

## WHAT EVERY CEO NEEDS TO KNOW DURING THE FIRST 90 DAYS

**Important Lessons for newly appointed CEOs and Business Leaders**

### Introduction

***Two out of every five new CEOs fail in the first 18 months (HBR, January 2005).***

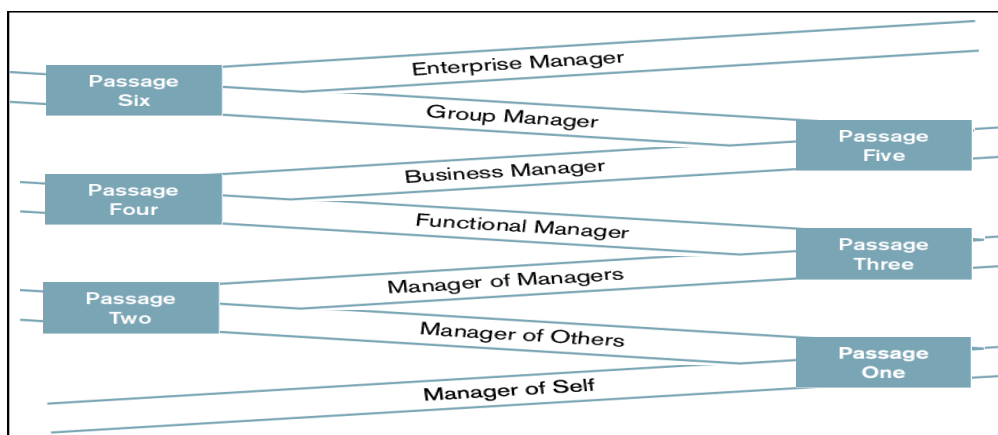
CEOs are generally considered to have failed when they are unable to meet the expectations of their boards, shareholders and the market at large, or the company's stakeholders. This failure becomes official when a company confirms its decision to initiate proceedings for the CEO's departure. What are the primary factors leading 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 the first 90 Days can have a major impact on their success or failure. 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 sufficiently tarnished where another leadership opportunity may be difficult to come by.

### The Six Leadership Passages

The Leadership Pipeline Model (Ram Charan, Stephen Drotter and James Noel, 2001) explains the discrete career stages and the 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 prioritised and allocated more time so as to avoid transition pitfalls. (See Figure 1).

**Figure 1**



Source: *The Leadership Pipeline*, (2001), by Ram Charan, Stephen Drotter, and James Noel



## Common Leadership Transition Pitfalls

Leadership transition pitfalls for CEOs at Passage Six of the Leadership Pipeline occur for two common reasons:

1. CEOs are often unaware that this is a significant passage that requires changes in values.
2. It's difficult to develop a CEO for this particular leadership transition. In terms of the latter, preparation for the chief executive position is the result of a series of diverse experiences over a long time. The best developmental approach provides carefully selected job assignments that stretch people over time and allow them to learn and practice 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, the author of the best seller, "The First 90 Days" (HBS Press, 2003), the biggest trap new leaders fall into is to believe that they will continue be successful by doing what has made them successful in the past. There is an old saying, "To a person who has a hammer, everything looks like a nail." So too it is for leaders who have become successful by relying on certain skills and abilities. Too often they 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, of course, 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.

Dr Watkins further adds that another common trap is falling prey to 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 in order 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 upfront engaged in diagnosis. The result is that new leaders end up enmeshed in vicious cycles in which they make bad judgments that undermine their credibility.

From my executive coaching engagements involving CEOs over the past 10 years, my observations are that leaders who under-perform typically fall into common traps. First of all, they can become isolated 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, it is important for new leaders to get out and become acquainted with their organizations quickly.



Secondly, new CEOs have to be careful not to enter the firm with a well-defined fix for the 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 are 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, for example six to twelve months (depending on the severity of the problem), for deciding who should remain on the senior management team.

### **Ensuring a Successful Transition**

The most challenging time for leaders is often in the early days of leading and managing others. Ram Charan, Stephen Drotter and James Noel noted in their book “The Leadership Pipeline” (John Wiley, 2001) that the biggest shift was from being a manager of self to a manager of others. The shift from only having to manage yourself to having to manage other people around you can be challenging, especially for young, inexperienced leaders. Once the initial leadership skills have been learnt, the progression to manager of managers and leader of leaders becomes much easier.

New CEOs can manage a transition most effectively by adhering to a number of core principals. First of all, it is important to utilize the time before entry effectively. The time prior to starting a job is a priceless period, during which a new leader can absorb information about an organization and begin to plan. While there is a strong tendency to organize personal affairs, take a break, or complete things at the old job, a new leader can absorb information about an organization and begin to plan. Unfortunately, upon formerly entering a new organization, the new leader is invariably swept up in the day-to-day demands of the office and has little time to do preparatory research. Prior to assuming the new role, the CEO should understand as much as possible about the organization’s strategy, its strengths and weaknesses, and have formulated some hypothesis to begin testing.

