

Best Practices for Executive Integration

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When hiring executives from another company, one frame to consider is that the experience can be similar to the experiences of lateral transfers of executives from acquisitions. Other sources focus on the coaching of the individual. This is an area of increased importance because new leader retention is critical, as well as the desire to decrease the time it takes for new leaders to become productive and minimizing the disruption to business cycles and existing teams. Up to fifty percent of new leaders fail within the first three years. At the same time, the total number of openings for general managers and senior executives is expected to increase. While coaching individuals is important, it seems that the culture into which the individual executives need to assimilate must be ready and open to new executives. Cultural norms, performance standards and existing team capabilities need to be taken into account.

There are at least two issues to consider in this topic. One is the successful lateral transfer of high-level managers and executives to a new company, and the other is retention of both new and existing high potential, top-performing employees. During an acquisition or organizational change, both new transfers and employees of the acquired company may lose their previous corporate identity, must learn a new culture and language, and experience concerns regarding how the acquisition will impact their job security, requirements, and procedures. Experiencing these changes often results in uncertainty, anxiety, and stress (Kramer, Dougherty, & Pierce, 2004). However, there are a number of practices organizations can adopt to facilitate a smooth integration of executives into a new organizational environment, as well as maintaining retention of vital employees. When senior level leaders are brought in from other organizations, it is our hypothesis that many of the same emotions occur. They may just be less discussed and recognized because these lateral hires are experiencing culture clash one at a time.

Corporate Integration of New Transfers

According to Downey, March, and Berkman (2001), the successful assimilation practices have a number of beneficial consequences for an organization, including improving recruitment of qualified individuals, increasing probability of retention, decreasing the transition period between initial entry and becoming productive and effective, and minimizing disruption to business flow and team processes. The literature suggests a number of practices to facilitate a smooth transition for high-level managers and executives experiencing a lateral transfer to a new organization. Discussion of these best practices will be organized according to the four-stage model of executive assimilation proposed by Downey and March. Successful navigation of these stages should lead to several important assimilation goals. The new leader should create an achievement legacy; that is, develop a business agenda for creating sustainable change within the new organization. Second, the new leader must understand organizational dynamics and assess the culture of the company. Third, the new executive must build influence by forming relationships with key constituents, eventually forming networks and coalitions. Successful assimilation also depends on the new leader's ability to assume leadership over a new team in a new environment. Finally, the new leader must be able to align strategy, structure, people, processes, and organizational metrics with the achievement legacy.

Stage 1: Anticipating and Planning

During this stage leaders speculate about what their new role entails and begin planning the steps to become effective in their new environment. The biggest challenge executives face during this stage is development of unrealistic expectations. Appelbaum and Gandell (2003) suggest that the company must communicate to the new transfer the vision and direction of the company and provide coping mechanisms to aid in adjusting to the loss of the new transfer's previous corporate identity.

According to Downey, March, and Berkman, organizations should prepare both the new leader and the organization for the new leader's arrival. This is accomplished by arranging support for the new leader and contributing to the development of an entry strategy. Thus, to support the new leader, coaches and mentors should be appointed to

facilitate the assimilation of the new leader. These coaches and mentors can help leaders manage the personal and professional issues that arise during the assimilation process, help the new leader assess himself and the organizational environment, provide coaching, facilitate relationships between the new leader and key individuals, and develop and implement an assimilation strategy.

The new leader and key organizational members should also collaborate to develop an entry strategy. An entry strategy has four components: 1) acquisition of knowledge about the industry and business; 2) delineation of development needs; 3) identification of key influence relationships; and 4) specification of preliminary priorities and approaches. To aid in this process, organizations should engage in the following activities: legitimize access to information by having a formal expectation of information sharing; provide feedback about personal development and design a development plan; understand key stakeholder relationships; prepare key stakeholders and the leader's team for the new leader's arrival; and identify competencies of the team.

Executives who successfully navigate this stage tend to: seek comprehensive information about the new organization's environment, strategies, and goals via available resources; engage in honest self-assessment of their skills and experiences and whether training will be required for the new role; and finally, understand that the transition stage will be a lengthy process of learning and self-discovery (Downey & March, 2001). CEO's in particular should ponder the legacy they will ultimately wish to leave behind (Hsieh & Bear, 1994).

Stage 2: Entering and Exploring

This stage represents the first thirty days to nine months of the new assignment, when new executives adjust to their surroundings and begin to adapt to the new organizational context.

