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Paper

EXECUTIVE SEARCH MORE THAN A NEW LEADER

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The CEO is under siege. Restive shareholders have grown impatient with quarter after quarter of flagging financial results. Customers are confused by the company's seemingly rudderless direction. Dispirited employees perceive, understandably, a leadership vacuum.

Finally, in a closed-door denouement, the CEO is unceremoniously ousted by the board of directors like the hapless coach of a third-rate football team. The call goes forth for a new chief executive, a visionary with the proven ability to generate and manage change.

The characters and their industries may differ, but the essential elements of this drama are being played out in more and more corporate boardrooms across America. Why?

Fingers usually point to balance sheets awash in red. But disastrous financial performance is often only the manifestation of the real problem. Go beyond the crimson numbers and a familiar refrain can be heard: "The CEO wasn't a leader." "He couldn't articulate where he wanted to take the company." "She failed to marshal the strengths and talents of her people." "He lacked vision."

In the resulting quest for effective leadership, America's corporate community has much in common with its cultural community. Chief executives in both worlds exert significant and singular influence over their organizations. It is therefore hard to overestimate the importance of finding the right person for the top job.

This paper is not a "how-to" on the executive search process as it applies to cultural organizations. It's not a recipe for cooking up criteria that will lead you to the ideal candidate. And it doesn't suggest "Six

EZ Steps” to successfully court your candidate of choice. Such primers are useful, and they’re available from several sources.

The intent of this paper is to suggest how to create an environment which will most likely yield a successful search. More than that, it also describes the broad ramifications a good search can have, beyond the hire itself. The thoughts collected here are derived from our years of experience conducting CEO searches for more than 400 museums, theatre and dance companies, orchestras and other cultural organizations.

WHAT HAVE WE FOUND?

That, to be truly effective, the search process for the cultural community cannot be reduced to “head hunting.”

That the most successful search begins long before the first resume arrives and ends long after the new executive moves in.

That if properly conducted – and particularly if sufficient time and thought are invested at the outset – the search process itself can yield more than a new chief executive. It can help you re-examine your organization, its purpose and direction, and provide an opportunity for reaffirmation, renewal, change. Most important, it can greatly contribute to the success of both the organization and its new leadership.

MISSION IS THE CENTERPIECE

Hockey ace Wayne Gretzky offers this tip: “Aim for where the puck is going to be, not where it is.” That’s sound advice for cultural organizations in search of a new CEO. It’s tempting, at the beginning of the search process, to immediately start hammering out a job description or a wish list of qualities and experience you desire in the new executive. Yet, we’d assert that you can best describe the job only after you understand the job that needs to be done.

This necessarily entails assessing your organization, not only from the perspective of where it is today, but – like Wayne’s puck – where it’s headed. Once such a critique is completed, it’s much easier to envision the person who can best lead your organization there. And that, in turn, boosts the chances of finding and recruiting the right candidate.

As you scrutinize your organization, it helps to peer through the prism of mission – your organization’s basic purpose, its reason for existence. Is the mission being served? Is the organization configured and governed in a way that optimizes your ability to serve its mission?

As you have this discussion (more likely, discussions) be realistic. Be honest and clear-eyed about who you are as an organization, and who you want to be. If you have unrealistic expectation, if you don’t grapple with the real issues, chances are you’ll end up finding the right person, but probably for the wrong job.

We have yet to encounter the organization which isn't looking to evolve or adapt in some way. Even in a stable, mature institution, new leadership will send ripples of change throughout the organization and into the community. So the question of change, really, is one of degree.

Much depends on where your organization is in its life cycle. For example, a nascent institution, which may have been largely volunteer-driven, needs a chief executive who can establish structure, procedures and principles of governance, and who also has the style and patience to work with volunteers and be respectful of their past labors.

