



CEO succession: maximising success

Onboarding is an absolute must to ensure a smooth transition

by Carolyn Lutz and Philipp Fleischmann

Let's imagine you are a shareholder of a large and successful diversified family business, operating globally with several fully owned companies, joint ventures, and participations and other businesses. The time had come for a CEO succession, there was nobody from within the family that was qualified to take over. You hired an executive search firm, you found your candidate, everyone agreed he is the one, you negotiated, he was hired. The search firm strongly suggested that an onboarding and integration program would be very helpful to help this new CEO navigate the family and firm culture and all the hidden traps he could fall into as he attempts to make his mark and get some early wins. You refused, thinking you and your team would succeed in doing the onboarding and integration on your own. Now, 18 months later, the new CEO is out, and you are back at square one. What went wrong, and how can this be avoided in future?

First, some data from different sources around the world of onboarding and integration:

- Organizations with a standard onboarding and integration program experience 54% greater new hire productivity, and 50% greater retention over the first three years.
- Manager satisfaction increases by 20% when their employees have formal onboarding training.
- 32% of global executives say the onboarding they received was very poor.
- 73% of respondents in a recent study said their onboarding programs accelerate new employees' performance, and improve employee retention and loyalty.
- 50% of all senior outside hires fail within 18 months in a new position.



- Almost 60% of newly hired C-suite executives said it took them six months – and close to 20% said it took them more than nine months – to have full impact in their new roles. Less than one-third received any meaningful support during their transitions, a shame since 80% of this fortunate minority thought such support made a major difference in their early impact.

Most firms do well with the administrative formalities of onboarding: making sure the IT needs are organized, business cards are printed, paperwork is filled out, and compliance is organized. However, what is often missing is a clear and benevolent immersion into the unwritten rules of the company, which can lead to the biggest faux pas in terms of derailing an otherwise well-suited candidate. After all, privately held organizations tend to keep their employees a long time; their culture evolves differently and more slowly than a publicly traded firm which will have more heterogenous talent and probably more ‘fresh blood’ from outside the organization. Family-controlled company culture can be overly influenced by outsize personalities; official reporting lines may belie the actual power and influence of certain individuals. Candidates who are ‘best in class’ but who have come out of a publicly traded organization, or even a different family-controlled business with a different culture, can quickly fall foul of ‘the way things are done here’ if they are not guided even before their first day on the job.

Tips for the organization

- Begin the ‘onboarding’ already during the interview phase – be open about the strengths and weaknesses of the company and the culture, stakeholder maps, and how decisions are made.
- Dedicating time to discussing team and organizational dynamics during interviewing and onboarding stages can help the new executive avoid invisible cultural barriers.
- Assessing how an executive’s strengths and weaknesses align with objectives for the role can help provide a customized roadmap for onboarding. Consider using an impartial executive coach who can give the executive an objective sounding board, and/or give the hiring manager course correction if necessary.
- Ensure operational overviews and clear performance expectations, which derive from strategic priorities, are communicated with the executive. Avoid surprises.
- If a problem area is identified, address it quickly – the earlier an issue is exposed, the easier it can be resolved.
- Do not forget to help with family orientation and integration if the move required a relocation – and career counseling for the executives’ spouse in the case of dual-career couples. An unhappy spouse is the leading cause of failed expat assignments. Remember: ‘happy wife, happy life’.



Tips for the hired candidate

- Be proactive in communicating and alert for cues on culture. In some cases, it is a fine line to work within the culture while seeking to change it.
- Signal that building relationships is a priority for you.
- Don't focus only on your superiors. Building the relationships with your team and knowing how to work the matrix will have a huge influence on your success.
- Consider crafting an 'elevator speech' with your reason for joining and what you hope to contribute to the company.
- Do use HR – there is a reason it is called 'Human Resources' – they can help you not only with team capability and gaps, but also with a 'reality check', giving you feedback from the organization on your performance and style is perceived.
- Be mindful of different stakeholders and communicate clearly, openly, and frequently; in particular if you were brought in as a change agent.

Know yourself – your style, preferences, values and motivations – and how these fit with the organization and team culture.



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