



Global Leadership Forecast Series

Leadership Transitions Report 2021

Leaders on the Brink

High stress. Feeling lost. Making it up as they go. And in the worst cases, quitting.

The moment a leader steps into a new role, the ground can slip out from under them. Even when they wanted the promotion, newly placed leaders may spend months (or longer) trying to get their footing.

It's normal to expect some growing pains. But the danger is when the effects spread to their teams, impacting morale, productivity, and turnover. And of course, there's the risk of having to replace a leader if the stress causes them to quit.

But here's the catch: You may not know how much leaders are struggling. Wanting to make a good impression, they may push through difficulty with a smile, hoping no one notices how they're falling behind.

So how do you know what rocky transitions cost your organization? And what can you do to make them more successful?

In this special report from the *Global Leadership Forecast series*, we examined responses from 15,787 leaders and 2,102 human resource executives around the world to answer key questions about leadership transitions.

We defined transitions as an official role change that brought leaders into their current role, such as a transition to a first manager role or up to an executive job. We did not include more informal transitions, such as adding another team to their current role or changing location.

The findings can help you support your leaders in getting up to speed faster, more effectively, and with less stress on them and their teams. The end result? Better business results across the board.

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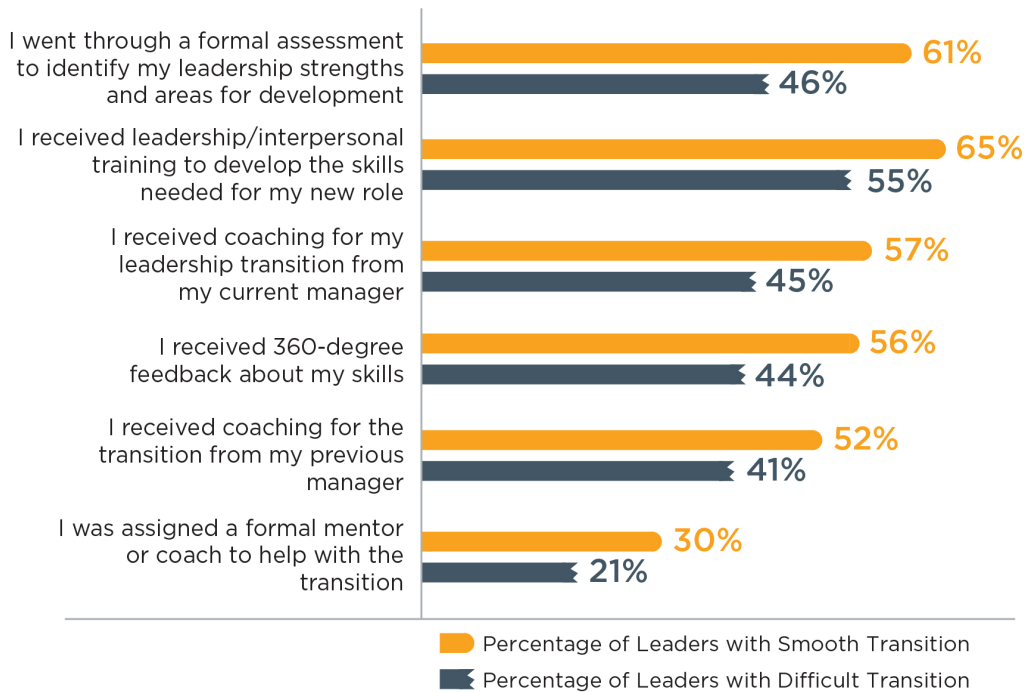
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What Separates Smooth and Rocky Transitions

Programs that Facilitate Successful Transitions

How Organizational Support Impacts Transitions



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Among all the things organizations can do to support successful leadership transitions, formal assessment stands out as the biggest differentiator. Among leaders who indicated they had a smooth transition, 61% had gone through a formal assessment, compared to 46% of leaders with difficult transitions. This step is key in helping leaders deepen their self-awareness of their strengths and gaps.

But quality matters. When leaders receive high-quality assessment as part of their transition, they are 50% more likely to have a smooth transition than those who do not receive a high-quality assessment.

The same quality standards hold across other types of transition support. For example, 55% of leaders with a difficult transition said they got leadership training. But when we dug further into the data, only 14% said it was high quality. In comparison, 30% of leaders with smooth transitions said their development was high quality.

In short, it's not enough to simply do one or two things. There are many points of impact that affect a leadership transition. And whatever you choose to do, do it well.

