

Take your investment in new executives one step further

Norah Breekveldt discusses the numbers that may scare you – the high rate of failure in appointing leaders.



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Businesses invest heavily in attracting and hiring the best executives the market has to offer. However, despite the best recruitment or search processes, success is by no means guaranteed and many new hires don't make it – in fact around 40 per cent of new hires derail in the first 18 months – that is, they are demoted, are fired, resigned or failed to be as successful as expected. Can you imagine a business installing some new technology or investing in a piece of highly complex equipment and accepting a 40 per cent failure rate? Yet many organisations seem to accept this poor track record with its leadership asset.

Some of the common reasons why new executives fail to meet expectations include:

- They become swamped in operational problems or fire-fighting at the expense of focusing on longer term strategic, business development or leadership priorities
- They underestimate the challenge of coming in as an outsider and over-rely on their previous successes to gain acceptance
- They fail to engage their team or effectively turn around disgruntled staff
- They lack understanding about the informal power bases and decision-making processes in the new partnership
- They apply strategies that were successful with a previous employer, but fail to gain traction in the new organisation
- They are unable to adapt to the new culture, different decision-making processes and distinctive leadership styles of individuals in the new business
- They become captive to the views of the loudest voices. As a result they don't build the right foundations, fail to listen to the right people and so get limited traction.

When leaders derail their problems can almost always be traced to complex chains of events that developed early in their appointment. The issue is not simply one of poor internal induction or on-boarding strategies in the first

few weeks. Careers still get derailed even with the best early induction plans. Derailment emerges typically over a six to twelve month period as forces conspire against the leader and the impacts of misjudgements or poor decisions start being realised.

The consequences of these failures can be catastrophic for the individual and costly for the firm. Replacing a

top executive costs conservatively five times the previous incumbent's total cash component. There is also a serious waste of talent in the firm, the firm wastes costs in fixing bungled matters and it must deal with the implications of highly valued staff leaving the organisation as a result of poor leadership behaviour.

SO WHAT TO DO?

Firms can substantially increase the effectiveness of new leaders and minimise the risk of derailment by equipping them with resources and support that maximises their integration.

Investment in the integration of lateral hires is a priority for the leadership agenda of any firm. Smart and successful executives need sound advice and a confidential sounding board to ensure they not only meet expectations, but excel in everything they do. Just like an elite athlete who works with a sports coach to develop their capabilities further, the best leadership talent needs personalised, tailored, objective advice to ensure they increase their bench strength around their core capabilities, work around blind spots and recognise potential blunders or missteps that can stall or derail their career.

Many leading companies are now recognising that investing in in-depth on-boarding support in the first three to six months of a new hire's appointment as a standard part of their selection approach creates business value, protects their leadership asset and minimises people investment risks. New hires who have been provided with proactive support accelerate their learning curve and become fully productive in a shorter period of time, can quickly engage their teams to deliver exceptional performance, and build effective influencing skills with key peers, customers and stakeholders. They are also able to retain high value internal staff who may be at risk of leaving, and minimise the risk of destroying team performance through poor team leadership and having a shallow succession plan for future leadership roles.

CONCLUSION

All new leaders require a proactive and supportive approach to their integration in order to succeed and excel. Leading firms recognise that investing in proactive support minimises the risk of outright failure, stems the potential loss of key staff and clients due to missteps that could have been avoided and ensures the new leader becomes productive and flourishes in the shortest possible time. **BF**

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¹Executive Integration, Equipping Transitional Leaders for Success, D. Riddle, Centre for Creative Leadership (CCL)

²Watkins, M., *The First 90 Days*, Harvard Business School Press, 2003, p. 1

³Top Grading, Brad Smart

