

EXECUTIVE RESEARCH FINDINGS

EXECUTIVE SELECTION & INTEGRATION STUMBLING TO THE TOP

THE CHALLENGE AND COMPLEXITY
OF INTERNAL LEADERSHIP TRANSITIONS

Building on its groundbreaking research into the integration (onboarding) difficulties faced by executives hired from the outside, RHR International has shifted its attention to the failure rate of leaders promoted or transferred within the same organization. Studies suggest that up to 25% of these executives will fail (DDI, 2006; Institute of Executive Development, 2008).*

RHR International recently completed a year-long research project investigating the integration hurdles leaders face when they are promoted from within. While you might think that these individuals would have a distinct advantage over those hired from the outside, our new research finds these executives face challenges of their own.

**Hitting the Ground Running* (2002) determined that successfully integrating into an organization is a complex process that takes much longer than anyone expected — between 12 and 18 months. *Beyond the First 90 Days* (2005) presented a life stage model of integration that identified key challenges and solutions for improving and accelerating executive transition.

RHR INTERNATIONAL
WE SEE WHAT OTHERS DON'T.

EXECUTIVE SELECTION & INTEGRATION: STUMBLING TO THE TOP

The Challenge and Complexity of Internal Leadership Transitions

EXECUTIVE RESEARCH FINDINGS

Key Findings

“Had I known then what I know now, I would not have taken the job. It is 50/50 whether I will stay with the organization.”

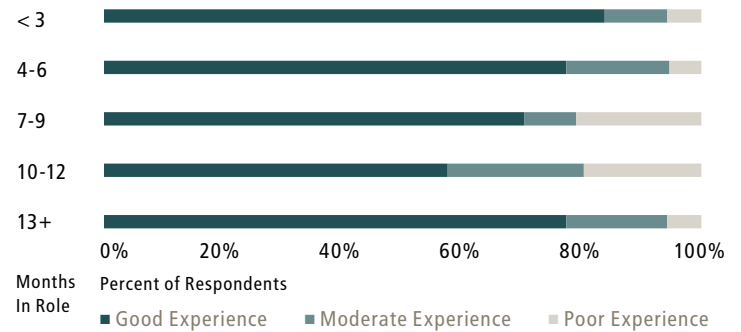
Internal leadership transitions are *far more complex and challenging* than one might realize. A significant number of transitioning leaders will encounter difficulty and be at risk of derailing.

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 we 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 reinforcing credibility with stakeholders, rapidly acquiring new knowledge, and closing skill and experience gaps.

TRANSITION EXPERIENCE



Thought Leaders in Executive Selection & Integration

For more than sixty years, RHR International has been assessing candidates for new positions and applying best practices to ensure their successful integration. By addressing the reasons most people fail, RHR consultants are able to increase the probability of success, improve retention rates and accelerate the performance of executives at the highest levels of management.

RHR has been a major contributor to the understanding of executive transition through major research projects (2002, 2005) as well as large-scale, structured Executive Integration programs in a number of client organizations where we have been able to measure the impact of our methods on retention. Our latest studies (2009) have addressed the unique challenges faced by executives promoted or transferred within the same organization. This summary describes the results of this research plus the collective insights of our consultants over six decades.

Internal Leadership Transitions Are Improved by Focusing on *Six Key Success Factors*

“I am feeling more comfortable in the role. I have a better understanding of the goals, objectives, and how things work. A few months ago, I was questioning my value. I had people challenges, results challenges. The job wasn’t meeting my personal expectations.”

Our research identified *Six Key Success Factors* that, if attended to, can lead to a smoother, more successful transition:

- Role Clarity and Alignment
- Re-contracting and Building Relationships
- Adapting to a Sub-Culture
- Early Wins
- Accelerated Learning
- Targeted Development



Success Factor #1: Role Clarity and Alignment

“I now understand my mandate, but am a bit unclear about some of the limits of my authority as part of the senior management team.”

