EXECUTIVE ONBOARDING

ONBOARDING TOOL FOR HIGH PERFORMING EXECUTIVES

2nd. Edition

Henrik Brabrand

EXECUTIVE ONBOARDING

ONBOARDING TOOL FOR HIGH PERFORMING EXECUTIVES

By

Henrik Brabrand

CEO, Albright Life Sciences A/S

2nd Edition 2017

1st Edition 2015

ISBN: 978-0-9907230-3-5

Index

PREFACE

The actions undertaken by executives during their first three months in a new job will largely determine whether they succeed or fail in the long run.

In the United States, every year, more than 25% of the working population experience career transitions.[1] Unfortunately, a large proportion of these transitions are unsuccessful mainly due to ineffective onboarding processes. In fact, when it comes to leaders, research indicates that 40% of hired senior executives either fail to achieve the desired results, quit or are pushed out of the organization within 18 months.[2] Based on thousands of hires in Denmark and Europe, it is our experience that a lack of structured support to newly externally hired executives from their new employer during the onboarding phase, combined with these executives not performing the necessary in-depth due diligence prior to signing the employment contract, is among the key contributors for executives failing to transition into new roles.

When it comes to transitioning internally hired executives to their next career level, the tendency is similar. In fact, research indicates that nearly 40% of internal job moves made by people identified by their companies as "high-potential" end in failure.[3] For one reason, indicated by research, is that inflated appraisal systems for the identification of future leaders have caused up to

[1] Rollag, K., Parise, & Cross, R. (2005). *Getting new hires up to speed quickly*, MIT Sloan Management Review, 46, pp. 35-41.
[2] Masters, B. (2009). *Rise of a headhunter*.
[3] Martin, J., & Smith, C. (2010). *How to keep your top talent*. Harvard Business Review.

90% of executives believing they are among the top 10% in their organization.[4] Another explanation can be found in the level of internal onboarding support offered to the transitioning executives, which is often non-existent, poor or unstructured.

A survey (2014) performed among 1350 HR executives by IMD Business School revealed that 87% agreed that transitioning into significant new roles is the most challenging task any manager can face.[5] In fact, 70% agreed that success or failure during the first six months is a strong predictor of long-term success or failure in new positions.

This book is organized into five parts. The chapters are arranged to provide the reader with a logical path to understanding how to successfully onboard a new position.

PART I is a presentation and discussion of the concept *executive onboarding,* which provides a description of the four building blocks associated with a formal executive onboarding program.

PART II is a presentation and discussion of the concept *external executive onboarding*, which provides a description of the various phases associated with an executive onboarding to an entirely new company and perhaps an entirely new position.

PART III is a presentation and discussion of the concept *internal executive onboarding*, which provides a description of the various career steps associated with an executive onboarding to the next

[4] Peters, J., & Sevy, B. (2009). *The high cost of misidentifying high-potential leaders*. Chicago, IL: Korn Ferry Institute.
[5] Watkins, M. (2014). *Hit the ground running: Transitioning to new leadership roles*. MIT International Institute for Management Development, Insights & IMD, 33, p. 1.

career level within an existing company.

PART IV covers how to *measure and stimulate high performance*. As a manager, it is crucial to have the best intelligence platform available in order to know whether a potential or existing executive is a high performer, average performer or low performer. In this section, we will pursue finding an optimal combination of tools and measures to best help predict high performance of executives moving into a new role in a new company or to the next career level in their existing company.

PART V contains some *final thoughts* on the subject of executive onboarding.

PART I

EXECUTIVE ONBOARDING

1.0 EXECUTIVE ONBOARDING

Following a successful recruitment and selection process, one of the most powerful ways for organizations to improve the effectiveness of their executive talent management platform is through the strategic use of onboarding. Executive onboarding refers to acquiring, assimilating and accelerating executives into a new role within a new or existing company. Early and effective onboarding is a profitable venture. In a survey of *Chairman of The Boards* in the 100 largest companies in Denmark, it was found that it takes approximately three to six months before the average top manager obtains decision-making competency and knows his/her organization well enough to add value.[6]

At Albright Life Sciences A/S, we find that by assisting newly appointed leaders during their executive onboarding process, they become significantly better equipped to navigate the areas most critical to their success, while reducing the risks of terminations and costly replacements.

Although companies cannot afford to have under-performing newly appointed executives, we often see that many companies leave their transitioning leaders to sink or swim. After having invested substantial time and resources into finding the right candidate, companies seem to turn their attention away from formally supporting this candidate transitioning successfully into their new role. Overshadowed by quantitative KPI's such as the length of the hiring process, the cost of hiring, and post-entry financial deliveries, companies seem to overlook setting

[6] Gjerrild, T. (2013). *Limbo*. - Gør den nye topleder klar fra dag 1, Gyldendal Business, 1st (ed.). p. 8.

qualitative KPI’s on how to best accelerate the transitioning

process of the candidate into his/her new role. Another challenge facing most executives as they move up the corporate hierarchy is that they often find it difficult to get help from their manager during the onboarding phase and even more difficult to get candid feedback on their performance.

When hiring a new executive, the primary objective of any company should be ensuring that the executive obtains the capability to take the lead and deliver added value in his/her new role within the shortest possible timeframe. However, an executive will not be able to deliver benefit, nor undertake independent leadership, until he/she has reached the necessary level of decision-making competency. Therefore, in order for the executive to become competent in decision-making, he/she must have acquired the necessary insights, knowledge and relationships to make informed and value-adding decisions. In addition, the ambition of the company and the executive should be to narrow the time gap between the new executive contributing as much value to their company as they have consumed from it.

So, how can companies prevent newly hired executives from failing in their new positions? The answer is *executive onboarding* – a concept designed to accelerate the transition of executives into their new roles and to improve the foundation for their short-, medium-, and long-term success. Start preparing yourself for the next call from a recruiter or a company, because your transition begins the moment you learn that you are being considered for a new job and does not end before your first 90 days in the position have passed. By that time – preferably before – all your key stakeholders, including your manager, will expect you to be decision-making competent and adding value.

1.1 Executive Onboarding – Internal and External

Executive onboarding is as much about transitioning newly hired external executives into an organization (i.e. external onboarding), as it is about transitioning existing executives from one role and/or leadership level to the next (i.e. internal onboarding).

In the article "Onboarding New Employees: Maximizing Success," Talya Bauer claims that one of the first things companies should consider is whether their firm is best served by formal or informal onboarding. [7]

Informal executive onboarding encompasses the process where an employee is enrolled in his/her new job without an explicit onboarding plan.

Formal executive onboarding encompasses a written set of defined, tested and coordinated policies and procedures that assist an employee in adjusting to his/her new job.

Research indicates that companies executing formal executive onboarding by implementing step-by-step programs for employees in new roles and providing a fixed sequence of activities timed carefully and supported by organizational role

[7] Bauer, T. N. (2011). *Onboarding new employees: Maximizing success*. Alexandria, VA: Society for Human Resources Management Foundation.

models, are more effective than those that do not. [8] These companies are commonly known as HPO's – high performance organizations.

1.1.1 Onboarding High Performance Organizations (HPO's)

The rapid changes in the competitive environment of companies today require them to become increasingly nimble and flexible – and transform into HPO's. An analysis of 91 different studies into high performance organisations (de Waal, 2012) revealed not just a few, but a range of different characteristics in reference to organizational design, structure, processes, technology, leadership, people, culture and the external environment affecting an organization's ability to become an HPO.

Based on research conducted by the Institute of Corporate Productivity (www.i4cp.com), we have identified five key characteristics that separate higher-performing organizations from their lower-performing counterparts:

1. **Strategies** – the strategies of HPO's are clear and well thought through; they are also more consistent and organization-wide performance measures match the organization's strategy. The publically announced, and thus legitimized, strategy is also the same strategy that is executed. Finally, HPOs are consistent in both their internal and external communication of the strategy.

[8] Bauer, T. N., Bodner, T., Erdogan, B., Truxillo, D. M., & Tucker, J. S. (2001). Newcomer adjustment during organizational socialization: A meta-analytic review of antecedents, outcomes and methods. *Journal of Applied Psychology*, 92, 707-721.

2. Leadership – the leadership of HPO's work structured and systematically with onboarding executives as well as their talent platform – and are not afraid of differentiating between high, average and low performers. Leaders in HPO's are more likely to promote the best people for any given job, clearly communicate expectations and support an open and learning work environment. HPO's recognize that there are four layers of high performance: leader, employee, team and organization, and that each layer must be addressed separately and interdependently (see Figure 1).

Figure 1: Layers of High Performance

Finally, leaders in HPO's are seen as focal in the development of a company with a key role in creating a sense of belief among employees and teams recognizing that their behaviours affect the organization as a whole.

3. **Processes and Structures** – the entire organization is structured around an outside-in rather than inside-out perspective. They continually preach to their employees, to ensure that their business decisions and priorities are structured around the critical path of the company. The organization's performance measures are clearly defined, and structured training programs – including onboarding programs - are supplied to employees to build skill and competencies. Finally, these organizations often are digitally savvy, data-driven, holistically oriented and continuously look to build sustainable competitive advantages.

4. **Culture** – the culture of HPO's emphasizes a readiness to meet new challenges and shared values keep the organization together. The culture is employee-focused, highly communicative, change-oriented and development driven. Finally, the culture and strategy is well aligned and the culture implicitly promotes the best man/woman for the job.

5. **Market Focus** – HPOs have a strong customer and market focus. In fact, they accurately target the long-term needs of their customers and use customer insights as a key factor in developing new products and services. They also are clearly branded and positioned and have developed superior value propositions. Finally, they tend to exceed customer expectations and know their competitors like the back of their pocket.

HPO's generally outperform their competitors simply by making a better strategic use of their resources – including hiring and promoting high performing executives. They employ superior strategic performance management by setting clear goals and measuring progress towards goal achievement. Finally, the leaders, employees, teams and organizations channel their efforts to customer-focused goals and continually adapt the organization to market needs and opportunities.

Research indicates that companies – and HPO's in particular - employing effective onboarding processes containing structured building blocks enjoy improved retention rates (52%), time to productivity (60%) and overall customer satisfaction (53%). Additionally, formal executive structured onboarding programs seem to deliver increased organizational commitment, including improved job satisfaction, lower job turnover, higher performance levels and lowered stress levels, combined with reduced failure rates among transitioning executives. [9]

A formal executive onboarding program consists of four building blocks (i.e. the so-called four C's) as introduced by Talya Bauer:

Compliance includes teaching – especially externally hired employees – basic policies and legal regulations under which the role must operate.

Clarification encompasses the process of ensuring that employees are equipped to understand their new roles, mandate and responsibilities and all related expectations.

Culture encompasses providing employees with an understanding of the *values, norms*, *artifacts* (symbols,

[9] Bauer, T. N.: "Onboarding new employees: Maximizing success. Alexandria, VA: Society of Human Resources Management Foundation.

ceremonies, rites, stories and rituals), and *basic assumptions* (deeply held beliefs that guide behavior) residing in the organization.

Connection encompasses a formal introduction to key stakeholders in and outside an organization (e.g. employees, customers, investors, owners, communities, creditors, suppliers, unions and government).

PART II

EXTERNAL EXECUTIVE ONBOARDING

2. EXTERNAL EXECUTIVE ONBOARDING

The moment you learn that you are in the loop for a new job your onboarding process starts. Not until you are 90 days (or more) into your role does your onboarding or transitioning into the new job and organization end. At this point, all your stakeholders expect you to be decision-making competent and a net contributor to the company. In external executive onboarding, three classical and sequential phases exist (see Figure 2):

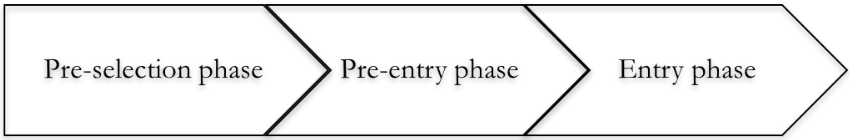


Figure 2: The three phases of external executive onboarding

1. The pre-selection phase or *romancing phase* is where the principal (i.e. the future leader of the onboarding candidate) and the onboarding executive each individually, and sometimes in close collaboration, evaluate the inherent risks and opportunities in transitioning the candidate into the new position. This phase commences when the initial dialog between the involved parties (principal/company/recruiter and candidate) has taken place and ends when a formal agreement between them has been made.

2. The pre-entry phase or *engagement phase* is where the candidate – often in close collaboration with the principal – is preparing himself/herself for the new role by building insights, developing a 90-days transition plan and taking

actions with the objective of making the candidate decision-making competent as soon as possible upon entering the new role. This phase commences when a formal agreement has been made/settled and ends when the candidate starts his/her new role.

3. The entry phase or *marriage phase* is where the candidate – in close alignment with the principal/company – is executing on the abovementioned 90-day transition plan. This phase commences when the candidate starts his/her new role and ends when the first 90 days have passed.

Essentially, structured executive onboarding is designed to accelerate the effective transition of leaders into a new position/role with the primary benefit of this being:

1. Narrowing the *time to performance* and, thus, the timeframe it takes to make the candidate decision-making competent in the new role. Research indicates that for each month that passes before a leader is decision-making competent in his/her new role, costs could be as high as $450,000-750,000 per month.[10]
2. Limiting the likelihood of derailment and improving the *probability of success* of the candidate in his/her new role.
3. Contributing to *talent retention* and *succession planning* by also providing existing and upcoming executives access to a supportive environment designed to deliver on personal and organizational aspirations. With expected talent shortages in the internal and external leadership pipeline,

[10] Gjerrild, T. (2013). *Limbo* – Gør den nye topleder klar fra dag 1. *Gyldendal Business, 1*(1), 8.

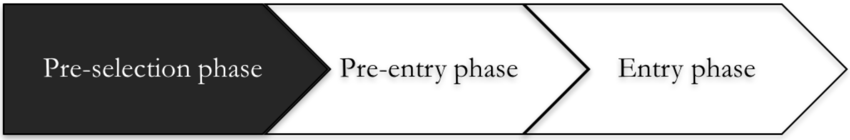
companies are required to develop their employer brand and, thus, the attractiveness of undertaking and successfully transitioning into a leadership role in their company.

4. *Mitigating risks* for the company.
5. Contributing to accelerating *organizational change.*

When it comes to managing organizational change, most companies have developed formal change processes and appointed change agents to carry out transformation initiatives. They employ a structured approach with clearly defined sequential and parallel steps, from creating a sense of urgency around a big opportunity shared by a coalition of supporters, to forming the strategic vision and initiatives while gaining broader organization-wide support, removing barriers and generating short-term wins. Ultimately, systems and processes are put in place to ensure the necessary platform for institutionalizing the change and for making sure that change initiatives do not lose steam. Onboarding executives call for comparative systematic methods as they entail a change/transitioning process for the newly hired executive and for the organization needing to cope with this new leader.

In this context, it is imperative to stress that effective leadership transitions are key to organizational development and, therefore, should be managed accordingly.

2.1 The Pre-selection Phase/*Romancing Phase*



The pre-selection phase – or *romancing phase* – covers the period from when the first dialog between the executive and the principal/company/recruiter has commenced, until a formal agreement between the executive and the company has been made.

In this phase, the inherent risks and opportunities related to transitioning into the new position must be covered. In our experience, the failure rate of executives can be significantly reduced if the due diligence process undertaken by all parties – not least by the executive – is done in the same meticulous manner as one would expect to undertake when deciding for a substantial high-risk investment. Particularly, the executive is likely to become extremely vulnerable if he/she has been part of a failed/unsuccessful recruitment since, for the remainder of his/her professional life, the executive will need to explain and answer to the reasons, premises and details that prompted the failed recruitment.

As a recruiter, we often see particularly male candidates moving into a "hunters' mode" much too soon once the first genuine interest from the candidate and recruiter has been sparked. While it can be compared to the image of a hunter tracking his prey and being within shooting range, such a scenario should be handled with great care since a wrong step may potentially scare off the prey or lead to a premature shot. It is at this juncture that the hunter must make his detailed assessment – his due diligence – and not get carried away and take the first shot possible. Rather than risking taking a shot that may end up only wounding the animal, the hunter must keep calm, and assess the terrain, distance, conditions and suitability before deciding to take or not take a shot. Keeping one's cool in the midst of the excitement is critical, as a candidate's chance of a successful onboarding is based on thorough due diligence.

Due diligence is an exercise in collecting and analyzing information from multiple sources, followed by a proper assessment and validation of the risks and opportunities associated with a business decision. It is crucial that a candidate complete his/her due diligence before entering the *engagement phase*. Postponing this exercise or simply ignoring it altogether can have a detrimental effect on the candidate's potential for success in the new role and potentially even later in their career.

The key to performing a proper due diligence process is based on the ability to separate manageable risk from set-for-failure risk while identifying opportunities that may present new growth platforms. A candidate's ability to succeed in a new role rests on his/her ability to sense and seize relevant opportunities while possessing the necessary authority and resources to resolve or mitigate the identified risks.

When entering the due diligence process, the following steps can be employed:

1. Defining the *objective* of the due diligence (i.e. what areas are relevant to uncover [organizational, role or personal]

and what are the criteria for success with the due diligence);

2. Defining *what kind of information* is to be collected in order to achieve the objective;
3. Identifying potential *sources of information*:
    - contacts from network (or network's network)
    - industry specialists
    - former (and current) employees of the new company
    - customers
    - collaborators (e.g. suppliers, government/regulatory contacts).
    - competitors; and
4. Gathering, prioritizing and *analyzing the information*.

Inspired by Bradt et al. in their book, *The New Leaders 100-Day Action Plan*,[11] the risks and opportunities related to the transition are now addressed – here classified into three categories:

1. organizational risks and opportunities;
2. role risks and opportunities; and
3. personal risks and opportunities.

[11] Bradt, G. B., Check, J. A., & Pedraza, J. E. (2011). The new leader's 100-day action plan (3rd ed.). Hoboken, NJ: Wiley.

2.1.1 Organizational Risks and Opportunities

Often, companies are not true representations of what is publically portrayed to the outside world. In fact, many companies lack the ability or will to enact their defined vision, mission and values, often leaving executives who have not performed the necessary in-depth due diligence both frustrated and disappointed once they discover their actually enacted vision, mission and values. Unfortunately, the very same executives, when caught up in the everyday hectic life in a new role, tend to forget to adequately communicate the vision, mission and values to the organization and to help their own management team do it to their employees.

Therefore, a candidate should consider the following elements in relation to organizational risks and opportunities during the pre-selection/romancing phase.

Performing a risks and opportunities assessment of the 7 Cs:

- *Customers*: risks, opportunities and relationships in relation to the customer base (e.g. key customers [80/20 rule], distributors, dealers, end-users, consumers and key opinion leaders);
- *Collaborators*: risks, opportunities and relationships in relation to key collaborators (e.g. industry organizations, suppliers, allies and government/regulators/community stakeholders);
- *Competitors*: risks, opportunities and relationships in relation to the competitor base, including their bargaining power and competitiveness;

- Industry competitors (intensity of competitive rivalry);
- Suppliers (bargaining power of suppliers);
- Buyers (bargaining power of the customer base);
- New entrants (threat of entrance of new competitors);
- Substitutes (threat of substitute products, services or channels);

Looking inward to the onboarding organization, the candidate should ask the question: What is the level of *sustainable competitive advantages* offered by the company?

- *Capabilities*: risks and opportunities in relation to the capability base (e.g. professional and leadership competencies within the organization, structures, systems, processes, financial, technical and level of brand equity);
- *Conditions*: risks, opportunities in relation to the macro environment (e.g. political/government/regulatory, socio-demographic, economic, and technological);
- *Capital*: risks and opportunities in relation to the financial situation and prospects of the company. How solid is the investor base? What is the debt/equity ratio? How skilled is the company at generating earnings before interest tax depreciation and appreciation (EBITDA)?

For many years, we have had the pleasure of working with a leading medical device company producing high-quality diagnostic products for pathologists and microbiologists around the globe. While the products and facilities are state of the art, the organization has faced numerous capability and conditions issues due to a warning letter received from the Food and Drug Administration in the USA. The warning letter threatened to close down production due to a number of quality-related issues. Many other companies in the diagnostics, pharma and medical device industries over recent years have also received warning letters. However, in this particular case the company decided not just to fix what was broken but to lift the professional competency level and quality management system of the entire company to a whole new level. This entailed the hiring of 110-130 external consultants for a period of approximately two years and a doubling of the permanent QA organization from 20 to 40 people. Not surprisingly, this move resulted in stretching the existing organization, including managers and employees, to the maximum, as they were now also expected to spend time supporting their new colleagues. As a result, several key employees and managers left the organization and soon the company was lacking essential professional and leadership competencies while current systems, processes and structures were being revised or changed and changed again. When recruiting new candidates in this context, we sought to establish a common understanding with HR and line management to put increased focus on the onboarding process to better support both existing employees and new candidates in their transition into new roles. Additionally, we strived to give new candidates a picture of the challenges they would face when entering this somewhat stretched organization that was as realistic as possible.

Despite this, some candidates were still taken aback by the actual situation and challenges that faced them upon starting their new role. Consequently, we urged new candidates to perform extended organizational, role and personal risks and opportunities assessments, while challenging us recruiters, and their potential future leaders, on their findings. The outcome of the new initiatives was better informed – and eventually more satisfied – candidates and a more stable organization.

2.1.1.1 Don't Be Misguided by the Formal Organizational Structure

For over a hundred years, and to this very day, the formal organizational structure has been the guiding factor in corporate change processes.

Today, existing and newly hired senior executives are expected to lead or sponsor numerous change processes every year. 9 out of 10 times, the executive will take a close look at his/her formal organizational structure and often let this be the principal guiding factor of who to bring on to the Change Process Core Team, who to appoint Change Ambassadors etc. In reality, the formal organization should be the last place to look for guidance.

Rather, the organization networks, interpersonal relations and connectivity hold the key to accelerated and successful change.[12]

[12] Hansgaard, J. V., Dragon, L., Speairs, K. (2016): "PCCA hits a homerun with its culture"

> When it comes to internal change programs, you need to engage 30 percent of the workplace fast to achieve sustainable change[13] and the key to any successful and accelerated change program is based on in-depth understanding of the informal organizational networks. In fact, case studies indicate that if you can identify the right three percent of the employees, then you can reach 85 – 90% of the informal organizational networks.[14] In essence, it is the ability to identify and activate the right three percent that will make the difference between success and failure in a change process.