*In our study, we defined **quality** based on leaders' perception of their experience. But in our experience, **high-quality assessments** should:*

- 1) be competency-based*
- 2) offer an objective view of strengths and development areas*
- 3) pinpoint the exact behavior within the competency that a leader needs to focus on within a competency*
- 4) give insights about readiness for future roles, and*
- 5) provide resources to support development post-assessment*



Where to focus ↓

Help Leaders Demystify Success

Beyond assessment, the factors that most influence whether leaders felt overwhelmed or were set up for success in their transitions largely depended on their promotion level.

For first-level leaders, receiving structured development for their new role was most important. For mid-level leaders through C-suite, it was far more critical to have targeted feedback and coaching.

Although few leaders (25% overall) received a formal mentor or coach to aid their transitions, this was a big differentiator at higher levels, easing executive transitions. Importantly, this person was not their manager, which may help them develop broader perspective.

In addition to providing support through formal programs, organizations can help leaders have smoother transitions by demystifying what it means to succeed at the next level.

Of leaders who had smooth transitions, 81% said their organizations set clear expectations for their performance. Of those with extremely difficult transitions, only 61% of leaders said the same. Leaders want to know what success looks like in their role. It's not just about metrics they are responsible for, but the skills and behaviors they will be judged on.

81%

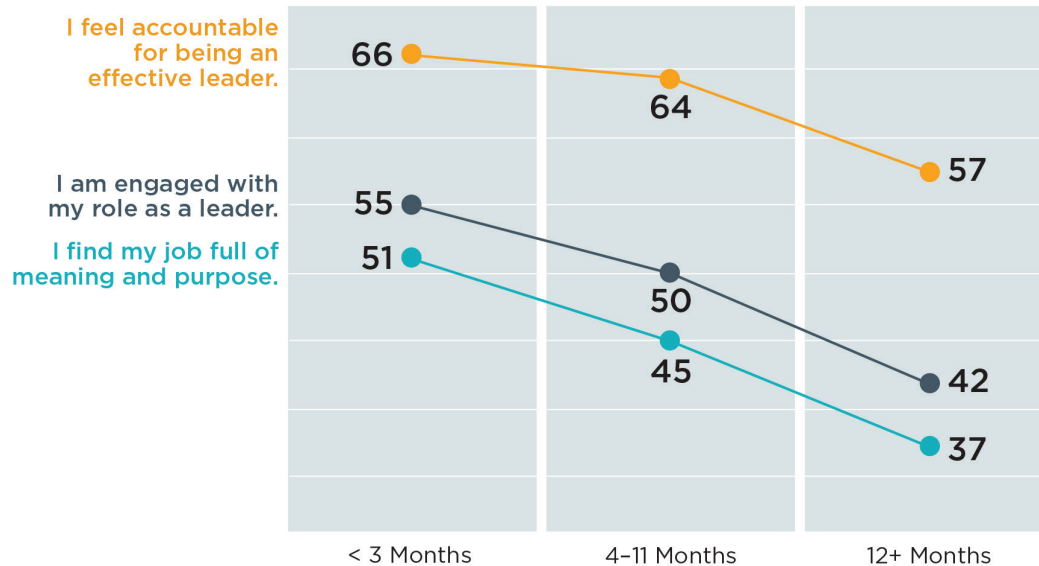
of leaders
who had smooth
transitions felt they
had clear performance
expectations



The Urgency of Successful Transitions

How Transition Time Impacts Leader Engagement

The Cost of Long Transitions



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The longer it takes leaders to transition, the less engaged they are in their roles. Worse, they feel less accountable for being a good leader for their team and find their work to have less meaning and purpose.

What do we mean by a long transition? On average, leaders estimated it took them about three months to get up to speed. But some took up to a year or even longer.

While some long transitions can be chalked up to taking on a highly complex role, the data shows that something deeper is going on. If organizations don't support leaders right away in their transitions, they risk having disengaged leaders.

The risk stretches beyond the leaders themselves. As a leader's attitude is often reflected in their teams, a single disengaged leader has a compounding effect throughout the organization.

3 months



is the average time for leaders to get up to speed after transition



Where to focus ↓

3 Key Factors to Accelerate Speed

To accelerate leadership transitions, you can't leave their success to chance. Specifically, we found three key factors that set leaders up for success:

1. Undergoing quality assessment to identify strengths and opportunity areas.
2. Receiving coaching from leaders on transition.
3. Having clear/realistic expectations for performance.

While these aren't revolutionary concepts, many organizations don't think enough about these three simple solutions.

