Pfizer's Prescription for the Risky Business of Executive Transitions

While transitions in leadership and key expert roles can create opportunities for improvement and innovation, they also run a high risk of failure and loss of business-critical knowledge and social capital. At Pfizer, key stakeholders engage in a carefully orchestrated process that harvests know-how critical to the role going forward, transfers it to the successor, and identifies and addresses any remaining knowledge gaps. The approach also provides the successor a transition road map for accelerating learning and capitalizing on strengths while tending to business. © 2005 Carlota Vollhardt

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The average tenure in senior positions in U.S. companies has shortened to a relatively brief 2–3 years, due in part to higher internal and external job mobility, increasing globalization, and the ramp-up in merger and acquisition activity. Add to these the oncoming tidal wave of baby-boomer retirements, and executive transitions promise to become an even larger fact of organizational life.

Changing players in a critical role has long been recognized as an opportunity—and often a necessity—for transforming a function, an organization, or even an entire business. It is also a powerful catalyst for individual development and career growth. But all that upside comes with a large downside. A study by the Center for Creative Leadership, cited in *Fortune* magazine in 1998, found that as many as half of all senior outside hires failed to achieve desired outcomes. In the same article, American Express estimated the exit rate of external hires for senior roles to be three times that of internal hires.[1] In early 2005, Ram Charan reported in *Harvard Business Review* that two out of five new CEOs fail within their first 18 months.[2]

While hiring externally to fill a newly vacated senior role is perhaps the riskiest scenario, an internal successor also faces considerable challenges and an unacceptably high risk of a difficult transition. According to research by Manchester Inc., four out of ten newly promoted managers and executives fail—i.e., are terminated, perform below expectations, or voluntarily resign—within 18 months of starting their new jobs. The highest failure rates were for senior-level executives (39 percent) and executives in sales (30 percent), marketing (25 per-

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cent), and operations (23 percent). The reasons cited for failure include lack of performance, inability to set clear expectations with their boss, failure to successfully integrate with the corporate culture, inability to engage in teamwork with staff and peers, and lack of internal business savvy.[3]

The outcomes of ineffective or failed transitions—suboptimal performance from the new individual, reinventing the wheel with every transition, derailing high-profile careers, and perhaps months (or longer) of floundering by the affected organization—pose real threats to business success. As the number of executive and key expert transitions increases, the ability of a company to reduce the risks and maximize the benefits of transitions can become a competitive advantage.

Know-how has been a key factor in Pfizer's ten-year rise from tenth largest to the biggest global pharmaceutical company.

Efforts to improve the odds in executive transitions have focused on a diagnostic framework and systematic on-boarding process to help successors avoid mistakes and accelerate their learning curve in the new job, thus increasing their chances of success.[4] However, most of these efforts focus heavily on the successor once he or she enters the organization and do not address the systemic nature of the transition.

Valuable tacit knowledge often leaves the organization along with the individual departing a senior executive or expert role, leaving an unrecognized gap in know-how and social capital. The knowledge gap in concert with disruption in the delicate social fabric of internal and external relationships impedes information flow and the quality and speed of decision making in the affected organizational unit. Often subtle at first, the impact becomes noticeable over time when the derailment has reached a scope that degrades key business processes and outcomes.

We developed a process at Pfizer Inc. that explicitly works to prevent the loss of knowledge and social capital in an executive or expert transition and that collaboratively engages the key internal and external stakeholders around the role transition even before a new leader takes charge. The process greatly enhances the probability that the transition will be successful for all parties—the new leader, the organizational unit/function, and the business. The approach, which blends knowledge transfer and change management concepts and practices, has successfully guided more than 60 senior leader and expert transitions at Pfizer at the time of this writing. Easily adapted, it could prove an asset to other organizations, particularly in the cases of difficult and complex—thus high-risk—transitions.

GENESIS OF THE PROCESS

Knowledge is the lifeblood of Pfizer, specifically the know-how to discover, develop, market, and provide access to medicines for human and animal health, which increasingly includes expertise about disease management and preventative health care. Know-how has been a key factor in Pfizer's ten-year rise from tenth largest to the biggest global pharmaceutical company. In 2004 the company had revenues of $52.5 billion and an R&D budget of nearly $8 billion, 115,000 employees on five continents, and products sold in more than 150 countries—including three of the world's five best-selling prescription medicines (Lipitor, Norvasc, and Celebrex). Knowledge will continue to be a major asset as Pfizer, like other pharmaceutical companies, faces daunting challenges posed by a changing health care and regulatory environment worldwide and the difficulty in producing the kinds of blockbuster products that underlie past stellar growth rates.

