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# CEO Failures: How On-Boarding Can Help

By *Ray B. Williams*

Borrowers have grace periods. Married couples have their honeymoons. And new leaders have long had their "first 100 days." For CEOs, at least, that's the approximate time between a new job's starting date and various types of reckoning. But that window of forgiveness, often characterized by promises to go on listening tours and polite calls for patience from stakeholders, is getting shorter. In today's era of increasingly active investors, watchers and critics, the heightened focus on fast results is making the first few months feel more like a trial by fire than a honeymoon.

In my article in the National Post, I said, "whether a new leader sinks or swims will depend on the support network a company has in place. Replacing senior talent is typically done by a plug-and-play strategy--recruit a top executive from another organization, wow employees and stakeholders with media hype and sit back and enjoy the results."

But what happens once the courtship is over? Too often the executive doesn't live up to the hype and the organization sees little benefit. A transplanted executive often faces a steep learning curve and finds what worked in the old organization or job doesn't necessarily cut it in the new one. The actions the new executive and the organization take in the first 90 days will largely determine whether or not that person will be successful in the coming years.

The evidence for failure for newly appointed and promoted executives in both the corporate and non-profit sectors is alarming:

- \* McKinsey & Co. found that 40% of corporate officers in 77 companies said they can't pursue business opportunities because they lack the right leadership;

- \* Harvard Business School reported a 40% to 60% failure rate of U.S. executives in 2003;

- \* In a U.S. Conference Board report this year, only 36% of employees rated their companies' leadership as good or excellent, down 50% from five years ago;

- \* A 2005 Corporate Executive Board Recruiting Roundtable survey found 89% of new U.S. executive hires indicated they did not have the optimum level of knowledge and skills to do their job;

- \* A Right Management Consultants' 2005 report indicated that about 30% of new managers and executives fail at their new jobs and leave within 18 months.

What's the reason for the high failure rate? Top performers in one organization are not necessarily the top performers in their next job. Partly this is due to an inability to successfully adapt to the culture of the new organization, and how to build relationships.

Research published in the **Harvard Business Review** indicates that it takes a new mid-level manager at least 6 months to reach the break even point even in an organization where they are a good fit and have a good chance of success. According to ExecGlobal search executive Carl Wellenstein, the actual costs incurred from poor executive selection is incalculable. Professor Michael Watkins of Harvard University and author of The First 90 Days, who has had extensive experience assisting organizations help executives integrate, reports that it takes at least 6 months before there is a real sense the individual is contributing net value to the organization, and the "sink-or-swim" approach can often be a disaster. Watkins says that when leaders derail, the problems can be traced to vicious cycles in the first few months. And for every leader that fails outright, there are many others who survive but never realize their potential.

So what is the solution? This is where the concept of "on-boarding" comes in. Most companies view on-boarding and orientation as one; they are not.

Orientation programs focus on providing basic information to a newly hired or promoted leader to introduce the person to the business, its history, structure and who's who. These are short-term programs and are mainly geared to middle-level and junior staff, not senior executives. The reality is senior executives need assimilation even more than lower level employees.

On-boarding, or assimilation, is a process meant to ensure leaders adapt and become full contributors in the organization --faster, better and with fewer problems.

It can take up to three years for a new leader to acquire and translate an in-depth understanding of the company. Best practice organizations such as Johnson and Johnson provide a long-term program with multiple sources for support. An evaluation of that company's program showed it had a 1,400% ROI.

George Bradt, co-author of Onboarding: How to Get Your New Employees Up to Speed in Half the Time, argues that on-boarding starts at the recruiting stage, with a focus on managers who conduct interviews "pre-selling" the job to interviewees they want to accept the job if it is offered. Mark Murphy, CEO of LeadershipIQ, a training and development company, argues that "companies whose leaders focus on building bonds with their employees in the first 90 days retain more employees during that initial period and tend to retain them longer overall." Joseph Impastato, writing in Talent Management Magazine, says that on-boarding is more than a stack of paperwork and a tour of the facilities. He says further, that on-boarding is not just for the new hire or transfer, but also for those who will be directly impacted and may have emotional reactions. For those individuals on-boarding includes proactive messages that helps create buy-in and smooth ruffled feathers.

A good on-boarding plan should run anywhere from 18 months to 3 years and begin during recruitment. A mentor or coach should be assigned to assist and support the new hire and have structured extensive networking opportunities both internally and externally. As well, an individual plan for growth and performance must be put in place and deliverables are jointly defined for the first 120 days. The new executive should be immediately immersed in a cross- functional project team and be given frequent milestone feedback.

Given the clear research data on high failure rates for new executives, why the reluctance to develop good on-boarding programs? Reluctance by organizations comes from two flawed assumptions: from the organization's perspective, it believes because they have hired a senior and experienced person, they should be able to figure it out on their own, believing the process ends with the hiring; from the individual executive's perspective, the executive makes the mistake of thinking that an immediate demonstration of ability must be made shortly after hire, and actions are taken without learning about the organization's culture and limited efforts are made to build relationships. Research cited by The **Journal of American Academy of Business** indicated that by far, the most important mistake of new incoming executives in their first 90 days is not taking time to understand the environment and culture before making changes and coming in with the answers or a fancy plan.

The incoming executive's prime responsibility is to become a student of the organization, and understand it's history, values, vision mission, strategic plans, leadership style and culture, and second, to build relationships and networks, including identifying influential stakeholders and decision-makers, the informal power structure and developing trust.

Given today's hiring climate, the most successful organizations are those that use on-boarding strategies to build a competitive advantage by increasing leadership retention. They do not approach the entry of a new leader with a "sink or swim" mentality, but with an understanding that champion swimmers need supportive coaches and team members. This heightened expectation for performance for newly hired executives is creating opportunities for executive search firms and executive coaches to provide custom-designed executive "on-boarding" services, to help executives and managers to get a running start--a service that smart companies would be wise to take advantage of.

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