



EXECUTIVE INSIGHT

A DISCUSSION OF KEY MANAGEMENT ISSUES | VOLUME 27 NUMBER 3 |

CEO TRANSITIONS III: PERSPECTIVE OF THE NEW CEO

As average CEO tenures continue to fall, transitions in the C-suite are becoming increasingly commonplace as boards continue to search for the right leaders to guide their organizations' growth and profitability. But no matter how impressive the resume or list of past accomplishments, if the candidate selected for the top spot has not occupied the corner office before, he/she is in for a shock on the first day.

Transitions are challenging for every CEO, but they are especially difficult for those new to the role. In compelling research soon to be published by RHR International, **over 86% of new Chief Executives have no prior experience** in the corner office. Although CEO changeovers are organizational events, the process quickly becomes very personal as the new leader moves into a role that is much more complex than anything previously experienced.

THE CHALLENGES Participants in our CEO Transitions research study, especially those new to the office, encountered many difficulties during the changeover process. **Fifty percent** of the first-time CEOs indicated that the transition was moderately challenging to **more challenging than expected**.

"I had to learn that if I was going to be successful, I needed to get to the point that I wasn't involving myself in everything."

As a new Chief Executive, simply determining what the job entails may be your first stumbling block. Even as you try to come to grips with the unfamiliar aspects of the role, you need to quickly discover how to deal with **multiple, conflicting demands** while avoiding **the morass**

of day to day operations. In addition, **analysts, the public and the press** must be dealt with – which in itself can be quite daunting for a new CEO.

"Striking the right balance early on of how to split my time between internal and external stakeholders was the biggest challenge."

Stakeholders may have objectives that conflict with those of others. For example, proponents of short term gains may clash with those who advocate a long term growth strategy. They will all want to plead their cases. You won't be able to satisfy everyone, but efforts to manage the expectations of others, particularly your key stakeholders, will go a long way toward keeping them retained and engaged.

"[My predecessor] was more of a hands-off CEO. I am more of a hands-on type which was a challenge for the management team."

You often have to deal with **the legacy of your predecessor**. While some can be enormously helpful, our research and experience show that in certain situations the prior CEO can actually impede your progress. (See [CEO Transitions II: The Role of the Predecessor](#).)



CEO TRANSITIONS III: PERSPECTIVE OF THE NEW CEO PAGE 2

"I expect people to give direct, honest input and some people are deferential to the CEO and reluctant to challenge me."

You must try to collect honest, candid information about the organization to use as a base for early decisions. Given that people often put CEOs on a pedestal, you may be receiving a rosy version of the organization and its potential problem areas. What you need is a **clear, realistic view, unencumbered by others' political positioning and agendas.**

SUGGESTED SOLUTIONS Any new CEO could become overwhelmed trying to cope with such a variety of pressing issues. Keeping some basic practical steps in mind during the transition process might help.

Getting Out There The first thing you need to do is **"get out there and listen"** – literally. Leave your office, walk around, connect with employees and initiate relationships with your key constituencies. Learn what is important by preparing and asking good questions. Make sure the process is transparent as you share information. **Have a clear idea of the "message" you want to communicate.** It is important that this vision be delivered in a consistent way through deeds as well as words. Offer your insights only after you understand the viewpoint of others. Emphasize that you want to get aligned on views and come to some agreement on how to work together.

Get to Know the Board **Seek opportunities to meet informally with directors.** Discuss how they see the company. Former CEOs on the board will likely welcome an opportunity to share their own perspectives. **Put a lot of time and energy into preparing for the formal board meetings,** as well. This has to be done right to facilitate strategic alignment and stimulate critical discussions. The knowledge gained through your informal meetings will be invaluable.

Put Your Team In **Assess your senior team early on.** You may need to make adjustments to get the right mix for the mission. Build an environment that encourages open, transparent communication so direct reports are forthcoming with both good and bad news. Nonetheless, it's still wise to take neither at face value. Put trust in your team but **verify your own version of the truth.** Gather enough data and information about the financials, culture, customers and competition so that you can make your own informed judgment about the current

state and what it will take to move the company forward. The time to find a skeleton in the closet is before an analyst brings it up during your first quarterly conference call.

Create a Support Network As mentioned in Part I of this series ([CEO Transitions I: Alignment & Support](#)), seek a veteran CEO to act as a mentor, find a trusted advisor/HR professional within the organization, and/or take counsel from an outside consultant. This team of experts can help **guide your personal transition process, reveal potential derailing events in advance and help you normalize frustrations** that are bound to occur.

Keep Your Perspective A final piece of advice is, **"Don't let it get to you."** It is essential to make time for family, friends, and other outside activities. These are your main defenses against the inevitable stress you will feel as you take on your new position.

THE BOTTOM LINE To be proactive and take control of the transition process, incoming CEOs should:

- **Get out of the office and listen.**
- **Seek opportunities to meet informally with directors.**
- **Prepare carefully for board meetings.**
- **Assess their senior team early and make adjustments as needed.**
- **Create a support network of mentors and trusted advisors.**
- **Keep their perspective.**

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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