Although some of this knowledge is codified and embedded in processes and procedures, most of it is tacit and resides in individuals and their networks of professional relationships. Thus in 1999 when Pfizer's R&D Division experienced a growing number of key expert and senior executive retirements, the organization's leaders became concerned about the loss of critical knowledge these departures represented and its potential impact on the quality of decision making in a strategically critical function. The projected wave of impending baby-boomer retirements and rapid organizational growth would likely accelerate this organizational flux in the coming years. With a sense of urgency, Pfizer invested in leadership development and talent management and also set out to find additional ways to retain business-critical know-how.

Taking advantage of the momentum behind these initiatives and the strengths of an entrepreneurial, research-oriented culture, a very small "skunkworks" team of Organization Effectiveness and IT colleagues set out to develop a formal approach for knowledge capture and transfer. Top leaders in the R&D Division actively participated in the team's early experiments, and over time the team, in partnership with its clients, developed and piloted a distinct diagnostic framework and process to identify and retain relevant expert knowledge.

The team soon observed that this framework and process were also highly effective in helping to ease the transition of individuals from outside an organizational unit into an existing position vacated as a result of retirement, promotion, or other personnel change. The process enabled the successors to rapidly develop a deep understanding of what is necessary to successfully contribute in the new context, making it much easier for them to close their own knowledge gaps, build on existing contributions, and leverage their expertise in ways that addressed organizational needs in a culturally appropriate way. The team had discovered that knowledge transfer is a critical factor in successful senior-level transitions at Pfizer.

Furthermore, the nature of the approach was collaborative, following the best principles of a change management intervention. It engaged key stakeholders and partners early on by harvesting their knowledge about the role to be filled and the know-how and practices most relevant going forward, and by creating clarity in their minds about their expectations and the part they could play in aiding the success of the new leader. It became evident that a successful transition could not be accomplished by the new incumbent working alone; it required the active participation of the organization affected by the change in leadership.

Capitalizing on these "discoveries" about the success factors in a transition, we added a suite of tools to the team's basic knowledge-transfer diagnostic framework and evolved an integrated, accelerated leader transition approach grounded in change management and knowledge transfer concepts and practices. The approach was tested in various parts of the organization across the globe, and it has since demonstrated its value in individual and organizational transitions many times over at Pfizer.

The next section of this article provides a brief overview of the steps and key players in the process. Each step is then discussed in detail, along with the change management or knowledge transfer considerations that influenced its design. The focus is primarily on senior leader transitions, although the same process is applied to key expert departures, but with less emphasis on the change management aspects. Two case studies provide good examples of the transition issues and interventions this approach can help address. Finally, I'll share some of the results we saw at Pfizer as well as some guidance for using the approach successfully in your own organization.

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OVERVIEW OF THE APPROACH

Since every transition is a disruption as well as an opportunity for improvement and innovation, the process is designed as a formal change management intervention and balances the need for continuity with the need to facilitate change.

Outline of Process Steps. The process we developed comprises six steps, shown in **Exhibit 1** and summarized below, to orchestrate the critical aspects of a leadership transition:

1. *Contract.* Engage key stakeholders and develop ownership of the process early on in the transition process.
2. *Interview.* Use a tailored method of data collection to obtain information and perceptions on the past business-critical, unique contributions of the role and the departing individual and the factors that will influence success and expectations going forward.
3. *Analyze and Develop Discussion Document.* Apply a diagnostic framework to determine the nature of the gap the incumbent's departure will create; what knowledge, relationships, and other characteristics the new leader must have to execute the role going forward; and possible shortfalls and oppor-

Exhibit 1. The Leadership Transition Approach

tunities. Summarize this information and recommendations in a Discussion Document to guide Step 4.

4. *Transfer Knowledge and Draft Transition Action Plan.* Key stakeholders effectively and rapidly transfer the relevant knowledge identified in Step 3 through guided discussions with the successor. These discussions also surface any further learning needs/gaps and opportunities, which are addressed through an action plan for the successor's first 6–12 months of running the unit/function or business.
5. *Implement.* Undertake the actions developed in Step 4 to close any gaps the departure of the outgoing leader might cause and to address the successor's learning needs while capitalizing on any strengths.
6. *Evaluate.* Through metrics and indicators, follow the successor's progress and evaluate the transition to keep it on course, with additional support if necessary.

