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Editorial

Culture has become a key consideration for those tasked with attracting and retaining top talent. There is a growing realization that no matter how impressive the skillset people bring to an organization, if they cannot connect with the culture, it simply isn't going to work.

In some cases, the new executive will be expected to be a good fit with the existing team or company culture, in other instances, he or she will have been hired to change it. Whatever the scenario, their success will be contingent on quickly grasping the less visible elements of the new culture so as to devise strategies to operate effectively within it.

For junior or middle managers, induction programmes do help with the onboarding process but they bring nothing to the challenges facing an executive. A complex corporate or ExCom team culture cannot be captured in a formal company presentation. Furthermore, in implicit or highly political cultures, it may be difficult for newcomers to capture what is being communicated to them in indirect ways.

Writing to us from Milan, in this month's issue, Daniele Bevilacqua looks at how coaching executives in major transition can provide both insurance against failure and a fast track to high performance.



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Remember culture when onboarding The crucial first 100 days when assuming a new role

By Daniele Bevilacqua, Executive Coach & Senior Consultant

Culture eats strategy for breakfast. That's the sign that Mark Fields, then President of Ford Motor Company Americas and now Ford COO worldwide, hung up in the "war room" where key decisions were taken during the turnaround in the mid 2000s.

Attributed to Peter Drucker, this comment finds its mark nowhere better than during the onboarding period. Onboarding can be defined as the process of acquiring and assimilating new team members, whether from a different part of the organization or outside. It is a crucial transition which can bring rich rewards if managed well, yet is also full of risks that were until recently under the radar of most companies.

All this changed with the publication of Michael Watkins' *The First 90 Days* which provided data showing that **up to 25% of all managers in major corporations enter new leadership roles each year.**

We can look at onboarding within a risk/reward matrix. The major risks associated with mismanagement of the process are:

- poor performance leading to the new leader's dismissal
- significantly below expectations performance ratings
- voluntary resignation from the position

If we define failure in the onboarding process as an occurrence of any of the three situations above, several studies show that **up to 40% of executives assuming new roles fail in the first 18-24 months.** I have personally confirmed this during an informal survey conducted with some of the major executive search firms.

Failure can be costly. Total costs (search, hiring, training, performance differential, separation, vacancy, replacement) can easily reach several million US\$ for a senior position. Some research indicates as a ballpark approximation a figure of 2-5 times total annual compensation.

In the case of C-level positions, or ones that have a significant input in the future of the organization, the cost of failure can be enormous. Consider the recent case of Nokia under Olli-Pekka Kallasvuo as the new CEO: its market share of the mobile-phone industry profits went in four years from 60% to under 10% and its share price dived from US \$40 to less than \$4. His major failure was in not discerning that the then successful Nokia culture had to be transformed: the launch of the first iPhone had just revolutionized the industry by creating the smartphone category. As a long-time insider, he shared the **organizations' cultural blind spots** and could not perceive the importance of the event.

A Manchester Inc. study, later confirmed by other data, indicates three major reasons for failure during the onboarding process (as % of total failures, multiple answers allowed):

- failure to establish a cultural fit – 75%
- failure to build teamwork with staff and peers – 52%
- lack of clarity about bosses' expectations – 33%

When thinking about cultures, the first level to consider is national culture, particularly as the process of globalization is making the encounter between different nationalities a frequent experience. Culture has both visible aspects (behaviors, language, objects) and invisible ones (norms, values and fundamental beliefs) that need to be taken into account.

Culture can act like our immune system in rejecting what it perceives to be foreign, and such differences exist not only between nationalities but within nationalities too.

Remember culture when onboarding (contd.)

Switzerland, with three official languages at the national level, is an interesting case. I recently worked as a coach with the executive board of one of the major companies in the Italian-speaking area: the new CEO came from the German-speaking part of the country, and brought with him a CFO from the same region. As you can imagine, the rest of the board were at first diffident and not completely cooperative, assuming the worst. It was an interesting assignment!

Returning to the risk/reward matrix, a well-managed onboarding process can provide 3 major kinds of return:

- high performance (organizational contribution)
- speedy assimilation
- crucial contribution to the executive's development

Watkins introduced the concept of a breakeven point in onboarding: in the very beginning the new leader consumes value from the organization (search, hiring, training, other people's time). It is only after the value consumed is matched by the value created that a net contribution is generated. A general estimate is that 6-9 months elapse before the breakeven point is reached in external hires. A speedier assimilation – reduced time-to-performance – is a key gain from a well-managed onboarding.

Interestingly, the onboarding process is also of crucial significance to the executive's development as a leader. In an IMD survey, almost 90% of senior HR professionals agreed that transitions to significant new roles were “the most challenging times in the professional lives of managers” and can strongly impact the career arc. This means that organizations should look at onboarding as a major investment not only in the present, but also in the future.

When I discuss with clients how coaching can help with a crucial transition, I introduce the risk/reward matrix. **The business case is simple: coaching can be used effectively to reduce the costs of failure** (which in my experience can be lowered to around 10%) **and significantly increase the return on investment.**

Over time I have developed a specific coaching framework: the 3-step onboarding model™. Basically, the model (inspired in part by William Bridges' work on transitions) looks at 3 phases that have to be explored in order (counterintuitively, I might add).

Phase	1. ENDING	2. DISCOVERY	3. BEGINNING
Key question	<i>What needs to be let go of?</i>	<i>What needs to be understood?</i>	<i>What needs to be done?</i>
Major areas of attention	<ul style="list-style-type: none"> • identification with the old role • old norms (the unspoken way things were done in the previous company) • commitment to old tasks and responsibilities • old modus operandi 	<ul style="list-style-type: none"> • transition begins when being considered for the new role • need to prepare and be proactive • how the new organization expresses its culture • diagnose business situation before choosing strategy • define learning agenda and sources of learning • expectations are paramount and need to be managed 	<ul style="list-style-type: none"> • hit the ground running • adopt specific language and accepted patterns of behaviour • keep focused on priorities • secure early wins that matter • assess and develop the team • identify leaders and develop key relationships

Naturally, the coaching cycle is more complex than the model would suggest, but it has proven to be a solid starting point for those crucial conversations about challenging transitions.

A few final considerations. First, onboarding starts well before the first day in the new role – it actually starts when the search process gets going. Second, apart from coaching, a good internal mentor can play a significantly positive role in the process. Finally, we should never, ever lose sight of the cultural issues.

Mini bio: Daniele Bevilacqua

As an executive coach and top-level facilitator, Daniele works with leaders intending to achieve meaningful and sustainable change. His approach brings together two passions that have evolved during 25 years of professional experience. The first, practical and results-oriented, developed as a business leader while CEO in different companies. The second, aware and holistic, is focused on change processes and flourished first in high-level executive search and later as trainer of personal development programs.

