

Executive Transitions: Get Everybody on Board!

You have probably already heard that more than 50% of not-for-profit healthcare organizations will be undergoing a C-level transition within the next three to five years. And you've probably also heard how important succession planning is for *everybody* in the industry right now. But what you may not have heard much about is how to maintain a positive correlation between executive transition and employee retention. We're just not talking enough about how to manage the process in a way to best include everybody who is affected—which is *everybody* who works there, from senior leaders through line staff. You've worked hard to achieve your current employee retention rates, and you've invested a lot in the great team members you have on board. Don't un-do your success in both areas by skipping the important step of proactive communication across the organization during an executive transition.

How can an executive transition affect employee retention?

Employee retention issues affect everyone in your organization. Every single person. But what often gets forgotten in even the most carefully articulated strategies for successfully managing leadership transitions is the amount of fear and trepidation any executive transition can create in current employees' minds. For some individuals, regardless of their current level of authority in the organization, the combination of our natural human tendency to feel negatively about change and all-too-common fear that a major transition equals "I'm going to lose my job" is enough to lead to "jumping ship" before or during the transition, which is a time when it is especially important that staff retention remains high.

So, what's the key? *Keep everybody informed throughout the process.* Here's a short list of suggestions on how to do so:



#1: Have a succession plan in place that includes a detailed communication strategy.

Given that in 2013, 10 of the top 15 LeadingAge Ziegler 100 organizations had CEOs who would be reaching retirement eligibility within five years, and in 2014, the retirement numbers of current senior executives across the C-suite continued to escalate, the current need for organizations to have a succession plan is paramount. If I asked for an affirmative show of hands regarding the importance of this to your organization's future success, almost every hand would go up in the air. Even though we all can agree on how important it is, more than 50% of not-for-profit healthcare organizations do not currently have a succession plan in place. And while succession planning should always include emergency, interim, *and* long-term transitions, in Ziegler's 2013 study mentioned above, more than 40% of organizations surveyed who do have a succession plan in place only have an emergency plan, which often is nothing more than an informal strategy to use the CFO in case of emergencies.

So, if you don't have a formal succession plan for your organization, *start there*. If you do, make sure your plan extends beyond the CEO. And equally as important, make sure the communication strategy with staff and key stakeholders is an integral part. Remember that for a communication strategy to be effective, communication has to be the following: early, frequent, and transparent.

#2: *Engage the leadership team*

When change occurs, it is especially important to keep your staff engaged in the process. All of them. But especially those whose day-to-day responsibilities will be most affected by the change in leadership: those who directly report to the CEO, for example. This is especially true if it is an unplanned CEO departure, but it's true in every CEO transition. This change affects them in very important ways, and you don't want them to feel excluded from the process.



“What if, and I know this sounds kooky, we communicated with the employees.”

The leadership team should learn about the executive transition early—prior to their direct reports. And all staff should learn about the upcoming transition before it is made public. The senior leadership team should receive the information in person, and their communication strategy to be used with direct reports should be shared with them at the same time. Managers are,

whether they like it or not, the face of the organization. With a high level of uncertainty on their minds, employees will turn to their managers for information and how the managers choose to handle situations can mean the difference between retaining or losing seasoned talent. The bottom line is, employees will feel better when managers provide face time via group meetings and one on one time, delivering updates that explain what's happening and the advantages to the organization.

#3: *Control the message*

Back to the staff . . . when change is occurring, people talk. Everyone wants to share an opinion, and it sometimes can be therapeutic for them to do so. But we all know the old adage about opinions, right? The best way to prevent excess theorizing and wildfire theories from spreading is to keep people informed. End of story. Furthermore, management should send out an immediate caution for all employees and members of the management team to remind them that this is a time to exercise restraint in their discussions and to talk to their managers about any concerns they may have related to the transition. This will better reinforce ongoing enthusiasm and excitement for the transition, highlighting the positive impact it will have on both the organization's and their futures.

#4: *Engage the stakeholders*

You should also communicate directly with your major donors and stakeholders. At any nonprofit, major benefactors and contributors can grow nervous about change, but even if that isn't the case, it gives you an opportunity to make them feel valued and engaged as an important part of your organization.

Send out an announcement. Make calls to major donors. Let them know that this should be viewed as an exciting time for the organization, and when/how the legacy of the outgoing executive will be celebrated. For key constituents, you may also want to send out updates mid-search and in the final stages. Think of it as a marketing opportunity—it can serve as a reminder of how important they are to your organization’s current and future success.

Remember your keywords: early, often, and transparent!

All too often we see clients communicate the initial news of an executive transition, and then months can go by with little or no updates. Personally provide or send out regular communications to the leadership team, and have them share updates to their direct reports in their staff meetings. While you never should reveal confidential information in any way, especially regarding potential candidates, it is worthwhile to let staff know how the search is progressing. If you are using a professional executive search firm for the search, they should be providing consistent progress reports throughout the search, with information that can easily be shared with staff and stakeholders. A great deal of shareable information exists: Has the search been actively launched? Who is partnering with the organization to conduct the search? What are the consultant’s credentials? What geographies and fields are being sourced? What is the anticipated timeline? This will

enable staff to feel like they are a part of the process, and will also give them, as well as external stakeholders, added confidence that a smoothly run system is in place to secure the best possible new leader for the organization. While it takes a little extra time, the end result—keeping keep them excited about the transition, rather than approaching it with fear—is well worth it.



Remember, an executive transition is bound to create some anxiety for all involved, and for some, more than others. Encourage questions. Take

time to sit down and speak with people who have concerns, and talk through them. Provide as much information as is appropriate, without revealing confidential candidate information. Remove the cloak of secrecy from the process and you will find your staff exhaling a collected sigh of relief, and you will minimize the likelihood of your people heading to the door for the wrong reasons. Considering that studies show the average cost of employee turnover in senior communities can be as much as 30% of the employee’s salary when you take into account all direct and indirect costs, it’s not only good for employee morale, it’s just good business.



About the Author

Elizabeth Feltner, M.A., A.B.D., is Vice President of Deffet Group, Inc. She works collaboratively with clients nationwide to identify and retain executive leaders and advance organizational success. An accomplished public speaker for employers and national conferences, frequent topics include succession planning, onboarding, and leadership development.