Organizational Strategies for Successful Executive Transitions

Executive transitions are critical inflection points that set a different course for executives and their organizations. The ripple effect of a poor transition creates significant risk and expense for both. These best practices will help leadership teams ensure a low-risk and high-impact transition.

Overview

Key Findings

- Poorly executed executive transitions present organizations with significant risks; they can derail organizational strategy, disrupt team performance, harm culture and negatively impact company brand. Executive leadership teams need a proactive approach to executive transitions to minimize these risks.

- Organizations tend to define an executive transition as a single change — someone who is new to an executive leadership role. However, this definition is limited and does not include elements such as understanding the current organizational context, building trust among team members and peers, developing a clear vision and strategy, and establishing a personal brand.

- Organizations typically view transitions as a personal effort, focusing almost exclusively on the activities, skills and personal attributes that executive leaders need to manage their own transitions successfully. However, an active support community can accelerate an executive's effectiveness.

- Leadership transitions frequently fail because the executive leader isn't effectively integrated into the organization.

- The transition norm has decreased from 100 days to 90. Executive leaders receive limited support beyond the first 90.

Recommendations

The executive leadership team must foster the following best practices in their organization to reduce the risk of poor executive transitions:

- Improve how effectively transitions are executed by expanding the definition of what comprises an executive transition and its challenges. Use a situational lens to tailor support activities for leaders in transition, such as forging relationships, defining strategic priorities and understanding team dynamics.

- Accelerate executives' effectiveness during transitions by shifting responsibilities from the individual leader to the community. Nurture a community of active transition partners by equipping them with the resources and tools to interact with and support the new executive leader.

- Orchestrate a structured support process that assists the executive leader by implementing a set of high-impact transition activities, such as understanding the organizational culture, business model and role expectations.

- Provide sustained transition support well beyond the first 90 days to accelerate performance. Introduce activities such as providing ongoing feedback on the executive's ideas and strategies from direct reports and peers, and leadership coaching from the HR organization.

Introduction

A recent Gartner survey found about two-fifths of executives are in transition at any given time. [1] Of those executives in transition, about 40% are underperforming, based on self-assessments of percentage of objectives achieved. [1]

With the pace of business change accelerating and transitions increasing, executives in transition must provide maximum impact as quickly as possible. Failing to do so risks creating a negative impact on workforce performance, engagement, culture, brand and ultimately, organizational performance. The productivity of executive peers also suffers because they depend on a struggling transitioning leader. The negative impact can cost organizations millions of dollars a year or more, based on the scope and scale of the leader's role and organization. This easily dwarfs the executive leader's direct recruiting, onboarding, salary and outplacement costs.

The most successful leadership transitions generate substantial benefits for both the executive leader and the organization (see Figure 1).

Figure 1: Benefits of Successful Executive Transitions

Benefits of Successful Executive Transitions

- The attrition risk for their teams is 13% lower than average.
- Their teams show discretionary effort levels are 2% higher than average, generating potential improvements in revenue of 3% to 5% and profit of 2% to 5%.
- At least nine in 10 teams they lead meet their three-year performance goals.

Benefits of a Successful Executive Transition

Source: Gartner (December 2021)
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Gartner

This research outlines the best practices for executive leadership teams to increase the success of leadership transitions. Executive leadership teams should:

1. Tailor executive transitions using a situational lens.

2. Build a support community of active partners.

3. Treat transitions as repeatable processes.

4. Provide support beyond the first 90 days.

Analysis

### 1. Tailor Executive Transitions Using a Situational Lens

Executives conventionally view transitions in one of two ways: in terms of organizational hierarchy (such as moving from middle management to a senior executive role) or whether the executive leader is transitioning from inside or outside the organization. Both of these approaches fail to account for differences in the circumstances that each transitioning leader must face.

Transition is never easy, and the difficulty of a transition varies based on a far wider range of dimensions. Company and role are the two most common changes faced by new-to-role executives. But if we take a broader perspective, organization size, level, company culture and industry round out the top six changes (see Figure 2).