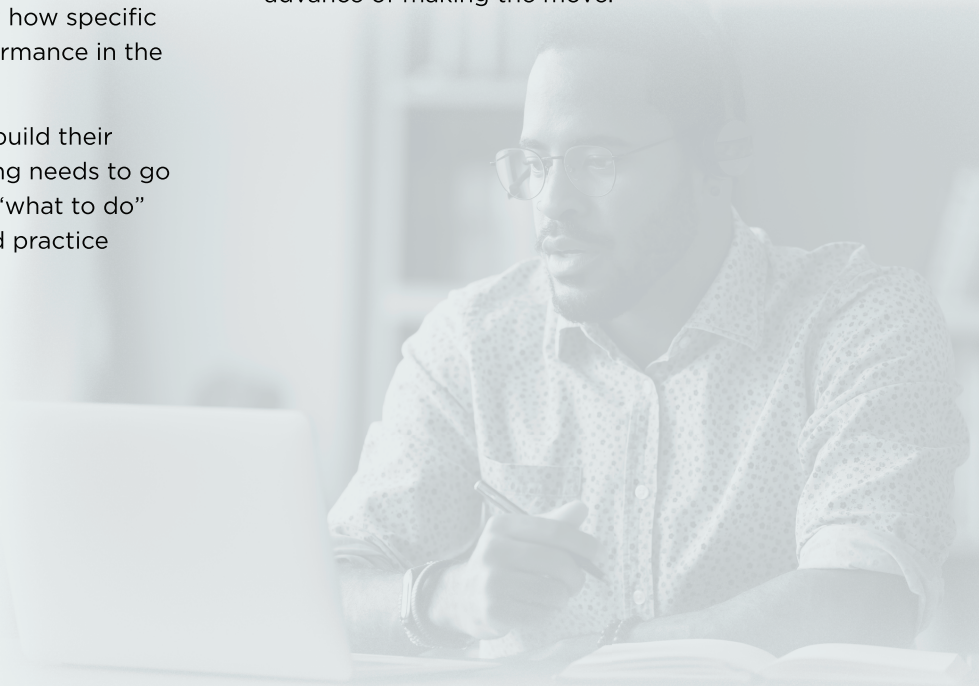
First, leaders need to understand where they have natural strengths and gaps. A high-quality, objective assessment can help them see that, and it may be different than their own self-perception. That way, they know how specific training is relevant to their performance in the new role.

Second, they need coaching to build their skills for their new roles. Coaching needs to go beyond the theoretical ideas of "what to do" and instead, help them build and practice their skills.

And finally, having clear and realistic expectations for performance will help leaders to assimilate quicker in their new roles since they may be more clear on what they are getting into. They also may be able to prepare better for their new roles if they know what to expect.

When leaders receive assessments, coaching, and clear expectations as part of their transition plans, they feel up to speed in their new roles about a month and a half quicker than those who do not experience these things.

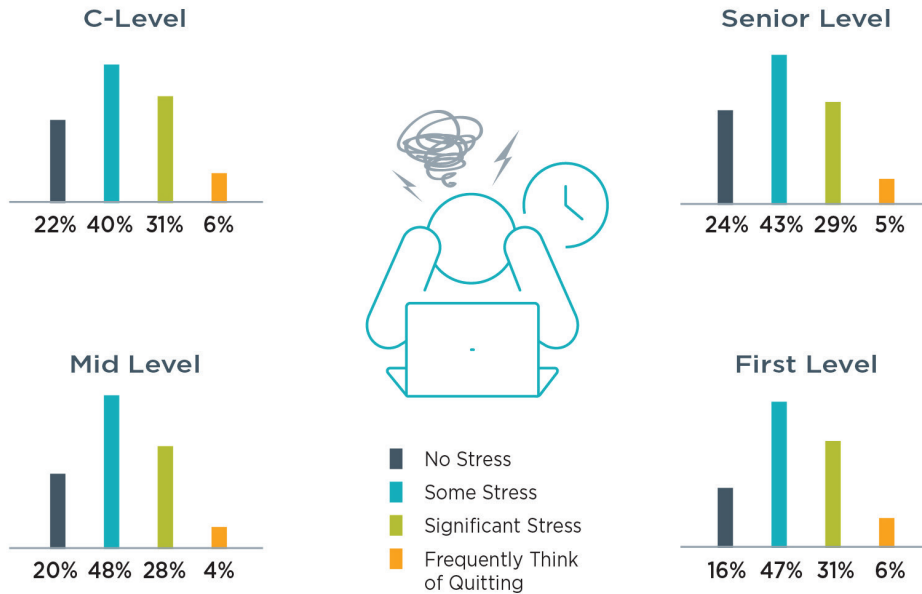
Having an established process that includes assessment and coaching to help transitioning leaders develop may help speed up transitions. This may also provide leaders with more realistic expectations of the transition itself in advance of making the move.



