

A STUDY CONDUCTED BY **THE EBLIN GROUP**

Leaders Moving Up:

New Prescriptions for Executive Success



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EXECUTIVE SUMMARY

What are the behaviors that trigger new executive failure?

The story is familiar. A rising corporate star with a track record of success is promoted to an executive level role but does not live up to the expectations of other members of the senior team. Within a few months or a few years, the individual has left the organization to “pursue other opportunities,” and the search is on for a replacement. Meanwhile, the cost to the organization in terms of lost productivity and transactional expenses can easily run into the millions of dollars. Customer relationships, shareholder confidence and staff morale can all suffer.

Since it's usually the “best and the brightest” who are promoted, this scenario begs the question: “What is everybody missing?”

Based on original research conducted with rising executives — typically directors and vice presidents at companies representing industries such as defense, financial services, media, computer services, manufacturing and pharmaceuticals — The Eblin Group has identified new answers to that question. The typical diagnoses of reasons for executive failure include general causes such as communications skills, relationship building and the always popular “poor fit with the job.” What is missing is insight into the specific behaviors that can trigger new executive failure. That is what this white paper will address. To use a medical metaphor, we will summarize the current situation, review typically cited diagnoses for new executive failure, and then offer a “second opinion” that focuses on root causes. Finally, we will report on a new prescription for supporting rising executives and compare its effectiveness with other interventions that are typically employed.

NEW EXECUTIVE FAILURE: THE MORE THINGS CHANGE

The challenges of “Leadership 2.0” change the game.

It’s a statistic that continues to reverberate throughout the corporate world. In 1998, studies by the Center for Creative Leadership in Greensboro, N.C., and the executive search and coaching firm Manchester Partners International found that 40 percent of newly promoted managers and executives were no longer in their roles within 18 months of promotion. Since then, additional studies have continued to show a relatively high rate of new executive failure. A 2004 study by Right Management puts the rate of promoted executives who fail to meet expectations at 35 percent. More recently, a joint study conducted in 2008 by The Institute of Executive Development and the Alexcel Group estimates the failure rate for internal promotions at the executive level to be above 20 percent, while the failure rate for external hires at that level is above 30 percent.

... THE MORE THEY CAN’T STAY THE SAME

In a landmark 1990s study, McKinsey & Company identified “the war for talent” as a key competitive challenge facing all organizations. Today, despite the current economic slowdown, that challenge remains stronger than ever. Among others, three factors drive the need to increase the success rate of rising executive-level leaders: speed, complexity and demographics.

The global economic environment that Thomas Friedman described in *The World is Flat* has raised the level of complexity and increased the speed of managerial and executive jobs. In what could be called “Leadership 2.0,” managers and executives at all levels and from all functions now deal with such issues as global sourcing, risk mitigation, external political environments, leading virtual teams, 24/7 connectivity, shortened product life cycles and severe pricing pressure. The demands on business leaders are as high as they have ever been and require

thoughtful strategic responses. This has created a shift in the process of talent management and development. As Scott Saslow, executive director of The Institute of Executive Development told us, “It used to be in the pre-2000 era of business that companies had these tried and true processes that they’d built up over decades ... but with products and services coming to the market more quickly, companies are really having to rethink their approach ... Over the past five years, I’d say talent management has become a very big blip on everyone’s radar.”

In addition to increased marketplace speed and complexity, the other factor raising the stakes on supporting rising leaders is demographics. As Korn/Ferry Institute Vice Chairman Bob Eichinger and others have noted, the impending retirement of the baby boom generation will create a gap in “ready now” leaders who can replace departing executives. Based on his analysis of the demographic trends, Eichinger points out that over the next five to 10 years, the average age of newly promoted managers and executives will be seven to eight years younger than that of their predecessors when they were promoted to the same position. For example, if the average age of a newly promoted vice president has historically been 40, in the future it will be around 33. The implications for preparing leaders to take more responsibility much earlier in their lives and careers are fairly obvious.

While the issues of talent management and leadership development have risen to the forefront of attention, it’s fair to wonder if it is enough. The aforementioned Institute of Executive Development/Alexcel Group study found that only 20 percent of reporting organizations describe their support for newly promoted executives as high. All of which raises the question: What do newly promoted executives need to focus on to increase their odds of success?

DIAGNOSING THE CAUSES OF EXECUTIVE FAILURE

The “go-to person” runs into problems.

