

RESEARCH STUDY

Executive Selection and Integration

Beyond the First 90 Days

WHAT WE THINK

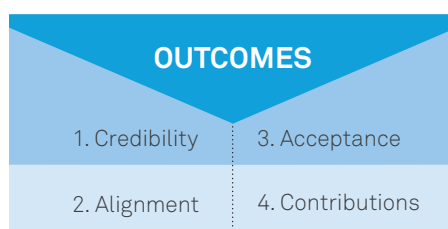
To create a stable organization for the future, not only does a company have to source, recruit, and hire someone from the outside, it has to integrate them successfully to keep them for the long term.

A second, equally critical reason to invest in executive integration is to accelerate the time it takes new hires to contribute in a meaningful way to the success of the organization—to help ensure that they “hit the ground running.”

There is a compelling business reason for organizations to invest in the onboarding and integration of their executive talent. Acquiring a new executive is an expensive proposition for organizations—fees for retained searches are typically around 30 percent of the executive’s first year total compensation. At the same time, the failure rate of external hires in their first two years is high, frequently ranging from 40 percent to 60 percent.

Key Findings

Our foundational 2002 research drilled down into the process of executive integration to determine what people and organizations can do to facilitate and accelerate the process. This study determined that successful integration into an organization is a complex, multifaceted process and involves four distinct components of success:



RHR INTERNATIONAL: EXECUTIVE SELECTION AND INTEGRATION

For more than 70 years, RHR International has been assessing candidates for new positions and applying best practices to ensure their successful integration. By addressing the reasons most people fail, RHR consultants are able to increase the probability of success, improve retention rates, and accelerate the performance of executives at the highest levels of management.

RHR has been a major contributor to the understanding of executive transition through major research projects as well as large-scale, structured executive integration programs in client organizations where we have been able to measure the impact of our methods on retention. Our latest work has addressed the unique challenges faced by executives promoted or transferred within the same organization.

In 2005, RHR set out to build on this study and collect data that would enable us to develop a model of integration that identified key challenges and potential solutions designed to help leaders avoid derailing during the integration procedure.

Methodology

The research consisted of in-depth interviews with 100 participants from 54 different organizations in the United States, Canada, and the United Kingdom. Multiple industries and functions were represented. The executives were in their current position for two years or less and were drawn largely from the most senior ranks (21 percent = SVP and above; 37 percent = Vice President). Participants

were asked to rate their progress on the four aspects of successful integration: credibility, alignment, acceptance, and contribution. Both qualitative and quantitative data were collected.

Integration Is a Multistage Process

Our 2002 research demonstrated that integration does not happen in 90 days, or even 120 days. While the first 100 days are critical, an executive’s integration does not stop at that point. Our research verifies that integration takes 12–18 months. During this time, there are a series of distinct integration stages an executive navigates when integrating into a new role: Honeymoon

(1–3 months), Reality (4–6 months), Adjustment (7–12 months), and Integration (13–18+ months).

Stage 1: Honeymoon

There is a lack of in-depth understanding of role, the organization, and the people. Despite this, new hires report being unrealistically optimistic and overly confident in their ability to succeed. During this stage, the organization is also on a honeymoon and transmits positive, confirming messages that reinforce the confidence people feel. Everyone starts by seeing the positives and overlooking the negatives.

Stage 2: Reality

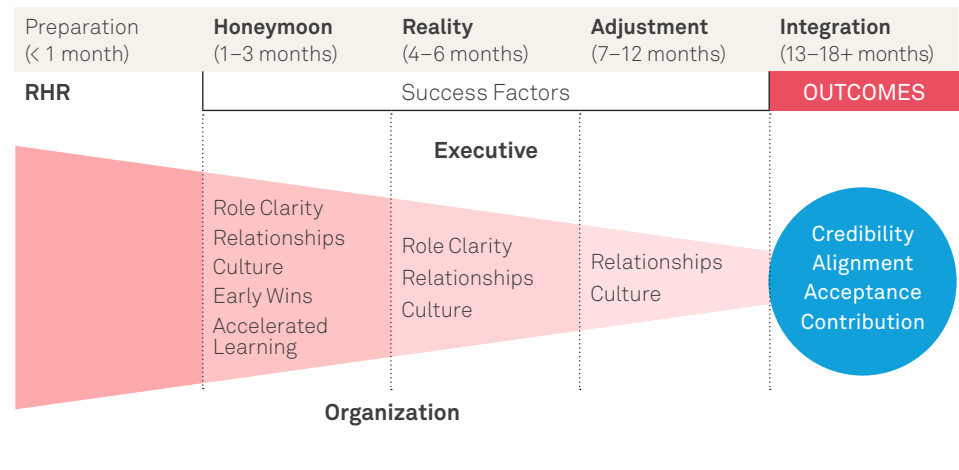
The newly hired executive has a lot more information, and the real challenges facing him or her become more salient. Positive feedback that was flowing typically stops, and doubts start to set in. People wonder if they've made the right decision to join the organization.

This is accompanied by a decrease in confidence around their ability to be successful.

