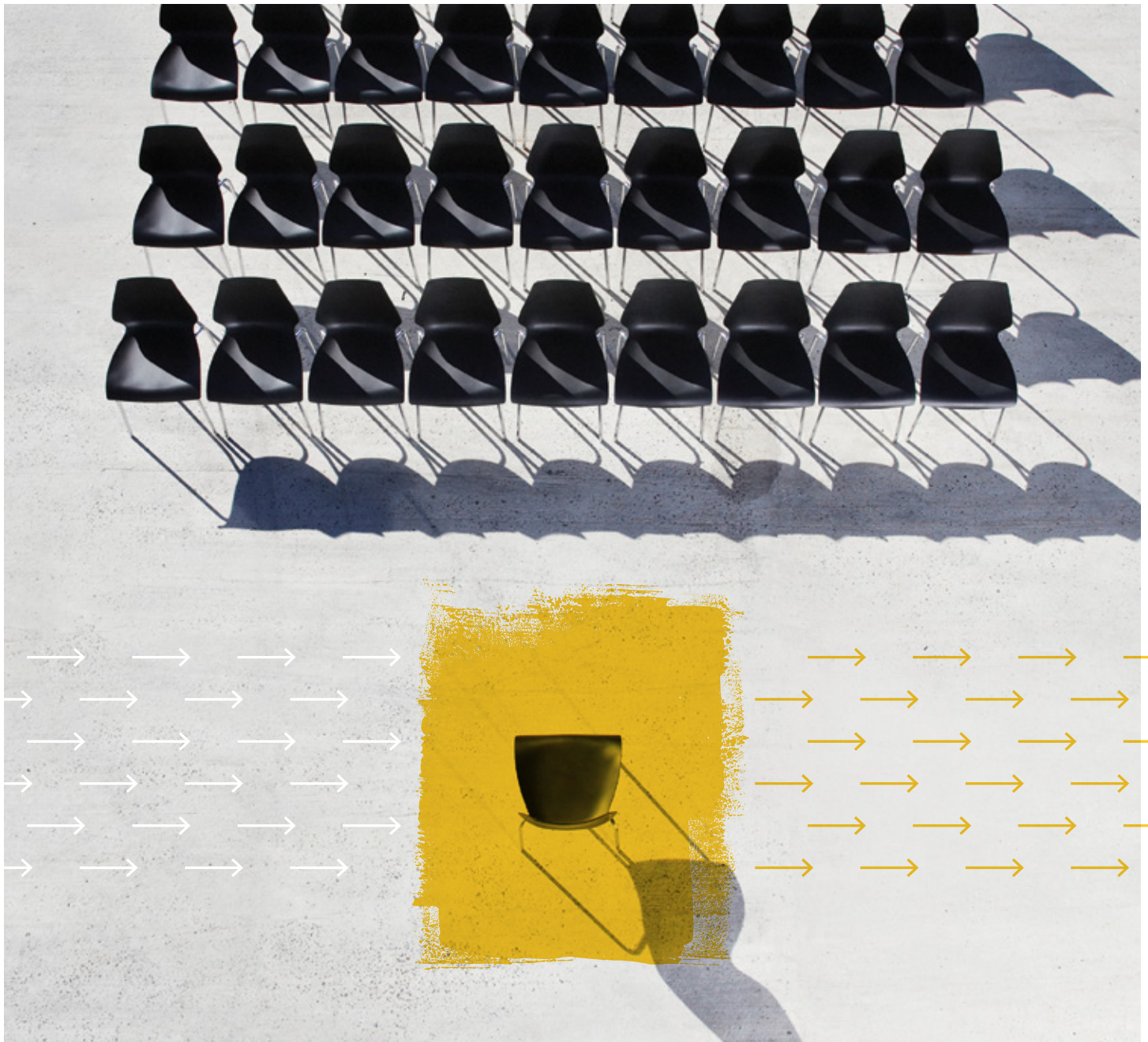


Accelerating C-Suite Transitions

How New Leaders Can Overcome
the Four Most Common Pitfalls



For a new leader, being named to a C-suite role represents a moment of professional accomplishment, the culmination of years of hard work, high performance and focused career development. For the organization, the selection of the new leader is typically the result of a months-long process of defining the role, assessing internal and external candidates, and building alignment around the selection. Given the profound impact executives in these key roles have on business performance, the selection of a new C-suite leader also represents a tremendous opportunity for value creation or destruction for a company.