Figure 2: Types of Change Experienced by Respondents

Types of Changes Experienced by Respondents
New to Role
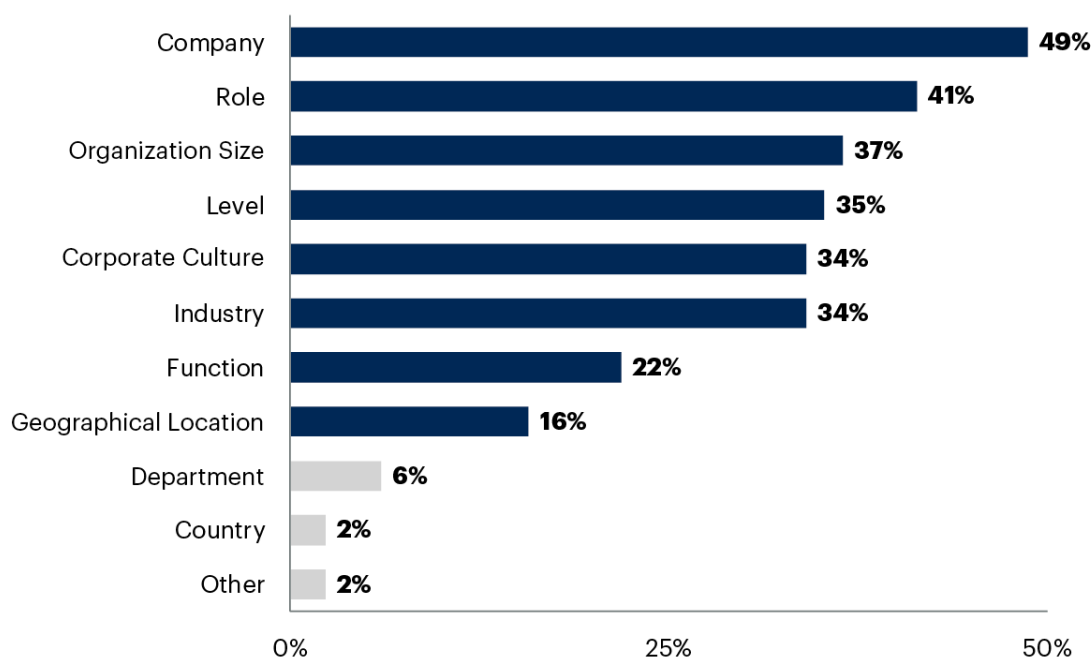
n = 82 executives new to role

Q: What are the primary differences between your current position and your previous position? Multiple responses allowed.
Source: 2022 Gartner Algorithm of a Successful Executive Transition Survey
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Gartner

Executive leadership teams should view transitions through a situational lens (see Table 1). When viewed this way, four transition situations emerge, accounting for about 90% of all leadership transitions. [2] Table 1 highlights these situations and how executive leadership teams should tailor support for each as they welcome new peers.

Table 1: Transition Support Activities for the Four Most Challenging Transition Situations

(Enlarged table in Appendix)

Transition Type	Challenges Faced by Transitioning Executive Leaders	Solutions
Replacing an Icon (10%)	Following a leader hailed as an icon, executive leaders struggle to put their stamp on the organization while respecting the legacy of their predecessor.	Executive leadership teams must help peers who are replacing an icon clarify their roles quickly, resist temptation to mirror the icon and then begin forging relationships that will help legitimize and advance their agendas.
Following a Train Wreck (20%)	At the opposite end of the spectrum are "train wreck" transitions, in which the previous executive leader has significantly failed.	When executives start a role following a train wreck, executive leadership teams should help them create a clear vision for the organization, then forge new relationships and repair those damaged by underperformance.
Jump-Start (35%)	In this case, the previous leader's performance is solid but not outstanding, and the organization needs to quickly move in a different direction because of a change in strategy or the broader economic environment.	Executive leadership teams welcoming new peers faced with a jump-start situation should help them focus on quickly understanding the industry, organization and dynamics of the team, while actively using existing networks and their teams to socialize and drive change.
Breaking Ground (25%)	This type of transition involves moving into a newly created position, underscored by the increasing presence of executive roles for managing new priorities related to social media, data, risk, sustainability and shared services.	To support new executive leaders who are breaking new ground, executive leadership teams should help them clearly understand the responsibilities and objectives of their roles and gain a better understanding of the stakeholder universe.
Note: The table presented above pertains to the nature of the transition and does not reflect the frequency of the transition.		