When Scott Eblin, president of The Eblin Group and author of *The Next Level*, speaks with audiences of high potential leaders, the root cause of executive failure becomes quickly apparent. In these meetings, Eblin asks the room: “By a show of hands how many of you are, or have ever been referred to as, the go-to person in your organization?”

“Usually every hand in the room goes up,” says Eblin, “and that’s not surprising.”

Not surprising because that’s the typical profile of a person who gets promoted — “go-to people” who believe that the behaviors that led to their success at lower levels will serve them well at the next level. Eblin relates that in speaking to one group of high potential leaders, he asked for examples of the behaviors that “go-to people” typically exhibit. “The fellow in front of me gets a smile on his face and says, ‘I’m the closer.’ That’s exactly it — he’s the closer and he’s going to take it upon himself to do whatever it takes to get the job done.”

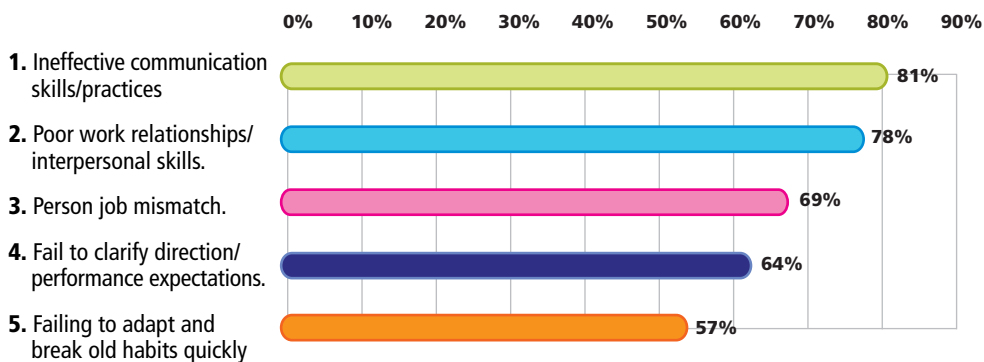
The problem with being “the closer,” of course, is that expectations become broader, more nuanced and complex with each successive promotion. As those expectations broaden, the go-to person style becomes less and less tenable. As Marc Effron, vice president of talent management for Avon Products observed in a conversation with us, “The higher up you go, the shakier the foundation becomes ... it’s like if you build a foundation on one stone, it’s fine if you’re three stories up. But if you’re 20 stories up ...”

Einstein is reported to have said that insanity is doing the same things over and over and expecting different results. Nowhere does that statement hold more true than when leaders move into executive roles. The results expected of executive leaders are quite different from the ones expected of their non-

executive counterparts. As Charan, Drotter and Noel note in their book, *The Leadership Pipeline*, the move to an entry level executive role requires a leader to become a “skilled interpreter and seeker of information if he’s going to be successful at this level.”

When different results are expected at the next level of leadership, behaviors need to change. That, however, is no simple task. As a 2006 study published by Indiana University’s Kelley School of Business on the causes of managerial

Primary causes of managerial failure in rapidly changing organizations



Source: Kelley School Of Business

failure notes, “Breaking old habits represents a real challenge under the most stable of conditions, but can become even more difficult in periods of change when managers, often devoid of a mentor, coach, or meaningful feedback, must alter their role,

behaviors, and leadership style on their own.” The research conducted for The Kelley School study cites the five most common reasons for managerial failure as:

1. Ineffective communication skills or practices
2. Poor work relationships or interpersonal skills
3. Person/job mismatch
4. Failure to clarify direction/performance expectations
5. Failure to adapt and break old habits quickly

A SECOND OPINION

Specific diagnoses increase the odds of success.

Our research on executive success and failure aligns with the Kelley School study but also expands on it. Since late 2005, The Eblin Group has worked with over 300 high potential directors and vice presidents at companies representing the defense, financial services, computer services, media, manufacturing and pharmaceutical industries in a group coaching program known as Next Level Leadership™. As part of that program, we have conducted 360 degree assessments for participants on behaviors related to executive leadership presence. As outlined in the table below, our model breaks executive presence down into the three categories of personal presence, team presence, and organizational presence. Those three categories are further broken down into three sets of distinctions that rising leaders need to either pick up or let go of. A number of

our distinctions line up with the findings of the Kelley School study. What we have learned, however, is that the more specific we can make the expectations for executive level behaviors, the greater the likelihood of success when promoted to that level.

