

# *Ex-celerating Success*

## *The Power of Executive Onboarding*

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The age when a corporate honeymoon was acceptable – the blissful period of weeks or months when a new executive had the opportunity to leisurely learn everything he or she needed to know about the company – is over. Substantive results are anticipated and demanded almost immediately. There is no honeymoon. A plan of action that accelerates the process of learning and immersion is necessary to make the leadership transition successful.

In a business climate where leaders are increasingly driven by the bottom line and shareholder expectations, new executives – both those new to the company and those within who have risen to new levels of leadership – have precious little time to adapt to corporate culture. They also have limited time to learn the depth and breadth of stakeholder expectations. Too often in

today's fast-paced world, if someone takes time to point the way to the washroom, an employee is considered assimilated.

Compounding these pressures is the fact that the transition period for a new executive is often one of the most challenging times in his or her professional life. One must contribute to corporate productivity and to the success of direct reports, all while attempting to gain footing in a new setting and to embrace new responsibilities. Establishing a solid foundation upon which to build this next phase of his or her career is critical.

In a June 2014 poll of over 350 global leaders and human resource professionals conducted during a webinar by Career Partners International, participants were asked to categorize their companies' onboarding processes. Roughly

### *Executive Summary*



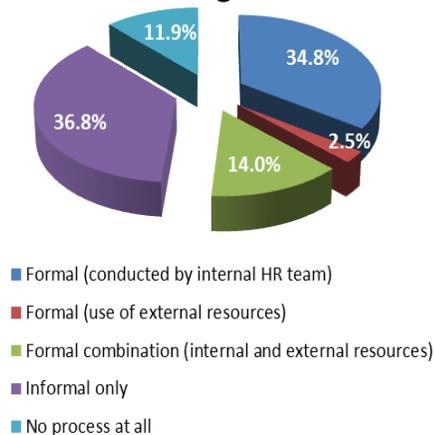
Half of newly hired executives quit or are fired within the first three years. Almost as many who change jobs or are promoted (40%) fail within the first 18 months. With such alarming numbers and the high costs of executive recruitment, why do more organizations not have a formal executive onboarding approach to assimilate executives for success?

To provide insight into the importance and impact of a strategic onboarding approach, Career Partners International, one of the largest talent management solution providers in the world, hosted a webinar entitled "*Ex-celerating Success: The Power of Executive Onboarding.*" This document summarizes and discusses the concepts introduced during the webinar.



half of the respondents indicated that their companies had no formal process for helping executives assimilate into their new roles.

### What is your company's practice in onboarding executives?



With all that is riding on the successful transition and integration of executives, why do more companies not make some type of formal executive onboarding program a priority?

Integrating a well-designed, well-executed executive onboarding program into the corporate culture directly impacts company revenues, employee morale and the executive's success. Without an executive onboarding process, boards of directors, CEO's and business leaders miss a significant opportunity to intentionally jumpstart the success of new and transitioning

executives in a manner that will positively impact their companies.

The significance of a properly planned and executed executive onboarding program becomes obvious when we consider the facts.

### The Alarming Phenomenon of Early Departure

According to the results of an internal study conducted by the international executive search firm Heidrick and Struggles, four out of ten new senior executives hired will not celebrate their second anniversary. That's a startling finding!

When sharing the results of the study with the *Financial Times*, Kevin Kelly, CEO of the search firm, said, "We have found that 40 percent of executives hired at the senior level are pushed out, fail or quit within 18 months. "It's expensive in terms of lost revenue. It's expensive in terms of the individual's hiring. It's damaging to morale." <sup>1</sup>

While this staggering failure rate may come as a surprise to some, it shouldn't. According to an

article published by *Forbes* in 2012, the 40 percent failure rate for new senior executive hires has held steady for at least the past 15 years. <sup>2</sup>

Just as organizations are watching and forming expectations of the new executives, the executives are forming their own opinions about the organization, the culture, and the opportunity. Another recent study shows just how quickly an executive in a new role begins the process of determining whether or not he/she has made a good career choice.

According to a 2013 survey by the Aberdeen Group, 80 percent of new hires decide whether or not to stay with a company within the first six months. One in four will actually leave within those first six months, well before making any truly productive, positive contributions to the company's mission. <sup>3</sup>

<sup>1</sup> Masters, Brooke. "Rise of a Headhunter", *Financial Times*, March, 2009.

<sup>2</sup> "Executive Onboarding: The Key to Accelerating Success and Reducing Risk in a New Job", *Forbes Magazine*, February 2012.

<sup>3</sup> "Onboarding 2013, A New Look at New Hires", Aberdeen Group, March 2013.

While it comes as no surprise, every stakeholder – the new executive, the executive’s superior and those in upper management – is watching and making decisions based on early perceptions. It is difficult to stomach the cost of recruitment, the impact on morale and the blow to corporate image when those 25 percent of executives – especially those who were aggressively and effectively pursued to fill key roles – depart the organization so early in their tenure.