Stage 3: Adjustment

Expectations are more realistic, relationships start to take hold, and people start to recover their confidence. While challenges are acknowledged, they don't seem so daunting. At the same time, questions about fit linger and commitment hits its lowest point. While from the outside it may look as though they have settled in, this is often the point at which people will make the decision whether to stay long term or leave.

SUCCESSFUL EXECUTIVE INTEGRATION



Stage 4: Integration

Knowledge about the more subtle aspects of the organization increases. People start to have friends at work. They recognize they still have a lot to learn, but they feel a sense of success and accomplishment. Commitment goes up.

Attention to Key Integration Success Factors Makes a Difference

Our research revealed that progress through the four stages of executive integration, and the likelihood of success, is enhanced when the organization and the executive attend to five key success factors.

Key Success Factors:

Role Clarity

Understand the role and its relationship to others in the organization, and how success is measured. This factor is most critical during early stages in a new position. A lack of role clarity is a frequent cause of early derailing.

Relationships and Networking

Identify and build relationships with key stakeholders both inside and outside of the organization. Relationships take time to develop. Failing to invest time in building relationships before they are needed is frequently a cause of derailing later in the integration.

Navigating Culture

Understand the implicit rules and beliefs held by people in the organization that influence how things really get done. Failing to understand and adapt to the culture can cause derailing at any point during the integration process.

Early Wins

Achieve early successes around things that are important to the organization. This is a critical component of building credibility early in a new executive's tenure.

Accelerated Learning

Acquire knowledge and skills that will be critical to achieving success.

Executives who are not seen as “catching on” feel both their credibility and ability to drive results suffer.

Our research indicates that the focus and importance of these factors shifts over time. For example, early wins are an important contributor to credibility in the first 3–4 months, whereas relationships take a lot longer to build. The insight required to successfully navigate the politics of the organization continues to develop well into the first year.

Data collected during the interviews indicate that each stage is unique and contains different derailment dangers. Care must be taken so that both the executive and the organization are paying attention to details that may cause failure at any point in the process. Barriers to successful integration can include underestimating the time it takes (stages), overlooking keys to success (success factors), or limiting the definition of success (outcomes).

Measurement of Success

Case Study

At RHR International, we have had the opportunity to test our model of successful integration. The following case study is presented as one example of how the model has worked in actual business conditions.

A global leader in food and facility management services found that the turnover rate for external hires in the executive ranks was over 25 percent. The constant cycle of recruiting, training, and replacing was proving costly, not to mention the loss in productivity while a stream of managers worked their way through the system. The company turned to RHR International to create a process that would accelerate the integration of executives into the corporate culture and improve the retention rate. RHR consultants conducted an initial survey of the organization that indicated that the culture of the company was challenging, making it hard for outsiders to break in and be successful.

Drawing on the model of successful executive integration, RHR proposed a structured 12-month integration program for all outside hires at the vice president level or above. The program was designed to help the company make the best hiring decisions possible, educate managers and HR professionals about the process of integration, and accelerate new executives’ integration by helping them anticipate challenges and derailers. The model provided the roadmap that identified key issues and potential interventions for each stage of the process.

More than 25 executives have participated in the program to date, with a 100 percent retention rate. The program continues to be supported by the CEO and is gaining increasing recognition throughout the company. The program is considered to be a significant organizational change initiative, since many managers and HR personnel now have a better understanding of the key success factors and derailers for new hires. Communication and dialogue around integration has increased, and warning signs of retention risks are being highlighted and managed more quickly than they were in the past.

OUTCOMES

1. Credibility

The executive is respected by others. His or her opinion is actively sought out, and others listen when he or she speaks.

2. Alignment

The goals and actions are aligned with both boss and organizational imperatives. The organization feels that the executive understands its goals.

3. Acceptance

The executive is embraced by people and feels a desire to belong. The organization feels the executive fits in well.

4. Contributions

The executive is achieving measurable results. He or she knows how to get things done and the organization feels that the individual is making a difference.

In Summary

The latest research by RHR International shows that executive integration is a process that can be managed by

- Defining the key integration success factors relevant to the organization
- Managing the success factors through distinct integration stages
- Monitoring progress toward key outcomes

Influencing the process in a systematic method through the use of the RHR model of successful executive integration will greatly increase the success rate of executives transitioning into new positions, accelerate their productivity, and enhance their long-term retention.

ABOUT RHR INTERNATIONAL

RHR International LLP is a global firm of management psychologists and consultants who understand the distinctive challenges and pressures that CEOs and senior executives face. Its singular focus on senior leadership and research-based practice sets it apart from other executive and organizational development consultancies. For more than 70 years, RHR has been helping leaders and their teams transform themselves and, in turn, the performance of their organizations. RHR offers Board & CEO Services, Senior Team Effectiveness, Leading Transformational Change, Executive Development, and Executive Assessment.

RHR (rhrinternational.com) works with companies across numerous industry sectors around the world. RHR offers consulting services as RHR International LLP in the United States and through its wholly owned subsidiaries and affiliates including Europe, North America, South America, Asia, and Australia.