

## Suggested Steps for an Effective Search for a New Foundation President

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One of the critical fiduciary duties of a board of directors of a foundation is the selection of the chief executive of the foundation. This article sets forth essential steps that a board or a search committee should consider when launching a search for a president of a foundation. It is informed by the author's experience in assisting the Board of the MacArthur Foundation in several presidential search processes and from other experiences on not-for-profit boards and discussions with peers at other foundations. There is no single right way to conduct a search, but there are well-established practices that many consider "best" or necessary practices in connection with a search for a new president. Much of course will depend on the culture, history, and perspectives of the board of the organization and there is not a one size fits all approach.

There are, however, some general overriding principles that any board should keep in mind:

- The board must take ownership of the process, usually through a representative search committee,<sup>2</sup> and have an agreed-upon written process and timeline on which the full board agrees.
- The board must ensure the independence of the persons involved in the search and that the search is free from perceived or actual conflicts or self-interest.
- The incumbent president should not be part of the search committee or participate actively in the search, although the president can and should be consulted from time to time and would be expected to talk with the finalist(s).
- The board should determine as early as possible whether any board members may be interested in being a candidate and implement agreed upon procedures so that any interested board members are recused from the search process and considerations.
- The retention of a search firm is important to ensuring the search is, and is perceived to be, fair, inclusive, and not subject to the whims of individual board members.
- Selection of a search firm should be based on a process that includes a range of firms and is premised on clear questions to which all firms are expected to respond.
- The selection should focus on the individual(s) at the firm who will manage the search and the commitment to provide the search the requisite time among other factors.
- Good communication is important between the search committee and the board; from the board to the staff; and from the foundation to the public even as confidentiality concerns limit the amount and type of information that can be shared.

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<sup>1</sup> Title for identification purposes only. The views expressed herein are the personal views of the author based on his experience over 28 years in assisting the Board of MacArthur in several presidential transitions and as a member of other not for profit boards.

<sup>2</sup> It is possible in some instances to have the full board act as the search committee, but, depending on the size of the board, this can become unwieldy and slow the process down.

- Maintaining confidentiality is paramount even though lack of information about the status of candidates can be frustrating to staff. Periodic general updates on the status, respecting confidentiality, can temper some of the frustration.

### Issues to Consider

#### **Stage I: Beginning the Process**

*Identify a committee to run the process.*

Ordinarily, the board should appoint a search committee to manage the process, but the full board should be kept regularly informed and participate in the interviews of the finalists. Depending on the size of the board and its interest, the full board could participate as the search committee, but as noted, this can result in delays.

A search committee should be representative of the board and as diverse as possible. Directors experienced in a search process can be valuable members. Depending on the size of the board, a committee of no more than five, including the chair of the board, is usually a maximum number. The Chair of the board should query board members to determine if any board member is interested in being a candidate. If so, the interested board member should be walled off from the search committee and most discussions.

In some instances, such as a search for a university president, a search committee may contain other representatives beyond the board, such as faculty or even, at times, student representatives. For a private foundation, it has not been typical to have a member of the staff on the search committee, but this may be something for the board to consider depending on its culture and trust in the staff member. In MacArthur presidential searches, the General Counsel assisted the search committee and was present at all meetings and interviews. This alleviated the burden on the search committee and search firm and provided the committee and/or candidates a staff perspective when asked. He was not, however, a member of the committee.

*Be clear about the role and authority of the search committee.*

The board should be clear about the authority and role of the committee, how the board is to be kept informed, and the role of the board in the process (e.g., how often does the search committee report to the board, when does the full board meet/interview candidates, etc.).

It is a good practice to use time during an executive session at each board meeting to discuss the search process and engage the entire board.

*The role of the search committee.*

The search committee will have primary responsibility for the oversight of the search firm, winnowing down the list of candidates to a manageable number and recommending to the board a final slate of candidates or an individual candidate if one stands out.

The search committee should have consensus on the general parameters of the compensation, benefits, and other terms of retention for the position. This should be cleared with the board to avoid any surprises.

