Results
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WHITEPAPER – EXECUTIVE INSIGHTS

The Most Expensive Leader is the One Who Leaves:

Strategies Against Wrong Decisions When Filling Management Positions

EO Executives – Results through people
Executive Search & Interim Management

eoexecutives.com

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Executive Summary

Recruiting a new manager is always a big investment for companies.

It is all the more gruelling when the carefully selected manager leaves the company after only a few months. In addition to the costs, which can quickly reach three times the position's annual salary, there are other direct and indirect negative consequences: Time, reputation, internal turbulence, opportunity costs and other factors must be considered.

In this whitepaper, EO Executives share tips on how companies should proceed to retain executives for the long term. The focus is particularly on the **first six months** in the new position. An illustrative case study is used to explain possible mistakes and **best practices in all phases** of the appointment process:

- Executive Search & Selection
- Preboarding
- Onboarding
- The first 100 days
- The first half-year

The whitepaper also provides information on how to **calculate the actual cost** of a bad hire or cost of vacancy. It helps to assess how much turnover is normal and provides **strategies on how best to deal with the termination of a manager** so that new opportunities can arise for the company.

We invite you to read the full whitepaper and perfect the start for new leaders in your organisation. EO Executives is happy to act as an experienced partner to help you fill vacant leadership positions and provide advice and support during the critical first six months.

01 Introduction

The most expensive manager is the one who leaves.

If a manager leaves the company after only a few months, this not only causes resentment, but also comes at a high price. Operational continuity is disrupted, employee motivation is impaired, and the sudden loss of expertise can set the company back years. In addition, there are the not inconsiderable costs of a new appointment – and the uncertainty of whether the same thing will happen again with a new candidate.

The consistency of leadership is becoming an increasingly important issue for companies. The start of a leader in a new company is critical: problems and conflicts often arise which, if not recognised and eliminated, eventually lead to the departure of the once so promising candidate. It is seldom professional deficits that cause a manager to leave, but rather personal or interpersonal reasons.

Through a thorough position analysis and targeted personality diagnostics, companies can better assess whether a potential leader fits the company. However, a good fit between the manager and the company alone is not enough to attract new management talent in the long term. Ultimately, the manager always decides whether he or she wants to stay with the company based on his or her candidate's experience.

In this whitepaper, you will learn the best practices during the individual phases from executive search to completed induction – and what you should pay attention to so that the new executive quickly feels at home in your company.

02 Case Study

High Stakes, High Mistakes:
Lessons Learned from a Failed Executive Placement

1. The Subject
The subject of the case study is a German company specialising in developing software solutions primarily for B2B customers, latest endeavours were directed towards the European market and expansion into other European countries. The company wanted to set up a new location in France and implement marketing specifically geared to France to win new customers there. A Chief Marketing Officer (CMO) for the new location needed to be found for this task (annual salary: € 250,000).

2. The Company
The company enlisted the help of an executive search service provider and decided on a promising candidate after two rounds of interviews. In the process, the decision-makers did not take advantage of the possibility of a personality diagnosis.

3. The Hire
The new CMO turned out to be a loss for the company. He had so many problems in his new role that two weeks after his first day, a clarifying meeting took place in which the CMO, the management and the executive search consultant participated. Appropriate measures were agreed upon to accommodate the new CMO. After this discussion, the CMO's performance increased and he started the project of producing internet commercials adapted to the French market.

4. Consequences
However, the CMO did not finish this project. A conflict arose between the CMO and a team member. This conflict was been settled by the management – but after a total of a little more than four months in the new position, the new CMO handed in his resignation.

This came as a surprise to everyone involved. His official reason for quitting was a serious case of illness in the family. It cost the company five additional months to fill the position with another person after the previous CMO had left.

Cases like this – or similar situations – happen again and again. They are disastrous for companies because they throw them back to the beginning of the appointment process. The money and energy put into the selection and induction of a new manager is lost.

Even higher, however, are the costs of having the position vacant again. How much exactly does it cost a company when a manager leaves? And: What could the company have done better in our example?

03 Bad Hire

What it Costs When the Leader is not the Right One

There are many managers who cost companies more than they earn. This is not always because the manager leaves the company after a short time. Generally speaking, there are three reasons why a manager can be a bad hire.

A responsible and expert selection of candidates prevents a person from being brought on board who is professionally unsuitable. But that alone is not enough. Even a manager with the right aptitude can turn out to be a bad hire, namely in the following cases:

Case 1: The leader is not moving the company forward.

Leadership positions are about results and continuous improvement – but not every leader can live up to these goals. There can be various reasons for this. Perhaps the manager lacks strategic direction or cannot reconcile their management style with the company's vision. Perhaps the manager does not have the right soft skills to lead the team or they fail to support their team members in matters of further development. Personal inner resistance to innovation and necessary change can also be responsible.

