

Executive Selection, Adjustment, Retention/Derailment

for

WORKTECH ASIA

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The Questions

- **Is executive adjustment/derailment a significant issue, especially in international assignments?**
- **Why do managers and executives who have a successful track record have adjustment challenges or derail on new international assignments?**
- **What are some of the psychological and organizational variables and processes involved?**
- **What can individuals & organizations do to minimize adjustment challenges and derailment, especially around international assignments?**

Is executive adjustment & derailment a significant issue?

- 53 % of organizations are facing talent shortages, most of which are in mid-management and director levels (K. Lamoureux, Bersin & Associates, 2006)
- Intensifying competition for talent and the increasing nature of global competition are the most significant trends effecting companies over the next five years. (M. Gutheridge et al., McKinsey, 2008).
- Mean base rate for management failure = 47%: range from 30% to 67% from 12 published studies. (Hogan et al, in press).
- Nearly 80% of midsize and large companies currently send professionals abroad and 45% plan to increase the number of expatriates (Black & Gregersen, 1999)
- The group of first-time expatriates has enlarged from 55% to 75% (The Global Relocation Trends Survey, 2001 & Shaffer et al, 2006)
- Senior exec derailment costs: between \$750,000 to \$1.5million (DeVries & Kaiser, 2003)
- A fully load senior expatriate package is probably the single largest individual expenditure except for the CEO (Black & Gregersen, 1999)

Is executive adjustment & derailment a significant issue?

- **Unsatisfactory performance**

- 50% of senior new hires fail or leave within the first 18 months. (Jacob Fleming Group, Pharma Talent Management Conference, 2007)
- 10%-20% of U.S. expatriate managers returned early due to job dissatisfaction or maladjustment to a foreign country; 1/3 of those who stayed did not perform up to supervisors' expectations; 1/4 of those who finished assignments left the company (many joined a competitor) within one year after repatriation (a turnover rate double that of domestic managers) (Black & Gregersen, 1999)
- Only 20% of expatriates assigned to China by a multinational firm succeed (Stuttard, 2000).

- **YES! It is a significant issue!**

Help Me Diagnose This Derailment Case

Organizational/Cultural Context

- Global medical equipment company
- Highly professional sales/marketing focus to senior medical professionals and hospital administrators, government medical and regulatory authorities
- Needed new VP Sales for A/P based in Beijing

Individual

- Very successful salesperson with excellent track record in U.S.
- 20+ years with one company, all in home country
- Wife did not like China, returned to the US
- He had affair with airline stewardess
- Major incident over giving a “bear-hug” to the Chinese wife of the head of a major Chinese Ministry.

Outcome

- Company strained a major client relationship;
- Company lost regional momentum & EBITDA for over two years
- Individual given notice; temporarily reassigned in U.S.
- Individual had trouble finding another position.

Help Me Diagnose This Derailment Case

Organizational/Cultural Context

- Multinational, multi business unit energy company
- Penetrate China market in exploration, retailing, chemicals, LNG
- Established China corporation to represent all business units, headquartered in Hong Kong, to give “one-face to China”; created a new position, President for China, without P & L, to coordinate all BU’s and to give one face to China

Individual

- Canadian with extensive international but no Asia experience promoted to be president of the China corporation.
- Experienced operations executive; little external relationship building experience; no matrix organization experience
- Good interpersonal skills but poor influence without authority skills

Outcome

- China business unit heads undercut him
- Failed to establish high level relationships in Beijing & Shanghai
- One year, mutually agreed departure from company

Why do executives experience adjustment & derailment risk in new assignments?

- Long standing flaws matter in a new situation
- Early strengths become weaknesses
- Arrogance
- Fail to continue to learn or adapt to change
- Mismanage relationships with key people
- Fail to take needed actions or to deliver on promises, and do not ask for help
- Narrow or parochial perspective; the way we did it in (home location)
- Appalling lack of people skills
- Lose contact with the rest of the company
- Failure to select & develop strong talent
- Lack of relevant experiences needed in the new situation

See McCall (1998); McCall & Hollenbeck (2002); Mobley, 2004,2006, 2008)

Integration of Derailment Literature

“ In summary, the derailment research is based on a variety of methods and yields consistent findings across time, organizations, organizational levels, national culture, and even gender. The reasons managers fail all concern poor business performance, poor leadership, poor self-control, and especially relationship problems. Moreover, **the failure often occurs following major change and periods of increased stress.**”

