

## Managerial Transitions

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### The Strategic Importance of Effective Managerial Transitions

From new managers to the most senior leaders, the transition to new roles and responsibilities is one of the most exhilarating and threatening parts of organizational careers. For firms, investments in carefully cultivated talent pools can be destroyed when these transitions are handled poorly. Preparing and supporting key individuals through these periods is a critical strategic issue for organizations, in order to realize the value from their investment in people. As career patterns continue to change dramatically, supporting such key individuals will become even more challenging, for many of them will have arms' length relationships with their employers. Organizations need to be able to help managers effectively navigate these changes. As Peter Drucker noted in a September 2001 *Economist* article, "The Next Society": "Within 20 or 25 years, perhaps as many as half the people who work for an organization will not be employed by it, certainly not on a full-time basis. New ways of working with people will increasingly become the central managerial issue of employing organizations."

### A Distinctive Approach to Managerial Transitions

How to prepare individuals for key transitions in their work-life is a very real and widespread issue for organizations. For the individual manager, work transitions may involve career advancement, career shifts, job redesign (when the role may change radically around the incumbent) and changes in work role. Managerial transitions are concerned with changes in work role, that is, when the individual moves to a position where both new skills and a new identity are required. During a true managerial transition, the individual faces both of these challenges: the need for new skills and the need to assume a new identity. Failure to make a successful transition from one work role to another can occur due to the inability to meet either of these two challenges.

The first challenge involves the acquisition of new skills. Although skill requirements are widely recognized, they are often too narrowly conceived, because the full nature of the transition is not fully appreciated, either by the individual manager or by the organization. For example, a manager sent to work overseas for the first time may be required to spend some hours learning a new language. However, failure to embed the language learning in the context of the new culture will mean that the manager may not understand the hidden import of some of the new phrases that he or she may choose.

The second challenge a managerial transition presents concerns the need to acquire a new identity. Because the individual's sense of self can come to be closely aligned with his or her work role, an apparently straightforward transition (say from functional specialist to new manager) can be fraught with difficulty. Even when the newly required skills and competencies are easily assimilated, an identity change can be much harder to recognize and navigate. It is for this reason that effective management transition work must focus as much on support for the individual in creating a new sense of identity, as it does upon skill acquisition. For example, moving from being an individual contributor to becoming a manager with responsibility for the performance of others requires the individual to see themselves less as a technical expert and more as a coach and mentor. This mindset change is not easy.

A failed transition can lead to stress, poor performance or even departure. A successful transition can be a turning point for an individual, enabling personal change, innovation, adoption of a new identity and improved performance.

A transition involves a change or passage from one state or stage to another, or the period of time during which such change takes place; (physics) a change in configuration, involving either a change in energy or transformation to another element.

## Manager Needs at Key Transition Points

- ➔ Developing Business Acumen
  - Mastering Functional Excellence
  - Mastering Problem-driven Business Acumen
- ➔ New Managers
  - New Managers
- ➔ Middle Managers
  - Accelerated Management Development
- ➔ General and Global Managers
  - General Management
  - Global Executive
  - Partners
- ➔ Senior Leadership
  - Senior Executive Development
  - Transformational Experiences for Senior Leadership
  - Transformational Experiences for Senior Leadership Teams
  - Personal Learning Systems
  - Women in Senior Leadership

### 1: Developing Business Acumen

- Identity Issues:** *High potential as future organizational leaders, not just as specialists*
- Skill Issues:** *Business acumen to understand how business works outside their specialty*
- Program Focus:** *Creating value for customers, employees, shareholders, partners, community*

For a variety of reasons, some managers may lack an understanding of how the business works outside their own functional area – or how the pieces fit together. Their primary development need is to understand what makes a business tick and to gain enough information about themselves to enable them to manage their own performance. Key business areas for knowledge acquisition are likely to be in strategy (an introduction to the core drivers of their business, competitor analysis), marketing (customer focus, how consumers take decisions, online business models), accounting (using financial information, such as overhead allocation and variance analysis, to take business decisions), organization design and teambuilding (being an effective team member, virtual teams, negotiating and influencing).

**This transition is primarily concerned with looking beyond a functionally specific operational skill set.**

#### Mastering Functional Excellence

This ensures that the participant understands the intricacies and interdependencies of the major functions found in organizations. The perspectives and cutting-edge tools and techniques of separate functions are addressed in depth, as well as the role that each function plays in a well-orchestrated organizational design.