At Albright Life Sciences A/S in Copenhagen, we have found that more than 80% of our placed senior executives will have initiated a change process before the end of their first 90 days in the job. So, after 90 days how well do the newly hired senior executives know their organization and who to appoint key drivers of their change process? The answer is: They haven't got a clue. Consequently, they resort to the formal organizational structure and the superficial insights they have gained from 90 days of interaction with small parts of the organization as their knowledge platform. Perhaps this is why more than 40% of senior executives either fail to achieve the desired results, quit or are pushed out of the organization within 18 months.[15]

---

13 Hansgaard, J.V. (2015): "The Ketchup Effect sets in at 30 percent".
14 Hansgaard, J. V., Dragon, L., Speairs, K. (2016): "PCCA hits a homerun with its culture"

15 Masters, B. (2009). Rise of a headhunter.

As a result, when performing CXO searches, we recommend the hiring board or leadership team to conduct organizational network analyses as a valuable insights and onboarding tool for both the new candidate and the board/leadership team with the purpose of identifying and later activating the "connectors", "brokers" and "key influencers" that embody the "valuable three percent" – namely the people that will be the defining factor in delivering fast and sustainable change.

The *key influencers* are employees that are nominated as both sympathetic and competent by their peers. As a group the key influencers is the group of employees that has the biggest reach in the organization through the fewest number of people.

What to know about *key influencers*:

- Key influencers drive perception in your organization – both positive and negative.
- Hence, key influencers must embrace the change, or the change is doomed to failure.

The *brokers* are crucial for fostering cross-functional work. They act as a bridge between two or more subgroups in the organization.

What to know about *brokers:*

- Brokers can have both a positive and negative impact: they can catalyze information sharing and collaboration, but also be bottlenecks that prevent it.

- Brokers can become gatekeepers and slow down agility, if they are sitting in managerial roles and they are the only ones broking between certain subgroups.

The *connectors* are crucial for the collaboration within one subgroup. They know who can provide critical information or expertise that the colleagues benefit from in their daily work.

What to know about *connectors:*

- Connectors have the most collaborative relationships within one subgroup.

- Connectors are well-known within their own subgroup, and often carry "expert" roles.

2.1.1.2 The Power of Management Lies Within its Connections

As businesses are continuously being challenged by waves of technological and market disruptive trends, senior managers today are required to perform accelerated decision making in order to stay ahead. The classical hierarchical and matrix organizational structures however, tend to fall short of these new trends and thus they are un-supporting of the challenges facing senior managers. Trying to adapt a hierarchical/matrix organizational structure to the current state of affairs simply does no longer suffice.

Today, more and more progressive companies are establishing and employing small, autonomous business units – also known as POD's – empowered to deliver value-creating activities to the customer largely self-directed and independent of the broader organization. Danske Bank's Mobile Life is a prime example.

The concept of *self-directed teams* is often wrongly associated with relevance only for "creative companies". In fact, it could not be further from the truth. Any company operating within complex, uncertain and/or dynamic competitive environments could benefit from applying a "POD-approach" in their organization.

When we talk to senior executives in our network, the typical response when being asked how they tackle low performing employees is; increased control. A similar approach is found in most organizations dealing with a huge degree of uncertainty and complexity. At Albright Life Sciences A/S in Copenhagen, we have experienced that in an increasingly connected world of business and consumers, the power of management lies in its connections rather than in its control. In fact, we believe that the future will bring a dramatic change towards network-based, *PODular* structures where the primary role of leaders will be architects of social systems and processes.

Essentially, the future will require leaders who have demonstrated excellence in connecting the right people, ideas and expertise…and in this world, rank-based authority is trumped by values, integrity and credibility. Onboarding executives are advised to re-calibrate organizational structural thinking and consider solutions and models - e.g. PODular structures - that are well-connected and in coherence with current and future scenarios, as this is likely to become the sole sustainable competitive parameter in the world of tomorrow.

ORGANIZATIONAL RISKS AND OPPORTUNITIES CHECKLIST

List the risks and opportunities associated with the 6 Cs:

customers,

collaborators,

capabilities,

competitors,

conditions, and

capital.

What are the risks associated with the company's customer base?

____

____

____

____

What are the opportunities associated with the company's customer base?

____

____

____

____

What are the risks associated with the company's collaborator base?

____

____

____

What are the opportunities associated with the company's collaborator base?

What are the risks associated with the company's capability base?

What are the opportunities associated with the company's capability base?

What are the risks associated with the company's competitor base?

What are the opportunities associated with the company's competitor base?

What are the risks associated with the company's conditions base?

What are the opportunities associated with the company's conditions base?

What are the risks associated with the company's capital base?

What are the opportunities associated with the company's capital base?

2.1.2 Role Risks and Opportunities

A new role in a new or existing company often entails visible and less visible risks and opportunities. In the early 2000s – as part of Group Management in a 100M USD life sciences company – I took part in a leveraged management buy-out with a private equity fund as the majority shareholder. Prior to executing the deal, I spent hours on end in data rooms together with my Group Management colleagues being vetted by numerous consultants with different specialties as part of the due diligence process. Caught up in the excitement of becoming a sweet equity shareholder, I only spent a moderate amount of time and energy on making my own due diligence particularly in relation to the future investors/stakeholder base and governing structure, as I was clearly focused on the role opportunities rather than the risks. Questions I should have asked included among others: Who are the key influencing stakeholders (e.g. board members, banks, private equity staff)? To what kind of board would the management team – including me – need to report? Would I have a clear mandate in my new role in the new company set-up? How would resources be allocated the various functional and business areas of the company? As it showed, the board would consist of people with absolutely no previous experience within the life sciences industry, making it difficult to perform genuine sparring dialogs. Additionally, the mandate and resources in relation to my role and the roles of several others were unclear and insufficiently negotiated.

In many aspects, moving into a private equity ownership structure also offered a lot of opportunities and newfound insights. First and foremost, it professionalized the financial tools employed by group management (e.g. it significantly enhanced our focus on improving the working capital and cash flow base [improving creditor conditions, debtor conditions, stock turnover, lead time and other areas]). Nonetheless, numerous unaddressed concerns should have entered my due diligence of the role, including ensuring a better understanding of how to navigate among the many new stakeholders in a completely new corporate structure.

Questions that you should ask yourself in relation to role risks and opportunities in the pre-selection/romancing phase:

- Does anyone have *concerns* about the position?
- Why does the *position exist*?
- What type of *business situation* does it entail? Will the role encompass a start-up, turnaround, realignment or sustaining success focus?
- What is your *decision-making authority* and does it carry clear responsibilities (including direct/indirect reports) and a clear mandate?
- What are you expected to *deliver* and when? Is there enough clarity around the new role?
- Have sufficient *resources* been allocated to the role in order to succeed?
- What does the *profile* of your immediate superior look like and how well does it match with your own profile?
- Which *stakeholders are on board* with your new role, which are not and why? Is there a sufficient level of

support from your team or your manager?

Stakeholder Management
Stakeholder management plays an integral part in a new executive's ability to be successful. Knowing who is onboard and who is not on board with your new role, and why, are crucial to securing an effective onboarding process. In fact, a disgruntled stakeholder can easily use their influence to derail your onboarding. Adversely, it is essential to acknowledge that well-managed stakeholders can be invaluable assets, clearing organizational roadblocks and perhaps even advocating your new role. We often see that successful leaders possess a multidimensional skill allowing them to see a project or problem in a larger context and through the eyes of the stakeholders. Stakeholders include employees, customers, investors, owners, communities, creditors, suppliers, unions and government and they play a key role as (e.g. sponsors, advocates, and interested parties).

In essence, you should ensure that the key stakeholders are:

1. *Appropriately identified* – if possible, you should draw up a list of people/organizations that possess the ability to impact you, your role and what you believe is your mission.
2. *Clearly segmented and targeted* based on their level of:
    - enthusiasm and alignment around the role's reason to exist and
    - enthusiasm and agreement with the objectives of the

role.

3. *Weighted* based on their ability to influence the role and your priorities (see Figure 3).

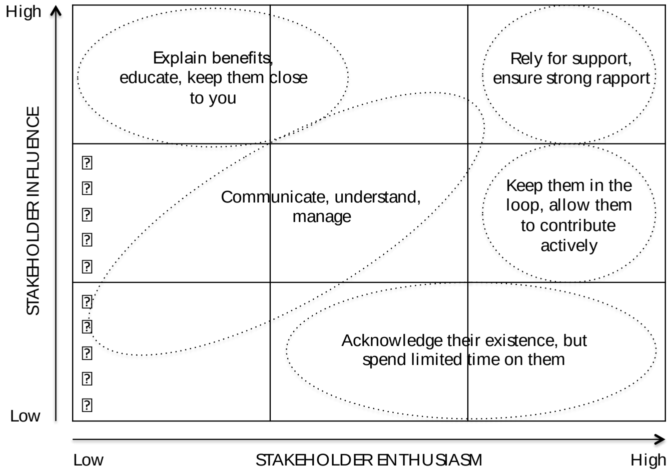


Figure 3: Stakeholder map

One of our clients (a global medical device company) has identified stakeholder management as one of the most important personal competencies crucial to organizational success. At large, it is also my experience that particularly within large, complex and politically driven organizations the level of stakeholder management skills of a newly hired employee is somewhat predictive of his/her ability to succeed in the organization – short-term and long-term.

Successful leaders often seem to possess a unique ability to create a niche around themselves that distinguishes them from their colleagues while they manage to market this niche as *business critical*. However, we see many examples of leaders who are so locked into their niche – typically a technical specialization – that they forget the importance of maneuvering effectively at the stakeholder level in the workplace. In fact, the more complex an organization is, the more able a leader must be to navigate within competing workplace interests to achieve their goals. Fortunately, stakeholder management is a quickly learnable skill. Those who have learned this skill are likely to gain the trust and confidence of the organization easier and, as a result, are more inclined to understand the difference between the legitimate organization and the shadow organization encompassing those key players who are often the true power centers of the organization.

Some of your stakeholders will be your adversaries, and they are likely not to see you as either the right person for the job or see your strategies as the right way forward. Moreover, these stakeholders can often exert a high level of influence on your agenda, which is why focus should be on *turning them around*.

Brian Uzzi and Shannon Dunlap introduced the three Rs in their article: "Make Your Enemies Your Allies" from *Harvard Business Review*. In the article they assert, that *trust* is key – simply because trust is the core of every relationship. Trust has two main ingredients – emotions and reason. If you are perceived as a threat by a certain stakeholder, negative emotions will be associated with you and the level of trust will be reduced. Thus, your task is to reverse those negative emotions, which Uzzi and Dunlap propose can be done in different ways:

1. *Redirection* – in the first step, you must redirect your stakeholder's negative emotions away from you. One way to do this is to demonstrate that you acknowledge the

importance and worth of the stakeholder by meeting him/her on his/her turf. You may consider flattering the stakeholder or simply focus on an issue that you both find important and ask the stakeholder for advice to create *common grounds*.

2. *Reciprocity* – relationships in general are founded on some level of social arbitrage where you give and take. In this case, it is better to give before you take. Consider carefully what you can give because it should be a meaningful gesture/thing to the stakeholder and should require little effort for him/her to reciprocate.

3. *Rationality* – appealing to the stakeholder's rational mindset may assist to remove or diminish his/her negative emotions. For instance, by presenting factual benefits that substantiate the value of an initiative that you would like to obtain backing to or, at the very least, neutrality from the stakeholder.

Mastering the stakeholder management skill also enables the executive to better understand the symbolism of individual organizations and the etiquette of their workplace. Based on strong interpersonal skills, successful leaders are focused on creating valuable relations that may assist them in learning how to navigate in the organization. Leaders employing stakeholder management skills are also consistently more successful in their organizational endeavors compared to their average peers.

ROLE RISKS AND OPPORTUNITIES CHECKLIST

List the risks and opportunities associated with the new role.

Why does the **position exist**? Do you have any worries about the role? Risks and opportunities?

What type of business situation does it entail? Will my role encompass a start-up, turnaround, realignment or sustaining success focus, and what will be the risks and opportunities connected to this?

What is the mandate of the role – risks and opportunities? Do you have true decision-making authority – clear responsibilities (including direct/indirect reports)? Risks and opportunities?

What are you supposed to deliver and when? Is there enough clarity on the deliveries and are they realistic? Risks and opportunities?

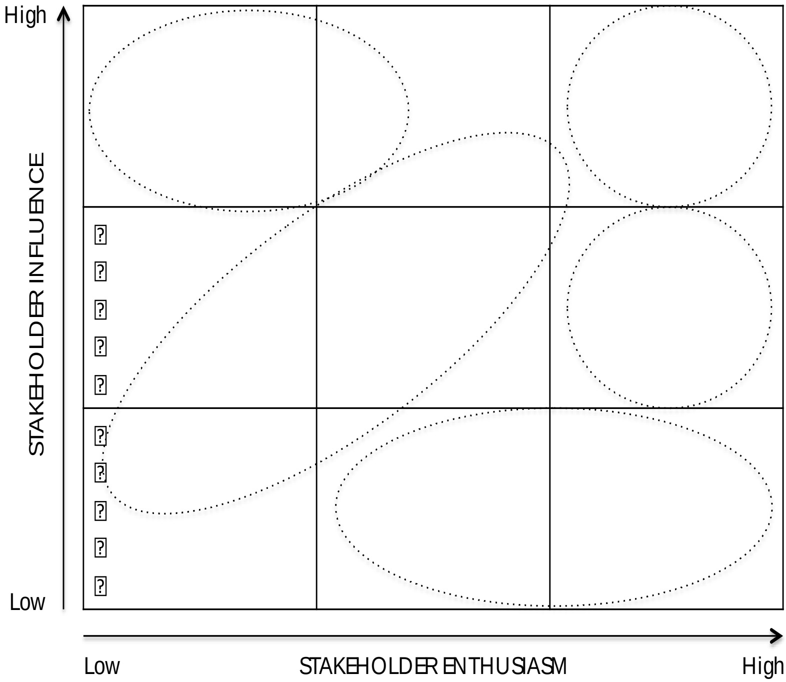
Have sufficient resources been allocated to the role to succeed? Risks and opportunities?

What is the profile of your immediate superior? How well does he/she match with your profile? Is there a sufficient level of support from your boss? Risks and opportunities?

Which stakeholders are on board with your new role, which are not and why? Risks and opportunities?

STAKEHOLDER MAPPING TOOL

List your stakeholders on this map:



2.1.3 Personal Risks and Opportunities

Performing your due diligence on personal risks and opportunities is just as important as performing due diligence on the role and organizational risks and opportunities. Revisiting the previously mentioned case related to my participation in a leveraged management buyout (MBO) of a life science company in the early 2000s, it was clear that also the personal risks and opportunities assessment was not executed to the level one could wish for. When taking part in an MBO with a private equity fund as the major shareholder, Group Management is often asked (or even required) to "put their hands on the cooking plate." This implies making a sizable investment in the company that will hurt you severely, but not bankrupt you, if the company does not deliver on its revenue, EBITDA, cash flow or other key targets. When entering such a setup, obviously, you are taking a personal risk. However, often – and certainly in my case – the due diligence of the participating executives is not sufficient and focus seems to be more on opportunities than on risks. In this particular case, Group Management, including me, had almost no direct involvement in the negotiations with the banks and on how the covenant connected to the bank loan that financed the acquisition was structured. It was negotiated solely between the private equity fund and the bank. Later, I learned how the focus of a business could change dramatically from delivering on its medium- and long-term goals to focusing almost entirely on short-term initiatives designed to satisfy ill-conceived covenants. Additionally, the cultural match between the Anglo-Saxon leadership style, enacted by the British-led board, and the Scandinavian leadership style, enacted by Group Management, was not optimal. The Scandinavian leadership style was viewed somewhat inconsequential and ineffective by the board and combined with the fact that certain parts of the business needed realignment, hints of mistrust and tension started to appear in the collaboration between the board and Group Management.

Questions that you should ask yourself in relation to personal risks and opportunities in the pre-selection/romancing phase:

Which of my *personal, professional and leadership competencies* led the company (and recruiter) to consider me for the job?

Is this the company and the role that best allow and enable me to *capitalize on my strengths* in the long run?

What are the risks and opportunities related to my fit with the *culture* of the company?

Organizational culture (e.g. friendly, formal, relaxed).

- *Professional culture* (e.g. commercially driven? R&D driven?).
- *Geographic culture* (business is done differently in different regions).

What are my *personal vulnerabilities* in the new position and in what areas am I least eager to solve problems? Most people have preferences through which they will distill the challenges they face. If you are, for example, a marketing professional who thinks in commercial terms and always have acted within commercial roles and contexts, you are likely to focus on the commercial aspects of a project or issue. Hence, if your role includes taking the lead on a prioritized project facing numerous R&D and regulatory issues you should acknowledge that there is a risk that you will be facing certain blind spots, which you should compensate for, for instance, by organizing yourself in accordance with these blind spots.

What is the level of *transition complexity?* When entering a completely new function, industry, culture, geography or ownership structure, the level of transition complexity is high. Therefore, you must consider your own level of abstraction, cognitive abilities and level of learning agility in order to determine how well you will navigate within the complexity of a transition.

2.1.3.1 High Performing Executives

Based on dialogues with thousands of candidates and clients, it seems to be a common assumption amongst both groups that the following two cognitive factors particularly lead to increased probability of high performance and successful onboarding when transition complexity is high:

1. high intelligence and
2. strong memory.

This is only partly the case. Yes, possessing one or both of the above cognitive abilities may contribute to an onboarding executive achieving some level of improved onboarding success navigating through the complexities of the unknown, but will not guarantee it.

In fact, research does not seem to confirm any notable differences between the cognitive, or the social, environmental or psychological characteristics of high performing executives compared to average performing executives – in general or in an onboarding situation (Kelley, 1998).

Intelligence

Most people have heard of the "10% of the brain" myth, where it is claimed that most or all humans only make use of 10-20% of their brains. It is suggested that a person can take some level of control of this unused potential and increase intelligence. Though some factors of cognitive abilities can increase with training – e.g. memory – or improved wiring[16], the popular notion that large parts of the brain are unused and could subsequently be "activated", is clearly not supported by research (Beyerstein, 1999; Chudler, 2013).

Even though cognitive abilities will not guarantee success or differentiate high performing executives from average performing executives, it should be stressed that every job requires some minimum level of cognitive ability and that smarter people in many contexts do better than less intelligent people do. Moreover, a small intelligence advantage at an early age in some cases may trigger a multiplier effect that could lead to high performance many years later. Research performed by Professor James R. Flynn (Flynn, 2007) on IQ gains from generation to generation, indicates that people in professional, managerial and technical jobs as a group have an above average IQ, and with the complexity of the work, the average IQ

[16] Researchers at Weill Cornell Medical College recently uncovered a mechanism that guides the exquisite wiring of neural circuits in a developing brain – gaining unprecedented insight into the faulty circuits that may lead to brain disorders. Research into regulating the RNA degradation pathways causing the faulty circuits apparently is progressing speedily (Colak et al., 2013).

increases. Moreover, IQ has proven to be a fitting predictor of performance on new and unfamiliar tasks and thus in an onboarding situation; however, it predicts nearly nothing about performance when a person has been in a job for just a few years. Additionally, when it comes to achieved sales results, no correlation seems to exist between e.g. the level of intelligence and how well a salesperson can be predicted to perform.

Therefore, it is not so much the capacity of your hard disk, your personality or social skills that makes the decisive difference; it is how people administer these skills that makes the difference. What really differentiates high performing executives from average performing executives is not intelligence or other cognitive abilities but their innate desire to improve and enhance through what is later explained as deliberate practice. As Professor John A. Sloboda of the University of Keele, put it, “There is absolutely no evidence of a *fast track* for high achievers” (Colvin, 2008).

We have all heard cases of parents having reported early, spontaneous signs of talent in their children e.g. speaking or reading at an unusually early age. However, in most cases it was determined that the parents were spending an extra-ordinary amount of time and effort in the children’s stimulation and development. In fact, researchers working in the field of high performance have found that people who have become superior in their field did not show early evidence of special gifts.

Amadeus Mozart – who composed music since the age of five – is a recurring example given by believers in God-given talent.

However, when digging deeper into Mozart's upbringing we find a brilliant pedagogue behind the young Mozart as perhaps the decisive differentiating factor. Leopold Mozart – father of Amadeus Mozart and himself a famous composer – reportedly, subjected his son to intense training since the age of three. The truth is, Amadeus – like most other geniuses – trained hard since a very early age. In fact, no original manuscript supposedly made by Amadeus Mozart has been found from his young boyhood. Reportedly, his father always "made final adjustments before they were made public.

Another example is Tiger Woods, whose father, Earl, was also a brilliant pedagogue – in fact, he was trained as a teacher with an unbeatable passion for golf. Before the age of one, Tiger had received his first golf club and soon thereafter he was watching his father hitting balls in the garden or he was himself attempting to hit balls from his walk stool. Since a very early age, Tiger was training furiously hard – apparently trying to emulate the one person he looked up to the most – his father.

Based on extensive interviews with families, the American psychologist Benjamin S. Bloom conducted a study of 120 young top performers within mathematics, neurology, piano playing, sculpting, swimming and tennis. Bloom concluded that the home environments of high performers shared a number of traits. They were child-focused families with the parents investing an extra-ordinary amount of time and effort into their children and imposing a strong work ethic at home. In fact, the backgrounds, professions and incomes of the parents played no significant role on the outcome.

Memory

When we talk to executives across industries – aside from intelligence – they often seem particularly impressed with the concept of memory. Something believed to be handed out to the "lucky ones" by nature. This is not the case, since memory in particular can be improved through training and creation of meaningful structures. In fact, evidence shows that memory ability is more or less an acquired skill and it can be acquired by most people through a targeted retrieval structure. Bottom line is, average people can achieve extraordinary memory ability by developing what – for them – is relevant retrieval structure.

