

Why the best executives can derail: a brain-based view of executive integration

12th February 2014

Introducing Ampersand Advisory



Ampersand Advisory – The Leadership Agenda guides organisations toward a futuristic approach to leadership optimisation.

Proposition

- Leadership asset protection
- Optimise your leadership asset
- Business alignment
- Fit for purpose leadership

Advisory Services

- Leadership Readiness
- Leadership Integration
- Executive Presence
- Career Reflection

Consulting Services

- Diversity
- Team Advisory

Process

- Business Immersion
- Diagnostic
- The Leadership Agenda – strategy through to executing the program of work
- Evaluation & Review

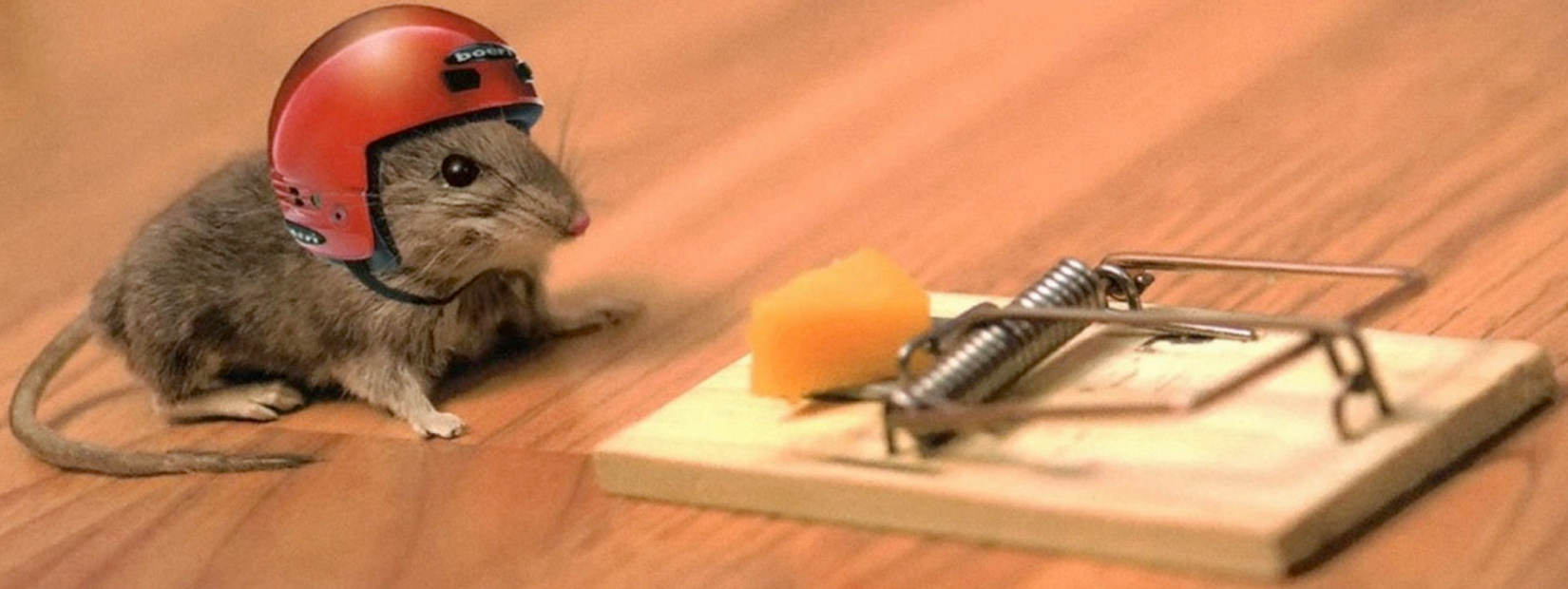
Introducing Norah Breekveldt, Director: The Leadership Agenda

- Career history spanning government, PSFs and corporates
- Senior HR roles in global engineering / manufacturing / supply chain businesses and financial services
- Executive advisor to many leading Australian and multi-national organisations
- Telstra Business Women's Award Winner
- Author of *Sideways To The Top – 10 Stories of Successful Women That Will Change Your Thinking About Careers Forever, 2013*

What we will cover this morning

- Derailment – the facts
- Common causes of derailment
- A brain-based view of derailment
 - Plasticity
 - Limitations to learning
 - Attention
 - Social Brain
- Strategies for success

The reality for new executives?