#### Mastering Problem-driven Business Acumen

Traditionally, business acumen has been organized around functional knowledge. In contrast, this approach is designed around enduring organizational problems that cut across functional lines. It enables the participant to grasp quickly function-specific issues and cross-functional interactions within the context of realistic organizational problems.

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## 2: New Managers

- Identity Issues:** *Managers achieving work through others, not just as specialists*
- Skill Issues:** *Staff supervision skills; some cross-functional knowledge*
- Program Focus:** *Understanding and effectively integrating with key functions across the business; functional knowledge; management skills*

In addition to business acumen, new managers need management skills that enable them to manage and motivate staff. New Managers are often promoted within their specialist function, but at the same time need to have an understanding of the major functions across the business and how they need to be integrated for performance. Key business areas are likely to be strategy (industry analysis, management of suppliers and partners), marketing (consumer and market research, segmentation, targeting and positioning), finance (discounted cash flow and net present value calculations for investment) and management skills (appraisal, motivation, teambuilding, virtual teams, task design, negotiating and influencing).

**This transition is primarily concerned with managing the performance of others.**

### New Managers

The functional knowledge required for new manager transitions will depend upon specific organizational requirements as well as the experience of the participants. Central to this transition is building a shared understanding and perspective of the value to both the organization and individuals of managing people more effectively. New managers need current information, including frameworks, tools and methods as well as building core interpersonal skills in people and performance management.

## 3: Middle Managers

- Identity Issues:** *Primary identity as manager, not expert with operational skill focus*
- Skill Issues:** *Moderate scale and scope*
- Program Focus:** *Understand how business decisions affect and are affected by firm strategy; people management skills at larger scale; deeper knowledge outside functional area of expertise*

At the transition to middle management, the manager needs to be prepared to leave behind many of the operational skills that enabled her or him to reach this position. The position will carry a higher level of responsibility and may cover significant areas of business, for example, the whole of a function. Knowledge needs to continue to be deepened in the functional areas outside the manager's own functional expertise, in preparation for the day when the Middle Manager becomes a General Manager. In addition, the middle manager needs to understand how his or her business decisions affect the strategy of the firm and to be equipped with the skills for managing larger numbers of people. Key skills include change management, understanding and operating within complex environments, designing appropriate performance management systems and galvanizing others into action.

**This transition is primarily concerned with managing at moderate to large scale and often with managing people whose functional expertise and age is greater.**

### Accelerated Management Development

At the core of the middle manager transition is the need for managers to comprehend and accept their roles in influencing, translating, and implementing organizational strategies. In many senses, the middle manager is the key to successful organizational change. Influencing is probably the key new skill at this level, as the manager seeks to translate strategic imperatives into a call for action both across and down the organization. The translation role requires an understanding of strategy in order to ensure that the manager not only takes decisions that are appropriately strategically aligned, but can also oversee their implementation at business unit level.

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#### 4: General and Global Managers

- Identity Issues:** *Abandon identity as functional manager, now a generalist*
- Skill Issues:** *Moderate to large scale; managing those with greater expertise and/or experience; cross-cultural (functional, national) sensitivity*
- Program Focus:** *Strategy formulation, integration, and implementation; cross-geography and cross-business strategy issues; cross-cultural management*

The key differences between a general manager and a middle manager are the scale and scope of business overseen, as well as the length of managerial experience. General managers will have several years of functional managerial experience and they will, especially in global firms, oversee large areas of work outside their own specialist function. At this level, the manager needs to become more of a generalist and to be prepared to leave behind many of the operational skills that enabled her or him to reach this position. The position will carry a higher level of responsibility and may cover significant areas of business, for example, a country or a geographic region. Developing an understanding of how business strategies are formed and integrated across functional or geographical boundaries is critical. Knowledge needs to continue to be deepened in the functional areas outside the manager's own functional expertise, as he or she will now oversee staff from such functions. In addition, the general manager needs to understand how his or her business decisions affect the strategy of the firm and to be equipped with the skills for managing larger numbers of people, often of different nationalities.

**This transition is primarily concerned with managing at very large scale and/or across organizational and/or geographic boundaries.**

##### General Management

This is the first real strategic decision-making level in the organization and the transition therefore focuses both on how strategy is formulated and also on how organizations can be designed to deliver effectively against the strategy. A central motif is growing the ability of the generalist to manage at scale across geographical, cultural, and functional boundaries. The scope of the general manager's role means that delegation, trust and the ability to rely on others are paramount.

##### Global Executive

Some general management transitions focus specifically on global executive responsibilities and thus tend to provide heavier emphasis on cross-cultural challenges.