Several grandmasters of chess have neither tested more intelligent than the average person has nor do they possess some special memory capacity by nature. Through deliberate practice, professional chess players have created meaningful structures that allow them to memorize thousands of plays where the untrained person struggles with memorizing only a few. This is because the professional chess player has trained him/herself to understand and recall plays by obsessively practicing numerous important elements of chess, chunking and grouping them into meaningful frameworks. Another example is trying to memorize two sentences containing the same characters e.g.:

We are going to watch a documentary about Danish Prime Ministers.
Agiwe rinogt gotwcah ucadoymentry Duatbo ihsna mePir Msterniira.

Research shows that the average person is significantly more inclined to remember the first sentence as opposed to the second sentence – despite both sentences containing the exact same characters. The reason why we are better able to recall and understand the first sentence is that, like the professional chess players, we have acquired the cognitive game of reading through many hours of deliberate practicing. We have learned to chunk letters from left to right into words.

So, the ability to build remarkable memory is apparently available to anyone seeking domain expertise. Research shows that high performing executives in most fields exhibit superior memory of information in their fields. In fact, they have developed a structured long-term memory skill – what researchers like Professor Anders Ericsson call long-term working memory. Through deliberate practice, they have built a retrieval structure connecting data to concepts allowing them to remember more data within their domain. It is the high performers' deep understanding of their field – through years of intensive study – that becomes the structure on which they can *connect* vast amounts of data.

2.1.3.2 Deliberate Practice

Not many people are aware that high performance is related closely to a complex neurological process. In the same way that rubber insulation is designed to wrap a copper wire to make the signal stronger and faster, by preventing the electrical impulses from leaking away, so is the chain of (impulse carrying) nerve fibres in the brain wrapped with neural/cellular insulation called myelin (Colvin, 2008; Coyle, 2010). The more myelin we can produce, the more insulation is provided to our circuit of electrical impulses and the faster and more accurate will our thoughts and movements be. Every time we practice a skill in a targeted and intelligent way, we fire our circuits, build myelin and improve our skill, accuracy and speed. The good news is that everyone can produce myelin. However, myelin has to be earned, which can only be done by putting more time and energy into what is called deliberate practice – a concept originally introduced by the Swedish professor Anders Ericsson (Coyle, 2010).

Deliberate practice is about making progress through small failures by stopping and returning to the beginning of a given failure in order to seek continual critical feedback and to focus persistently on shoring up weaknesses in relation to that given failure. The incentive for performing deliberate practice stems from the neurological observation that every time a person does or practices something, electrical impulses are sent along billions of neurons, connected to each other by synapses, which gradually improve that person's skills – eventually storing such skills in the unconscious mind. For instance, when you practice a presentation for a management meeting or practice a symposium speech, you should return to the part in the presentation that does not seem to work optimally, slow down and employ deliberate/targeted practice. By persistently and passionately employing targeted, mistake-focused practice over and over again, you automatically fire your circuit and attend to your mistakes until you get it right. In such a process, myelin is produced and wrapped around the circuit, which enables an improvement of your skill, while integrating the learning in your brain. The best part of the process is that once a skill circuit is insulated with myelin, it cannot be "un-insulated" – except through sickness or age, which explains for instance, why habits are so hard to break.

It is our experience that talents or high performing executives in corporate contexts are no different. They have not become talents or high performers by nature but because they have demonstrated an innate desire to improve themselves, incited by a high level of energy, commitment and passion. In fact, what makes a decisive difference between high performers and average performers is a life-long period of deliberate practice within a specific domain.

High performing executives start out by building mental models of how their domain functions as a system. The more complex a domain is, the more sophisticated the mental models are, allowing the executive to understand all the sub-elements of a domain. For instance, possessing highly developed, intricate mental models of all the sub-elements of a good marketing plan and how this plan optimally can interact with the complexities of the entire organization is an example of a marketer building mental models to pursue domain expertise. Rather than having a general understanding of how a marketing plan works, the high performing executive understands the interdependence, limitations and opportunities of the sub-elements and how they interact with other business critical elements of a given company. By building mental models, the high performer improves the ability to gain memory recall, and by connecting complex data into a concept – or larger picture – they integrate new learning better than their average peers. Moreover, by linking new information to a mental model, high performing executives are able to recall the important information and disregard noise or less important information.

In terms of growth and returns, a study of the best-performing companies worldwide conducted by GE in the beginning of this century indicated that companies building and cultivating "expertise" in their managers – training experts in certain fields relevant to the critical paths of the company – seemed to be doing much better than their peers (Colvin, 2008).

For practice to become deliberate practice, a number of interdependent elements must be in play:

1. Deliberate practice involves continuous repetition, over a longer period, designed to improve performance within a specific domain. To be effective one must *identify specifically defined elements of a performance that need to be improved and then work focused only on those elements repetitively.* The ability to isolate narrowly defined elements within an activity, deconstruct those elements and then build a platform of corrective exercises will eventually contribute to improving the activity, all this before it is on to the next narrowly defined elements that are to be improved.

   I once had a Finnish finance professor at the University of INSEAD at Fontainebleau who told a small anecdote of an old friend who was a highly ranked professional downhill skier. The professor occasionally joined his friend in the mountains for a day of skiing. Almost every time they skied together, the friend would spend hours diligently and repetitively exercising very basic elements of skiing. This puzzled the professor, as he expected his friend to be more focused on training the difficult parts and sophisticated moves of downhill skiing matching his advanced level, rather than training all the basic stuff that one would expect a beginner would practice. He then asked his friend why he was so focused on training the basic elements and his friend said, "…*in order to continuously improve my skiing even at my level, it is crucial for me to never lose sight of the fundamental elements of downhill skiing, as this is the whole foundation for improving the difficult moves.*" The professor used this anecdote to explain why in his teaching he would often jump back to training his pupils in some of the basic, fundamental skills of finance, as this was the foundation for understanding and improving one's skills within the more complex stuff.

2. The continuous repetitive element of deliberate practice often makes it rather tedious, and therefore, demands a high degree of *self-discipline.* Activities leading to high performance are seldom easy and enjoyable but this does not seem to discourage most high performers. In fact, high performing executives display a unique level of self-discipline by repeating exercises significantly more than their average peers, and as the saying goes, "*The ones who always work the hardest also seems to be the ones who often win*."

3. A mentor, trainer or teacher can significantly improve the outcome of deliberate practice, as they often will be instrumental in providing *continuous feedback.* Practicing without feedback is pointless. As a person, you need to see and understand the effects of your practice. Without feedback, there is a high probability that you won't improve very much; in fact, you may just be building up another suboptimal element of your activity, which won't improve the activity overall. However, the varying quality of teachers, mentors, etcetera invariably will affect the quality outcome of the practice undertaken.

4. Deliberate practice is *mentally demanding,* as it requires an ability to sustain concentration over a long period. Often, deliberate practice requires a combination of being intellectually, as well as physically, challenged. However, improving your skill within a therapeutic area in the life science industry for instance may be more intellectually rather than physically demanding as opposed to the tennis player for whom it may be more physically than intellectually demanding to improve elements of his/her game. Nonetheless, deliberate practice is a demanding exercise, but with the positive help of timing and other external factors such as e.g. a good mentor/coach, personal circumstances and an accommodating social environment, the high performing executive will be able to raise the bar.

5. To be effective in the long run, deliberate practice needs to be accompanied by a *growing belief in oneself* as a

> superior performer. Having an ability to realize that you are (becoming) superior at something consequently increases your appetite to improve further, which again often leads to intensified practice. In fact, increased appetite to improve often is followed by an increasing amount of success moments, thus, continuing on an upward trajectory.

Deliberate practice makes a difference. Why are contemporary athletes significantly more superior to their comparable athletes 50-100 years ago? Why is the Olympic record in different running disciplines 50 years ago equal to that of current high school runners? The answer is not physical but because they train themselves more effectively. In fact, researchers found the average height of European men has grown by 11 centimetres in just over a century (Hatton, 2013). Yet size is no advantage in running, since each stride requires you to lift yourself up (Colvin, 2008). In fact, the smaller you are, the better you are. In other words, our physical development cannot explain the improved performance in running – quite the contrary – it is something else – most probably deliberate practice.

However, in the corporate world, it takes more than deliberate practice to become a high performing executive but deliberate practice is a fundamental necessity that all executives must be willing to employ as a prerequisite for delivering sustainable above average performance within a given context.

2.1.3.3 Culture

One of the most daunting challenges for any onboarding candidate entering a new role is adapting to an unfamiliar culture – whether it is a new organizational, professional or geographic culture. In fact, a lack of cultural fit with your new team and organization may well become one of your top barriers to success.

Cultures exist in all organizations, and it has an important effect on the motivation and morale of organizational members. Culture is enacted through artifacts, values and basic assumptions that are both visible and invisible. Imagining how best to engage with the existing culture will become one of your key challenges when evaluating the personal risks and opportunities inherent in onboarding a new job. Cultural habits and norms are powerful preservers of the status quo. Thus, it is essential to analyze and understand the key cultural indicators in order to understand the culture and navigate within it:

- *Values* (with a focus on *enacted values* reflected in the way individuals and organizations actually behave).
- *Artifacts* (personal behavior that reflects the organization’s values, symbols, ceremonies, rites, stories and rituals).
- *Basic assumptions* (deeply held beliefs that guide behavior and tell members of an organization how to perceive and think about things. They are often invisible to the newcomer and held at a level below consciousness).

Every company possesses a unique culture and, thus, it is favorable if the company you are about to enter has a process in place that will help you navigate their culture and find your place within it. In essence, cultural engagement is key to a successful transition and in our experience, it is nearly impossible to recover from a mistaken cultural engagement choice.

Culture is often strongly rooted in a company and consists of habits and norms that operate at full speed to reinforce the status quo. Already in the romancing phase, and subsequently in the engagement phase and marriage phase, you must work continuously to diagnose potential challenges with the existing culture and its readiness for change, while trying to figure out how you may address these challenges. It is essential that you allocate sufficient time during the romancing phase to uncover organizational dynamics with the objective of disclosing invisible cultural barriers. Asking the recruiter/future leader/future colleagues/ future stakeholders about typical working styles, forms of communication and collaboration, structures (e.g. top-down or consensus building), and feedback from employee surveys on cultural aspects, are always good ideas.

Assessing the organization's cultural readiness and ability to adapt to change, combined with an evaluation of the need for cultural change is key when evaluating the risks and opportunities inherent in the new role. Be aware that the more influence an employee exerts in his/her current role in the organization, the less prone this employee will be to support an agenda for change as this may imply loss of power and prestige.

As most onboarding executives will need to drive through some level of change in the organization, the executive will invariably face a culture more or less ready/willing to change. In your due diligence, you will most probably come up with four possible scenarios for cultural change as depicted in Figure 4:

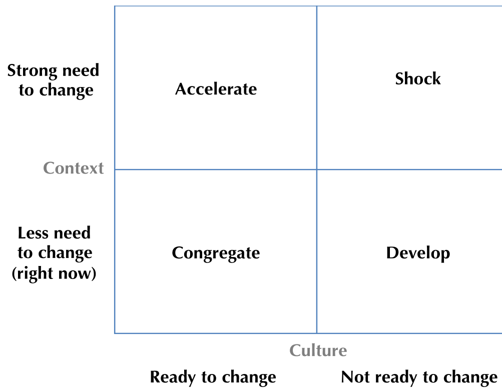


Figure 4: Inspired by Bradt et al. in their book: "The New Leaders 100-Day Action Plan"[17]

1. *Congregate*
   Your immediate diagnosis of the organization does not entail an urgent need for cultural change. Yet, the governing culture in the organization is ready to change. Here, your focus should be to congregate (i.e. to assemble your team and key stakeholders around minor changes that need to take place over time) while continuously nurturing their willingness to undertake larger changes with time.

2. *Develop*
   Your immediate diagnosis of the organization does not entail an urgent need for cultural change and the governing culture in the organization is similarly not ready

[17] Bradt, G. B., Check, J. A., & Pedraza, J. E. (2011). The new leader's 100-day action plan (3rd ed.). Hoboken, NJ: Wiley.

to change. Here, your focus should be to slowly develop and mature the idea of cultural change within your team with the objective being to make the team and stakeholders ready for change when it is needed.

3. *Accelerate*
   Your immediate diagnosis of the organization entails an urgent need for cultural change and the governing culture in the organization is ready to change. Here, your focus should be to move forward fast. The organization is ready to embrace change, and you should make use of this opportunity in light of your diagnosis.

4. *Shock*
   Your immediate diagnosis of the organization entails an urgent requirement for cultural change, but the governing culture in the organization is not ready to change. Here, your focus must be to instigate multiple initiatives that will shock the organization – initiatives that will essentially build awareness around urgency for change.

Each person in an organization will have their own view of the given situation that a company is in, along with a certain degree of change readiness unique to that particular person. Readiness to change requires a combination of self-awareness, will and skill. If your due diligence leads you to decide that a shift in culture is required, you should also expect that some people will support your efforts (*contributors)*, some will resist it (*detractors)*, and some will either be indifferent or momentarily passive (*watchers)*. In the book *The New Leader's 100-Day Action Plan*, Bradt et al. advise you to start by turning your *contributors* into team leaders, then move the convincible *watchers* into *contributors*, and finally to get the *detractors* out of the way. Essentially, it is your responsibility to strike an attractive balance between perceived risks and rewards. The team members will make a simple calculation (i.e. "Will I be better off now and/or over time supporting the new leadership and his/her expressed need for cultural change, or will I be better of actively or passively resisting it?").

The book also offers three excellent tools to incentivize the organization to support the need for cultural change:

1. *Changing the organization* and redistributing resources in favor of those team members and initiatives supporting a cultural change.

2. *Changing the balance of incentives,* including the internal motivational factors (e.g. recognition, sense of choice, and sense of purpose) and the external motivational factors (e.g. rewards and incentives) – all aligned to support the desire to become a *contributor*.

3. *Ensuring that the urgency of cultural change is communicated* clearly and with relevance to the individual target groups.

Culture is at the heart of an organization and failing to consider the governing culture when making your due diligence, diagnosis, and subsequent execution of initiatives will most probably limit your chances of success.

PERSONAL RISKS AND OPPORTUNITIES CHECKLIST

List the personal risks and opportunities associated with the new role:

Which of my **personal, professional and leadership competencies** led the company (and recruiter) to consider me for the job? Risks and opportunities?

Is this the company and role that best allow and enable me to capitalize on my strengths over time? Risks and opportunities?

What are the risks and opportunities in relation to my fit with the culture of the company? Risks and opportunities?

Organizational culture:

Professional culture:

Geographical culture:

What is the level of transition complexity? Risks and opportunities?

What are my personal vulnerabilities in the new position? Risks and opportunities?

2.2 The Pre-entry Phase/*Engagement Phase*

The pre-entry phase – or *engagement phase* – covers the period from when a formal agreement has been made and an employment contract signed, until the starting date of the candidate in his/her new role. Here is the candidate – often in close collaboration with the principal – preparing him/herself for the new role, including building insights, developing a 90-day transition plan, and performing actions with the objective of making the candidate decision-making competent as fast as possible upon entering the new role.

In essence, the purpose of the *engagement phase* is for leaders to get a head start. Missing this opportunity may very well result in you being taken by surprise once you have started in the new position, as you will potentially find that parts of the organization have been working against you from before you even have set your foot in the company. You need to jumpstart relationships, build insights and make a plan – a 90-day transition plan. If you do not have a plan, you are relying on the benevolence of others for your success. That is simply too risky.

The pre-entry/*engagement phase* involves:

2.2.1 Identifying Key Stakeholders and Conducting Informal Meetings/Phone Calls With Them.

Identify the people inside and outside of the company who are most likely to impact your success. These may include:

manager,

direct reports,

board members/owner(s),

critical peers, and

key customers.

Ask your future manager and HR to help you identify the key stakeholders. Call or ask the identified stakeholders to meet you on neutral ground (e.g. a café, restaurant), even just for a brief get-to-know-each-other chat. It is your chance to listen, listen, listen – and learn. Look for patterns and develop an understanding of how your stakeholders view priorities. You will often start identifying certain patterns in your conversations, for instance, with members of your future core leadership team that may reveal hidden challenges, and that will help you in your 90-days transition period. Before you start your stakeholder meetings, it is important to have a plan and an approach for these meetings.

By letting your guard down and demonstrating openness in the dialog, you will seem approachable, and they will often open themselves up to you. A good approach simply entails asking for their help and could include asking what they view as being the key challenges of the business, how they would describe the culture of the company and different parts of the organization, and what the key strengths, weaknesses, opportunities and threats to the company and to the business area are. Additionally, their view on the previously described 6 Cs is also valuable: customers, collaborators, capabilities, competitors, conditions and capital. During your stakeholder meetings, you should seek to understand how employees in the company communicate, including the preferred mode, manner and frequency of communication, and how conflicts are often handled from a communicative aspect.

2.2.2 Gathering Information

Google, company websites, news articles, etc. are merely examples of other sources that offer accessible information that may help build insights about the company. Some companies will allow you access to an area on their intranet with information about the company, business unit, etc. Accumulate as much relevant information as possible in order to help yourself in the first part of the entry phase, as this will enable you to make a better analysis and diagnosis of the key issues facing the company, your area of business and your role. Moreover, it will enable you to put things into context when entering the final onboarding phase – the entry phase. It is, of course, essential that you critically evaluate all the obtained information and that you consider how they fit with what you have gathered from your dialogs with key stakeholders, your manager and potentially the recruiter involved. If substantial gaps arise between the obtained information and the outcome of your dialogs with the key stakeholders, etc., you should carefully consider how to address these gaps. Often, the best time is during the pre-entry phase before you are made fully accountable in your new job, and often the best person to address these gaps is your future manager. The objective of gathering information is not to know everything on the first day, but rather to enable yourself to set up a solid learning plan from the first day and going forward.

2.2.3 Managing Your Personal/Family Setup

The first 90 days in a new job will require your full attention and focus. As a result, in this pre-entry phase, you are advised to ask your family for a grace period allowing you to concentrate fully on transitioning effectively into the new role. If your new job encompasses moving you and your family to a different location, this may involve getting a lot of practical hygiene factors in order (e.g. housing, schools, permits, transportation). As you will most probably need to be part of the decision-making concerning these hygiene factors, the pre-entry phase is a good time for you and your spouse to settle on these. In addition to the help you may receive from your hiring company and a local transition management consultant, you are advised to make your own checklists that will allow you and your spouse to keep a good overview of the priorities.

2.2.4 Communication

During the first period in your new job, one of your key tasks will be to build your personal credibility. Here, the ability to communicate empathetically, clearly and with impact is crucial – not just on the first day in your new job, but during the first 90 days. Among others, the pre-entry phase should be spent building your communication strategy and even composing concrete messages. It may be helpful to remind yourself of the fact that for all your future employees, getting a new manager is serious business; thus, they will analyze and reanalyze everything you say and do and what you do not say and do not do. Constructing a message for your first day in the office can be very valuable since thinking things through in advance of their occurrence is often helpful. Employees will often remember the first day and the last day of the new executive; therefore, the messages you construct and communicate represent the single most important platform on which you build your personal credibility. As a result, it must accommodate and satisfy the curiosity and expectations of the key stakeholders, while it should contribute to your continued learning.

Inspired by Bradt et al., in their book *The New Leaders 100-Day Action Plan*,[18] the following presents a few elements to consider in relation to your communication on your first day:

1. The *location* where you meet up the first day is very important because it sends a message of priority and importance (positive and negative).
2. The *order* in which you talk to people on the first day also sends a signal of their relative importance – or at least your perception of such.
3. Consider what might be a good icebreaker for your first dialog communication and beware that telling jokes is not always suitable.
4. Do not spend time talking about your *previous company* – however, if you do, always speak positively of them, while maintaining a similarly positive reference to your

[18] Bradt, G. B., Check, J. A., & Pedraza, J. E. (2011). The new leader's 100-day action plan (3rd ed.). Hoboken, NJ: Wiley.

new company.

5. Say a few things about your *private life; however,* not too much. This will give the impression of a balanced, well-rounded person.

Do not use a *PowerPoint* presentation to introduce yourself – it will make you seem impersonal and distance yourself.

The ability to communicate effectively is key to a successful transitioning of leaders, including the ability to convince an audience and make them value their expertise and contribution. This can be achieved by:

1. *Knowing your audience well* – spend the necessary amount of time to research the audience and what triggers them.

2. *Building the messaging platform* and key message drivers – make sure that the message is tailored to, and relevant for, the audience.

3. *Managing the expectations* of the audience during the communication process – people are driven by habit and don't like surprises. A good strategy is to tell your audience what they can expect from the outset; this will avoid them making assumptions that could lead to disappointment.

4. *Making use of all possible aids* that will enhance the message delivery (not PowerPoint on the first day).

Numerous studies confirm that high- and average-performing leaders differ with respect to their behavior in communication skills and cooperative situations. In a workplace environment with people of different backgrounds and with various personalities, and where one is required to interact, the ability to communicate effectively becomes key to the success of a company. Employees appreciate being kept in the loop. Research made available by The Great Place to Work® institute clearly shows that the development of an internal communication strategy and its implementation are key to employees thriving in an organization (Bhattacharya & Gulati 2013):

1. It contributes to *motivating and engaging employees*, as they feel valued and important – especially if clear and consistent messages are being shared with them in a timely manner.

2. It contributes to *maintaining team relations*, as communicative interactions in the workplace can serve to create and maintain work relationships among the team and its organizational members – especially if shared values and common commitments are revealed in the process.

3. It contributes to *enhanced performance and productivity* when leaders practice effective communication, create clear communicative standards and determine a hierarchy of importance that will help employees understand and direct their efforts towards the critical path of a company.

Communication is a skill, and since it is an important skill, most leaders acknowledge that they need to pay strong attention to it. They acknowledge that the need for successful communication concerns all aspects of life, and they know that a piece of new knowledge is worthless while it remains within the mind of a person. It becomes valuable only if he/she is able to transfer it in an understandable way to the relevant stakeholders.

Generally speaking, in the engagement phase/pre-entry phase you must discipline yourself to make the forthcoming transition mentally rewarding. During this phase, you should try to observe yourself from the outside and place yourself in the shoes of your future stakeholders. Then you can imagine how you best can embrace the new job, how you build a strong communicative platform and finally, how you become competent in decision-making as quickly as possible.