But while organizations invest significant time and resources in developing future C-suite leaders and in the process of assessing and selecting individuals for these roles, surprisingly little attention is paid to their transition. The executive is left to sink or swim in the new role. Overwhelmed by the initial transition period or reluctant to be seen as asking a “dumb” question, new leaders often don’t push for more clarity about the definition of success in the role or how they’re being perceived by their peers and their team. And, with the role finally filled, CEOs move on and assume that the new leader will figure out the challenges and solve them. Leaving these expectations to chance can lead to disappointment later.

Research shows the risks of poor transition planning. One study, for example, estimated the failure rate of new executives in the first 18 months at 30 percent or more. Even if the executive doesn’t leave, a poor transition can create tensions with the team, frustration among colleagues, missed deadlines and weak performance; people don’t see progress and aren’t quite sure what the executive is doing.

C-suite leaders have a responsibility to articulate a vision and strategic aspiration for their function or business unit that supports the overall business — considering how to communicate the vision, gain the CEO’s support, align the team around it and evaluate how their own responsibilities connect with those of their peers. In the absence of a thoughtful, well-structured onboarding plan to make progress in these areas, new leaders can trip up in four key areas.



Derailed by the culture

Culture fit is one of the most common reasons new leaders struggle in their transition. They may misread culture cues or, believing they have a mandate for change, underestimate the readiness of colleagues and the team. In fact, most newly hired executives don't think they were well-prepared to be successful in the culture. In one survey, 65 percent of respondents attributed the failure of a new executive to poor culture fit.¹ The challenge of culture fit is not unique to leaders hired from the outside. Executives who have been promoted may have a much better appreciation of the overall organizational culture, but underappreciate the degree to which the management team culture differs from the culture as a whole or the culture of their function or business unit.

An onboarding program should help new leaders understand how their style does and does not reflect the culture, illuminating how their strengths complement the culture of the team and the organization as a whole, and flagging how certain actions could be perceived negatively by others. For example, an executive who tends toward risk-taking and flexibility joining a team that is orderly and cautious may find that the team appreciates his or her new ideas, but becomes frustrated at what they view as a lack of planning. Meanwhile, the new leader may appreciate the team's expertise, but become frustrated by how careful and slow-moving they are.

Companies can help by defining the characteristics of the organizational and team cultures and articulating how the individual's style is similar to and differs from them. When we work with clients to assess candidates for C-suite roles, we use our culture framework to compare leaders' styles to the culture. New leaders can use that information during their transition to understand the key attributes of the culture and how their style may be viewed by others. Often, the mere act of helping a newly hired executive understand the key elements of the culture can make a tremendous difference in his or her ability to be successful.

Some companies go further, for example, assigning an outside coach or senior HR executive to the new leader to help the person navigate cultural minefields. The coach also can collect feedback about the person and how he or she is perceived — the organizational “buzz” — including what others view as the person's strengths and “watch outs” at the six- and 12-month marks. With concrete data, new leaders can adjust behaviors or styles that get in the way of their being effective.

¹ Byford, Watkins & Triantogiannis. “Onboarding Isn't Enough.” *Harvard Business Review*. May-June 2017.

NEW LEADER CHECKLIST

Culture

Your transition plan should help you become a cultural anthropologist, observing the organizational culture, the management team culture and the culture of the team you are leading. Prepare a set of culture questions to ask your colleagues and team. Use conversations about culture with others on the management team to help build connections and trust. Consider questions like:

- » What are the values we espouse?
- » How do others describe the culture?
- » How do things get done?
- » What are the traits of the most successful leaders?
- » How is the culture of this team similar to or different than the rest of the company?