Roles and Responsibilities. Although the mix of players can vary depending on the type of position and the unique issues around a transition, in general we actively involve the following individuals in the transition process:

- *Sponsor*: This is most commonly the boss or a key client of the role in which the transition is occurring.
- *Successor*: This is the new leader or expert moving into the role, assuming he/she has already been selected.
- *Predecessor*: The incumbent vacating the role is included in the process if possible, particularly if he or she is moving into another position in the same organization and will work with the new leader, e.g., as the boss or a direct report.
- *Knowledge transfer (KT) consultants*: To guarantee neutrality and confidentiality, the consultants must not be part of the organizational unit/function directly affected by the transition. As KT consultants, we often partnered with an Organizational Effectiveness or Learning and Development specialist—someone closer to the function but still in a consultative role—who could help us navigate the political landscape and could learn the process in order to increase the organization's capability for managing future transitions.
- *Key stakeholders*: These include colleagues, key internal/external partners and clients, direct reports, and other individuals who have closely observed the predecessor "in action" and have a deep understanding of the role's business, environmental, organizational, and relational knowledge requirements and success factors, including the future context. It is critical to also include any individuals who may have no specific past knowledge of the predecessor but, due to organizational or environmental shifts, will influence the success of the new leader.
- *Advisors and other resources*: Since HR generalists manage many aspects of the transition and are key resources to the new leader, they are included as advisors to the process but are not directly responsible for it, in order to avoid conflicts of interest. Often they have the greatest awareness that the approach to complex transitions must be strategically tied to talent planning. The KT consultants can also use various other staff and informal channels to deepen their understanding of the business, organizational, and relational context of the transition.

The process is usually driven by the sponsor and the KT consultants. The intensity of the engagement and focus of attention of the key stakeholders usually shifts from the predecessor to the successor during the process, which the KT consultants must manage with care and respect.

STEP 1. CONTRACT

Since leader transitions are moments of change with great impact on an organization, motivations and relationships can become complicated and on occasion highly politicized, affecting the level of voluntary engagement. Our early knowledge retention pilots frequently got stuck on the transfer end with a lack of interested audience due to missing sponsorship and/or insufficient rigor in identifying the right audience that felt an urgency to learn. This problem is somewhat but not entirely alleviated in clear successions, and so it is necessary to apply all the rules of good change management, including engaging strong sponsorship and clearly contracting for particular outcomes at the outset as well iteratively along the way as the transition evolves.

This initial step defines the objectives for a specific transition and creates engagement and ownership among the primary stakeholders—minimally the sponsor, the predecessor, and the successor if he/she is already selected and available. Through the contracting discussions and follow-up meetings, the knowledge transfer consultants receive a thorough briefing on the specific business and the organization, status of the selection process, etc.

STEP 2. INTERVIEW

David Snowden, a pioneer in the field of knowledge management, eloquently states three basic heuristics of knowledge transfer:

- "Knowledge can only be volunteered; it can't be conscripted."
- "People always know more than they can tell and can tell more than they can write."
- "People only know what they know when they need to know it."[5]

These principles play out in leadership transitions and thus are addressed in the way we engage others in harvesting and transferring the knowledge relevant to the successor.

As Snowden has suggested, leaders and experts who are in a role for a longer period of time "don't know what they know." Their know-how is so deeply engrained that it really becomes tacit in the sense of automatic and impossible to articulate. To have them personally document their know-how by either speaking or writing about it is likely to miss the point. They will tend to provide largely post-hoc explanations driven by "espoused theory" rather than "theory in use," which implicitly guides all practice.[6] Instead, direct observations of key past collaborators who have experienced the individual in action and from different vantage points are a far better source of information about the unique abilities and knowledge the individual has exhibited in successfully filling the role he/she is vacating.

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Therefore we devised a process in which the KT consultants interview the key collaborators and stakeholders to harvest their knowledge in three broad areas:

- Past/Present
  - The current context and nature of the role
  - The predecessor's key and/or unique contributions and key learnings, as well as his/her business-critical knowledge and expertise, personal attributes, and critical internal and external support networks—expert and political—that enabled those contributions
  - The know-how and relational gaps the person's departure will create
  - Recommendations for closing such gaps, e.g., organizational changes, identifying individuals who possess parts of the know-how and/or know the history of key decisions, etc.
- The Future
  - The future context of the role
  - Key future challenges and opportunities for the business, the organizational unit, and the role

- Perceived strengths and gaps in the successor's know-how, experience, and social networks, if already known
- Possible "hard" and "soft" metrics or indicators of the transition's success that can be used in Step 6 to identify progress and the need for any additional action. These indicators usually crystallize the stakeholders' expectations about what they believe the successor must accomplish early in his/her tenure—and how he/she needs to go about it—for the organization to fully function during the transition period and for the transition to be ultimately successful.

