

First impressions can make or break a new CEO



After a long career at the US company Haliburton, Jonathan Lewis had been chosen to lead AMEC Foster Wheeler and was preparing for his first day at the fledgling British oil services company. He had spent the previous weeks systematically learning about the firm and knew it was facing a financial crisis. Now that he was taking charge, how should he approach his first day on the job?

New CEOs are routinely told to hit the ground running and get things done in the all-important first 100 days. But our research among 1500 CEOs indicates that the new leader should tread carefully, especially in the initial period in charge.

First impressions count, and ever more so for a new CEO. But you only get one chance to make that first impression. When the appointment is from outside the organisation, the stakes are even higher. There is great uncertainty because the new leader is not well known to the stakeholders and initial reactions can make or break the future of the CEO.

Some executives are likely to be wary of the new leadership or just fear to see the status quo disturbed in any way. As a result, new appointees often face strong negative sentiments, a lack of support and may even encounter active resistance. In a related large-scale study of 1500 CEOs, one of us found that such initial negative feedback is likely to impact the company's financial performance for several years after the external CEO's appointment.

Besides a negative initial reception, outsider CEOs also have other factors stacked against them: they don't know the organisation or its culture and often come from a completely different industry. For instance, when Marc Schneider joined Nestlé in 2017, his industry experience had been in healthcare-related industries while Nestlé's core businesses were in the food industry. As a result, he faced a steep learning curve to become effective, accepted and ultimately successful in the new organisation. With such a learning curve even the brightest executive is well advised to tread carefully and focus on understanding the organisation rather than taking dramatic actions early on. At the same time, most people in the organisation will expect the new CEO to provide strong leadership from day-one even though the CEO does not know the organisation and is unlikely to have instant meaningful answers. These competing forces mean that new CEOs tend to face an almost paradoxical situation. When they start, everyone is watching for any word or sign of intentions and actions, but they are not in a position to provide guidance.

So, what should a new CEO do in the first few days in the job? Following the announcement of the appointment, the organisation will hang on every word and other clues to form an impression of the new CEO—positive or negative. Initial communications and even more initial actions send strong signals about what the CEO stands for, if he or she can be trusted, and set the relationship between the CEO and the organisation on a path that is difficult to break. In this situation symbolic acts, whether planned or not, can create quick buy-in but also resistance and therefore they need to be consistent and authentic.

Take again Jonathan Lewis at AMEC Foster Wheeler. Everyone in the organisation was well aware that he had been hired to turnaround the business. When on his first day he was presented with a brand-new S-class Mercedes and a driver, Lewis decided to return the car and dismissed the driver, to signal his focus on effective cost management from day one. To further emphasise the point, he reassigned the kitchen-chef serving the corporate office and removed his privilege of flying first class from the travel policy.

Even for seasoned executives, taking on a new CEO appointment is highly demanding. Our research suggests there are some simple principles that can be followed to convert an apparently impossible challenge into something more manageable:

- **Every word counts.** People are eager to get to know the new leader and will watch them closely. Initial communications should be clearly thought through, planned out, and controlled. It should not be underestimated or even delegated.
- **Listen rather than speak.** As a newcomer, even very experienced executives are well advised to withstand the temptation to offer advice too quickly and listen to understand the new context.
- **Engage in principles- and value-based communication.** Instead of jumping to conclusions on an organisation they do not yet know, new CEOs should focus on communicating what they stand for as a leader. What are their key values and principles? However, despite the need to listen and learn, it is essential for new leaders to start selling the mandate—the purpose they were appointed for.
- **Build the network.** To be effective, CEOs need to build a strong roster of internal allies within and beyond the top management team and identify any toxic individuals within the senior groups that may set the new leader up for failure.
- **Refrain from misguided early action.** Instead of aggressively engaging in early actions, CEOs should weigh initial actions carefully and focus on learning about the organisation. Early actions are likely to be based on insufficient understanding.

The first 100 days certainly matter; however, this time should be used to listen, build trust and prepare the ground for bigger things to come rather than trying to make a splash with rapid actions. A poor first impression can destroy the chances of a new CEO. The good news is that first impressions can be proactively managed and maximised.



Notes:

- This blog post is based on the forthcoming book [The Next CEO: Board and CEO Perspectives for Successful CEO Succession](#), Routledge, 2021.
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