

## Taking Off in a New Role: Reflections From Top Management

*“One learns to be a good manager by working with good managers.”*

The purpose of this technical note is to explore some of the initial actions that should be taken when starting out in a top management position through the experience of the president and CEO of a global U.S. financial services company – one of the 30 most prestigious companies in the United States – and three other senior executives from different sectors. It also addresses the competencies and characteristics that define an effective leader and the management of the criteria that will help stave off foreseeable errors.<sup>1</sup>

The initial adaptation period is ideally between three and six months. Generally speaking, the mistakes made are often due primarily to a lack of personal maturity, not enough information or improper handling of the situation. However, their consequences can color the entire tenure, and thus the fate, of the executive.

### Interview With the President and CEO of a Financial Services Company

#### *What should be done over the first few months?*

Some people believe that you have to do something grandiose with the role. I don't believe that you can know in the first 90 days whether a new CEO is “clearly a business genius” or that he or she is going to “revolutionize the company.” These early days are a crucial period for learning, gathering information, meeting people, and identifying new responsibilities and risks; it is a time for the orderly yet decisive abandonment of former processes, etc. This does not apply as much to someone coming in from the same sector or even from within the same company. Appointing someone to do exactly the same thing as his or her predecessor does not seem to make much sense.

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<sup>1</sup> Exhibit 1 provides a questionnaire that will help you prepare for a new top management position, and Exhibit 2 contains a matrix for implementing actions for change.

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Last edited: 11/27/15



It is easy to make some major mistakes. When new people come into an organization, those around them, either subordinates or colleagues, watch what they do and how they react: “Who is this guy?” or “Let’s see what this one’s like!” The first thing you run into is expectations.

Some companies have a corporate culture that limits decision making and the implementation of actions. What’s more, they tend to have high employee turnover and to create dynamics like keeping up a certain pace in promotions. There must be a cultural match between the person and the company. There are unwritten rules that are respected; for example, not holding meetings at 7 p.m. If these rules are broken, there has to be a good reason.

In my company, we can identify two kinds of successful executives: those who fulfill the requirements of the job very competently and those who transform the business in profound ways. Those who do their job very well – who contribute to the bottom line day after day – are essential in an organization. Striving only to contribute to the bottom line for 2020 can create serious problems. The stock market is there to judge us every quarter. You have to earn 4% more, for example, but you also have to sell the idea that the current income capacity will bring about a transformation in 2016, 2017 and 2018.

*What is the key set of competencies needed to gain a top management position? Between producing and transforming, which do decision makers focus on more?*

A major transformational component is needed in a top management position. At this stage, you have already proven that you have the other component (producing); if not, you wouldn’t be there.

Drawing up profit and loss statements and achieving the company’s goals is a necessary condition for you to be effective in the new role; if the base business has not been developed, it will be hard to transform the future business. But somebody has to have the vision. You have to think about the business dynamic, the future competitive strategy, how technology may affect it, the regulatory issues, etc. This is all too complex to be fully absorbed in just 90 or 180 days. If it is an internal promotion, and therefore the person is familiar with the company, the most logical thing is for the candidate to be asked before the appointment about his or her vision for the business. If the vision is “I’m going to keep doing the same thing,” I don’t think there is much of a chance.

Every organization needs a group of people who are responsible for taking care of the clients and the profit and loss statement in the short term. If the finances are not organized in the short term, forget about having them organized in the long term.

### *So were the people who chose you producers or transformers?*

At a certain level in organizations, there are more transformers than producers.

### *What do you do with outstanding producers?*

You take care of them, you keep them happy and you pay them very well. You let them see that they are not transformers; it's something that happens gradually. There is a moment in which you have a clear vision of where you want to take an organization and how it is going to transform, and this can take several years.

When appointing someone to a top management position in an organization, you have to veer more towards the visionary transformer than towards the producer. The worst thing an organization can do is deceive itself, because reality ends up rearing its head sooner or later. In my company, when we believe that someone is not going to be promoted, we tell them and we compensate them for all the value they have created and continue to create in the company, but we tell them honestly that they might not be promoted. False expectations work against the company and against those who sow them.

### *Why do you think you were appointed to the position you hold today?*

I believe I was appointed because I had worked well in my previous positions and because I had the right vision for transforming the company at the right time. A lot of people might think that they should have been promoted sooner. I possibly could have been promoted a few years earlier, but I was patient and I waited and, ultimately, you learn that what was meant to happen will happen, and it did. Someone once told me that all business decisions are somehow interrelated with an HR decision. "The human resources component setting the stage for each business decision must be identified."

### *And what kept you going?*

Knowing that the Lord's designs are infinite. I was offered another job – I travelled the world with other corporate responsibilities – and I told myself: "Surely there will be another opportunity." And there was. My wife now says: "If you had been appointed eight years earlier, somebody in your team might have said by now, 'Look, you've been here eight years. Maybe it's time to move on.'"

Some people decisions involve considering specific situations. Why did I wait? Because I was very comfortable; the company had always treated me well and that is key at critical times like those were. Lots of things happen to you in your business life, just like in your personal life. There are good times and there are bad times. And that's not even including when you work in different cultures. I have learned how to take setbacks with equanimity and keep my head during low points, and time has more than rewarded me for my efforts.