A lack of strong relationships and influence on key issues

It can be tempting in the flush of your new appointment to assume that you're viewed positively and relationships will happen naturally, or that others will know to bring you in on the management issues you consider relevant to your role. But without a deliberate strategy for meeting and developing relationships with colleagues on the management team and other stakeholders, new leaders may find that they have less influence than they expect. Even leaders who have been promoted have work to do on this front; they need to re-establish and reset relationships and build credibility as a trusted peer.

It's incumbent on the person who's getting promoted or hired to initiate conversations with new peers and demonstrate curiosity and interest in their issues and concerns and to take the lead in relating to people in a different way. Conversations should be aimed at understanding shared points of view, where one leader's responsibilities overlap with another's and where others are looking for support.

Beyond developing relationships, new leaders need to find their voice on the management team and establish themselves as a thought leader on important business topics. One new marketing leader we worked with was dismayed when the CEO and other management team members didn't seek out her perspective about a new cyber risk and how customers might react to it. Because she was so new, she hadn't had time to establish herself as the "voice of the customer" in management team discussions.

CEOs need a formal transition plan, too

The pace and demands of a CEO transition are so great that, without some structure around transition, new CEOs are likely to find themselves quickly under water. In fact, surveys have found that most new CEOs don't have a formal transition plan. While many elements of the CEO's transition plan are similar to other C-suite leaders, the scale and singularity of the CEO role makes for some differences.

Defining the strategy. Your new team, customers, suppliers and employees across the organization will be forming their first impressions of you and looking for your take on the business. Before you start, be able to articulate your key themes in a clear, constructive, punchy way that instills confidence in people that they have a strong leader at the helm. Your overarching vision will serve as the basis for all of your conversations in the early days and many of the decisions you will have to make about people, processes and culture. It is important to supplement these initial impressions with an external view of the business. Talk with investors, external advisers and other industry experts to get their views about the direction of the industry and your company's place in it as well as potential disrupters.

Evaluating and preparing your team. Like other senior leaders, you should use your earliest days to begin building the foundation for a strong, high-performing team. This includes evaluating the strength of individual members and the dynamics among team members, and understanding any skill gaps and potential process and structural needs. Third-party assessments of individual leaders and the team's dynamics can help you understand the ability of the team to advance the strategy and whether the team is organized for agile decision making.

Aligning the organization. Change is difficult for most organizations. People will want to know who you are and whether you are "good" or "bad" for them. Use the early period to assess the company

strategy, values and culture and how they may need to change. Collect insights about organizational culture from the board, management team, employees, customers and industry analysts; consider having a culture diagnostic completed, especially if transformation is needed. You also may want to talk to a couple of people who recently left the company to understand their frustrations.

Aligning with the board. Your relationship with the board is one of the most important for your success, but many new CEOs get off to a slow start with the board. If you were promoted, you likely have presented to your company's board and spent time with directors before becoming CEO. But working with the board on strategy, compensation and benefits, audit, compliance, risk — the fiduciary responsibilities that a public company board has — is very different. Understand the stated and unstated motivations of your board. It's not just about building shareholder value, directors also are concerned about their reputations and priorities.

Establishing lines of communication with external stakeholders. The initial transition period is an important time to introduce yourself to key customers, large institutional investors, community stakeholders, regulators and other key external stakeholders. Get on the right footing with stakeholders by understanding their issues and concerns and communicating in ways that help them feel confident in you and your abilities to lead effectively. Share relevant feedback from these conversations systematically.



New leaders need to consciously develop an enterprise view of the business and cultivate credibility on key business issues — such as customer impact, if you're the sales leader. We know CEOs who are proud to say, "If you were to sit in my staff meeting, you wouldn't be able to tell which business or function each individual looks after because they come to the table seeking to add value to the enterprise." One important way new leaders do this is by cultivating a fresh external perspective on their role and the business, even if they have been promoted from within. Taking the time to understand the strengths and weaknesses of the function or business unit compared to best-in-class as well as potential disrupters to the business enables new leaders to become a valuable contributor on the most important issues facing the business.

