For a Senior Executive Taking Charge in a New Role,
It's About the Changes Beyond the First 90 - 100 Days:
Managing the Three Waves of Change During the Transition

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Transition Example: Reawakening an Organization Resting on Past Laurels

When Carol Crost had been promoted to CEO from within this multinational technology company, she was the President of one of the independent divisions. Having some familiarity with the other divisions and executives at the corporate headquarters, she entered the corporate CEO job expecting to complete her evaluation of the portfolio of businesses and major projects, finalize her team, and begin to implement business performance improvement plans within the first six months. The previous CEO had been directed by the Board to stabilize the many businesses that had been disrupted by the most recent major global recession and reduce all unnecessary costs. In contrast, Carol was now expected to initiate an era of renewed growth.

In the first few months, Carol identified several technology development projects that seemed to be languishing and required exit strategies. There weren't any. She also discovered that the American executive assigned to build new alliances in Asia, a key element of the growth strategy, had made little progress, was not respected by potential Asian alliance decision-makers, and needed to be replaced with someone local with pre-existing credibility and long-term relationships. She made some changes. These were some early wins she could show to the Board as she broadened her span of attention to grow other parts of the portfolio of businesses.

After four months on the job, Carol tried to accelerate several of the key new technology development projects and reduce the time and resources it was taking to get through the Stage Gate Reviews. She wanted to get something across the finish line. She discovered that few managers shared her sense of urgency. Managers were more committed to following past practices and procedures than finding ways to speed up the processes, still meet the purposes of the reviews, and get to outcomes. Others seemed adept at playing the negotiating game of "I am going to 'low ball' when I can actually accomplish the next steps because you are just going to come back later and ask me to do it faster anyway." There seemed to be 50 reasons for "why we can't change." The resistance was stronger, seemed to permeate multiple levels of management, and she was losing trust in the capabilities of some of her executive team to see the business for what it was, "warts and all." Unfortunately, these were the changes that she assumed would be the easier ones. Carol did not have a lot of answers. How would she manage the Board’s expectations at the next meeting in two weeks?
After two decades studying over 4,000 newly placed and promoted senior executives around the world, this story has become a familiar one. If you work for a company or organization that helps people onboard once they’ve been promoted or newly hired, chances are you’ve heard how important the first 90 to 100 days are. Most companies have spent millions of dollars focusing on just a few weeks after a person takes the reins of a new position assuming that period is the best predictor of success. However, the body of research on successful onboarding of senior executives requires us to think longer term. It takes most leaders almost three years to integrate into a new role, make important improvements, and then see the results of their efforts. In a world that is becoming more impatient—too focused on superficial quick fixes—successful onboarding can best be assured by how well a leader navigates through three predictable "waves of change" during the transition. Whether you are a newly promoted or externally recruited executive, or someone who helps onboard executives, there is much we can do to better anticipate the typical three waves of change that are intertwined with executives' learning during these transitions.

Too many organizations let their most precious executive resources “sink or swim” during transitions. It is a waste to have people relearning the same lessons over and over again. Organizations can cost-effectively accelerate all senior executive transitions by institutionalizing a common model and set of tools. And the organizations that do invest in onboarding activities will discover that taking a slightly longer time perspective will protect their investment in high potential executive talent.

**Taking Charge: It's Beyond the First 90 - 100 Days**

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Senior executives with P&L responsibility or serving as the head of a key functional area will need approximately five quarters to fully analyze and learn about the situation of their new assignment, finalize their team, and develop an effective plan to improve the organization's or businesses' performance. Most will think they can accomplish all of this in the first four to six months of their tenure when they start their new assignment. They will be disappointed! It may be an additional eighteen months to two years before the business achieves the sustainable, consistent business outcomes that are a result of the executive (and his or her team) having successfully taken charge and essentially mastered the circumstances of the business. In the process, the executive and his or her
team will have learned from leading three sequential iterations of organizational change. For roles with the authority, discretionary decision-making, and accountability for a significant part of the business or the entire business or brand, effectively managing these three waves of change is an almost inescapable requirement for a successful transition.

While the transitions of CEOs can be a special case among senior executive roles, conclusions from recent research support taking a longer view of senior executive transitions. From their research on the factors influencing the effectiveness of promoting insider and onboarding "outsider" CEOs, Karaevli and Zajac recommend that Boards of Directors implement well-managed transition processes particularly for outsider CEOs, allow them the time to truly evaluate the business and build support, while striking the right balance between immediate results and fundamental changes. Karaevli and Zajac conclude, "With so much emphasis on a newcomer's 'first 100 days in office,' it's easy to forget that outsiders are usually brought in for cultural change — which takes much longer." As we will show, previous research indicates this is also true for internal promotions to key executive roles.

**Necessary but Not Sufficient**

Successfully navigating the first 90 to 100 days of transition into a new executive role is "necessary but not sufficient" for a senior executive to take charge of the new responsibilities and begin to achieve her or his business objectives. The focus on the first 90 to 100 days may be sufficient for successful transitions into supervisory and management jobs with limited discretionary decision-making and focused more on a defined set of processes and tasks. In contrast, senior executives must master a much more complex set of organizational circumstances including managing interfaces with other organizations, aligning and collaborating within a matrix organization, building relationships with multiple key stakeholders inside and outside of the business, and maintaining or building an array of organizational capabilities. For the senior executive, it is inaccurate and unrealistic to expect that the most important transition events or opportunities will occur in the first 90 to 100 days.

Examples of what is "necessary" for this 90 to 100 day period of the transition include:

- Identifying the stars and underperformers and beginning to test the composition of the new executive's team.
- Assessing the current business situation and its implications for the executive team's focus on performance improvement.
• Understanding why she or he was hired in the first place. What did the selection committee see that distinguished him or her from the other candidates that they preferred? What are they hoping will happen? What are they expecting to see in terms of behavior, priorities, and style?
• Achieving early wins important to the boss and other key stakeholders.
• Navigating the existing culture until initial credibility is established.
• Reaching out to multiple stakeholders and listening carefully to their perspectives, histories, reference points, and points of view.
• While listening to a wide array of stakeholders, maintaining an independent point of view and not being overly biased or taken prisoner by one political faction.
• Establishing the right initial set of priorities.