This Success Factor encapsulates all aspects related to understanding the role, mandate, and expected deliverables. It includes understanding and managing a new team and operating within the broader organization structure. The single biggest complaint we heard from leaders was a *lack of clarity around the role and their boss’s expectations*. This issue was one that didn’t resolve itself quickly or easily. For example, leaders in the first 3 months of their

transition indicated they understood their job 85% of the time. This drops to less than 60% six months later.

External hires do not struggle in the same way with role clarity. One reason may be that those promoted from within are less likely to have the opportunity to thoroughly discuss the position as part of the selection process. This lack of candid conversation between the executive and his or her boss before (and again after) the move can lead to misalignment and missed expectations. In the case of external hires, many have done a job similar to the one they are assuming in a new company — they have been hired for their experience. Those transferred from within are taking on responsibilities that may be brand new to them, often at a level in the organization that has new and different expectations of its leaders.

Operating on assumptions is a key theme that dominates the research on internal transitions. The new leader *assumes* she knows what the job entails and what her boss expects. She is reluctant to ask for too much help. Her boss and others *assume* she should know, and spend less time teaching, coaching and communicating. Operating on assumptions leads to over-confidence and unwarranted optimism at early stages of the leader’s transition. And when issues linger, unresolved, they lead to frustration, disappointment, and waning self-confidence.

Success Factor #2:

Re-contracting and Building Relationships

“I had some meetings with key individuals before I made the move. However, there were some people I didn’t realize I needed to connect with and either connected too late or didn’t meet with them often enough. This turned out to be a problem.”

Relationships are critical for getting things done. Internal hires often have pre-existing associations with their new boss, peers, and direct reports and can leverage these to accelerate their integration. 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 most difficult thing has been earning the respect of peers — those who were accustomed to seeing me at a level below them.”

When a leader’s position changes relative to others, as when former peers become direct reports or former superiors are now peers, condescension, jealousy and resentment may manifest themselves. Leaders often struggle to assume leadership over a group of former peers. 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. Our research suggests that relationships with peers were the most difficult to navigate.

Success Factor #3: Adapting to a Sub-Culture

“I have been with the organization a long time. I know how to get things done.”

Internal transfers have a distinct advantage over those brought in from the outside in understanding the culture and how to get things done. Leaders are quick to identify even subtle differences in team culture from their last posting and understand how they need to adapt to be successful. In some cases, leaders may not want to make the changes required to fit into a new culture. Leaders who see their role as change agents must walk the fine line of gaining respect while resisting pressure to conform.

“I’m driving to get things done but I’m bumping up against people I don’t have authority over.”

For those promoted to a new level, adapting to new political dynamics was salient. While most executives said they *understood* the politics, they still struggled to *navigate* them. Leaders who advance to a new level can underestimate how difficult it is to influence others to support their goals and plans. Early on, they tend to assume their new position, reinforced by their reputation, will suffice. What they often discover, too late in the game, is that their effectiveness is inhibited by a lack of strategic focus on forging

critical relationships and building the credibility they need to effectively influence others.

Success Factor #4: Early Wins

Getting an early win to establish credibility is a critical area of emphasis for external hires. We found those transitioning internally put less pressure on themselves to chalk up early wins. Executives who transition internally tend to overlook this key Success Factor; they assume they are already a “known entity” and don’t express the same concerns about needing to prove themselves. They overlook the fact that *others* are expecting them to demonstrate they deserve the job, and thus miss an important opportunity to quickly and effectively establish themselves in their new role.

Success Factor #5: Accelerated Learning

“I may not be aware of every gap in my knowledge, but I have a plan to learn what I think I need to know. The rest I will figure out as I go along.”

Taking on a new role will inevitably reveal gaps in knowledge and experience. These may not be as great as those experienced by external hires, but to assume someone knows everything they need to know when they step into a brand new role is unrealistic. One of the challenges is overcoming the *assumption*, on everyone’s part, that the new leader knows everything just because he or she has been in the company. External hires are given more leeway when it comes to learning. The task for the leader moved internally is to get up to speed as quickly as possible. Early in their assignments, most executives acknowledge their biggest learning gaps include learning the business, the organization, and the people.