Case 2: The manager harms the company.

Managers bear a great responsibility for the company's future and represent it to the outside world. If they make wrong decisions or behave inappropriately, this reflects on the company. Whether this happens out of bad intentions is irrelevant. Poor risk management that fails to recognise dangers is just as damaging (albeit in a different way) as a leader who discriminates against or harasses others. Damage caused by a leader can be on different levels and can consist of, for example, financial losses, a loss of reputation, mistrust in the team or legal consequences.

Case 3: The manager leaves too early.

This whitepaper deals with this particular scenario (and how to prevent it). "Too early" can describe very different periods of time, because there is no clear definition of how long a manager should stay with a company.

Some set the benchmark at 18 months, for example, others at three years.[3] This whitepaper focuses on the especially critical first six months in the new leadership position. In any case, a leader leaves too soon if they leave the company before they have had a chance to become effective there.

In all three cases, the end result is the same: the company suffers a loss. This loss is not only financial; the company also loses valuable resources such as time or trust.

Many experience a particularly significant decline in their in-house reputation due to a departing manager, which can lead to further turbulence. On the financial side, the non-implementation of projects, the necessary strategic reorientation, delays in decisions, and inadequately utilised market opportunities are the main consequences when a manager leaves.

A search for talent with the help of diagnostic tools may be unfamiliar to some decision-makers, may appear too sterile or cost too much money in the short term – but if a manager turns out to be the wrong choice, the resulting damage quickly adds up many times over. What financial damage is caused when a manager leaves the company too early?

3.1 What is The Cost of A Miscast Leadership?

Of course, a bad hire is to be avoided at all costs. But how do you prevent a bad hire?

It is not really an option to simply do without the new manager or to put the hiring process on the back burner – because every day a position in the company remains unfilled costs hard cash. How much that is in individual cases can be calculated.

The basis for calculating the cost of vacancy comes from Dr. John Sullivan and is based on the fact that every employee in a successful company earns more money than the company pays them. If you come up with a concrete figure for this daily generated profit, you can multiply it by the length of the vacancy and get an estimate of how much the vacancy costs the company approximately. Typically, Sullivan says, this is around **three times (or more) the salary in the position in question.** The more company- and person-specific factors are included in the calculation, the more accurate the estimate of the cost of vacancy becomes.[4]

EO uses the Cost of Vacancy approach within the Good Hire Calculator™, a tool to quickly estimate vacancy costs and the cost of a bad hire. Applying the Good Hire Calculator™ to our case study, we get the following result:

Direct Costs

In the approximately 4 months that the Chief Marketing Officer was employed by our example company, a total of about € 95,000 was incurred for the CMO's **salary** (including ancillary salary costs and car).	**95.000 €**
Since the HR consultant in our example charges a commission of 30 %, the company paid a total of around € 150,000 to the **executive search consultancy** – € 75,000 each for the first CMO, who left the company after 4 months, and for his successor.	**150.000 €**
To make the Chief Marketing Officer fit for this role, the company spent about € 36,000 on **induction, coaching and training.**	**36.000 €**
On average, an executive does not reach full productivity until the sixth month in a new position.[6] Approximately € 57,000 is the **discrepancy** between the CMO's actual performance during his short time in the company and his theoretically optimal performance level.	**57.000 €**
Total (direct costs)	**338.000 €**

Indirect Costs

The performance of a team depends directly on its leadership. It can be assumed that the miscasting of the Chief Marketing Officer led to **productivity losses in the team** of about € 104,000.[7]	**104.000 €**
The difficulties of the CMO in our case study delayed the market entry in France by three months. Each month of delay cost the company € 70,000 in arithmetical terms, so the total **loss of business** was € 210,000.	**210.000 €**
When a manager leaves, other employees often leave the company as well. In our case study, another team member felt motivated by the problematic dynamics in the team to look for a new job – the company incurred **indirect turnover costs** of another € 75,000.	**75.000 €**
Another company that wanted to support the commercial project in our case study reduced its advertising grant due to the delay. This **reputational damage** amounted to about € 52,000.	**52.000 €**
Total (indirect costs)	**441.000 €**

The **direct costs** for the miscast in the case study presented here thus amount to a total of around **€338,000** - far more than the annual salary of the management position in question.

The **indirect costs** in the case study can be estimated at **€441,000**. Thus, in the case study, the wrong decision to hire a Chief Marketing Officer who left the company far too early resulted in total costs for the company of:

338.000 €
+ 441.000 €
779.000 €

3.2 How Much Fluctuation is Normal?

When turnover happens too quickly, it comes at a high cost to the employers.

At the same time, however, a certain amount of fluctuation is normal in the labour market and creates a beneficial dynamic in companies. How much fluctuation is expected depends on the industry and other factors in each case.

