

The background of the slide features a large, stylized graphic of two hands, one light teal and one light grey, cupping a heart shape. The heart is composed of two overlapping circles, one light teal and one light grey. The hands are positioned as if they are gently holding the heart.

Hiring Your First Executive Director: A Guide for Board Members of Small Nonprofit Organizations



Part 1 Getting Ready

For board members of a small nonprofit organization, hiring a first-ever Executive Director can feel like a huge step. And it is. Completing the groundwork can sometimes take more than a year. There are so many things to think through, to decide, and to do to ensure the solidest possible foundation for success. Giving any of this work short shrift may well result in a kneecapping of the new E.D. before he or she has even begun. So, if your board has been talking about potentially going down this road, here are some things to think about.

Step 1: Ensure a Strong Board of Directors is in Place

An executive director – even a great one – is not a substitute for a weak board. Unless and until a strong board is in place, with skilled and committed members who are ready, willing, and able to perform their governance role well, a new executive director cannot make the organization successful. Strong boards and strong executive directors are interdependent.

For a board of directors to become an employer, some fundamental preconditions of good governance should be in place: clarity about the roles and responsibilities of the board, having a well-rounded group of dedicated people, a solid policy infrastructure, strong committees, and adequate financial reserves.

When a board is ready to begin the process, special consideration should be given to recruiting a board member with Human Resources (HR) training and experience to assist. Another option is to create an *ad hoc* personnel committee or task force and include someone with HR experience who is not a board member but is willing to take a leadership role on this one project.

Step 2: Strategic or Transition Planning

My grandma often said, “Plan your work and work your plan” and she was right! The hiring of an E.D. is not an end in and of itself but rather it is a means to an end, a strategy for achieving the organization’s mission and vision. When the group’s goals cannot be achieved by the board and available volunteers alone, then it is time to either pare back on the goals or hire paid staff to take on operations and/or programs. Planning is the act of choosing and prioritizing the goals, strategizing about the correct set of action steps to achieve those goals, and identifying the available resources – including people hours.

Sometimes a group will engage in strategic planning and discover what they really want to achieve is beyond them as an all- or mostly all-volunteer organization. At other times, the need for paid professional staff will be obvious, but a plan must be worked out to get the group from its current status to its future desired status. This type of transition planning would be focused on a single objective: prepare for and hire an E.D. Identify the action steps, outline who is responsible for what, and specify the timelines.

Step 3: Assess Resource Needs

How much would it cost to have an executive director? What is the salary range for comparable positions in your area? What would be the outlays associated with payroll taxes, fringe benefits, and the like? What new expenses would be incurred? Payroll processing? New space, furniture, or equipment? These are the things the treasurer/finance committee must research as part of this process. **A solid and comprehensive budget is not optional.**

Step 4: Identify Resources

If the organization has carryover reserves, what amount must be kept in savings as a rainy-day fund and what amount could be invested in hiring an E.D.? These are critical boardroom conversations.

Another aspect of identifying resources is projecting how much more could be raised through fundraising if a skilled professional were in place to guide it. In other words, what is the anticipated increase in revenue in the first and second years after hire? It's important to be prudent here: **expecting a new E.D. to launch a fundraising campaign sufficient to fund their own position in the first year is probably not realistic.**

The annual cost of a new E.D. minus the amount of cash reserves available plus the amount of new revenues the new hire could reasonably be expected to achieve in year one equals the amount a board must raise before hiring.

Step 5: Create Employment Policies

Whenever a board of directors employs staff, they must make a number of decisions that are collectively called employment policies. These include things like what behavior standards they expect their employee to uphold and what their philosophy of discipline would be for breaches of those standards. What schedule is expected? What allowance do we make for time off? It's a lot to think through.

Samples and templates for standard nonprofit personnel policies can easily be found but **even a good template cannot substitute for the important committee and board discussions required to make policy decisions.** There are a lot of issues to think through so give yourself time to give each policy the consideration it deserves.

