Leadership Transitions

FEATURE
Lessons of the Superbosses

CHRO CONNECTION
John Quattrone:
Driving the Future of GM
Navigating the Risks of Leadership Transitions

Transitions in power are fraught with risk—both for the organization and the individuals involved. It’s never as simple as swapping one leader out and another in. When it’s time for change atop established cultures and at market velocity, what have you learned? How fast can you move? What do you do differently today than in the past? Executive Roundtable Editor David Reimer and Sonja Meighan recently asked four senior leaders from a range of business backgrounds how they are managing leadership transitions.

Executive Roundtable Participants

**Neal Sample**  
Senior Vice President and Chief Information Officer  
Express Scripts

**Makiko Eda**  
Representative Director and President  
Intel K.K.

**Denice Kronau**  
Author, Speaker, and Former Executive  
Siemens AG

**Tamla Olivier**  
President and CEO, SVP  
Constellation
People + Strategy: As you look back on your career, what was the most impactful and positive transition you had when assuming the helm of an organization?

Denice: The best transition was when I characterized taking the new role as “jumping onto a moving train.” My predecessor and her team had done many of the right things, and I was excited to step in as the new leader.

Neal: I attribute it to transparency and lead time. I had early and extensive access before jumping into the operational role. I received a lot of insights into the workings of the company and the challenges of this function. It was not a situation where I showed up on day one and met the people on my team for the first time. I had met them before.

P+S: How did those things make a difference?

Denice: I was not changing the team I inherited, so it was important for me to acknowledge what they had accomplished. These were smart, committed people, and I didn’t want to waste time second-guessing every decision they had made. I wanted to build on what came before, rather than discard it.

Makiko: For me a successful transition has been dependent on how I have gotten broader influence and recognition from the team. It is not just about the people from above; it is the actual team members. Personal connections and spending face-to-face time with people is key. The conversations and the personal interest make all the difference.

Neal: Spending time with my team before starting in the position made all the difference. Not only was I more ready for operational aspects of the job, but also I was more capable of taking on the day-to-day. It also meant that I had some hypotheses in terms of what an effective transformation and update of the strategy might be. Getting the room to ruminate, think, and ask questions without the tyranny of the urgent taking over allowed me to take some time pre-formulating. It didn’t mean I had all of the right answers. It meant I had the hypotheses to test on day one and think, rather than getting buried in the operational aspect and then trying to find time in the margins to construct or even think about strategy.

Tamla: There were two things that came into play. First, I developed a very detailed onboarding plan that got me solidly placed from HR and business perspectives. Secondly, I was coming into an organization that was trying to shift the thinking around what it means to be an HR partner. I did not have to help my client understand the value proposition of a true HR partner. His mindset was already there. Having buy-in from the top of the house helped create a higher level of credibility early in that transition. It enabled me to serve as a strategic partner much sooner, as opposed to doing maintenance and tactical exercises for 12 months.

P+S: Was there a particularly hard transition? If so, what made it difficult?

Tamla: My role was expanded from just retail to include wholesale as well. Because the transition into the retail space had been really smooth, and the wholesale leader was somewhat familiar with me, I went in assuming the transition to wholesale would also be easy. I did not foresee any reason to approach this transition differently now that the reporting relationships had changed. I quickly learned that this was not a great strategy. There was clear misalignment between the new leader and me regarding how HR should be partnering with the business. I tried to establish a regular cadence of meetings but the
new leader was often unavailable for me. I had to work that relationship much differently and it started by building key relationships with the leader’s direct reports. It ended up taking me six to nine months to get over the hump. Ultimately, we ended up having a very strong partnership and gained greater perspective and respect of each other’s approach and thinking.

**Denice:** I experienced two very difficult transitions, and they were both with co-leaders who didn’t care about many of the necessary elements for a successful transition: shared values, vision, goals, and even how to run day-to-day operations.

**P+S:** Coleadership is always fraught with risk.

**Denice:** But, because the top executives wanted to run the project/organizational change in this manner, I was forced to make it work with uncooperative partners. This resulted in all the problems you can imagine: mixed messages for the organization and time lost in getting aligned on every little detail, just to name two.

**Neal:** I had an internal transition that was a scale up from running one unit to running three, two domestic and one international. There was very little lead-time. It was, “Hey we’d like to pop a few of your peers and give you all of their stuff, what do you think?” I was not going to say no because it was substantial and ultimately going to produce value. However, the unannounced, unexpected transition provided very little time for me to think and evaluate it. I was thrown into the crucible and one day my peers found out they were now my employees. It took the better part of a year for this transition to be successful.