NEW LEADER CHECKLIST

Personal credibility and relationships

Make it a priority to schedule formal meetings with your peers. Ask questions that demonstrate your interest in their roles and how you can best work together, including the areas where your responsibilities may overlap and where they would like to see more collaboration or support. Check in with key stakeholders at mid-year and year-end.

The CEO and your new peers also will expect you to contribute to discussions and decisions about the business beyond your specific area of responsibility. Consider questions like:

- » What are the enterprise-level topics about which I want to be viewed as a thought leader?
- » What role should the function or business unit I lead play in the business? How might this change?

A weak or unfocused team

Everything matters when you're the new leader. Each decision you make or don't make; how you communicate in meetings and in email; who you hire, promote or fire; whether you eat in the lunchroom; and even who you stop to chat with when you're walking the halls will be scrutinized by your new team. One new leader told us that he was accused of "playing favorites" by some on his new team because of his habit of stopping to chat with a few people whose desks were on the way to the restroom. Team members sitting in the other part of the room felt like their new boss didn't like them or trust them because he didn't stop and talk to them when he was outside his office. These small signals create lasting impressions, whether you are new to the organization or promoted into the role. Effective leaders are self-aware and reflective about the signals they may be sending.

New C-suite leaders also need to understand the capabilities of the team and their capacity to deliver against the strategic priorities of the business. Leaders come to their new roles with perceptions or biases about their inherited team, which may come from having been on the team or were created through the interview process. Having a hypothesis about the team's overall capability and individuals on the team can be a good thing, but new leaders should have a methodology for objectively assessing team members and testing their hypotheses. For example, in the first month, you might meet with every direct report and go through a standard diagnostic to understand their capabilities, how their style aligns with the culture you want to create and learn more about them as individuals.

Finally, new leaders need to give thought to how they will bring their team together. Leaders who have been promoted into the top role should recognize that their relationships with others on the team have changed. Former peers are likely to react differently to you and share less information. At the same time, you also have to make a shift — from “doing” to guiding your team

and framing priorities and challenges. Misunderstandings and confusion will inevitably arise when new leaders don't acknowledge the new dynamics and explicitly discuss their expectations with the team. As part of their transition plan, new leaders should have explicit conversations with direct reports about their individual goals and objectives and those of the team, as well as expectations around communication and performance.

Another effective tool for helping the new leader and his or her team quickly get on a strong footing is a formal new leader assimilation session. In these sessions, typically managed by an outside facilitator, the leader's team has the opportunity to raise any question about the leader's style, communication preferences, pet peeves and more. These sessions provide a powerful opportunity for the team to get smart about the new leader, for the new leader to demonstrate candor and interest in the team and for early team-building. And by providing an “owner's manual” for the new leader, such sessions can go a long way toward avoiding damaging miscommunication and miscues.

NEW LEADER CHECKLIST

Building your team

Building and coalescing a strong team will be critical to your success. Leadership is a team sport; the pace and complexity of business today is such that one person cannot do it all, and those who try are not likely to last long. Your transition plan should ensure that you assess team members' ability to advance the strategy you have developed and evaluate the team's culture and dynamics. Your team will want to understand your leadership style and priorities, so keep the following questions in mind as you meet with your direct reports:

- » What is my management philosophy?
- » What are the two or three priorities I want my team to focus on?
- » What decisions and issues do I want to be involved in and at what point?
- » What are my initial impressions of the strength of the team as a whole and the individual players?
- » How do my own biases color these perceptions?

Developmental gaps and lack of self-awareness

There's an implicit message when someone has been promoted into or hired for a C-suite role: You're terrific! You likely beat out other internal or external candidates for the role, which now feels like a reward for outstanding performance. So, it's easy to interpret your selection as a signal that whatever you were doing works, and you should do more of the same.