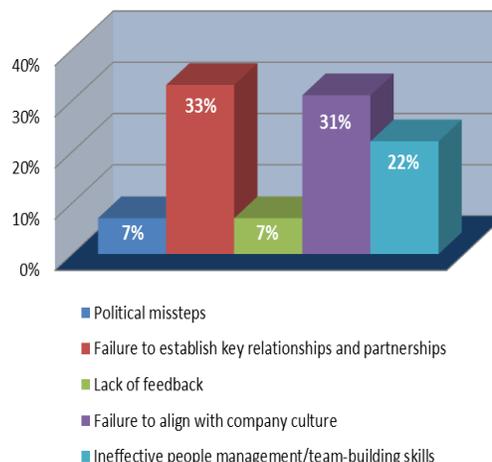
### Leaving It to Chance

The importance of successful onboarding should be well understood and the practice should be standard in every business throughout the world. But all too frequently, the onboarding process – when it exists at all – seems to miss the mark. Too often, the success of the executive seems to be left to chance.

Stepping into a new or expanded role is clearly a challenge. The new executive will be tested at every turn, as expectations are high and every decision and move is subject to heightened scrutiny.

As noted earlier, the aggregate success of newly-placed executives is not good. Failure to establish key relationships and failure to align with company culture were indicated by respondents of the Career Partners International webinar survey as leading factors that derail new executives early in their leadership roles.

### What is the top factor that has derailed your executives during their first 2 years in a new role?



Companies that spend thousands, hundreds of thousands, or even millions of dollars in efforts to recruit key talent, recognize the critical importance of ensuring cultural fit as part of the hiring process. But often, the rigor, focus and attention given to the recruiting

process don’t seem to carry forward to a solid commitment to assimilate and positively onboard new executives.

A 2013 survey conducted by SilkRoad casts greater light on this failure by many corporations to initiate and sustain successful onboarding efforts. A lack of time commitment to the process, followed by a lack of budget to support it, were the leading reasons survey respondents gave for failed executive onboarding initiatives.<sup>4</sup> Failure to invest the necessary time and resources in the transition process, as previously noted, can have devastating effects on a company’s bottom line.

“The cost of employee turnover,” according to an article in *WorldatWork Journal*, “often ranges from 50 percent to 200 percent of the employee’s annual salary based on the type and level of job he/she holds.”<sup>5</sup> It is difficult to refute the premise that executive turnover – especially that which occurs early in the leader’s tenure – is

<sup>4</sup> SilkRoad & HRZone Onboarding Survey Results, 2013.

<sup>5</sup> “Retention of Key Talent and the Role of Rewards”, *WorldatWork Journal*, Fourth Quarter, 2012.

expensive. Given the proper commitment and investment, it can be avoided.

### The Solution for Success

When asked, “What was or would be the main driver for your organization to adopt an executive onboarding process,” fifty-nine percent of respondents in the Career Partners International webinar survey indicated the need to accelerate the success of both the leader and the organization. That driver clearly outpaced all other response options including avoiding turnover and the cost of hiring new talent.

### What was or would be the main driver for your organization to adopt an Executive onboarding process?



Best-selling author of *The First 90 Days: Critical Success Strategies for New Leaders at All Levels*, Michael Watkins has devoted a great deal of time and expertise toward seeking a solution to this challenge. In an article written for the *Harvard Business Review*, Watkins notes that 70 percent of the survey’s respondents view the level of success during the transition period as a strong predictor of long-term success or failure in the leadership role.<sup>6</sup>

These points underscore the importance of an excellent onboarding process, especially for senior leadership, in the success of the organization.

Well planned, effective and successful executive onboarding processes typically include elements that:

- Clarify role expectations for the executive and stakeholders
- Outline success criteria/parameters
- Identify early organizational wins

- Enhance self-awareness and leadership style for success
- Drive understanding of organizational culture and patterns for a positive impact
- Align goals with organizational vision
- Evaluate team and identify high potentials and behaviors necessary for success
- Develop coalitions and relationships across the enterprise

### Case Study: Off to a Flying Start

Corporations of all sizes that make a commitment to purposeful, dedicated executive onboarding reap the bountiful benefits of the investment, according to a talent management expert at BASF, the world’s largest chemical company. Jennifer Dwyer, Leadership Development Manager for the German-based global company with a strong North American presence, says the corporation’s Flying Start Executive Onboarding Program provides new executives a solid platform from which to launch successful executive careers.

<sup>6</sup> “Picking the Right Transition Strategy,” *Harvard Business Review*, January 2009.

Flying Start is a well-developed executive onboarding program that has evolved over several years to introduce new executives to the company and establish how early assimilation to corporate culture impacts day-to-day interactions among superiors, peers and direct reports. The global program includes three main components: Leadership Transitions, Transition Coaching and the Flying Start Seminar.