Off to the Right Start - But It's Just the Start

Previous independent research\(^2\) and the empirical field experience of seasoned professional executive coaches over the past twenty-five years, as well as the past experiences of executives themselves, indicate that the first 90 to 100 days is a period of initial learning and orientation, correcting obvious problems, establishing initial credibility, and avoiding common landmines. An example of setting off common landmines and making missteps includes making premature business judgments before the executive really understands the many facets of the situation he or she has inherited. Others refer to this time as "the honeymoon period."

But the executive coaches, talent managers, and HR specialists who propose that a successful transition or "onboarding" intervention for senior general management executives and heads of key functional groups can be achieved by focusing essentially, and almost exclusively, on the first 90 to 100 days are misdirected, misinformed, and will come up short in helping the executive truly take charge of his or her new responsibilities. The failure rate of meeting the performance and contribution expectations of these new executives in the first eighteen to twenty-four months historically is 40+%.\(^3\)
The Executive Core Premise: Executive Coaches and Consultants with the Right Tools Can Be Most Valuable Through the Beginning of the Second Wave of Change

This Executive Core Think Tank article describes "the three waves of change," the transitioning executive learning process, and how engaging an executive coach or consultant knowledgeable in executive learning, transitions, and organizational change can accelerate and increase the effectiveness of the learning process. Previous independent research plus our and others' experiences strongly suggest that the transitioning executive is expected to take a stand and truly take charge of his or her new responsibilities for the business at sometime around the fifth quarter. While the executive is challenged to manage three waves of change, we believe the executive coach and consultant can accelerate the executive’s learning and resulting change processes most effectively through the beginning of the Second Wave. A description of the "Three Waves of Change" follows.
A Predictable Process of Executive Learning in the New Role: The "Three Wave Phenomena"

John Gabarro of the Harvard Business School discovered that almost all senior executives, upon entering a new role, experience a process of progressive learning he described as "the three wave phenomena" (shown in Figure 1 in green). Rather than a nice, neat, linear progression of entering the new role by first diagnosing the presenting business problems, creating an action plan, and then...
implementing the action plan to solve the presenting business problems in short order, what Gabarro discovered in his 3 year longitudinal study of more than 30 executives\(^4\) was that the typical executive actually experienced cycles of learning that resulted in three waves of change. The learning was iterative. There were no short cuts. It did not matter if the new executive was an outside hire or promoted from within. It also did not matter if the situation required a turnaround or not. While each situation had its own unique twists and nuances, the overall model of the executive needing to manage three waves of change was a consistent finding. At this level of management, the essential patterns of executive transitions are a predictable executive learning process far beyond the first 90 to 100 days.

Figure 1: The Three Waves of Change Typical of a Senior Executive Transition

The "Three Wave Phenomena" occurs because the Wave 1 changes are often incomplete solutions to the presenting problems, the changes reveal other previously hidden problems, and the changes unintentionally create new problems. The "Immersion" stage that follows allows the executive and his or her teams, in collaboration with other stakeholders, to diagnose the new and existing underlying root causes of the barriers to solving the problems and improving the business' performance. With most of the diagnoses complete (some level of diagnosis and monitoring is, however, continuous), plans are made to shape the necessary organizational capabilities that will drive improved performance.

Wave 2 typically has the largest number of implemented changes (Wave 1 typically has slightly fewer changes than Wave 2) and requires the effective management of change that will often stretch across departmental and other organizational boundaries. Creating sustainable change also ultimately requires enabling the ownership of the targeted changes by local stakeholders deep in the organizational structure. Wave 2 requires a specific set of effective change management skills to effectively implement a critical mass of the changes. That skill set is briefly described later in this article.

Wave 3, Consolidation, includes the smallest number of changes of the three waves. Wave 3 includes continued roll out of the changes of Waves 1 and 2 to the rest of the organization and the associated multiple alignment actions of incentives, monitoring processes, metrics, and accountabilities. Wave 3 changes are intended to institutionalize the primary set of changes from Waves 1 and 2.

The Refinement Stage is essentially a smaller set of efforts focused on continuous improvement of the institutionalized processes.
Executives Need a Coach Who Can Adapt to His or Her Preferred Style of Learning

A "one size fits all" approach with the intent to enable and accelerate learning does not work for senior executives. Different executives bring different past experiences of success, different reference points, different styles of learning, and different emotionally-loaded ways of interpreting data and information. David Kolb's\textsuperscript{5} model of adult learning suggests that there are four major stages of learning: Reflective Observation, Abstract Conceptualization, Active Experimentation, and Concrete Experience. This is an individual learning process that is typically iterative and the cycle becomes a spiral of learning. By revisiting current knowledge with new insights, these spirals lead to continuing improvements in the executive's capacity to manage change.

Different people seem to exhibit a preference to enter the learning cycle at different points. Some learn by experimentation and need a creative coach who can provide lots of new ideas for them to try. Some learn by concrete experience and feeling. They need a trusted partner who has clear eyes to see areas where the facts may be getting skewed and who can accurately reflect their emotional read. Some leaders prefer to learn by observing and need a coach who helps them make sense of all the variables by identifying simple themes. Finally many other leaders need a lively thought partner that can help them analyze large bits of data, conceptualize the implications, and make decisions that will positively impact the business and the people involved. That's a tall order!
The Executive Coach as a Learning Partner is Most Valuable in Wave 1, Immersion, and the Beginning of Wave 2 Changes

While the entire transition journey during the first two to three years is a learning and mastery process, our experience suggests that an experienced executive coach with the right diagnostic and organizational change tools can be most valuable through the learning cycles of Wave 1, Immersion, and the successful launch of Wave 2 changes. Most organizations are able to manage Wave 3 (Consolidation) and the Refinement stages without much additional coaching or consulting assistance. A high-level description of the possible coaching interventions at each of these three stages of the executive transition process is described later in this article.
Mapping the New Executive’s Accelerated Learning Against the Three Waves of Change

