


"When leaders derail, their problems can almost always be traced to vicious cycles that developed in the first few months on the job."
M. Watkins, *The first 90 days* (2013, HBR Press)



FINDING AND COACHING
KEY LEVERAGE POINTS IN EXECUTIVE TRANSITIONS
 ICF ANNUAL CAPITAL COACHES CONFERENCE
 OCTOBER 4, 2015

© KATHERINE FARQUHAR, PH.D.
 FARQUHAR CHANGE ASSOCIATES LLC

NO PART OF THIS PRESENTATION MAY BE REPRODUCED OR USED WITHOUT ATTRIBUTION
 WWW.FARQUHARCHANGE.COM

SESSION GOALS

2

- Apply a framework for understanding the dynamics and experience of executive transitions.
- Explore and appreciate the elements of a distinctive approach to coaching leader clients transitioning into a new executive role.
- Build coaching capability by working a wicked case focusing on 3 ICF competencies:
 - Establishing the coaching agreement
 - Creating awareness
 - Planning & goal setting



The organization is never so full of hope, nor so vulnerable, as during an executive transition

SESSION OUTLINE

3

First 30 minutes:


- Introductions & Overview
- Executive Transitions: A briefing
- Coaching Approaches Used in Executive Transition Scenarios

Second 30 minutes:

- Table Projects: develop & apply a coaching strategy to a case

Final 30 minutes:


- Comments from tables about what you did & learned
- Q & A, reflections, suggestions
- Session feedback forms



Executive Transitions:
A Briefing

4

1. The frequency and outcomes of executive transitions
2. *Write a 1-paragraph story of an executive transition you've experienced or watched*
3. The Phases and Components of an executive transition
4. Coaching Approaches used in executive transition scenarios



FACING REALITY ABOUT CEO TRANSITIONS

See Final Slides for Answers & Source Materials

1. What % of CEO transitions fail within 18 months?
a) 10% b) 30% c) 40%
2. How long does it generally take for the newcomer CEO to reach full productivity?
a) 90 days b) <6 months c) > 6 months
3. For how many people is job performance compromised (negatively affected) by the arrival of a new mid-level manager?
a) 35 b) 25 c) 12
4. What is the average overall cost of a failed CEO transition to a "Small-Cap" corporation (\$300M-\$1B)?
Cost of Executive Transition: CEO Annual Cash Comp., Cost of Hiring, Total Cash Comp., Cost of Maintaining, Severance, Mistake/Refusal/opportunity lost, Opportunity Cost of Time/Cost of Failure, Also added value of Contributions = Net Cost of Failure
a) \$3.5 million b) \$12.6 million c) \$20.4 million
5. "Customary" severance payments, measured in total annual compensation for departing CEO's, are around:
a) \$ 1 X b) \$2 X c) \$3 X
6. What % of U.S. CEO's fail to achieve objectives for which they were hired & are replaced or retired within 4 yrs?
a) 67% b) 50% c) 35%



5


Write a 1-paragraph story of an executive transition you've experienced or watched.

6



4 PHASES & COMPONENTS OF EXECUTIVE TRANSITIONS

- Cause: Pre-Departure and Announcement of Departure: Involves Departing Executive, Board, Executive Team**
 - Mode of Exit:
 - Succession Plan/Routine or Anticipation-Speculation or Surprise/Sudden?
 - Reason:
 - Death/disability, greener pastures/promotion, term/contract ends, firing/forced out (conflict, performance, scandal, misalignment, political forces), Non-renewed, Released, "Mutual Agreement", "more time with family", "pursue other interests", voluntary retirement, merger/acquisition/ reorganization
 - Temporary Leadership? Interim/Acting/custodian or Appointed/Elected Successor
- Context: Selection Process & Announcement of Successor: Board, Executive/Interim/ Acting, Executive Team**
 - What is the "Story" of this transition? Consider all elements with impact. Degree of transparency, awareness in organization, portrayal in media, local/national press
 - Activities & behavior during the selection, announcement, and entry
 - Alignment between public process advertised by the Hiring Entity and the actual decision-making
 - Conduct, demeanor, public & private presence of Executives, Board/Hiring Entity
 - Expectations held by organization members (past history, culture, etc.) & reactions to announcement by various stakeholders