Because expectations are high and time is precious, a new CEO must learn as efficiently as possible about the organization’s markets, strategy, and capabilities. There are three distinct types of learning? Technical, cultural, and political. While it is difficult to stay focused on what a new CEO needs to learn, apart from deploying basic principals in time management, new leaders are well advised to set specific learning targets for the first six months. Goals should be set for the end of the first month, third month, and sixth month. Technical learning comprises an understanding of the organization, and its products, markets, and customers. Cultural learning identifies an organization’s cultural strengths and weaknesses. Political learning entails assessing how decisions are made, and who is most influential in the decision-making process.



It is critically important 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' most pressing problems. A quick, dramatic impact is important. Momentum must go through the transition, and tangible improvements must motivate employees.

**New leaders are expected to “hit the ground running.”**

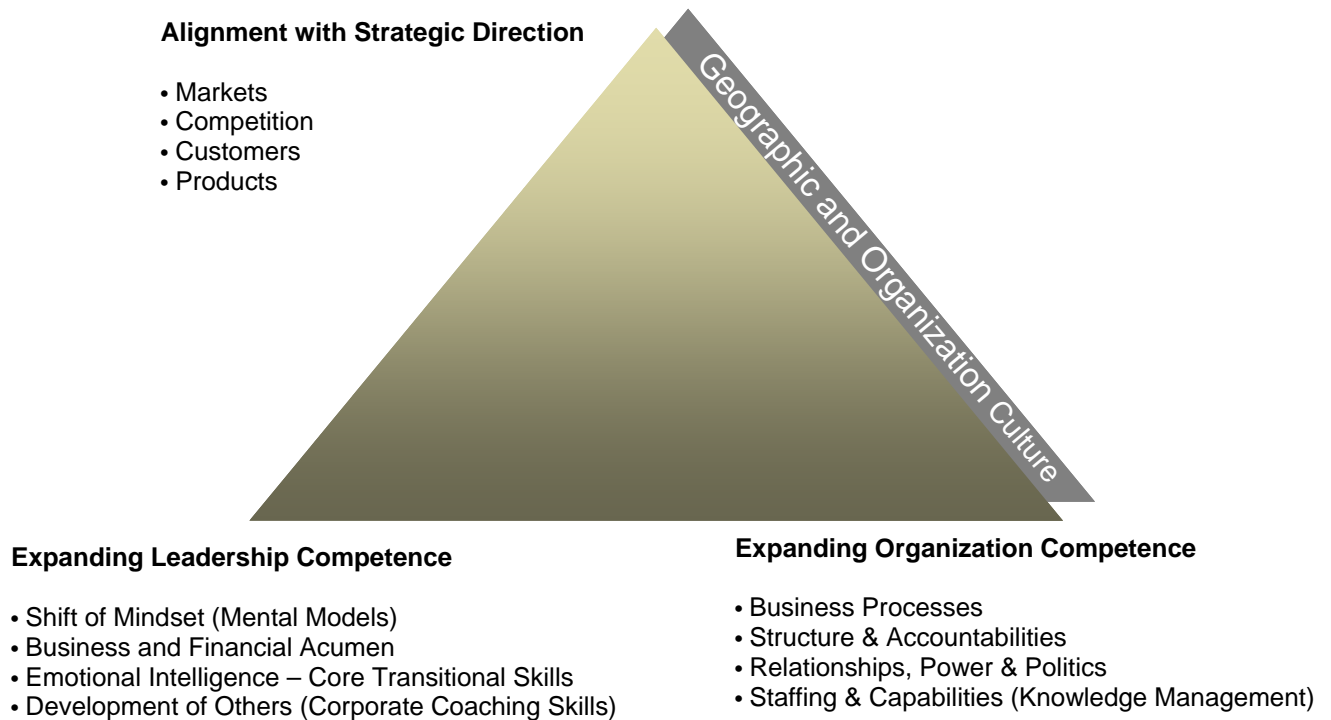
They must produce results quickly while simultaneously assimilating into the organization. The result is that a large number of newly recruited or promoted managers fail within the first year of starting new jobs.

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 cultural change that is 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.

In a research by the author published in a Chapter of the book ***Coaching in Asia – The First Decade*** (Bawany, 2010), indicates three success strategies where leaders in transition could adopt (Refer to Figure 2):

- ❑ **Alignment with Strategic Direction:** Individual expectations of the leader as well as the functions must be aligned with organization goals and strategic direction; more importantly, there must be dialogue to create alignment.
- ❑ **Expanding Leadership Competence:** The organization must have absolute clarity on requirements and expectations of the various stakeholders on the leaders, including the articulating the crucial emotional intelligence competencies and leadership capabilities best suited for the role. The Leaders need to develop their own leadership expertise including learning to build an effective leadership team, to manage the performance of others and to effectively delegate and develop others (hence they need to possess managerial coaching skills)
- ❑ **Expanding Organization Competence:** Leaders have to understand the business processes that create economic value for the organization. Higher levels of leadership have to understand when and how to redesign these processes to accomplish the strategy as well as understand the capabilities needed to operate these processes.