Step 6: Develop a Position Description

Here is where a board spells out exactly what will be required of the new hire, along with the qualifications and experience deemed necessary for success. As with personnel policies, templates and samples for E.D. position descriptions can be found in many places, but each must be modified according to the unique situation of a specific organization. The process of crafting a position description helps a board continue to think through its requirements, what specifically it needs the new E.D. to do, what success would look like.

No position description is complete without the salary being offered.

“Commensurate with experience” is a thing of the past. These days, many qualified professionals refuse to respond to potential employers who do not disclose what amount of pay is being offered. You must be clear. Also, it is a common practice to list a college degree in the qualifications section but think about whether that is something that is truly required. Could someone with equivalent experience and skills fill the role effectively? In many cases the answer is yes, so don’t limit your incoming applications by not thinking through what you really need.

Conclusion

The importance of having a strong board in place cannot be overstated. The group cannot be successful in the long-term if it sees the hiring of an executive director as a blanket solution to a general lack of resources or available volunteers to carry out its mission-related tasks. Building the board to the point where it can effectively perform the steps described above is mandatory.

Part 2: Finding the Right Person and Setting Them Up for Success

You've built a strong board, done your planning, prepared a research-based budget, raised the needed funds, and developed your personnel policies. You have group-wide consensus about exactly what kind of skills and qualifications your first executive director should have, and what their responsibilities will be. You've captured that in a clear position description. Now what?

Step 1: Conduct a Search, Interview, and Choose

If your organization has sufficient resources, consider hiring an executive search firm to conduct this part of the process. Otherwise, at least let yourselves be guided by a qualified HR professional or someone with experience in nonprofit hiring. They will know the best way to advertise the opportunity, which job boards to use, how to evaluate incoming resumes, etc. If you took the steps outlined in Part 1, then you've already recruited an HR professional to your board or *ad hoc* search committee.

You will want to advertise the opportunity in both a targeted and in a wide-reaching way, posting it on job boards within your particular field and on popular sites. Find your local or statewide organization that serves nonprofits and share it there. Is there an association of groups like yours? See if they have a job board. Don't be afraid to advertise nationally. If your offer is strong enough, the right candidate would be willing to relocate to your area.

I am old school enough to value a good cover letter with an attached resume, but many online search services (such as Indeed) are moving away from those. However the applications are received, what's needed is a screening tool, a scorecard for use in quickly sifting through what could be hundreds of incoming applications. **By thinking through the criteria in advance, the team is gaining further clarity about what they are actually looking for in an E.D.**

Using your scorecards, rank the applicants and offer first interviews to as many people as the team can comfortably accommodate, perhaps the top 10 or 15. Write questions designed to get you the information you need regarding whether the person would be a good fit for your organization. Refine your scoring system to rate the candidates, then confer. Reduce the list to the top 2-4 and check references. Offer a second interview, including board members and any staff or volunteers. It can be helpful to review the group's strategic plan and budget with the top candidates, to get a sense of how they would attack the goals in their first year. Rate. Discuss. Choose.

Be kind to all applicants. Send a polite note to those who are not chosen.

Step 2: Make an Offer/Contract with Chosen Candidate

Once you have identified just the right person to lead your organization to higher levels of success and impact, you need to make a formal offer of employment and, if accepted, sign a contract. Again, let your HR expert and perhaps an attorney guide you here. The letter of offer provides information about the salary and benefits, hoped for start date, and any other provisions such as moving assistance, whether the position is remote or onsite, etc. Give your chosen candidate a week or two to decide whether to accept your offer as they may have many things to think through. Some candidates will make a counter offer to open a negotiation about pay, benefits, and/or work requirements. Groups should know in advance who has the authority to conduct those negotiations on the group's behalf.

