

## The Hidden Value of an Interim Executive Director

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### executive director

oversee; projects; culture;  
insight; mentor; communicate

### leadership in context

strategic organizational  
guidance: goal setting;  
mission and vision alignment

### board governance

mission set; legal and ethical  
bounds; organizational  
oversight; financial stability;  
executive supervision

### accountability

taking responsibility;  
answering for your actions;  
transparency

### outreach

stakeholder engagement;  
partnerships and  
relationships; collaboration  
and awareness

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### What is an Executive Director?

An executive director is like the leader of a group or organization. They make important decisions, manage the team, and help the group achieve its goals. It's kind of like being the captain of a team, making sure everyone works well together and moves in the right direction.

Is an Executive Director a Chief Executive Officer? Sometimes and it depends. This is a typical consultant answer, right?

Executive director is the term more used in the non-profit or professional organizational environment while CEO is more common in the business environment. Though a CEO may be the owner of the small business and not report to a board; in a larger organization, the CEO reports to a board of directors just like the non-profit executive director.

Some non-profits refer to their director as a CEO when they want the CEO to have more leadership visibility.

### Summarizing the Main Point

Non-profits and professional organizations frequently start from a grass roots effort with a founder and small group of committed to the cause people. There is some reason like a broadly held belief or problem to be solved. The focus is establishing the organization's identity, securing initial funding, and creating a strong foundation.

The organization matures; membership grows; the bureaucracy (benevolence intended) grows and suddenly there is broad realization for the need of someone to have a hand on the tiller for day-to-day operations: hire a director.

Over time, the director's role transforms from hands-on in every aspect to becoming a visionary leader who guides the organization's overall direction. As the non-profit matures, the director's focus shifts from operations to strategic leadership, fostering partnerships, and advocating for the organization's mission – or maybe not.

At some point the director departs. Should the Board of Directors (BoD) replace the director right away or should they breathe and hire an interim executive director?

## Case Study

Municipalities frequently band together to answer common regulatory, financial, or logistics challenges. In one such case in the northeast, over 115 municipalities came together to solve the problem of managing municipal solid waste (MSW). The non-profit mission is to provide a collaborative approach to managing waste disposal and recycling for its member municipalities. The group aim is to find environmentally responsible and cost-effective solutions for waste management.

The municipalities worked with attorneys to develop a charter, rules, financial distribution and apportionment; fairly apportioned representation (vis a vis a BoD); contracting procedures; and all of the logistics required to run such a massive entity.

Of course, the municipalities are complex entities as well. Few people realize “incorporated” for a municipality truly means “corporation” and this a topic for another day. However, let this sink in and imagine 115 private companies agreeing to resource a single non-profit only instead, these are citizen taxpayer entities supporting a non-profit. Of course, for a unified cause: disposing of all their trash.

Between elected officials and full-time staff turnover, operating the non-profit is a daunting task at best. There are also Charter Members (those early adopters) and late comers. Late comers include those initially afraid however, over time, found themselves requiring a solution for financial or regulatory reasons and this was the only real game in town - no pun intended. Of course, late benefits differ from early adopters.

Early on, the organization realized for the sake of continuity, they needed a director. After all, the BoD turned out to be municipal employees directed by their City/Town Managers to be on the board and were subject to the normal turnover of government staff.

The executive director’s role extended well beyond typical. The director worked with each entity – remember, over 100 mostly rural municipalities. Working with each entity meant permitting central collection areas; assisting with waste management contracts; recycling; land fill closures; and billing issues. The director also worked with the energy recovery facility receiving the waste as well as the secure landfills receiving the ash and the assembly of engineering consultants in the kill chain.

The director was also responsible for dealings with local, state, and federal regulators from multiple agencies including the US EPA, Army Corps of Engineers, Federal Energy Regulatory Commission, all the bureaus of the state Department of Environmental Protection and municipal planning boards. Licensing, permitting, and reporting covered all forms of environmentally regulated media (air, land, and water).

Last and not least, there were extensive business actions because the energy recovery facility was a joint venture as well as a new experimental waste recycling facility. The business aspects of the role were challenging in and of themselves and were more than additive to the rest of the duties.

While initially, the director and BoD were aligned, over nearly two decades of BoD turnover, regulatory stressors, consultant and waste contractor issues, the stage was set for the director to reach end of cycle. The executive director and the BoD came out of alignment. On the departure of the director, the BoD contracted for about 6 months with a technically well qualified interim executive director who incidentally carried no history with the organization.