In the first days of a new assignment, the executive is enrolled in an online, self-paced study, helping the leader to consider and integrate the various facets of transition into the new role.

The executive is also offered access to an external transition coach. Typically this type of

coaching engagement spans six to nine months, with the executive and the coach working together to achieve the individual's specific onboarding goals, while overcoming the challenges often faced by first-time executives. BASF and the executive view the coaching component as part of the job, complete with specific work-related goals and outcomes to achieve.

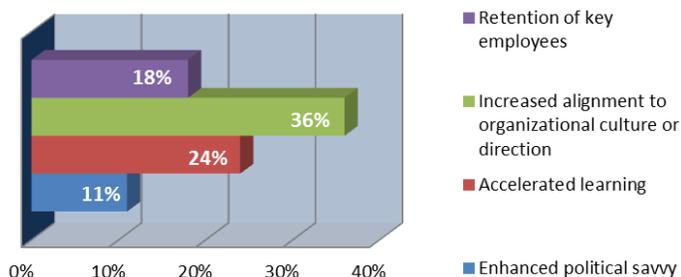
The final component of the Flying Start Program consists of a two-and-a-half-day seminar that brings executives together from across corporate divisions and around the world. This element helps the new executive instantly build a network of peers who may be addressing similar situations in their new positions.

"A program like Flying Start gives our new executives the ability to know who the stakeholders are," says Dwyer. "They gain insight into how to navigate the tricky steps of moving into a new executive-level role."

In the case of BASF, leaders are identified and placed in executive roles not because of their technical expertise; rather, they are assigned to further enhance their development as leaders to bring even greater value to the organization. Executives may be moved across the corporation's five different business segments or throughout its 14 divisions. This, according to Dwyer, makes a commitment to thorough onboarding all the more significant.

"We want our new executives to

### What have been the greatest benefits of Executive Onboarding to your organization? (Select all that apply)



### Benefits of Executive Onboarding

Everyone realizes that turnover, especially at the executive level, directly impacts revenue generation and recruitment costs. When asked about the greatest benefits of executive onboarding outside of these two factors, webinar participants with an onboarding process indicated increased alignment to organizational culture and accelerated learning as the top benefits for their organizations.

be able to accelerate their leadership success,” she says. “We need them to very quickly step into these new roles and have an impact. This gives them an opportunity to not feel so isolated or alone and sets the stage for their future success.”

Dwyer further shared, “Utilizing our executive onboarding to its fullest requires a high level of commitment on the part of these executives. The executive has to own this. It has to be something they are doing for themselves. It is not a ‘mandatory’ program; rather, it is automatic. The executive knows up front that this is how we are going to support you.”

According to Dwyer, while Flying Start is not mandatory, executives covet the experience. “We have a strong, supportive culture at BASF,” stated Dwyer. “Whether onboarding or leader development, being offered a coaching engagement is a gift in our organization and there is no stigma attached to it whatsoever.”

Executive onboarding at BASF permeates the entire global organization. Its leaders see the process as another tool in an executive’s toolkit.

Leading the way in developing best practices in the area of onboarding, BASF makes a point of offering executive onboarding both to executives new to the corporation and those moving within the company to a new leadership assignment. The majority of senior leaders in North America have worked with a ‘transition’ coach, the term utilized by BASF for its assimilation coaches, and they are typically very transparent about their use of coaching as an onboarding tool to accelerate success, not fix something that is broken.

### Conclusion

Executive onboarding is far too important to leave to chance.

The stakes are high for the individuals and corporations involved. The impact on revenues, employee morale and the company’s corporate image when an executive fails in a

newly-assigned role are felt by the company long after the executive has departed.

When establishing or enhancing an existing executive onboarding program for both internal moves and external hires, the following key factors will drive better onboarding outcomes:

- Make onboarding an integral part of the overall talent management process.
- Ensure clear ownership on the part of the executive and solid support on the part of management.
- Begin the onboarding process even before the executive assumes the new role.
- Be open to continual refinement of the process.

Developing and implementing a thorough executive onboarding process generates a high return on investment that pays lasting dividends. ■

*Career Partners International helps organizations around the world assimilate executives to accelerate success. For additional information on this or other talent management solutions, please contact your local Career Partners international firm.*

#### **About the Author**

Barbara A. F. Greene, founder and CEO of Greene and Associates, Inc. the San Antonio office of Career Partners International, has distinguished herself in her profession and the community. Her client list reads like a Who's Who of successful businesses locally, regionally, and nationally. She assists top executives, nonprofit organizations, and businesses of all sizes with creating a coaching culture, succession planning, career development, transition strategies, mentoring, and executive coaching. Barbara is recognized as an expert in her field, using innovative approaches and customizing services to client needs, often creating partnerships to provide an in-depth array of services to her clients. Barbara can be contacted at 210-366-8768 or by visiting [www.greeneandassociates.com](http://www.greeneandassociates.com).

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