The contract spells out the job description, starting salary and benefits, provisions for salary adjustment, how expense reimbursements are made, confidentiality and conflict of interest requirements, termination and severance, and a number of other provisions. This is a good place to ask an attorney for assistance, to ensure that the organization's interests are protected. **The #1 cause of lawsuits against nonprofit boards of directors is former employees, so make sure to give this step proper attention.**

Step 3: Conduct Proper Onboarding

The first few weeks are about more than simply providing the new hire with the information and support he or she needs to get started: they are also very much about building the firmest possible foundation for a strong relationship between E.D. and board. **You will want to be intentional in establishing communications channels**, both formal and informal, and in making sure everyone has the same understanding about what is expected on both sides. Ask each other questions like “What will feel like a success to you?” and “How do you see your role?” and “How do you see my role?” Find a way for the new E.D. to spend time with each board member one-on-one in the first month or so. Time spent that way has a high return on investment.

It's important to remember that the role of the board of directors will change now that an E.D. is in place. With someone hired to run programs and take care of operations, all board members can refocus on their governance work. Not everyone will make the transition very easily. (See Part 3 on Common Traps for more on this!)

Step 4: Provide a Proper Evaluation at 30, 90, and 180 Days

Chances are everyone will be utterly delighted with the new hire and the organization will be moving along swimmingly. Good for you! Still, that is no excuse for failing to provide solid feedback from the board. If you're happy with the person's work, then that is what you will say when you conduct those early evaluations. This is your new E.D.'s chance to learn more about what the board specifically likes to see, what exactly they are doing that the board wants more of. Of course, there may be a snag or two. An honest, early discussion about what those are can end problems before they get worse.

Find a good sample evaluation tool, but make sure to customize it according to your expectations and goals, as spelled out in the job description, strategic plan, and personnel policies. It is not fair to hold someone accountable for being at their desk every morning at 8:30, for example, if that is not spelled out as a requirement of employment. Similarly, if

the person is spending time to develop a new program that is not outlined in the strategic plan, make sure to give feedback redirecting them to the goals of the actual plan.

The evaluation should be an opportunity for the board to receive some feedback as well. You'll want your new hire to tell you early on in the relationship if there are aspects of his or her work life that are less than satisfactory, if there are any problems that the board can solve. Now is the time to practice what you no doubt discussed many times: There is a new leader here now! You've hired a skilled professional with a fresh perspective on the work. He or she will have different ways of doing things – and that can be a very good thing!

Step 5: Continue the Planning Cycle

Give the new hire a good six months or a year to settle in and get a feel for the organization and its environment, then do another round of strategic planning. Pick goals that make best use of your director's strengths and minimize whatever weaknesses they may have. Analyze the fundraising program and take care with revenue projections to make sure you can fund all your goals. But it's time to let the new E.D. take a leadership role, to help shape the organization, and set it on its path for the future. Enjoy!

Conclusion

Finding and hiring the right person for a first-time executive director position is a time-consuming process which can be emotionally draining for those who are deeply invested in their organization and its mission. Care must be taken at every step along the way. In Parts 1 and 2 of this article, I've outlined 11 steps altogether and they can't be done in a week, or even a month. Doing this right takes time, effort, energy and fortitude. It also takes a team, so make sure you have several people involved and divide up the work.

Part 3 Mistakes to Avoid

Getting ready to hire an executive director and going through the extensive process of choosing and onboarding that person is challenging. Any group making the decision to go down this road will want to take care to avoid predictable mistakes. Here are some common ones I've observed over the years, including a couple I've made myself as a board member!

Mistake 1: Failure of the Board to Make the Transition

The role of the board changes once an executive director is in place. With a staff person now running programs and taking care of operations, board members no longer need to do it all. They can now be much more focused on the set of responsibilities that cannot be delegated to others: governance. They're also likely to be engaging in fundraising differently now that a professional has been brought on who can guide and staff out the work.

This is not to say that board members cannot continue to volunteer in program or administrative roles if they want to. In fact, that is often very helpful for a transitional period. What must change now is that all volunteers performing program or administrative tasks will be doing so under the direction of the new E.D. *even if they are on the board of directors*. Many board members will welcome that, but a few will resist.

Board leaders must adopt "our role will change/our role has changed" like a mantra. Some board members may find it more comfortable to leave the board and do the volunteer work they enjoy more than governance. Don't fight that – bless them and let them go. They will help the organization more by assisting with programs than they would by sitting unhappily in the boardroom.

