



Why New Leaders Must Make an **Impact** within Their **First 90 Days**

CEOs are generally considered to have failed when they are unable to meet the expectations of their boards, shareholders, and the market at large—the company's stakeholders. This failure becomes official when a company confirms its decision to initiate proceedings for the CEO's departure. What factors lead to this dissatisfaction? What is the CEO's ability to react? And can the top executive be considered a "failure" when receiving a severance package worth millions?

The actions new leaders take during their first 90 days can have a major impact on their success, so how does one best take charge in a new leadership role? Transitions are pivotal times, in part because everyone is expecting change to occur. But these are also periods of great vulnerability for new leaders who lack established working relationships and detailed knowledge of their new role. New CEOs who fail to build momentum during their transition face an uphill battle, which in the final analysis may never be won. Once the battle is lost, a CEO's reputation may be so tarnished that another leadership opportunity may be difficult to come by.

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Six leadership passages

Charan, Drotter, & Noel's 2001 Leadership Pipeline model (Figure 1) sets out the discrete career stages and critical transition points in the leadership pipeline, where each passage represents a fundamental change in the skills and values that are important and the activities that must be prioritized and allocated more time to avoid transition pitfalls.

At Passage Six of the Leadership Pipeline, leadership transition pitfalls for CEOs commonly occur for two reasons:

1. CEOs are often unaware that this significant passage requires changes in values.
2. It's difficult to develop a CEO for this particular leadership transition. Preparation for the chief executive position requires a series of diverse experiences over a long time, at best carefully selected job assignments that stretch them

and allow them to learn and practise necessary skills. Though coaching might be helpful as an adjunct to this development process, people usually need time, experience, and the right assignments to develop into effective CEOs.

According to Dr. Michael Watkins, author of the best-seller *The First 90 Days* (HBS Press 2003), the greatest trap new leaders fall into is believing that they will continue to be successful by doing what has made them successful in the past. Leaders who have become successful by relying on certain skills and abilities too often fail to see that their new leadership role demands different skills and abilities. And so they fail to meet the adaptive challenge. This does not mean that new leaders should ignore their strengths. It means that they should focus first on what it will really take to be successful in the new role, then discipline themselves to do things that don't come naturally if the situation demands it.

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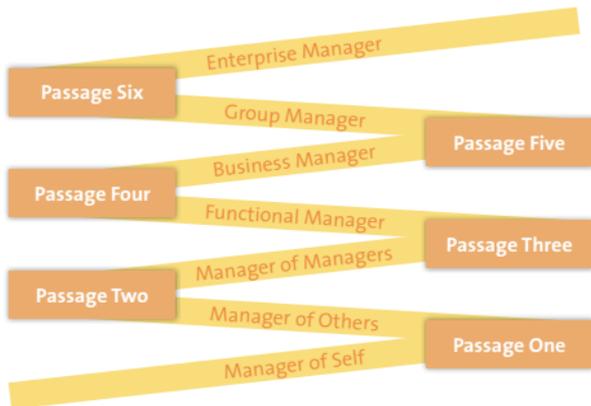


Figure 1

Dr. Watkins adds that another common trap is being overwhelmed by the understandable anxiety the transition process evokes. Some new leaders try to take on too much, hoping that if they do enough things, something will work. Others feel they have to be seen taking charge and so make changes just to put their own stamp on things. Still others experience the “action imperative” — they feel they need to be in motion and so don’t spend enough time up front engaged in diagnosis. As a result, new leaders end up enmeshed in vicious cycles in which they make bad judgments that undermine their credibility.

In my executive coaching engagements with CEOs over the past 10 years, I observed that leaders who underperform typically fall into these common traps.

First, they isolate themselves as a consequence of over-reliance on financial and operating reports and quantitative analyses to assess their new organizations.

They spend too much time reading and not enough time meeting and talking. They want to know the organization before venturing out into it. The resulting isolation inhibits the development of important relationships and the cultivation of sources of information. Consequently, the new leader becomes remote and unapproachable. In short, new leaders must get out and become acquainted with their organizations quickly.