(CONT.) 4 PHASES & COMPONENTS OF EXECUTIVE TRANSITIONS


- Arrival/entry/onboarding/assimilation/taking charge: Newcomer, Board, Executive Team, Organization**
 - Is this an Internal or an external transition?
 - Early Actions and Impact by Newcomer and his/her Team
 - Which challenges are organizational? Which are personal/professional?
 - Impressions, speculation and experiences of organization members
 - Acceleration pressures & management of expectations for results
 - Support from Board/Governance/Hiring Entity/System
- "No longer new"/Break-Even achieved -- accepted as leader**


Traditional measure of the completion of the transition was that newcomer is "no longer new" (Gabbro, 1980's)

Contemporary measure is "Break-Even Point" where cost of getting up to speed is exceeded by value added (Watkins et al, 2000's)




Now consider the client executive
in the context you just wrote about:






Talk with the person next to you about what personal & organizational concerns you imagine are/were top on agenda for this incoming executive as a client.



Modes of Coaching
During Executive Transitions I:
Transition vs. Developmental

10

<u>Developmental Coaching</u>	<u>Transition Coaching</u>
<p>*Coach helps leader to:</p> <ul style="list-style-type: none"> -assess existing competencies & behaviors -identify gaps in competencies as well as dysfunctional behaviors -correct these challenges & build key competencies 	<p>*Coach helps leader to:</p> <ul style="list-style-type: none"> -assess both the business situation & self in the new role -create a strategy to build momentum -create a strategy for managing self -develop an action plan <p>*Coach's business acumen ensures right mix of advice and behavioral coaching</p>




M. Watkins, The First 90 Days, p. 252

Modes of Coaching
During Executive Transitions II:
Assimilation

11

☐ **Assimilation coaches** (adapted from D. Downey, *Assimilating new leaders*, pp. 74-5):

- ☐ Have expertise in helping leaders manage the specific personal and professional issues of these transitions
- ☐ Have witnessed the process multiple times, ... bring that experience to bear
- ☐ Advise new leaders on actions and help them to contextualize their experience
- ☐ Provide valuable external perspective on dynamics of the organization
- ☐ Provide objective feedback to new leader on his/her interactions with team
- ☐ May: perform organizational/cultural assessments, facilitate series of entering meetings, provide support and an objective sounding board.
- ☐ Relationship may last up to 18 months, "acting as a bridge between the individual and others in the organization as necessary and ensuring that the individual receives the timely feedback needed to succeed."



Modes of Coaching
during Executive Transitions III:
On-boarding


12

Internal HR "Touchstone"/on-boarding coach who provides advocacy for the new leader and "ensur(es) that the objectives of the organization are being met."

- D. Downey, *Assimilating new leaders*, pp. 76-7)

Throughout the process, the HR touchstone initiates a series of interventions to:

- ☐ Help the new leader assess him(herself) and the organizational environment
- ☐ Coach the new leader as well as his (her) boss
- ☐ Facilitate relationships between the new leader and his (her) boss, peers, reports and other stakeholders
- ☐ Develop and implement an assimilation strategy.



13

Table Projects:

Instructions

(30-minute block)

- ✓ Ice-break by each person introducing self, then briefly describing the executive transition s/he wrote about
- ✓ Together, construct a set of 4-5 consensus guidelines for an approach to transition coaching, emphasizing 3 ICF competencies:
 - ✓ Establishing the coaching agreement
 - ✓ Creating awareness
 - ✓ Planning and Goal Setting
- ✓ Discuss and craft a coaching strategy for the incoming executive case at your table. What are 5 important questions to ask?
- ✓ Have 2 table members prepare to do a 3-min demo of the first session where your goal is "establish the coaching agreement." That demo shows your coaching strategy.