Why Stress Levels Matter

Stress in Transition Has Long-Term Consequences

Transitioning Leaders Encounter Stress at All Levels



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It's no big surprise that a new leadership job is stressful. But how stressful makes a big difference.

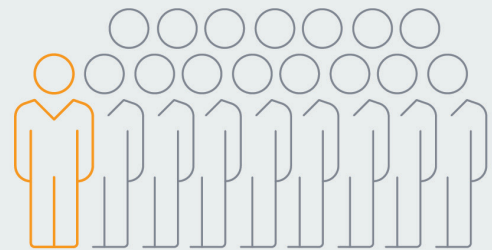
More than one-third (34%) of leaders, regardless of level, described their transition as overwhelming or very stressful, and at least 5% thought of quitting.

A stressful transition also sends leaders hurtling toward burnout, even if they transitioned to their role a long time ago. Among leaders who had a highly stressful transitions, 37% said they feel used up each day, compared to only 11% of their peers with low-stress transitions.

The stress also plays a major role in their overall effectiveness, or at least, their self-confidence in their effectiveness. Almost half (45%) of leaders who had stressful transitions rated themselves as average or below average leaders compared to their peers. Meanwhile, only 16% of leaders with low-stress transitions rated themselves so low.

The lesson is not to assume that high stress in a transition is normal. If leaders don't get the support they need, they may struggle to ever recover.

1-in-16



C-level executives said their transitions were so stressful they often thought of quitting



Where to FOCUS ↓

Diffuse Leader Stress in Transitions

Across all leadership levels, the level of support leaders received in their transition had a major impact on their reported stress levels.

Organizations can do many things to diffuse some of the stress leaders encounter during their transitions. In order of impact, here's what leaders need to diffuse stress:

1. **A clear picture of success.** Leaders need to know what success looks like the moment they get in the role. And their leaders should help them set realistic short-term goals that will get them on the right path.
2. **Objective data on their skill gaps.** In our sister report in this series, *Global Leadership Forecast 2021*, leaders told us that formal assessment is one of the top things they crave more of. This objective data may confirm their own belief about where they do well or struggle, giving them confidence in their direction. Or it may be a serious wake-up call about where they need to focus.
3. **A sense of how others perceive them.** Specifically, they get this insight from 360-degree feedback. But note that a 360 shouldn't be performed immediately when they get into a role. Leaders haven't had time yet to demonstrate their skills at this higher level. But it is a very effective way to check in on how they're doing after six months or a year on the job.
4. **A systematic process to identify quantity/quality of leadership required to drive business success.** This might be surprising, given that it's not something leaders receive directly. However, the data showed that when the organization has a systematic process to predict how many leaders they

need and the skill sets required to drive the business forward, leaders are more likely to be prepared for their roles. And that's key in reducing their stress.

5. **Leadership training to develop skills needed for the new role.** This one isn't a surprise. It's obvious leaders want help learning the new skills required for their job. But what's important here is timing. Often, organizations wait too long to start developing people in a new role, possibly because they are waiting to have a full cohort for a program or only offer certain programs (i.e., new leader onboarding) sporadically. While the *Global Leadership Forecast 2021* showed that leaders preferred to learn in groups as part of a formal program, self-driven learning can help them in the immediate transition if a cohort isn't available yet. Ideally, however, self-driven and group learning should be based on the same content and approach for consistency.

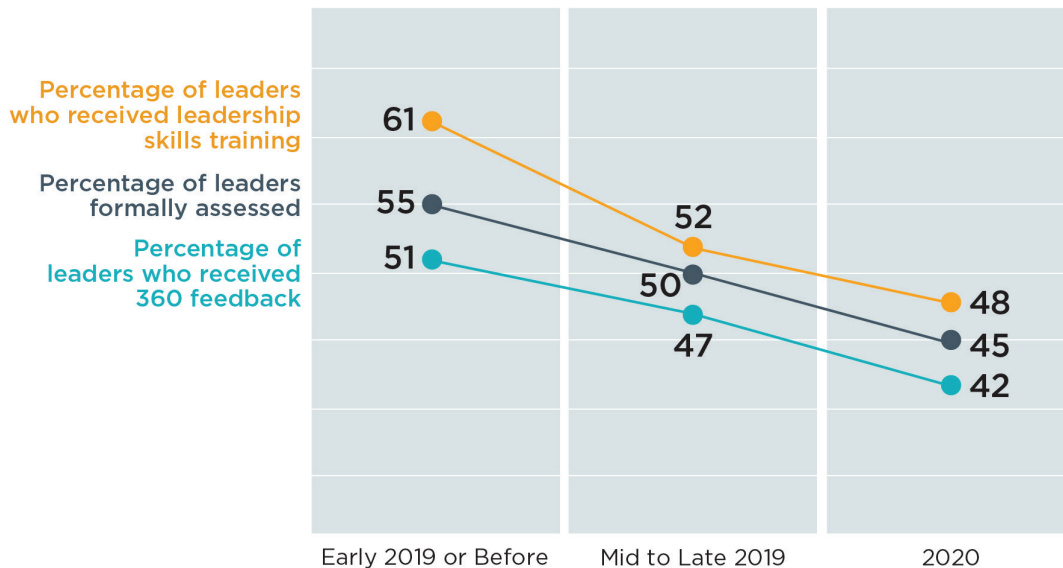
Organizations have opportunities to mitigate some stress by ensuring transitioning leaders of all levels understand performance expectations and receive objective development opportunities.



