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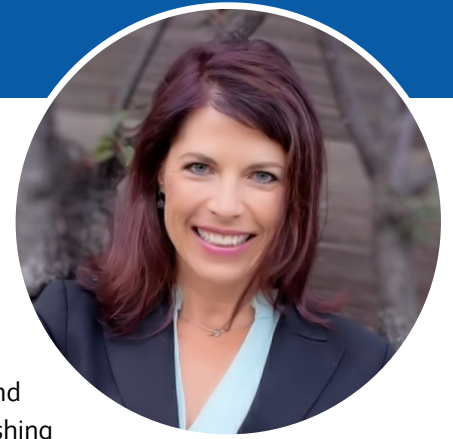
Hiring Executives Internally

5 Actions Organizations Should Take to Avoid the Costs of Mismatched Promotions

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Who Am I and Why Can You Trust Me?

I am Sara LaForest, an entrepreneur, consultant, coach, instructor, and author with comprehensive experience in the private, nonprofit, education, and government sectors.

I am on a mission to empower entrepreneurs, executives and leaders to grow their businesses and help them create flourishing workplace environments. If you share this mission, these articles will introduce my approach. I believe you will find them helpful and pragmatic.

For more than a decade, I have grown, managed, and nurtured my own companies specializing in leadership consulting, organizational development, and executive and performance coaching. My focus is on the critical—yet often overlooked—interdependencies of strategy, branding, culture, and talent necessary to foster and propel growth. My high-touch, personalized approach helps leaders improve company performance and team functioning at all levels, while facilitating a positive and productive workplace culture.

How am I different? What new perspective do I bring? My strength is combining company growth with an emphasis on the personal growth and well-being of the people with whom I work and serve. My deep-rooted commitment to human advancement is my advantage.

This article, along with many other national and international published works, was co-written with my retired partner, Tony Kubica. Our book, *Organizational Gravity: A Guide to Strategically Growing Your Company's Brand, Culture, and Talent*, is available on [Amazon](#).

To learn more about my services, publications, and speaking engagements, please visit [LaForestConsulting.com](#). You can contact me directly at Sara@LaForestConsulting.com or via [LinkedIn](#).

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How does your organization promote from within?

Do you select the person who is doing the best job in their current role?

Do you promote the person you like the most, the person who has the most seniority, or the person who gives you attention and deference?

If this is your current practice, then you are missing out on the opportunity to grow your business. You may also experience a dramatic increase in your cost of operations. This is hardly a good strategy. A poor promotional decision is costly.

The costs of a bad (mismatched) promotion:

- Time it takes to become productive on the job
- Time it takes to separate from being a peer to being a boss
- Turnover cost resulting from a bad promotion
- Lost productivity resulting from the turnover
- Recruiting costs

Time it takes to become productive for the new hire

Now, with that being said, there are distinct advantages to promoting from within. The candidate knows the business, knows some of the politics (even though politics at the managerial and executive level are different), and is familiar with the culture. But this knowledge alone should not qualify them for promotion. What qualifies prospects for promotion is a positive performance track record and demonstrated ability (versus just interest or a willingness) to take on additional responsibilities to succeed.

Here's an example of a bad, mismatched internal promotion – and its costs...

One of our clients, a small business that makes energy equipment, was struggling financially. The company's sales were off, production targets were missed and the investors brought in a new President to improve performance and operations.

In the process, and not unlike many executives in his position, this new President assessed the executive staff, talked with each executive, and re-organized the executive team. In the process, he promoted to Vice President a person who had been demoted for poor performance and poor management behavior with the employees. He knew this but chose to ignore it because of the convincing way the new Vice President managed up.

The employees' reaction was immediate and dramatic. It was so dramatic that the production problems the company was facing got worse and a key employee resigned.

What happened? The President:

- Did not take the time to understand the internal dynamics of the company,
- Did not learn about the company's history and the reasons for past actions,

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- Did not conduct a 360 to assess the viability of this candidate
- Was swayed by a politically effective individual who successfully convinced the new President that only he could solve the production problems
- Engaged neither a mentor nor a coach to help this individual

While extreme, this example outlines the risks of promoting a poorly vetted internal candidate that excels in a particular technical function, but lacks:

- The broader business strategy
- Ability to work with and through others to accomplish organizational goals

Five actions organizations should take to prepare internal candidates for promotion:

1. **Have a formal (or at least an informal) succession plan** – You need to identify individuals in your organization who can fill current senior positions should the incumbent retire or leave. Other reasons you need to start identifying possible prospect to fill senior positions include: possible future positions being created due to growth, new product or service introductions, or the development of new projects that are critical to the success of the company
2. **Implement a management development program to provide future managerial or executive candidates the opportunity to learn and take on additional and more challenging responsibilities.** A management development program will also identify employee strengths, preferences, values and potential derailers. This will help you find the best fit for your organization's new VP, President, Director etc.
3. **Introduce a valid and meaningful 360-degree evaluation program.** This will help you ensure that the candidates identified for promotion are truly qualified and not just good at managing up, managing their image, and performing a functional (vs. leadership) role.
4. **Provide the future promotion candidates with an in-house mentor.** This mentor should help guide them through both the tangible and intangible aspects of achieving success within the company.
5. **Provide newly promoted employees with coaching.** You want to support your new executive's transition from a functional and technical/clinical focus to a manager with broader and strategic responsibilities.

When faced with promoting from within, avoid the tendency to act quickly just because you have someone in front of you. Insure you take the time to appropriately evaluate the candidate, as the cost of a mismatched hire does not lessen for internal promotions. In fact, it can have even greater negative consequences as it did for the client we discussed in this article.

Don't let a poorly mismatched hire affect your business. Follow our tips, so you can promote the best possible employee to become your next executive.