Meet Jack

- Appointed GM of a new business after a successful career as a CMO
- “Perfect” role for him – played to his strengths around delivering business outcomes based on understanding customer experience, built on his record of fixing businesses in trouble
- Expectations were high on both sides
- Within 3 months cracks started appearing:
 - Some top performers in his team resigned
 - Customers were grumbling, some threatening to take their business to competitors
 - Peers were reluctant to help him
 - Feedback to the CEO indicated he was overly ambitious, failed to build an effective team, was insensitive to others and failed to follow through on commitments to others.
- Within 6 months he had left the company.

What went wrong?

- 75% of the reasons careers get derailed are related to emotional intelligence*:
 - Unsatisfactory team leadership during challenging times.
 - Inability to handle interpersonal issues
 - Inability to adapt to change.
 - Inability to elicit trust.

*Centre for Creative Leadership, 1994,cited in Orioli (2000)

Traits of Executives who Derail*

- Don't relate well to others
- Are self-centred
- Don't inspire or build talent
- Are too narrow
- Don't deliver results

*Lombardo and Eichinger, *The Leadership Machine*, 2002

Derailment Facts – numbers that may scare you

- 40% of newly hired executives derail in the first 12-18 months
- 64% of new executives hired externally won't succeed in their new roles
- Companies that hire CEOs with prior CEO experience do worse (have lower return on assets, higher debt ratios and higher chances of bankruptcy) than those who appoint CEOs without prior experience
- 89% of new hires fail due to poor cultural fit
- Replacing a top executive costs conservatively 5 times the previous incumbent's total cash compensation

Congratulations – you've landed the promotion



"This promotion means you'll be getting the blame directly from me."

A brain-based view of derailment

A brain-based approach to understanding derailment

Brain-based science

- Plasticity
 - Flexibility and responsiveness
- Limbic and PFC regions
 - Emotional regulation and composure under stress
 - Strategic decision-making
- Social brain
 - Connectivity to others
 - Developing positive relationships

Its dark cousin - derailers

- Unable to adapt to differences, misjudging people and situations,
- Lack of composure, lack of self awareness, defensiveness, non-strategic, paralysed, blocked learner
- Arrogant, insensitive to others, failure to build a team, uninspiring, lack presence

What is the neuroscience of leadership?

- The study of brain functioning
- Through fMRI studies:
 - Watch the brain in action
 - Observe which brain regions are activated when stimulated
 - Draw conclusions about how connections are formed
 - Draw conclusions about how memories are created
- Helps us understand how leaders make decisions, regulate emotions, collaborate with others and facilitate change

Neuroplasticity

- Repeated thought patterns create physical connections in your brain that you tend to default to – it changes your brain.
 - The environment shapes your brain
 - Culture demands certain norms and behaviours
 - If you behave outside those norms, you are likely to be seen as a poor “culture fit”
- Good news: brain is adaptable and you can change patterns through deliberate focus and attention.

Implications for newly appointed executives

- Long serving employees are likely to be inculturated into a specific way of doing things, that may be very different from the culture the executive came from (and learned in)
- Fit with culture is a significant challenge and if not actively addressed can be a real derailer
- Requires new executives to unlearn and relearn
- New executives must align with, or change the culture

