



September 17, 2019

MEMORANDUM

TO: **DHIC Search Committee**
Elizabeth Voltz, Board Chair
Gordon Grubb
Mia Bailey
Tyler Craft

Bethany Chaney
Chico Scott
Bob Kucab
Joanna LeClair

SUBJECT: Wednesday, September 18th, 2019 Search Committee Meeting

The Search Committee will hold a meeting on **Wednesday, September 18th, 2019 at 11:00AM**. This meeting will be held at **Weatherspoon & Voltz LLP, located at 3700 Glenwood Avenue, Suite 250, Raleigh**.

Additional materials following agenda are attached for your review:

- *A Guide to Engaging an Executive Search Firm* (Background Reading)
- Two Search Firm Lists -- one compiled from Gregg and Sharon, and one used by Community Housing Capital with firms we did not have on our list highlighted in yellow.
- Sample search firm evaluation protocol from Community Housing Capital
- Draft RFP language



DHIC Search Committee Meeting
Weatherspoon & Voltz LLP | 3700 Glenwood Avenue, Suite 250, Raleigh

11:00AM

Wednesday, Sept. 18, 2019

PROPOSED AGENDA

- I. Review of the Agenda

- II. **Overview of Search Committee's Charge/Tasks**
 - A. Includes a review of what has been done to date and a summary of the Transition Committee's likely organizational assessment process

- III. **First Steps in Securing a Search Firm**
 - A. Revise/finalize ideal search timeline and roles of committees, board, staff
 - B. Review list of Search Firms and finalize RFP letter
 - C. Commit to firm selection timeline

- IV. **Next Steps**
 - A. Distribute RFP
 - B. Draft list of interview questions for search firm
 - C. Gregg's tasks, including initial job description

- V. Adjournment

A Guide to Engaging an Executive Search Firm

Strong nonprofit organizations are built on a number of ingredients. However, the need for strong senior leadership (that is, the mix of skills required to lead and manage the organization) is often underestimated. Many organizations equate strong leadership solely with the presence of a charismatic chief executive. But Jim Collins, author of the best-selling book *Good to Great*, noted that at the best organizations, good leadership extends beyond the chief executive. Collins wrote, "...many organizations say that people are their most important asset. That's not exactly accurate. The right people are organizations' most important asset. Nonprofits need to be rigorous, not ruthless, in determining who should be in their organizations, and in which seats." Given the potential of what the right people in senior leadership roles can accomplish, it is vital for organizations to invest both the time and resources necessary to attract and assimilate those leaders.

Organizations have the option, when attracting senior leaders, to conduct their searches for senior management internally (i.e., through personal networks, board, and staff) or to engage professional assistance. This guide focuses on the latter option, with the goal of providing guidance to boards and executive directors seeking to best utilize professional assistance during a senior management search.

What is the role of an executive search firm?

An executive search firm comprises professional recruiters who have training and expertise in a range of recruiting activities, including identifying the core responsibilities and qualifications needed for a given role; writing job descriptions; developing a candidate pool; assessing how candidates' skills, experience, and personalities match up against the open position; conducting reference checks; and providing advice on the negotiation process between the organization and the final candidate.

What are the benefits of working with an executive search firm?

Organizations typically engage the expertise of search firms when they are facing new situations or challenges. For example, an organization may be experiencing a growth phase and need access to candidates with skill sets not previously required. Such might be the case for an organization hiring a chief operating officer for the first time.

Regardless of the situation, working with search firms can offer the following benefits to the hiring team:

Identification of qualified and motivated candidates. A search firm can develop an outreach strategy to identify candidates outside of an organization's personal networks. This may include a strategy for placing advertisements and/or a set of phone calls/emails to uncover new candidates—including potential candidates not actively job hunting.

Boston

535 Boylston St., 10th Floor
Boston, MA 02116
P 617 572-2833
F 617 572-2834

New York

3 Times Sq., 25th Floor
New York, NY 10036
P 646 562-8900
F 646 562-8901

San Francisco

465 California St., 11th Floor
San Francisco, CA 94104
P 415 627-1100
F 415 627-4575

Functional or other expertise. Many search firms will have a particular expertise. It might be focused on a particular service area (e.g., higher education or healthcare), a particular budget size, or a particular function (e.g., executive directors, chief financial officers, chief operating officers, development directors, etc.).