14

What Seems to be Distinct

in Coaching

During Executive Transitions

- ▣ Need to coach to transition dynamics & context at system levels
- ▣ Client-coach relationship requires broader mandate than developmental coaching
- ▣ Accelerated results are vital
- ▣ A growing research base & literature exists on executive transitions, for coaches & clients
- ▣ 3 ICF competencies are particularly relevant: agreement, awareness, goals



15

Thank you for sharing a Sunday afternoon

to explore ideas for coaching leaders in transition

with these thoughtful coaches!

16

Ideas for your executive transitions coaching bookshelf

- Bridges, W. (2003, 2nd ed). *Managing transitions: Making the most of change*. Cambridge, MA: Da Capo (Perseus). A version of the classic approach to transitions in organizations.
- Day, A. (2009). *Effective executive transitions: Managing the entry process into a new leadership role*. *The Ashridge Journal*. (Spring). www.ashridge.org.uk/360.
- Downey, D. (2001). *Assimilating new leaders: The key to executive retention*. New York: ANA. A detailed & practical guide to the "socialization journey" for a new executive from pre-arrival to becoming a valued contributor.
- Gilmore, TN. [1988, reprinted 2009]. *Making a leadership change: How organizations and leaders can handle leadership transitions successfully*. San Francisco: Jossey-Bass. Tom's book is the best resource on how executive transitions affect the human system in an organization.
- Goldsmith, M. (2007). *What got you here won't get you there*. New York: Hachette. A practical guide to moving from technical manager or professional to leader; tracks well with adult development/maturity frameworks. Incoming executives universally confront this gap.
- Kouzes, J. & Posner, B. (2006). *A leader's legacy*. San Francisco: John Wiley (Leadership Challenge). Essays focusing on legacy: significance, relationships, aspirations, courage. Often coaches encourage new leaders to envision the legacy they hope for when they depart.
- McKinsey Leadership Development Programs: www.mckinsey.com/programs/executive-transitions-master-class
- Nymon, M. (2010). *The executive onboarding challenge*. Nymon Group. August 13. www.nymongroup.com/files/whitepapers/nymon_onboarding
- Stoddard, N. & Wyckoff, C. (2009). *The right leader: Selecting executives who fit*. Hoboken, NJ: John Wiley & Sons. Excellent resource on the hiring process including how candidates & organization can leverage this process for learning and ease the entry dynamics.
- Thorn, A. (2014). *Leading with your legacy in mind: Building lasting value in business and life*. The author is Marshall Goldsmith's coach – and the book is a great tool for coaching incoming or departing executives about work-life dynamics, as well as putting career work into a life journey.
- Watkins, M. (2013 (rev. ed). *The first 90 days: Proven strategies for getting up to speed faster and smarter*. Boston, Harvard Business Review Press. Updated classic. A must-read for incoming executives & their coaches.

ANSWERS TO QUESTIONS

- What % of CEO transitions fail within 18 months? **C) 40%**
- How long does it generally take for the newcomer CEO to reach full productivity? **C) > 6 months**
- For how many people is job performance compromised (negatively affected) by the arrival of a new mid-level manager? **A) 12**
- What is the average overall cost of a failed CEO transition to a "Small-Cap" corporation (\$300M-\$1B)?
(Chief Executive Magazine: CEO Annual Cash Comp., Cost of Hiring, Total Cash Comp., Cost of Maintaining, Severance, Mistakes/ failures/opportunities lost, Disruption Cost = Total Cost of Failure then subtract value of Contribution = Net Cost of Failure)
B) \$12.6 million
- "Customary" severance payments, measured in total annual compensation for departing CEO's are around: **C) \$3 X**
- What % of U.S. CEO's fail to achieve objectives for which they were hired & are replaced/retired within 4 yrs? **A) 67%**

6