Nevertheless, there are average values that allow a rough estimate. For example, the Institute of the German Economy (Institut der deutschen Wirtschaft, IW) states that fluctuation in the German labour market is **fairly constant at about one-third (approximately 33%).**

This means that one-third of employees change jobs every year. In the most current year of the IW's survey data, 2020, this value fell slightly to just under 30%. The highest turnover rate in 2020 was experienced by unskilled workers and unskilled labourers (51.2%), but highly qualified experts also tended to change jobs more than others (27.9%).

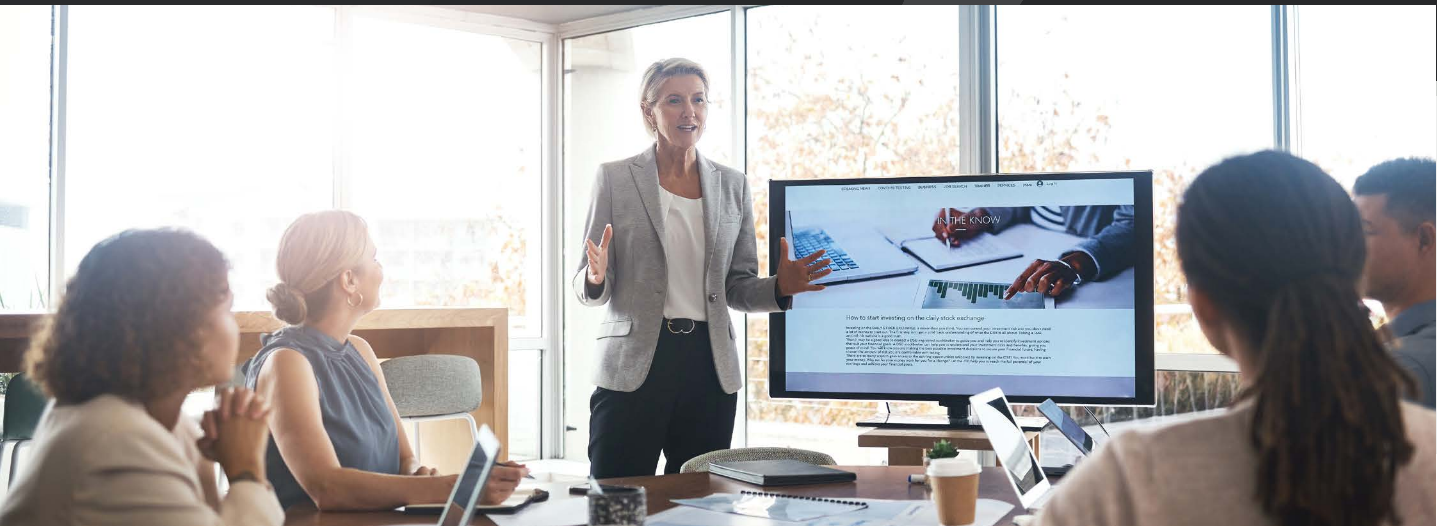
This fits with the **"guiding principle of three years"**, according to which a leader needs three years to gain all the experience that the current leadership position can offer: one year to learn, one year to work, and one year to harvest.

Specific figures on leadership turnover are provided by Development Dimensions International (DDI): the average turnover of managers during the pandemic was 14%, according to DDI survey results. By **September 2021**, it had risen to **18%**.[9] So, mathematically, an executive changes companies after about three to five years – and each of these changes means a big investment on the company side, as we have seen in the Cost of Vacancy.

To secure this investment and ensure that a newly recruited talent becomes a beneficial leader for the company, it is elementary to prevent bad hires. There are three scenarios in which an executive can be called a bad hire: when the executive fails to advance the company, when the executive harms the company, and when the executive leaves the company too soon before they could be effective.

The financial damage from such bad hires can be enormous, but there are also significant indirect costs, such as loss of trust, time and reputation. A bad hire must be avoided at all levels at all costs, but especially at C-level. How can this goal be achieved?

04 The Optimal Assignment Process



During the appointment process, the course is set for the new leader's later success in the company. An optimal appointment process not only ensures that the company wins the candidate who best fits the position to be filled - it also provides the new manager with the resources they need to operate successfully in their new role.

The responsible personnel consultants are not only obliged to the company, but also bear responsibility towards the candidate. In many cases, the **candidate's experience** in the appointment process is the deciding factor when a manager leaves their new position after only a short time.

The differences in the appointment processes of different companies are vast. One basic question, for example, is whether a personnel consultancy should be called in. **Hiring a personnel consultancy** has the advantage that the decision-makers in the company are relieved and supported by external expertise. The additional costs can be perceived as a disadvantage – however, these are low compared to the costs of a vacancy or miscast (cf. 3.1. What is the cost of a miscast leadership position?).