Third-party objectivity. A search firm is an objective participant in the process. As such, the assigned consultants should be able to flag issues as they arise. This can be particularly helpful in cases where the search committee is divided on the profile of a position or on a set of final candidates. Third-party objectivity is also useful when conducting references on potential candidates.

Efficient processes. Working with search firms can free up valuable time of the board and/or executive director. For example, search firms can create useful resume screen and interview tools to save time and create a better outcome.

Confidentiality. From time to time the nature of a search must be confidential in order to avoid publicity over an impending chief executive officer or senior manager departure. A search firm can conduct a search without sharing the name of the organization.

How do search firms provide services?

To find the right firm for your search, you must consider a number of factors. Search firms can vary greatly by size, ranging from large firms to independent consultants. They may have an international, national, regional, or local focus. Some firms are generalists, while others may specialize in a particular function, industry, sector, or in an area like diversity. Firms also vary in the way they offer services and in the way they bill the client for those services. Retained search firms typically provide the whole range of search services as a package, including executing the search process, managing the search committee, and doing reference checks. For this type of search, an organization pays a fee, typically one-third of the position's salary plus expenses related to the search. Retained firms have a strong motivation to work on even very complex searches until they are completed because their reputation as a firm is dependent on their clients' satisfaction. However, the client commits to paying the fee regardless of whether or not the retained firm actually finds and recruits a successful candidate. In a retained search, the client also commits to work with only that particular firm on the search. Some full search firms offer a la carte services. This means, for example, that depending on the needs of an organization, it could hire a firm solely for advice on formulating the job description, or developing a candidate pool.

Other search firms work on a contingency basis. Contingency firms do not generally provide consultative services, but rather focus on generating potential candidates to fill a position. The client may use multiple contingency recruiters for the same position, and only pays a search firm if the firm actually finds the successful candidate. While recruiters at a retained firm are salaried, individual recruiters at a contingency firm are compensated when they personally identify and present a successful candidate to a client. They may be competing with other contingency recruiters, even in their own office, to find and place successful candidates. Contingency firms typically rely on their

database of job candidates, reaching out to their networks to quickly fill the search. That may result in straightforward, easier-to-close searches receiving higher priority than more complex searches, such as those for senior positions.

When deciding between a retained and a contingency firm, you should consider what type of relationship you need to have with the search firm. Will you need advice and support throughout the search, or do you simply need to generate a number of candidates to interview for the position? Is it important for you to have one recruiter consistently representing your organization throughout the search or is it acceptable for candidates to get multiple calls from multiple recruiters? Find out which recruiters at the search firms will be working on your search and exactly what their roles will be in the process. The recruiter you choose will be acting as your organization's proxy. Since a search process can be a valuable time to cultivate new and existing relationships, carefully consider how the recruiter will represent your organization. You should examine the expertise of the recruiters at each firm. Typically, retained firms have more experience with senior-level executive searches, while contingency firms focus more on junior- and mid-level managers.

What actions should be taken prior to selecting and engaging with a search firm?

Before an organization selects a search firm, it should undertake the following actions to facilitate the selection process:

Create the draft outline of the ideal position description and candidate profile. Creating the draft will help facilitate the process of selecting the type of firm best for the organization (e.g., does the candidate profile require a local or a regional/national search?) and guide the initial stages of the search process.

Organize the stakeholders involved in the recruitment process. For an executive director role, a search committee should be composed of board members and, if appropriate, members of the senior management team and external stakeholders. A search for a direct report should include the executive director and other relevant senior staff and board members as appropriate (for example, the head of the board finance committee will most likely want to meet chief financial officer finalists).

How should an organization select a search firm?

The relationship between the organization's search committee and the search firm's consultant is based on trust and communication. The time spent up front by the search committee to carefully vet and select the right firm can be as critical to achieving the best outcome as interviewing and referencing the candidates. Once the initial job description is created and the committee formed, there are three major steps to selecting a search firm.

Step I. Build the short-list of potential search firms. Often a good first step in the process is to talk with colleagues and associates to identify the firms or individual consultants they have worked with in the past. While compiling the list, assess their experiences. It's just as important to talk about the consultant as it is to talk about the firm. Questions for references might include:

- What kind of position were you seeking to fill?