Mistake 2: Individual Board Members Giving Directives

The board as a whole is an employer now but individual board members are not. The board gives its directives to the E.D. in the form of the position description, strategic plan or other goal document, budget, and via decisions made in the boardroom by official action. Sometimes a board will designate one of its members, perhaps the president, to supervise the E.D. but unless that delegation of authority has happened, not even the board president is in a position to give directives to the E.D.

As the new E.D. interacts with individual board members, they must learn to quickly distinguish an opinion from a directive. "These financial reports are too wordy" is an opinion whereas "You must change these financial reports" is a directive. Sometimes it will be easy enough to accommodate the preferences of a single board member, but any E.D. can quickly find herself with too many bosses if board discussions have not clarified the relationships and chain of command. An E.D. who is receiving directives from individual board members must be able to address that with the board president, who will have to intervene with offending board members on behalf of the E.D.

Mistake 3: Board Disengagement

After going through a big effort like a hiring process, board members will often prioritize other things in their lives for a while and spend less time with the organization. That is totally understandable. **The problem comes when board members "quit in place" because a new E.D. is installed.** Another problem comes when board members cede their own responsibilities to that person. Do you really want your new employee to be handling governance-related jobs like putting together meeting agendas, creating minutes, leading boardroom discussions? Do you want them to be responsible for ALL of the fundraising, fundraising, fundraising? That's not a recipe for success!

To head this off, make sure that the first several board meetings after the new E.D.'s hire are properly focused on governance topics. Board members should continue to run their own meetings. Ask the E.D. to report on program and

administrative activities in writing and don't require an extensive presentation or Q&A in the boardroom. Make sure board members understand their role in governance and financial sustainability of the organization is far more than just overseeing the staff. Keep people engaged by the way you prove the continuing need for their expertise and input.

Mistake 4: Hiring the Founder as the Executive Director

This is not always a mistake, but it can be very problematic when the board is disengaged or when they see their role as strictly to support the founder by crossing legal "t's" and rubberstamping *pro forma* "i's". Even when the founder/E.D. is a great visionary, has great leadership skills, and is extremely effective, the board still plays a critical role that ought not to be phoned in.

Beware of becoming overly dependent on the Founder.

If the organization never grows beyond what that one person can do, it will stall, lack ability to achieve its mission, and may not be sustainable in the end. Further, it is the board's job to ensure the organization can survive and thrive even if the founder is suddenly unavailable. An engaged board, performing its fiduciary obligations well, is required to build a complete organization that can last.

Mistake 5: Failure to Keep Records

State and federal laws place requirements on corporations, including nonprofits, to maintain employment-related records for specific periods of time. For example, documents related to the hiring process, including emails, screening scorecards, interview notes, and meeting minutes should be kept for three years under federal law. This protects the organization against potential civil actions launched by unsuccessful candidates for the position.

A personnel file should also be kept for each employee. Though it can be electronic, rather than a paper file, there should be a single location with the position description, contract, evaluations, employment-related memos, and

the like, and should be maintained for seven years past the termination date of the employee. This is a good job for a board secretary.

It's worth checking with an attorney to learn whether your state's requirements are more stringent than federal ones.

Mistake 6: Failure to Adapt to a New Way of Doing Things

There is a new leader in town. One that you recruited for their skill, professionalism, and experience. If properly supported by a board fully engaged in its own governance – and fundraising – responsibilities, this new leader has the potential to help your organization grow to new heights, to achieve more of its mission, and really have an impact. You don't want to hold them back.

Fresh perspective is always a good thing. Set the vision and establish their goals, yes. Do your duty to provide constructive feedback in the context of an evaluation, certainly. But **make sure to separate their goals (which you set) from their mode of achieving them (which might be different from what you would have done.)** The organization is changing now – for the better. The ride will be much more enjoyable if you don't resist the changes.



This document was created by Cathy Allen of The Board Doctor, LLC. More information is available online at www.TheBoardDoctor.org and through LinkedIn and Facebook. Call Cathy directly at 757-763-8532 or email Cathy@TheBoardDoctor.org.