Our global executive coaching and consulting experience confirms the implications of Gabarro’s model - that the "sweet spot" for accelerating the learning of the executive, his team, and their stakeholders is far beyond the first 90 to 100 days, but not through the Wave 3 changes or the Refinement period of consistent, sustainable results. Our experience indicates that the coach is most useful through the launch of Wave 2 changes. We will later describe the criteria for when the executive coach and consultant’s value-added role is complete at this stage.
The Strength of the Three Waves of Change Model

From a Public Relations perspective, Leslie Gaines-Ross\textsuperscript{6} of Burson-Marsteller applied the stages of Gabarro's model to the transition of new CEOs and their processes of building reputations. She found that Wall Street analysts, investors, and other key external and internal stakeholders typically gave the CEO about five quarters before the CEO was expected to present his or her selected executive team and a definitive action plan to implement changes to improve the performance of the business. For these types of transitions, most of our coaching and consulting assignments have been intermittent but consistent engagements lasting five to six quarters, once the Second Wave (Reshaping) is successfully underway and our assistance is needed less or not at all. Like all well proven business models, "the three waves of change" demonstrates strong convergent validity. Convergent validity is indicated when similar results and conclusions are realized by otherwise independent parties testing the same model. Try applying this model to your own experiences. Think of your own career and / or the many leaders you might have helped onboard.

Questions for your own learning and reflection:

- How long does it take for a new executive to have a deep, accurate, and valid understanding of the essential elements of what they have gotten themselves into? How long does it take them to develop a defensible point of view of what they should focus on to create the greatest value for the business given the situation, the time, and the likely resources they may have?
- On the first anniversary of the new executive's job, how many wish they knew at 3 months what they know now?
- How often does an executive's role evolve and change significantly over the course of 1 to 3 years?
- How long does it take even a successful executive to build sufficient credibility, trust, cooperation, and influence horizontally with peers and other senior stakeholders in order to successfully fulfill the expectations for his or her contributions?
- For "high potential" executives being groomed for further advancement, how long does it take for them to live with the consequences of their decisions and how do we know what they learned from that assignment?
Wave 1: Taking Hold Stage - Relying heavily on past experience

Most executives enter the "Taking Hold" period having done some background research, interviews with their network of contacts, and "due diligence" discussions with other colleagues. They obtain a first impression and set of hypotheses to be tested in analyzing the organization and its ability to perform. In this stage, the academic research found that the executive typically draws heavily from his or her past experience in analyzing the current situation. The more past experience is relevant to the current situation, the better. The wise executive will also maximize this so called "honeymoon period" to ensure that he or she maintains the independence of his or her point of view.

The new executive needs to be vigilant to not allow his or her developing hypotheses and evaluations to be high jacked, unduly biased by early contacts, or distorted by existing politics. Not bound by prior loyalties or having been a part of the culture, the new executive may more readily identify more obvious problems, take corrective actions, and demonstrate some early wins. These are all consistent with the typical guidance offered by an executive coach for the first 90 to 100 days.

Sometime in the first four or six months while implementing the first wave of changes, however, the new executive begins to realize that he or she does not fully understand the problems inherent in the organization, the politics, relationships, cultural pockets, and the individual key people in them. Some changes that were first considered to be hard are surprisingly easily. More disturbing, some changes that were first thought to be easy are incredibly hard to implement. As time progresses, the executive comes to learn that the organization's resistance to change is stronger, more intractable, and involves more people in the broader and deeper parts of the organization than first anticipated. If Wave 1 is the initial orientation and the first cycle of learning, this realization of the need for a deeper dive to analyze the organization is the beginning of the Immersion Stage and the second iteration of learning. The insights learned from Immersion lead later to an even bigger wave of change called "Reshaping" (Wave 2) which involves the shaping of the organizational capabilities necessary to improve performance.
Immersion Stage - Engaging a Team to Diagnose the Root Causes of Underperformance, Identify the Sources of the Resistance to Change, and Select Opportunities for Improved Performance

The Immersion into a deep dive diagnostic process is the direct result of recognizing that the initial change efforts in the Taking Hold stage were either incomplete, the changes in the system resulted in the uncovering of other problems that were previously less obvious, or the changes created other unanticipated, undesirable outcomes in the organizational system that did not exist until the Wave 1 changes were made.

Engaging Others to Take Ownership of the Diagnoses

In successful transitions, the wise executive engages talented teams of other executives and managers to conduct analyses and diagnoses into the root causes of the barriers to improved performance or the sources of resistance to desired changes in the business. Gabarro's research and our coaching experience both indicate that this is no time to become a "lone ranger." In fact, taking that role almost certainly leads to failure. Having more people looking at the same information, discussing its meaning, and arriving at similar conclusions is a powerful approach to gaining ownership and momentum. It also provides an opportunity for the new executive to influence how others are interpreting their diagnostic findings. The design and facilitation of these diagnostic processes can be greatly enhanced by an experienced and skilled executive coach.
The other value of engaging others to pursue these diagnostics is the opportunity it creates for the executive to evaluate who in his or her organization, or in other relevant organizations, can take a fresh look at the business with a steely eye and bring problems to light in diplomatic ways that minimize resistance to change. From a change management perspective, the new executive can begin to identify the critical mass of stakeholders who are "early adopters" who might be predisposed to supporting the changes, the likely "healthy skeptics" who will need to be constructively influenced, and the "ostriches with their heads in the sand" who hope this whole thing will blow over - but eventually will either remove themselves or will be removed.

A Sample of Available Diagnostic Tools

The following diagnostic processes represent a sample of the possible facilitated processes that can be used at any time, although there is typically an appetite by the new executive and his or her team members for a more disciplined or rigorous process after their attempts at change in Wave 1 were only partially successful. As a result, while the diagnostics can be used at any stage, more disciplined or rigorous applications typically occur in the Immersion stage.