- What impressed you the most about this firm/consultant?
- How did working with this firm compare to other experiences you have had in hiring senior management?
- Describe the process your organization followed when developing the job description.
- If the search committee drafted a job description prior to the search engagement, how did it differ from the original specification (i.e. what was the contribution of the executive search consultant)?
- Did you get outstanding candidates (who you might not have gotten on your own)?
- How well did the search consultant represent your organization to sources and candidates?
- How accessible was the search consultant?
- Is there anything else you would like to share about the experience that you think would be helpful?

Step II. Request proposals from and interview the short-listed firms. Once an organization has narrowed down the firms it may want to work with, there are two key components to consider before making a final decision:

- How does the firm build its candidate pool? The methodology used to access good candidate talent pools is a point of differentiation between firms. The search committee will want to ask: Is this firm tapped into the networks needed for a successful outcome? Is the firm innovative in its approach in a way that will bring access to a talent pool that would otherwise not be accessible? For example, if the position requires someone with specific business skills, the organization will want to understand how the search firm would build the candidate pool, if it has done this type of search before, and how successful it has been.
- Who will be working on the search? Each search is different depending on the actual consultant involved. In some cases, more than one person in a firm will be working on a project. Therefore, it is important to understand who will be conducting each of the key activities. For example, who will carry out the initial research? Do the sourcing? Make calls to initial candidates (this is especially important because this person is often the first contact with the candidate and plays a significant role in getting great candidates to the table). Who will interview candidates, especially short-listed ones?

Step III. Ask the firm for references.

What should be done once an organization has engaged a search firm?

Once an organization has chosen a search firm, there are three steps that can help the recruiting process go smoothly:

Identify communication methods. The search committee and the search professional should establish clear lines of communication that allow key points to be brought to bear. For example, as the search professional meets with candidates, s/he may discover that the salary is too low to attract the caliber of candidate the

organization desires. Bridgestar suggests a weekly phone and/or email update with the executive search consultant to go over ground covered, issues raised, market feedback, and progress.

Establish clear roles for everyone involved in the recruitment process. The search committee and the search professional should ensure that all participants know their roles. If participants have never worked with a search firm before, provide an overview of the process in order to set expectations. For example, what will each person's responsibilities be? Who will be involved in resume reviews, short-list interviews, and final interviews? Establishing these guidelines up front will ensure a better result.

Explore who can and cannot be contacted. It is important to discuss off-limits issues with the search firm so that clear expectations are set immediately around who can or cannot be contacted (is it okay to contact funders or past employees?). This will help protect relationships and networks as the firm works to build a candidate pool. Questions to discuss include:

- Where can these firms search, or not, given existing client relationships?
- Where would the organization not like the search firm to look? Who are the individuals not to be contacted for this role?

Concluding thoughts

Recruiting the right people in the right senior leadership roles is not easy; it is a process that requires investments of time and other resources. However, the results can have significant impact for an organization and for the nonprofit sector.

Bridgestar (www.bridgestar.org), an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.

Potential Search Firms

Simkin Search: Used recently by National Housing Trust. One-person shop based in Seattle but has worked with many housing groups on both coasts. <http://www.simkinsearch.com/>

Ann L. Silverman: Boston based one-person consulting firm: Used by a number of NeighborWorks group in NE. Not sure if she would work outside of region. Ithaca NHS paid \$42,000. annsilverman@gmail.com

Sockwell Partners. Were used by CMHP. CMHP Board members associated with the search were very pleased with the results replacing founder. Susie Jurnigan was the lead recruiter. According to CMHP CEO Julie Porter, they wanted half of salary but settled for \$40,000. Based in Charlotte. www.sockwell.com.

Raffa Marcum. Raffa conducted Board and staff surveys back in 2016 and Tom Adams helped us draft succession plan. Tom has since retired, and the company has merged with Marcum. Gregg has more material on their capabilities and a contact to follow up with if interested. [Raffa-Marcum](#):

Terra Search Partners: Used by Community Housing Capital. Strong real estate emphasis and have worked with some of the largest non-profit housing groups. CHC paid \$85,000 for search. Greg Melanson led the CHC search. Impressive screening and writeups. 1/3 of salary or \$75,000. Based in DC. <http://www.terrasearchpartners.com/>

Armstrong McGuire: DHIC has used Armstrong McGuire to fill recent DHIC positions with good results. Non-profit focused but not focused on real estate development. Recent positions that they assisted us with include Asset Manager Will Cooley and Project Manager Tim Fisher. Our lead contact has been Staci Barfield. They have typically requested 18% of salary. Not sure if that number would stand for CEO search. <http://www.armstrongmcguire.com/>

Isacson Miller: <https://www.imsearch.com/> Good experience in affordable housing placements. Gregg know organizations that they assisted.