“I still have one foot in my old job, one foot in my new role... I’m concerned that it may keep me from delivering.”

When organizations allow for job overlap — someone is expected to do some, or all, of their old job while trying to learn the new one — they delay the learning curve and the transition. Someone hired from the outside is not expected to multi-task in the same way. Indeed,

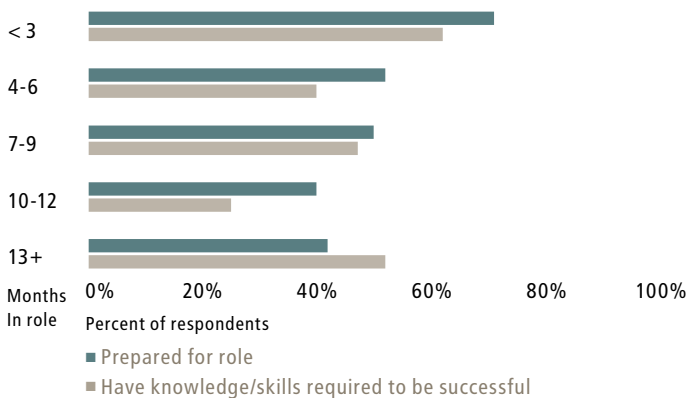
who would tolerate an employee who is spending 30% of their time with their former company? And, yet, we expect our internal leaders to do this all the time.

Success Factor #6: Targeted Development

“I need more development regarding business, financial, strategic acumen, and leadership at this level.”

Whereas 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. Leaders, again, tend to overestimate how prepared they are to take on a new role. Over time, gaps in skills and capabilities required to be successful emerge.

ROLE PREPARATION AND SKILLS



While in the first 3 months almost 80% of executives rated themselves as prepared to take on their new role, by month 10, this dropped to 40%. They start to feel the gaps in their leadership and higher-level business skills (which they hadn't anticipated or prepared for) very acutely.

“I'm frustrated in this role. It does not do anything for my development or advancement.”

In some cases, leaders come to realize that the new role is not going to satisfy their needs for career development and advancement.

There will always be times when extraordinary things are asked of extraordinary people to help the organization successfully meet its objectives. But consistently failing to align succession plans with an individual's needs and expectations can lead to disillusionment and departure.

How Organizations Can Improve and Accelerate Leadership Transitions

Many organizations have robust, effective processes for recruiting, selecting and onboarding external talent. The application of these proven procedures to *internal* placements should likewise enhance the success rate of these transitions and accelerate the performance of promoted executives. Our research highlights areas where organizations can focus to maximize the success of their internal transitions.

Before the Transition

Defining the role and context before a formal selection process occurs is critical for success:

- Develop a formal job description that defines critical skills and competencies so the selection criteria are clear to everyone. This includes defining unique cultural aspects of the role (e.g., geography, team dynamics, group culture, etc.) where interpersonal “fit” issues may be relevant.
- Generate a complete roster of potential candidates. Too often internal hiring decisions are made based on only one or two people without thoroughly vetting alternatives.
- Involve the hiring manager early. Without this person's initial input before the selection, and active support afterwards, the promoted executive's chances of being successful are significantly reduced.

Making the Decision

“I’m still trying to define the real expectations of my boss. They have never been fully communicated, or maybe I didn’t understand them.”