*Who should staff the process?*

It is helpful to have a trusted staff member staff the process to take the burden off the chair. This can also be a person who can provide a staff perspective as warranted. In MacArthur searches, this was the General Counsel but it can also be another more senior member of the staff who knows the board and understands the role. This would include acting as a liaison to the search firm and to staff and assisting with scheduling and help as requested.

*Selection of a search firm.*

Even before the launch of a formal board process, it is a good idea for a board to have a list of potential diverse search firms to consider if the need for a search arose. The board can be solicited to suggest names with whom they have had good experiences so that a pool of firms is available when the need arises.

When firms are identified, a request for proposals can be sent to the firms with a range of questions to be addressed in writing.<sup>1</sup> These may include the qualifications, recent experiences of similar searches, approaches to presidential searches, limitations with respect to potential candidates who may have been placed by the firm, time commitment and availability of key persons, overall philosophy, approach to diversity, expected use of psychological tests for candidates, the firm's approach to background checks and references, and other items that the committee may deem relevant.

Based on the responses, the search committee should interview a range of firms to determine the best fit. Alternatively, the decision on a search firm can be delegated to the board chair or a subset of the search committee depending on timing needs and urgency. An interview process of three to four firms with the committee will take more time because of scheduling issues and logistics.

Many firms have similar general approaches to searches of this type so the ultimate selection will often depend on the connection between the firm and the committee and specific experiences.

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<sup>1</sup> To save time, the committee can determine to jump straight to interviews rather than a formal request for proposals but care should be taken to ensure the process is inclusive and not subject to implicit biases.

*Negotiating the contract with the search firm.*

Contracts with search firms are also generally similar in terms and conditions and approach. Nevertheless, there are some issues to be fleshed out before selection of a firm, including how the firm may handle conflicts, whether the firm is precluded from recruiting potential candidates because the firm placed the person in their current job, the nomination process for other names, whether the final payment is due whether or not a candidate is selected, approach to guarantees if the search is not successful, and similar issues. The firms should be asked to provide their forms of agreement as part of the selection process so any issues can be identified in advance to determine whether there are any deal breakers.

*Announcing the search.*

Depending on the status of the incumbent president, the board should be prepared with a simple announcement of the search, the process, and the expected timeline. The earlier the better as the announcement can help drive interest. Incumbent presidents may prefer to keep the time during which they may be viewed as a “lame duck” to a minimum, but that consideration must be balanced with a need to begin the search process. The chair should inform staff of the expected process and the board’s current thinking before the announcement is made public so they feel invested in the process.

*Preparing the job description.*

While a search firm will assist in a job description, the board should identify the characteristics that the board desires in a new president and have ready a draft job description. This will hasten the process and provide a building block for the search firm.

**Stage II: The Search**

*What is the role of the search firm?*

The search committee should determine at the outset the scope of the role of the search firm and the level of involvement of the search committee in providing names, input, and oversight.

In addition to helping with the preparation of the job description, the firm will be the primary contact person for nominations and interested persons. It is important that neither the board nor the search committee engage with prospective candidates at the early stage, but rather refer all names to the search firm. Even if the board or members thereof may have in mind particular persons who would be a good fit, all names should be submitted to the search firm to be put through the same process as other candidates. The search firm should also be asked to identify any potential candidates that are off-limits to the firm because the firm had recently placed the person.

*The role of staff.*

Search firms should hold a session with senior staff of the organization and invite a general session with all interested staff to explain the process and obtain insight regarding the necessary characteristics for the new leader, potential names of candidates, and assessment of needs. These steps will be seen as important to all staff and provide a link to the process, particularly for senior staff who report to the president. Similarly, the incumbent president should be interviewed for an assessment of needs and characteristics.

*Staff should be kept informed of the progress of the search as appropriate.*

An adequate communication plan and updates to staff at relevant stages is helpful in quelling rumors and avoiding distractions. That being said, once the search kicks off in earnest, there is often not much to report, other than it is ongoing and the stage of the process. It should be explained to staff that during the process confidentiality concerns of candidates will preclude specificity. The board chair should provide written updates to the staff as appropriate.