The Risk of a Lost Generation

Pandemic Transitions Leave Leaders Behind

Transition Support Lacking During Crisis



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The global pandemic may have created a “lost generation” of leaders. As nearly every company had to radically change its operations during the pandemic, it’s no big surprise that many put their leadership development programs on hold.

As we collected data before and during the pandemic, we saw a big drop in the support that leaders got during their transitions. Notably, they received less feedback, less training, and less assessment.

As noted in previous sections, a highly stressful transition, with little support, can have long-term negative consequences on leaders’ effectiveness. And it can create some negative habits that can be hard to break later.

Companies should ensure that they aren’t leaving leaders behind who transitioned during the pandemic. These leaders need the same support their peers had prior to the pandemic to build their strength and skill for long-term success.



Where to focus ↓

Set Up Leaders for a Strong Recovery

As we look ahead past the pandemic, the temptation may be for companies to only focus on moving forward. But it's critical to revisit these leaders who stepped into new roles during the pandemic.

First, we recommend ensuring that no one slipped through the cracks in terms of the normal things they should have received.

For example, did they receive the same assessments, training, and feedback as other leaders who were promoted prior to the pandemic? If not, they should receive those things now to help diffuse stress and set leaders up for success in their new roles.

In addition, consider some of the skills that your new leaders will need. Specifically, we found that leaders who transitioned within a year of the pandemic were least confident in the following five skills:

1. Navigating organizational politics
2. Making the right hiring decisions
3. Helping team members avoid burnout
4. Gaining stakeholder support
5. Coaching an employee with a performance problem

Giving new leaders this confidence to succeed in these key areas may play a critical role in retaining them. We found that about 11% of leaders who transitioned right before or during the pandemic said that their likelihood of leaving the organization had increased, despite their new promotions. And they intend to do so within the next year.

Organizations should consider returning their attention to leaders whose development may have been overlooked during the pandemic. If not addressed soon, key development gaps may continue to grow.

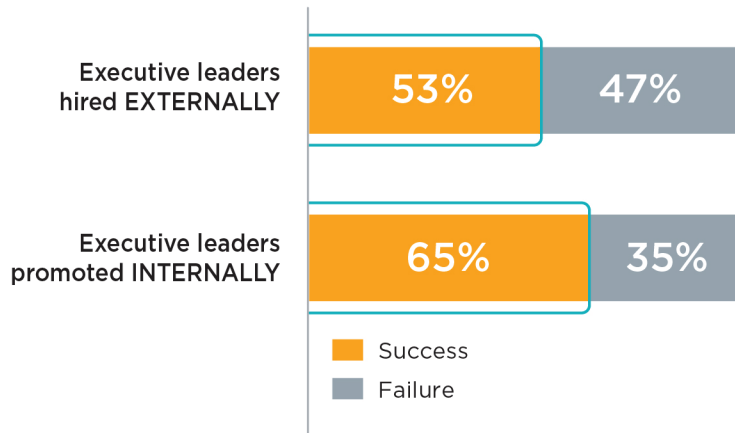
11% of leaders who transitioned right before or during the pandemic said that their likelihood of leaving the organization had increased, despite their new promotions



Boosting Executive Success

Internal Hires Succeed More Often

Executives Hired Internally Succeed More Often



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Executive placements are the highest-stakes leadership decisions organizations have to make.

But rates of executive failure remain surprisingly high.

According to HR leaders from more than 1,700 companies, nearly half (47%) of all external executive hires are considered failures and 35% of internal executive hires are considered failures. Based on the average success rates, hiring internally helps boost chances of success by 25%.

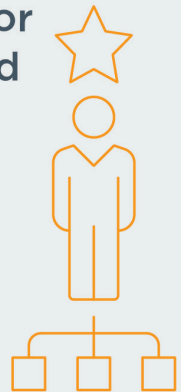
There's good reason that internal hires are more often successful. For one, there's better information readily available to evaluate internal hires, including past performance. Internal hires can also be developed earlier in the skills they need to succeed in more senior roles.

