

2020



Search in the Time of COVID:

Becoming a CEO in the 2020s

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Marking the dawn of a new decade, 2020 was already poised to redefine what type of leader would be successful in this next era. With the pivot through COVID, this has been further refined, impacting every person sitting in the CEO seat and defining the careers of those who aspire to this level of service.

During the Great Recession, we saw many who had planned for retirements change their lives and professional strategies to recoup the unexpected losses of economic implosion. We've had a decade of recovery only to find ourselves, not only overdue for a bear market, but now forced into what may be a very lengthy redefining of business and industry, thanks to COVID. While many factors were already poised to fundamentally change professions and industries in the 2020s, some of those have now accelerated and thrust us into a revolution instead of an evolution. As discussions of "to what degree" and whether there will be any "going back to" play out, there is most certainly a shift in counsel necessary with regard to preparing to be the leader of a profession or industry association throughout this next decade.

With significant numbers of CEO and board conversations under our belts, our intention here is to help those who are seeking CEO positions understand what they need to consider and how their career arcs may be impacted. Let's start with the boards of directors with whom you will be interviewing. First and foremost, no candidate will meet a board of directors who is not in crisis mode in the current environment. In other words, the board you would have met in December is not the board you will meet now. Boards that are in the middle of searches are already redefining what they are looking for in applicants, even after they have selected and scheduled candidates for interviews. The questions they will ask, the lenses they will look through, and the competencies they will seek have completely shifted. In addition, the balance of whether to hire someone

Boards and CEOs that had clear roles established, a partnership that worked well and that sought a repeat of that experience may default to a less evolved dynamic, as they worry about a transition during COVID and the impacts that lost revenues are having on their organizations. During interviews, candidates will be tasked with two key things that will foretell their success – identifying the willingness of the board to sustain its culture at a high level of strategic leadership all the way through the onboarding in a time of crisis, as well as their ability to quickly establish trust and shift the board and staff from crisis leadership to a marathon of ongoing scenario planning for the foreseeable future.

For those following "the beloved executive," the watershed two-year mark – difficult for even seasoned leaders to pass through – will be further exacerbated by the anxiety of boards watching their own professional or ownership experiences and assigning these personal moments to the profession or industry as a whole, rightly or wrongly. The CEO's ability to lead through these dynamics for the organization, and to be repeatedly endorsed to lead the transition of the next three to five years, will be an essential skill set, relying heavily on communication and relationship skills bolstered by superb business and financial acumen. The drive to relevance, revenue generation and concerns with renewals through an economic crisis of this magnitude are part of the equation that is creating two additional primary characteristics for the 2020's CEO. Natural and sophisticated change leaders who excel as entrepreneurs and business development catalysts – and particularly those with a track record – will have an advantage over every other candidate in the marketplace.

All candidates must weigh a number of risk management factors, as they consider whether to put their name into a search in these times. Do you have the change leadership, transformational leadership and/or turn-around leadership and entrepreneurial skill set to represent to a board of directors that you can lead during this unique time period and create

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from within an industry or profession plays a different role, depending upon the individual's understanding of the extent to which COVID may permanently change the organization and the services needed.

a thriving future for the members? This is a fiduciary question that you must answer for yourself before you ask an organization, its board, its staff, and its members to trust that you are the candidate that they should literally bet on in the moment. Have you done your homework enough to ascertain whether the representations that are being made to you are thorough enough for you to answer the above question with confidence? When you put that through the lens of your desire to have an aspirational career that continues to challenge you while offering opportunities to take on additional responsibilities with greater financial and staffing leadership, is this the organization and the time for you to lead this particular organization?

From a financial perspective, it is essential that you investigate beyond the last audit and the last 990 to the most current financial statement, evaluating not just the reserves, but the current and projected cash flow, the likelihood of membership contraction, the pipeline of each revenue sector and its percentage of overall income, and the recent performance of the investment portfolio — including the sophistication of its complexity to protect the organization during normal business cycles. In addition, inquiring about whether or not the investment gains are posted above or below the line, in order to determine if the budget is operationally independent from those gains, has never been more critical. This will provide additional clues as to when and to what degree the organization may have to use reserves to prop up projected cash flow in the future.

Furthermore, the lens that the board is looking through regarding CEO compensation will also be different than what it was at the beginning of 2020. With the recent series of discussions about major revenue generators vanishing or being significantly reduced, boards will be operating from their anticipated revenue projections, not successes of the recent past. What the former CEO earned, what the bonus sizes were and so forth may be completely irrelevant going forward, as the majority of

businesses shrink and the unknown of by how much is yet to be seen over an extended period of time. The same will hold true for associations and their revenue streams. Therefore, most boards will be rethinking their approach to compensation negotiations for the initial contract, which will also most likely result in very conservative bonus structures, if any, being part of a written agreement and certainly more subjective in whether they are given in the immediate years.