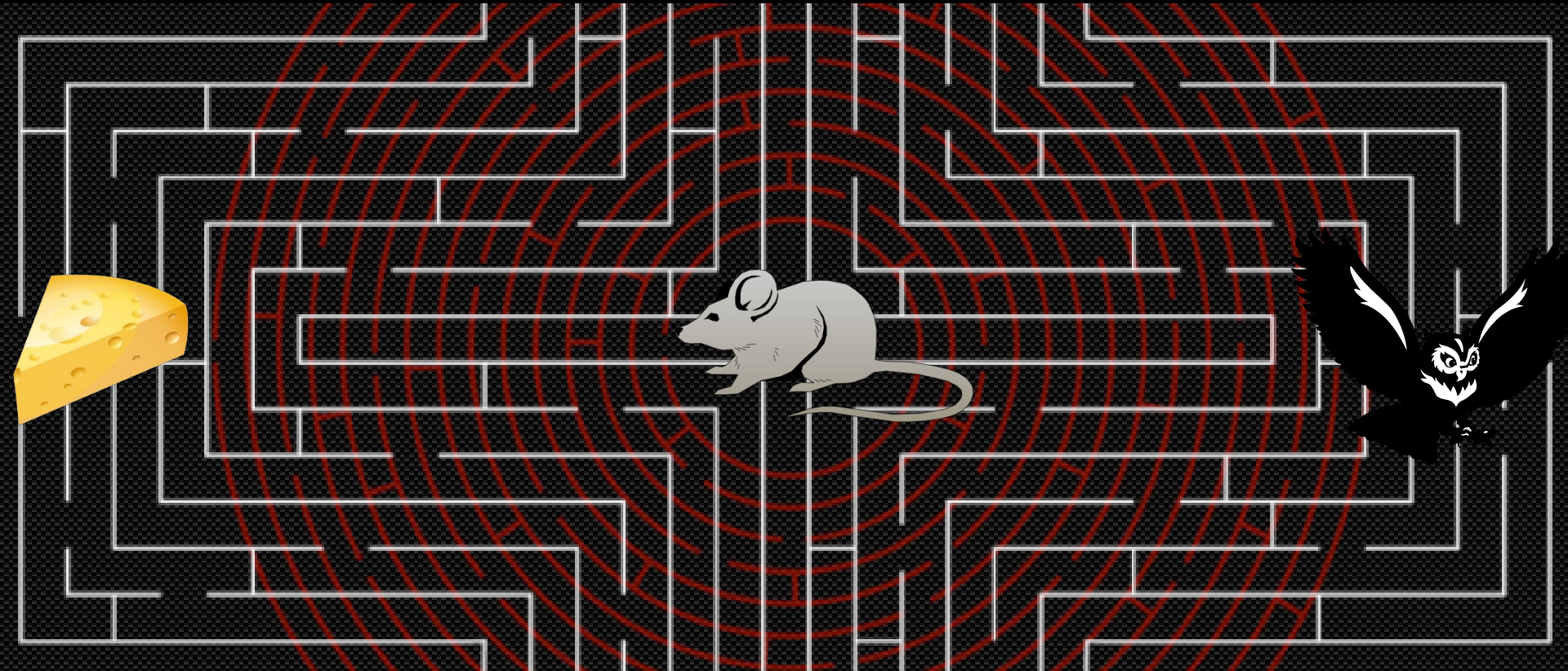
Limitations to learning – the prefrontal cortex