Source: 2021 Gartner Secrets of a Successful Executive Transition Survey

2. Build a Support Community of Active Partners

Successful transitions are typically viewed as the result of executives' individual efforts, focusing almost exclusively on the activities, skills and personal attributes they need to have when hired to manage their own transitions successfully. This approach does not take full advantage of a critical resource at the executive leader's disposal — the community of stakeholders who the executive leader will be working with.

Executive leadership teams — coordinated by the CHRO — should create a transition community for new-to-role executives, preparing the new executive's network with the resources and tools to interact with and support the new leader. Important stakeholders in the transition community include:

- The CEO, who can provide business perspective and feedback on ideas and strategies from a corporate vantage point. Importantly, expectations should be established early with the CEO in terms of what success looks like for the role and how to best partner.

- Peers in the C-suite can improve a new leader's performance by sharing ideas and information (see Table 2). In particular, new executives should identify a partner (ideally a peer in the C-suite) early who can guide them through organizational culture and politics.

- Direct reports should engage in upward coaching and share candid information about the team's strengths, weaknesses and challenges.

Table 2: Early Partnerships With Executive Leaders

(Enlarged table in Appendix)

Role	Core Responsibilities
All C-Suite Executives	Help the new executive understand current decision-making authority and frameworks, and thoroughly brief the incoming executive on the current state of their functions and business units.
CEO	Review overall organization strategy, expectations for how the executive team works, specific responsibilities and expectations for the role, desired changes, and immediate next steps.
CFO	Review financial reports, projected current-year financial results, three-year plan, capital expenditure framework and relevant procurement partnerships, alliances and contracting strategies.
General Counsel	Provide an overview of board and organizational governance, relevant open and recently resolved litigation and issues, union contracts, key areas of risk, contracts and partnerships, proxy (if applicable), description and members of internal committees and decision bodies, audit report responses and risk mitigation plans and actions.
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COO/Business Unit Leaders	Provide performance metrics and scorecards; strategic workforce plans; a multiyear strategic plan; the business unit's organizational structure and operating model, commercial and operations, including key dashboards and key performance indicators; corporate social responsibility reports, and environmental compliance and customer relationship performance; and financials, including quarterly results performance targets.

Source: Gartner (August 2023)

3. Treat Transitions as Repeatable Processes

The average large organization has 70 senior executives and replaces 12% of them annually, resulting in eight leadership transitions each year. But despite this fact, most executive leadership teams approach new leadership transitions the same way many organizations approach mergers and acquisitions — as one-off events. The typical unsystematic, hands-off transition approach relies heavily on new executive leaders to self-manage their transitions.

However, most executive leaders experience only a handful of transitions during their careers, so for them, each transition remains more art than science. Executive leadership teams should partner with HR to create a structured, repeatable transition support process that mobilizes resources and applies innovative tools and approaches to assist any new-to-role executive with a set of high-impact transition activities (see Figure 3).
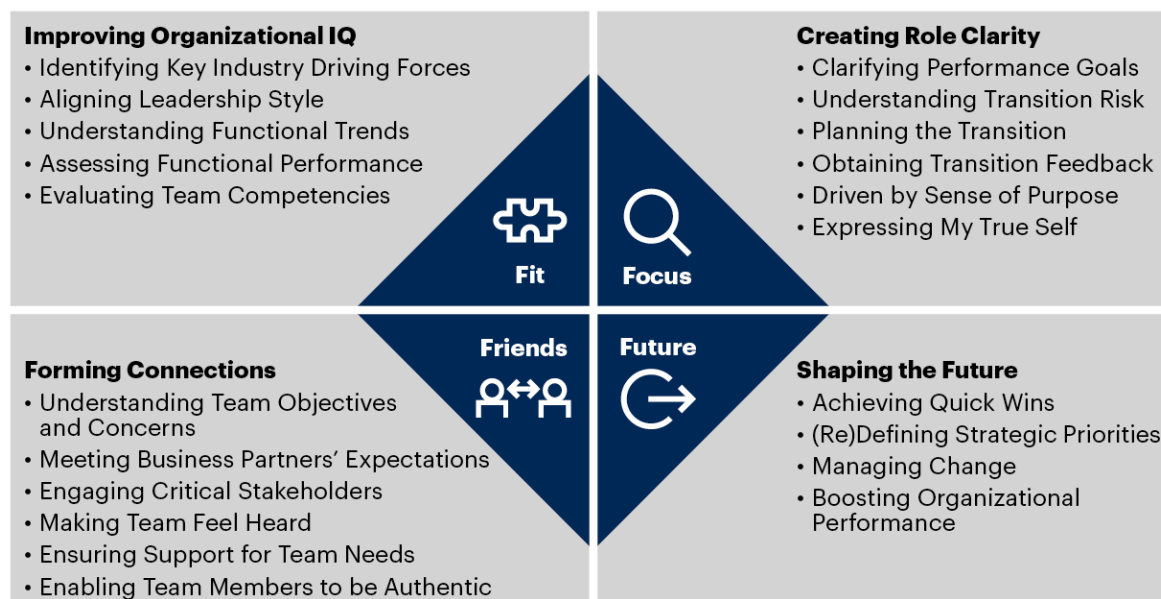
Each new executive will need to transition through the process with the support of their teams to:

