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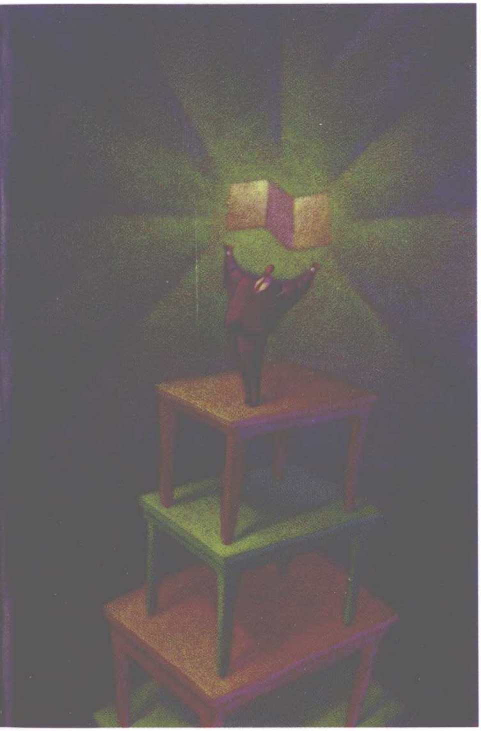

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ON

DEVELOPING HIGH-POTENTIAL LEADERS

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When a New Manager Takes Charge

JOHN J. GABARRO

Executive Summary

WHEN SOME MANAGERS take over a new job, they hit the ground running. They learn the ropes, get along with their bosses and subordinates, gain credibility, and ultimately master the situation. Others, however, don't do so well. What accounts for the difference?

In this article, first published in 1985, Harvard Business School professor John J. Gabarro relates the findings of two sets of field studies he conducted, covering 14 management successions. The first set was a three-year study of four newly assigned division presidents; the second consisted of ten historical case studies. The project comprised American and European organizations with sales varying from $1.2 million to $3 billion. It included

turnarounds, normal situations, failures, and triumphs.

According to the author, the taking-charge process follows five predictable stages: taking hold, immersion, reshaping, consolidation, and refinement. These phases are characterized by a series of alternating periods of intense learning (immersion and refinement) and action (taking hold, reshaping, and consolidation). The study's results put to rest the myth of the all-purpose general manager who can be dropped into any situation and emerge triumphant. Understanding a situation and effecting change do not occur overnight, says Gabarro, and human variables such as managerial styles and effective working relationships make a difference.

Editor's Note: A great deal has been written about first managerial jobs and their attendant woes; similarly, there are whole shelves of books devoted to the art and science of becoming a CEO. Fewer publications address what happens when general managers take over a division or function in large organizations. Yet these are the transitions through which a manager becomes—or fails to become—a leader.

More than 20 years ago, Harvard Business School professor John J. Gabarro conducted a research project to examine what happens when general managers take on big new jobs. The project consisted of a three-year longitudinal study followed by a set of ten historical case studies of management successions. Specifically, Gabarro was trying to sort out why some managers failed but others succeeded. In this 1985 article, he reported on his findings: Managers took much longer than predicted to get up to speed; successful transitions followed predictable stages (including two sit-back-and-watch periods of immersion and refinement); industry insiders took charge much faster than outsiders; and a good working relationship with a boss dramatically increased the likelihood of success. Gabarro's most important finding overall was that taking charge takes a long, long time. Given the now common practice of shortened general-management assignments, are organizations paying a huge, hidden cost?

THE SUBSIDIARY WAS IN SERIOUS trouble, so top management hired a young vice president of marketing with an enviable track record in another industry and gave him carte blanche. He reorganized the marketing function using a brand management concept, restructured the sales division, and devised new marketing strategies. Margins continued to erode, however, and after nine months he lost his job.

In another company, top management also hired a manager from a different industry to turn around a subsidiary's heavy losses and gave him considerable latitude. He too formulated an entirely new marketing strategy along brand lines. Within a year's time, margins improved, and within three years the subsidiary was very profitable and sales had doubled.

On the surface, these two situations are strikingly similar. Both executives were in their middle thirties, and neither had experience in his new industry. The two men implemented major changes that were remarkably alike. Furthermore, both worked for difficult bosses. Yet one succeeded and the other failed. What factors account for the different outcomes?

To answer this question, we need to look deeper and explore the contexts the two managers faced, their backgrounds, and the taking-charge process itself.

Although only dramatic examples make headlines, a recent study shows that by the time general managers reach their late forties, they have already taken charge of three to nine management posts.[1] Despite the frequency, however, and because situations are unique and managers so different, it is difficult to generalize about the taking-charge process.

