

Before Signing On, What Not-for-Profit CEO Candidates Must Ask

By Julie A. Rosen, Consultant

When recruiting chief executives for not-for-profit organizations, I pose one key question to each candidate: Are you truly passionate and committed to the organization's mission and its work? This is fundamental. As a not-for-profit CEO, you will be eating and breathing this work, 24/7. There are a lot of great organizations out there and you should believe in your heart of hearts that this is the most important one for you, so that others believe it as well.

As a candidate, if the answer for you is yes – you are deeply passionate about the mission – the next step is to evaluate the organization. Is it ready for you and the right place for you?

On that note, here are essential questions that a prospective candidate should ask in considering a top not-for-profit role:

1. **What is the financial health of the organization?** The famous phrase goes, “No margin, no mission.” The organization has to have a financial foundation for you to succeed as its leader. While reviewing year-to-date and most recent audited financials should be possible as a search progresses, the best initial source of information is the annual 990 statement prepared for the IRS. Look at the income statement that reflects the annual results of the core business, as well as the balance sheet providing a picture of the overall health of the organization—for example, are there assets and reserves? Is there enough money to pay staff and overhead month to month? Next, look at the statement of activities. Is the revenue diversified or only from one source? Is the revenue consistent or does it increase year after year? On the expense side, have the expenses fluctuated or are they consistent? Do the expenses match the revenue and is there a surplus? These are tough questions, but critically important for you to know.
2. **Has the staff been stable and productive?** Not-for-profits, by their very nature, do not always have the resources to hire staff at market rates. All employees, like you, need to be passionate about the mission and work. Given the lack of resources, turnover can be higher than in for-profit companies. Nevertheless, are there a core group of people who have been there for a few years and can help with the transition? On the other hand, there may be a staff member (or two) who is not adapting to change or aligned with the mission, and you need to know going in whether you will have the latitude to move them along. If not, what are the consequences to you if that person stays in the organization?

- 3. Is there a strong and stable board?** The board underpins the organization's success. Get to know a few of the members. If possible, meet the past, present and future chairs and ask yourself, do I like and trust them? Ask members, why are they committed to the organization? Is there alignment and agreement between the members? Finally, how does the board interact with the CEO? That is, the board has a fiduciary responsibility and should provide strategic advice and counsel and not be involved in the day-to-day operations.

In considering the board, evaluate its core committees:

Executive Committee: Comprised of the chairs of the core committees and past and current board chairs, does it make strategic decisions in between board meetings and support the work of the CEO?

Finance Committee: Is there a finance committee and staff dedicated to overseeing the financial picture of the organization? This committee should monitor the overall financial status of the organization and meet quarterly and provide advice and guidance.

Nominating Committee: What is its track record in selecting leadership for the organization? Are the nominating committee chair and members strong and free of bias? If the nominating committee is a rubber stamp for past leaders, this is a warning sign.

Governance Committee: The government committee should show success in reviewing how effectively the board is working and monitoring whether there should be changes to the bylaws.

Development Committee: Does an active development committee exist? Is there a commitment of the board members to both give and raise money? Many boards were formed without clear expectations of what they should give, and what they should raise. There is an old adage - "give, get or get off," and that is reasonable for not-for-profit board members.

- 4. Are there bylaws and provisions for board member term limits?** Familiarize yourself with the bylaws and make sure that they are up to date, and if not, understand why. Has there been reasonable turnover on the board? While continuity is helpful for many reasons, it is imperative that the board continue to regenerate itself with new people in order to bring in new ideas, and fresh support and contacts.
- 5. Does the organization have a loyal donor base?** And can you talk to any of these individuals? I would suggest talking to a small range of donors to understand their commitment to the organization. This would include major individual, foundation and corporate donors, as well as any customers who support the not-for-profit. It is essential to understand why and how long they have supported the organization and to understand their motives. Engaging with the donor base during the interview process will not only allow you to understand their issues, but will help you build a future relationship with those people should you become CEO.
- 6. What is the profile and reputation of the organization in the community?** You can answer this question by interviewing community leaders and key opinion leaders who should know about the organization. You can also do a media search to look at press coverage over the last year, and comments on social media. Is there a positive vibe around the organization?
- 7. Why did the last CEO leave?** You should talk with the board, staff and, if appropriate, the outgoing CEO or executive director to understand why this person left and if there are issues that are outstanding. Will the same things that caused this individual to leave cause you to move on as well?

8. **What are the measures of success in the first 18 months?** Make sure that there is at least general consensus on what needs to be done in the first 18 months. Not-for-profits are tricky and there are a number of constituencies who are entitled to determine the course of an organization. Getting consensus on those priorities before accepting the job is absolutely essential in order to be successful.

These are tough questions to ask and take time to consider. Nevertheless, they are an essential part of your due diligence regarding the top job with a not-for-profit. If you get positive information about most or all of these questions – and you truly care about the mission – then this is the right place for you.

About the Author

Julie A. Rosen is a consultant in Witt/Kieffer's Not-for-Profit and Healthcare practices. Based in the firm's Boston office, Julie identifies C-suite and other senior leaders on behalf of hospitals, health systems, integrated delivery systems, managed care clients, associations and leading not-for-profit organizations.

For more information, contact: jrosen@wittkieffer.com.

About Witt/Kieffer

Witt/Kieffer is the preeminent executive search firm that identifies outstanding leadership solutions for organizations committed to improving the quality of life.

Visit wittkieffer.com for more information.