Conway and Greenwood: Raleigh-based, used by NCHFA. Strong emphasis on banking and real estate sectors. <https://www.conwaygreenwood.com/about>

Huntington Partners. Based out of Pittsburgh and now has an office in Charlotte. Focuses solely on Real Estate/Developers/Property Management companies/etc. Search for all disciplines – Developers, Finance, ED's for mid to senior level positions. Comp structure is one of two: 25% of salary with 1/3 deposit paid up front; or 30% of salary with no deposit. They said most of their searches result in a fee between \$60k - \$120k. Examples of placements are Dana Boles at CAHEC (as VP of acquisitions 15 yrs ago) and he is now President. Also VP of Asset Management at CAHEC. Huntington was referred to me by the CFO at Wesley Housing (HPN group) in VA.

Carlson Beck. Focuses on all non-profits, not just Real Estate companies and places C-level positions. Did not discuss fee structure. Carlson was referred to me by the CFO at Tenderloin (NW group) in San Fran.

Nonprofit HR. Focuses on all nonprofits, not just Real Estate companies and places C-level positions. Was listed as a possible firm on CHC's list but I'm not aware that they used them.

Moss and Ross: <https://www.mossandross.com/our-clients/> Has completed searches for three area Habitat for Humanity affiliates, Urban Ministries of Wake and Durham counties, and Housing for New Hope. Community Home Trust solicited from them but did not ultimately choose them.

Developmental Associates: <https://www.developmentalassociates.com/about/> Known more for its governmental work, the firm also has non-profit expertise. Staff would recognize Joe Durham as a team member. Uses a proprietary set of screening and assessment tools, including the use of simulations. Community Home Trust solicited from them but did not ultimately choose them. Bethany was part of the search committee for Triangle J COG, led by this firm.

COMMUNITY HOUSING CAPITAL --- RFP LIST. **Highlights** are firms that do not already appear on DHIC's list.

Firm	Contact	Response	Interest	Assigned To - Notes
Terra Search Partners	Greg Melanson	2/23/18	Yes	Greg Melanson/Ellen Klasson DC office -talked to Greg 2/28 – proposal received 3/1/18 . Most highly regarded executive search firm in community development/banking space with offices in San Francisco and Washington. Has done the searches for CDT/HPN/NHT and others. Recommended by many (Mike Mantle, Buzz Roberts, Brian Gallagher). Knows our industry very well. Best in industry at vetting candidates and understanding client company culture.
NonProfitHR	Lisa Brown Alexander	2/23/18	Yes	Washington-based. Conducting NWA's CEO Search. Did search for NHS of Cleveland – not getting rave reviews. Good at identifying candidates – not so good at vetting candidates. Not good at understanding client company culture. Great at identifying diverse candidates.
Raffa Executive Search	Karen Schuler	2/23/18	Yes	Jill Fioravanti very good – works hard -if we use Raffa – we must use Jill. Raffa ok as search firm. Did search for CDC Long Island. Indicated that they will be submitting an RFP.
Korn Ferry	Divina Gamble	2/23/18	Yes	Received proposal 3/8/18 Very highly-regarded – big firm - just handled LIIF and OFN executive search – casts a wider net. LIIF pleased with work.
Russell Reynolds	Kimberly Archer/Tory Clark	2/23/18	Yes	Talked with Tory Clark on March 7 th . Large firm. Familiar with NWA and our market - engaged for Paul Weech search. Have office in Atlanta. Will be submitting an RFP.
Isaacson Miller	Lisa Scannell	2/23/18	Yes	Done work for Coastal Enterprises – main areas – health care, university, foundation – some community/economic development. Will be submitting a RFP.
Mangance	Denice Hinden	2/24/18	Yes	Will advise
TSNE MissionWorks	Lee Swislow	3/05/18	No	Called 3/1/18 left a message to confirm receipt of RFP – they are undergoing their own CEO search. Referred us to BoardWalk Consulting – sent a RFP to BoardWalk Consulting.
Support Center for Non-Profit Management	Keith Timko	2/28/18	Yes	Talked with Xander/Keith on 3/01/18. Think they will submit a proposal.