Having studied 14 management successions, though, I have found issues common to all and factors that not only affect them but also influence how successful a new person is likely to be. (See the exhibit "The Managers Taking Charge," which details the research process.)

In using the term *taking charge,* I am referring to the process of learning and taking action that a manager goes through until he (or she) has mastered a new assignment in sufficient depth to be running the organization as well as resources and constraints allow.

The taking-charge process occurs in several predictable stages, each of which has its own tasks, problems, and dilemmas. My study's findings also put to rest the myth of the all-purpose general manager who can be dropped into any situation and triumph. To the contrary, my observations indicate that managers' experiences have a profound and inescapable influence on how they

The Managers Taking Charge

This article is based on a research project that consisted of two sets of field studies totaling 14 management successions. The first set was a longitudinal study of four newly assigned division presidents whom I studied over a three-year period as they went about the process of taking charge. The second set consisted of ten historical case studies of management successions, which were used to expand on and verify the longitudinal studies' results. The 14 cases were chosen to get a range of different kinds of management successions involving both functional and general managers. The successions included American and European organizations varying in sales from $1.2 million to $3 billion. The sample included turnarounds and normal situations and successions that failed as well as those that succeeded.

I studied the longitudinal cases using company documents, on-site observation, and field interviews with the new presidents and their subordinates at the end of three, six, 12, 15, 18, 24, 27, 30, and 36 months. For the historical studies, field interviews were conducted and company documents were used.

Summary description of managers studied

Unit's business	Unit revenues*	Manager's job	Predecessor as superior	Turnaround situation	Industry-specfic experience	Insider (I) or outsider (O) to organization	Location	Succession success (S) or failure (F)†
Longitudinal case studies								
Industrial and office products division	$260 million	Division president	yes	no	yes	I	U.S.	S

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Unit's business	Unit revenues*	Manager's job	Predecessor as superior	Turnaround situation	Industry-specfic experience	Insider (I) or outsider (O) to organization	Location	Succession success (S) or failure (F)†
Longitudinal case studies								
Machine tool division	175 million	Division president	no	yes	no	O	U.S.	S
Consumer products division	70 million	Division president	no	yes	no	O	U.S.	S
Construction products division	55 million	Division president	yes	no	no	O	U.S.	S
Historical case studies								
Cable television subsidiary	$1.2 million	General manager	no	no	no	O	U.S.	F
Wholesale food distributor	21 million	Functional head	no	yes	no	O	U.S.	F
District sales organization (communications)	30 million	Functional head	no	no	yes	I	U.S.	S

Beverage manufacturer	90 million	General manager	no	yes	no	O	Netherlands	S
Plastic and metal products	100 million	General manager	yes	no	yes	I	UK	F
Beverage manufacturer	110 million	Functional head	yes	no	no	O	Italy	F
Synthetic fibers	200 million	Functional head	yes	yes	yes	I	UK	S
Computer and technical products	780 million	General manager	no	no	yes	I	Switzerland	S
Industrial and consumer products	3 billion	General manager	no	yes	yes	I	UK	S
Public education	Not available	Functional manager	no	yes	yes	I	U.S.	S

* Unit revenues expressed in 1982 U.S. dollars.

† A succession was considered a failure if the new manager was fired within the first 36 months because of his inability to meet top management's expectations of performance.

take charge, what areas they focus on, and how successful they are likely to be in mastering the new situation.

The New Manager Arrives

When I looked at the taking-charge process for a period of time, two patterns stood out. First, the process can be long. In the cases studied, for senior U.S. managers, it took from two to two and a half years; some European and UK senior managers took even longer. Second, the taking-charge process does not involve steadily more learning or action. Rather, it is a series of alternating phases of intense learning and intense action. Also, the nature of both the managers' learning and actions changes over time.

With few exceptions, most new managers' organizational changes tended to cluster in three bursts of activity. Exhibit I shows these periods quite clearly. Exhibit II illustrates that the same bursts occur regardless of the type of succession. The data presented in Exhibits I, II, III, and IV are for completed successions only, in other words, those in which the new manager lasted in the job for two and a half years or longer. As such, the exhibits do not include data from three of the failed successions. The organizational activity measure is a composite of both structural and personnel changes managers made.

What accounts for this pervasive pattern? Why were the major changes made almost invariably in three waves of action? My observations suggest that the underlying patterns of learning and action account for these periods of intense change. They are natural consequences of how new managers learn and act as they try to master strange situations. More specifically, the data