boards are experiencing have led to the need to design a more robust search process, with even greater specificity, and recognition that there may be internal work that the board needs to conduct prior to hiring a new CEO. Depending upon the extent of the governance, culture, strategy and search design work that must be addressed, this could lead to the need for an interim CEO, instead of hiring a new CEO immediately. Before beginning a search and designing a profile, here are several questions the members of the board should work through to help them ascertain some key variables that will impact which candidate they hire.

Profession/Industry Executive or Association Executive:

In a time of extreme uncertainty, is it valid to favor a candidate from the industry or profession over an association executive who can learn about your industry or profession? Keep in mind that every new CEO has a one-year learning curve to get through a full cycle of understanding. Even an internal candidate promoted to the CEO or someone from the profession/industry still has to learn how to shift to being the CEO, to having others see them as CEO and to lead in a way they never have before. Success is dependent upon the ability to lead the dynamics of the organization first, within the uniqueness of achieving strategy inside of a community dependent upon engagement and value — not just delivery of a product or service.

Change or Transformation: What is the level of adjustment that we are comfortable making over the next five years? Are we looking to change a little, or do we want to, or does our environment require us to, transform? How do we represent to candidates our commitment is to this, and how will we ensure that this level of commitment is passed on as our board members roll on and off? Are we ready to partner for the level of change or transformation that we say that we want?

Stop or Continue: What have we done to identify our core work and essential strategy in order to know what we will be willing to stop doing? If we have already

stopped a number of programs or services, are we open to a new CEO's additional recommendations to stop activities?

Crisis or Continuum: Are we as a board still operating in crisis management, or have we made the shift to a multi-scenario continuum approach that has us trusting our leadership ability to successfully navigate without a crisis culture? Have we identified what we need in a CEO that is not based on crisis leadership but long-term viability for our organization? What effort do we need to design to pivot ourselves away from crisis leadership

aligned to eliminate politics, posturing, and negative interactions between the board and staff, so that we can flourish with a new CEO? What will we do to help our new CEO get past the first 24 months, which is usually a line of demarcation, particularly if we have had a long-term CEO? If we have had an unfortunate circumstance with an outgoing CEO, how will we not blame or inappropriately hold a new CEO accountable for their predecessor's issues?

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to identify the partner that will co-create a pathway to realize the dreams of an organization. It can also be a frustrating time if the advance work is not undertaken to foster a complete openness within the board about issues at hand and opportunities to be capitalized upon. Learning to articulate the intentions of the search is a unique

skill that requires practice in advance of engagement with candidates and can elevate the experience and ultimately the result. The early partnership of the board and a new CEO is a special time in any organization's history. Putting the building blocks in place to set the stage extraordinarily well, especially in a time of transition and transformation, is essential to exceed members' expectations and reap the rewards of mission accomplished.

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to a transformation marathon? How will we allow our new CEO to move out of crisis leadership if we have not done so upon their hire?

High Performance Leadership or Business As Usual: Given that the next 36 months at least will be a recovery, a turn-around, and/or taking huge leaps into new opportunities, have we taken a look at whether our actions and our messaging are clearly



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