These diagnostic tools can be used as a foundation for the executive coach to conduct "shadow consulting" privately with the transitioning executive to help sharpen his or her thinking, or, as a more formal and visible process with his or her team or select diagnostic teams. Each diagnostic process can be adapted to the needs and appetite of the involved leader, with the intent of being valuable without being over- or under-engineered. Consider these as examples of tools in a tool box. They will not all be needed. But those that are selected need to be skillfully facilitated, ideally by a qualified executive coach.

A Sample of Diagnostic Tools

1. Business Maturity Lifecycle Assessment
2. Key Questions for a Strategically Managed Business
3. Assessing the Probabilities of Key Components of the Business Strategy
4. Assessment of the Organization's Capabilities to Implement the Business Strategy
5. Person-Job Fit Analysis for Key Roles Driving the Capabilities
6. Stakeholder Analysis
For any of these or other diagnostic tools, the role of an experienced executive coach may include:

1. **Assessing the need for the diagnostic tool:** Assisting the new executive in deciding if this diagnostic intervention is valuable or needed. If so, at what level of detail or granularity, using what alternative approaches, and when.

2. **Enabling the new executive to use the tool:** The executive coach may teach the new executive behind the scenes in how to have these diagnostic discussions with his or her executive team or other involved executive stakeholders individually or as a group.

3. **Direct facilitation:** The executive coach facilitates the use of the diagnostic process or the related discussion for the new executive with his or her team and the other executives involved.
Diagnostic 1: Do we understand where we are in the business life cycle and its implications?

Is there agreement on where we are in the business life cycle, an understanding of what the implications are for where we focus as a team, the kinds of problems we face with the intent to grow the business, and the likely organizational capabilities that we must develop or strengthen in order to competitively win?

Are we at "Disciplined Growth" where we need to shift from pursuing every opportunity, whether they end up being profitable or not, to adopting the discipline to choose which opportunities to pursue and which ones to not pursue? Or are we at "Middle of the Competitive Pack" and beginning to see the first signs of our diminishing effectiveness in the pursuit of growth, innovation, and new products or services? Or are we at the "Resting on Past Laurels" stage where we have become more internally focused, appear to rest on our reputation of past accomplishments, and are overly focused on form over function? In this stage, how do we reignite renewal, growth, competitiveness, and entrepreneurialism?
Understanding the implications of this model also allows the executive to adjust his or her essential leadership competencies, styles, and processes that are appropriate for certain stages of the life cycle but not for others. In addition, because each executive does not have the full complement of leadership and executive competencies required for each stage, he or she also needs to be thoughtful and intentional about ensuring that his or her leadership team possesses those complimentary styles and competencies, selects for them, supports them, and creates a working culture that constructively tolerates the inevitable conflicts that these complimentary styles will create. For example, the

**Executive Coaching Example: A Bull in the "Inwardly Focused and Declining" Stage China Shop**

From the beginning contacts with the headhunter, Michael was led to believe that he was being considered for a "turn around" situation. In our Executive Core parlance using the business maturity lifecycle model, we assessed the situation he was entering as at the "Inwardly Focused and Declining" stage. Unfortunately, I was engaged as his individual executive coach four months after Michael was hired (instead of before "Day 1"), now to prevent him from derailing.

After conducting a series of confidential individual 360° feedback interviews, we discovered this was a situation where only Michael and his boss characterized the condition of his part of the larger business as needing a "turnaround." Michael and his boss realized that the other business stakeholders were inwardly-focused and complacent while the competition was quietly but aggressively stealing market share through the implementation of new technologies and better customer relations practices. This had been occurring for more than one year. Michael's business was now at a real competitive disadvantage and needed to at least catch up to the competitors.

Because Michael had not managed the change process well, failed to influence key stakeholders and opinion leaders, and did not create a sense of dissatisfaction with the current state or a sense of urgency to change in his interdependent horizontal stakeholders, he experienced the resistance to change similar to an organ transplant rejection. Others attributed his intensity, impatience, abruptness, aggressiveness, and seemingly over-reach for control as personal characteristics inconsistent with the culture and out of sync with what they perceived to be an otherwise stable business.

Through coaching, Michael was able to go back and reengage his horizontal peers and stakeholders. He "brought them along" to a similar assessment of the competitive challenges facing his part of the business, their root causes, what they could expect from him, and what he needed from them. He had to dramatically shift from being a pace-setting problem solver (lone wolf) to a more diplomatic and collaborative influencer. By the end of his first year, he was where he might have been in leading the change process by the end of Wave 1 if his transition had been effectively managed. He had "lost" 8 months and had gone through hell. He never fully recovered his confidence, trust, and momentum and left for another external opportunity at the beginning of his and his team's launch of the Wave 2 changes.
entrepreneur in "Unbridled Rapid Growth" needs a counterpart who can bring structure and discipline to managing the business without killing the entrepreneurial spirit. On the other hand, the highly structured, low risk executive and any team member who helps integrate the other members on the "Resting on Past Laurels" team will need to make space for more risk taking, innovation, and entrepreneurial ventures than the business may have become accustomed to.

While this tool is more commonly used in Wave 1, it can be also be used at the Immersion Stage. It can be used to assess other parts of the organization that may be at different stages in evaluating the root causes of resistance. Or it can be used to create a common contextual mindset amongst a growing number of people who are participating in the deep dive diagnostic process in Immersion and its teams.

**Diagnostic 2: To what degree are we (and should we be) a strategically-managed business?**

First, if we need a business strategy (Disciplined Growth and beyond*), is strategic planning an event or a living process? By "event" we mean that the strategic planning process is meaningful for only a few short weeks but it then becomes a completed task and the strategy is not revisited for another year. Or is the business strategy a "living document" that organizes our mental model of the business and is revised as circumstances change?

