



EXECUTIVE INSIGHT

A DISCUSSION OF KEY MANAGEMENT ISSUES | VOLUME 26 NUMBER 4

INTERNAL LEADERSHIP TRANSITIONS: THE HIDDEN DANGERS

Like most thoughtful senior executives today, you keep a careful eye on the talent pipeline. You plan ahead to fill critical upper management roles through formal succession plans and high potential development programs. Each new hire is carefully integrated into the culture to ensure success. But one important element may be missing: Are you putting internally promoted individuals at risk by ignoring their integration needs?

The failure rate of external hires in their first two years is high, frequently ranging from 40 to 60%. But research by RHR International indicates that those promoted to higher levels of responsibility **from within an organization** fare little better. While you might think that these individuals would have a distinct advantage over those hired from the outside, RHR International has found that these executives face unique challenges of their own.

INTERNAL TRANSITION RISKS RHR's research, "[Stumbling to the Top: The Challenge and Complexity of Internal Leadership Transitions](#)," shows that **internal leadership transitions are far more complex and challenging than one might realize**. A significant number of transitioning leaders will encounter difficulty and be at risk of derailing.

What is most surprising about the data is **not just how many leaders were struggling in a new role, but how long** — well past the time one would have expected them to have integrated.

By the 10-month mark, up to 40% find the transition a challenge; 20% rate it a downright disappointment. Even for those whose overall

experience is positive, **the challenges they report facing were real, visceral and often unexpected**. Key challenges include gaining clarity around their role, re-negotiating relationships, establishing influence with a new peer group, quickly establishing a new level of credibility with stakeholders, rapidly acquiring new knowledge, and closing skill and experience gaps.

Despite this, organizations don't do much to increase the odds in favor of success for executives in new positions. By failing to have an internal transition plan in place, the organization is leaving them at risk for failure.

PLANNING FOR SUCCESS Faced with these challenges, how do you ensure the success of executives in transition? The first step is to **take a careful look at the open position before considering who should fill it**. Just as with an external selection process, defining the role and its context within the organization is critical for success. Once the hiring criteria and the context have been defined, potential candidates can be screened and assessed against these standards in an objective way.



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Finally, providing the right kind of support to a new leader can make the difference between success and failure. **Don't abandon the executive once the selection decision has been made.** While the specifics may vary, a leader who is changing jobs inside his or her company faces just as many potential obstacles as those who come in from the outside.

KEY SUPPORT ELEMENTS RHR International's landmark study, "Executive Integration: Beyond the First 90 Days," showed that the likelihood of successful integration is enhanced when the organization and the executive pay attention to five Key Success Factors: **Role Clarity, Relationships, Navigating the Culture, Early Wins, and Accelerated Learning.**

While for external hires the key challenge is to integrate into a new organization, internal hires face two challenges: to integrate into a new role and to develop the knowledge and skills required to operate at a different level or in an unfamiliar function or geography. **Leaders already in place tend to overestimate how prepared they are to take on a new role.** Quite quickly, however, gaps in skills and capabilities required to be successful emerge. Therefore, a sixth Success Factor – **Targeted Development** – is necessary for individuals promoted from within.

Another distinctive element of the internal transition is the **nature of relationships.** Internal hires often have pre-existing associations with their new boss, peers, and direct reports and can leverage these to accelerate their transition. One potential pitfall is assuming that "knowing someone" equals "relationship." New leaders can overestimate the strength of a relationship or over-rely on their reputation to establish credibility with peers and others.

The reality is relationships are complicated; people take their history with them. **Internals do not have the same opportunity to build a reputation from scratch** the way external hires do. There may

be relationships that need forming, strengthening, re-defining, or repairing. **Relationships with peers can be the most difficult to navigate.**

THE BOTTOM LINE To design a comprehensive internal transition program that provides support and accelerates the impact of executives in new positions, remember:

- Organizations should apply **the same methodical approach to managing internal succession** as they do their external recruitment and hiring.
- Before selecting a candidate, **develop a coherent understanding of the role, how it interfaces with others in the organization, and the expectations of the boss and others.**
- **Look for early signs of development gaps** in relation to the executives' ability to operate at a new level of leadership.
- Don't overlook the importance of **re-contracting relationships, establishing influential alliances with peers, and reinforcing the executive's credibility with others.**

ABOUT RHR INTERNATIONAL

RHR International is a firm of management psychologists and consultants who work closely with top management to accelerate individual, team and business performance. We focus on five key areas of client need — CEO Succession, Executive Selection and Integration, Accelerated Executive Effectiveness, Senior Team Effectiveness, and Management Due Diligence. We have been proven difference-makers for more than 65 years, unique in our combination of top management focus, psychologists' perspective and high-level business acumen.



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