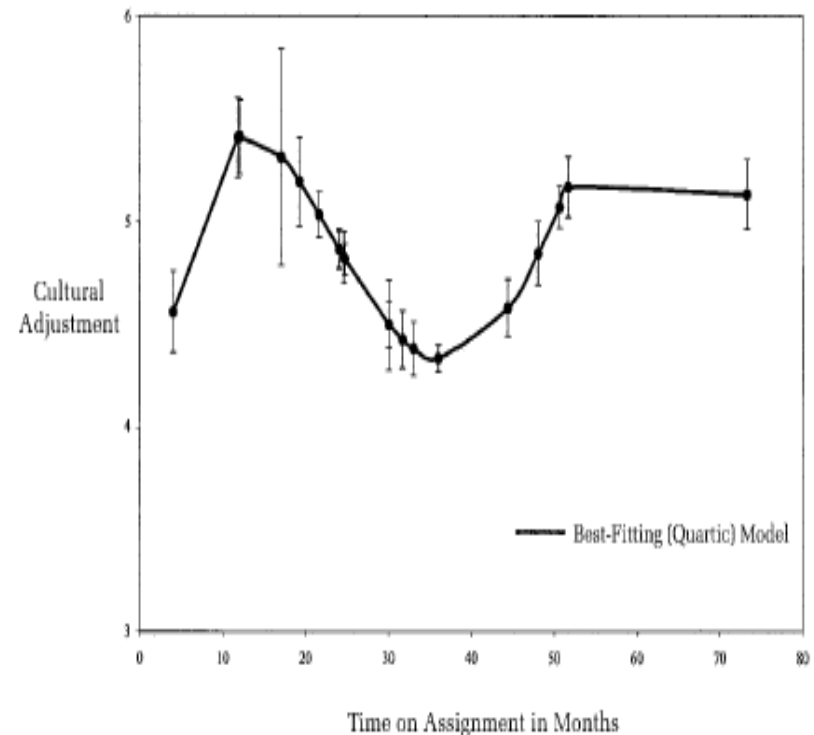
(Hogan, et al, in press, p 9.)

It is More Than “The First 90 Days”

- Adjustment unfolds over time (note variability)

- A U-shaped curve (Bhaskar-shrinivas et al, 2005)
- Honeymoon period ends at around 3-12 months
- Cultural disorientation and adjustment
- Stabilized over four years

The Best-Fitting Model for the U-Curve of Adjustment^a



SUCCESSFUL EXECUTIVE INTEGRATION (RHR International)

Preparation
(<1 mos.)

Honeymoon
(1-3 mos.)

Reality
(4-6 mos.)

Adjustment
(7-12 mos.)

Integration
(12-18+ mos.)