For those at the Disciplined Growth Stage of the business life cycle and beyond, there are an accepted set of strategic questions that should be answered in order to develop an informed and comprehensive business strategy. For some clients, this is an informal discussion where the appropriate structure and level of detail and involvement will only be apparent upon reflection after a private session with the executive coach. For others, it may require a formal review of the strategy with designated "challenge teams." An experienced executive coach will help the new executive select whether an intervention in this area is desired and necessary. They will also ensure that whatever intervention is selected is not over- or under-engineered. Many new executives prefer to engage in some form of strategy review because it gives him or her a rare opportunity
to identify who on the executive’s team are strategic thinkers and who are not.

The research suggests that many executives are wise not to make strategic changes during Wave 1. But the need for a strategic review may become more apparent during Wave 1 and implemented in the Immersion stage.

* Before the Disciplined Growth Stage, businesses are pursuing almost every opportunity that emerges. Until an executive team begins to decide on what opportunities it will pursue (“a sweet spot”) and what opportunities it will not pursue even though it has the capability to pursue (because it is not profitable, dilutes our resources, etc.), there is no established strategy. Strategy is about making choices among things you are capable of pursuing and where you can hopefully win, but not choosing “everything” you are capable of.

**Diagnostic 3: To what degree are the assumptions underpinning the business (brand or functional) strategy still valid?**

There is a persistent danger that once the strategy is formulated, we can become complacent about continuing to challenge its relevancy. It is as if the assumptions, bar charts, and optimistic projections of positive future growth have taken on a life of their own and are quietly accepted as a given. As a consequence, we treat them as if they all have 90% probabilities of actually occurring.

Are the major assumptions underlying the elements of the business strategy still reasonably valid? When reality deviates significantly from the strategy, at what point do we need to make major adjustments to our business strategy and
execution or do we go to "Plan B?" Do we even have a "Plan B?"

For a business or function with an existing strategy, revisiting the probabilities assumed for each of the key assumptions of the business strategy can be revealing. Adapted from techniques associated with probabilistic decision making in business, having the new executive's team make their underlying assumptions and their probability of occurring explicit serves several diagnostic purposes.

We may be surprised or alarmed at:

1. The confidence level (as reflected in the probability) in our ability to predict future events.
2. The incomplete or dated information that serves as the foundation for these assumptions and projections.
3. The infrequency with which we update or refresh the information.
4. The overall low probability that all of the key assumptions will actually occur - and how vulnerable the strategy might be.
5. The thresholds at which key assumptions of the strategy are not being met and the indicators that the business strategy needs to be significantly modified or we shift to a different scenario in "Plan B."

This diagnostic tool or line of questioning can be applied either in Wave 1 or Immersion, but from our experience it tends to be more typical of the Immersion Stage.
Diagnostic 4: To what degree do we have the required organizational capabilities to effectively implement our business or functional strategy?

The Organizational Capability Assessment and Shaping processes were created in the early 1990s to help executive teams translate a strategic plan into an effective action plan to implement the strategy. There seemed to be a gap between completing the strategic planning process and actually implementing the strategy in an effective and timely way. The organizational capability assessment provides a structured, facilitated process for translating the elements of the strategy into the organizational capabilities necessary to implement and perform in the intended ways. Organizational capabilities are usually identified as large processes, supported by an organizational structure and accountabilities, enabled by the top performing incumbents in key roles, guided by the right metrics and incentives.

Conducting an organizational capability assessment serves several purposes. First, it provides the executive team with an opportunity to build a shared mental model of the strengths and weaknesses of the business (or function). Second, it allows the new executive to assess the accuracy with which each executive evaluates the competitiveness of his or her function (requiring an external focus) and how aggressive each is in pursuing performance improvements from his or her respective areas. Third, it provides another opportunity for the new executive to shape and convey his or her expectations to the team.
Diagnostic 5: Making the Difficult People Decisions to Select and Confirm the Executive's Team

During Wave 1, the Star and Underperformers are relatively easy to identify. Many of the Stars may be used as a core executive team ("kitchen cabinet") until the entire team is fleshed out. Replacing the underperformers as soon as is possible is imperative.

The new executive typically uses the Immersion stage in particular to test his team's ability to develop a deep, unbiased understanding of the business, their ability to manage change, and their willingness to take a realistic and balanced view of their own strengths and weaknesses.

The most difficult decisions are about those team members (or their respective team members) who are "tweeners" - incumbents who are neither underperformers nor star performers. They are performers who may be good, but are they good enough to meet the demands of their role in driving a key organizational capability? Are they a significant contributor to the executive team which is attempting to lead the necessary changes for performance improvement?

Depending on the challenges the business or functional area faces as a result of where it is in the business maturity life cycle, another consideration is the complementary composition of the team. Do we have enough entrepreneurs pushing the boundaries of organic growth, joint ventures or alliances, or growth through acquisition? How do we compose a team that brings more discipline to growth (Unbridled Growth) so we are not pursuing unprofitable sales? Or, how to we renew growth or improve profitable market share in a mature product line or brand (Resting on Past Laurels) where we may have evolved into a culture of valuing our own accomplishments of the past or being otherwise inwardly focused?

There are multiple tools that can be used to build role-specific competency models as a basis for a person-job fit analysis for key roles. These competency models can help structure a facilitated discussion of a candidate's current demonstrated capabilities and the probability that he or she can stretch to perform the full profile of required competencies that will distinguish fully effective performance of new job demands.
Tough people decisions will also occur around the beginning of the Wave 2 changes. It becomes more obvious as the organizational shaping and change management processes are implemented that certain otherwise loyal and capable managers are not capable of leading change through the inevitable conflict and disruptions that result from change. Or, as the design of critical organizational capabilities become crystallized, it becomes clearer that a key job driving a specific organization capability requires the strong performance of a full set of distinguishing competencies that the incumbent manager has never exhibited previously and has not demonstrated recently when specifically given the opportunity and

Changing Out a "Tweener"

In the face of the business downturn in the wake of the most recent global recession, a new division president was trying to understand why cost cutting initiatives and efforts to rationalize the inventory of product parts in related parts of the matrix organization were persistently resistant to change. The senior finance executive on her team was a long-tenured employee who had worked his way up the ranks and was viewed as a solid performer and loyal. She asked him to use his network of finance and accounting colleagues to determine what was behind the resistance to change. She was privately expecting an initial answer in one week.

