

# Transitions in Leadership Experience

How experiences shape leadership at every level.

Leaders learn to expand their critical skills and competencies in challenging situations. Multiple studies have found that on-the-job leadership experiences are primary sources of learning and account for as much as 70% of a leader's development<sup>1</sup>, which emphasizes the importance of systematically measuring and understanding leadership experiences. Organizations can use this information for development and training as well as selection and performance appraisal. Leaders can use this information to evaluate their experiences to date, and to plan for future experiences needed to advance their careers.

## Leadership experience

Leadership literature has emphasized the importance of experience in leader development<sup>2</sup>. While overall leadership skill requirements increase as individuals move up in an organization, research has shown that not all leadership skills change at the same rate<sup>3</sup>. Despite the fact that leaders do not go through the same experiences in becoming a business unit leader or a senior executive, descriptions of the most frequently cited experiences during leadership transitions have important implications for leaders' careers.

These descriptions can help individuals make decisions about assignments that are most

relevant to future roles. The Korn Ferry leadership model shows five major levels of leadership: first-level leader, mid-level leader, business-unit leader, senior executive, and chief executive. In this paper, we will focus on research regarding the transition from first-level leader to mid-level leader, from mid-level leader to business unit leader, and from business unit leader to senior executive.

Using a sample of 5,495 managers<sup>4</sup>, this research examines the most common transitions that leaders make as they grow into senior executive positions. Specifically, we report the statistically ( $P < .05$ ) and practically ( $d > .50$ ) significant<sup>5</sup> differences between the management levels on leadership experience as measured through the Leadership Experience Inventory (LEI), a valid measure of leadership experiences created by Korn Ferry (VanKatwyk, Laczko, Tuzinski, 2006).

The LEI is a measure of leadership experience that asks respondents to report on different types of leadership experiences and the frequency in which they experience each in their career. While the LEI captures differences in the breadth and depth of experiences reported by leaders at different levels on almost all the dimensions measured in the LEI, this study only reports the top five increases in leadership experiences at each transition.



## Transition from first-level leader to mid-level leader

Mid-level leaders manage a larger group than first-level leaders. They are responsible for department goals, and for translating those goals into tasks and responsibilities for their group. They are likely to be a step removed from the actual work and focus more on planning and execution. The transition from first-level to mid-level leader is characterized by experiences that involve facing challenges and overcoming adversity.

The top five experiences that differentiate first-level leaders and mid-level leaders are:

1. **Difficult staffing situations.** Mid-level leaders face difficult staffing situations, such as firing someone for poor performance or dealing with layoffs. In this experience, they are responsible for making decisions and carrying out required actions.
2. **Financial management.** Mid-level leaders likely create budgets, manage P&L responsibilities, and hold responsibility for different aspects of financial management for their groups.
3. **Interpersonally challenging experiences.** Mid-level leaders need to manage emotionally charged relationships in the workplace. For example, they might work with a boss who is controlling or unsupportive, or work with a direct report or peer who is uncooperative or short-tempered.
4. **Managing a function.** They manage responsibility for a support function such as HR, IT, marketing, or finance. This experience might come through a permanent assignment or a temporary assignment, such as serving on an advisory group for a new performance appraisal system or conducting a study on technology.
5. **Dealing with inherited problems and challenges.** In this experience, mid-level leaders take over a situation with existing problems. For example, they might lead a group with historically low morale or low productivity.

Experiences that differentiate mid-level leaders from first-level leaders relate to operational issues in which they resolve problems by providing effective solutions. This transition seems to entail a broadening of the limited functional knowledge that was adequate for a first-level leader role to a more organization-wide perspective.

First-level leaders can look for opportunities to gain these experiences to help prepare for the role of a mid-level leader. Understanding that these challenges are common and can be expected will help individuals prepare for and manage them with greater ease.





## Transition from mid-level leader to business unit leader.

Business unit leaders manage a complete business unit within an organization, and are directly responsible for all the functions within that unit, including setting operational and financial goals, identifying and tracking key metrics for business unit processes, and leading the business unit team. They are expected to develop both operational and leadership capabilities that are important for successful performance. The transition from mid-level leader to business-unit leader is associated with experiences that are highly visible and closely aligned with organizational strategy.

The top five experiences that differentiate mid-level leaders and business unit leaders are:

1. **Strategy development.** Business unit leaders define plans, shape initiatives, and set strategic direction for the business unit. This reflects a distinct change in responsibility, as they need to have a greater understanding of organizational strategy.
2. **Highly visible or critical assignments.** Business unit leaders work on assignments that have the attention of senior leaders and/or the public. For example, they might make a highly visible decision in which failure would cause financial losses for the organization or payroll terminations.
3. **High-risk situations.** They are responsible for situations that promise significant returns, but carry the risk of failure in terms of financial costs and/or negative impact on the organization. For example, a business unit leader might initiate a large-scale technology change in a manufacturing plant that has the potential to increase production, but carries the risk of failure and loss during implementation.
4. **Critical negotiations.** Business unit leaders negotiate with individuals or groups that are extremely important for the organization's future, such as labor and important suppliers.
5. **External relations.** These leaders represent the organization externally. For example, they might serve as a spokesperson to customers or represent the organization's interests with regulatory agencies or public interest groups.