**Makiko:** Being away from headquarters has been particularly hard for me. I have to balance staying focused on my market, while also remembering to reach back. When I transitioned to Japan and my priority was building credibility with customers, I neglected to reach back out to HQ as much. I assumed people would remember me, but they don’t.

**P+S:** What were some of the biggest lessons learned and what would you do differently?

**Makiko:** One thing I learned from a previous boss of mine is that you have to make every interaction count. Whether it is a face-to-face meeting or a phone call, you have to take advantage of each opportunity you are given. For each encounter I have, I ensure I am generating substantive connection points. It can’t just be “hey I like you, let’s grab a drink.” You have to be able to talk about something very tangible and relevant. I’ll admit that I am still learning the ropes on this.

**Neal:** I didn’t solve enough for the human side of the transition. Focusing on teamwork, trust, and relationships should have been a bigger priority. I needed to spend more time on an airplane meeting with the team members where they lived. Additionally, I should have brought the team together more often. At that point in my career, perhaps naively, I thought that having a bunch of A-players who were individually highly effective and just bringing them together would naturally make them better.

**Denice:** I would do my homework to ensure that I had a partner I could easily collaborate with. I would want to spend time with them before they were appointed, going over all the essential elements for transitioning and growing the business. If we couldn’t reach agreement on the important elements, I wouldn’t take the role as a co-leader. Also, I would push to make the leadership change more urgently: some decisions won’t get better with time.

**Having buy-in from the top of the house helped create a higher level of credibility.**
Tamla: Similarly, I did not fully understand and appreciate the context of the situation and the people I was going to work with. I needed to understand the audience more to tweak my strategy to be more effective within the business. Leveraging a standard template or approach for each client is a recipe for disaster.

Denice: When I was growing in my career, I always thought it would be easy to be in charge. When I got to be in charge, I soon realized that, if you want to get the best out of your people, you have to manage them in the way they want to be managed, not in the way you would like to manage them. If you want to get the best out of your team, you have to manage to their core strengths.

P+S: The illusion that the CEO can lead unfettered.

Denice: Exactly!

Makiko: As a leader, I always try to put
myself in the shoes of my people. I proactively reach out and ask what is happening. I want them to know I care. I coach people to be natural about speaking up and reaching out. I want this to become a part of the culture even though I know it is extremely difficult. When I have a broader staff meeting, I know why I always hear from some countries and not from others—it is not because there is no activity, it is because naturally people feel intimidated. I am trying to reflect and talk to on giving themselves the flexibility to continually refine.

Denice: I’ve also learned that you can only move the organization as fast as the slowest person or the slowest unit in the organization. When I was based in London, I worked for an organization that was reengineering the whole company. To get the 50-person team ready for this project, we did a week-long teambuilding experience in the countryside. One morning, we were doing an exercise, which we had to complete outside in the rain. Thirty seconds into the exercise, one other individual and I figured out the answer for our 10-person team.

We thought nothing could be better. We could get out of the rain, provide our team the answer, and be the winning group. To my surprise, our team hated us. They didn’t want to win; they wanted to be fully involved in the exercise. But, the two of us didn’t want to take the time to explain our answer; we wanted to get out of the rain. It was an eye-opening lesson. If you don’t include people, and you race to a solution, you haven’t really won. Winning only counts—in the long term—when everyone wins together.

Tamla: Once you assess and understand the current state, you will better appreciate how long the change will take. You also need to determine how well-equipped your leaders are as change agents and key communicators. This is critical, because you can put together the best change management and communication plans, but if your leaders aren’t equipped to drive change and communicate, the change won’t happen. Leader buy-in and engagement is a critical success factor. Taking the time to assess the culture and leadership capability will provide insight on where you are and the pace and amount of change the organization can successfully absorb.

Makiko: Exactly. For me, another key component has been developing allies or partners who recognized and agreed with my vision for the future. I sought out advocates who were going after the same common goals and asked those people to help rally the organization. No matter how many communications you put out, it doesn’t mean you really connect with the people. It is about finding those you do connect with and asking them to expand the role of influence and assist you in driving holistic change throughout the organization.