Figure 2: Success Strategies for Leaders in Transition



Source: Bawany, S. (2010). 'Maximising the Potential of Future Leaders: Resolving Leadership Succession Crisis with Transition Coaching' in 'Coaching in Asia – The First Decade'. Editors: Wright, D., Leong A., Webb K.E., and Chia S., Singapore, Candid Creation Publishing LLP.

New CEOs must manage themselves if they are to be successful. The physical demands of a transition are high, as are the emotional demands, not only at work but also at home. An inability to manage stress can impede a new CEO's efforts. 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 a failure to manage the internal challenges of the transition. New leaders are more likely to succeed if they build and utilize a balanced network of technical, political, and personal advisors.



## **Conclusion:**

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 and this would result in sustainable employee engagement.

The critical transitional skills for leaders in transition include having emotional intelligence competencies in effective relationship management, cross-cultural communication, effective negotiation and conflict management.

The reality for leaders in transition is that relationships are great sources of leverage. By building credibility with influential players, you are better able to gain agreement on goals, and commitment to achieving those goals.

In the leader's new situation, relationship management skills are critical as they aren't the only one going through a transition. To varying degrees, many different people, both inside and outside the leader's direct line of command, are affected by the way he or she handles his or her new role.

Put another way, leaders negotiate their way to success in their new roles.

## **Closing Quote**

*"Crisis may be an overused word, but it's a fair description of the state of leadership in today's corporation. At all levels, companies are short on the quantity of leaders they need. There's no shortage of raw talent. Businesses could fill the leadership vacuum from their internal ranks if they know how to spot and develop their real potential leaders. But they don't, despite the enormous resources and thought they pour into the task." - Ram Charan, "Leaders At All Levels", 2008.*



## PROFILE OF AUTHOR: PROFESSOR SATTAR BAWANY



Professor Sattar Bawany is the Master Executive Coach with EDA Asia Pacific based in Singapore and the Honorary Academic Advisor of IPMA Asia Pacific. He has over 25 years' international business management experience, including 15 years in executive coaching, group facilitation, and leadership development and training with global management consulting firms.

Prof Bawany is also a Member of Frontier Strategy Group's Expert Advisory Network (EAN) on Human Capital Management Issues.

In addition to his business and consulting career, Prof Bawany has over 10 years of concurrent academic experience as an Adjunct Professor teaching senior executives international business strategies and human resource courses at various leading universities including Paris Graduate School of Management.

Prof Bawany was until recently the Managing Director and Coaching Practice Leader for DBM Asia Pacific, a global human capital consulting firm in the career transition and talent development/coaching space. Prior to joining DBM, he has assumed various senior management roles including Regional Business Leader, Business Development Head, Coaching Practice Head and Executive Coach with Mercer HR Consulting, The Hay Group and The Forum Corporation.

Prof Bawany is an astute advisor to executives who need to know how they are perceived and want to focus on what is most important in their professional and personal lives. He has coached a range of leaders, from CEOs, to senior vice presidents, and high potential managers. His current work in organisations focuses on encouraging individual initiative and leadership from a systemic perspective in order to achieve clearly defined business results. His specialty is effectively linking people processes to business outcomes.

He is a Graduate of Corporate Coach U and a Licensed Coaching Clinic Facilitator. He is certified in the administration and application of various psychometric instruments including the Myers-Briggs Type Indicator™ (MBTI), Bar-On EQ 360™ and EQ-i™. He is also certified in the administration and application of the MRG's suite of instruments including "Leadership Effectiveness Analysis™" (LEA 360 Assessment tool) and "Strategic Leadership Development". He is also accredited in the administration and application of the Benchmarks® and Skillscope® Profiling Instruments.

He holds an Executive MBA from Golden Gate University and a Bachelor in Business Administration (Marketing) from Curtin University. He is currently pursuing his PhD in Business Administration with Asia e University and his Doctoral Research is on "The Impact of Executive Coaching on the Personal & Professional Development of Leaders".

Prof Bawany is a Fellow of International Professional Managers Association (IPMA) and The Chartered Institute of Marketing (CIM). He is a Professional Member of the Society of Human Resource Management (SHRM) and the Chartered Institute of Personnel and Development (CIPD). He is also a Practicing Member of the International Coaching Federation (ICF) and International Association of Coaching (IAC).

He is a highly effective facilitator and coach and has been very well regarded by his clients for his practical "how to" approach, and for his ability to communicate with his audiences and to make workplace learning fun and a pleasurable experience.

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