Experiences that differentiate business unit leaders clearly demonstrate the use of new and different skills from the ones required for mid-level leaders. This transition seems to involve progressive growth in the scope of operation, decision-making capability, and responsibility.





## Transition from business unit leader to senior executive.

Senior executives are responsible for developing strategies for long-term success and sustainable competitive advantage. They build external networks, manage constituents, and collaborate with the board of directors. They are responsible for creating an effective, well-functioning leadership team and leading major enterprisewide strategic initiatives. Ultimately, their group is responsible for the profitability, market share, organizational competitiveness, and growth of the organization.

The top five experiences that differentiate senior executives are characterized by a focus on strategy and on critical/risky assignments. While they overlap with some of the experiences that differentiate business unit leaders and mid-level leaders, there is a noteworthy increase in both the type and number of these experiences from the business unit leader to the senior executive role. For example, while strategy development is important for both groups, senior executives are likely to have a greater variety of strategy-related experiences as well as a higher frequency of such experiences. The LEI captured this difference in breadth and depth as a significant difference in the mean on strategy development between business unit leaders and senior executives.

The top five experiences that differentiate business-unit leaders and senior executives are:

1. Strategy development. Senior executives define plans, shape initiatives, and set strategic direction for the whole organization. The strategy at this level is likely to include formulating company-wide policies. While a business unit leader has the same experience on a smaller scale, the senior executive has a wider scope of responsibility and authority.
2. Start-up or new business experience. They might manage a start-up or new business, such as setting up an organizational unit in another country or starting up a function or division that did not previously exist in the organization. This senior executive experience is unique to the top five transition experiences.
3. Highly visible and/or critical assignments. Like business unit leaders, senior executives have a greater breadth and depth of highly critical and/or visible assignments. Public and media attention is likely to be focused on these assignments and on decisions related to outcomes, such as stock market prices or the loss of jobs.
4. High-risk situations. Senior executives are involved in a greater variety and frequency of high-risk situations, such as mergers and acquisitions, which can lead to significant returns but also carry a serious risk of failure.
5. Interpersonally challenging situations. While this skill is important for the transition from first-level leader to mid-level leader, senior executives are likely to experience a greater variety of these situations and to be in them more frequently. In addition to facing challenging interpersonal situations with employees, they experience them with senior executives from other organizations, the media, external funding agencies, and the like.

Examining these experiences makes it clear that the transition to a senior executive role is challenging and has important implications for the whole organization. Senior executives carry a large burden for the well-being of an organization, and their actions and decisions can have far-reaching consequences. This transition incorporates many of the experiences and challenges faced in previous roles. Leaders can prepare for the senior executive role by being aware of the challenges and responsibilities they will face and by gaining experience early on in these types of situations.



## Top five leadership experiences from first-level leader to senior executive.

First-Level to Mid-Level	Mid-Level to Business Unit	Business Unit to Senior
<b>1. Difficult staffing situations</b>	<b>1. Strategy development</b>	<b>1. Strategy development</b>
<b>2. Financial management</b>	<b>2. Highly visible/critical assignments</b>	<b>2. Start-up or new business</b>
<b>3. Interpersonally challenging situations</b>	<b>3. High-risk situations</b>	<b>3. Highly visible/critical assignments</b>
<b>4. Managing a function</b>	<b>4. Critical negotiations</b>	<b>4. High-risk situations</b>
<b>5. Inherited problems and challenges</b>	<b>5. External relations</b>	<b>5. Interpersonally challenging situations</b>

### Summary

As we have seen, data from Korn Ferry’s Leadership Experience Inventory (LEI) can help leaders understand the experiences that are important in the transitions from a first-level leader to a senior executive. This paper shows a path that leaders can use to build skills at each stage of their careers, leveraging previous experiences to transition successfully to the next stage. For example, mid-level leaders who face interpersonally challenging situations with bosses and subordinates are building skills that will prepare them for senior executive roles in which they will face challenging situations with the board of directors or external funding agencies.

As you plan for your career, seek out opportunities for development experiences that focus on these key transition differences. Korn Ferry offers focused career development, coaching, and transition support to help you successfully move into higher roles.

### References

1. P Lowy, A., Kelleher, D., & Finestone, P. (1986). “Management Learning: Beyond Program Design.” *Training and Development Journal*, 40, 34-37.
2. Mumford et al. (2000). “Development of Leadership Skills: Experience and Timing.” *The Leadership Quarterly*, 11, 87-141.
3. Mumford, T. V., Campion, M. A. & Morgeson, F. P. (2007). “The Leadership Skills Strataplex: Leadership Skill. Requirements across Organizational Levels.” *The Leadership Quarterly*, 18, 154-166.
4. 18.45% were first-level leaders, 39.05% were mid-level leaders, 28.44% were business-unit leaders, 14.05% were senior executives; 21.47% were female.
5. Given this set of data and issues of range restriction, this is considered practically significant.

#### About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.