If a company decides to call in a personnel consultancy, close contact between human resources and the responsible consultant is elementary. Only if the consultant knows the processes in the company can they also name concrete measures on how these can be further improved. In addition, the consultant can take on a mediating role in case of conflict – as in our case study.

However, communication between the executive search consultant and other stakeholders in the company, such as the company board, the responsible division manager, the direct supervisor of the new manager and sometimes even the future colleagues, is also important. In general, the better the cooperation between the company and the consultant, the better the outcome of the recruitment process will be.

4.1 Executive Search & Selection

Precision in Hiring:
How Executive Selection Shapes Company Fortunes

A successful German technology company wanted to expand into the French market and looked for a Chief Marketing Officer who can develop campaigns specifically tailored to France at the new location. The new CMO should have at least ten years of experience in international marketing, a strong network, a proven track record and cultural knowledge to work in the new location. To find suitable candidates, the company commissioned a renowned executive search consultancy.

The responsible personnel consultant first conducted a position analysis to make the framework conditions of the vacant position transparent. However, a personality diagnosis of the available candidates was rejected by the managing director: “I just have to look the candidate in the eye, then I already know if the person will fit in with us”.

From the possible candidates, the company selected 6 candidates for a first interview based on their CVs. Of these, 3 were convincing and were invited to a second interview. The CEO selected one of the candidates as the future CMO based on his intuitive assessment, and the employment contract was signed by both parties.

The Executive Search & Selection step lays the foundation for a hopefully long and profitable cooperation between the company and the executive. It is a matter of choosing the one perfect candidate out of many who seem to be made for the role. The **professional suitability** of the candidates is relatively easy to check – it is usually the **personal suitability** that can be misjudged.

In order to be able to identify personal suitability during the selection process, much experience is needed (e.g. by consulting a personnel consultant), but also suitable diagnostic tools. On the company side, a **position analysis** is recommended to clarify exactly which position is to be filled and which concrete requirements are associated with it:

- What **skills** are required?
- What **results** are to be achieved?
- What **challenges** does the position entail?
- What **qualities** does a candidate in this position need to fit in well with the team?

Individual candidates can be assessed with the help of a **personality diagnostic**. This diagnostic can be carried out by an external consultant or in-house. Ideally, it should not only be analysed which **behavioural preferences** the candidate possesses, but also the **motives** that underlie these preferences.

This gives a more comprehensive picture of the candidate that goes into depth. The DISC model, which forms the basis of the personality analysis by EO Executives, has proven particularly useful here.

Balancing Insight & Instinct:
A New Paradigm in Executive Selection

To reliably predict a person's behaviour, it is also important to distinguish between different contexts.

Especially at work, people often do not show their basic behavioural style, but emphasise desirable traits while hiding unfavourable characteristics. In order to really capture a candidate's personality, EO Executives therefore distinguish between different behavioural styles in personality diagnostics. In addition, there is the possibility of a personality diagnosis by EO for the existing team to assess the future environment of the executive.

In any case, it is important that a diagnostic is carried out and that the company's decision does not rely solely on intuition. However, one should not rely solely on personality diagnostics and key performance indicators (KPIs) as well. It is essential for a good decision to get an overall picture of each candidate, which includes diagnostic tools as well as getting to know them personally.

In our case study, the manager could have profitably combined both methods – the data-based personality diagnosis and his own intuition – by gathering the additional information from a personality diagnosis after the first interview and before the second round of interviews.

However, it is not only the personality that determines the success or failure of a new leader in the company. The team must also pull together. Whether they do can be determined through interviews (and, if desired, diagnostic tools). To prevent possible disagreements among colleagues right from the start, the remuneration of the new manager should be clarified for both sides during the interview, and it should be oriented towards the general level in the company. If necessary, it is advisable to have a professional salary benchmark drawn up.

Which managers tend to stay with the company for a long time? In general, two types of managers can be identified here: those primarily concerned with job security and looking for a long-term, stable position – and those who recognise potential in the company and are motivated to realise it. The latter group is of particular value to the company. Decision-makers should consciously look out for these candidates.

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Filling management positions faster and better

Recruiting the best leaders for your organisation is more than just a staffing process

It is a strategic decision that will have a major impact on your business. With executive intro®, EO Executives has created a platform that understands this challenge and masters it with state-of-the-art technology and professional recruitment expertise.

executive intro® is a multimedia selection and presentation platform that supports you in **5 clearly defined stages**, from the first contact with your desired candidate through careful evaluation to final placement.

It combines proven recruitment methods with the advantages of the digital world and enables you to effectively and confidently select the most suitable candidate. The result? Faster, more secure and sustainable leadership appointments for your company – with a 12-month success guarantee if desired.

