

Executive Transition: Avoiding the big player small company disaster scenario

It looked the perfect appointment. Candidate X had just the right experience and record of success. But once in position, it started to unravel. Productivity did not live up to credentials. There was no understanding of how the new company worked. No one could understand how the candidate could have achieved a performance award from the previous employer. Where did it all go wrong?

This is the classic big player small company disaster scenario which occurs so frequently in small, growing organisations that we now regularly meet stiff resistance to suggestions of bringing executives from big companies into fast-moving, entrepreneurial environments.

Overwhelmingly, the verdict is that it just doesn't work out. Combine this with the statistic that 40% of executive hires fail within their first year and it is no wonder investors, boards and executives still find, even in today's marketplace, that building their teams for the next stages of growth and development is problematic.

In our view, this is a mistake. The transition from big company to small can work extremely effectively for both company and executive. However, if it is to be successful, it needs to be treated with caution and awareness of the issues.

Aggio succeeds through understanding and finding solutions to the difficulties which emerge from differences in culture, structure and expectations between big and small companies. And, as importantly, we identify executives with the right mind set to make the transition.

Based on our experience, we describe here important differences, key personality traits and outline a six-point plan for success.

'Incoming' and 'outgoing' responsibilities

Typically big company executives face very different tasks and pressures to their counterparts in small companies. Within a large company, executives are tasked with an array of incoming duties from multiple sources with set time constraints. For example, their phone will ring constantly, there will be an incessant stream of people requiring their help and they will be on-call for dealing with high profile customers.

This contrasts sharply with the regular responsibilities of the small company executive whose concern will primarily be focused on the whole spectrum of outgoing activity. The success of the company relies on their success as a representative. They must set their own boundaries and initiate their own activities.

A question of culture

At the extremes, cultural differences between large and small companies emerge through differences in objectives. Larger companies will gravitate toward preserving what they have, while smaller companies seek to grow. The risk reward relationships are different, in fact sometimes diametrically opposed, and employees at both ends of the spectrum become conditioned within their particular environment.

It is worth noting that some large companies have been moving to counter their cultural imperative by shifting toward smaller business units within larger organizations. Corporations are becoming more skeletal and those employees retained are being moved into more rounded functionalities. This shift is a key element in a wider large company drive to become more innovative and responsive to change.

Any company wanting an executive to make a cultural transition needs to be aware of the different environmental challenges faced on opposing sides of the big company, small company divide.

The ideal small company executive

Certain people are more suited to certain types of work and will naturally gravitate toward them. The task for the hiring team is not to judge capability without first taking the scale implication of the previous employer properly into account.

Fundamental is the question of whether the executive has the skill set required to relax into the mind-frame of the smaller company. Can they adapt a mind conditioned to filter and organise incoming tasks and communications into a mind which can create direction and strategy from scratch, forge new developments and move very quickly?

Over the many years that our team has been building executive teams for growth, we have identified common characteristics when profiling executives from big companies that had the potential to make the transition successfully.

Pace of change. Often, the executive will be frustrated with the pace of change in a large company, which may be slow, cumbersome and riddled with bureaucracy and ambiguity. They will relish the opportunity to be responsible for something new and fast moving.

Structural exposure. They will not be averse to structural exposure (equity) instead of cash and will understand fully the strategy of working towards a timely exit. On the flip side, exercise caution with those who seem to value equity as the primary motivation.

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Resources. They must be able to understand the key criteria of fewer resources and be prepared and able to adapt, innovate, roll up their sleeves and be flexible, look at the big picture and the detail when necessary.

Self-motivation. Understand that they will be expected to work without any guidance or procedure, setting their own pace, making decisions for themselves that will affect others and the direction of the company.

Responsibility. Understand fully the depth and breadth of responsibility involved within a small company. In virtually all cases, it is all encompassing, whereas until recently, big company executives have tended to have more functional responsibilities.

Engagement and Buy-In. They hold a tangible track record of engagement and close involvement with selling ideas, strategies and novel concepts internally and externally. They will have gained buy-in from a broad spectrum of stakeholders from the board, regulators and investors to the public.

Goal Oriented. They will be focused on results rather than procedure, challenging the status quo to achieve goals and in the shortest time frame possible.

Continuing advancement. Executives will have made mistakes in their careers. They will have learned from them, putting in place mechanisms ensuring they are not repeated and enhancing their knowledge, networks and capabilities.

A successful transition

To ensure a big company executive will make effective transition, small companies need to do their homework:

- 1) Invest time in planning how they will build their executive team
- 2) Understand their company culture now and how it will change
- 3) Ensure the company culture, vision and strategy for the business are all aligned
- 4) Translate this information into habitual and behavioural traits which will set the foundations of what to look for when profiling potential executive hires
- 5) Understand the difference in functionality between the large and small company models (as described above)
- 6) Look for the personality traits which will suit the company culture. A simple probing question like "tell me in detail what you did from the time you woke up to the time you went to bed" can reveal so much about the character and behavioural style of an executive.

The transition can be made, and well. Getting there requires planning, forethought and strategy.

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In the challenging environment of global healthcare where competition, innovation and change are the defining elements of the status quo, it is rare to find a business which offers consistency in outcome. Aggio is the exception. Aggio successfully helps companies and executives negotiate the big/small transition and beyond.