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STEP 3. ANALYZE AND DEVELOP DISCUSSION DOCUMENT

To ensure that only the most relevant knowledge is transferred to the new incumbent, we use a diagnostic framework that (1) organizes the "raw data" from the interviews into useful categories for analysis and communication; (2) provides a set of filters, or lenses, for identifying the role's profile and expectations and the knowledge most relevant to it going forward, as well as any areas where the new incumbent has learning needs or requires special support; and (3) identifies critical opportunities for early wins and positive impact.

Diagnostic Framework: Categories of Knowledge. We found that the interview data falls naturally into five key areas of knowledge:

- Relational and Network
- Organizational and Cultural
- Functional and Technical
- Leadership and Management
- Industry and Business

These areas of the key contributions and know-how of an outgoing leader can also be used to identify the gaps he/she might be leaving and a resource network of people within or outside the organization who have similar or a distinct part of that knowledge.

Diagnostic Framework: Relevance Lens. Due to the rapid rate of change in many organizations' business and organizational environment, not all know-how that was uniquely valuable in the past may be relevant for the future success of the business. A "relevance lens" allows us to draw meaningful conclusions about what will affect the future success of the new leader, his/her team, the business, and the organizational unit—and therefore what past practices and know-how should be retained and what aspects of the role need to change going forward. This forms the basis for updated expectations for the role.

The relevance lens is actually three filters applied successively to the information gleaned in the interviews:

1. *Future key challenges and opportunities for the organization and the business and their translation into expectations and key success factors for the new leader*: This surfaces the most relevant gaps and opportunities in all five knowledge areas and supports the development of recommendations on how to address those issues. For example, if the predecessor's critical personal and expert networks (internal and external) will continue to be necessary for the role's success, they must be retained and transferred to the new incumbent; if on the other hand business and organizational conditions now require different social capital, the new leader must develop it by strategically modifying the existing networks or building new ones.
2. *Profile of the role*: In light of the success factors that emerge from the first filter, the second filter distills those aspects of the role's positioning, responsibilities, and required know-how that need to be retained or modified to ensure it will function effectively going forward.
3. *Profile of the successor*: This filter determines to what degree the know-how, cultural fit, style, established social networks, etc. of the designated successor align with the profile and requirements of the role. It highlights the new leader's learning needs, opportunities for impact, "quick wins," and possible "tiger traps," all of which form the

basis for a plan of action for ameliorating the risks and capitalizing on the opportunities in the early stages of the transition.

The analysis of the interviews using this framework produces a very clear blueprint for the role, its context, challenges, and opportunities, as well as an assessment of the organization's risk of knowledge loss and recommendations for addressing those risks. The information is captured in a Discussion Document (not to be confused with a report) for the purpose of stimulating and guiding the conversations in Step 4, the start of the knowledge transfer. The Discussion Document is usually no more than 15–20 pages and is clearly organized into key themes, the context of these themes, and recommendations. It always contains quotes to make important nuances of a theme come alive. This structure invites inquiry and storytelling—critical transfer tools described in more detail in Step 4. The results of the analysis and recommendations captured in the Discussion Document also inform the action planning in Step 4.

STEP 4. TRANSFER KNOWLEDGE AND DRAFT TRANSITION ACTION PLAN

Past attempts at knowledge retention and/or transfer have often relied on codifying content information with the help of various media (e.g., documentation and recordings). However, codification does not lend itself to the rapid transfer of tacit knowledge and experience; it takes too long, is costly, and usually transfers only a fraction of relevant experience. Yet such knowledge is necessary to give a new leader the in-depth understanding that enables him/her to make sense of his/her new experience, which in turn accelerates the learning process by minimizing trial and error and maximizing the successor's ability to build on proven know-how and practices with new ideas.

A Narrative Transfer Approach. We found that short of shared experience and reflection in real-time collaboration, the most effective way to transfer the experience of a departing leader and his/her organization to the successor is the right type of dialogue with the new leader. Thus we devised a narrative transfer approach built on storytelling and conversation. In a series of individual and joint discussions with the new leader, the sponsor/boss and the predecessor (if appropriate)—and in some cases other key stakeholders—follow the Discussion Document developed in Step 3 to tell relevant stories. Discussions can range from an hour to a half day in length, or may even require a full-day workshop, depending on the scope and detail of the information, the successor's needs, and the engagement level of the participating stakeholders.