After two weeks of no reports back from the finance executive, she asked him for a status report. His initial report seemed to accept the status quo. He reported that the departments had their hands tied by dealer expectations for part availability. Managers he spoke with expressed concern that headcount reductions would damage morale and would not allow them to have the experienced bench strength needed when business volumes improved. Etc.

The President concluded after several attempts to redirect the finance executive that he had been successful in the past implementing existing plans during prosperous times. He lacked the aggression and constructive conflict management skills necessary to be helpful to the President during difficult times. He was reassigned and replaced.
coaching to pursue the new behaviors.

An experienced executive coach can help the new executive identify the set of distinguishing competencies required of the new role, facilitate a person-job fit assessment in consultation with the new executive, and help the new executive select a top performing replacement candidate when replacement seems necessary and warranted. Once the new executive makes a more informed tough decision to replace an incumbent, and the new replacement who is flush with the required distinguishing competencies has had an opportunity to perform, the new executive often wonders why he or she did not make this change sooner.

On the opposite side of the coin, an experienced executive coach can also help a new executive appreciate valuable talent on the team that he or she might have otherwise overlooked. We all have personal biases and preferences that can distort our assessment of the strengths, weaknesses, and potential contributions of others. Given the opportunity, some people rise to the occasion and blossom under new leadership. And others, who we thought would readily stretch outside of their comfort zones, surprisingly choose to play it safe.

Assessing the likely contributions of the new executive's "tweener" team members will be critical during both the Immersion and Wave 2 stages.
Diagnostic 6: Stakeholder Analysis

One of our clients was the new Division President of a global technology company who had been hired from outside of the parent company. In his first four months (Wave 1), before we began working with him, he conducted over 100 individual interviews of people he considered to be key stakeholders. He engaged us just as he was beginning the Immersion Stage. As he began engaging others to participate in the organizational diagnostics processes, he was also evaluating these stakeholders. Their actions and interactions revealed who they were, what their underlying motives and predominant personality characteristics might be, and what value they could be to the new executive. Over the coming months, the politics, hot button issues, and differences in perspectives and priorities of each key individual became clearer. He used these insights to begin to influence others during the Immersion Stage and to gain their commitment, cooperation, and alignment during the Wave 2 implementation of changes. When necessary, he also used these insights to overcome resistance or create circumstances that forced compliance when all other influence efforts failed. He also learned that he needed to replace several of his managers.

An executive coach can serve as an unbiased sounding board and lens to help the executive assess each stakeholder. The executive coach can bring structure to an otherwise informal, ad hoc, or haphazard assessment process and make it more rigorous, penetrating, insightful, and valuable.

For example, regardless of what the stakeholder says, what do his or her decisions and actions indicate are his or her priorities and motives? What can we learn from others who have interacted with him and observed him in the past? How does he or she prefer to influenced: by logic and data, by appealing to their values, or finding a way to help them achieve a key goal or satisfy an enduring need, such a prestige, recognition from peers, or the acquisition of specific authority or power?
Taking the Initiative to Build Rapport, Understanding, and Credibility

By having a deeper understanding of key stakeholders and opinion leaders, the new executive will be better at engaging and influencing them during both the Immersion diagnostic processes and the Wave 2 implementation of changes in critical organizational capabilities. While the content of a typical stakeholder analysis at first blush does not appear to be rocket science, the rigor of taking time out of the new executive's busy schedule to reflect on what he or she is doing with these stakeholders results in a significant return on investment in effective influence over time. The executive coach can also apply several different types of assessment frameworks, such as leadership style, information processing style, or motive profiles to identify opportunities for the new executive to adapt his or her style to the style and preferences of each individual he or she is attempting to influence.

The executive coach will also typically push for forward calendar commitments by the new executive to meet with these stakeholders with the purpose of better understanding them and their imperatives. Otherwise, "the urgent often overtakes the important" and the meetings get delayed or never happen and the relationships are never developed.
Wave 2: Shaping the Required Organizational Capabilities and Managing Multiple Change Processes

Now that the executive's leadership team is selected and confirmed, the team can focus both on its organizational capabilities and those capabilities that involve other internal organizations and teams. The two major streams of work to be led by the executive at this stage are:

1) The development and implementation of specific action plans to shape the organizational capabilities to drive the strategy, and

2) The management of the overall organizational change process in the larger organizational context and its respective stakeholders to create receptivity, acceptance, and even support for the multiple changes being implemented in the larger organization.
The Organizational Capability Assessment (OCA) process, whether an informal discussion or a more formal diagnostic process, should identify the root causes for underperformance or resistance to change. The initial OCA typically results in a deeper dive into those organizational capabilities that are identified as capabilities in need of development. The OCA and the follow-on Organizational Capability Shaping (OCS) efforts use a common framework for considering design alternatives and requirements for effective performance.

The three primary elements the Wave 2 change implementation teams will
focus on are defining an overall capability **process** (e.g., new product development process), the organizational **structure** and key roles that will drive, support, and enable that process and, the corresponding competencies required for fully effective performance by the **people** who are incumbents in each key role. The teams are typically challenged with determining a few recommended alternative designs for each organizational capability, as there is no one perfect design, and there are tradeoffs of advantages and disadvantages to each design. Tradeoff considerations include the limitation of time and resources to adopt a new process, a structure that shifts power and disrupts the current political structure, or a design that requires world class incumbents who we simply are unable to attract and retain. As a result, alternatives are offered and adjustments are made. Once an alternative is selected, the goals, accountabilities, and rewards or incentives must also be aligned with the intended capability and business outcomes.

Regarding the other elements shown in the model above, **strategy** provides the larger context from which the primary organizational capabilities are identified and defined. **Technology** and other **Non-People Assets** are other inputs or context for the design.