By contrast, external hires may lack cultural awareness, and struggle more with navigating politics and new dynamics. Managers at all levels experience difficulty building new, supportive networks, which is an additional challenge for external hires. That's why it's crucial to have a robust selection process to vet and hire external candidates.

Success rates for executives hired internally are

25%

higher than external hires





Where to FOCUS ↓

Provide the Right Support for Executive Transitions

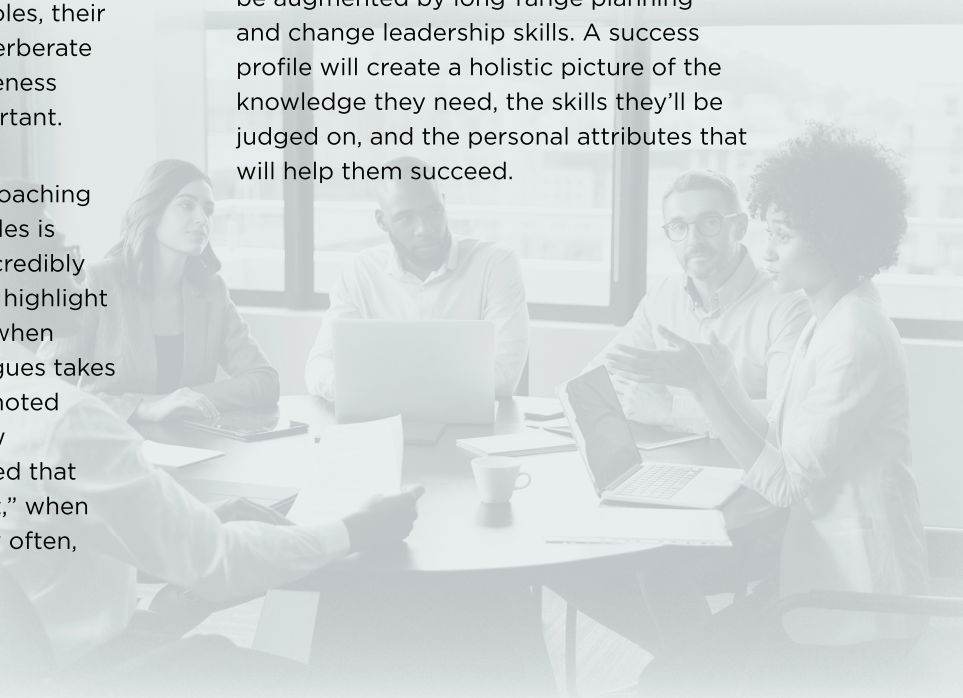
Many companies are forced to hire external executives because they have failed to prepare internal candidates for the next role. And even if the company has internal candidates, there's still a one-in-three chance that they will fail. Given that these are typically the organization's most talented people, the failure rate underscores just how challenging these roles are.

After all, the success of an executive transition starts long before the title change. What makes the biggest difference in transition success is whether leaders are properly identified, assessed, given the right developmental experiences, and onboarded to their new roles.

Based on success rates at more than 1,700 organizations, there are clear differences in the practices and programs that result in better executive outcomes. These four support factors most drive the internal success of executive transitions:

1. **Drive deeper self-awareness through formal assessment.** While this is important at lower levels as well, it's even more critical for executives. As leaders are promoted into senior executive and C-level roles, their personal impact and skill gaps reverberate across the organization. Self-awareness becomes exponentially more important.
2. **Involve their new manager (or predecessor) in coaching them.** Coaching for executives early in their new roles is incredibly important, and sadly, incredibly rare. This may be why our findings highlight how much difference it can make when coaching from experienced colleagues takes place to help new or recently promoted executives find their footing in new assignments. Too often, it's assumed that executives will simply "figure it out," when in fact, the data suggests that very often, they don't.