### **Stage III: Selection and Announcement**

*Interviewing candidates.*

The search committee should decide on a range of questions that should be asked of each candidate to minimize implicit bias or treating candidates differently. The people asking the questions can shift but in general the same questions should be asked even if it is expected that follow-up questions will not all be the same and the conversations will differ based on a candidates' answers or their own questions.

*The board should participate in the interviews of finalists and the finalists should come prepared to respond to specific scenarios or questions.*

The search committee should ideally identify a slate of final candidates (between 2-4) and the full board should participate in the final interviews as available and interested.

Candidates should be asked to respond to a very specific set of questions or scenarios in advance or to respond to a general overarching question. For MacArthur, in an earlier search, we provided several scenarios and asked candidates to respond to the scenarios. In 2014, we had directors in small groups interview selected candidates and provide reports back to the chair who shared them with the full board. In 2019, we asked finalists to make a short presentation on how they would approach a specific issue given the state of philanthropy at that time and how they would organize the Foundation's work.

In any event, the involvement of the board in the interview and selection process should be understood from the start.

*Once a candidate is selected, the chair should negotiate with the prospective candidate.*

Any proposed offer and the terms thereof may be communicated by the search firm or the chair. Generally, at this stage, it may be more efficient and avoid unnecessary back and forth to have the chair directly engaged in negotiations but in either event there should be a clear level of authority to which the negotiator has room to negotiate. That means the full board should understand and authorize the ceiling in terms of compensation and benefits and the chair should report back to the board.

*The timing and substance of the public announcement of the successful candidate.*

A public announcement should not be made until there is clear agreement on a final deal and the announcement should be cleared with the candidate and coordinated with the institution with which he/she is affiliated. Staff should be apprised of the selection and any timing considerations before a public announcement but there is often a small window of time before the public announcement to ensure confidentiality. The chair should be prepared to make the announcement to staff, to explain the reasoning and the process, and to answer questions. Consideration should be given whether any special communications should be made to grantees or other “friends” of the Foundation.

#### **Stage IV: Transition and Commencement**

*The timing of the new term and the transition should be clear.*

The chair and the successful candidate should decide on a commencement date. Long delays should be avoided, but the candidate may have commitments to a current employer making some delay inevitable. Depending on the reason for the selection of a new president, the board should consider whether there needs to be an interim president while the incumbent steps down. This can be sensitive and there should be clarity to this issue early in the process.

During the time of transaction, the board will need to decide whether the appointee should “shadow” any board meetings or begin to meet with staff or others while waiting to assume the role. It is important, however, to remember there should only be one president at a time. While the incumbent may be viewed as a “lame duck” the incumbent remains the president even while respecting the need to be a caretaker during this period of time.

### Rough Timeline

The following is one possible timeline and is aggressive. Although this is laid out in a linear fashion, there will be times where events are happening simultaneously and it is quite possible that a selection of a candidate could occur earlier in the process than reflected below. Further, the search firm will have its own thoughts about timing and the other issues identified herein and in the memorandum.

August- Sept

Begin discussions on the structure of the search process.

Appoint the search committee and establish the mandate, the parameters of the communications with the board, and the role of the board in final selection.

Establish the job description and characteristics and compensation parameters. This process would be confidential among the board members.

At the September board meeting, we should confirm the job description and the search firm. Review list of viable names from the prior search or solicit new names.

Sept – Oct

Selection of the search firm.

Collection of names of viable candidates from the board, the senior staff, and possibly others.

Public announcement following September board meeting.

Oct – Dec

Search firm interviews senior staff and begins to cull names from broader lists.

Search underway.

Dec – March

Search continues and selection of final candidates. Board review of final candidate(s).

Announcement of selection.

April – June/July

Possible transition period depending on when a new person can start.

June/July

Commencement of term of new President.