### 2. Managing Large Scale Organizational Change

Western business has a dismal history of the successful management of organizational change of any significance. It turns out that the typical failure rate of mergers and acquisitions of approximately 65% is not much different than the typical failure rate for large scale change efforts in businesses not undergoing acquisition integrations. Most executives are not taught the required leadership skills, conceptual frameworks, and processes to manage significant organizational change. What they have learned is often a result of whatever they have been able to glean from observing others and their own personal trial-and-error.
We have synthesized and field tested "A General Model for Managing Organizational Change" that we use to help clients determine where they are in the change process and what they should be doing next to create fertile ground for their change initiatives. Because change is messy, evolving, and often iterative, the key components of this model are referred to as "Factors" rather than "Steps." Using this label, we are trying to avoid the misuse of the model by linear thinkers who may view the model as a one-directional vector rather than a guide when one must take two steps forward and one step back. For each of these Factors, we identify a menu of four, five, or more actions that the new executive might choose from, again using it as a map and tool box through the continuing change process.

Completion of Executive Coaching Services

Once the organizational design change plans are drafted and the overall supporting change management plan model and techniques have been successful transferred to the new executive and most of his executive team, the executive coach negotiates his or her exit and the completion of the assignment. This typically happens in the earlier phases of the Wave 2 change processes. Once the action plans are being successfully implemented, we have found that the new executive and his or her team should be able to continue to manage and implement their changes without further significant involvement of the executive coach. Of course, they can always reengage the executive coach on an as-needed basis. Being definitive about an ending, we want to prevent any possibility of creating a long term dependent or parasitic relationship between the coach and the new executive that is beyond its original intent.

A Summary of the Factors in "A General Model for Managing Organizational Change:"

Factor 1. Establish a Need and Sense of Urgency for Change.


Factor 7. Generate Early Successes.

Factor 8. Expand the Change Efforts.

Factor 9. Stabilize the New Organization.

Factor 10. Plant the Seeds for the Next "Revolution."
Implications of the Three Waves of Change Model of Senior Executive Transitions

1. Fast track, high potential accelerated or rotational assignments may be self-defeating.

Assuming that most complex executive assignments really do not experience the true outcomes of an executive's efforts for two or more years, developmental assignments of shorter duration may be misguided. If an executive never has the opportunity to live with the consequences of his or her decisions, especially when the results were below the original intentions and expectations, what has the executive learned? We have seen executives fail after being aggressively promoted into more complex assignments because they failed to learn from their previous assignments. They stayed "one step ahead of the posse" until one day their failure to learn from previous developmental assignments caught up with them.

Developmental assignments for high potential managers and executives often benefit from a few simple actions. Before the assignment begins, the intended learning outcomes should be made explicit. This should include not only content knowledge about the business and competitors, for example, but also how to engage peers and others outside of their reporting structure, how to manage change, and how to work constructively with others with perspectives and background quite different than his or hers, and how to create an organization that learns and grows to improve its adaptive and performance capabilities. Ideally, over time, the executive will learn how to create a self-aware and self-monitoring team the works together effectively with minimal guidance and direction.

At the completion of the assignment, the "high potential" incumbent should be engaged in a formal, thoughtful review about whether they accomplished the intended learning and what other learning they have achieved outside of the intended outcomes.
2. Top executives and Boards of Directors may need to recalibrate their expectations for indications of a senior executive having successfully "taken charge."

Gabarro's research revealed that essentially all of the 30 executives he followed in the longitudinal study at the outset of their new job anticipated that they would have diagnosed the business' problems and set most of the corrective actions in motion within the first four to six months. When they arrived at the four to six month experience mark, having made a number of organizational changes, they realized that they still had much to learn.

The expectation that the new executive should hit the ground running is understandable. A lot is at stake betting on the new executive's success. The sooner he or she is fully contributing and improving the performance of the business, the better. But in our achievement culture, somewhere we created a mythology that this should happen in the first 90 days, 100 days, or first four to six months.

While top executives and boards of directors should be looking for signs of progress during the first year of a senior executive's tenure in a new role, they should also be expecting that the new executive will arrive at a definitive plan for improving the business and selecting the executive team that will drive the necessary changes to implement that plan only after four or five quarters. Having an understanding and appreciation of the Wave 1, Immersion, Wave 2 learning and organizational change sequence in the first five quarters should enable a board to ask more penetrating questions couched in the tone of "What have you learned and how does this influence your plans for the business?" "What are you uncertain about and how will you reduce that uncertainty?"

By then beginning of Wave 2, the Board should be able to obtain clear statements from the new senior executive about his team's assessment of the business, the capabilities that need to be developed, the change plan required to implement the changes, and the strength, alignment, and adaptability of his or her team as the probability of the assumptions underlying the business strategy change.
3. The expectations of new senior executives for their own transition will also need to be recalibrated.

The popular business literature is filled with advice that the new executive should select his team as soon as is possible, sometimes in the first 100 days. Helping a new executive anticipate the Wave 1, Immersion, and Wave 2 sequences can create a set of more realistic expectations and prepare the executive to continue to test initial impressions, perceptions, and hypotheses, at least through the Immersion stage and even into the beginning of Wave 2 changes. Understanding the "Three Wave Phenomena" as a predictable and necessary process for effectively taking charge, the new executive can learn to balance the demands and needs for short-term or immediate results with a set of well-informed, thoughtful, effective, and sustainable fundamental changes that are more likely to achieve the intended business results.

4. The new executive needs to be thoughtful about also creating the right diversity of thought, experience, and styles on the executive team.

If we all think alike, at least one of us is redundant. Creating a team that can constructively play "devil's advocate" and adopt different points of view enables better situational scanning, analysis, problem solving, and adaptability over time. The team composition should also reflect the complimentary styles that reflect the growth challenges facing the business based on its position in the business maturity lifecycle. Underperforming team members should be replaced quickly. But the team membership may not be finalized until it has been tested for its ability to analyze the business, manage change, and work together constructively though the inevitable conflicts. Once the membership is "finalized" by the fifth quarter, the team should be declared as "the team" and given the directive that they will sink or swim together. By the beginning of Wave 2, the successful team will have a common mental model of the overarching goals of the business, the relative competitive strengths and weaknesses of the business, the intended aligned action plans to change the business and address the root causes of unnecessary resistance, and a sense of urgency to constructively implement those plans.
5. Boards of directors and top management should invest in a well-managed transition process for both externally-selected and internally-promoted new senior executives.

