Executive Onboarding

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Companies and Boards of Directors often struggle to identify what went wrong when a newly placed senior executive, who was subjected to a rigorous screening and hiring process, does not work out. Henry Wendt, former Chairman of Smith Kline Beecham, said, *"It is very difficult to gauge how an individual will act once he or she is at the very top of an organization."*

Extremely high expectations are placed on an incoming executive, and the pressure builds immediately. Newly placed executives, especially those that come from outside the organization, having been rigorously screened and evaluated as to their skill sets and experience. However, as Robert Eckert noted when he took over as the CEO of Mattel, *"Jumping into a new job is hard enough; but it is harder still when you don't know the customers, the competition, or the team."*

According to a study reported in HR Magazine May 2001,they reported that 40 of the top 200 corporations in America replaced their CEO's in 2000. That is a 20% turnover rate among CEOs and is above the 14.4% average turnover rate for all workers as determined by the Bureau of National Affairs.

The reasons for this revolving door at the executive level are due in part, to the difficulties of predicting with any accuracy, how past accomplishments will affect the executive's future performance, and the extremely high performance expectations that attach to senior executive positions.

The selection of the individual is just the first step in a process to ensure a successful executive placement. Equally critical is the process for developing and implementing a plan for the executive to hit the ground running, in the right direction. Otherwise, the high hopes and warm enthusiasm, the so-called "honeymoon" phase, will not last long. Based upon his transition experience at Mattel, Eckert recommends getting a mentor and developing a plan.

Compelling data indicates that performance is improved when a deliberate process is used to prepare and integrate new executives. This process is called *Executive Onboarding*. It is a structured and intentional process of integration that leads to the development of sound transition strategies that promote targeted action, with the desired results. This dictates a period of learning, which leads the executive to proactive, rather than reactive activity. The process can minimize derailment, while accelerating the integration, and improving the performance curves of newly placed senior executives.

Randolph Ward is a good example of *Executive Onboarding*. In early June 2003, he was brought in to run the financially bankrupt Oakland School District, in Northern California. When asked how he planned to turn things around. He replied, *"I don't know yet…it's time for me to shut my mouth, and open my ears, eyes, and mind."*

Unfortunately, many executives do not feel they have the “luxury” of taking the time to gather and integrate vital information, and instead feel pressured to act immediately. The urgency to act, real or perceived, causes many executives to implement change strategies in an unrealistically short time frame or to cut corners.

Mr. Ward was appointed to turn-around the Oakland School District because of his record with the previously financially bankrupt Compton School District in Southern California. His planning and execution resulted in improved test scores and created financial stability over a 7-year time frame. However, with a turnover rate of 20% at the executive level, most executives have only 5 years or less to demonstrate their worth by creating dramatic change.

If 5 years is the new benchmark, a formalized process of *Onboarding* new executives will contribute to the long-term success of the individual and the company, whether that person is an unknown hired from the outside, hand picked by the Board of Directors, or promoted from within.

Despite the obvious need for *Executive Onboarding*, a survey by the National Association of Corporate Directors, reported that 45% of companies with sales of more than $500 million have no meaningful process for grooming potential CEO’s or senior executives. However, a recent study by Towers Perrin found that one of the elements common to leading organizations, regardless of size, was a sound and clearly defined *talent management strategy*. This is a wise investment in both the company and the human capital.

Successful Executive Onboarding cannot be accomplished with a one-size-fits-all approach, as the very nature of the position and the associated expectations dictates a blend of thoroughness and flexibility in approach. An organization is an organic web of people, processes, and systems, which are not always apparent, and when an executive reacts to the demands presented by their new job, they may, unwittingly, entangle themselves in ways that limit their effectiveness. Onboarding is a process of deliberately analyzing the organization through the lens of the people, processes and systems that define the environment within which decisions must be made and executed.