Just as with external selection, once the hiring criteria and the context have been defined, potential candidates can be screened and assessed against these standards in an objective way. The process should:

- Include a formal selection process that compares candidates against the success criteria for the role. This also provides the opportunity to test the readiness of the individual for advancement to the next level and to hone in on specific gaps that will form the foundation of a transition and development plan.
- Incorporate multiple interviews so the candidate can start to form an understanding of the role, boss and peer expectations, and anticipated challenges. In addition to ensuring there is fit on both sides, this will kick-start role clarity, an issue that plagues internal transfers.
- Ensure the hiring manager supports the decision. Forcing someone to accept a direct report not of their choosing is a recipe for disaster.
- Offer the job to the successful candidate in a non-threatening manner. Forcing people to make snap decisions about taking a role (and not being serious about it being optional) doesn’t help the organization or the leader.
- Anticipate integration challenges. Where is this person most likely to struggle? Engaging in this analysis early will help ensure the right support is offered immediately. This will help to accelerate the leader’s successful transition.
- Result in a clean break. Asking leaders to take on a new role while they are still filling their old one is an all-too-common scenario. Plan your transitions so these overlaps are minimized.

Post-Transition Support

“When I first started I underestimated the amount I had to learn and the scope of information I would need to stay on top of.”

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. Whereas external hires need more time to get up to speed on processes, culture and the business, internal hires have the challenge of overcoming reputation and re-contracting relationships. External hires probably step into the role with the skill set they will need to be successful and have impact early. Executives promoted from within usually have gaps in their skill set they will need to close. Providing the right kind of support to a new leader can make the difference between success and failure. Strategies to consider:

- Ensure the boss is engaged as a partner in the leader’s transition and ongoing success. This is the single best predictor of transition success.
- Identify key integration challenges for each person and customize your support initiatives. Ensure goals and expectations are formalized and documented.
- Share assessment feedback — key strengths and identified gaps. Use this as the foundation for a development plan targeted at rapidly closing gaps that are critical for success. A coach may be needed to accelerate learning.
- Monitor progress past the first 3 months. Internal transfers report struggling most in their new role well past the 6-month mark, and long after external hires seem to have settled into the routine. Areas to pay special attention to include role clarity, relationships and developmental progress.

In Summary

Successful leadership transitions are challenging whether an executive is hired into a new company or takes on a new role or set of responsibilities with an existing employer. Internal transitions have an added layer of subtlety and complexity that is lacking in external transitions. Our research suggests it is taking leaders moving into new roles inside their organizations *too long* to integrate. Five reasons seem to dominate:

- A coherent understanding of the role, how it interfaces with others in the organization, and the expectations of one's boss and others takes too long to resolve.
- The importance of re-contracting relationships, establishing influential alliances with peers, and reinforcing one's credibility with others in the new role is overlooked.
- Recognizing one's development gaps vis-à-vis operating at a new level of leadership occurs too late.
- Assumptions run rampant on all sides, interfering with open, candid dialogue and thereby decelerating the integration timeline.
- A new position is over-interpreted by the leader as an unqualified vote of confidence, leading to an unwarranted level of over-confidence and optimism. Problems and issues are dismissed too quickly and allowed to fester, leading to frustration, disillusionment and derailment.

"They assume I know the company because I came from within."

Organizations should apply the same methodical approach to managing their internal succession as they do their external recruitment and hiring. This research identified *Six Key Success Factors* — role clarity and alignment, re-contracting relationships, adapting to a sub-culture, early wins, accelerated learning, targeted development — that provide a road map for organizations to more effectively manage internal transition, get leaders up to speed more quickly, and reduce the likelihood of failure.

Methodology

In-depth interviews were conducted with 150 leaders from 59 different organizations located on 3 continents. Multiple levels and functions were represented, with 35% coming from the CEO/Executive Vice President/Senior Vice President ranks and 38% from the Vice President ranks. Sixty-nine percent of those surveyed were in a new role due to a promotion. Participants ranged from 1 day to 36 months in role. Thirty-one percent were female; no gender differences in the quantitative data were reported.

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About RHR International

We are 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 — Executive Selection and Integration, Accelerated Executive Effectiveness, Senior Team Effectiveness, Management Due Diligence and CEO Succession. 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. RHR International has offices in Belgium, Brazil, Canada, China, France, Germany, Italy, Switzerland, United Kingdom and United States. The company is headquartered in Chicago, Illinois.

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