Given the long history of typical disappointing performance of executives managing organizational change, any senior executive who has the discretionary decision making and opportunity to make those changes will benefit from an independent, outside executive coach or consultant experienced in managing change. With so much at stake, the opportunity to obtain professional expert assistance to manage the usually messy change management process should not be considered "optional." Successful transitions at the senior executive level require an ability to learn from successive iterations of change and applying that learning in a way that enables the organization to change. The "Three Wave Phenomena," is inescapable. If anticipated, embraced, and fully attended to, the new executive and his team can accelerate their learning and increase the accuracy of their performance improvement efforts.

There’s no question that future leaders will need constant coaching. As the business environment becomes more complex, they will increasingly turn to coaches for help in understanding how to act. The kind of coaches I am talking about will do more than influence behaviors; they will be an essential part of the leader’s learning process, providing knowledge, opinions, and judgment in critical areas.

Ram Charan
The Coaching Industry: A Work in Progress
In
"What Can Coaches Do for You?"
Diane Coutu and Carol Kauffman
HBR Research Report
January 2009
A List of References


2. Three publications describing the transition process for three different business populations:

a. General Management and Senior Functional Executive roles.


b. Executives hired as the number two role with the intention to eventually succeed the current CEO.


c. A general business population.


3. 40% has served as a good relative benchmark for the past fifteen or more years and was originally based on a Center for Creative Leadership study (as cited by Anne Fisher in “Don’t Blow Your New Job” in Fortune, June 22, 1998). Other reported research or survey findings varies significantly by data collection methodology, sampling methodology (or lack thereof), the definition of "failure," the content of the samples of executives, or whether the estimate is simply based on accumulated experience of the report’s author without any supporting data. Regardless, other sources report similar findings: Right Management Consultants (35%); Leadership IQ (46%), and the Institute of Executive Development (30% external hires, 21% internal transfers, with 34% of new executives gone from the organization within two years). CCL author Douglas Riddle ("Executive Integration: Equipping Transitioning Leaders for Success, CCL, 2009) proposes that the statistics about failure or inadequate success experienced by executives in new leadership positions are well known by now. He suggests estimates of outright failure in the first 18 months range from 38% to over
half, and many more executives fail to be as successful as was predicted in the hiring or promotion phase. These diverse findings are best summarized as approximately 40% of the executives failing to achieve their performance expectations in the first 18 to 24 months in their new executive role.


also,


7. Most businesses find the creation and management of organizational change daunting. Studies have shown the failure rates to typically be in the 66% to 75% range. The following are some examples.

    ➢ John Kotter [Harvard Business School] studied more than *one hundred top management-driven “corporate transformation” efforts.*
      o Conclusions from his review:
        ▪ More than half did not survive the initial phases;
        ▪ A few were “very successful;”
        ▪ A few were “utter failures;” and
        ▪ The vast majority lay “...somewhere in between, with a distinct tilt toward the lower end of the scale.”

➢ **Total Quality Management [TQM]** - Two independent studies in the early 1990s, one by Arthur D. Little and the other by McKinsey & Co., found that about 2/3rds of the hundreds of TQM programs studied ground to halt because of failure to produce their hoped for results.


➢ **Reengineering** -

One of the founders of reengineering has reported the failure rate of reengineering efforts to be approximately 70%.


➢ **75% of reengineering, total quality management (TQM), M&As, and downsizing efforts have failed entirely or have created problems serious enough that the survival of the organization was threatened.**

About the author:

Dr. Gary Myszkowski has helped senior executives manage rapid change for almost 30 years. He currently serves as an executive coach to high potential executives about to become Vice Presidents, C-Suite executives, and their teams. He specializes in facilitating the transitions of senior executives into new roles, for both external hires and internally promoted incumbents.

Gary also specializes in large group interactive meeting design and facilitation to accelerate organizational change, design and facilitation of business team strategic planning, and shaping organization capabilities for strategy implementation.

In related roles, Gary also serves as faculty and facilitator for customized senior executive development programs and as adjunct faculty for several Executive MBA programs in the US.

Gary has extensive experience both as an external coach and consultant as well as a director-level executive leading an internal consulting group. He was the co-leader of Amoco’s global integrated Learning and Organization Effectiveness shared services group and the strategic partner to two presidents of Amoco Chemicals and their executive teams.

Gary has served as a change management consultant to mergers and acquisitions ranging from $50 million to $35 billion. He has been on “both sides of the desk” as a member of due diligence, integration and change management teams—as the acquiring company and a company being acquired.

Prior to Amoco, Gary also served as a Regional Practice Director for Talent Management for a premier global human resources firm, based in their Chicago office. As a part of this role, Dr. Myszkowski conducted over 300 individual psychological assessments of managers and executives for the purposes of selection or development.

Gary earned his Ph.D. and master’s degrees at the University of Chicago and his bachelor’s degree at Union College. He was a Visiting Scholar to Northwestern’s J.L. Kellogg Graduate School of Management. He has also completed advanced training at the Illinois School of Professional Psychology. His clients tend to consider him as a business executive “who happens to be a psychologist.” Gary resides near Chicago.
About Executive Core

- Executive Core maintains a global network of 100+ certified coaches / facilitators / consultants who regularly work across the enterprise at all levels and in all lines of business.

- Our professionals have coached more than 7,000 leaders at critical junctures in their careers while tackling difficult business challenges. Our facilitators have impacted more than 500 companies and touched more than 15,000 employees.

We specialize in providing professional coaching, consulting, and executive learning services:

- Executive Coaching
- Top Management Team Work
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