P+S: We are in an environment where disruptions happen regularly. As you look out over the next few years at coming changes, what are the implications on organizations and people?

Neal: Businesses that are able to optimize for continuous change will be remarkably successful compared to those that are not. We talk about “The Pivot” like it is an event that happens and then you stabilize. If your period of stability is an hour, then stability is a myth and the pivot is what you need to optimize for.

Makiko: The reality is, it is impossible to build an organizational chart that is ready for the pace of change we are facing. The key to adapting to change and leading the change is, how good are your eyes and ears? How do we increase the specific perspectives of the people on the ground so we catch things and adapt quickly to needs and demands? We used to have very tight roles and responsibilities. We need to move away from the silos and create an environment where people feel they have the flexibility they need.

Denice: Yes, because often people don’t know what the new world looks like with them in it. They don’t know if they have the skills for it. It’s never described to them, in detail, how they will be contributing in the future. Some people need it individually described to them. When you are in a hurry, doing that for even 100 people is too
time-consuming. As a result, people try to accelerate the change management activities, but it has a certain lifecycle of its own that does take some time. You have to give people time to process and react to it.

**Neal:** Organizations aren’t optimized for change because of financials, regulations, and inertia. If you are a publicly traded company, you’re going to have an annual target and focus on annual returns. Your financial targets become your heartbeat. Anything that pushes you off that plan becomes a disruptor that is expensive. With these types of dynamics in place, the organizations end up being suboptimal for change.

**Tamla:** Organizations need to get stronger at constantly anticipating disruption, as opposed to reacting to it after the fact. Leaders are an important part of driving these expectations into the culture and cultivating an environment where disruptions are anticipated and transformed into opportunities. Also, when you talk about disruption it is easy to fall into the trap of being overly focused internally or within your industry. We can forget to pay attention to what is going on around the fringes of our industry. The fact is, a lot of disruption comes from players that don’t sit in your sector. For example, who knew Tesla and Google would become players in the energy space? Having the ability to look outside-in is important in shaping innovative solutions and strategy.

**Neal:** Netflix provides a great example of an organization optimized for change. Their decision to parse out their DVD delivery business from their streaming business was met with great animosity. They could have been easily distracted, but instead, their internal structural flexibility allowed them to rapidly pivot back. They don’t do internal annual reviews or have a defined bonus structure, so as a result, they don’t find themselves locked into many of the heartbeats that would put them on a scale of quarterly or annual change. They handle change so successfully because they are nimble and optimized for it.

**Denice:** Organizations need to invest in bringing people together to meet face-to-face. Executives often worry about the cost of bringing a broad base of people together from across the world. What they should be worried about is how much it will cost the organization if those leaders are not aligned.

**Makiko:** We need to make sure we have a central and transparent incentive system. Are we really rewarding the behaviors that we need to adapt to the pace of change? As a leader, I want us to reflect reality better.

**P+S:** In terms of change and transitions, what does a CEO need from HR that may be different than in the past or just may be a greater area of emphasis?

**Neal:** Historically, HR tends to have an investment in the existing structure and, because of that, is often measured on things like annual turnover rate. This setup is not optimized for continuous change. I need an HR organization that optimizes itself for continual change, allowing the organization to restructure itself and making it easy to move.

**Makiko:** HR needs to own the personal consultancy for the leaders to personally develop each one of them. As my own example, with my transition to the President role, HR provided me with a coach who has helped me realize that the “how” of executing is up to me. It opened my perspective and made me recognize that I have to be both creative and aggressive because at the end of the day, I am accountable for results. I give 300 percent to my job every day, yet in my spare time I have to find ways to continually develop myself. HR’s decision to provide me with a coach helped me focus on my own areas of development, so I can extend my learnings to people on my team for their development. I would love to have a bag of tools that I can use to help develop my people. I need these tools to be tailored to each individual person.

**Tamla:** HR should actively partner with the business to tie the talent strategy to the broader organizational business strategy. This alignment should be weaved into every decision HR makes. Being solely focused on solving for something occurring point in time will create a stagnant environment that doesn’t support or drive growth and strong business results. Don’t get me wrong, we have point-in-time situations we need to solve for, but if HR’s strategy is not woven into the business strategy, we end up falling flat or failing as a strategic partner.

**Denice:** I think of it as the holy trio: the HR person, the head of finance, and the CEO. That is a strong team, and you shouldn’t be able to see daylight between them.