2.2.5 Building the 90-day Transition Plan

With the insights generated through gathering information and speaking to key stakeholders, you build a first draft 90-day transition plan that is designed to help the transitioning leader accelerate into his/her new position.

The plan is a written plan consisting of specific goals, priorities and milestones and can be divided into three underlying plans covering the first 90 days in the new position:

1. Plan for first 30 days (Phase I) – the plan includes two sub-plans:

    - *Learning Plan* – build a learning platform that will shape the foundation for diagnosing and evaluating the company and organization.

    - *Diagnosis plan* – diagnose the business situation you are facing, the organization and the product portfolio that you are taking over. The output of the plan is a "diagnosis" enabling a formulation of key priorities and a new strategy.

2. Plan for days 31-60 (Phase II) – the plan includes two sub-plans:

    - *Early wins plan* – based on the outcome of information gathered and dialogues undertaken with key stakeholders in the pre-entry phase, you may already have a general idea of one or two early wins achievable in the first 31 to 60 days. If aligned with the priorities of your manager, they may prove highly effective and constitute strong potential levers for building personal credibility. You can also use this opportunity to evaluate the first 30 days, plan for the following 30 days and evaluate if you have successfully reached the goals set in your *learning plan*, and if you have *diagnosed* and identified potentially impactful *early win* opportunities. If not, what new plans must be put in place to compensate or refocus?

    - *Building momentum plan* – build the future strategy for your new company/business unit and a framework for how to generate a motivational platform of change in the organization based on a new direction, strategy, objectives and goals set by you (see more under the *marriage phase*).

3. Plan for days 61-90 (Phase III) – the plan includes:

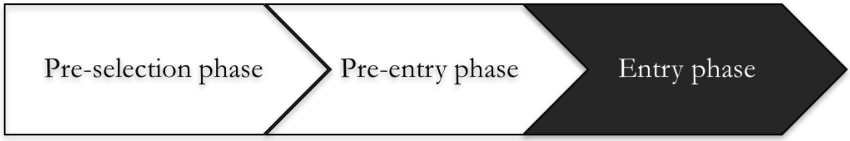
    - *Operational excellence plan* – build a framework for what capabilities, structures, systems and processes need to be in place in order to execute efficiently on the new strategies, objectives and goals defined by you (and your management team) in the "Building Momentum Plan." Moreover, you should evaluate the first 90 days and plan for the following period with the objective of ensuring that the "Building Momentum Plan" is on track, and if it is not, consider what new plans and activities are needed in order to move forward. (see page 98 for further elaboration)

The above is described in more detail in the *marriage phase*.

Heavyweight champion of the world, Mike Tyson, is known for saying among other things: *"Everybody has a plan until they get punched in the mouth."* [19] When the time comes to enter the company and your new employer, you will immediately find yourself faced with the full scope of reality, and without a doubt, you will encounter numerous surprises that were not listed in your 90-day transition plan. Therefore, it is crucial to remain in planning mode throughout the onboarding process. "*Plans are nothing; planning is everything,"* as former US President Dwight D. Eisenhower once said. [20] In this context, it is paramount that you continually seek to revise your original plans and remain sensitive to the dynamic conditions under which the organization will operate. If you do not follow this path, you will most probably lose control and events may very well take you by surprise.

[19] (2012). http://articles.sun-sentinel.com/2012-11-09/sports/sfl-mike-tyson-explains-one-of-his-most-famous-quotes-20121109_1_mike-tyson-undisputed-truth-famous-quotes
[20] (2015). http://www.brainyquote.com/quotes/quotes/d/dwightdei149111.html

2.3 The Entry Phase/Marriage Phase



The entry phase – or *marriage phase* – covers the period from the first day on the job, until the first 90 days has passed. Here, will the candidate – in close alignment with his/her manager – execute the *90-day transition plan* defined in the previous phase.

1. Phase I: First 30 days
   Devoted to *learning, diagnosing* and building *credibility.*
2. Phase II: Days 31-60
   Devoted to building *momentum* and creating *early wins.*
3. Phase III: Days 61-90
   Devoted to putting a *new operational excellence model* in place and *recalibrating* it.

Each of the three phases requires a successful execution of the previous phase (i.e. before you can move to the "Day 31-60" phase, you must have initiated comprehensive learning processes, and performed an initial diagnosis as defined in the "First 30 days" phase.

2.3.1 Phase I: The First 30 days

The first 30 days are crucial to get right. As mentioned in the *engagement phase*, it all starts out with your first day in the company. This is the day that will *make or break* most leaders entering a new leadership position in a new company, as it is often filled with *hidden pitfalls* and if approached wrongly, it may very well end up damaging your personal credibility.

The First Day

In our experience, the first day should be used to set the scene for building your personal credibility in the new organization. You meet a few key people to ensure alignment before you expose yourself to the broader organization. Already in the *engagement phase*, you are advised to plan for clearing your agenda for your first day with your manager and maybe look for advice on how best to handle this important day.

On your first day, you should start out meeting with your manager to align expectations and communication, and to see if something important has changed since your last talk. Thereafter, you are advised to meet briefly with your own management team before proceeding to meet with the rest of the staff, for instance, at an informal breakfast meeting. Arriving at the breakfast meeting together with your new management team will send a strong signal to the staff. After this, you are advised to meet with your peers and other key stakeholders. We advise you not to hold your first formal staff meeting with direct reports and their reports until the second day because the first day is best suited for dialogs that are more informal. At the staff meeting, you should expect to get a broad variety of personal and professional questions. Often, the lower in the hierarchy an employee is, the more concrete, detailed and practical questions he/she will pose. For detailed and practical questions, try to avoid answering concretely, but assure the team that all questions will have your attention in the days to come.

Moving on, the first 30 days should primarily be devoted to listening and learning, and diagnosing the organization and the company – concurrently building personal credibility:

1. Build a learning platform.
2. Diagnose the organization/company.

2.3.1.1 Building a Learning Platform

Many leaders transitioning into a new position have a compulsive need to take action right away. They want to demonstrate decisiveness and the ability to make a difference from the start. Moreover, needing to start learning again can fuel feelings of incompetence, inferiority and vulnerability, so in order to reinforce feelings of self-worth, many leaders exit the learning phase much too soon, rather than appreciating the value of expanding one's repertoire of insights.

Now it is time to ask the organization - preferably the earlier mentioned 3% that can move 80-90% of the organization (i.e. the key influencers, connectors and brokers in the organization) to help you dig deeper into the earlier mentioned six Cs: customers, collaborators, capabilities, competitors, capital and conditions:

Customers: Ask questions in order to get a full overview of the customer base (e.g. distributors, dealers, end-users, consumers, key opinion leaders)

Collaborators: Ask questions in order to get a full overview of the collaborator base (e.g. industry organizations, suppliers, allies, government/ regulators, community stakeholders)

Competitors: Ask questions in order to get a full overview of the competitor base – and gain an understanding of the bargaining power and competitiveness of the industry competitors, suppliers, buyers, potential new entrants, and substitutes.

Capabilities: Ask questions in order to get a full overview of the capabilities base – and gain an understanding of the professional- and leadership competencies present within the organization.

Conditions: Ask questions in order to get a full overview of the macro environment under which the company is operating (i.e. the political/governmental/regulatory, socio-demographic, economic and technological conditions).

Capital: Ask questions in order to get a full overview of the capital base – and gain an understanding of the financial situation and prospects of the company.

As Bradt et al. phrased it, "Executives often miss the importance of certain Cs or diminish the importance of one or more. If you don't have a learning plan in place for each and every C, the likelihood of undetected landmines greatly increases. If you don't know what you need to know or – worse yet – don't know what you don't know, then landmines will surely be plentiful."[21]

Another potential pitfall or landmine described by Bradt et al. is *personal vulnerabilities*, which as previously described refers to

[21] Bradt, G. B., Check, J. A., & Pedraza, J. E. (2011). The new leader's 100-day action plan (3rd ed.). Hoboken, NJ: Wiley.

the natural predisposition that lies within all human beings and the way in which we automatically tend to view issues through our strengths and interests (i.e. we tend to have preferences for how we handle problems). For instance, if you are a marketing person, you will tend to view issues from a commercial perspective. However, if your new role entails moving into a generalist role (e.g. country manager of a larger subsidiary operating with a full value chain), you may be vulnerable in terms of your ability to see the broader picture. Your strength suddenly becomes your weakness, and you will need to learn to compensate in order to reduce that vulnerability.

To build a solid learning platform, it is essential to ask questions about the past, the present and the future.

1. Questions about the past:
    - *Performance* – how have the organization performed in the past?
    - How were *targets* set and were they realistic?
    - What happened if the targets *were not* met?
    - What *benchmarks* were used?
    - *Root causes* – why has performance been good/bad and what were the primary causes?
    - What has previously driven *change* in the organization?
2. Questions about the present:
    - *Vision, mission and values* – what are they and are they espoused and truly enacted?
    - What *strengths and weaknesses* are currently

facing/driving the company?

- What *threats and opportunities* are currently facing/driving the company?
- *Capabilities* – who in the organization is competent and who is not? Who is motivated, engaged and/or loyal and who is not?
- *Processes* – what processes are currently in place to support the governing strategy and business model?
- *Structures* – what structures are currently in place to support the governing strategy and business model?
- *Systems* – what systems are currently in place to support the governing strategy and business model?

In this part of phase I, it is beneficial to employ structured methods of learning (e.g. structured interviews with key people in the organization, employee satisfaction surveys, focus groups, plant tours, market tours).

3. Questions about the future:

- What *threats* is the company expecting to face in the future?
- What areas of the business show the most promising *opportunities* and what is required in order for these to be exploited?
- What *strengths* does the company expect to capitalize on in a future set up?
- What *weaknesses* will potentially limit the company now

and in the future, and how can they be reduced in a future strategy?

- What are the greatest *barriers* hindering the execution of the required organizational changes?
- What new *capabilities, processes, structures and systems* must be developed to deliver on a future strategy?
- What is the level of need for changing existing culture?

Building a learning platform should be seen as one of your most important investments in the executive onboarding phase. With limited time and resources, you must navigate across multiple stakeholders in order to put the pieces together of a gigantic and complex puzzle. If you do not invest the necessary time and energy in this exercise, you may very well end up making the wrong diagnosis and subsequently prescribe the wrong strategy going forward.

2.3.1.2 Diagnosing the Organization

In his book *First 90 Days*, Michael Watkins introduces the so-called STaRS model as a tool in the diagnosis of organizations. The model visualizes four business situations facing leaders (i.e. *sustaining success*, *turnaround*, *realignment* and *start-up*). Each of these encompasses a unique set of risks and opportunities and allows you to understand better the frame or structure of your challenge and what tasks may be required to bring the organization forward. It is worth noting that new leadership roles often encompass managing a portfolio (e.g. businesses, projects, products, people that are rooted in a mix of different business situations). However, when employing a helicopter perspective, there will often be a predominant business situation or key task that you, as a leader, will need to prioritize.

When the key task is to get a new business or project launched, you are faced with a *start-up* situation, where the primary task is to carry out the actions required to get the business or project off the ground. However, when the business that you are taking over is in dire straits or is moving in a troubled direction you are more likely looking at a *turnaround* situation, where the primary task is getting the business back on its feet again. If it is only a part of the business that is in trouble, you are looking at a *realignment situation*, where the primary task is to revitalize the troubled unit, product or project while preserving the well-functioning parts. Finally, when the business that you are taking over is successful, you are in a situation where the challenge is to *sustain success*. Here, the primary task will be to preserve the vitality of the organization and take it to the next level.

During each of these four business situations, employees' attitudes and emotions vary, and as depicted in figure 5 their perceptual foundations depend on the specific business situation and cultural offset. As a leader, you must, therefore, be sensitive to this and apply various approaches depending on the prevailing perceptual foundation and culture. As the STaRS model (Figure 5) depicts, in the *sustaining-success* situation, people are often (too) complacent; thus, your task will be to invent a new and engaging challenge or raison d'être in order to shift focus and activate employees.

People are in denial ➔ Pierce through this and confront with the need to re-invent the business	**Realignment** The task is to revitalize a unit, product or project that is drifting into trouble	**Sustaining Success** The task is to preserve the vitality of a successful organization and take it to the next level	**People are complacent** ➔ Invent the challenge, combat complacency, keep people motivated and find a new direction for growth
People are exited ➔ Energies must be channeled into productive directions	**Start-up** The task is to assemble resources to get a new business/product of the ground	**Turn-around** The task is to put a unit in trouble back on track	**People are close to despair** ➔ Provide light at the end of the tunnel

Figure 5: The STaRS model – inspired by Watkins, Michael: "The First 90 Days," Harvard Business School Press, 2003.

In the *realignment situation*, people are often in denial or simply do not understand the gravity of the situation, for which reason the objective is to confront the organization with realities and show them a new direction. In the *turnaround* situation, employees are often close to despair; thus, you will need to show them a way forward and a way out of the given situation. The organization is often aware of their critical situation and open to drastic changes. Finally, in the *start-up* situation, employees are excited and ready to get a new business off the ground. Here, your role will be to make sure that the organization is aligned, running in the same direction and keeping their focus on the key priorities. Focus, focus, focus.

I have always loved the saying: "*Simplicity is the work of genius*." With time, I have learned that simplicity is ultimately a matter of focus and that lack of focus, not lack of time, is a key obstacle to success.
The average executive has the same amount of time available that people like Winston Churchill and Maersk McKinney-Moeller had, perhaps more. Time depends on the choices one makes.

High performing executives are better able than average performing executives to differentiate between what is important and what is unimportant. They have an eye for filtering out time-eaters and accomplish more through focused thinking, and avoiding distractions by narrowing their minds and focus on what is relevant in reference to the critical path of a company.

Most established companies know that there must be a mechanism to strategically focus the organization on what it does best and keep it from getting distracted by other opportunities in order to gain – and hopefully sustain – competitive advantage. This includes ensuring that a clear organizational raison d'etre [22] exists e.g. purpose, vision, mission, values, goals; a narrowly defined value proposition of the business is set and a distinctive competency deployed in the organization – i.e. what the organization can be better at than any one of its competitors.

Obviously, organizations can operate without strategic focus; however, it is our experience that companies that develop and adhere to a clear strategic focus also have a significant competitive advantage in the long-term.

When diagnosing a new organization, it is essential to start at the core of your team and work yourself out from there. Meeting up with your direct reports first, and subsequently establishing dialogs with other internal and external stakeholders seems to be

[22] Reason for being

the most effective order. From here, tabulate your findings and extract patterns with the objective of obtaining deeper insight into the company and their situation. It is often a balance of spending the necessary time on the learning and diagnosis processes and on continuously moving forward and initiating changes. When it comes to *start-up* and *turnaround* situations, our experience concurs with Michael Watkins' idea that because the organization is typically hungry for directions, focus should be on doing just that. Consequently, the leader will face the daunting task of making decisions that have not yet been fully elucidated, simply in order to ensure progress. On the contrary, when it comes to situations of *realignment* or *sustaining success*, largely, your focus will be on *learning* rather than on *doing*. Often, you will be faced with organizations that think they are currently successful and, thus, will be much more critical towards a new leader bringing on change too soon, simply because they do not see the need for change.

Trying to understand and diagnose the business also encompasses analyzing the product lines of the company. An effective tool in this process is the "BCG growth-share matrix" – a product portfolio analysis tool developed by Boston Consulting Group. The objective of employing the BCG tool is simply to better equip you to understand the state of the company product portfolio and how you most effectively can allocate resources to the various businesses and portfolios.

Simply rank the business units (or products) based on their relative market share and growth rates (see Figure 6) and treat them accordingly.

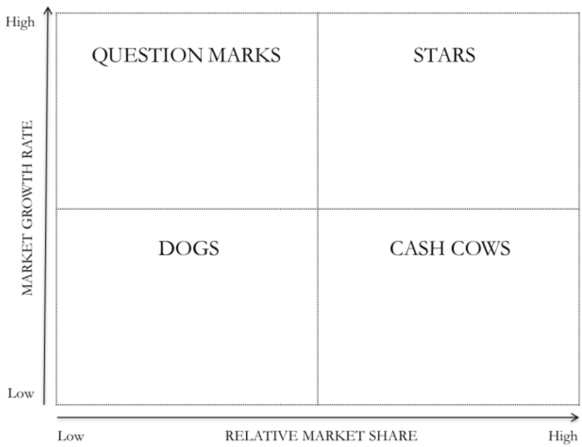


Figure 6: The BCG growth-share matrix

Stars are portfolios with a high market share and are within a fast-growing industry. Stars originate from successful question marks with a market- or niche-leading trajectory and the hope is that with time they turn into cash cows. Stars often require substantial investment to fight competitors and to maintain a sound growth rate. When industry growth slows down, and if they remain a niche leader or are amongst market leaders, they become cash cows – or alternatively, dogs.

Cash cows comprise product portfolios with a high market share that are in a slow-growing industry. Such product portfolios typically generate more cash than needed to maintain the portfolio, thus, are crucial to the company simply due to their cash generating qualities. Cash cows typically require little investment because they are already successful.

Dogs are portfolios with low market share within a mature and slow-growing industry. These portfolios typically only run at "break even," generating barely enough cash to maintain the business' market share. Only if they provide synergies to the rest of the business should they be kept; otherwise, a divestment of the portfolio is often preferred.

Question marks are products operating in an environment of high market growth, but with a low market share. They are often a starting point for most products and have the potential to gain market share and become stars, and eventually cash cows when market growth eventually slows down. Question marks must be carefully analyzed in order to determine whether they are worth the investment required to grow market share.

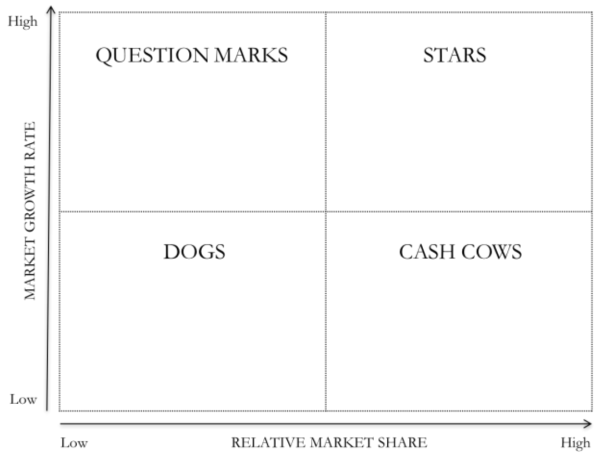
In summary, and in the words of Bruce Henderson, "To be successful, a company should have a portfolio of products with different growth rates and different market shares. The portfolio composition is a function of the balance between cash flows. High growth products require cash inputs to grow. Low growth products should generate excess cash. Both kinds are needed simultaneously."[23]

When the first 30 days have passed, you should – based on the 6 Cs structure – discuss your findings (to date) with your management team.

[23] Henderson, B. https://www.bcgperspectives.com/content/classics/strategy_the_product_portfolio/

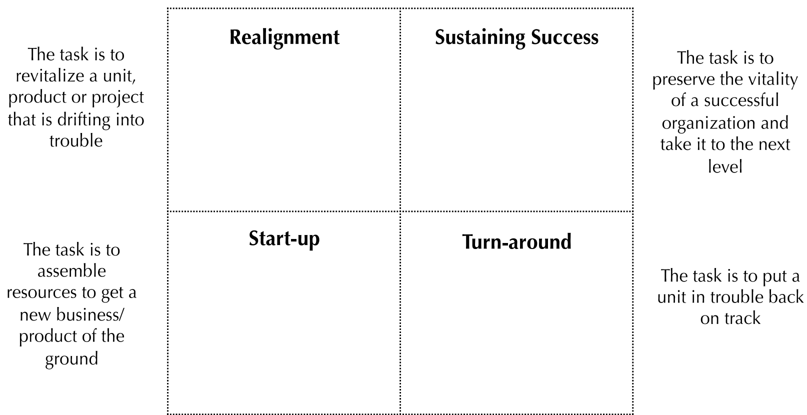
PRODUCT PORTFOLIO MAPPING TOOL

Use this tool to map your product portfolio.



STaRS MODEL MAPPING TOOL

Use this tool to map the business situation of the company and different businesses.



2.3.2 Phase II: The First 31-60 days

Arriving at the second phase of the *marriage phase*, you are now expected to act. The luxury of being in Phase I (Day 1-30), is that you are expected to listen and learn rather than act. While you have been in a *grace period* up until this stage – assessing, learning and diagnosing the company to gain a full overview of their situation – from here on, you should switch focus to the following two objectives, as faith and confidence are often entrusted in those who demonstrate the ability to impact and deliver:

1. creating "early wins" and
2. building momentum and motivational drivers of change.

2.3.2.1 Creating "Early Wins"

Within the first 60 days in your new role, it is crucial to focus on building your personal credibility in order to ensure strong personal relations among your stakeholders. The process of building your personal credibility starts on day one and should ideally gain momentum through Phase II (day 31-60). So, having learned and diagnosed successfully in Phase I, it is time to act, make decisions and create early wins.

Building personal credibility is most effectively done through the creation and delivery of early wins (i.e. small but visible victories that assist your effort of building momentum), as they can be directly attributed to your actions, performance and good judgment. Make sure that those early wins comprise key priorities, shared with your manager. If this is not the case, you may end up with a frustrated manager, since you – in his/her eyes

– have focused your energy on the wrong priorities.

In fact, your focus throughout your onboarding should be on continuously aligning your own objectives, strategies, actions and performance with your manager's thoughts, expectations and evaluation of these. This includes among others to never speak ill about the past, but instead to focus on the present and future (e.g. what it will take to bring the business to the next level while paying attention to and praising and capitalizing on some of the good things already done). It is equally important never to surprise your manager. Make sure that you formally and informally have discussed and aligned your priorities and actions, build rapport with him/her, and that you continually and mutually clarify expectations. It can also be highly beneficial in this process to identify potential internal alliance partners to the manager and to build a good rapport with them, as they could be your inside track to build a good collaborative platform with your direct manager.

