

## Prevent derailment of your company's new leaders

By LEIGH BRANHAM  
Guest columnist

Given the investment companies typically make to recruit and relocate new executives, it is amazing how few invest in properly assimilating and retaining them.

Consider that four out of 10 new leaders fail in their first 18 months on the job. Almost 50 percent of new presidents of public U.S. companies leave their respective employers within four years. Further, the loss/replacement of a new leader is typically two to 10 times annual base salary, depending on indirect costs such as damaged customer relationships, poor employee morale and lost business opportunities.

When new leaders derail, it's generally because they failed to read the new company's culture, to build relationships with key peers and direct reports or to understand what their new bosses ex-



Branham

### COMMENTARY

pect, or they tried to do too much too soon.

With executive jobs expected to grow by 16 percent over the next six years, the impact of poor leadership magnifies as the rate of change continues to accelerate. Poor leadership now accounts for at least 60 percent of employee turnover. Yet a **Right Management Consultants** survey of 220 executive clients showed that only 11 percent of companies have formal assimilation programs for new executives.

Why? The main causes are the traditional mind-sets of both the individual and the organization. The executive may know he or she needs help adjusting to a new environment, but ego gets in the way, as in "I should be able to do this on my own."

The organization often adopts a similar "sink-or-swim" attitude toward the new leader.

The consequences can be dire, especially when a new leader is starting a job in a different industry, relocating to a different part of the country, moving out of a company after five or more years, or

moving into a job with significantly greater responsibility. When two or more of these factors are present, the risk of failure goes up.

I once worked with a senior vice president who had been relocated to Kansas City from the West Coast, where he had spent almost 20 years with a defense contractor, to accept a position here in a totally different industry.

Terminated after only nine months, he recalled that "after six months, I felt like an expensive piece of equipment that had been left to sit in a storage room collecting dust."

Stories like these illustrate why companies must begin to recognize the variety of land mines that can explode and derail the transition.

Examples include sabotage by a direct report who may have wanted the new leader's job; the team's resistance to a needed but uncomfortable change; the possibility that the predecessor could be the new leader's foe; or any of the previously cited mistakes that new leaders make.

Many companies now insist that their newly recruited executives complete a formal assimilation program with the assistance of a

third-party coach, similar to a process pioneered by the U.S. Army to help new commanders take charge.

During the critical first 90 days, the assimilation coach joins with an internal "touchstone" executive who coordinates various activities and mentors the new leader about key business realities. The outside coach typically collects the perceptions of peers, internal stakeholders and hiring managers and meets with the new leader to summarize the feedback, then acts as coach during ongoing meetings as issues arise — both predictable and unexpected ones.

The result is generally a smooth transition, which protects the company's significant investment in the leader recruitment process.

Why take the risk? Resolve to retain your new leaders in 2002!

*Leigh Branham is vice president of consulting services with Right Management Consultants in Overland Park and leader of the firm's talent management practice in the Heartland Region. He is also the author of Keeping the People Who Keep You in Business: 24 Ways to Hang On To Your Most Valuable Talent (AMA-COM Books, 2001).*

For more information, contact:

**Keeping the People, Inc.**

13488 West 126th Terrace  
Overland Park, Kansas 66213  
(913) 620-4645

E-mail Leigh Branham at [LB@keepingthepeople.com](mailto:LB@keepingthepeople.com)  
or visit our website at [www.keepingthepeople.com](http://www.keepingthepeople.com)