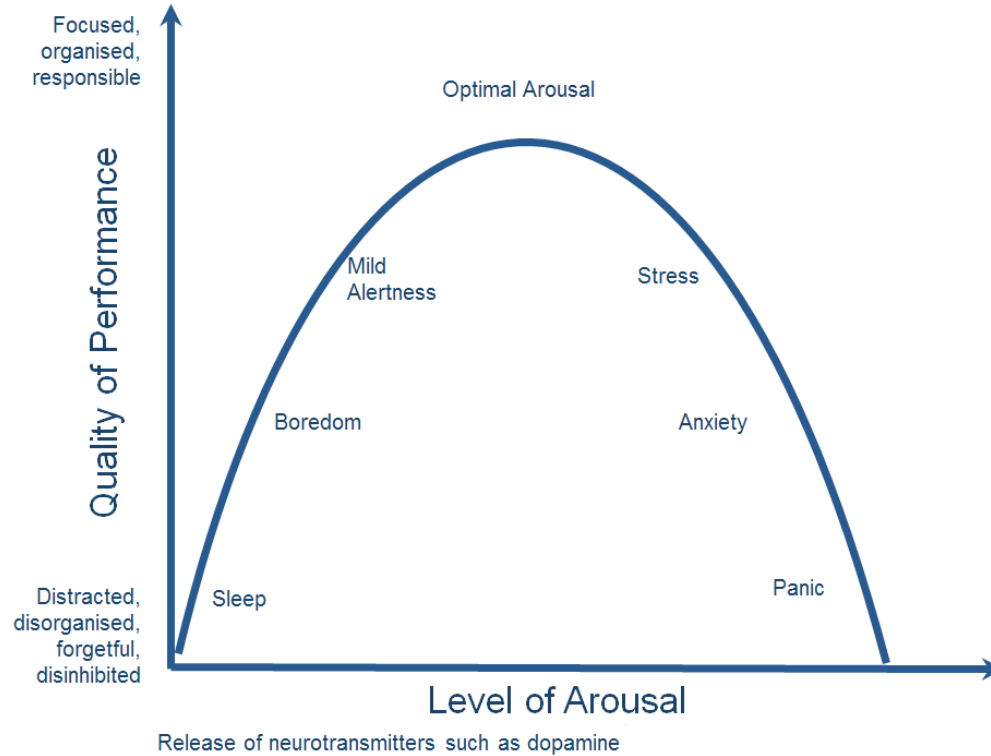
The limbic system



Friedman and Foster, 2001



Optimal arousal curve



Implications for newly appointed executives

- New executives are often in a state of stress/over-arousal
- Stress stimulates functioning of the amygdala and inhibits functioning of our high energy-consuming prefrontal cortex
- Managing stress through downtime and reflection is critical for high performance in this situation – yet is a challenge to achieve



'You need to go home, take a long relaxing bath surrounded by aromatic candles and do an hour of yoga; but that's out of the question. How about a five minute smoking break?'

Attention

- Attention creates neural networks
- We pay attention to stimuli that are interesting or meaningful to us
- Forging new networks is energy-intensive and our brains are not designed to remain attentive for long periods of time

Implications for newly appointed executives

- Learning something new requires focused attention
- Multitasking compromises learning and quality outcomes
- Challenge: focus on strategically important tasks and not get too caught up in the tempting “fix it” syndrome
- Rest and regular breaks is critical to embed learning, refocus and strengthen newly-formed connections – but requires discipline in the first few months



"I'm disappointed. If anyone should have seen the red flags, it's you."

The social brain

- We are hard-wired to connect and be social
 - our need to fit in is a primal instinct
 - social connection is a strong motivator
- In-group/out-group
- Negativity bias

Cyberball – the pain of rejection



Player 1



Player 3



Player 2

Implications for newly appointed executives

- Being new to a job/organisation makes us highly sensitive to rejection
- The need to connect positively to critical networks/stakeholders is critical for acceptance in the “tribe”
- Social pain can be relieved and minimised by
 - Talking about it to an external advisor
 - Identifying your supporters (connect with them), detractors and fence-sitters
 - Organisational language
- Address the automatic negativity bias of others
 - Positive experiences with you
 - Be appreciative, open to the views of others
 - Recognise and acknowledge strengths in others

How successful leaders have navigated their early days in the job

Sideways To
The Top 10
Stories Of
Successful
Women That
Will Change
Your Thinking
About Careers
Forever *Norah
Breekveldt*

Janine Allis Founder, Boost Juice
Farah Farouque Senior Advisor,
Brotherhood of St Laurence
Jane Fenton Founder, Fenton
Communications *Theresa*
Gattung Former CEO,
Telecom NZ *Annwyn Godwin*
Merit Protection Commissioner
Terri Janke Indigenous Arts
Lawyer *Katie Lahey* Managing
Director, Australasia, Korn/Ferry
Sarah Rey & Mary-Jane
Ierodionou Founders, Justitia
Lawyers *Ann Sherry* CEO,
Carnival Australia *Naomi*
Simson Founder, RedBalloon

‘The subtlety and depth of the discussion about women and work in Australia has transformed in recent times and Norah Breekveldt’s book reflects this: it is layered with practical advice, solid research and a rich and nuanced analysis of how a range of women have negotiated extraordinary lives and careers. A welcome addition indeed!’