When deciding on early win initiatives, they should be quick and relatively easy to implement and must bring along tangible performance improvements for the business. That being said, the process is as important as the actual outcome because there is a risk that you will come across as manipulative or inconsiderate to the organization if you push things through without respect for the process and its people. As a result, you need to be confident that you are able to deliver on the early win initiatives decided on, and that you do so in a timely and effective manner while consequently allocating the resources needed in order to succeed.

In the mid-1990s, a few years after the fall of the Berlin Wall and during the first Balkan war, the chewing gum producer Dandy/STIMOROL decided to open sales affiliates in some of the Eastern and Central European markets. At the age of 26, I was given the opportunity to become General Manager of one, and later, a handful of those markets. The product portfolio (STIMOROL chewing gum) had been sold through a local distributor for a couple of years and was stuck with low single-digit market shares. My task was to build a full-blown subsidiary with its own sales and marketing organization – and to win market share. Being young, naive and eager to be successful, I lacked experience and, at first, did not possess all the necessary competencies and skills for the job (coming directly from academia). However, what I lacked in experience and certitude, I made up for in creativity and willingness to learn. One of my first objectives in the job was to create one or two early wins that could earn me respect among the employees, customers and competitors. I decided first to target the competition as we were being dealt serious blows from them – particularly the market-leading competitor. This market-leading competitor had been on the market approximately 15-20 years before STIMOROL and commanded a market share of approximately 70% (numeric and value) – the remaining being shared between STIMOROL and a handful of other local and international brands. The market leader was known to be a tough player and was, at the time of my start, whipping up significant obstacles to the growth prospects of STIMOROL by systematically removing our chewing gum displays at the cash register of the retail outlets. The displays were, in fact, the property of STIMOROL, but with four times as many people on the ground, this did not seem to discourage the market leader from pursuing this activity. To mend the situation, one of the first things I did was to seek a dialog with the country manager of the competitor – however, he arrogantly dismissed the allegations and me – clearly not interested in any sort of dialog. This made me even more focused on setting him straight. It was clear that the only way forward was to “speak his language” as there was no regulation in place to block this kind of behavior. Because I did not wish to create a roar in the market by involving the customers, I decided to contact one of my own country manager colleagues from STIMOROL who was the market leader in his market and struck a deal with him. Every time the market-leading competitor in my market would tear down one of our STIMOROL displays, my colleague would tear down two of their displays in his market. Then, I called the country manager of the market-leading competitor again and informed him of the continued consequences of his actions. From that day on, we no longer experienced the removal of our displays. Needless to say, this early win was an important step in establishing a growth platform for the company, and we soon moved into double-digit market share. As a positive side effect, it also contributed to building my personal credibility in relation to my own organization.

In your 90-day transition plan – including revisions – it is crucial that you include a milestone list consisting of key priority early win initiatives. Select one or two early wins from the milestone list that can potentially make a meaningful impact and build momentum, and then allocate resources in their direction. An early win could, for instance, be eliminating bottlenecks restricting productivity in the warehouse; identifying ineffective duplication work processes, or simply removing certain product versions that historically and presently demonstrate insignificant turnover and/or profitability. Put all your efforts into delivering early wins and make sure to communicate and celebrate them together with the organization. However, before you do it, be aware that you may potentially make enemies in the process, because some colleagues may oppose your early win initiatives. Moreover, it is crucial to take the governing culture of the organization into account (i.e. employ your cultural findings from your previously conducted due diligence to make an appropriate assessment of what a great win could be and how it would be received throughout the organization).

2.3.2.2 Building Momentum and Motivational Drivers of Change

Once you have taken initiative to deliver on some key priority early wins, it is time to build momentum by laying down the foundation for the direction that you intend to take. To do this, you must find a way to get people aligned with a shared purpose (i.e. a long-term raison d'être that encompasses the pillars of motivation and engagement for the organization needed to endure the transition ahead). The transition itself is led by you and is, thus, fully dependent on your ability to create the physiological and psychological driving force or stimulus behind the energy that is required in order for the organization to take an active role in delivering on your agenda of change. In essence, your ability to create a shared purpose and a motivational platform around your priorities is the key to your success.

Motivation

A lack of motivation among colleagues and within the team may potentially give rise to a lack of driving power and, thus, their commitment to take part in, and contribute to, your transition process. One of the most important things affecting the level of performance of any person in most aspects of life is the motivation of the performer. To understand motivation, we often differentiate between *positive performance motivation* and *negative performance motivation* (lack of performance motivation). Positively motivated people are typically driven by positive thoughts and are excited, enthusiastic, confident, engaged and committed and believe that they will succeed with a given task. Conversely, people who are negatively motivated often lack motivation and are driven by fear – a fear of failure. They are rarely thinking constructively while they show little or no enthusiasm and often prefer to simply withdraw from the task.

Any organization consists of groups of *high performers*, *average performers* and *low performers*. Research indicates for high performers more than 75% of their motivation derives from the focus on what they want to achieve and their determination to succeed – not fear or what they wish to avoid. For average performers, this number is closer to 20%, indicating that their motivation is less driven by positive thoughts on what they want to achieve, but rather on what they are trying to avoid (i.e. what they fear). Hope/fear, pleasure/pain and gain/loss are powerful dichotomies of motivation. Average performers will often do more to avoid pain than they will to gain pleasure; thus, they are often more risk-averse than high performers – often evident in their low levels of confidence – and perhaps also competence – alongside being driven by fear of not succeeding rather than the determination to succeed.

Research shows that most people only reach a fraction of their potential. One reason is that they do not see or take advantage of their potential. Another reason is that they do not have enough faith in believing that they can fulfil it. High performers expect to succeed, and therefore, often will. This is because beliefs determine expectations, and expectations determine actions. However, by believing in themselves high performers are willing to take (calculated) risks and accept that they sometimes will fail. However, the difference between high performers and average performers is, that when they fail, they work hard to take corrective actions or limit the effects of their failure.

In his book “Talent is Never Enough” (Maxwell, 2007) John C. Maxwell tells a story originally told by Harvey McKay about a professor who stood before a class of thirty senior molecular biology students. Before the professor passed out the final exam paper, he stated, “I have been privileged to be your instructor this semester and I know how hard you have worked to prepare for this test. I also know most of you are off to medical school or graduate school next fall. I am well aware of how much pressure you are under to keep your GPAs up, and because I am confident that you know this material, I am prepared to offer an automatic B to anyone who opts to skip taking the final exam.” The relief was audible. A number of students jumped up from their desks, thanking their professor for the lifeline he had thrown them. “Any other takers?” he asked. “This is your last opportunity.” One more student decided to go. The instructor then handed out the final exam, which consisted of two sentences “Congratulations”, and, “You have received an A in this class.”
This story is about being rewarded for working hard and believing in yourself and your potential. In fact, the more you believe in yourself and your potential, the more you will be able

to accomplish.

When it comes to motivating people, in general, pain, loss and fear may motivate most people in the short run, but in the long term, a positive approach is more adept at improving performance. When any person performs a task that plays to their strengths, they are often highly motivated and confident that they will complete that task successfully. They are often committed and engaged in the task and look forward to being measured on their performance. High performers, in particular, use these measures to identify what to improve in order to perform better in the future. They often believe in themselves, which subsequently leads to increasingly higher expectations for themselves. The desire of high performers – or any person – to achieve something, is stronger or weaker depending on how much risk they are willing to take. The extent to which they believe that their effort will bring along a successful outcome, and the extent to which they and the organization will benefit from the outcome, is crucial in this evaluation.

Key Drivers of Motivation

Based on the work of Richard Gerson in his book "Achieving High Performance" (Gerson, 2006), and our own experience with organizations, we have identified a series of motivational factors guiding motivational engagement and performance improvement. Use these motivational factors to guide you in the process of bringing the organization onboard your agenda of change:

1. When Monty Python sang, "Always look on the bright side of life" they undoubtedly spoke to one of the biggest keys

to unfolding a person’s potential (i.e. positive attitude). Unfolding potential encompasses among others learning to monitor and manage a person’s *attitude* and its effects on work performance, relationships, etc. Alternatively, habitual negative attitudes often stem from experiences and events – typically driven by low self-esteem, feelings of loss, stress, fear, anger, etc. – and they will limit a person from unfolding his/her full potential. Thus, a person’s attitude towards a task is a key driver of positive or negative motivation. Optimistic people seem to deliver significantly more performance improvements, and seem to overcome more obstacles along the way, than their pessimistic peers. When you make your diagnosis, try to map the attitudes of the organization in general and particularly the attitude of the key stakeholders because it will help you in understanding what you are up against.

2. *Confidence* – or lack thereof – is another key driver to a person’s positive or negative motivation and his/her willingness to change. Approaching a given task or situation with confidence and belief in a successful outcome, the scenario will often become a self-fulfilling prophecy and the outcome successful. This will subsequently often carry more motivation to work hard and to persevere. As a result, the probability of success is affected by how much you can make employees believe in their own success during the change process. If you only expect to be 20% successful in a given endeavor, you will probably apply less effort completing a task in comparison to what you normally would.

3. People also have an innate need for relatedness or

attachment. A *sense of belonging* and believing that we belong to each other are important contributors to a performance while it affects the level of self-esteem, confidence and motivation. If you can make people feel that they are an important part of the change process, and organizational success, they are likely to be significantly more motivated to support your agenda of change.

4. People with strong *competencies* (skills, knowledge and abilities), and a feeling of being capable will often be more motivated and *committed* to a given task. Through commitment, dedication to completing a task successfully, a positive attitude, and an increased sense of self-efficacy, a person is more inclined to persist in a change process and in spite of obstacles. Therefore, in your diagnosis, you should map competencies across key employees and stakeholders and use it to entrust the right people with the right tasks and roles during the change process.

5. However, if the change process ahead is mined with *stress and conflict*, it may affect the level of motivation negatively. Even though high performers are used to overcoming obstacles, some obstacles may be too difficult to overcome. Leading under pressure is a challenging task for any executive – particularly for a newly hired executive trying to adapt to a new company, role and environment. Nonetheless, the executive is watched closely by his/her employees and as a result, the actions he/she makes under stress can have a profound impact on the culture of an organization. Therefore, it is crucial to be aware of one's own stress triggers while understanding how to modulate one's own behavior in order to ensure that it remains

consistent with the values of the company and the executive. High performing executives often have a unique ability to prevent conflict with a talent for troubleshooting and conflict resolution. Therefore, identify your high performers and use them as levers for your change process.

6. The *culture* of a company, and the extent to which performance expectations and guidelines are communicated clearly in the change process, also affect motivation. One of the biggest triggers of frustration (demotivation) is to not know what is expected of you and what the measure of success is. Additionally, being part of a change process that does not promote and reward contributions and successful performances may be detrimental to those employees' motivation. As the saying goes, *"If you put a good performer into a bad system, the system will win almost every time."*

7. Last, employees need to be continually *challenged* while believing that they possess some level of control over their own activities. In fact, employees need to be allocated roles in the change process that supplies a steady flow of complex challenges, to avoid them being bored and demotivated. Additionally, they need to believe that they can exercise some level of control over the consequences of their actions. Too often, managers identify a problem and rather than first asking the employee to propose a solution, they themselves prescribe the answer. They set out detailed directions to the employee and thereby end up taking ownership of the solution. Thus, no "transfer of ownership" has occurred and the employee is

demotivated, as he/she does not believe that he/she can exercise control.

In essence, deficiencies in one or more of the above listed "motivational" categories can have significant effects on the motivation and the performance of the individual employees in the change process.

Intrinsic and Extrinsic Motivation

There is a story about an old man who had an empty lot next to his house. Every day the neighborhood children would play baseball in the old man's lot. Needless to say, the old man got increasingly annoyed with all the noise and yelling coming from the children playing in the lot, and so he developed a plan to stop the children from using the lot. One day, while they were playing, he told them that he would pay each of them $8 every day they came to play in the lot. They could not believe that he was actually offering to pay them for something that they were already doing, thus, agreed to the proposal. After a few days, he told them that he, unfortunately, could no longer afford to pay them the $8 but that he still wanted them to play in the lot and asked if they would accept $1. They discussed the new proposal for a while and agreed to take the $1. A few days later, the man returned to the lot and told the children that he, unfortunately, could no longer afford to pay them to play at the lot – hoping however, that the children would continue playing at the lot anyway. The children responded by refusing to play in the "stinking" lot if he was not going to pay them.

This story is a good example of how two key elements guide most behavior (i.e. *intrinsic* motivation and *extrinsic* motivation). With basis in the example above, at first the children played in the lot for enjoyment (i.e. they were performing the activity for their own sake [intrinsic] rather than for the desire of some external reward [extrinsic] illustrated by the man starting to pay them) and this became the motivating element. Once the man took away the extrinsic motivating factor (i.e. the money), the children no longer had the desire to play at the lot. This behavioral pattern has been repeated in numerous other studies underpinning that offering external rewards for an already internally rewarding behavior can actually lead to a reduction in intrinsic motivation. When a person is driven from within by a sense of self-satisfaction from successfully doing or completing a task, he/she is intrinsically motivated. When a person is performing a task for rewards or reinforcements, he/she is extrinsically motivated.

There exist two schools of thought concerning extrinsic and intrinsic motivation. The first school believes that one approaches a task with a certain amount of intrinsic motivation and has an innate desire to perform well on that task, and from the personal satisfaction derived from accomplishing the task, one is happy to repeat the task with increased confidence. The other school believes that extrinsic motivators, (e.g. incentives received for a performance or made possible by delivering on certain goals prior to a performance) often tend to increase productivity in a variety of situations, for example, in sales roles and others. However, this school also believes that extrinsic motivational factors may ultimately decrease a person's motivation to perform if they are given for something they are already achieving. In fact, this will often start a downward spiral leading to a lower level of performance – especially if the reward is reduced, as we saw in the example of the old man. However, from a general perspective, it is important to recognize that each person will perceive any one motivating factor differently from another person. The key is to tailor the right mix and content of intrinsic and extrinsic motivational factors to the individual person.

One of the most common and main motivational factors for many people these days is *a sense of purpose*. Whether it be professionally or personally, many are highly motivated by the feeling that what they do *matters.* A way to achieve such a sense of purpose, among others, is by carefully defining the vision, mission and objectives of a given activity. This will allow the involved parties to set clear expectations, break the activity into subtasks, allocate sufficient resources to the activity, and eventually succeed. In fact, people who do not set up goals and objectives and commit to them are less inclined to *achieve* at the same level compared to people who do.

Being new to your role and eager to bring about that sense of purpose within your future organization, it is essential that you, in cooperation with your management team, inspire an understanding of the organization's corporate and business strategies for the future, including the:

Mission – describes the sole purpose and existential justification.

Vision – acts as the guiding star of the company

Values – beliefs and moral principles that guide attitudes, decisions and actions.

Objectives – qualitative performance requirements.

Goals – quantitative measures of the objectives.

Strategies – describes how the team will achieve its objectives.

Plans – include the most important projects and initiatives.

It is crucial to get your own management team closely involved in setting the direction, and defining the shared purpose and strategies. The best way to do this is by conducting interactive workshops structured around a clear rollout plan for how to bring the employees onboard. By understanding the purpose, hereunder the corporate and business strategies, as well as the potential effects and importance of the employees' efforts, the employees will automatically feel a sense of ownership that will generate and increased level of engagement, motivation and desire to succeed.

Most onboarding leaders are struggling with how best to employ intrinsic and extrinsic motivation as part of their change process. However, getting people onboard your agenda is dependent on your ability to create a well-balanced mix of intrinsic and extrinsic motivation. Knowing how to employ the two is what really makes the difference, as it is truly an individual evaluation whether an employee is primarily driven by the inherent satisfaction they will feel when they successfully complete a task within your change agenda (intrinsic) or if extrinsic factors should come into play. However, numerous studies indicate that knowledge-intensive employees are primarily driven by intrinsic motivational factors. They have a strong need to feel a sense of purpose, a sense of achievement, a sense of making a difference, and a sense of influence and power over a given outcome. Especially when it comes to scientists and creative people, intrinsic motivation is key. Creative people are seldom focused on themselves, but rather the task itself and scientists are often so passionately involved in their field, that all other aspects of reality are locked out most of the time. It is not a reward or bonus that drives them but the sense of purpose and achievement related to their work that drives them. However, most employees also respond to extrinsic motivation, particularly if they include more influence and mandates to operate, more time to prepare sufficiently for a task and to explore critical paths, and more resources allocated to their activity or performance, etc.

Like motivation – a lack of engagement in the organization may very well limit your chance of getting the organization to actively support your transition process. Therefore, the ability to build engagement, including an emotional connection between you and your employees, is key to your success.

Engagement

Engagement is defined as "a desirable condition that has an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort and energy," which draws a direct line to retention, productivity, customer satisfaction and financial performance (Schroeder-Saulnier, 2011).

In the article "Fostering Employee Involvement and Engagement through Compensation and Benefits," Gerald E. Ledford Jr. (2011) claimed that engagement overlaps three heavily correlated and researched concepts:

- job involvement,
- job satisfaction, and
- organizational commitment

The latter implies an employee's attachment to an organization as a whole, including feelings of loyalty, pride and shared values. The first two concepts (i.e. job involvement and job satisfaction) encompass the intensity of feelings and connection towards a job. To succeed with your agenda, you not only need motivated employees – but you also need their engagement. It is our experience that high involvement often leads to high employee engagement. Moreover, high employee engagement and involvement seem to lead to a better performance and/or organizational outcome with the key link between the two (employee engagement and organizational outcome/performance) being customer satisfaction/experience (see Figure 7).

Figure 7: The link between employee engagement and organizational performance. Based on the article, "Employee Engagement and Talent Management." In *The Talent Management Handbook* by Deborah Schroeder-Saulnier, 2011. 2nd edition.

Engagement can be optimized when: 1) structures, 2) capabilities/people, 3) systems and 4) processes are aligned with the overall strategy and embedded in strong values and a positive work culture. Thus, these four elements constitute the operational platform for any successful business (i.e. the operational excellence levers) and if clearly defined and transparent to the employees become the drivers of engagement (see Figure 8).

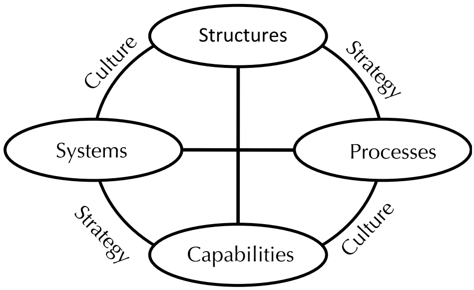


Figure 8: The operational excellence levers

It is our experience that organizations and their leaders play a critical role in driving employee engagement. When leaders seem to value their employees, communicate to them, and provide the necessary support for them to do well while leading by example, they create a strong foundation for employee engagement. The creation of a positive work culture with learning and development opportunities is an additional key driver of engagement because people believe it is important to be treated respectfully, while they value being empowered to make decisions and are, thus, encouraged to bring new ideas to the table.

Finally, research shows that employees who believe that their organization provides career opportunities are six times more likely also to feeling engaged. The same goes for wellbeing in the workplace. In fact, the psychological and physical wellness of employees is a key driver of engagement. Research indicates that employees are likely to be more engaged, thus, more productive if their workloads are appropriate, the work pressure is reasonable and when some acceptable level of work-life balance is present. Furthermore, employees are eight times more likely to be engaged when health and wellbeing are actively promoted in a company.[24]

I once asked a client, who was the CEO of one of the largest organizations in Denmark, what his biggest challenge was. His immediate response was, “indifference and disengagement.” In his business, he was faced with the challenge that the bulk of his customer-facing employees were young and low-paid people who saw their job as a temporary, transitional stepping-stone to a meaningful next job. These employees suffered from *chronic disengagement* because they found limited wellbeing and engagement in their job.

Employees who work in a physically, psychologically and socially healthy environment, and at the same time experience high engagement, are significantly more inclined to become high performers who will go the extra mile and often be highly productive.[25]

2.3.3 Phase III: The First 61-90 days

The final phase of the 90-days transition plan involves:

1. Putting a new operational excellence structure into place (day 61-70)
2. Recalibrating the operational excellence structure (day 90)

[24] Bevan, S. (2010). *The business case for employees health and wellbeing: A report prepared for Investors in People UK. London*. London, UK: The Work Foundation.

[25] Bevan, S. (2010). *The business case for employees health and wellbeing: A report prepared for Investors in People UK. London*. London, UK: The Work Foundation.

2.3.3.1 Putting a New Operational Excellence Structure Into Place (Day 61-70)

Being a couple of months into your new role, the focus should be on making structural decisions that support the execution of the new strategies and actions that you – based on your diagnosis – have decided to launch. In its essence, the key is to ensure that the company's competencies/capabilities, assets and resources are continuously in sync with the company's market context. Emphasis must be placed on your ability to integrate, build and reconfigure the organizations and your own competencies to ensure a strong and market-sensitive execution. We term those competencies *dynamic competencies, which can be further* divided into three interconnected areas of competencies and which encompass the ability to:

sense and *shape* opportunities and threats;

seize opportunities and meet threats;

reconfigure the business' intangible and tangible resources, including the ability to adapt the *operational excellence levers* of a company to stay in sync with the company's market context. This implies developing, changing or expanding the organization's a) capabilities/competencies, b) systems, c) processes and d) structures (see Figure 9).

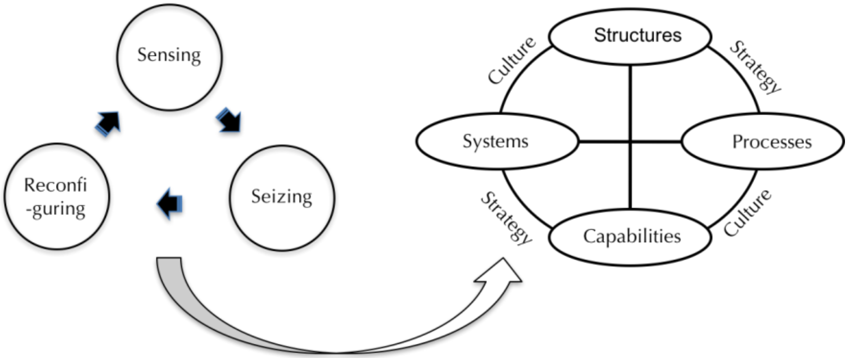


Figure 9: Dynamic competencies model

Companies that find themselves in rapidly evolving environments, open to international commerce and competition, need to acknowledge that long-term success depends on the ability to continuously discover and develop opportunities (i.e. the sensing and seizing capabilities), and on effective reconfiguring its resources – in effect, adjusting its operational excellence levers (capabilities/competencies, systems, processes and structures) to match those opportunities. For companies to survive in the long run, growth must be on top of the agenda. However, the entire foundation of a growth platform rests on the *dynamic competencies* of its leaders, including their ability to:

1. Develop a deep understanding of the markets and identify unmet customer needs (i.e. *sensing* and shaping the market) (Teece, 2007). Your customers' needs change and new products and distribution methods emerge as threats to your existing business model. If you do not sense these things before they happen, you can easily become misaligned.