Next Level Model of Executive Presence

	Pick Up	Let Go Of
Personal Presence	Confidence in your presence	Doubt in how you contribute
	Regular renewal of your energy and perspective	Running flat out until you crash
	Custom-fit communications	One-size-fits-all communications
Team Presence	Team reliance	Self reliance
	Defining what to do	Telling how to do
	Accountability for many results	Responsibility for a few results
Organizational Presence	Looking left and right as you lead	Primarily looking up and down as you lead
	An outside-in view of the entire organization	An inside-out view of your entire function
	A big footprint view of your role	A small footprint view of your role

Based on dozens of interviews with experienced and successful executives, we have identified eight specific behaviors for each of the nine pick up/let go of behaviors in the Next Level model of executive presence. This granular focus on 72 executive-level

behaviors enables our clients to identify the explicit strengths they can build on and the opportunities they should work on to increase their odds of success in next level roles.



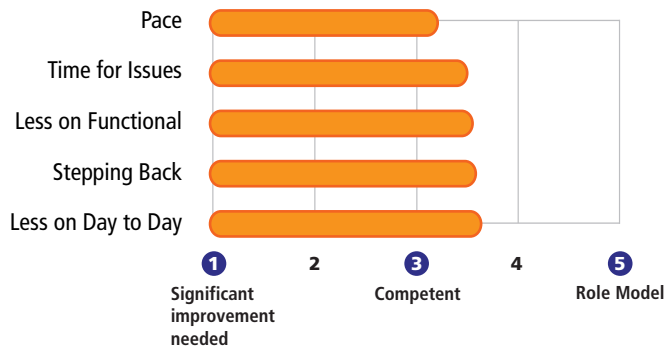
On the high end of our normative database, the behaviors that colleagues of our high potential leaders rate as strengths create a “dog bites man” type of headline. Given that our subject population is high potential leaders who have just arrived at or are on the cusp of reaching the executive level, it’s not particularly surprising that the five highest rated behaviors are:

1. Demonstrates a strong desire to see his/her team succeed.
2. Consistently demonstrates mental acuity and engagement.
3. Exhibits the stamina/energy need to perform at his/her best.
4. Presents a positive image for the organization in the broader community.
5. Exhibits openness and honesty in his/her communications.

In essence, these are the positive behaviors that make “go-to people” the go-to people. The low end scores of our normative database begin to tell the story of what’s underneath some of the reasons for managerial failure cited in the Kelley School study. As noted earlier, the top two reasons for failure cited in that study deal with poor communication skills and poor relationship skills. While our Next Level Leadership™ 360 assessment addresses behaviors

related to those issues, they do not show up in the five lowest rated behaviors in our normative database. Ranked in ascending order from the lowest scored item, here are the “bottom five” for the high potential leaders in our program:

Rising Executive Opportunities



1. Paces himself/herself by building in regular breaks from work.
2. Spends less time using his/her functional skills and more time encouraging team members to use theirs.
3. Manages workload so that he/she has time for unexpected problems or issues.
4. Regularly takes time to step back and define or redefine what needs to be done.

5. Focuses less on day to day issues and more on taking advantage of strategic opportunities.

One of the truisms in leadership coaching is that a strength when overused can become a weakness. Our low end list of behaviors outlines the changes that “go-to people” need to make to succeed at the next level. Based on these results and our work with high potential leaders since 2005, we believe that these specific behaviors point to some of the root causes underlying the Kelley School causes of failure such as person/job mismatch, failure to clarify expectations and failing to break old habits. We also believe that they indirectly lead to the top two reasons for failure – ineffective communications and poor relationship skills – cited by the Kelley School. Our group coaching clients tell us that they are so involved in their go-to person behaviors that they simply don’t have the bandwidth to tailor their communications as they should and to build the relationships that are critical to success at the next level.

PRESCRIPTIONS FOR SUCCESS

With a clear diagnosis of the causes of new executive failure comes the need for prescriptions for success. The Institute of Executive Development/Alexcel Group study cited earlier in this paper asked respondents to cite their most commonly used interventions to support new executives and to rate whether or not they are effective. As summarized in the adjacent table the four most commonly

Support for Promoted Executives

RESOURCES ORGANIZATIONS PROVIDE	% of orgs. that provide resource	% that say it is effective
Mentoring or informal "buddy" networks	48%	29%
Customized assimilation plans and programs	32%	38%
Executive coaching	32%	42%
Orientation programs with other new executives	21%	11%

