



New Executives need to be integrated

Why onboarding of new executives is not just “nice to have”

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Hermann Hesse once said that every new beginning holds its own magic. But there are also risks. The appointment of any leader to a new role is a decisive moment in both an executive's life and the life of an organization. Yet while often there is great energy and attention given to the selection of that leader in a comprehensive search process, there is another part of the equation that is, in our view, at least equally important: making sure that the leader is actually prepared to succeed in that role.

In cases where a CEO hiring does not work out, it is predominantly not because of a mistaken recruitment but more often because of issues that arise in the first six months of tenure: e.g. inadequate preparation; cultural misunderstandings; lack of contextual awareness; misjudgment of internal ‘politics’; lack of ExCom knowledge. The first three to six months therefore are critical for the success (or failure) in a new role — no matter how experienced and how well prepared the new leader might be. An organization must therefore devote serious attention to the transition of that new leader, regardless of whether he or she is an internal or external hire. It is, however, all the more critical when the new leader is the first external (Chief) Executive in a Family Owned Enterprise, and still more, when it is the first time that this executive is working for a Family Owned Enterprise.

In our firm we have made it an integral part of any Executive Search process to support our clients – and the newly appointed hire – during the critical onboarding & integration process. We believe that a well planned and executed integration plan, which also focuses on the cultural integration, can significantly reduce the time it takes new leaders to reach their full effectiveness – and, almost more importantly, reduce the risk of failure (“hired on competency, fired on chemistry”).



Active integration support begins in the moment when the start of a new leader is being prepared. The focus at this initial discussion is on threats & opportunities in the new organization and/or function – and the risks involved. This is an important discussion in any transition, but in particular in Family Businesses with a variety of additional, ‘unwritten rules’. This can be a “tricky” moment, and companies can greatly benefit from professional support when announcing a new leader and preparing the incumbent for the new role.

The integration support should start long before the new executive sets foot into the new organization and thus prior to the first day on the job. The new leader will need to understand, what the current company culture is about; who are the most important stakeholders (which may include members of the family owning the business who do not possess a formal role in the organization); what is their role and influence in the organization; and how they tend to operate; the expectations (and underlying concerns) placed on the executive by the owners, the board, and the line managers.

The implications of those expectations must be considered, and a strategy developed as to how the new leader should best communicate what he or she intends to do. How is the new leader’s agenda going to be designed, who will need to be aligned, what are the potential pitfalls of the job and tactics to anticipate and prevent them? A clear communication plan, e.g., for an incoming CEO can be key to establish the agenda and align important stakeholders inside and outside the organization right from the beginning.

It should be clear, prior to the start in the new role, whom the new leader “must meet” in the early days and what steps are needed to get a grip on the organization as quickly as possible. This might include measures designed at getting a clear, transparent view on the new team – e.g., the direct reports, and their aspirations, hopes & fears. Personalized coaching can help the executive to develop trust in his or her team and to shape first impressions. Active integration support during the first three months can include coaching, 360-degree evaluations, and targeted feedback, all focused on helping the leader to make a strong initial traction in the organization. A feedback loop needs to be established ensuring that the new executive can course-correct quickly if needed.

Many organizations assume they can organize successful onboarding themselves – or can even do without a systematic onboarding process. We have seen cases where it was assumed that top executives or outstanding talents ‘will know how to swim’, and indeed it can be understood that when a highly experienced, highly skilled – and highly paid – executive takes on his or her new responsibility, that this person will know what it takes to turn this beginning into a success and will have done a thorough “due diligence” (including meetings with stakeholders and “reference checks”) before taking on the new responsibility. But it is a very critical moment and one that even experienced executives will not have lived through that many times. And it would be an error to assume that success in this situation only hinges on the executive in question. It is a task for the entire organization, and that means in particular, the responsibility of the owners and their representatives, in many instances the board, and especially its Chairman.



In our experience, an extra effort to ensure that a senior appointment makes the best possible initial impact is a wise investment. The cost of failure in onboarding and integration can be very high – and companies will need to understand that a successful hiring isn't guaranteed by a professional search process alone.

In the fall of 2019, AvS – International Trusted Advisors has teamed up with PwC and INSEAD to organize the first large-scale pan-european survey among large Family Businesses dealing with the success factors for external executives in Family Businesses, and one of the key issues explored is how to ensure successful integration of new executives. We hope to be presenting the results in the first half of 2020.



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