2. Finding – or *seizing* – opportunities at the intersection of market needs and current/future resources of the company, and clustering these around a strategic platform.

3. *Reconfiguring* existing operational excellence levers in order to execute efficiently on the seized opportunity.

You may believe that the decisions you take at this juncture will suffice for a long time. However, as disruption most probably will come your way, you will find yourself in the difficult dilemma of securing some degree of stability in the shape of formal procedures and roles that must be in place while at the same time making room for continuous change. In fact, it is not only the competition that pose a threat to the competitive advantage of your company, so does the mismanagement of internal dynamic competencies, which merely emphasize that the leaders of tomorrow must possess these *dynamic competencies*. In other words, leaders of today must possess skills in sensing the risks and opportunities of the business, seizing the right opportunities, while avoiding the mission-distracting risks and reconfiguring the capabilities, structures, systems and processes of the company, with the objective of keeping their organization in an evolutionary fit.

Changing the Organizational Architecture

Planning to assess the architecture of your organization and identifying areas for improvement is a crucial step.

Adjusting (e.g. your organization's capabilities/competencies) to match the future challenges of the company involves putting people in the right roles. The performance of organizational restructuring – or reconfiguration - processes can be a powerful change agent because personnel moves spark emotions, fears and egos, and when people are promoted, terminated or moved, those who have been resisting change often develop a whole new perspective.

Thus, within the first 61-90 days, you should be ready to have your organizational restructuring plan in place. In certain situations (e.g. turnaround situations), you may need to move faster and in other situations, it may take you longer. However, when you have reached the 90-day mark, you are the one responsible and accountable for (e.g. staffing-related issues) and you can no longer blame others for unresolved issues. In essence, the organization's *problem children* now become your *problem children*.

Reconfiguring or changing the organizational architecture before setting the strategy is not a good route to follow, so rather:

1. Start by *selecting your destination* (mission and goals) and set the course (strategy).
2. *Assess* the supporting structure, systems, processes and capabilities currently in place.
3. *Define* the new structure, systems, processes and capabilities needed to execute the strategy.
4. *Introduce* the new strategy.
5. *Follow-up*.

When it comes to the part of the operational excellence levers concerning the restructuring of capabilities, your organizational restructuring plan should include:

1. *Assessment* – identify business critical positions and employees and assess for competency gaps. By performing a future skills management analysis, your focus is on assessing your organization's capabilities by seeking to identify *critical gaps* between needed and existing skills and knowledge. Closing gaps can potentially produce significant gains in performance and productivity. The gap analysis must reflect the organizational skills and resources needed to successfully executive the new strategy.
2. *Acquisition* – define roles, match the roles to a workforce plan defined to deliver on the new strategy, and acquire/recruit the needed talent (internally/externally).
3. *Selection* - assign each employee to one of the following categories:

    less responsibility/complexity,

    keep in current position or move to similar position,

    move to a non-managerial position with more responsibility,

    move from a non-managerial to a managerial position,

    observe for a while,

    exit or develop (low priority), or

    exit or develop (high priority).

If you need to exit people, treat them respectfully because your actions in this team-restructuring process will impact the company's employer brand.

4. *Onboard* – ensure that appropriate internal onboarding processes are in place – particularly when it comes to leaders and business critical employees.
5. *Direct* – provide clear direction, objectives and goals.
6. *Monitor* – monitor people's performance.
7. *Migrate* – migrate people into relevant roles.
8. *Develop* – create an overview of skills and knowledge and develop an organizational development plan that is aligned with the strategic plan. Track performance and make talent reviews and career-development plans.
9. *Succession management* – prepare a succession management platform. Succession management assists the organization in evaluating its supply of talent against the demand for talent. Where succession planning concerns the top talent pool only, delivering multiple reserves to a given position, as opposed to replacement planning that delivers only one reserve, succession management concerns all talent pools located in the pipeline and focuses on developing and managing these talent pools (i.e. building skills and competencies).

The higher your position is in the corporate hierarchy, the more you will find yourself in the role as organizational architect creating the framework for others to excel within. In this context, it is essential that you ensure that your organization is aligned to deliver on your new strategy. Unfortunately, most managers are not trained in organizational design simply because they typically have had only limited control over organizational design earlier in their careers. If this applies to you, seek advice from your network or from an external consultant.

2.3.3.2 Recalibrating the Operational Excellence Structure (Day-90)

The first 90 days in the new position will offer learning followed by more learning. As transitioning leader, you will need to make continuous adjustments to the operational excellence model and elements of the strategy. Transitioning leaders must be masters of their people (capabilities), structures, processes and systems and dedicated to effective lifecycle management, ensuring that gaps will not occur. The leader must be focused on stimulating the organization to think of continuous improvement when it comes to all initiatives in an enterprise, with the objective of creating sustainable competitive advantages.

Therefore, at the end of the first 90 days in the onboarding process, the leader must perform a:

1. *Strategic recalibration* – consider if there are elements of the strategy that no longer match the future market context or resource-based platform of the company. Subsequently, conduct an *operational review*, refresh and plan and ensure that the right operational excellence levers are in place.
2. *Tactical recalibration* – consider if there are elements in the business plan that need to be updated and revised.
3. *Operational recalibration* – consider if there are elements in the operating/action plans that need to be revised.

4. *Milestone recalibration* – consider if there are elements in the monthly milestone plan that needs to be adjusted and updated.

When striving for business excellence it is crucial to ensure that the corporate and business strategies are based on business and customer needs. Strategies must always be aligned with the needs of the business and its customers in order to generate the necessary competitive advantages. When executing on the strategies, the executive must create the basis for turning the operational excellence levers (i.e. capabilities, structures, processes and systems) into *enablers*, for the organization to achieve its business goals, rather than an obstacle. Additionally, it is crucial to ensure that appropriate resources are available to execute the strategies and that individual business units are aligned to function as a cohesive whole, rather than trying to achieve excellence in silos. Finally, it is the task of the new executive to facilitate the development, communication and follow-up of milestones in order to ensure organizational performance and growth.

OPERATIONAL EXCELLENCE MAPPING TOOL

Use this tool to map your key operational excellence levers.

Key **capabilities/competencies (people)**:

Key **systems**:

Key **structures**:

Key **processes**:

2.3.4 Company Executive Onboarding Checklist

If you represent a company getting ready to onboard a new executive in your organization, we have included a company executive onboarding checklist that may prove helpful in the process. The goal of the company executive onboarding plan is to prepare the company for the executive's arrival and to ensure a successful entry for the executive in the organization. The following preparatory checklist is offered as inspiration for companies that onboard executives into their organization. The checklist consists of the following phases:

- Pre-boarding phase
- Day 1/Week 1 Phase
- First 30 days phase
- Day 31-90 phase
- First 6 months phase
- First year phase

PRE-BOARDING

Preparatory checklist for before the executive starts.

☐ Provide the executive with: • Bios and CV of direct reports • Access cards (e.g. codes)
☐ Work with IT to coordinate workspace, so the executive has an appropriate office and equipment available and ready (e.g. computer and phone)
☐ Pre-book essential activities and training in the executive's calendar, for example: • Meetings with mentor/sponsor/coach • Lunch with senior leaders • Meetings with the executive's own core management team
☐ Create a list of key stakeholders with names, titles, phone numbers and email addresses.

☐ Assign an executive sponsor (practical go-to person) with the objective of accelerating the new executive's ability to quickly address and properly deal with confusing issues. For example, the sponsor can answer questions and shed light on: • outlining what is "normal protocol" in the organization, • finding the right people to go to for information, and • correcting procedures (learning what is "right" and "wrong").
☐ Assign a mentor to help immerse the executive into the culture of the organization.
☐ Assign a coach to help the executive progress in his/her current position, as well as with individual development and career goals.
☐ Develop a briefing book with: • key information about the company (e.g. structure, vision, mission, values, background info, financial info); • organizational chart and phone book, photos and bios of key executives; • list of acronyms; • benefits programs and the like; • required training information; • list of recurring meetings; • maps and building information; and • information of personal interest (e.g. information on local schools and realtors if relocating).

☐ Plan for a welcome gift.
☐ Schedule mandatory training (e.g. IT security, QA, ethics, employee and labor relations).
☐ Produce an article for the intranet to note the arrival of the executive.

DAY 1/WEEK 1

Preparatory checklist for Day 1/Week 1:

The goal of the first day is to ensure the executive is welcomed into the organization by senior leadership and new staff and is satisfactorily integrated. The remainder of the week should be dedicated to deliberate introduction and acclimation of the executive into the organization as well as training to help the executive understand pitfalls and critical issues.

☐ Welcome the executive by planning (e.g. a breakfast with all employees).
☐ Plan for a potential press release.
☐ Introduce the executive to (e.g. direct reports, staff and senior leaders).

☐ Introduce the executive to his/her assigned mentor and sponsor.
☐ Pre-schedule introductory calls/meetings with key contacts and stakeholders.
☐ Conduct an executive briefing to provide the executive with information about the organization. The briefing should include: Fact sheets on the "hot issues" that will require the executive's attention within the first 90 days. A quick introduction to personnel policies and rules (e.g. financial "dos and don'ts," hiring, firing, travel, credit cards) A discussion of initial projects and responsibilities, including past performance standards. Training and information designed to provide initial familiarity with crucial systems and procedures (important as they make executives aware immediately of vital systems, laws, procedures).
☐ Meet with executive to ensure job roles and responsibilities are clearly communicated.
☐ If cleared by the executive, schedule a meeting with direct reports.
☐ If cleared by the executive, schedule a meeting with the direct reports and staff.

FIRST 30 DAYS

Preparatory checklist for first 30 days:

The goal within the first 30 days is to assist the executive in clarifying his/her various responsibilities and related tasks since a preparedness and clear understanding of these will allow for a stronger performance, a more effective development and proper ethical behavior. Moreover, during this phase the company also facilitates building relationships and business partnerships.

☐ Finalize the executive's performance objectives.
☐ Formal feedback sessions should be scheduled between the executive and his/her manager and coach/mentor.
☐ Company should facilitate networking opportunities and provide resources to make networking possible for the executive.
☐ Executive to meet with his/her coach.
☐ Provide the executive with resources, tools and time to successfully accomplish tasks in this phase.
☐ Contact the executive to gain feedback on his/her experience after 30 days.

FIRST 31-90 DAYS

Preparatory checklist for first 31-90 days:

The goal within the first 90 days is to cultivate the new executive by building competence in the job and providing frequent opportunities for open forum discussions. By now, the executive should begin to have taken on a full workload while managers monitor performance and provide early feedback.

☐ The manager of the onboarding executive should incentivize the executive to develop a strategic platform and an action plan for his/her review.
☐ The executive should review performance objectives with his/her manager.
☐ Provide the executive with the resources, tools and time to successfully accomplish tasks in this phase.
☐ Contact the executive to get feedback on his/her experience after 90 days.

FIRST 6 MONTHS

Preparatory checklist for the first six months:

The goal within the first six months is to provide guidance and feedback to the executive to ensure continued success and to make plans for his/her future within the organization.

☐ The executive should engage in a leadership assessment process for developmental purposes and to identify areas of improvement. Follow up with coaching and/or an action plan if relevant.
☐ Manager should schedule a formal feedback session with his/her executive.
☐ Provide the executive with the resources, tools and time to successfully accomplish tasks in this phase.
☐ Contact the executive to gain feedback on his/her experience after six months.

FIRST YEAR

Preparatory checklist for the first year:

The goal within the first year is to monitor performance, individual development, and obtained goals of the executive, including his/her desire to engage in the advancement of the organization's mission.

☐ Executive should complete a 360° assessment (or other leadership assessment process) in addition to the annual performance appraisal.
☐ Provide the executive with the resources, tools and time to successfully accomplish tasks in this phase.
☐ Contact the executive to gain feedback on his/her experience after six and nine months.
☐ Close and assess next steps.

Source: https://www.opm.gov/WIKI/uploads/docs/Wiki/OPM/training/Hit_the _Ground_Running_Establishing_a_Model_Executive_Onboarding_Framework_2011.pdf

PART III

INTERNAL EXECUTIVE ONBOARDING

3.0 INTERNAL EXECUTIVE ONBOARDING

Internal executive onboarding encompasses the transitioning of existing executives in a company from one role and/or leadership level to the next.

In our experience, an anticipated shortage in access to high-quality leadership talent is driving an increased focus on internal leadership pipelines. During the financial crisis, marketing investments and investment in talent development were significantly reduced, which has now resulted in a global leadership deficit. Consequently, post-crisis internal leadership pipelines have not developed nearly to the extent that would satisfy the growing demand for strong leadership talent going forward. For some reason, talent development is seldom viewed as integral to the business strategy, but as part of human resources.

Due to the imminent talent shortage, companies across the globe are starting to integrate talent development into their corporate and business strategies with the objective of improving internal leadership and high performer pipelines, thus, improving their leadership base. In the book *The Leadership Pipeline*, Charan et al. described up to six career steps or passages that an executive will pass through while moving up the leadership hierarchy.[26] Each career step is a major life-changing event of a leader and cannot be mastered in a day or two or by taking leadership courses. Figure 10 depicts the various career gates/levels in a traditional hierarchy and the career steps one must take when transitioning

---

[26] Caran, R; Drotter, S., & Noel, J. (2011). *The leadership pipeline – How to build the leadership powered company* (2nd Ed.). San Francisco, CA: Jossey-Bass.

from one career gate to another. In essence, it depicts the hierarchy of work in most companies – even for most small companies as they become successful.

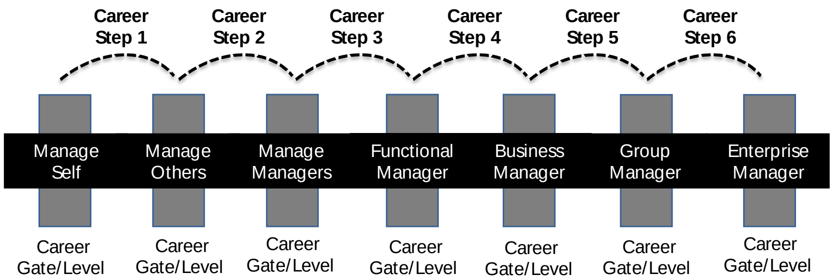


Figure 10: The Career Step/Career Gate Model

As visualized in Figure 10, each career step is triggered by the executive passing from one leadership gate to the next, which encompasses a completely new set of leadership competencies. In fact, each individual career step immediately invokes a performance gap because the candidate moving up to the next career level/gate does not possess the required skills, competencies and experience in order to succeed at the new level. As a result, the candidate is not immediately capable of delivering results, thus, for example, coaching, training, and support are required to make the candidate decision-making competent. Awareness about the challenges inherent in each career step will help disclose *leadership landmines* at every organizational layer and potentially help transitioning leaders navigating and avoiding the most obvious landmines. To successfully transition to the next leadership gate/level, the executive must, therefore, be prepared to take various initiatives to accelerate his/her learning and to acquire a whole new way of leading and managing. We term these leadership transition initiatives *leadership transition accelerators,* and they encompass:

- *Acquisition of new leadership skills* – new leadership competencies are required to successfully perform at the new leadership gate/level, (e.g. communication skills, situational leadership skills).
- *Expanding level management navigation* – new competencies are required to successfully cross individual levels of management (i.e. from operational to tactical to strategic).
- *Building value chain understanding* – new competencies are required to successfully build a broader value chain understanding, (e.g. from functional to business and from group to enterprise).
- *Grow stakeholder management platforms* – new competencies are required to successfully identify, segment, target and interact with the new set of stakeholders that will invariably surround a new leadership gate/level.
- *Time management* – executives need to focus on time management, making sure that time allocated to themselves and their employees match the key priorities (Kaplan, 2005). The keyword in this regard is *focus*, as it is essentially a lack of focus that potentially becomes a key obstacle to success – not a lack of time. Unfortunately, the higher the leadership level, the more complex it becomes to focus.

The key to a successful transition from one leadership gate/level to the next rests in the ability of the transitioning executive to learn and integrate the new leadership skills required, cross to the appropriate level of management, expand value chain understanding, undertake appropriate time management, and to grow stakeholder management platforms – in accordance with the new leadership gate/level. However, often leaders moving up the leadership hierarchy receive little or no support in this transition. We have seen leaders fail in transitioning from one gate/level to the next – and within six months going from holding top performer ratings in the prior career gate/level to struggling with low performer ratings in the new career gate/level.

Feelings of *incompetence*, *confusion* and *vulnerability* are often connected with leaders transitioning into new roles. In an unconscious re-enforcement of their self-worth and self-esteem, executives begin to drift towards areas where they feel competent, which leave them open for gaps in the required skills and competencies, margin, etc. It is our assertion, that these leaders very well could have succeeded in their transitions had they received the proper support, coaching and tools from their line manager, HR and other key stakeholders. As Michael Watkins writes in his book "First 90 days," there is a sort of Darwinian sink-or-swim managerial culture in most companies today in the sense that *"…*promising managers are thrown into the deep end of the pool to test their evolutionary fitness for advancement. The swimmers are deemed to have high potential, and the sinkers…sink." [27] In these organizations, the learning aspect of transitions is not in focus. Consequently, lessons learned by younger managers will often not equip them for the next level, and they make early mistakes and *drown*. Others *swim*, but only

[27] Watkins, M. (2003). *The first 90 days*. Boston, MA: Harvard Business School Press.

because they end up in the right kind of position or have received the right level of onboarding support. To build a strong leadership pipeline, principles of internal onboarding should be applied. However, first organizations must identify leadership candidates early in order to build their leadership capabilities.

Internal onboarding encompasses formalized processes, systems and structures that are designed to take a company's leadership pipeline through six career steps (Section 3.1-3.6) in a safe, qualitative and efficient manner.

1. First, the internal onboarding *process* must be designed to help the transitioning leaders adopt the leadership transition accelerators appropriate to each leadership gate/level.
2. Second, the internal onboarding *system* must be transparent and should encompass a learning management system that will take the transitioning executive through the leadership transitioning accelerators and illustrate how to apply these accelerators to each leadership gate/level.
3. Third, the internal onboarding *structure* should encompass trained executives that are "game masters" at their particular leadership level. These executives should be used in a combination of mentor and coach roles. Additionally, the current and new manager of the transitioning executive and a representative from HR should also provide feedback, coaching, and sparring during the transition phase – typically the first 3-6 months. For more senior executive roles, external coaches are often

a valuable addition.

3.1 Career Step 1: From Managing Self to Managing Others

Most employees believe that transitioning from managing yourself to managing others must be one of the most difficult of the six career steps. However, from our experience, this is not the case. This is mainly because, at this leadership level (managing others), the team is often so small that the transitioning employee can play a dual role of part manager/part specialist. This will allow the transitioning manager to continue to shine with his/her expert knowledge. Employees becoming first-time leaders typically become so because of their history of good results and skillful individual contributions, and often it is the most professionally respected specialist who has also demonstrated collaborative skills. Before moving this skillful specialist into the leadership gate/level of managing others, it is crucial that the candidate is comprehensively assessed for leadership potential. If the candidate demonstrates little or no leadership potential, it is better for all parties not to proceed, or instead consider giving this person a professional leadership role – not a formal people management role.

The *internal onboarding process* at this level should entail building skills within:

- prioritization,
- planning,
- assigning work, and
- motivating employees and measuring employee

performance.

Additionally, it should help expand the executive's focus from being sheer operational, to also including a tactical perspective, assisting the executive in identifying new position relevant stakeholders.

3.2 Career Step 2: From Managing Others to Managing Through Managers

When transitioning from managing others to managing through managers, the leader must expand his/her focus to being more strategic. In our experience, three things, in particular, make this career step one of the most difficult:

1. The leader must *communicate* through others (i.e. his/her managers) rather than directly to each team member. Complexity increases, as the leader now has to ensure that the communication given to his/her own manager trickles down to the remaining organizational layers, is broadly understood and contains the content/message originally intended.
2. The leader will transition from a very hands-on leadership role, leading others directly with room for operational and tactical focus, to a more *strategic* role with a focus on strategic issues and the longer-term implications of decisions. Here, there is seldom room for individual contributions; rather, the focus is on hard-core management.
3. The leader will often find him/herself "swamped" in *reporting* requirements spending a significant higher

proportion of his/her time in generating reports for local, regional, and global management. In larger companies with matrix structures, the leader will face additional reporting requirements to (e.g. functional heads). We often see the extensive increase in reporting being a killer for many leaders moving up to this level for the first time. In fact, this is the one career step that takes most casualties. People with brilliant careers excelling in the first two levels, suddenly find themselves in a situation, where their “raison d’être” is lost as what used to make them shine – their ability to save the world with their expert knowledge and skills – no longer is in focus, and a complete new set of (leadership) skills are required.

The biggest challenge for first-time managers of managers is a continuous short-term, operational focus, lack of setting a clear direction, and problems with delegating to managers. The *internal onboarding process* at this level should entail building skills within:

- communication,
- delegation,
- strategy,
- broader business understanding,
- budgeting/resource allocation, and
- stakeholder management and reporting,

Additionally, the internal onboarding process should help expand the executive’s focus from an operational and tactical level to a tactical/strategic level. Formal training on how to be a manager is critical at this stage, combined with intensive coaching in the first year by (e.g. the direct manager and HR). Unfortunately, most companies have formalized training programs for first-time managers, only a few for managers of managers.