1. LEVEL
CONTACT

2. LEVEL
SEARCH

3. LEVEL
EVALUATION

4. LEVEL
PRESENTATION

5. LEVEL
PLACEMENT

Holistic Views & Precise Insights: Executive Hirings with INSIGHTS MDI®

The **INSIGHTS MDI® diagnostic**, which is used as part of executive intro®, enables a holistic 360° view of each candidate – based on skills, motives and behavioural preferences.

Each candidate is also introduced through an **individual video**, which allows for a deeper, personal assessment. **Competency questions** answered in writing by each candidate, which have been shown to have **high predictive validity**, prevent generalised answers and provide reliable insight into how the candidate performs in practice. Direct comparison of all candidates' answers to the competency questions agreed with the client is particularly valuable.

4.2 Preboarding

Engage Early, Retain Longer:
Revitalizing the Preboarding Experience

There were eight weeks between signing the employment contract and starting the new Chief Marketing Officer's position.

During this time, the company kept in touch with the new manager by informing him by mail about the set-up of the offices at the new location and the necessary bureaucratic procedures before the first day. In addition, the future CMO was sent previous marketing materials to familiarise himself with them and was informed about the planning of new materials via the CC function.

Three weeks before his first day, the future CMO received a welcome email from the company as well as an email listing the access data to all the company's digital resources – but without explanations or queries. The executive's contact with the company was almost completely passive during the preboarding phase.

Preboarding is the time before the start of work in the new company and is primarily used to **prepare for the subsequent onboarding**. This phase can be relatively long, so **maintaining contact** with the manager is important. Only through regular contact with the manager does the company have a chance to notice and react to "weak signals," indicating that the manager has doubts about their new position. Of course, this only works if the contact is not one-sided – unlike in the case study.

Even if the onboarding process has been defined internally, it should be **individually adapted to the needs of the new manager**. In the case study, the question of what the future CMO specifically needs in the onboarding process would have made it possible to respond to his wishes and would have brought him into active communication with the company. The joint preparation of the onboarding process is the most important point in preboarding.

In any case, it makes sense to find a **buddy or mentor** at the new place of work during preboarding, who will then be available to the person as a contact person during onboarding. Information about the planned **schedule for the first working day and how to get there** (directions, bus connections, etc.) should be provided at this stage. Another possibility is for the new manager to get to know their **team** in advance.

In addition, further measures can be taken in individual cases.

4.3 Onboarding

Empowering New Leaders:
Holistic Onboarding for Immediate Impact

On his first day at work, the new Chief Marketing Officer arrived late due to a roadblock, which noticeably increased his nervousness. After a short tour of the company and setting up his workstation, the CMO started to get to know the team. The company estimated three months for the onboarding of the new CMO. The onboarding follows the internally documented onboarding process and includes familiarisation through written materials and videos, which were created according to didactic standards and which the new CMO was required to work through in the coming weeks. The management made it clear from day one that they have great confidence in the new manager and gave him complete freedom beyond the onboarding materials.

The first days and weeks in the new position decisively shape the impression that the manager gains of his or her new company.

It is therefore important that this first impression is a good one. For this to succeed, it is important to find the right balance:

On the one hand, good onboarding should be carefully thought out and reliably bring new team members up to the company's standard. Everyone going through onboarding should be given the same basic set of information. This is usually the case when written onboarding plans exist in the company.

On the other hand, it is necessary to adapt the onboarding individually to the needs of the specific case. This can be done, for example, based on a personality diagnosis. Most important, however, are the expectations expressed by the new manager themself. The gold standard of successful onboarding is to involve the candidate in the planning and actively ask about their wishes and needs.consultant is also essential. The consultant does not need to be impressed, but must have the complete picture to be able to help.

Cultivate Managerial Excellence:
Adaptive Onboarding Strategies

The onboarding process in our case study shows potential, but is not sufficiently flexible. The new manager was not involved at all in the planning of his onboarding. He also lacked a personal **mentor** or contact person in the company. This is especially important in order to catch "weak signals" that could indicate the possible dissatisfaction of the new manager. The executive search consultant can act as a kind of secret mediator between the manager and the company, especially in the early days – but since the consultant is an external actor, he or she will not be able to notice warning signals reliably.

The **two mentors method** is one way to improve the openness between the company and the manager during onboarding. Instead of just one, the new manager is assigned two mentors – one who has the know-how to instruct them professionally and one who works in a completely different function in the company. In this method, the mentor from another field takes on the role of a mediator and helps the manager to integrate emotionally and socially into the company.

In any case, the new manager should be informed early on about how the onboarding will be structured. The executive search consultant should be involved in the planning, as they have known the candidate since the beginning of the appointment process and generally have extensive empirical values with to compare with the current situation. Companies should not simply reject **external impulses from the consultant**, but use them as a valuable perspective from outside. Honesty with the consultant is also essential. The consultant does not need to be impressed, but must have the complete picture to be able to help.