As a first step, the organization can create an entry management checklist. The checklist requires that the new leader engages in a discussion with his or her supervisor to confer about how success is to be measured, how decisions are made, how the supervisor prefers to be communicated with, and what the supervisor believes are the most pressing issues facing the organization. This meeting should be followed by team,

subordinate, peer, and client discussions. Secondly, organizations should provide basic orientation information to the new transfer, including companywide information such as policies, procedures, work processes, and resources. This is followed by collaboration with the new leader to analyze the organization's strategy, structure, people, processes, and rewards/metrics. An in depth cultural audit should be conducted whereby the culture of the new organization is analyzed by identifying how decisions are made, understanding communication patterns, understanding levels of trust and risk taking, learning how conflict is handled, and analyzing participation patterns. By identifying cultural dynamics, the new leader becomes aware of the dynamics of first impressions, paradigm conflicts, and unique cultural cues. We have seen organizations develop new leader toolkits that provided the rough outline of a 90-day plan and information on how to build the networks and relationships needed for success.

Next, the organization collaborates with the new leader to identify the key internal stakeholders that will have the most impact on the new leader's success. During this process, the organization should provide support and coaching to ensure that the new leader utilizes power and influence, establishes trust, and builds relationships effectively. The new transfer should also identify the skills and competencies of the existing team. In addition, a new leader assimilation meeting should be conducted in order to create an environment in which the new leader and team members can voice their concerns and begin to build relationships (Downey, March, & Berkman, 2001).

Empirical evidence suggests that some acquisitions result in low relative standing for newly transferred executives—they feel inferior, the acquirers see them as inferior, autonomy and status are removed, and a climate of acrimony prevails. When these conditions exist, the rate of acquired executive departure will be great (Hambrick & Cannella, 1993). In our practice we have observed contingents of leaders banding together based on their previous organization when there are multiple hires from a competing organization. Tetenbaum (1999) further suggests that new transfer learns the new culture via symbols, storytelling, and rituals and that the new transfer should work

with existing management to build an integration plan. The organization should make both real and symbolic commitments to the new executive in terms of initial financial investment and subsequent allocation of resources and frequent communication (Allred, Boal, & Holstein, 2005).

Executives who successfully navigate this stage engage in activities such as: integrating both positive and negative information from various sources; assimilating previous knowledge to expand the working paradigm; seeking and establishing informational and personal networks; and exhibiting resilience in terms of framing defeats or setbacks as opportunities (Downey & March, 2001). In addition, senior executives should be realistic in terms of their ability to uphold expectations that stakeholders may possess, as these expectations may conflict and it may not be possible to satisfy everyone (Hsieh & Bear, 1994).

Stage 3: Building and Contributing

During this stage, new executives engage in the bulk of teambuilding, knowledge-gathering, and networking required to develop effectiveness in the new role. Leaders face a number of challenges during this stage, including facing resistance and mistrust from their new team and from the organization as a whole. More importantly, during this stage clashes in organizational culture, interpersonal dynamics, and personal status issues may block successful integration (Allred et al., 2005). It may take up to three years for the new executive to become fully effective in their new role (Downey, March, & Berkman, (2001).

To facilitate this stage, organizations can develop corporate-sponsored management programs and meetings involving senior employees to discuss relevant topics facing the new executive, such as business strategy and direction, interdependencies among key areas, compliance issues unique to the division, and cultural values and pitfalls. These meetings also provide an opportunity for new executives to voice their concerns and struggles. Additional support and coaching

activities that organizations can provide to the new executive include collaboration to set challenging but implemental goals, gathering input from all stakeholders before executing plans, explaining past change attempts, and creating cross-organizational network building and boundary-spanning opportunities.

Organizations should also engage in activities such as: providing feedback mechanisms and follow up on feedback; coaching and formally integrating cultural changes; creating opportunities to build networks and eventually, organization-wide interaction; supporting personnel transitions and providing developmental opportunities; and formally integrating changes to the system (Downey, March, & Berkman, 2001).

During this stage it is also important that the new leader receives 360-degree feedback that is targeted toward business results and is linked to customer indicators. Based on this feedback, the executive may need to modify his or her strategy and reevaluate his or her management style, and at the very least, retest assumptions about sequencing of strategic initiatives, the relative strategic importance of various business functions, and the skills and abilities needed.

New executives must also understand the importance of coalitions, which are built by leveraging existing networks in the direction of a specific goal. To ensure that a new executive gains support for his or her new ideas, the executive should gather information, assess where there will be support and resistance, solicit and incorporate the input of others to strengthen ideas, and sell ideas to ensure ownership and buy-in.

Finally, the organization and new executive should collaborate to expand the span of influence, become a more strategic contributor to the executive team, mend relationships that may have been neglected during the leader's initial arrival, and broaden the scope of leadership by empowering others.

In order to navigate this stage successfully, executives need to: address team building needs without neglecting business needs; utilize past experiences to master new challenges; assess the interpersonal dynamics and styles of both the team and supervisors; build new relationships based on mutual expectations, trust, and communication; address sources of resistance; be willing to make difficult decisions regarding retaining talent and identifying weak performers; and, actively seek feedback

regarding performance (Downey & March, 2001). In addition, executives should focus on a few key themes rather than get sidetracked by details, and strike a balance between short- and long-term goals (Hsieh & Bear, 1994).