#### 5: Partners

- Identity Issues:** *Shift from specialist manager to owner*
- Skill Issues:** *Meeting revenue targets for a book of business; being a role model for others; representing the firm and its values; developing and sustaining client relationships; recruiting and building new partners.*
- Program Focus:** *Client relationship management; team management; meeting revenue targets*

The Partner transition centers on a role and perspective shift from that of a manager, to that of an owner. Partners in a professional service firm face all of the transition challenges associated with effective management of parallel teams and a set of special challenges as well. New partners take responsibility for a book of business, a revenue target and a set of team development obligations that require skill, vigilance and highly integrated thinking. In addition, the partner represents the firm and its values and takes decisions with, and on behalf of, his or her fellow partners. In order to be successful in their new role, new partners need to understand how to deliver exemplary client service, while building deep and lasting relationships with key individuals in client firms. They must be proactive in understanding their clients' business, so that additional opportunities to grow their engagements can be discovered

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and employed. They are responsible also for attracting and developing talented individuals to join their client teams. The health and productivity of those client teams are critical to firm success.

**This transition is primarily concerned with assuming ownership of the enterprise.**

### Partners

Partners are a very specific type of leader with unique requirements. This transition covers the core areas of talent management, as the Partner develops successors; client management, as the Partner assumes responsibility for developing new business and generating sustainable revenue streams; team management, as the Partner assumes responsibility for running and motivating several client teams; and finally, leadership skills, as the Partner grapples with his or her status as a role model within the firm.

## 6: Senior Leadership

**Identity Issues:** *Leadership, not management; stewardship of an enterprise*

**Skill Issues:** *Strategic capability; leadership skills; long-range thinking; context creation*

**Program Focus:** *Leadership; strategic finance; creating a climate of accountable innovation; leading firm culture and strategy development; presentation and influence skills*

Senior leaders have a responsibility for broad management of the organization. By the time an individual reaches a level of senior leadership within an organization, it is to be expected that he or she will have sufficient working knowledge of the primary functions of the business. The emphasis for development at this stage of the career is on strategic capability and leadership skills. The key strategic skill to be mastered is that of delegating day-to-day business decisions to a trusted team, enabling the leader to keep an eye on the horizon. Innovation and long-range thinking are key, leading through imagining forward, rather than through looking back at past results. This implies taking responsibility for the structure and culture of the organization, as they will need to change as the organization moves forward. The leader needs to develop outstanding presentation and influencing skills, so that key stakeholders can be aligned with the direction of the business. The leader needs to inspire and motivate key players both inside and outside the organization. A good working knowledge of finance (how firms are valued, how money is raised and managed, and the impact of analysts on market capitalization) is also fundamental.

**This transition is primarily concerned with the move from management to leadership, delegating operational duties and understanding the impact of a powerful individual on the strategic direction of an organization.**

### Senior Leadership

Reaching the highest echelons of an organization involves taking responsibility for the overall success and governance of the institution. This can feel like a daunting burden. The senior leader must assume responsibility as both the internal guide for the organization and as the external interface with key stakeholders. Maybe for the first time in some years, the senior leader needs to learn new hard skills, including strategic finance and corporate (not business unit) strategy. In addition, she or he must master the harder yet more ephemeral skills of setting the organizational culture and representing the enterprise externally. Effective senior leaders also need to be on the cutting edge of critical global issues.

### Transformational Experiences for Senior Leadership

Sometimes, meaningful interventions are required to enable senior leaders to break out from traditional ways of working, which may no longer meet the needs of complex and fast-evolving environments. Transformational program designs use radical techniques to enable mature senior executives to re-evaluate their core assumptions and practices and to be open to new ways of working.

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### **Transformational Experiences for Senior Leadership Teams**

Sometimes, intact executive teams wish to engage in a transformational experience together, because they have encountered difficulties and they need a stimulus and context for radical change.

### **Personal Learning Systems**

“One-to-One Executive Development” focuses on the transitions faced by an individual executive. The typical candidate for such services is an executive who requires development as a result of a recent or anticipated promotion, a merger or acquisition and resulting culture change, a new strategic direction or organizational structure, or a significant industry or technology change.

### **Women in Senior Leadership**

This transition is designed to provide support for both individual women in senior leadership roles and for organizations trying to promote effective diversity in their senior leadership ranks. The Women in Senior Leadership brings together senior women executives and their mentors to provide opportunities for engaging key strategic issues, skill building (e.g., work/life balance) and creating a context in which issues such as isolation, and finding a voice can be addressed. ◆