3.3 Career Step 3: From Managing Managers to Functional Manager Managers

In our experience, most executives at the previously discussed career step 1-2 are often given quite some operational and tactical support and guidance. They are monitored closely, perhaps even mentored and coached. But moving up to career step 3-6 your sources of genuine feedback and support become fewer and you are more or less on your own. Your manager is focusing on your strategic KPIs and only little, or not at all, on your day-to-day actions. Mistakes are often caught at a stage too late after they have shown a detrimental impact on your business results.

When transitioning from managing managers to functional manager, the leader must expand his/her focus to incorporate a two-layer complexity, while letting go of his/her old *silo* behaviors. The leader must recognize that he/she is no longer a member of the function but has become the overall leader of the functional area. While still maintaining a role within the functional area, the role is elevated to encompass all functional disciplines within this area, often generating possible blind spots for the leader. For instance, if the leader's experience comes from running a manufacturing unit and now, he/she is put in charge of "operations" that include (e.g. manufacturing, procurement, logistics and warehousing) certain blind spots are likely to appear.

In theory, this career step does not involve a paradigm shift. However, the complexity has increased as functionally widening aspects have been added. In our experience three things, in particular, characterize this career step:

1. The leader must expand his/her *value chain perspective*, as he/she will move from reporting to a functional head to reporting to a multifunctional business manager. The functional manager will also enter a cross-functional leadership team with peers, and a business manager, that will expect the leader to contribute a wider business perspective and who is prepared to transcend functional boundaries. Thus, the leader's functional strategies must be explicitly anchored in the overall business strategy.
2. The leader is lucky to have team managers in his/her team who will deliver most of the inputs to the reports mentioned in the previous career level. However, time freed from this exercise, will often be overtaken by an increased volume of *meetings* with his/her own management team, the business management team, regional/global functional heads, project teams, etc.
3. As the leader is moving through this career step, he/she will learn that the *stakeholder sphere* is becoming much wider and that it moves beyond *who seems to have an evident impact on one's project*. Moreover, this requires increased political skills for the leader to navigate effectively across organizational boundaries. Therefore, the leader must become a skillful interpreter of motivation and the reasons behind the behavior.

To be successful at this level, the leader will need to manage with the entire function in mind and formulate value propositions that explicitly offer win-win situations for his/her leadership peers. The ability of the leader to strike a constructive and value adding co-operation with his/her leadership peers while "fighting" them regarding budgets, resource allocations, etc., is absolute key.

The *internal onboarding process* at this level should entail building skills within:

- political navigation,
- multi-layer communication,
- stakeholder management,
- longer-term thinking, and
- meeting management and consolidating all areas of the function into a whole.

At this step, an executive MBA or university classes can be very helpful in order to acquire a broader perspective of the broader value chain of a business. Highly developed analytical skills are also required at this level – particularly the ability to navigate smoothly behind the numbers in a budget – is crucial. At this career level, the leader needs to find inspiration outside the corporate context. It is highly recommendable at this level that the leader connects with an external business coach/consultant on a continuing basis or a confidant with sufficient insights into personal aspects about the leader, and the cycles and mechanisms of corporate life.

3.4 Career Step 4: From Functional Manager to Business Manager

When transitioning from functional manager to business manager, the leader will head up the integration of functions while having the full business area P&L responsibility. Accountability spans from developing a product to actually commercializing it. The decisive moment in this role often hits when it becomes clear how visible and exposed the leader must become. In our experience, introverted leaders often struggle in this position. As complexity rises exponentially, this is the role that is often perceived to be the most enjoyable, and alternatively, where the leader feels truly alone for the first time. In our experience, four things, in particular, characterize this career step:

1. The leader will need to balance multiple functional platforms and value all functions appropriately. The key is to make the necessary connections between the capabilities (people), structures (functions), systems and processes. Often, the business manager will originate from a functional area that is often rooted in his/her original expertise going back to the first career level. Here, for the first time, the leader's functional expertise becomes a potential liability. Why? Because it represents a significant personal vulnerability. When judging business problems, the leader will still have a natural – and often unconscious – preference for viewing a problem through the eyes of his/her functional and educational roots and capabilities. In turn, this will create blind spots for the leader, who will need to build a team of loyal contributors, who can compensate for those blind spots.

2. At this level, the leader will need to focus on bridging the *business strategies* with the corporate strategies – vision, mission and values. In essence, the leader must focus on ensuring that the business as a whole, and in each of the functional areas, operates in compliance with the corporate strategies.
3. The leader must be able to take a full *value chain* view of the business and the opportunities and challenges faced individually and interdependently by the functional areas while playing out their roles in the value chain. In essence, the leader must ensure that each functional area contributes to ensuring a robust flow through the value chain.
4. At this level, the leader must move up to *helicopter view* and ensure that the KPIs set for each functional area are clearly aligned with the overall business area KPIs, and direct focus and effort, in the desired direction underpinning continued growth of the business area. The KPIs must reflect a mix of short-term and long-term perspectives.

The *internal onboarding process* at this level should entail building skills within:

- multi-functional integration,
- handling complexity,
- time management (striking an appropriate balance between spending time working up, sideways and down the hierarchy, with customers, collaborators, and with industry associations, etc.),

- corporate strategy development and implementation,
- internal and external communication (the leader must inspire),
- full P&L navigation,
- building a strong team (due to the increased complexity, volume and diverseness of the role).

At this step, training in the deployment of sophisticated financial analytical tools can be very helpful. Additionally, as this level could involve engagement in potential M&A's, asset investments or similar, training within such processes and subsequent integration processes, may be similarly beneficial to undergo. Moreover, for instance as country manager, taking an active part in the collaboration with local industry organizations, authorities, press etc. will be expected, for which reason skills enabling you to navigate these contexts and strike a balance between risks and opportunities are equally favorable. Thus, it is advised to establish relations with external advisors who can contribute to building the business manager's knowledge and competency level. Additionally, at this career level, increased focus should be on building a strong network – inside the company at the global or regional level – and outside with peers in similar roles, facing similar challenges.

Woody Allen is widely known to having said, "*Eighty per cent of success is just showing up.*" Well, eighty per cent of networking is just staying in touch. Stay visible to your network because invisibility is a fate worse than failure. In his article "The 10 Secrets of a Master Networker" Tahl Raz (Raz, 2013) tells a story of a master networker – Keith Ferrazzi. Keith grew up poor with a father working at the local steel mill and a mother working as a cleaning lady. Because of his father's motto, "*It never hurts to ask, because the worst anyone can say is no*", he was finally admitted to one of the best high schools in the state and eventually got into Yale and Harvard before becoming the youngest elected partner at Deloitte Consulting. As a Yale undergraduate, Ferrazzi set a clear goal – he wanted to become the Governor of Pennsylvania. To reach his goal, he meticulously developed a networking strategy that would act as a lever to reach his ambitions. First, he signed up to become the President of Yale's political union. He also researched which fraternity at the university had the most active politicians as alumni – and joined that. Kevin knew that to get as close as possible to achieving his goal, he needed to focus and build a strong network with people in political circles. Moreover, Keith knew that if he wanted to go somewhere he had to overcome feelings of fear and embarrassment from asking people in his network.

High performing executives view networking at the very foundation of all career and business development activities. Effective networking involves defining possible contacts, determining the individual networking purpose, developing an action plan and committing the resources necessary to achieve valuable network relations. High performers also make sure to build diverse networks – including e.g. people from different age groups, backgrounds, industries, sexes. The objective here is to ensure a versatile platform of advice and sparring, but also to build strong concentrations of networks in alignment with the goals – career or otherwise – that you have set out to achieve. However, most importantly, you must build your network before you need it. When we are approached by jobseekers[28] for advice on how to build a network, I first tell them it is basically too late. It is a tough message to give but I really want them to understand how important networking is. People who are several years into a job tend to forget about networking beyond their colleagues and close business associates. This will simply not suffice, because tomorrow they may have a new boss, and the day after they may be out on the street looking for a new job. After having respectfully delivered the “too late” statement, I give them some networking tools to get them as far as possible from their current offset. However, before giving them the tools and with a gentle smile, I make them promise me, that they will work every day for the rest of their lives to build and nurse their network because it may perhaps be the best investment they will ever make.

It is also crucial to note that nothing is free. To obtain meaningful and strong networking relations, it is important to offer something back to your networking contact. High performing executives always think – something for something and view networking as a social arbitrage, a constant and open exchange of favours and intelligence – because what you give determines what you get back.

3.5 Career Step 5: From Business Manager to Group Manager

When transitioning from business manager to group manager, the leader transitions to head up multiple businesses – rather than

[28] Jobseekers are people who have recently been made redundant or for different reasons are actively looking for a new job.

merely one business. As a result, focus should be on bringing out the best of each individual business and on determining the focus and resources to be allocated each business, in light of the best overall use of the collective resources of the company. This is often the position that leaders find the least fun, since focus will be on creating an appropriate mix of investments, with limited corporate resources among competing businesses while balancing the egos of the business managers. This will include turning some businesses into *cash cows* and diverting resources to other businesses with *star* potential. Additionally, the group manager must demonstrate an ability to align the small kingdoms headed by the business managers, around a common vision, mission, set of values, and culture. It is worth noting that when it comes to smaller companies, the group manager level becomes the end level, and, thus, CEOs of these companies often take on a group manager's role and responsibilities. In our experience, four things, in particular, characterize this career step:

1. At this stage, leadership becomes very *holistic*. Mastering the complexities of running multiple businesses resembles the challenges faced by the functional manager transitioning into the business manager role suddenly needing to balance multifunctional platforms. However, the level of complexity is further increased as it could also involve businesses within different industry segments, or businesses at different vertical levels in the industry value chain, etc. Multidimensional thinking is required in integrating a broad portfolio of business needs into an overall plan, and strategy-related work will, as a result, take up a large proportion of time available, including challenging individual business strategies.

2. A great deal of faith must be invested by the group manager in the business managers for the respective businesses, and the group manager must focus his/her full attention on the *development* of his/her leaders, their competencies, capabilities, and their ability to deliver the required revenue streams and profit contributions. This involves high-level coaching of business managers and occasional mentoring of talented functional managers. The truly successful group manager is second-to-none at identifying, attracting, assessing, developing, coaching, mentoring and retaining highly talented leaders who can bring their respective businesses to the next level – and he/she possesses excellent judgment.

   Throughout their lives, executives at any level make thousands of judgment calls. Some are trivial – such as what to buy for lunch. Others are monumental – such as buying a business and what career to pursue. Success in life is the sum of all these judgment calls.

   To succeed at any career level the executive must possess sound judgment. Sound judgment can be defined as the result of gaining knowledge, acquiring wisdom through the understanding of this knowledge, and then formulating intelligent choices and decisions because of it. Judgment is one of life's great intangibles – which make it one of the trickier work strategies. Most high performing executives train in employing sound judgment. Every time a suboptimal decision is taken – or poor judgement is made – they stop, spin back the tape in their minds and critically evaluate the mistakes made.

Repeatedly, this is trained by imagining how improved paths of decision are employed in the same or comparable contexts. Millions of good people are blessed with intelligence, experience and excellent people skills, but rest assured that advancement is limited if they consistently exercise poor judgments.

Sound judgement includes executives skilfully knowing how to prioritize and navigate in an organized and systematic way in complex structures and issues. In our assessment centre, we have developed hypothesis-driven and competency-based test cases designed to, among others, disclose the candidate's ability to navigate analytically in complex structures, stay on the business-critical path and exercise sound judgement. In the assessment centre – and in corporate life – success boils down to sound judgement underpinned by a deep understanding of what the critical path is in a given organization in order to ensure profitability and sustained success in the marketplace.

3. The continuous evaluation of the *portfolio* of businesses within the group, and their fit with the overall strategies takes up significant focus of the group manager. Therefore, deconstructing, reconstructing and continuously fine-tuning the portfolio strategy is core to this career level.

4. The group manager takes a key role in the development of the *corporate strategies* (i.e. the vision, the mission and values in close collaboration with the enterprise manager). It is often the corporate strategies that create the *glue* uniting these – sometimes remarkably different –

businesses. If developed and implemented well, these corporate strategies can transcend geographical borders and cultural boundaries, and ensure that a sense of common purpose thrives in the organization. Thus, monitoring compliance with the corporate strategies, policies and guidelines becomes a key task. In terms of business strategies, the group manager must also demonstrate an ability to prioritize a portfolio of strategies over individual strategies.

The *internal onboarding process* at this level should entail building skills within:

- portfolio strategy,
- sophisticated data and psychological analysis,
- multiple-dimensional business management,
- corporate strategic leadership,
- corporate funding strategies and tools,
- corporate strategy development, and
- high-level talent management.

One can argue that the group manager becomes the *playing coach* of a team of individualists, excellent in their own way, and the key challenge is to make this team play effectively together (i.e. set a team of business managers that can take the lead on their own local team, but at the same time take a loyal and contributing role/position in the perspective of the group). Therefore, the group manager must be capable of building his/her personal credibility across a multi-dimensional context of sometimes opposing agendas. The best learning ground for a group manager is gaining experience from leading a variety of businesses in different business manager roles before entering the group manager position. Experience from working with different operating models and in a broad variety of roles across functions and hierarchies – will empower the group manager to better challenge the business managers and ask informed questions that can cut to the core of a business issue. In our experience, having a mentor from early on, who has followed the leader through several of his/her career steps and who can support the transition into the new role, is valuable at this stage also.

3.6 Career Step 6: From Group Manager to Enterprise Manager

When transitioning from group manager to enterprise manager, the focus turns to vision, mission, values and the general direction of the company. The ability to set the right group leadership team, to ensure successful execution platforms, and to consistently deliver results and building relationships – internally and externally – are crucial skills in the enterprise manager role. As CEO, the enterprise manager is responsible for multiple constituencies (e.g. shareholders, investors, boards, alliance partners, banks, regulatory authorities). The complexity is high – and so is the risk of failure.

Additionally, the enterprise manager must ensure that the bi-annual or quarterly reporting KPIs are anchored in the long-term strategy, while delivering on short-term goals, and finally he/she must demonstrate a superior ability to balance the organizational risks and opportunities, including the earlier-mentioned 6 Cs (see

Chapter 2.1.1):

Customers: Risks, opportunities and relationships related to the customer base.

Collaborators: Risks, opportunities and relationships related to key *collaborators* (e.g. industry organizations, suppliers, allies and government/regulators/community stakeholders).

Competitors: Risks, opportunities and relationships related to the competitor base.

Capabilities: Risks and opportunities related to the capability base (e.g. professional and leadership competencies within the organization, structures, systems, processes, financial, technical, and brand equity).

Conditions: Risks, opportunities and relationships related to the macro environment (e.g. political/government/regulatory, economic, social/demographic and technological).

Capital: Risks and opportunities related to the financial situation and prospects of the company. How solid is the investor base? What is the debt/equity ratio? How skilled is the company at generating earnings before interest tax depreciation and appreciation (EBITDA)?

The enterprise manager must balance his/her time between internal and external issues. Additionally, the enterprise manager must devote time and focus to shaping the *soft* side of the business (e.g. talent development). However, since the enterprise manager now reports to the owner(s)/board he/she will also be measured on a number of hard KPIs – primarily including the following:

1. Ability to deliver *growth in revenue:*
   The ability to deliver revenue growth year after year sends a powerful message to the board about effective enterprise management. It reveals that the CEO and his/her leadership team are able to master the competitive parameters of the market (price, product, place, promotion, people). Revenue growth equals understanding the market and the opportunities offered by the market and the ability to translate these opportunities into results.

2. Ability to *deliver on the EBITDA* (earnings before interests, tax, depreciation and appreciation):
   A continuous growth in operating profits of the company sends a strong signal to the board about effective enterprise management – hereunder effective cost control and continuous optimization of the operation. In essence, it tells the story of a CEO that ensures that the company's resources are allocated to the activities contributing best to the overall business.

3. Ability to *generate cash flow/liquidity*
   The ability to generate cash flow/liquidity in combination with the ability to ensure a strict controlling of the working capital of the company sends a powerful message to the board about effective enterprise management. This includes:

   - reducing stock and "lead time,"
   - correct invoicing – sent on time,
   - creditors paid when due,

- short credit terms to debtors, and
- improved payment terms to creditors.

Additionally, the enterprise manager is measured by his/her ability to generate cash flow through tight control of investments – preferably consisting of investments targeting:

- growth in revenue,
- growth in operating profit,
- improvement in the competitiveness of the company, and
- short payback time.

4. Ability to *reduce debt*
   The ability to reduce debt sends a powerful signal to the board and owners as it demonstrates that the enterprise manager is able to take necessary steps to reduce borrowed capital while increasing equity capital value. Especially, companies that have been acquired in a leveraged management buy-out with the backing of a private equity fund, an important part of the investment case is founded on the company's ability to reduce the borrowed capital base. In essence, the less borrowed capital at the time of investor exit, the more money goes into the pockets of the investors.
5. Ability to *improve the quality of earnings*
   The ability to improve the quality of earnings sends a strong message of effective enterprise management – encompassing the ability to demonstrate a history of

continuous growth in market share, revenue, EBITDA, and profit margins while delivering on-target budgeting, cost control and cash flow.

In general, the enterprise manager/CEO and the management team will place themselves in a strong position toward potential future investors if they can show clear decisiveness, execution edge and deliver on commitments while providing the "how-to" and "why" in relation to the growth of the business. This will demonstrate an innate ability to convert market opportunities to revenue and profit streams.

The *internal onboarding process* at this level should entail building skills within:

Corporate strategic leadership – hereunder developing the ability to take the explicit lead in developing and implementing the company's vision, mission and values while mastering insights into the entire value chain – across businesses. In essence, the key task of the enterprise manager will be to create a company direction that the organization will find meaningful, challenging and motivating.

Soft-side focus – the ability to cater to the soft side and generate energy, commitment and engagement at all levels of the organization are key to becoming successful in the role.

M&A

Financial modeling

High-level talent management – including succession planning/ management, and on how to deal with key stakeholders such as the board and investors.

Enterprise manager skills are often best acquired through companies investing in leadership talent and over time developing them by offering them challenging assignments while building leadership skills. Moreover, having previously gained experience from international assignments combined with experience from a mixture of turnaround, realignment, sustaining success and start-up business models is also beneficial in gaining a strong foundation for success in the role. Different business models incorporate different cultural challenges. To be successful in the role, the enterprise manager must understand where the organization is and what it will take to bring it in the right direction. If the enterprise manager is facing a situation where a part of the business (e.g. a product or project) has drifted into trouble, realignment is required. If the organization is in denial – the task will be to pierce through this and confront the organization with the need to reinvent the business, etc.

In addition, having gained experience from a staff role can contribute to a broader basis for success as various analytical, planning and process tools often are gained in such roles. The key challenge of the enterprise manager is how to make the leadership team, and portfolio of businesses play effectively together – setting a team of group managers that can take the lead and develop their groups of businesses. Moreover, the enterprise manager must now learn to deal with the board. In our experience, the best way to gain insight into board interaction is by seeking advice from peers outside the company or by participating in board educational programs that offer tools for enterprise managers.

Small Companies

For obvious reasons, small companies – up to approximately 15 people – will not face all the traditional six career steps since the owner will often undertake several roles and career levels him/herself. However, as complexities and the number of employees rise, new career levels will be introduced in the company and employees will need to transition into new roles and career levels. Often, it is the owner who experiences the biggest transition challenge when a small company moves through to the next phase, as he/she will start to lose full control and overview of the company. The owner must now change work habits and give up hands-on involvement in order to accommodate the growth agenda. In our experience, it is crucial for the owner to employ a professional board, an executive coach (external), who can help facilitate the personal change process, and/or to set up an advisory board of confidants who can help the owner make the – sometimes painful – transition into his/her new role in the company.

PART IV

WHO SHOULD WE PROMOTE TO THE NEXT CAREER LEVEL?

4.0 WHO SHOULD WE PROMOTE TO THE NEXT CAREER LEVEL?

Some companies – typically larger companies – employ rotation systems where executives are rotated into the next career level – sometimes with less than two years in the previous level. The same companies also hire dozens of elite students from top universities and promote them quickly. Common to both groups are that the companies are unable to assess their performance accurately, as none of them are in a job long enough to ensure valid performance evaluation.
To measure executives successfully, three things are critical: 1) knowing what to measure, 2) knowing how to measure and 3) knowing how to implement the measurement results responsibly.

As a manager considering moving an employee up to the next leadership level, it is crucial to have the best intelligence platform available in order to know whether this executive most probably will be a high performer, average performer or low performer in his/her new role. We need to generate an accurate understanding of the skills, expertise and qualities of the executives. Various methods and tools are available to gather intelligence about candidates. There is no perfect formula; however, what the manager is looking for – and what any company should be looking for – is to employ a mix of tools and methods that in conjunction deliver the highest probable predictability of future overall performance.

More and more companies are beginning to realize the potential of measuring executives systematically. However, the bulk are employing ineffective measuring processes and tools and are forgetting to combine this with other sources of valuable information. Knowing what to measure and then choosing the right measurement methods and tools troubles most companies – and even measurement professionals.

What we are hearing is that it is extremely difficult for companies – and many consultants – to navigate in the vast jungle of measurement methods and tools as they often lack the expertise. Most measurement tools are difficult to reach a deep understanding of as they are based on highly complex mathematical designs. Many companies struggle to find out which tools are better than others are for different business needs and processes (recruitment, assessment, employee development processes, onboarding etcetera). Finally, most companies are finding it difficult to implement and integrate measurement processes into the people strategies and continuous development processes of employees. Knowing how to use measurement output and integrate this with other (ongoing) processes and activities typically pose problems. To make it easy, companies often resort to faith validity. This is the tendency to become attached to particular tests or vendors that are familiar to the company rather than objectively considering what is best for the situation.

4.1 Potential Indicators of High Performance

As a headhunter, we are always seeking the right combination of tools and measures to help us predict success best – we call this predictive validity. Predictive validity is a figure between 0 and 1 that indicates how robust the relationship between a particular factor (e.g. numeric ability) and a specified outcome (typically job performance) is (Kinley & Ben-Hur, 2013). According to S. Rothmann & E.P. Coetzer, (Rothmann, S. & Coetzer, 2003), job performance is a multi-dimensional construct that indicates how well employees perform their tasks, the initiative they take and the resourcefulness they show in solving problems. Furthermore, it indicates the extent to which they complete tasks, the way they utilize their available resources and the time and energy they spend on their tasks.