- **People** influence and are influenced by the organization’s systems and the processes in unpredictable ways. People will produce consistently excellent results when they have the requisite skills and resources, and are motivated to contribute to the success of the organization. In a High Performance Organization, the competencies and skills required to do a job well, must be balanced by appropriate job design and personnel development.
- **Process**es are linked activities designed to add value on behalf of a customer. The goal is to improve business, business management, and administrative processes that run through the organization, and minimize the negative impacts of "white space" between organizational silos.
- **Systems** refer to the infrastructure established to coordinate, support and maintain the overall organization. Systems are the formalized and institutionalized policies and procedures, technology, supply chains, and infrastructure of the organization. A *High Performance Organization* needs systems to be future focused, open, and aligned with the goals and values of the organization.

When organizations try to integrate new executives, most orientation programs focus upon the *tangibles*: business operations, performance, strategic goals and objectives, branding and market share.

However, what most dramatically affects the ability of a company to deliver targeted results, are the *intangibles*. The things that are often overlooked and left to chance when bringing a new executive up to speed, are the corporate values, morale issues, retention rates, job satisfaction, key networking relationships, key personnel, formal and informal power structures, organizational demographics, and the culture. These are only revealed through observation and a deliberate process of information gathering. These are powerful factors that can either support or derail the efforts to lead.

Successful leaders, like businesses, are a product of interdependent networks and relationships, which are characterized by a high degree of trust and agreement. As James Autry noted, "Business exists only among people and for people." In other words, business will improve when the relationships are stronger. *Onboarding* gives the new executive the opportunity to leverage these new relationships for positive, productive outcomes:

- Without trust, there is anxiety and conflict.
- Without agreement about the goals and the means to get there, there is confusion, waste and apathy.

While it is true that there is no foolproof method for ensuring the future success of newly placed executives, *Onboarding* is a way to improve a company's talent management efforts, at the executive level and down through the ranks, and the savings can be significant:

- The *direct costs* associated with turnover are estimated to range from $1,000 to $10,000 per hire. These costs include recruiting, interviewing, background checks, and other transitional costs.
- The *indirect* or *hidden costs* associated with turnover are estimated to be approximately 150% of the salary of the position being filled. These costs are attributed to losses in productivity and intellectual capital, lost opportunity costs, and lost relationship costs (networks, customer loyalty, interdepartmental cooperation, and employee morale, etc.).

In order to reverse the negative impact of *direct* and *hidden costs*, companies need to foster a process of deliberate and focused talent management, by building a bridge between the selection process and the job itself. Objectivity and information are the key ingredients for developing an *Onboarding process* that results in the development of a crystal clear vision and a sound action plan for the executive.

Finding the right program to integrate your executives starts with an objective A Business Coach is an effective asset that will facilitate the execution of such a program. A coach provides the necessary objectivity, because they are not imbedded in the organizational structure. They facilitate the collection and analysis of information because they are a resource dedicated only to that function. They improve the development of a sound transition strategy because they specialize in working with business people to develop goals and accomplish change.

- Without objectivity, the data is subject to interpretation, filtered by attitude and opinion.
- Without a clear vision, there is confusion.
- Without a well-developed transition strategy, there is the chaos of reactive activity in the place of proactive management.
- When initiatives fail, cynicism develops.

Professional Business Coaches add value to this process because they represent a dedicated short-term resource, with no stakeholder ties, thus facilitating assimilation. This provides a focused and objective talent management program leading to higher retention rates, improved job satisfaction, and increased productivity, and that is just for the newly placed executive. The trickle-down savings can be substantial.

In today's rapidly changing, high pressure, fast-paced work environment, regardless of industry, size or location, businesses must be able to do three things in order to improve their chances for success and to sustain that success over the long-term:

- They must have an ability to set and achieve desired goals
- They must use their resources efficiently
- They must be flexible and have an ability to adapt rapidly to changing circumstances

In most cases, the businesses that are able to consistently achieve these three objectives recognize that people make these things happen. One of the key strategies for improving your organizational effectiveness is through the development of its people. Mentoring is the ability to nurture the talent you already possess in-house. Onboarding is, for most companies, the missing ingredient to a well-planned and well-executed talent management program for external human resources.