

Four Strategies for New Executive Integration

BY ERIC BEAUDAN AND DR. TRACY COCIVERA



ODGERS BERNDTSON

Shortly after starting a new CFO role, preceded by an impeccable 20-year career in finance, Peter was gone. What happened?

Joining a new organization is like careening down a highway while still figuring out how the steering works. While scrambling to locate cruise control, you can suddenly find yourself driving on the opposite side of the road, making a wrong turn, or ending up in the ditch.

According to McKinsey and Company, between 27% and 46% of newly placed executives are seen as a failure or a disappointment within two years of joining an organization.¹

As you transition into a new executive role, you can learn from Peter's failure through strategic planning, building relationships, proactive decision-making, and understanding the value in your team.

Peter was the CFO of an \$1 billion technology firm with operations across three continents, and managing a team of 50 finance professionals. His professional background was impressive, including 15 years as VP, Finance at a high-growth technology business which had grown through an aggressive global M&A strategy. When he was recruited by a PE backed organization seeking a CFO to scale the business and underake an IPO, Peter leapt at the opportunity. Confident and excited, he moved quickly to re-organize her team and launch a finance transformation agenda.

Six months later, Peter's agenda ran into a wall, as did her trail-blazing career. He left the firm with a generous exit package, but with a bruised ego and sense of self-doubt.

WHAT HAPPENED?

- 1. Weak relationships** - Despite his genuine attempts, Peter failed to forge a close relationship with the CEO and his Chief Strategy Officer, who he underestimated.
- 2. Trust deficit** - He hardly spent time getting to know

his team, and instead became quickly frustrated by their shortcomings. He took on the critical reporting tasks He had previously handled as a VP Finance and became mired in minutiae.

- 3. Lack of communication** - He never expressed his doubts and challenges - either with the CHRO or an external coach - believing that would be seen as a weakness.

Peter's experience isn't unique. Adjusting to a new role, a new team, and demanding stakeholders can be a daunting challenge, even for an accomplished executive. Too often, we have found leaders like Peter are "underprepared for - and unsupported during - the transition to new roles." (McKinsey & Co., 2018)

McKinsey reported that a successful transition can lead to a 90% likelihood that teams will meet their three-year performance goals. By contrast, unsuccessful transitions can result in a 20% drop in employee engagement and a 15% dip in team performance.

SHIFTING GEARS TO LEAD EFFECTIVELY IN A NEW ROLE

We set out on a quest to interview CEOs and senior executives in the United States, Canada, the UK, and China to better uncover the biggest struggles executives face in a new role. We found that, in many cases, executives have learned to manage culture and organizational politics using instinctive or learned behaviors that may not carry over naturally to a new environment.

The odds of success for newly appointed executives have become even more lopsided during the pandemic, as many workplaces have shifted to remote and hybrid work environments. The CHRO of a large Canadian telecommunications firm noted that remote work has doubled the time it takes for new executives to find their groove.

Combine that with the alarming tendency for both leaders and companies to overestimate their ability to fast-track the success of new executives, their teams can wind up in utter chaos. Worse, it can have a broader impact on organizational performance.

¹ Source: "Successfully transitioning to new leadership roles", McKinsey & Company, May 23, 2018

FOUR STRATEGIES FOR NEW EXECUTIVE INTEGRATION

To help mitigate the risks of executive derailment in the early stages of executive integration, there are four strategies we recommend.

1. PLAN YOUR LANDING

You wouldn't send a spaceship to Mars without carefully surveying the landing zone and deciding how and where you will enter the planet's atmosphere. Likewise, before taking on a new role, a new executive should spend their precious upfront time observing and gathering as much data as possible about the business and its people. This data collection can start early during the recruitment and selection process.

"A change in your role creates an opportunity for a new learning cycle," explains Teh-han Chow, CEO for Greater China of Fonterra, a New-Zealand-based dairy cooperative. His advice to new executives is to "to take the time to understand the business and people and understand the image you project as a leader."

Here are some tips to accomplish this:

- **Do your Homework:** Seek out what you can about the organization's performance, future ambition, and strategic plans. But, more importantly, try to find out what competitors are saying and prepare a list of questions about how the strategy and values are reflected in everyday behaviors and decisions.
- **Connect the Dots:** Talk to current and former employees to find out what has made people successful. Ask the CHRO or HR business partner to share the organization's talent and succession plans.
- **Decode the Culture:** Ask for the latest employee engagement survey and dig into the key drivers of organization culture:
 - a. What *language* are people using to describe the organization's culture, accomplishments, and business challenges;
 - b. What *behaviors* are tolerated, encouraged, or rewarded; and
 - c. What *processes* does the organization value above others (these might become your part of your early wins or biggest source of frustration).