But the developmental weaknesses or tendencies that may have dogged you in the past — say, a resistance to delegating — could sabotage you in a larger, faster-paced and more complex role. Development issues become more urgent at the C-suite level. For example, a leader who has a tendency not to set direction for his or her team — making up for team deficiencies through an intense personal work ethic and drive — may sow chaos trying to do the same in a C-suite role, with people unsure about what they should prioritize or what good looks like. Meanwhile, other traits that served you well in the one environment may be a liability in a different culture. A hard-charging style that helped you thrive in past jobs may cause you to clash with peers on the management team.

Making this all the more challenging for leaders at this level is the lack of ongoing coaching or development. While you may have had a development plan to get the job, you are less likely to have a formal development plan once in the role. Even worse, the more senior you are, the less feedback you tend to receive.

Your transition plan should consider your personal style, potential blind spots and ongoing development needs within the context of the organization and team. In some cases, the new environment may make a person's style less of a risk; someone who was perceived as too direct in a more conflict-averse culture may be encouraged to speak up in one that values direct feedback and the vigorous exchange of ideas. The new context also may present challenges. Executives moving from a very large company to a startup, for example, will have to recognize their big-company biases and expectations, which could affect how they're perceived. They may have to consciously adjust their style to be more informal and flexible, paying attention to how they dress and communicate and changing habits, such as eating lunch in the cafeteria to be more visible.

NEW LEADER CHECKLIST

Self-awareness and personal development

Reviewing feedback from your assessment or the hiring process, including findings from 360-interviews and reference checking, is a great way to remind yourself of the developmental areas you may need to work on — a capability or knowledge base you need to develop, potential leadership style “watch outs” or biases you may bring from past roles. Keep a journal of your ideas, reactions and emotions during the first 100 days, and seek feedback. Consider questions such as:

- » What do I need to do differently than in past roles to be effective?
- » How does my style align with the management team, my own team and the broader culture?
- » How could my actions be affecting others in unintended ways?
- » What are the implications of this context?

TRANSITION PITFALLS

How transitions compare for internally promoted leaders and external hires

| | Internally promoted | Hired from outside |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The culture challenge | <ul style="list-style-type: none">» Assuming you know the leadership team culture because you know the organizational culture» Failing to define a desired culture for your function or business unit | <ul style="list-style-type: none">» Misreading culture cues or underestimating the change-readiness of colleagues and the team |
| The relationships challenge | <ul style="list-style-type: none">» Re-establishing relationships as a trusted peer» Establishing yourself as a thought leader and a credible voice on business issues | <ul style="list-style-type: none">» Over-relying on your reputation to open doors with new colleagues versus doing the hard work of relationship building» Learning who are the unofficial sources of influence |
| The team challenge | <ul style="list-style-type: none">» Every move is scrutinized» Predisposed opinions about certain team members based on past interactions» Underestimating how the dynamics have changed with former peers | <ul style="list-style-type: none">» People make assumptions based on your past experience» Lack of knowledge about the team, other than impressions from the interview process |
| The personal challenge | <ul style="list-style-type: none">» Underestimating the increased complexity of a C-suite role and what's required for success» Forgetting the lessons learned from the development plan that got you to the role | <ul style="list-style-type: none">» Assuming your reputation precedes you» Assuming a fresh start means past challenges are in the past» Not seeking out feedback on "organizational buzz" |



Conclusion

Companies invest a great deal in finding and developing leaders for top roles, but too often those investments are put at risk because little attention is paid to the transition period. By understanding the typical cadence of a transition and attacking their transition with a rigorous and structured process, new executives can accelerate their onboarding and become effective much more quickly.

The pace and demands of a new leader's first days can feel overwhelming, even for those who have served in the role before. New leaders have to process and learn a vast amount of information, lay the foundation for productive relationships with peers and other stakeholders, establish their credibility on key business issues, set priorities for their business or function and build an effective team. Thoughtful, structured transition plans articulate the specific areas that new leaders need to tackle and identify the support they need, helping them accelerate their transition and positioning them for long-term success.

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