Second, new CEOs must not enter the firm with a well-defined fix for organizational problems. Some CEOs rely too much on technical solutions, changes to organizational structure, or the manipulation of measurement and reward systems. New CEOs fall into this trap through arrogance, insecurity, or a belief that they must appear decisive and establish a directive tone. Unfortunately, employees become cynical about these superficial solutions and hence reluctant to support change.

New CEOs, especially those with a collegial style, often believe that subordinates deserve a chance to prove themselves. However, retaining team members with their record of mediocre performance is seldom advisable. Retaining direct reports who are not up to the task squanders precious time and energy, which leaders might be directing elsewhere. While it is inappropriate to be unfair or expect miracles, new CEOs should impose a time limit, say six to twelve months depending on the severity of the problem, for deciding who should remain on the senior management team.

Leadership Blindspots

Good leaders make people around them successful. They are passionate and committed, authentic, courageous, honest, and reliable. But in today’s high-pressure environment, leaders need a confidant, a mentor, or someone they can trust to tell the truth about their behaviour. They rarely get that from employees or board members.

Professional executive coaches can help leaders reduce or eliminate their blind spots and be open to constructive feedback, not only reducing the likelihood of failure and premature burnout, but also providing an atmosphere in which the executive can express fears, failures, and dreams.

For a new CEO, the most important goal is building momentum towards achieving priorities, the objectives the new leader wants to achieve within the near term. Success relies on securing early wins and laying a foundation for deeper change. The transition process requires a deeper assessment of organizational capabilities and change that supports a more focused set of priorities. Following this learning period during transition, vision and coalition building are critical to success.

Hitting the ground running

By adhering to a number of core principles, new CEOs can manage a successful transition and make an impact most effectively within the first 90 days of their tenures. First, they must effectively use that priceless period before entry to absorb information about the organization and begin to plan. Before assuming the new role, the CEO should understand as much as possible about the organization's strategy, its strengths and weaknesses, and should have formulated some hypotheses to begin testing.

The first 90 days is a priceless period during which a new leader can absorb information about the organization and begin to plan.

It is also critical to secure early wins. Within the first 90 days, a new CEO must have made substantial progress in energizing people and focusing them on solving the business's most pressing problems. A quick, dramatic impact is important, and tangible improvements must motivate employees.

New leaders must produce results quickly while being assimilated into the organization. While early wins can help a new CEO get off to a good start, they are not sufficient for continued success. Deeper foundations must be extended for the cultural change necessary to support sustained improvements in the organization's performance. A new CEO must lay a foundation for long-term improvements that focus on diagnosing cultural problems and taking early actions that begin to change perceptions. A new leader must get people to think differently and consider new ways of operating. Cultural

change can be initiated by setting up pilot projects, changing the way performance is measured, helping employees develop new perspectives on customers and competitors, building up islands of excellence, or collectively envisioning new ways to operate.

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To be successful, new CEOs must manage themselves. A clear head can provide a substantial edge, as can emotional balance. Exercising clear-headed judgment, staying focused, and maintaining emotional evenness are all critical factors. It is important to maintain perspective and avoid isolation. The most common cause of failure is not technical — corporate strategy, technologies, or functional aspects of the business — but rather a failure to read and react to political currents or to manage the internal challenges of the transition. New leaders are more likely to succeed if they build and use a balanced network of technical, political, and personal advisers.

Leaders must identify the right goals, develop a supporting strategy, align the architecture of the organization, and figure out what projects to pursue to secure early wins.

Leaders at all levels of the organization must demonstrate a high degree of emotional intelligence in their leadership role. Emotionally intelligent leaders create an environment of positive morale and higher productivity, resulting in sustainable employee engagement.

For leaders in transition, relationships are great sources of leverage. By building credibility with influential players, they are better able to gain agreement on goals and commitment to achieving those goals.

Relationship management skills are critical for leaders in a new situation, as they are not the only ones going through a transition. The way they handle their new role affects, to varying degrees, many people both inside and outside the leader's direct line of command. Put another way, leaders negotiate their way to success in their new roles.

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