- Understand the key driving forces impacting the company's business.

- Understand if the leadership style aligns with the team's preferences and the styles of executive peers.

- Define the competencies that drive high performance and measure the staff against them.

- Make members of the team feel heard.

- Communicate change initiatives, obtaining buy-in and minimizing associated conflict.

- Define metrics to track and improve functional performance.

Leadership Transition Framework

Improving Organizational IQ
• Identifying Key Industry Driving Forces
• Aligning Leadership Style
• Understanding Functional Trends
• Assessing Functional Performance
• Evaluating Team Competencies

Creating Role Clarity
• Clarifying Performance Goals
• Understanding Transition Risk
• Planning the Transition
• Obtaining Transition Feedback
• Driven by Sense of Purpose
• Expressing My True Self

Fit **Focus**

Friends **Future**

Forming Connections
• Understanding Team Objectives and Concerns
• Meeting Business Partners' Expectations
• Engaging Critical Stakeholders
• Making Team Feel Heard
• Ensuring Support for Team Needs
• Enabling Team Members to be Authentic

Shaping the Future
• Achieving Quick Wins
• (Re)Defining Strategic Priorities
• Managing Change
• Boosting Organizational Performance

Source: Gartner
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Gartner.

4. Provide Support Beyond the First 90 Days

For decades, executives were given 100 days to make an impact, but the accelerated pace of business change has created a new norm of 90 days or less to move from being "new" to "successful." Recent research on leadership transitions identifies the first 90 days of an executive leader's tenure as critical, a make-or-break period for the executive leader's future in the organization. [2] Consequently, this period is when most organizations focus their transition support. But while the first 90 days represent a critical adjustment period, an executive leader's past experience and existing skills typically translate to rapid performance gains during that time. They smoothly start building relationships as well as the overall vision for their functions (and their own brand) and deliver some quick wins.

Unfortunately, this performance trajectory does not last. New executive leaders often hit a plateau in performance at the six- to nine-month mark as perceived by managers and peers (see Figure 4). This isn't because they immediately start underperforming in some way but because the work of executing a new strategy has begun but not yet produced results.