In contrast, a founder-led, decades-old institution has quite different leadership needs. The new executive will have to be comfortable following the founder's footsteps and dealing with entrenched loyalties. But she should also possess the wherewithal to introduce initiatives as needed.

You may even conclude that the structure of senior management should be changed – splitting the top job into two positions or consolidating into one. Much depends on the scale and scope of your organization, and it helps to look at what others have done.

So, whether your institution needs radical change or is looking to enhance and expand what has worked well, you should exercise these issues before the search commences. What's important is not that you formulate solutions for every problem. (You'll look to the new leadership to do that.) What's important is identifying the work at hand.

This isn't merely a philosophical exercise. The end product you should be driving for is a job description which captures with specificity the experience, qualities and abilities needed in the new executive.

ON THE SEARCH COMMITTEE

This look into the mirror will be only as astute and reflective of the truth as the search committee doing the looking. Members should be chosen judiciously. They should be knowledgeable advocates of the organization, people who can speak to the real issues, who understand the internal and external forces at work, and who have an objective view of the organization's strengths and deficiencies.

At the risk of stating the obvious, committee members ought to be reliable enough to attend all critical meetings and willing to devote the considerable time a rigorous search requires. (From beginning to end, a thorough national search can take from three to five months.) Searches can stall and sputter when a few committee members miss key interviews and, consequently, are unable to make informed decisions.

Given the critical nature of its task, the committee should not be distracted by other agendas, hidden or otherwise. Committee appointment, therefore, should not be given as a reward to generous patrons who are not truly up to the task. Nor should it be a tool to appease sparring factions of the board or to solve every political problem of the day. (Openly divisive committees have scared off more than a few candidates.)

Ideally, the committee will reflect the nature of the organization's leadership and the way in which governance is shared. If senior management is structured as a partnership, for example, it is essential that the partner who is not departing be on the committee.

In most orchestras, to cite another example, the players are represented in some way. Similarly, it is very helpful to have a member of the professional staff involved, perhaps represented on the committee. This gives the staff a voice in the selection process, which will help smooth the new executive's transition later. Equally important, when the committee goes through the process of assessing the organization, it will have the valuable insights of a true insider. A member of the staff could be someone elected by the staff or selected by the board. Obviously, it would not be someone either interested in or under consideration for the post.

If you know that the board composition will change in the near future, be sure that the next generation is represented on the search committee. It is also helpful to enlist individuals from the institution who may have participated in previous searches.

Select a strong chairperson. The chair acts as a cheerleader of sorts, brings the members together and moves the process forward. The best chairpersons succeed at developing a sense of ownership around the decision and solicit input from volunteers, board, staff and other key stakeholders. They don't impose personal opinions. They draw out other members of the committee, especially at the point when specific candidates are discussed. Ambiguous or irrelevant comments – "I think she smokes." "I wonder if he's a family man." – must be sorted through expeditiously and with tact. Throughout the process, it is the chairperson – who ensures that the committee stays focused and measures the candidate against the criteria you jointly established at the outset.

Previous board presidents can make excellent chairpersons. They bring a sense of history and continuity to the process, and they're usually not dragging the baggage of day-to-day operations (or politics). An incoming board president can be an equally good choice.

What role, if any, should the outgoing CEO play? This can be a delicate matter. But, realistically, no one can objectively choose his or her own successor. So try to separate the executive from the process to the extent possible.

Finally, the search committee – by composition and by the charter it receives from the full board – should have the authority or conduct the search and sufficient power and independence to carry it out. The board's confidence in the committee should be such that its final recommendation is only overruled under the most extraordinary circumstances. Anything less and the committee risks having months of hard work nullified by some uninformed yet forceful personality on the full board.

INSIDERS AND OUTSIDERS

Should the new chief executive come from within the cultural community or from the corporate world? It's a perennial question swirling in controversy.

We believe that individuals who have been immersed in cultural organizations have a deeper, more intimate understanding of this unique environment. They tend to be more in tune with the artistic and

programmatically compared to, for example, someone who views it with curiosity and appreciation, but from a distance.