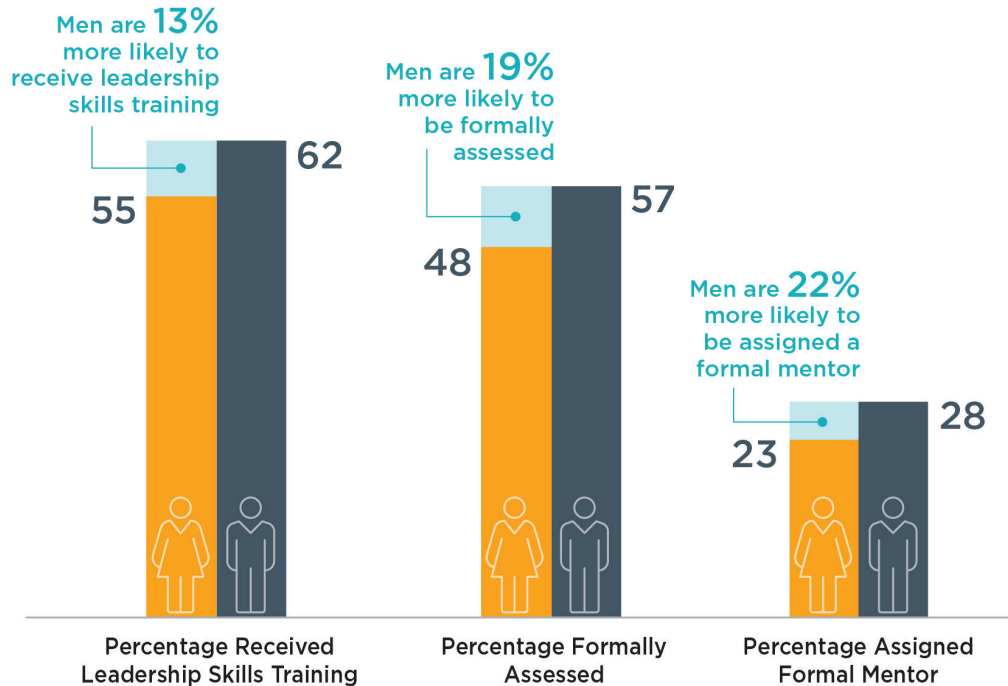
3. **Assign a professional coach or mentor who can help them see the pitfalls ahead.** The leaders who make it to the executive ranks are typically very driven and accustomed to success. So, struggle and the risk of failure may come as unfamiliar surprises. In fact, most executives struggle privately, seeking to find a way to success on their own, while not raising concern among colleagues. For these reasons, outside coaches are highly sought after among executives to help them spot potential pitfalls and provide objective perspective on how they can navigate the most complex challenges.
4. **Create a clear success profile that covers all aspects of what's needed in their role.** At higher levels, executives often rely on the skills that made them successful in the past. But those same skills can derail their success in an executive role. For example, focusing on the details may have made them great operational leaders. But as they edge toward more strategic roles, these execution skills will likely need to be augmented by long-range planning and change leadership skills. A success profile will create a holistic picture of the knowledge they need, the skills they'll be judged on, and the personal attributes that will help them succeed.



The Development Opportunity Gap

Women Are Missing Key Development Support

Women Receive Less Transition Support Than Men



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Organizations are struggling to close the gender gap in leadership. And one of the key areas to focus on is the support women receive in their transitions.

At every level, women received less support in their transition, and reported higher levels of stress. In particular, a larger percentage of men indicated being given clear expectations for success in their roles than women.

We found that the number of promotions leaders receive is directly impacted by key developmental opportunities organizations offer their leaders. These factors, in order of impact, are:

1. Receiving leadership training on skills needed for the new role.
2. Being assigned a formal mentor or coach to help with the transition.
3. Going through a formal assessment to identify leadership strengths and developmental areas.

When breaking out these key factors by gender, we can see that a disproportionately larger percentage of men received support in these areas than women.

Men are **13%** more likely to receive leadership skills training than women



Where to focus ↓

Democratize Development

As our *Diversity & Inclusion Report 2020* showed, women fall off the management ladder long before reaching the top. One important reason that women have failed to advance in management is that they have not had equal access to developmental experiences that would prepare them for higher levels.

Yet, our data shows that women received even less support for transitions than did men. This lack of support may enable what's called the "glass cliff," when women leaders are promoted but not set up for success in their new roles.

To reverse this trend, organizations should audit their leadership development processes with a goal of gender equity at each stage of the leadership pipeline. Ultimately, organizations should measure equity in promotions for men and women, equity in the promotion candidate pool, and the equity in leaders in the executive succession plan. Lack of transparency in these metrics is a likely barrier to women's progress.

One key opportunity is to offer formal assessment for development. High-quality assessments ensure objectivity, which drives out unconscious gender discrimination. Furthermore, it provides opportunities for leaders to understand what areas to develop to lead more effectively in the future.

In addition, 360-degree assessment can help all leaders get the feedback they need to grow and develop. This can help to address any gaps in the feedback loops that women may be missing.