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The themes from the Discussion Document represent the "Master Story" of the organization. The individual stakeholders can add their personal flavor by talking about background details of key issues and the rationale for key decisions and strategies, making the departing leader's history of contributions come alive and letting possible paths forward emerge as part of the conversation with the successor. This triggers recognition in the new leader of comparable patterns in his/her experiences, including similarities and differences. Clarifying these similarities and differences enables the new leader to quickly make sense of the current situation based on an understanding of the predecessor's experiences and action. With this more multifaceted understanding, the incoming leader can avoid jumping to conclusions or making assumptions based mainly on his/her past experiences that might not be relevant to the new situation—a common cause of failure in transitions. It also enables the incoming leader to present new ideas in a way that connects to existing thinking, language, and practices—thus minimizing the almost automatic rejection response of any established relational system to a "new element."

A Transition Action Plan. The result of the discussion process is a specific, agreed-upon Transition Action Plan that shapes the first 6-12 months of the successor's tenure in his/her new role. This "learning plan"—to close any remaining knowledge or relational gaps identified in Steps 3 and 4—integrates additional specific knowledge transfer activities with necessary business activities, such as meetings with direct reports, customers, etc. The plan also identifies the quick wins and the resource and influence network for each issue/action to ensure the new leader is fully supported through the process and knows the players.

The information in the Discussion Document, the knowledge transfer discussions, and the Transition Plan shape the new leader's hypothesis about the situation. The new leader can now go out and "test" this initial thinking in his/her own conversations with key stakeholders. Since the successor is already further along the learning curve, these subsequent conversations can have greater depth and scope and establish greater credibility for the new leader, which accelerates the transition.

The evaluation determines if the new leader is demonstrating the required learning, developing the necessary relationships, and is otherwise on course.

STEP 5. IMPLEMENT

The recommendations in the Transition Action Plan are put into action so that learning continues for the new leader while running the unit or business. The KT consultants ensure the appropriate internal or external resources are brought in seamlessly and without duplication to support such actions and interventions as a leadership team start-up, a strategy review, vision building, or an operational overhaul. The KT team also provides transition coaching and assistance as needed and checks in regularly with the new leader and the sponsor for at least six months.

STEP 6. EVALUATE

Six to twelve months after the successor's onboarding, the KT consultants use the previously agreed-upon metrics, in a brief survey or short interviews, to assess the quality and impact of the transition process. The "hard" and "soft" metrics are linked to items in the Transition Action Plan as well as specific business and organizational objectives of the position—e.g., no dip in sales, revision of vendor strategy within the first six months, no increased attrition in the function, one-on-one team meetings on a regular basis, degree of active communication with peers, etc.

The evaluation determines if the new leader is demonstrating the required learning, developing the necessary relationships, and is otherwise on course. It also flags the need for any further intervention—e.g., additional resources or support—to ensure the success of the transition.

CASE #1: THE INVISIBLE EXPERT NETWORK

Two cases of the transition process at work will highlight some of the issues encountered in leadership transitions and the types of actions and support that can pave the way for success. (The names of the principals have been changed to preserve confidentiality.)

Our internal client in the first case, the president of one of Pfizer's major pharmaceutical businesses, called us in to assist when John, who had been advising the president on highly visible and contentious legal and regulatory issues, was promoted to head of his function. John was legendary, internally and externally, for his ability to creatively satisfy seemingly contradictory business and regulatory requirements through win-win arrangements that proved highly successful for the company. John's designated successor, Barbara, who would report to John in his new role, had been part of his team until two years ago, when she was moved into another division for developmental purposes.

Gaps. We identified from our interviews and the diagnostic framework several actual and perceived gaps in Barbara's role-related knowledge that could imperil the transition if not addressed:

- *Industry and Business*: The pharmaceutical business environment had changed significantly in Barbara's two-year absence from the division, leaving her with gaps in business and content knowledge.
- *Organizational and Relational*: Success in the role meant being able to immediately and effectively deal with often-contentious business issues and complex, often-misunderstood content while navigating highly political external and internal landscapes.
- *Organizational, Leadership, and Management*: Several more-senior reports to John had hoped to fill the role John was vacating. Barbara had been chosen as the best person to shepherd a shift towards a more collaborative professional culture within the function. Coupled with Bar-

bara's perceived and real gaps in business and content knowledge, her new colleagues' disappointment and skepticism, if not addressed properly, could render her ineffective as a change agent.