4.4 The First 100 Days

Optimized Onboarding:
Personalized Approaches to Executive Challenges

After two weeks in his new job, the Chief Marketing Officer turned to his executive search consultant: saying he felt aimless, overwhelmed and uncomfortable in his new position – he had the impression that the company did not really care about him.

The consultant first decided to talk to the CMO, then to the management, and then to both at the same time.

At the consultant's suggestion, a personality profile was finally drawn up for the CMO, which everyone involved found very helpful. The personality profile clearly indicated the changes necessary to accommodate the new CMO. During the talks it became clear that the new CMO was suffering from culture shock.

The two sides agreed that goals would be more clearly defined and there would be a weekly coordination with the CMO's superior, especially with regard to the new situation.

An external coach specialising in onboarding situations would accompany the CMO according to the executive impact® model. In addition, the CMO finally received a contact person on site: a manager who had been transferred from the company's headquarters to the new location agreed to be at the CMO's side as a mentor.

Four weeks after the meeting, the consultant asks both sides again and makes sure that the results of the talks have been implemented and that the CMO feels more positive.

The first 100 days in the new position reveal whether the manager and management are satisfied with the situation.

It is the task of the responsible consultant to ask both sides for an honest assessment after four to six weeks and to seek an **open discussion** with all parties involved about any difficulties.

It is particularly revealing to observe whether both sides assess the situation similarly.
In our case study, the CMO asked for an intervention after only two weeks because he was experiencing considerable problems – and therefore acted in exactly the right way.

It is worthwhile at this stage to revisit what was raised in the initial interviews with the candidate (second home, family situation, etc.).

If problems are discovered, the company should find appropriate measures to deal with the issues raised. It is now in the company's hands to retain the executive and enable him or her to perform to the maximum – the consultant can at most help to identify relevant aspects.

4.4 The First Six Months

Behind Executive Exits:
Unraveling the Untold Stories of Quick Departures

After three months in the company, the onboarding of the new Chief Marketing Officer was complete. After the agreed measures, he said he “finally feels at home” in the company.

However, the CMO came into conflict with a team member shortly afterwards. This time, the management, following the example of the executive search consultant, took the mediating position and found out that a culturally different attitude to work was at the root of the problem. A mediation succeeded and the CMO promised to use his knowledge from the onboarding coaching to prevent such conflicts in the future. He also started a project to produce new internet commercials specifically for the French market, using his newly acquired knowledge.

However, the CMO did not see this project through to the end. After a bit more than four months as Chief Marketing Officer, he suddenly resigned. As an official reason for quitting, he cited a serious case of illness in the family and the desire to be on-site in Germany. The company asked him to document the current project and immediately started looking for a successor.

When a manager resigns, it can be for many reasons.

Not all of them are within the company’s sphere of influence. A **thorough personality diagnosis** helps to do justice to a person during induction, but unfortunately does not guarantee one hundred per cent success. There are always unforeseeable factors that can lead to a dismissal or resignation.

A major risk is when a superior to the manager leaves as this can have a cascading effect. Exogenous shocks, such as the Corona pandemic or the Ukraine war, can increase the need for financial security and make a change more attractive for some executives. A strong candidate market is also a factor that can induce executives to quit.

The first six months in a new management position are decisive in determining whether the **environment, task and personal values** are right. Only if there is agreement between the manager and the company in these three areas does it mean there is a fit. Only then will the manager remain out of genuine conviction –

and managers who are convinced of their work are not susceptible to headhunters.

Was the CMO in our case study convinced of his new role? Unfortunately, it is not possible to say definitively because the company in our example didn't schedule an exit interview that could have shed light on the true reasons for the resigation. It is quite possible that it was simply a matter of family circumstances that could not be influenced. It is also conceivable that the cultural conflict between the manager and the team continued to exist subliminally and might have influenced the decision.

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Onboarding Coaching for Executives

The first six months, and especially the onboarding of a new manager, are crucial. First impressions are gathered, first conflicts are managed, and first successes are celebrated. It is these first six months that determine which manager has the potential to take the company to the next level in the years to come. At the same time, these six months are also particularly critical for the company, especially when a position is being filled again after a hiring mistake.

Make your new executive's first six months count! With onboarding coaching like executive impact®, the new manager receives valuable support on-site from an experienced personnel consultant to effectively fulfil their new role. The result is a better structure in the induction phase and higher productivity. Cooperation with the new team and strategic orientation towards agreed goals are also promoted. In addition, the executive impact® coaching aims at self-reflection and continuous self-improvement and empowers managers to solve problems even better in the future.

In the process, executive impact® adapts to the manager's individual needs. The coach accompanies the new manager in 10 sessions at the new workplace and is available as a discussion partner and advisor. An individual design or timing of the content, even with sessions before the official start of work, is possible without any problems and shows the new manager how much you appreciate them.