Ann Silverman Consulting	Ann Silverman	2/27/18	No	Has advised that she will not submit a proposal.
Jill Fioravanti Consulting	Jill Fioravanti	2/25/18	Yes	Works with Raffa on ES and will follow-up with Karen Schuler
Boardwalk Consulting	Sam Pettyman			Sent 3/5/18

CHC President/CEO Search

Evaluation of Search Firm Proposals

Name of Search Firm: _____

Rate on a scale of 1 to 10 the firm's qualifications in each area. 10 is the highest rating.

Criteria

Score

General Qualifications of Search Firm

1. Overall experience in executive searches.
2. Experience in community development/CDFI field.
3. Number of similar searches completed.
4. References provided.

Personnel for CHC Search

1. Experience/education of search team members.
2. Clarity of roles and responsibilities of search team.
3. Depth of backup personnel.

Search Process

1. Clarity of process.
2. Interaction with CHC search committee, board and staff.
3. Deliverables to CHC search committee.
4. Process for outreach to prospective candidates.
5. Expectations of CHC search committee/board.

Review of Candidates

1. Length/depth of interviews.
2. Quality of background checks.
3. Reporting/recommendations to search committee.
4. Assistance to search committee in candidate evaluations.

Schedule

1. Proposed timeline for search, with milestones.

2. Completion date.

Cost

- 1. Basic proposal cost.**
- 2. Ancillary/reimbursable costs.**

Additional Comments

Draft RFP Language

Dear _____:

DHIC, Inc. recently announced the retirement of its long-time President and CEO, Gregg Warren, who has served nearly 35 years at the helm. With his departure set for March 31, 2020, the DHIC Board has appointed a Search Committee charged with hiring and managing a search firm and related search tasks.

Your firm is one of ## that have been referred to us from NeighborWorks America and/or other housing and non-profit peers, and we would like to invite you to submit a proposal for national executive search services.

Should you choose to submit a proposal, we ask that you include the following information:

1. **Statement of Qualifications**, including the background, experience and successes of your firm in the area of non-profit affordable housing or related services, and/or with organizations seeking to replace a founding or long-time executive director.
2. **Recommended Scope of Services**. DHIC has undertaken a number of organizational assessments related to succession planning, strategic planning, and funder requirements. As such, we require minimal support for baseline organizational assessment activities. Instead, we are interested in a scope of services that:
 - a. Outlines your firm's generally recommended processes, tasks, responsibilities, and benchmarks for a national search.
 - b. Suggests the ideal level of input and involvement of DHIC staff (including the current CEO), Board members, Search Committee members, and external stakeholders.
 - c. Offers a reasonable timeline for search activities and hiring.
 - d. Any additional services or approaches you feel may benefit DHIC, for example, assistance with on-boarding strategies.
3. **Reach and Diversity**. DHIC's Board insists on cultivating a highly qualified pool of candidates that is racially and gender diverse. While we are expecting strong interest from our local market, we are also interested in national reach. Please describe how your firm ensures a diverse candidate pool and manages national candidate cultivation.

4. **Cost and guarantees.** Please provide a cost proposal that includes fixed costs, fees, reimbursable or direct expenses (e.g. advertising), and any other anticipated costs. If your firm offers a performance guarantee, please describe.
5. **Staffing.** Please provide the qualifications of all designated staff or consultants that would be designated for DHIC's search.
6. **References.** Please provided the complete contact information and any useful context for three to five clients that your firm has served successfully in the past three years.

Proposals will be accepted in a single PDF file directed to Elizabeth Voltz, Board Chair, beth@wvllp.com, no later than _____, 2019. The Search Committee will choose up to ____ firms for team interviews and will make a final selection by _____, 2019.

Attached is additional information about DHIC to share with your colleagues, and we encourage you to take a thorough look at our website at www.dhic.org. If you are missing critical information necessary to submit your proposal, please reach out to me.

We very much look forward to hearing from you.

Sincerely,

Elizabeth Voltz
Board Chair and Chair, DHIC Search Committee