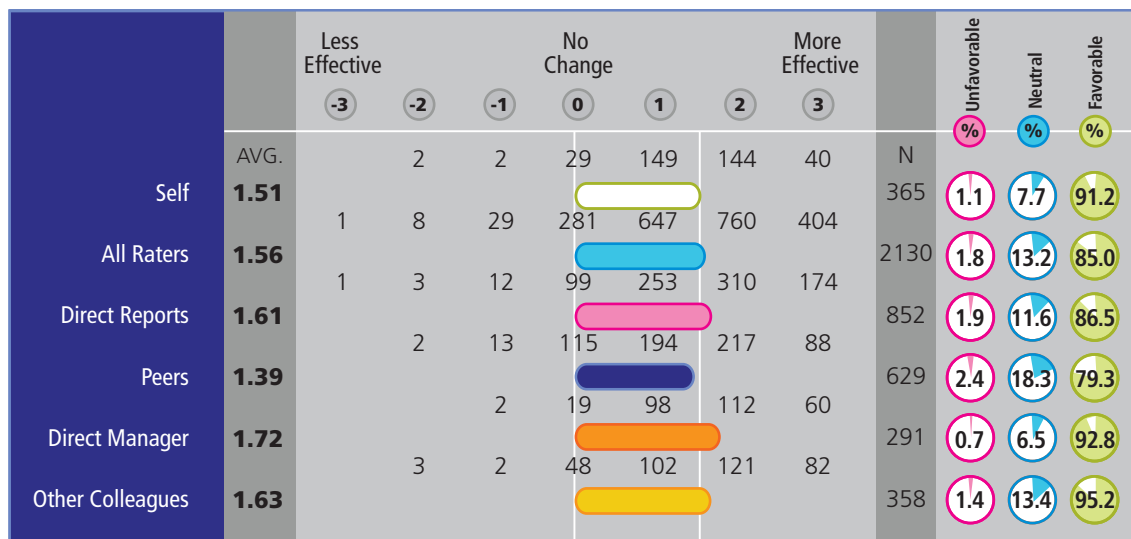
Source: Institute of Executive Development/Alexcel Group study

used interventions are: mentoring from a senior executive, assimilation programs designed to quickly get an executive up to speed in his or her new position, executive coaching on a one-on-one basis from either an internal or external coach, and orientation programs that introduce executives to the division or the company.

In an effort to support the success of new executives and high potential leaders headed for that level, The Eblin Group has pioneered a group coaching approach over the past three years. The Next Level Leadership™ group coaching program brings together cross-functional cohorts of high potential leaders in an organization for a seven month period of behaviorally focused coaching. Based on feedback from colleagues, participants create a highly focused development plan focused on improving one or two high leverage behaviors. During the course of the program, participants engage with stakeholders, each other and their coach to follow through on their development plan in what we call "the school of real life."

Our research shows that high potentials moving to or arriving at the executive level generally grapple with the same types of development opportunities as they make the transition upwards. The group coaching approach creates an opportunity for them to learn from each other and gain confidence from that process. As each cohort moves to the end of the program, we conduct follow-up mini-assessments on each participant's developmental focal points by asking their primary stakeholders to assess the change in the participant's effectiveness on the specific behaviors they focused on in their development plans. As noted in the accompanying chart, an average of 85 percent of responding stakeholders observe a positive change in the effectiveness of the group coaching participants. The mini-assessment rating scale provides for a maximum of 300 basis points of positive change in effectiveness. The average change in effectiveness is 156 basis points or a 52 percent improvement over the course of the group coaching program. The case studies presented in this paper highlight the changes that three of our group coaching alumni have made to sustain their success at the next level.

Increased Effectiveness on Key Behaviors



Source: The Eblin Group

Chart Format Design: Assessment Plus

EXECUTIVE SUCCESS: CASE STUDIES

Based on feedback from colleagues, participants of The Eblin Group's group coaching program create a highly focused development plan to improve one or two high leverage behaviors. The following case studies highlight the behavioral changes that three of our group coaching alumni have made to sustain their success at the next level.