- *Relational and Network*: We learned from some very observant collaborators of John's that he had an extensive but largely invisible external network of key advisors. His skillful and astute use of this network was invaluable in helping him formulate recommendations that balanced risks and capitalized on opportunities, with very positive impact on the company's business success and credibility. John's ability to access and use this network represented tacit yet enormously important know-how that John had not recognized as a real asset. He would not be using this network in the same way in his new role, and unless cultivated it would disappear.

Once we discovered the importance of this network of external advisors to the role John was vacating, we included some of them in the interviews and also in the later on-boarding process for Barbara.

Action Plan and Implementation. In addition to the knowledge transfer conversations between Barbara and various stakeholders, Step 4 of the transition process identified several specific interventions, as part of Barbara's transition plan, that then helped her address the real and perceived risks surfaced in the interviews:

- In *facilitated network mapping sessions*, John described to Barbara the external advisor network and its use. The sessions included an analysis of how the existing network might need to change to address shifting future challenges and opportunities. After these sessions, John personally introduced Barbara to the key external advisors so that she could begin to build her relationships with this important network.
- "*3D" briefing sessions* brought Barbara up to speed on key content and business issues. In these half- to one-day sessions, an external expert presented the issue, its background, history, status, key decisions, related industry and government trends, etc. John then articulated Pfizer's stance on the particular issue, the rationale and history behind it, the internal political scenario, and his original action plan for addressing the issue. Giving Barbara a three-dimensional view of each issue in a cohesive, structured conversation—rather than having her rely on the more common piecemeal approach by which a new leader would typically gather this knowledge—helped her quickly close gaps in content and business knowledge and simultaneously learn about the political landscape she had to navigate in her new role.

Ongoing mentoring gave Barbara additional support in closing any gaps and integrating herself into the organization.

- *Team engagement activities* helped Barbara quickly build credibility and overcome the skepticism of her new colleagues and team within the function. She held one-on-one conversations with her new direct reports soon after coming on board. She involved these key people in important projects to reaffirm their value to the function. In a team start-up, Barbara and her team came together to discuss formal plans for how the team should move forward together. The KT consultants handed this part of the transition plan to a coach and team consultant that Barbara had worked with previously.
- *Ongoing mentoring* gave Barbara additional support in closing any gaps and integrating herself into the organization.

Evaluation. Our subsequent check-ins with the key stakeholders indicated Barbara made good progress and a smooth transition into her new role. The two key metrics selected for monitoring the transition also showed good results:

- *Zero Rate of Attrition*: No members of Barbara's team left during her transition.
- *High Client Satisfaction*: Barbara's client, the division president, was very satisfied with the expertise and service he was receiving from the new leader and her staff.

As an unexpected side benefit, John found that in the process of transferring his old role to his successor, he got clarity about his new role and how he needed to operate differently in the future. Subsequently the department has continued to bring in the knowledge transfer team for critical transitions and has included the approach in its leadership development program for high-potential individuals.

For the most part the team members welcomed a more open and participatory management style in which their expertise would have more impact.

CASE #2: HE MIGHT AS WELL BE FROM MARS

In the second case, a department with significant impact on the company's intellectual property strategy was in the process of changing its operating model from that of narrow expertise to one of business partnership and service orientation. As part of the transformation, Sam, the head of a legal group that supported Research and Development from a commercial perspective, was moved into an individual contributor role. As group head for years, Sam was acknowledged to be highly competent and to have established very high standards for the group's work, but his style was less collaborative, and he was firmly wedded to the existing hierarchical expert model. Carlos, a smart and talented junior colleague with superior management skills, was tapped by the department head to transfer from the R&D division in Spain and take over Sam's role in New York City.

Anybody familiar with the exclusivity of the New York legal culture and the differences between commercial and R&D environments can imagine the reaction to Carlos's appointment. Emotions ran high in the department, in the business unit it supported, and among important internal partners: The successor might as well be from Mars!

Gaps and Opportunities. The department head called us in to assist with the transition. Our preliminary discussions and diagnostic interviews found legitimate concerns about gaps in Carlos's knowledge about U.S. intellectual property law, the culture he would be working in, and organizational practices, as well as concerns that these gaps would diminish his credibility, thus making it difficult for him to maintain the high professional standards of his group and to negotiate with senior management—a very important component of the role.