Generally, a predictive validity of 0,30 is considered acceptable, and a validity of 0,5 is considered excellent. We would not expect to see a validity figure over 0,6 (Kinley & Ben-Hur, 2013).

Albright Life Sciences A/S have identified six potential predictive indicators of high performance. They are generally supported by research performed in this area:

- past and current performance,
- prior experience,
- competencies,
- learning agility,
- ability and
- personality.

1. **Past and current performance**

Future high performance will most probably emerge from today’s high performing employees. Thus, current and past performance are seen as predictors of future high performance. Private equity companies typically weigh historic performance of a company and management significantly higher than projected performance when evaluating risk and investment. This is simply because historic performance often is seen as the best predictor of future performance.

No clear measure of predictive validity exists for past and current performance when it comes to high performance – and generally we have two opposite schools of thought – one claiming low predictive validity and the other claiming high predictive validity. However, it is our experience that the predictive validity of candidates with a continual track record of superior performance executed under conditions, contexts and cultures that are somewhat similar to what is present in the new role, is relatively high when it comes to future performance – all other things being equal. Having said that, it is still critical to employ a structured *internal onboarding process* to make sure that sufficient skills are built to make the career progressing executive well-versed in the new executive role.

2. **Prior Experience**

It is the general assumption that prior experience in roles similar to a new role is predictive of future high performance in the new role. However, when it comes to transitioning into a new career level and thus unchartered territory - prior experience from other career levels is only moderately predictive of future performance. Other things that may dilute the effects of prior experience include organizational structures and processes (artefacts) in a new division or foreign affiliate that at first will be difficult to decipher for a newcomer, and local enacted values and basic underlying assumptions (perceptions, habits, beliefs, thoughts and feelings) that often are unconscious and taken for granted by the existing organization, but very difficult for a newcomer to decipher within the first months.

3. **Competencies**

Competencies will help predict future high performance. However, only to a certain extend and only if uncovered with tools and processes that ensure an appropriate level of predictive validity.

Some companies and executive search firms are happy only to employ observed work performance and structured, competency-based interviews to measure competencies. At Albright, we believe it is important also to employ a comprehensive assessment centre to accurately measure competencies and behaviour in a new role/career level. In fact, research supports that a case-based assessment centre is the most effective method of measuring competencies with a predictive validity of 0,3-0,37 (Kinley & Ben-Hur, 2013). Unfortunately, assessment centres are still not employed very frequently to measure competencies or capabilities in a future setting.

4. **Learning Agility**

Learning agility is the ability and willingness to learn from experience, and subsequently apply that learning to perform successfully under new or first-time conditions. This ability is among the most important to determine when assessing if an executive is ready to move to the next career level. What often separates high performing executives from average performing executives is the ability to perform well under first time, challenging conditions. In fact, the innate ability to wrest meaning from experience (the essence of learning agility) often allows the high performer to deliver high performance faster than others do.

No clear measure of predictive validity exists for learning agility. However, when it comes to high performance it is our experience that learning agility is related closely to both current performance and longer-term potential and studies repeatedly have shown that the ability to learn from experience is what differentiates successful from unsuccessful executives. When we perform competency-based interviews and reference interviews, learning agility is one of the key high performance indicators we try to uncover, as time and again we find the best performing candidates having displayed impressive levels of learning agility. Especially when it comes to large, complex and politically driven organizations, it seems that learning agility is a particularly valued skill, as these organizations often are in a continuous state of flux and require the employees to speedily adapt and continually demonstrate improved learning and knowledge expansion.

5. **Ability**

Ability is a combination of innate (e.g. intelligence) and learned skills.

Over the years, particularly cognitive ability – intelligence – has received much attention. Several measures of intelligence exist: IQ, GI (general intelligence), GCA (general cognitive ability), and GMA (general mental ability).

In line with research conducted, it is our experience that intelligence is a largely reliable predictor of future work performance. In fact, studies indicate that predictive validity of intelligence is approximately 0,38 (acceptable) for low-complexity jobs, 0,51 (excellent) for medium-complexity jobs, and 0,57 (excellent) for high-complexity jobs (Kinley & Ben-Hur, 2013). Some executive search firms – including Albright Life Sciences A/S – recognize cognitive ability testing as a robust predictor of job performance, and we can see the validity of intelligence as a predictor rising as the complexity of the job increases. However, intelligence is not good at predicting performance in all jobs. For instance, when it comes to sales executive jobs research shows a significantly lower predictive validity for future high performance.

Even though cognitive abilities like intelligence will not guarantee success or differentiate high performing executives from average performing executives, it should be stressed that every job requires some minimum level of cognitive ability and that smarter people in many contexts do better than less intelligent people do.

It is our experience that particularly when it comes to international headquartered companies with strong employer brands, cognitive abilities such as intelligence seem to be very highly prioritized. However, the extreme focus on intelligence sometimes backfires. A recent example is Nokia. A few years ago, Nokia boasted a very strong employer brand and were able to attract and retain highly intelligent R&D people in Copenhagen. Over the span of a decade, the company employed hundreds of the most intelligent R&D individuals that Denmark could muster. Unfortunately, with all these intelligent people gathered in one place, things seemed to become more and more intellectualized and theoretizised and less and less concrete, practical, productive and action-oriented. Many layers of bureaucratic work processes seemed to take over, creating decision vacuums and affecting overall performance negatively.

6. **Personality**

The predictive validity between personality and job performance has been a frequently studied topic in industrial psychology over the years (Rothmann, S. & Coetzer, 2003). From an overall perspective, research indicates that the predictive validity between personality and future performance ranges at approximately 0,30 (Kinley & Ben-Hur, 2013). This implies that personality is a good (acceptable) predictor, however, far from the levels seen with e.g. the cognitive ability of intelligence. Alternatively, unlike many measures of cognitive ability, personality measures typically do not have an adverse effect on disadvantaged employees, and thus, can enhance fairness in personnel decisions (Hogan,

Hogan & Roberts, 1996)

Nonetheless, personality tests are probably the most widely used test tools when it comes to recruitment and career development processes. In psychology, the so-called "big five" personality traits are the most commonly applied personality domains in personality tests. They include: extroversion[29], conscientiousness[30], neuroticism[31], agreeableness[32] and openness to experience[33]). Thus far, the first three (extroversion, conscientiousness, and neuroticism) have demonstrated the best predictive validity with future job performance, with greater insecurities connected to the latter two (Rothmann, S. & Coetzer, 2003; Klag, 2012).

---

[29] **Extraversion**: (*outgoing/energetic* versus *solitary/reserved*). Energy, positive emotions, assertiveness, sociability and the tendency to seek stimulation in the company of others, and talkativeness (http://en.wikipedia.org/wiki/Big_Five_personality_traits).

[30] **Conscientiousness**: (*efficient/organized* versus *easy-going/careless*). A tendency to show self-discipline, act dutifully, and aim for achievement; planned rather than spontaneous behaviour; organized, and dependable (http://en.wikipedia.org/wiki/Big_Five_personality_traits).

[31] **Neuroticism**: (*sensitive/nervous* versus *secure/confident*). The tendency to experience unpleasant emotions easily, such as anger, anxiety, depression or vulnerability. Neuroticism also refers to the degree of emotional stability and impulse control and is sometimes referred to by its low pole, "emotional stability" (http://en.wikipedia.org/wiki/Big_Five_personality_traits).

[32] **Agreeableness**: (*friendly/compassionate* versus *cold/unkind*). A tendency to be compassionate and cooperative rather than suspicious and antagonistic towards others. It is also a measure of one's trusting and helpful nature, and whether a person is generally well tempered or not (http://en.wikipedia.org/wiki/Big_Five_personality_traits).

[33] **Openness to experience**: (*inventive / curious* versus *consistent / cautious*). Appreciation for art, emotion, adventure, unusual ideas, curiosity and variety of experience. Openness reflects the degree of intellectual curiosity, creativity and a preference for novelty and variety a person has. It is also described as the extent to which a person is imaginative or independent, and depicts a personal preference for a variety of activities over a strict routine. (http://en.wikipedia.org/wiki/Big_Five_personality_traits).

It is important to note that certain situational factors may affect job performance – hereunder the characteristics of the job, the culture, organisation, co-workers, career level etcetera. Moreover, dispositional factors may also affect job performance – hereunder attitudes, preferences, motives, etcetera. Both situational and dispositional factors may result in a person's tendency to react to situations in a predisposed manner (House, Shane & Herrold, 1996) and should be considered in the overall evaluation.

4.1.1 Framework of High Performance Evaluation

To predict success, it is first important to decide what to measure and what combinations of factors will best enable one to predict success for a candidate in a certain position. What we are looking for is incremental validity. Incremental validity encompasses the amount of validity that any one measure has over and above another measure. It also relates to the combination of certain test tools best equipped to deliver the highest possible predictive validity for a particular group of predictive indicators e.g. a defined set of competencies, a required mix of personality traits, etcetera.

Based on the work of Nik Kinley and Schlomo Ben-Hur in their book "Talent Intelligence" (Kinley & Ben-Hur, 2013) and our experience within career transition assessment, five different kinds of career progression match platforms should be employed:

- **Candidate-job match**: The level of match between a candidate's competencies/characteristics and the position profile for which he/she is a candidate. Here we are looking to predict future performance, productivity, job satisfaction, etcetera.

- **Candidate-organization match**: The level of match between a candidate's competencies characteristics and the culture and working environment of the new division, affiliate etc. This match often is recognized as a robust predictor of organizational citizenship behaviour, commitment and staff turnover.

- **Candidate-team match**: The level of match between a candidate's competencies/ characteristics and the colleagues he or she will be working with most closely. This match seems to predict the quality of relationships with co-workers.

- **Candidate-manager match**: The level of match between a candidate's competencies/ characteristics and the manager to which he/she will be assigned. This match seems good at predicting employees' satisfaction levels with their manager.

- **Candidate-stakeholder match**: The level of match between a candidate's competencies/ characteristics and the stakeholders within which he/she must navigate. This match is often recognized as a robust predictor of quality of relationships with stakeholders and broader organizational behaviour.

At Albright, we believe that executive workforce quality is essential to the success of any company. Organizations that are unable to recruit, develop and retain skilled, effective, engaged and motivated executives, and who do not appreciate the value of conducting structured internal and external onboarding processes will never reach HPO status, nor generate sustainable competitive advantages.

PART V

FINAL THOUGHTS

5.0 FINAL THOUGHTS

Transitioning is a teachable skill; thus, it should be any organization's priority to teach, train and educate transitioning executives within this field from day one, rather than six months down the road, when they already have failed or are close to failure. Companies that employ a structured approach to internal and external onboarding enjoy higher leadership transition success rates, reflecting their ability to more frequently transition their leaders successfully into new roles and career steps. This includes having identified and tested appropriate career level/gate requirements for each career level while employing appropriate assessment tools to identify gaps in skills and capabilities. The onboarding platform of a company consists of targeted leadership transition programs encompassing (e.g. coaching, training, mentoring, leadership rotation programs, and leadership pipeline planning). Consequently, a structured approach to executive onboarding, therefore, leads to an improved leadership transition. Additionally, such a structured approach has a positive effect on talent management, succession management, and selection processes within a company.

In today's fast-paced world, including data-driven business environments, boards and leaders are increasingly driven by the bottom line and the ability to generate shareholder value. When entering a new leadership role, executives have limited time to understand and learn to navigate within the complex dimensions of the organization, stakeholder expectations and culture. Many companies fail to initiate and sustain successful onboarding efforts; yet, it is well documented that effective executive onboarding reduces termination rates and costly replacements, since effective executive onboarding helps newly appointed executives to navigate the areas most critical to their success. A survey conducted by SilkRoad in 2013 found that a lack of time commitment to the onboarding process, followed by a lack of budget to support it, were the leading reasons given for failed executive onboarding initiatives.[34] Failure to invest the necessary time and resources in the transition process of a new executive can lead to a failed recruitment and subsequently have disastrous effects on a company's bottom line and employer brand, while putting the reputation of the executive at stake. Particularly the executive is extremely vulnerable to a failed recruitment. For the remainder of his/her professional career, when in the loop for a new job, questions will be asked about the reason for leaving the position often leaving doubt among external recruiters and principals involved in the process. Thus, we urge executives and employers to reduce the risks related to onboarding new executives by embracing the executive onboarding concept and building formal programs scaled to specific needs and with the objective of making new executives decision-making competent as quickly as possible.

[34] (2013). *SilkRoad & HRZone Onboarding Survey Results*.

LITERATURE

Adler, S., & Mills, A. (n.d.). Controlling leadership talent risk: An enterprise imperative. *Ready, 1*(1).

Bauer, T. N., Bodner, T., Erdogan, B., Truxillo, D. M., & Tucker, J. S. (2001). Newcomer adjustment during organizational socialization: A meta-analytic review of antecedents, outcomes and methods. *Journal of Applied Psychology*, 92.

Bauer, T. N. (n.d.). Onboarding new employees: Maximizing success. [Article]. Alexandria, VA: Society for Human Resources Management Foundation.

Beyerstein, Barry (1999): "Mind myths: Exploring Everyday Mysteries of the Mind and Brain", John Wiley & Sons.

Bevan, S. (2010). *The business case for employees' health and wellbeing: A report prepared for investors in people UK. London*. Lancaster, UK: The Work Foundation.

Bhattacharya, Prasenjit & Gulati, Yuvika (2013): "Communicating at Great Workplaces – Key Principles", Great Place to Work Institute, http://www.greatplacetowork.in/publications/blog-posts-articles-and-news/690-communicating-at-great-workplaces-key-principles.

Brabrand, H. (2013). *High performance – The key to organizational & personal success*, (1st ed.), Verify Group.

Bradt, G. B., Check, J. A., & Pedraza, J. E. (2011). *The new leader's 100-day action plan* (3rd ed.). Hoboken, NJ: Wiley.

Browne, Daniel (2013): “The Energy Equation”, Pearson.

Caldwell, Max & Fairhurst, Denise (2011): “Building a Sustainability Culture through Employee Engagement”, Article from “The Talent Management Handbook”, McGraw-Hill, 2nd edition.

Caran, R., Drotter, S., & Noel, J. (2011). *The leadership pipeline – How to build the leadership powered company* (2nd ed.). San Francisco, CA: Jossey-Bass.

Carter, Christine (2013): “A New Theory of Elite Performance”, UC Berkeley’s Greater Good Science Centre.

CEB (2012): “CEB Identifies Anatomy of the New High Performer”, http://news.executiveboard.com/2012-12-20-CEB-Identifies-Anatomy-of-the-New-High-Performer.

Cherry, Kendal (2013): “How Attitudes Form, Change and Shape Our Behaviour”, http://psychology.about.com/od/socialpsychology/a/attitudes.htm.

Chudler, Eric (2013): “Myths About the Brain: 10 per cent and Counting”, http://brainconnection.positscience.com/myths-about-the-brain-10-percent-and-counting/.

Colak, Dilek (2013); Ji, Sheng-Jian; Porse, Bo T. and Jaffrey, Samie R.: “Regulation of Axon Guidance by Compartmentalized Nonsense-Mediated mRNA Decay” Cell.

Colvin, Geoff (2008): “Talent is Overrated”, Nicholas Brealey Publishing, 1st edition.

Coyle, Daniel (2010): “The Talent Code”, Arrow Books.

Curtis, B., Krasner, H., & Iscoe, N. (1988):”A field study of the software design process for large systems”, Communications of the ACM.

DeNisi, Angelo S., Hitt, Michael A. & Jackson, Susan E. (2003): “Managing Knowledge for Sustained Competitive Advantage: Designing Strategies for Effective Human Resource Management”, Pfeiffer.

De Waal, André A. (2012): “The Characteristics of a High Performance Organizations”, Paper, Business Management & Strategy, Vol. 3

Drucker, Peter (1996): “Your Leadership Is Unique”, Christianity Today International/Leadership journal. Vol. XVII, No 4.

Flynn, James R. (2007): “What is Intelligence”, Cambridge University Press, 1st edition.

Gerson, R. F. (2006). *Achieving high performance*, (1st ed.). HRD Press.

Gjerrild, T. (2013). Limbo – Gør den nye topleder klar fra dag 1, *Gyldendal Business, 1*(1).

Hamel, G., & Prahalad, C.K. (1994): “Competing for the Future”, Harvard Business School Press.

Hansgaard, J. V., Dragon, L., Speairs, K. (2016): “PCCA hits a homerun with its culture.”

Hansgaard, J.V. (2015): “The Ketchup Effect sets in at 30 percent”.

Hansgaard, J. V., Dragon, L., Speairs, K. (2016): “PCCA hits a homerun with its culture.”

Hatton, T. J. (2013): “How have Europeans grown so tall?”, Oxford Economic Papers.

Henderson, B. (2015). The product portfolio. Retrieved from BCG perspectives at https://www.bcgperspectives.com/content/classics/strategy_the_product_portfolio/

Hogan R., Hogan, J., & Roberts B. W. (1996): “Personality measurement and employment decisions, questions and answers”, American Psychologist, 51.

House, R. J., Shane, S. A., & Herold, D. M. (1996): “Rumors of the death of dispositional research are vastly exaggerated”, Academy of Management Review, 21.

Kaplan, R. S. (2005). *What to ask the person in the mirror*. Boston, MA: Harvard Business Review.

Kelley, Robert E. (1998): “Star Performer”, Orion Business Books, 1st edition.

Kinley, Nik & Ben-Hur, Shlomo (2012): “Turning Talent Data into Talent Intelligence”, www.europeanbusinessreview.com.

Kinley, Nik & Ben-Hur, Shlomo (2013): “Talent Intelligence”, Jossey-Bass, 1st edition.

Klang, Andreas (2012): “The Relationship between Personality and Job Performance in Sales”, Master Thesis, Stockholm University – Department of Psychology.

Ledford Jr., Gerald E. (2011): "Fostering Employee Involvement and Engagement through Compensation and Benefits" article from "The Talent Management Handbook", McGraw-Hill, 2nd edition.

Martin, J. & Smith, C. (2010). *How to keep your top talent*. Boston, MA: HBR.

Masters, B. (2009). Rise of a headhunter. *Financial Times*. http://www.ft.com/cms/s/0/19975256-1af2-11de-8aa3-0000779fd2ac.html#axzz3jlUi0R6d

Peters, J. (2014). *The Seven CEOs*. Chicago, IL: Korn Ferry Institute.

Maxwell, John C. (2007): "Talent is never enough", Thomas Nelson, Inc.

Maxwell, John, C. (2006): "The Difference Maker", Thomas Nelson, Inc.

Millar, Michael (2005): "Senior executives concerned about negative attitudes of employees", http://www.personneltoday.com/articles/07/04/2005/29132/senior-executives-concerned-about-negative-attitudes-of.htm.

Morgan, Brian S. & Schiemann, William A. (1999): "Measuring People and Performance: Closing the Gaps", Quality Progress.

Rollag, K., Parise & Cross, R. (2005). *Getting new hires up to speed quickly*. Boston, MA: MIT Sloan Management Review, 46.

Rothmann, S & Coetzer, E. P. (2003): "The big five personality dimensions and job performance", SA Journal of Industrial Psychology.

Schroeder-Saulnier, D. (2011). Employee engagement and talent management. Lance Burger and Dorothy Burger (Eds.). *The talent management handbook: Creating a sustainable competitive advantage,* (2nd ed.). New York, New York: Mcgraw-Hill.

Tahl, Raz (2013): “The 10 Secrets of a Master Networker”, Inc., http://www.inc.com/magazine/20030101/25049.html.

Teece, D., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal,* 18.

Teece, D. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance*.* *Strategic Management Journal*, 28.

TOEFL iBT TM Research (2011): “Validity Evidence Supporting the Interpretation and Use of TOEFL iBT™ Scores”, TOEFL iBT TM Research Insight, Series 1.

United States Office of Personnel Management. (2015). Hit the ground running: Establishing a model executive onboarding framework. https://www.opm.gov/WIKI/uploads/docs/Wiki/OPM/training/Hit_the_Ground_Running_Establishing_a_Model_Executive_Onboarding_Framework_2011.pdf

Uzzi, B., & Dunlap, S. (2012). *Make your enemies your allies*. Boston, MA: Harvard Business Review.

Watkins, M. (2003). *The first 90 days*. Boston, MA: Harvard Business School Press.

Watkins, M. (2014). *Hit the ground running: Transitioning to new* *leadership roles*. Boston, MA: MIT International Institute for Management Development, Insights & IMD, 33.

Wiseman, L. (2014). *Rookie smarts – Why learning beats knowing in the game of work* (1st ed.). New York, New York: Harper Business.

How can you prevent yourself from failing in your new position? The answer is "Executive Onboarding" – a concept designed to accelerate the transition of executives into their new roles and to improve the foundation for their short-, medium-, and long-term success.

The book **"Executive Onboarding – an Onboarding Guide for Executive High Performers"** explains the importance of executive onboarding and provides concrete tools designed to help newly appointed executives to navigate the areas most critical to their success. Executive onboarding is as much about transitioning newly hired external executives into an organization (*External Onboarding*), as it is about transitioning existing executives from one role and/or leadership level to the next (*Internal Onboarding*). The book offers perspectives on what can lead to increased executive high performance and gives guidance to the optimal combination of tools and measures that predict success best when it comes to deciding which executives to hire from outside and which to move up internally to the next career level.

When entering a new leadership role, you will have limited time to understand and learn to navigate within the complex dimensions of the organization, stakeholder expectations, and culture. This book will give you and your onboarding company concrete tools and perspectives on how to make this transition.

ISBN 978-0-9907230-3-5

Henrik Brabrand, M.Sc., MMD, HD(U) is the CEO of TRANSEARCH International A/S. TRANSEARCH ranges among the largest executive search organizations in the world. For more than a decade Henrik Brabrand has held leadership roles within top-tier executive search firms. He was formerly Senior Vice President within the LEO Pharma Group and later participated in a private equity financed Management-Buy-Out of the veterinary medicine and nutrition business. Prior to working in life sciences, Henrik served in various industrial and functional food companies - primarily in Country Manager positions. Henrik is also the author of the book "High Performance" and has published numerous articles on the topics of Leadership.