CASE STUDY 1

NAME: **Elise S.**

POSITION: **Vice president region executive, financial services company**

MOST IMPROVED ITEM: **Focuses less on day to day operations and more on identifying and taking advantage of strategic opportunities.**

For years, Elise was the go-to person on her team but as she assumed greater responsibilities, she knew old behaviors and expectations had to change. Making changes required retraining her staff and stakeholders to stop seeing her as the go-to person for everything — a step which, in turn, freed her up from focusing on day to day operations and more on identifying and taking advantage of strategic opportunities. Rewiring her team's expectations was accomplished through the following steps:

- **Rely on direct reports.** *Elise asked her direct reports to step in and take more of a lead on day to day operations. She prefaced that request by stating that the direct reports should keep her in the loop. As customers called her she referred the calls to the direct reports.*
- **Give team greater ownership of staff meetings.** *In the past, a good portion of Elise's time went toward organizing weekly staff calls. Recognizing this, she asked her direct reports to organize the calls. That move not only freed up her time, but had the added benefit of allowing her team to learn how to plan and run a meeting. Another added benefit was that Elise became aware of issues that were not on her personal radar.*
- **Renew energy rather than run flat out.** *The changes Elise made helped increase her energy level as a leader. "I am so much more energized and excited in looking for the opportunities rather than handling the nitty gritty details," says Elise. "Running flat out can't be sustained for long — I'm amazed I was able to do it for as long as I did."*

CASE STUDY 2

NAME: **Chris W.**

POSITION: **Executive director for a major defense contractor**

MOST IMPROVED ITEM: **Sets up and uses systems to monitor results and the progress toward them**

As executive director for a major defense contractor, Chris W. was overseeing a team of 1,100 people. Not surprisingly, Chris often found himself enmeshed in day to day operations, which cut into his ability to monitor his team's results and the progress they were making toward them. Chris enacted one significant systemic change for his team and two for himself that enabled him to free up bandwidth for other important uses of his time and attention:

- **Monthly financial commitment review:** *As part of his development plan, Chris implemented monthly financial commitment reviews with his direct reports to monitor progress against financial, customer satisfaction, and other primary goals ... Chris reports that the "great thing that happens in these meetings is that my directs feel accountable because they're presenting data in front of their peers." He also notes that by sharing the information with each other, team members identify ways to help each other out.*
- **Block out 1-2 hours each Monday.** *Use that time to ask yourself, "What do I need to do to make this a successful week?" In Chris's case, he blocks out time between 11 a.m. and 1 p.m. — the only person who can override that time is his boss, he says — and jots down details of the week's action items in his Outlook calendar.*
- **Revisit goals at week's end.** *On Friday, Chris blocks out another chunk of time. "I use that time to think about what went right that week, what went wrong ... Did I accomplish the objectives of the week? What can I do to be a better leader? A better manager?"*

CASE STUDY 3

NAME: **Dean E.**

POSITION: **Director of operations for major defense contractor**

MOST IMPROVED ITEM: **Paces himself by building in regular breaks from work.**

"I used to be one of those guys who worked 14, 15 hours a day, six to seven days a week," says Dean E., director of operations for a defense contractor. Dean regularly attended 8-10 meetings a day and then stayed late to answer 100-120 emails that would pile up in his absence. After reflecting on colleague feedback, Dean implemented the following key steps to better manage his time:

- **Designate a direct report as the go-to person.** *In Dean's case, he promoted a colleague to act as his surrogate. That individual now attends meetings on Dean's behalf and handles the subsequent flow of emails.*
- **Set up a consistent time each week away from the office.** *Since Dean's office is close to his home, he now blocks out lunch on Wednesdays for a visit with his wife. He has instructed his assistant to not book any other appointments for this time.*
- **Take breaks from the Blackberry.** *Dean recognized that constantly checking his Blackberry was having a negative impact on his quality of life. He has adopted the habit of turning the device off for at least two to three hours when he comes home for the evening. Dean has used some of that downtime for regular exercise and has lost 12 pounds as a result.*

CONCLUSION: A NEW APPROACH FOR NEW TIMES

The global financial crisis of 2008 has ushered in what will likely be a new era of emphasis on leadership performance and accountability. While organizations will be compelled to manage expenses with greater focus than perhaps ever before, the need to develop leaders who can handle the new challenges will only increase.

The Eblin Group's group coaching program is one approach that speaks to that need. The measurable results and experience of our clients demonstrate that group coaching is both an effective and cost efficient way to develop rising leaders. With the full complement of 16 participants in a cohort, Next Level Leadership™ group coaching enables organizations to broaden their support for new executives at a per person cost that is 60 percent to 80 percent less than the cost of one on one executive coaching.

To learn more about our research with high potential leaders and the best practices we have found to be most effective in supporting leaders moving to the next level, please contact The Eblin Group at **www.eblingroup.com** or (888) 242-4680.