Yet, ultimately, what matters is not where the person comes from, but whether he or she is qualified and capable of doing the work. The search committee should be open to possibilities.

What about internal candidates? For many reasons, few organizations have sufficient depth to groom internal successors. But you should certainly look within for qualified candidates. Go through the rigor of assessing your organization. Evaluate what you need, then objectively consider the internal candidate on his or her own merits.

THE INTERVIEW, THE HIRE, AND BEYOND

Even when you think you have a qualified successor, there may be value in conducting a national search. A full search gives credibility to the decision to hire the internal person, and validates the candidate's qualifications. Many boards feel that bringing in an outsider enhances the organization's credibility and prestige. However, if you are confident in the internal candidate, extend the offer.

As you move into the crucial interview process, it's important that you remain focused on the requirements you so carefully crystallized early on. It's easy to be swayed by magnetic personalities and charisma (or the lack thereof), but now is the time to ensure the candidate truly matches the criteria. To the extent that you have done the prior "homework" of analyzing your organization and outlining what needs to be done, your questions will be more targeted, the interview more sophisticated and productive.

Once the committee has rallied around the final candidate, the actual hiring process begins. We take it as a given that the committee will survey the industry and structure a competitive salary and benefits package.

Yet the primary allure of the post must be the content of the job. Most candidates are looking for an opportunity to grow professionally and personally. Most welcome a challenge, but one that is clear and manageable.

Here again, your prior investment in assessing your organization will pay off. As a committee, your focus and clarity will help cement the candidate's interest. This will have the added attraction of demonstrating that the board is knowledgeable, aware and in touch with the organization and committed to working with the new executive.

In the same way that a successful search begins before you solicit the first resume, it doesn't end when the person unpacks. The natural tendency of board members is to pull back after the hire – if not from sheer exhaustion, then out of respect for the new director's prerogatives.

This is a mistake. It's important to remain engaged, not with day-to-day operations, but with the overarching purposes for which the hire was made. By all means, draw a line between assisting and micro-managing, but assume joint responsibility for making the new executive a success.

You will be challenged to be responsive to the new director's approaches and strategies. Look at it as a test of collective will in terms of all the expectations and hopes you have expressed for new leadership, the focus you have achieved and the reasons for your choice.

Appointing someone on the search committee to serve as a liaison for some period of time can help smooth the director's transition. Also effective: a written work plan. This document can be in addition to the standard letter of agreement or employment contract, which details the terms and conditions of the job. The work plan is a covenant or a compact concluded between the incoming executive and the board, stating the mutual expectations of both parties. It spells out what will be done on the part of both the director and the institution and to make the new hire a success. For example, it may state: "We recognize that we have a \$2 million accumulated debt and while we can't retire it tomorrow, we pledge to reduce it by a third within one year." Another example: "We will create a deputy director for operations position within six months."

LOOKING AHEAD

Such a document helps cement the partnership between board and executive and brings clarity to the relationship. It also gives the incoming CEO the benefit of the time and effort the board invested at the outset of the search. It articulates in a codified way all that you have done to focus on where you are going and why.

Today's business headlines may be dominated by boardroom coups and CEOs falling from grace. But such dramatics need not overtake the nation's cultural community. As we've attempted to suggest, finding effective leadership is less about scouting out personalities and more about the process itself.

If we've belabored the importance of the "homework" that precedes the search, it is because in our experience the most successful hirings come after thoughtful, honest discussions about the organization. The groundwork represents about one third of the total search process, but exerts much higher leverage on the end results. Aside from influencing the resulting hire, the process is a learning experience that can lead to significant decisions.

Above all else, as you consider and look for new leadership, focus on what the organization and its people need to serve the mission. That, in the end, is what will galvanize your organization, and you'll be much more confident in your judgment regarding senior leadership.