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Candidates will need to consider the current reality and the spectrum of compensation options to determine what they are willing to accept, when thinking about the likelihood of financial impacts on organizations over the next three to five years.

These factors also influence what financial risks a candidate must consider as they wrestle with salary requirements, selling an existing home in a recession, the impact of the market's fluctuation on retirement savings and retirement benefits offered, and whether employee benefits will be on the table as cost-cutting measures, even after arrival at a new position. Any time a candidate and a board say “yes” to each other, the candidate is taking a risk with their reputation, their finances, and their future career arc. Performance is not the only measure of success as a CEO, and despite all well-intentioned due diligence by all parties, sometimes, it's just not a match — of style, of chemistry, of circumstance, or even the work itself.

What should a candidate do to protect themselves in this process and during this unique time? First, know your own financial numbers. It may seem obvious, but many have lost jobs or disposable income due to salary cuts during the last few weeks and found their retirement savings plundered. Begin by identifying the

least amount of expenses that you can incur in order to know what the least salary is that you can afford, before you enter any negotiations or make decisions about moving and selling homes in a recession of an unknown length. Recognize there are no guarantees and that you need to always have a Plan B and the ability to manage financially for a period of time.

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Second, it is essential that you find out from a potential board whether they have the following in place and ask the questions necessary to get to details of their understanding and the related available information:

1. A business continuity plan
2. A leadership continuity plan
3. Strategic scenarios that allow them to be fluid in their approach to leading the association
4. Cash flow projections for the next three years based on what they know now, with monthly updates
5. A list of actions already taken by the current or interim CEO to guide the association through the initial crisis
6. A list of the next actions that will be taken with key trigger points, based on worst to best case scenarios, aligned with the core value they intend to continue to provide
7. A confidential list of staff, by contribution, mapped to those trigger points that serve as a guide to how to maintain the institutional knowledge and talent to ensure delivery of core value
8. Identification of untapped revenue potential already in the pipeline and/or options for future implementation

9. Details of staff’s ability to function virtually; infrastructure gaps; pivoting of programming that has gone to virtual/hybrid already and plans for the future; status of the major revenue generators and the percentage of it from in-person meetings and sponsorships; resources/talent to create truly immersive virtual experiences in-perpetuity; foundation program and donor strategies in a time of philanthropic contraction; and for those with certification and accreditation programs, whether the testing is online or at testing centers (that have been closed) and their plans to recover revenue, and pivot to fully secure, online testing.

10. Knowledge of who their primary collaborative associations, vendors, allies, and partners are, as well as who their primary competitors are in order to determine whether the association is more likely to be the surviving organization in the case of a merger or more likely to be incorporated into another entity if the economic circumstances are prolonged. (Think carefully about your decision, depending upon the answer to this question!)

11. Preparation that has been given to how the world of work will be executed, regarding physical space versus virtual space and keeping a staff safe, expenses related to bricks and mortar, and the philosophy regarding whether the organization has the appropriate workforce, regardless of where they are physically located – and whether the candidate’s leadership philosophy matches the board’s expectations around real estate and staffing.

When a CEO joins an organization in the best of scenarios, there is a structured onboarding process, which usually focuses heavily on relationship-building, visiting key members, attending highly visible meetings and conferences, and developing rapport with staff while learning the primary operational areas. This

usually results in the traditional 90-Day Assessment Report of findings, recommendations, and financial asks. Today, these are all a backdrop to first triaging the most recent impacts of COVID, while relationship-building must be done virtually – with staff, boards, members, and key partners – all the while there is an increased demand on leadership. The 90-Day Assessment must now include an immediate and long-term COVID-19 Impact section.

Further complicating the matter is getting to the bottom of whether prior to the time of COVID the board understood the organization and its value proposition; had a vibrant engagement strategy; and fully participated to the level that is now essential, in order for them to be partners in change, transformational and/or turn-around leadership. If an organization was dysfunctional before, the COVID circumstances have exacerbated it. If there was a member or a board member who acted out and redirected staff or board time, their concerns now have a new element to fuel their perspective. If the association was in terrific shape, with a great strategic and board governance dynamic and highly capitalized, the only thing this has bought is some time to do a refinement on strategy, while the information flows and the degree of new variables

unfolds, allowing targeted decisions to lead to the new normal.

That being said, associations are positioned to be the light through the economic recovery, the connection of the most passionate and intelligent leaders, scientists, teachers, healthcare workers, legal minds, manufacturers, and the many heroes in our professions and industries during this painful pandemic. We are

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If you have the change leadership, entrepreneurship, determination, track record, marathon spirit and love of associations, you may absolutely be the right candidate for an association that is just waiting for you to select them as your next professional home. Do your homework well and recognize that boards are going to be asking some different questions. The environment was already extremely complex and just became even more so. There are most certainly leaders who are born for such a time and will step up. *Are you ready?*



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