In addition to the knowledge gaps and other concerns about Carlos, the interviews revealed some genuine opportunities for Carlos to have a positive impact and be successful if he made his entry into the role and took his initial steps in an intelligent way. The group's client, the business unit, was very supportive of the new business partnership model. Interviewees from several parts of the business identified some very talented experts on the legal team and suggested that rather than trying to become a content expert, Carlos should concentrate on earning the trust and respect of these key people and learning how to navigate the organization. They suggested that in important meetings he should let his experts shine and speak to the matter at hand while he concentrates on managing the politics, something in which his expert team members had little interest and therefore were not especially adept. With this approach, Carlos could be highly functional and contribute from the start while he built his expertise over time through exposure and experience. Some of the stakeholders offered themselves as mentors and sounding boards to bring Carlos up to speed on organizational and relationship dynamics (an excellent example of volunteered rather that conscripted knowledge transfer).

Members of the group Carlos would lead expressed their readiness for a change in leadership. While intensely loyal to their profession, the majority felt unfairly treated because of Sam's lack of transparency and autocratic style. For the most part the team members welcomed a more open and participatory management style in which their expertise would have more impact. However, because they had already experienced much change in adapting to the transformation effort in the department, they were concerned the new leader would move ahead too rapidly with changes. They also offered some useful suggestions about how to best manage the fact that Sam would remain on the scene as an individual contributor.

Action Plan. In addition to the usual on-boarding meetings and activities, we recommended other actions that incorporated the sound suggestions from the business unit and the group members:

- *A team start-up* process in which Carlos would share some of the interview data with his team and they would then collaborate on a definition of the group's future operating model and desired culture to determine what to maintain and how to change
- *A business review* of key projects/cases and decisions, conducted for Carlos by Sam and the team members involved in the work, with the department head joining them for some aspects of the review
- *A clarification of roles and responsibilities* among the sponsor/department head, Carlos, and Sam in his new role
- *Mentorships* for Carlos with individuals in the department and with some leaders in the client business

This transition also required some specific change management interventions on our part to ease Carlos's entry into his new role:

- Through several conversations with the KT consultant, Carlos's new boss, and his new team, Carlos was able to grasp the enormity of the change his appointment represented to the organization. He also needed some support to prepare for the full extent of the culture changes he would undergo in moving from Madrid to New York and from a country-based small R&D site to corporate headquarters.
- Sam needed support in understanding the boundaries around his new role and its implications for his stature and career in the organization.

Implementation and Evaluation. The department head, Carlos, and Sam went through some intense moments in working out their roles before things were clear and accepted by all, which happened in a relatively short time with the support they received. About six weeks into Carlos's tenure as group leader, the new situation started to operate according to the new rules. Two major success factors contributed to the positive outcome: (1) Carlos's willingness to be open about his learning needs and to quickly engage with his team in shaping the group's future after he understood the context; and (2) his management's commitment to stand behind the new leader they had chosen and make him successful.

Our check-in and final evaluation at the end of six months indicated conscientious follow-through by Carlos and a successful transition.

Our check-in and final evaluation at the end of six months indicated conscientious follow-through by Carlos and a successful transition. Following the suggestion of the client business interviewees, Carlos always had an expert team member with him in important meetings. He quickly gained respect because of his good grasp of the business implications of alternative courses of action. He also established very good relationships with his team members and with key leaders in the client business. As an added reinforcement of the value of the transition process, one of the most senior business lawyers who had participated in the interviews took me aside about a year later to say he believed the process had prevented a major derailment and had positive business impact far beyond what he had expected.

REAPING BENEFITS AND ENSURING SUCCESS

We applied the senior leader transition approach in about 60 different cases at Pfizer, for external hires as well as internal moves across divisions, functions, countries, and even continents, including Europe and Asia. We have also used the approach as a decision support tool in reorganizations to determine how best to redistribute the know-how and activities when a senior or high-impact expert role was discontinued.

Our clients in the transition process have spoken of the positive benefits the process had for them. The quotes below are a few examples of the feedback we've received.

Sponsors have told us:

- "The fact that we went out and asked the key influencers really created a tremendous amount of goodwill for the new country manager and his team. . . . It increased his credibility and ability to quickly build partnerships with the most [important] external stakeholders."

- "The recommendations are practical and have credibility because they are a result of conversations with colleagues/collaborators/reports and external stakeholders based on their most significant business needs and their expectations of the successor."

The only situation that created failure in our experience is no or false engagement from the sponsor and successor simultaneously.

