HEIDRICK & STRUGGLES

enter the outsider: the dangers of bringing in new leaders

By Charles Moore

Recently a major corporation hired a new CEO for the Asia Pacific. Hailing from China, she would oversee a business with offices across the region that employs thousands and generates revenues in the region of 1 billion US dollars. Several internal candidates had been exhaustively interviewed for the role, but corporate leadership in Europe decided to bring in an outsider.

Problems soon emerged. The direct reports of the new CEO started communicating directly with the firm’s European headquarters, which had failed to realize the resentment her appointment had created internally. For her part, the new CEO also failed to see this resentment, and pushed through some major changes without the buy-in of her team.

To reverse the deteriorating situation, global management appointed a disinterested third party to facilitate a regional management meeting, obtained 360 degree feedback on the new CEO, and provided ongoing coaching support for her. This process has highlighted her key leadership challenges, and set the framework for an easier transition into the company.

While this story is not from the life sciences sector, it offers a cautionary tale for life sciences firms as they hire more people outside the sector, particularly in functional areas such as marketing, logistics, human resources, and finance. Hiring a top marketer from a fast moving consumer goods firm, or a mergers expert from Wall Street, is only the start of the journey. The rounds of interviews a new hire goes through only hint at a company's culture. Newcomers often have little inkling of what to expect when they arrive for work on their first day, and assimilating into a new firm and a new industry is extremely challenging.

"You buy skills that you don't have," says Steele Alphin, Chief Administrative Officer for Bank of America. "You recruit people who give you a competitive advantage because of the skills they have, and the people who have these skills might not be in your industry, in fact, often they are outside your industry, and that alone can be a competitive advantage, given how quickly the competitive landscape can change these days."

Sadly, many companies – and life sciences firms are by no means unique in this – have a dismal record at welcoming newcomers aboard. Often, a new executive arrives on day one to find a second-hand computer that does not work, no email access, and an office full of in-the-dark colleagues.

Sadly, many companies – and life sciences firms are by no means unique in this – have a dismal record at welcoming newcomers aboard. Often, a new executive arrives on day one to find a second-hand computer that does not work, no email access, and an office full of in-the-dark colleagues. On a deeper level, they are set adrift in a strange new corporate culture, and colleagues may resent that they were overlooked for the role.

Off You Go...Good Luck!

"Many companies spend so much effort hiring experienced and talented people, then drop the ball once the new hires are on board," says Professor Jeffrey Pfeffer of the Stanford University Graduate School of Business. "You need to help people understand how they are supposed to work in the organization and what the expectations are so that they are constructive to the culture."

Aside from getting the small things right, senior managers must announce the newcomer's arrival well before he steps through the door, providing everyone in the organization enough information to come and introduce themselves. Some companies designate a coordinator responsible for introductions and training on systems ranging from telephones to the computer network – things many would hesitate to ask the executive in the next office. Going a step further, it is essential to arrange a slate of meetings with the people with whom the newcomer will have the most interaction.

where the newcomer can interact with his colleagues. This should not be left to personal initiative: high workloads, frequent travel and demands at home have greatly reduced the time available for long lunches and after-hours drinks. The managing director or CEO must make it a point to schedule regular social outings for top team members and their partners. Such meetings can build a sense of community, and provide a way for the newcomer to develop closer personal and professional relationships within the company.

Two-way communication is also essential. From early on a new executive, who is placed in a comfortable environment, needs the opportunity to discuss his experiences and challenges in the new firm.

"We realize that an underlying part of leadership development is ongoing communication and dialog among senior managers," says Kenneth Lewis, Chairman, President, and Chief Executive Officer of Bank of America. "We meet on a quarterly basis as a group to identify specific needs at various levels, to talk about success stories and failures, and to talk about the process of change where change is necessary."

HR's Role

Human resources must play a major role in integrating new executives during the early months, and also providing the foundation for a long-term career. Coaching and mentoring programs can help those new to the industry become familiar with

To succeed at on-boarding new talent, life sciences firms must step back and consider every aspect of what it is to be a newcomer.

the unique aspects of the sector – particularly those that pertain to science. As part of the induction phase, it can also be useful to give the newcomer a period at corporate headquarters of 6 months to 1 year. This will give him the chance to acquaint himself with the corporate context in which he will be operating.

As life sciences firms increasingly rely on talent from beyond the sector, they cannot afford to take a 'sink or swim' attitude toward newcomers. The processes and practices of the pharmaceutical sector are unique, though long-term life sciences executives may well take such things for granted. To succeed at on-boarding new talent, life sciences firms must step back and consider every aspect of what it is to be a newcomer.

Charles Moore is a Regional Practice Managing Partner for the Asia Pacific Life Sciences Practice. Based in Singapore, he can be reached at +65 6332 5001 or cmoore@heidrick.com.