SUCCESS FACTORS

OUTCOMES

RHR

EXECUTIVE

Setting the Stage

Role Clarity

**Profile of Success
(POS)**

Relationships

**Assessment for
Selection/
Development**

**Culture (Corporate
& Societal)**

EXECUTIVE

Role Clarity

Integration Plan

Early Wins

Relationships

EXECUTIVE

Relationships

Development Plan

**Accelerated
Learning**

Culture

Culture

**Credibility
Alignment
Acceptance
Contribution**

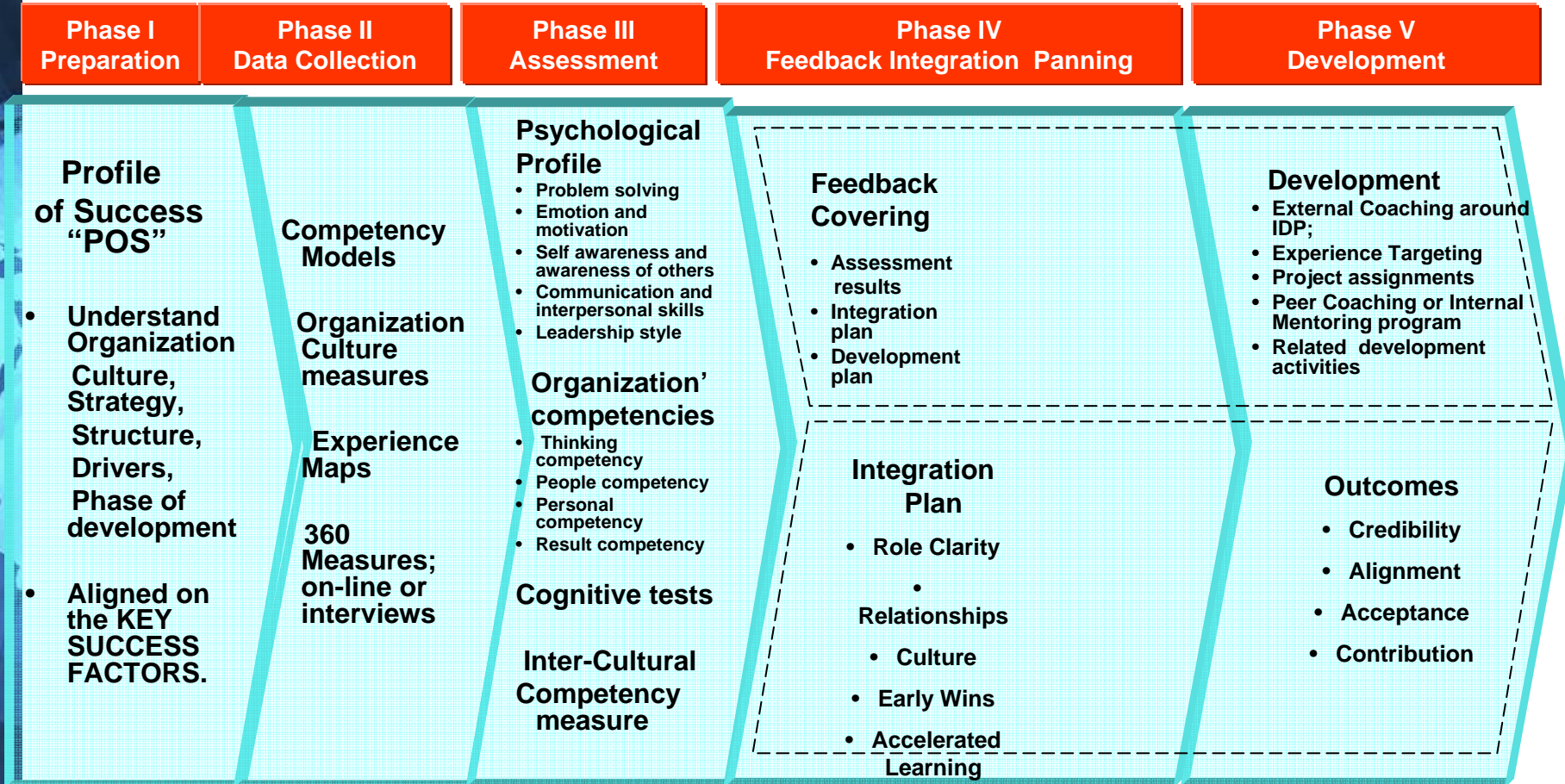
ORGANIZATION

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Successful Executive Selection, Integration and Development: The Road Map



Minimizing Derailment: The Organization

- Do comprehensive success profiling for the target position including; key success factors, experience mapping; strategy mapping; psychological, value & motives & competency mapping; organizational and local culture mapping.
- Do systematic and comprehensive development assessments against the success profile
- Develop and execute a comprehensive Integration Process (RHR, 2007)
- Targeted development planning and execution including:
 - Relevant developmental experiences ahead of assignments and transitions
 - Develop intercultural, relationship & networking competencies
 - Develop virtual/distance teaming and leadership competencies
- Provide mentors/coaches: before, during, and after transitions

Minimizing Derailment: The Individual

(Mobley 2006, 2008)

- Work a regularly updated development plan with 2 or 3 major development objectives
- Seek out experiences to prepare for an international assignment
- Work on intercultural competence
- Manage relationships with key people, internal and external
- Broaden parochial perspectives beyond the way we did it at home; work with ambiguity, duality and paradox
- Continue to explore, learn, experiment and be culturally curious
- Develop & execute a detailed integration plan for the transition
- Transition from being a “doer” to being a “developer”
- Select, develop & retain excellent people to support you
- Network broadly
- Manage work-life balance
- Use mentor/coach: before, during, and after transitions

Thank you for your attention & involvement.

For further conversation, please contact:

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