Successors have said:

- "The structured process . . . cut the learning time in about half compared to my previous transition two years earlier."
- "[I] very quickly got a snapshot of where different parties stood on specific issues, making the organization and relationships very transparent and enabling me to focus and intervene early and in a strategic fashion."
- "Took ultimately less day-to-day time away from others in order to get me up to speed."

Predecessors have also commented favorably:

- "In the process of helping [my successor] to learn what she needed to be successful in my 'old' role, I learned at least as much that helped me to master my own new role."

To ensure that the hoped-for benefits accrue, however, the process must be applied in the most appropriate situations and, similar to other change management projects, must carefully tend to issues of ownership, expectations, and timing.

Apply Selectively. The transition process is high touch and resource intensive. Given the availability of the interviewees, it can be done rapidly—the shortest turnaround was seven business days—but usually requires more time, and in some cases has been as long as three to five months. For positions with a large scope, the process can require between 10 and 15 days of the KT consultant's time, and between 11 and 30 one-hour interviews with internal and external key collaborators and stakeholders. This can result in requests by some sponsors to scale back the scope to reduce the investment of time and resources; however, once the process sponsor has seen the process in action, the resistance to a full-scale effort usually vanishes.

We customize the scope of the projects carefully and add additional questions around particular issues to tailor it to specific needs. However, we avoid "watering down" the process through shortcuts, as cutting corners usually comes at the cost of depth and quality and ultimately backfires.

The greatest return for the investment typically occurs in the following situations:

- Where knowledge and cultural gaps are extensive, such as with external hires
- Internal promotions into a different division, business, or country/region
- Where complex roles are embedded in a complicated political landscape
- Departures of key experts on whose know-how the organization heavily depends

To minimize the potential for pushback and ensure that the process is applied in the most appropriate situations, we developed selection criteria to test for these conditions and determine when the leader transition process is likely to be more effective than less costly transition coaching. We also developed some self-facilitated tools to make the process for large-scale transitions (involving multiple roles) more efficient and for use with roles of lesser scope or complexity.

Create Ownership. We have learned to engage the sponsor, predecessor, and successor early on and contract for their ownership of the project. The only situation that created failure in our experience is no or false engagement from the sponsor and successor simultaneously. If at least one of those two players feels ownership, nearly all of the value of the process can be realized.

Define the Key Objectives and Manage Expectations. Often the many competing interests in a transition situation are not made explicit. It is important to distill pragmatic objectives that have a realistic chance for success. Some objectives imply trade-offs. For example, if the main objective is to get clarity about the future profile of the role and selection criteria for a successor, the process must occur well before a successor arrives and thus is not likely to generate the change management momentum and energy it would if used later to engage the organization once the successor comes on board.

Stick to the Knowledge Transfer Framework. It has been critical for the success of the approach to adhere to the knowledge transfer framework and language. Participants in the process sometimes try to turn it into a performance evaluation or treat it like a 360º feedback. While opportunities to improve should be discussed along with the predecessor's key contributions, it is important for the integrity of the process to keep the knowledge transfer objective and the spirit of inquiry in the forefront at all times. Then in cases where the departing leader is highly controversial, even occasional, understandable outbursts of anger and "venting" in interviews can be depersonalized and turned into a discussion about what the substance behind the emotion really means and its relevance to the future success of the organization/business, the new leader, and the interviewee.

Timing Is Crucial. Optimally the process starts in time for the deliverables—the Discussion Document and the Transition Action Plan—to be shared in the first few weeks of the new leader's tenure. However, some new leaders are too overwhelmed by logistical details in those first couple of weeks and prefer to delay the knowledge transfer discussions a week or two "after the dust settles." If the process is delayed too far into the new leader's transition, it can become problematic, risking the appearance that the new leader is in trouble. Although it can still be useful at this point, we learned to position it more as a "transition check" so as not to compromise its validity or the credibility of the new leader.

CONCLUSION

Combining knowledge transfer and change management techniques in an integrated senior leader transition approach has proven a very effective way to minimize disruption and maximize the benefits and success rate of these high-impact transitions—for the individual leader, the organization, and the business. In addition, the potential loss of critical intellectual and social capital becomes visible and is thus easier to address with a range of pragmatic interventions. When applied to difficult and complex transitions, in which the organization and business have much at stake, the rigor and depth of the process pay dividends many times over.

As our work with transitions evolves, the focus is currently shifting towards identification of patterns of success and failure. The objective is to better predict outcomes in order to further reduce individual and organizational stress and disruption and to increase overall individual and organization performance, learning, and innovation before, during, and after transitions. ■

NOTES

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