MORE ABOUT EXECUTIVE IMPACT →

eoexecutives.com/en/onboarding-coaching/

05 When The Manager Leaves Again

Challenges & Opportunities

The Chief Marketing Officer's resignation came as a complete surprise to the company. Both sides parted on good terms.

As the CMO was currently working on the project to produce internet commercials for the French market, the management asked him to document his progress for his successor.

In doing so, the managing director made it clear that this "successor" could also be the previous CMO himself as a rehire – as he would always be welcome to the company.

In any case, the company wanted to stay in touch with the former CMO and hoped to indirectly continue to benefit from his strong personal network. Of his own accord, the CMO offered his feedback on the onboarding process, which was included in the onboarding documentation under the new item "Onboarding of managers at foreign locations".

Unfortunately, the dismissal of managers cannot always be avoided. Almost all decision-makers have already had to make this experience. Countless factors can cause a manager to leave the company again; and many of them are private circumstances.

The quitting of an executive should never be seen as an attack on the company, but as an opportunity to optimise the staffing process and to gain a manager who is possibly even better at the job than their predecessor.

After the termination of a leader, companies should aim for a thorough offboarding and an exit interview.

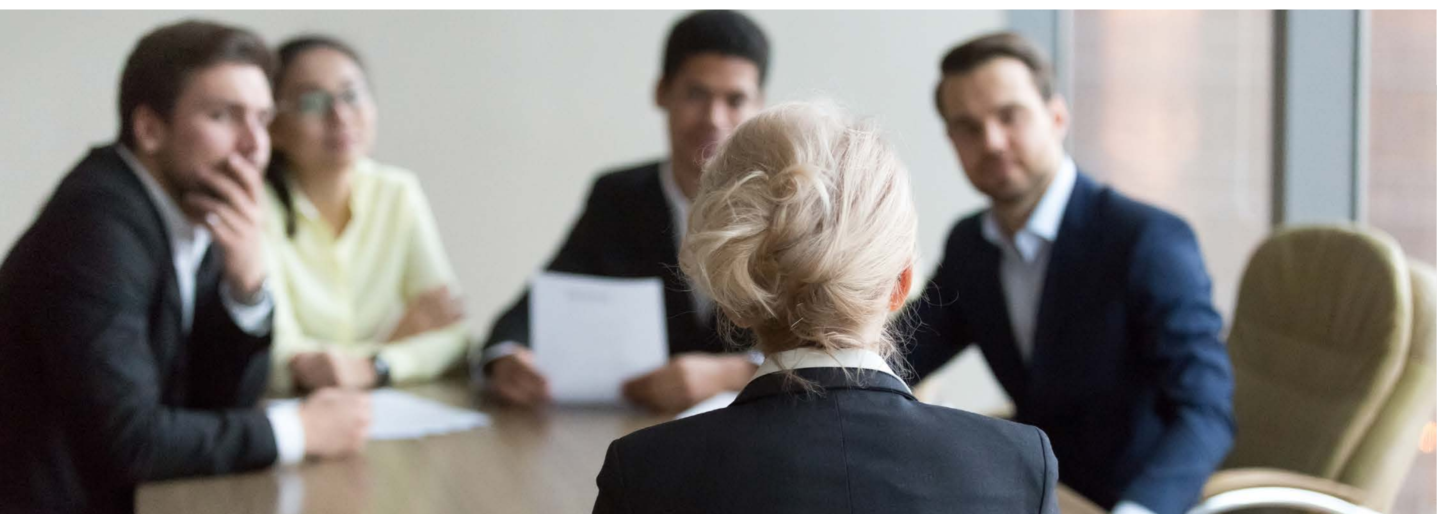
Offboarding handles necessary administrative procedures and makes the transition to a new leader as smooth as possible.

In the case study, this mainly meant documenting the commercial project. At least as important is the exit interview, which many companies still don't undertake.

In an exit interview, the company will find out the real reasons for the dismissal and receive feedback from the departing manager, which it should consider when filling the position in the future. If an exit interview takes place, it is almost always in the case of terminations during the probationary period, although the insights gained from an exit interview with long-term executives can provide information on a completely different level. The company in our case study should have conducted an exit interview.

What the company did right in the case study is to show appreciation for the former CMO even after the termination and to keep in touch with him. It is important not to affront promising candidates and those who quit, but to honestly reflect to them that they were able to convince the company of their talent. On the one hand, each candidate's experience contributes to the company's image in the labour market. On the other hand, there is always the possibility that the executive will return to the company at some point. It can even make sense to explicitly invite the executive to return, for example by symbolically handing over a "ticket to return".