Stage 4: Deepening and Strengthening

By this stage, the new executive is able to function effectively in their new role. An achievement agenda has been implemented, influence networks are in place, leadership is solidified, organizational dynamics are leveraged, and systems are aligned (Downey, March, & Berkman, 2001). However, assimilation should be an ongoing activity throughout the executive's career. Organizations should provide ongoing feedback and developmental opportunities to the executive, and in turn, the executive should continue to navigate new relationships.

According to Downey and March, executives who have successfully assimilated into a new organization share several characteristics. These characteristics include honest self-assessment, utilization of intuition, systemic/holistic thinking, and learning adaptability. Furthermore, successful transfers have interpersonal aptitude, political savvy, are open to feedback, and tend to be higher in emotional intelligence. These are issues that can be assessed prior to hire and supported through coaching and feedback. If a new executive is underdeveloped in any of these areas, coaching may be utilized to strengthen weaknesses. Thus, while assimilating new leaders is a challenging process, if successful, it can contribute to the success of mergers and acquisitions or other organizational development endeavors.

Retaining Key Talent

Tetenbaum (1999) cited research that when no coordinated retention actions are taken, forty-seven percent of all senior managers in an acquired firm leave within the first year of the acquisition, seventy-two percent within the first three years. Furthermore, the odds of corporate acquisition success improve if the acquiring firm can retain the acquired firm's highest-ranking executives (Bergh, 2001). Thus, to retain key talent, compensation specialists should consider a total reward strategy in trying to retain people, such as finding incentives in both the work situation (providing challenge and meaningfulness) and in career development (developmental opportunities). Retention bonuses and deferred cash accounts may be preferable to inflated salaries. Jorgensen (2003) also suggested providing discounted stock to employees, issuing milestone-based bonuses, and setting up mentoring relationships.

Other practices cited as successful in retaining key talent include: involving and empowering employees to help create the right strategy and understand employee needs and concerns; creating an attractive work environment with the tools and opportunities for employees to thrive; and tap into a diverse pool of talent, recognizing that the best workforce is made up of a diverse mix of ages, genders, nationalities, skills, experience and talent (Jeffery, 2003).

Support for lateral executive hires must include coaching. Incorporating other tools may also be important. Supporting the new hires plus supporting the culture in accepting and assimilating them should be considered.

Conclusions

The turnover of new executives is costly and difficult. It can trigger turnover at other levels throughout the organization, create a loss of intellectual capital, and may disrupt customer relationships. Several organizations mentioned that part of their solution was fine-tuning their selection process to improve cultural fit.

Reviewing the available information on integration practices points to a number of ways that companies have taken to develop a systematic approach to assimilating new talent.

Set Expectations

Newcomers often suffer shock at the differences between what was imagined about the culture and how things really work in the organization. Role clarity, work goals and the informal expectations about how to get work done in the organization needs to be clear.

1. Focus groups and culture analysis provide ways of gauging the aspects of culture likely to surprise or impact newcomers. This data is important to professionals helping with assimilation processes.
2. Strong position descriptions with clear objectives avoid unclear role expectations.
3. Examining the performance management system is another recommended step to ensure that it supports role clarity and shared expectations between the organization and the new executive.

Feedback

Feedback needs to go above the feedback from a manager or a coach. The ability to build the right networks is critical, yet can be undermined by a lack of understanding about how an individual is perceived in the context of the new culture. Frustration can arise when what worked in my old organization is not well received in the new one. Peer and subordinate relationships are critical in getting work done and bosses may not be fully aware of this aspect.

1. 360-degree feedback.
2. Feedback from an assessment process can pinpoint areas in need of development such as political savvy or emotional intelligence.
3. Provide feedback on company decision-making processes, structure and goals in consistent manner to all new leaders.

Managing Cultural Acceptance

1. The use of formal assimilation team events in which leaders and their team share goals, expectations and get comfortable with each other.
2. Providing internal mentors who support the building of networks and provide critical information and support.
3. Sharing of the stories, symbols and history to the newcomer in a systematic manner.
4. Identify barriers the culture poses to new leaders and work to minimize them. Study exit interview data.

Focus on the Integration Process

1. Coaching for the first year. Ensuring that the boss is a partner in the individual's success should be incorporated into the coaching process.
2. Share an integration model and set plans for newly hired executives.
3. Tool kits and/or training on the environment and assimilation tasks and phases. Provide a roadmap of stakeholders to assist in understanding the structure.
4. Some organizations target their leadership development programs to support retention and effectiveness of both high potentials and newcomers.

A recommended starting place is to conduct an analysis of what are the usual and unique reasons for both successful and unsuccessful lateral hires. This serves as the baseline for determining what actions will be most effective. While there is not a single recipe or formula, it is clear that organizations are successfully and systematically finding avenues to address these challenges.