Figure 4: Provide Sustained Transition Support to Avoid a Performance Stall

Provide Sustained Transition Support to Avoid a Performance Stall
Executive Leaders Performance Trajectory by Time in Seat
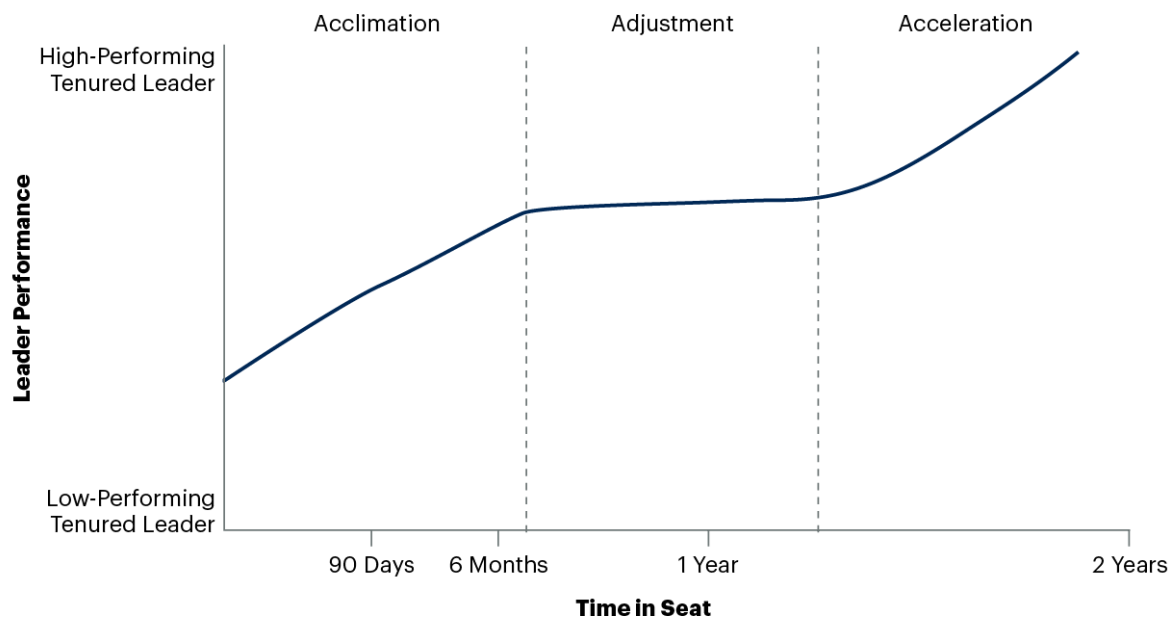
Source: Gartner, CLC Learning and Development, 2012
722774_C

Gartner

Executive leadership teams should provide the transitioning executive with support well beyond the first 90 days, with a focus on helping the new executive implement changes and execute new or updated priorities. This support can include:

- Ongoing feedback on executives' ideas and strategies from direct reports and peers

- Leadership coaching on identified development areas from HR and mentors

- Coordination of workstreams with peers and clarity on expectations to meet any shared objectives

- Ongoing communication about corporate strategy and expectations for team members from the CEO or board

- Insight from mentors into board dynamics, key influencers or clients and corporate culture needed to advance objectives

- The pulse on overall team engagement, willingness and ability to support functional strategy from direct reports

Conclusion

Executive leadership transitions are driven not just by the actions and abilities of executive leaders but also a carefully engineered, situation-specific combination and sequence of activities, competencies and support from their organizations. This differentiated approach can reduce the ramp to full productivity for the transitioning leader by up to nine months and has significant benefits for the broader organization. [1]

Evidence

[1] **The 2022 Gartner Algorithm of a Successful Executive Transition Survey** was conducted online from 8 through 28 November 2022, to understand how to measure the success of an executive transition. In total, 82 executive leaders new to their role participated. Twenty-two are members of Gartner's ITL and CIO Research Circle, a Gartner-managed panel, and 60 are from an external expert panel. Participants are from North America (n = 40), EMEA (n = 27), Asia/Pacific (n = 12) and Latin America (n = 3). Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[2] **The 2021 Gartner Secrets of Successful Executive Transitions Survey** was conducted online from 29 March through 7 April 2021, with 93 members of Gartner's Research Circle — a Gartner-managed panel of IT leaders. Of these, 53 participants had changed roles in the previous two years and/or expected to change in the next two years. All participants were members of their organization's C-suite; that is, they were the most senior executive in the organization or reported directly to the most senior executive in the organization. The study was conducted to explore the differences in types of executive transitions (small, midsize, big) and how a newly transitioned executive can use the enterprise assets at their disposal to accelerate their success and the success of the enterprise. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

Document Revision History

Best Practices for a High-Impact Executive Transition - 20 December 2021

High-Impact Transitions for Executive Leaders - 16 April 2020

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

The Secrets of a Successful Executive Transition

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