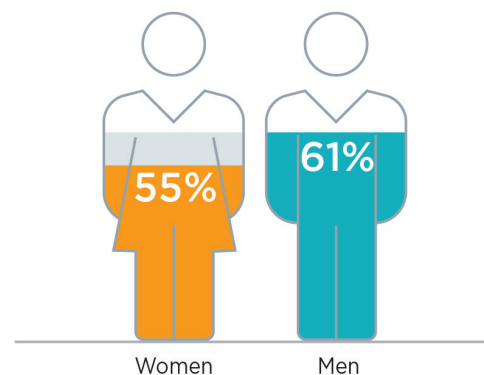
Finally, both men and women feel less stressed about their transitions when they have high-quality, effective development plans in place. But there's a significant difference in the percentage of men and women who indicate

they have strong development plans in place. Only 55% of women said they have strong and up-to-date development plans whereas 61% of men indicated the same.

Organizations can help close this gap by ensuring development targets are tied to business goals, so development takes place in the flow of work. Managers should also meet regularly to review development plans, essentially requiring leaders to complete and act on development.

By taking these steps, organizations will be able to prepare women for successful transitions both before and after they make the leap into their next role. But the key is doing this at every level, to ensure gender equity across the pipeline.

More Men Have Up-to-Date Development Plans Than Women



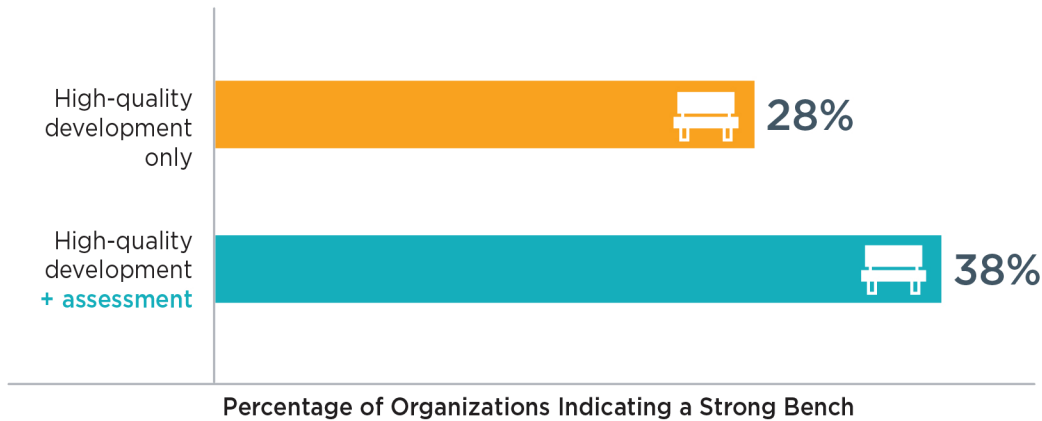
Percentage Saying They Have Strong/Updated Development Plans

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Development + Assessment = Bench Strength

Better Results with Informed Development

Development + Assessment Drives Bench Strength



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Development + Assessment = Bench Strength

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Companies are facing a leadership crisis. According to our *Global Leadership Forecast 2021* research, only 11% of organizations say they have a strong leadership bench.

We examined the transitions and leadership programs at companies around the world to identify which practices have the greatest impact on capability. We found that organizations with high-quality leadership development programs not only have higher-quality leaders, but a significantly stronger bench.

In fact, among organizations where leadership development was nonexistent, none had a strong bench. Meanwhile, 28% of organizations with high-quality development in place did.

Combining assessment with development delivered even higher bench strength. Nearly 40% of organizations with both high-quality development and assessment had a strong bench of leaders ready for critical roles.

These results signal that leadership development is the most important step companies can take to drive executive success and long-term bench strength. However, assessment and feedback also play a critical role in developing a stronger bench.

On average, combining high-quality assessment with any development program **boosts** bench strength by

30%





Where to focus ↓

Inform Development Earlier with Assessment

Many organizations developing and assessing their leaders may be missing opportunities to provide the robust developmental feedback that leaders really need for transition success.

Today, 86% of organizations are using formal leadership development programs, but only 57% say they currently leverage assessment to diagnose leadership strengths and needs for development. Among those using assessment, only 31% are seeing strong results. The remaining 26% say they aren't seeing strong results. Why? It likely has to do with the quality of the assessments.

Based on responses from organizations seeing strong results from formal assessment programs, it's clear that efforts to bolster these programs have paid off. Not only do these organizations have a stronger bench for executive roles, but their leaders also transition 25% faster on average.

This increased transition speed has an impact on leadership readiness for critical roles. The HR executives at these organizations report they can fill 56% of critical leadership roles immediately, compared to 43% at other organizations.

HR executives at organizations with strong formal assessment programs report they can fill



56% of critical leadership roles immediately, compared to

43% at other organizations



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About DDI

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