Catherine Fox

Journalist, commentator on gender in the workplace, and former *Corporate Women* columnist



Having someone with whom you can be completely frank and open is essential.

Katie Lahey,
MD, Australasia, Korn Ferry



On joining Westpac, in order to win over decision-makers she had to change her language from government-speak (fairness, equity) to finance-speak (present the numbers).

Ann Sherry, AO
CEO, Carnival Australia



I was smart about how to get in, but it took me
some years to learn to navigate the rules of the
workplace.

Farah Farouque,
Policy Advisor, Brotherhood of St Lawrence





On commencing at the ASX, she was “discovered by an old, wise head gentleman, Ron”, who took her under his wing.

Annwyn Goodwin,
A/Public Service Commissioner



On joining PwC – knew she could be passed over for partnership by more well-known senior associates, so she met with the partners to explain her auditing business to them. “Didn’t wait to be asked to be let in, she knocked down the door”.

Catherine Nance,
Partner, PwC



Success in career terms means being able to meet the firm's goals while remaining true to your own values.

Sarah Rey & Mary-Jane Ierodiconou,
Founders, Justitia Lawyers

How HR / leaders can support new executives

Internal support

- Recognise the impact of culture, environment and leadership style on success or derailment of new leaders
- Clarify expectations, goals and KPIs and ensure feedback systems are in place
- Prioritise investment in on-boarding for at least the first 6 months

External investment

- Provide an objective, confidential and experienced advisor to new executives to:
 - Help prioritise and strategise, and not get caught in an operational mindset
 - Provide expert advice and guidance on specific challenges
 - Air, explore and manage failures or vulnerabilities
 - Enhance confident decision-making
 - Enable them to safely test ideas and discuss concerns
 - Provide a time for reflection
 - Help develop emotional regulation strategies

How new executives can integrate quickly

Intellectual and practical

- Understand expectations, challenges and organisational context
- Develop and share a clear vision early on
- Create a network of critical relationships
- Avoid squeaky wheel – be strategic and identify critical experiences and decisions
- Be decisive about people and teams

The right mindset

- Ask for help and be appreciative of help given. Give back whenever you can.
- Be open to learning from others – you are not the expert in everything
- Develop resilience – learn and recover from failures and setbacks
- Make time for reflection
- Use a trusted advisor to test your ideas, challenge your assumptions and guide your decisions.

Conclusion. Jack could have been a highly successful leader if he...

- Recognised that the risk of his derailment is real risk for him, despite his success to date
- Had understood the impact of stress on his decision-making quality
- Had recognised how to reach and stay at his peak performance level
- Recognised the value of having a confidential, external advisor to help him:
 - Become organisationally savvy and recognize who to get on board quickly
 - Successfully navigate the new culture and environment
 - Avoid making snap decisions based on poor judgment
 - Get the right team on board
 - Help prioritise the urgent from the important
 - Develop strategies to proactively manage stress

Questions?

Further reading

- *Executive Integration, Equipping Transitional Leaders for Success*, D. Riddle, Centre for Creative Leadership (CCL)
- *Leaders in Transition, Integration Efforts Fall Short and Challenges Run Deep*, Egon Zendher, 2013
- *Right From the Start*, D. Ciampa and M. Watkins, Harvard Business School Press, 1999
- *Top Grading*, Brad Smart
- *Watkins, M., The First 90 Days*, Harvard Business School Press, 2003
- *Derailed! What Smart Executives do to Stay on Track*, Meena Thuraisingham, 2010
- *The Leadership Machine*, M. Lombardo, & R. Eichinger, 2002