An executive who leaves is a financial loss for the company, but that does not mean that opportunities do not arise from an unpleasant situation. And especially in cases where a personnel consultancy is commissioned (as in our case study), the damage to the company is usually minor. Using a good executive search consultancy is the best insurance against a bad hire, because a good consultancy has the knowledge and experience to assess people reliably.



06 Conclusion

Even with the challenges in filling a position, it is neither sensible nor advisable to leave a leadership position permanently vacant.

A company needs active leadership to be successful and to grow. Not making a decision at all for fear of making mistakes is not a solution – instead, companies should do everything they can to make the right decision and pave the way for a successful future. Personnel consultants can effectively assist in this process, using diagnostic tools to maximise the likelihood of a successful appointment.

In addition to the selection process, onboarding and induction are particularly important and should be individually adapted to the needs and wishes of the manager. Diagnostic tools also play a decisive role here. Through them, companies can anticipate whether there could be possible discrepancies between the executive and the company and how to take effective action if there are discrepancies. In emergencies, the responsible personnel consultant can act as a mediator. Onboarding coaching such as executive impact® ensures that it does not come to that and that the new manager can find their way into their new role as quickly and easily as possible.

It is not always possible to prevent a leader from leaving, but companies can minimise the likelihood of such a loss with the right approach. An excellent leader is worth their weight in gold. Those companies willing to invest resources in a long-term and fruitful cooperation and to honestly accommodate an executive will make an incomparable benefit many times over in the future.

About EO Executives

Results through people

Executive Search & Interim Management

Success in companies is made by people. Leaders play an important role in this. Our mission is to help our clients build the **Best Leadership Team** they have ever had.

To this end, we bring together advisors with highly individual and specific knowledge and our clients. Our consultants are experts in their respective industries and functional areas.

Through our consultants' high level of expertise, we ensure that success-critical management positions are filled quickly, permanently and successfully.

In addition to competent consultants, our team consists of dedicated researchers and employees - and everyone brings their extensive knowledge to the search for the perfect executive.

Our unique methodical approach, executive-intro®, ensures that our candidates are not only convincing from a professional point of view, but also represent a long-term enrichment for the management team and the company on an interpersonal level.

We call this a Perfect Match.

EO Executives was founded in 1997 and now operates in six countries worldwide with a total of 33 locations. We fill positions with permanent executives and experts and quickly available interim managers for temporary assignments and projects .

In addition, we support our clients with further consulting services in executive search, interim management and leadership development.

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Reference

1. The case study is fictitious. It is based on the experience of the consultants at EO Executives in the course of their work, but does not depict specific situations that have taken place in reality.

2. In our whitepaper *Leadership Skills in Transition: Skills that Leaders Need Today*, we have listed the soft skills we have found to be indispensable for leaders in every industry. Source: https://eoexecutives.com/en/blog/leadership-skills-transition-skills-leaders-need-today

3. The 18-month span comes from the blog post "Fehlbesetzung in der Softwareentwicklung: Kosten und wie sie vermieden werden können" ('Miscasting in software development: costs and how to avoid them') by Tobias Mehre, 09.11.2020. The three-year span is based on the guiding principle that a new manager in the company needs "one year to learn, one year to work, one year to harvest". According to this guiding principle, a manager must have experienced each of these phases, otherwise he or she will not have gained full experience. Source: https://tobiasmehre.de/2020/11/09/kosten-fehlbesetzung-in-der-softwareentwicklung/

4. "Cost of Vacancy Formulas for Recruiting and Retention Managers". by Dr John Sullivan, 25.07.2005. Retrieved 17.08.2023. Source: https://drjohnsullivan.com/uncategorized/cost-of-vacancy-formulas-for-recruiting-and-retention-managers/

5. The Good Hire Calculator™ is available free of charge at https://executive-intro.goodhire.agency/.

6. In the first two months in a new management position, the Good Hire Calculator™ calculates 25% of full productivity, in the third and fourth month 50%, in the fifth month 75%.

7. This calculation assumes that a bad hire reduces productivity in the team to 80 % for a total of 10 months – five months before a successor is found and another five until the successor has reached full output. The calculation assumes five team members who receive 75% of the salary of the example CMO.

8. Andrea Hammermann et al: Fluktuation auf dem deutschen Arbeitsmarkt. Dynamik von Personalbewegungen und deren Einflussfaktoren ('Fluctuation in the German labour market. Dynamics of personnel movements and their influencing factors') (IW-Analysen 149). Cologne, 2022. Source: https://www.iwkoeln.de/fileadmin/user_upload/Studien/IW-Analysen/PDF/2022/Analysen_Nr._149_Fluktuation-Arbeitsmarkt.pdf

9. Stephanie Neal & Rosey Rhyne: HR Leadership Insights Report. Published 2021. Source: https://www.ddiworld.com/research/hr-leadership-insights-report