Had the former director been charged with hiring the replacement or substantially influenced the inbound replacement, the reflection and alignment necessary for any organization to remain ready and relevant would remain absent. The short-term cost for an interim contract was not substantially more than 6 months of the full-time position when considering the entire compensation package.

The interim director sustained relations with stakeholders; cleaned out files; reviewed records; brought activities and actions to the attention of the BoD. The BoD wrote the expectations for the director going forward and re-established their authority when they hired a new permanent executive director – meaning everyone had a clean slate: constituents; BoD, contractors, and the Executive Director!

While this situation was very complex, the same principles apply to smaller organizations or larger organizations with less structural overhead.

### **Who Uses Executive Directors?**

For reference purposes, some for-profit organizations use the term executive director to fill leadership roles. These include Goldman Sachs, J.P. Morgan, Morgan Stanley, Proctor & Gamble, and UnitedHealth Group. Predominantly, executive director is a non-profit term and non-profit executive directors are the main point of this paper.

Executive Directors can fill very powerful roles. For example, in the United States, the following five organizations typically use an executive director in the leadership role:

- American Red Cross: A humanitarian organization that provides emergency assistance, disaster relief, and education.
- American Medical Association (AMA): A professional association for physicians and medical students, focusing on promoting the art and science of medicine and the betterment of public health.
- American Bar Association (ABA): A voluntary bar association of lawyers and law students that provides resources and support for legal professionals.
- National Association of Realtors (NAR): A trade association for real estate professionals that advocates for private property rights and provides resources for realtors.
- American Institute of Architects (AIA): A professional organization for architects that supports the advancement of the architecture profession.

While these are the “big league” organizations, executive director’s exist in homeowners’ associations, fund raising groups for local sports teams, neighborhood groups, social and environmental causes and virtually any non-profit imaginable. All of these organizations cycle through issues like any business and compensation for a director can range from nothing to hundreds of thousands of dollars per year – or potentially more for those large organizations listed above!

### Reasons for Using an Interim Executive Director

An organization might choose to have an interim executive director rather than hiring an immediate replacement for a several reasons:

- **Transition Period:** If the previous executive director left suddenly or unexpectedly, having an interim director can provide a smoother transition period while the organization takes time to search for a permanent replacement.
- **Time to Find the Right Fit:** Finding the right executive director is a crucial decision. The organization might want to take their time to conduct a thorough search, evaluate candidates, and ensure they choose someone who aligns with the organization's values and goals.
- **Change in Direction:** If the organization is undergoing significant changes in strategy, structure, or focus, an interim director can help guide the organization during this transition phase without committing to a permanent leader until the new direction is clearer.
- **Maintaining Stability:** An interim director can provide stability and leadership during a period of uncertainty. This is particularly useful when the organization needs someone to oversee day-to-day operations and maintain relationships with stakeholders.
- **Internal Development:** In some cases, an organization might have an internal candidate who could potentially take on the executive director role. Using an interim director can give that internal candidate time to receive training or gain experience before stepping into the permanent role.
- **Strategic Planning:** An interim director can facilitate strategic planning discussions and engage with stakeholders to identify the organization's needs and goals before a permanent executive director is appointed.
- **Budget Constraints:** Searching for a new executive director can be a resource-intensive process. An interim director might be a more cost-effective solution in the short term while the organization prepares for a thorough executive search.
- **Specialized Expertise:** If the organization requires specialized expertise for a short-term project or situation, an interim director with relevant skills can be brought in without committing to a long-term contract.

Overall, the decision to have an interim executive director versus hiring an immediate replacement depends on the organization's specific circumstances, goals, and needs at that particular time.

## Conclusion

Executive directors play a vital role in leading non-profit organizations across the United States. They provide strategic vision, operational guidance, and effective management to advance the missions of these organizations. The value propositions for an Executive Director include strategic leadership; mission advocacy; operational excellence; stakeholder engagement; fund raising and sustainability; team development; facilitating organizational adaptation to change; transparency and accountability (beyond the BoD and founders); collaboration and partnerships; and long-term impact.

Executive director leadership is instrumental in driving non-profit organizations to fulfill their missions, create positive change, and contribute to the well-being of individuals and communities across the United States.

An advisory engagement *between or alongside executive director transition* enables the organization to best position the executive value propositions and ensure alignment and success going forward.