2. BE PROACTIVE IN BUILDING RELATIONSHIPS

However well-suited you might be for the role you've stepped into, be prepared for the ambiguity that comes with a new mandate and untested relationships. As Phil Donnelly, CHRO of UK-based Travelport told us, "Great executives are amazing at building networks. You need to build your franchise up, down and across. You need to make people want to work with you, spend time with you, and even like you!"

Building these critical relationships doesn't just happen accidentally – every new executive needs a plan to identify their stakeholders across the organization, in particular the less obvious ones whose names may not stick out on the org chart but whose opinion is often sought-after by those in charge.

Over-investing in relationships involves a disciplined approach:

- Rehearse your story and how you want to introduce yourself, why you're here and what you're hoping to learn in these initial interactions – how you first show up will make a lasting impression
- Keep track of any promises you make, information you're missing, and your observations about each person you meet
- Write a fundamental question that shows you mean business. My favorite is by General McChrystal, the former commander of allied forces in Iraq. In his first month on the job, he asked soldiers the same question: "If you couldn't go home until this war is won, what should we do differently?"

3. DON'T WAIT FOR DIRECTION

Most executives are brought into new roles to create meaningful change. And, usually, they're greeted by a mountain of problems – some of which are in the open and others hidden from view – that they need to tackle. Deciding which issues to tackle first and making a visible impact on the business is a critical early test of executive integration.

That test is doubly difficult for executives who have been promoted from an operational role and are eager to create a “to do” list rather than take in the big picture. “As an executive, you don't need to play an instrument anymore,” offers Travelport's Donnelly. “You're the conductor and your job is to make sure each section lead knows the music.” The most tricky part is giving up the temptation to work harder on operational challenges – something VPs are often good at doing – and learning to slow down. “The CEO is often too busy to give you clear direction,” Donnelly adds. “As an executive it's your job to work out your strategic vision and decide what you should be working on.”

As such, it's not always wise to play the passive observer for the first 100 days or wait six months before laying out a change plan and making changes.

Susan Doniz, who took on the CIO role at Boeing during the Covid pandemic, has a practical roadmap for new executives: “In the first 30 days, develop your relationships and form a hypothesis. After 30 days, pick the lowest hanging fruit and fix it – fast.” She feels that the window to add value to the organization, executive team and the CEO begins to close after the first 60 days.

4. MAKE YOUR TEAM YOUR TEAM

The number one regret voiced by most executives is that they wish they acted more quickly to make changes to their team. While you can't be rash, “You need to sort out your team and the operating model that you want,” says Anna Filipopoulos, CHRO at luxury chain Four Seasons Hotels and Resorts. “You should decide which people you want in what roles, and make it happen relatively quickly.”

Making tough people decisions comes with the territory of taking on a new executive role. One CFO we interviewed acknowledged that “letting people go isn't an easy thing to do,” and pushed off making a call on a few key individuals. “I let it linger, and it had a negative impact on my first year's performance,” he reflected.

Most new executives need to set a hard one-year limit on getting their team in place. This removes doubt among their team and with their stakeholders. This also avoids the “drip down” effect of making waves of changes, which can create paranoia.

Tips to accelerate your people decisions as a new executive include:

- Quickly sense who is “on the bus” and who is not – trust your instincts
- Ask for stakeholder and peer input, and insist on candor
- Don't aim for perfection in the first 60 - 100 days – seek to improve what you have
- Give yourself a target date for when to have your team in place

YOU MATTER TOO

Making it through the critical first year of an executive transition requires grit, leadership savvy and the ability to forget what made you successful in the past. As coaching guru Marshall Goldsmith famously wrote, “What got you here won’t get you there”.

Making a successful transition requires taking a hard look at the leader you are, and the capabilities you need to develop to expand your leadership and succeed in your new role. Transitions can be a test of resilience, especially when you’re promoted internally.

Kimmey Huang, COO at Chinese retail service firm Lily & Beauty, recalls the journey she went through when she transitioned from CFO to COO. “People have a built-up image on you, and you need to make them believe you can make changes,” she says. It took Huang a few months to get people to see her differently once she optimized operations.

“Initially people challenged me and thought all I knew were numbers because of my CFO background,” Huang adds. “I had to change the conversation, make them uncomfortable, and challenge them to think differently.” Eventually Huang won over the CEO and shareholders and was given more scope to lead Lily & Beauty’s transformation.

While executive transitions may initially seem like a straightforward proposition, overcoming the four hurdles we identified takes focused work and a high dose of self-awareness. As you walk into your new executive role, be ready to press reset on your leadership!

Are you new to an executive role, or beginning a leadership role at a new organization? Registration is now open for the Rotman-Odgers Berndtson New Leader Integration program, designed to equip new executives with skills to navigate the challenging transition and complex environment of their role for a lasting impact. You can learn more and register for the program [here](#).





ODGERS BERNDTSON

odgersberndtson.com