How First-Time CEOs Beat the Odds of Failure

Good Leadership

Research about the partnerships required to create success

By Paul Batz, Founder and CEO, Good Leadership

Somehow the supply of CEO candidates always keeps up with the demand. In 2025, 86% of CEO appointments were first-time CEOs.[1] But the supply chain doesn't guarantee the leader who *wants* the job can actually *do* the job effectively. Specifically,

- 68% of CEOs acknowledge they entered the role unprepared.[2]
- Within 18 months, nearly half of new CEOs are viewed as underperforming or failing.[3]
- 9 of 10 CEOs admit they would approach their transition differently if given the chance. Most recall how they did not address or care for their own emotional resilience adequately, or the impact to their families, to meet the demands of the job.[3]





THE PURPOSE OF THIS RESEARCH

Prepare the organization to hire first-time CEOs who are a good cultural fit and then effectively work together to give first-time CEOs a real opportunity to thrive.

This paper presents specific recommendations for:

- Aligning the Board on the most important roles for the CEO
- Identifying the ingredients for success with the most influential relationships
- How Boards can prepare the organization for change
- Selecting a CEO with the skills and a good cultural fit
- Aligning the Executive Team for the organization's success

WHY RESEARCH FIRST-TIME CEOs?

It was three conversations about failed CEOs in one week that grabbed our attention. Each of those CEOs was a first-timer and each of the three conversations began the same way: "I'm not sure what happened…we really thought we found the right CEO." And, not surprising, each conversation included this coaching request: **"What should we do differently this time?"**

That led to research, which became the basis for this paper. Diving deeper into the subject, the data (quoted on the cover) are cause for concern: today, nearly 9 of 10 CEOs are first timers. They enter the role unprepared, and more than 90% say they would approach the situation differently if given a second chance.

We don't know how many of them get a second chance. But we do know what they wished they knew in their first chance.

Ingredients for Success

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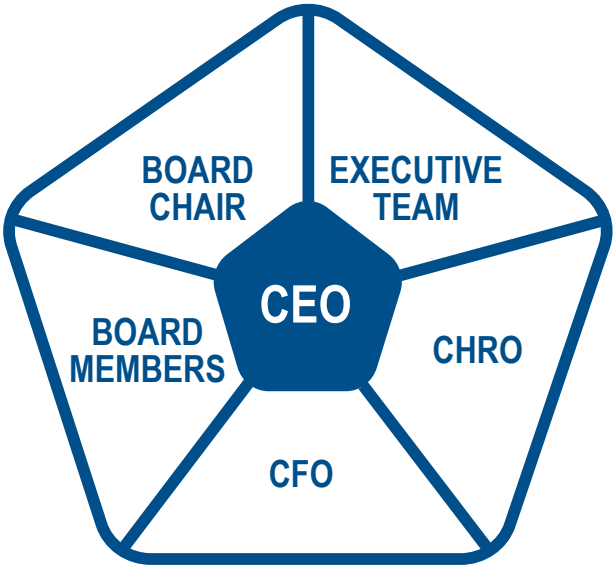
Over the five years between 2020-2025, the Good Leadership team interviewed dozens of CEOs about the CEO job. The following insights were collected by listening to CEOs who succeeded as first-timers and stayed in the job more than five years. We also listened to those who didn't succeed. Conversations with both groups revealed five partnerships that need to be healthy for first-time CEOs to meet or exceed expectations over the first three years:



1. **The Board Chair** (or owner) **as an individual** – The CEO and the Board Chair need to get along and learn to like one another.

2. **The Board as an entity** – Board members become Board members for many different reasons – some are there to protect, others to grow the business. Within that context, the CEO needs the Board to speak with one voice – through the Board Chair – about goals, priorities, and timelines to build and maintain CEO confidence.

3. **The Executive Team** – Executives get input and advice from many different sources, and they have a broad range of responsibilities. The CEO needs the Executive Team to set their individual preferences aside and commit to the Executive Team – the team they "sit on" – as their #1 team. And they need to acknowledge the team they lead as their #2 team.

4. **The CFO as an individual influencer** – CFOs gain access to the Board in ways that other executives don't or can't. The CEO needs the CFO to be transparent about those conversations, and 100% aligned with the CEO first and the Board second.

5. **The CHRO as the talent truth teller** – CHROs have very complex jobs, including advising and influencing the CEO in talent decisions. The CEO needs the CHRO to effectively evaluate leaders at every level – including C-Suite peers. The CHRO also needs to establish effective feedback processes to provide timely and unvarnished development areas for the CEO.

What We Heard...



A private company Board Chair took a recent CEO failure very personally:

> ***I'm embarrassed to know our CFO was sabotaging our CEO. I mistakenly thought they were friends. When our Board Treasurer told me he and the CFO were talking about the business at least once a day, I was angry. The CFO knew it was insubordination… and the Treasurer knew better. When we made the decision to remove the CEO, the Treasurer and the CFO also had to go. That was a heavy price to pay.***

Another Private Equity Board member discovered a similar scenario with their company's CHRO:

> ***Our CHRO had loose lips that literally sank the ship of our CEO. Now, looking back years after that happened, we probably removed the CEO too early. If we had decided together to remove the CHRO and give the CEO a chance to hire that position, it probably would have turned out differently, for the better.***

STRATEGIES FOR HOW TO BEAT THE ODDS

Those first-time CEOs who beat the odds recalled an amazing network of people and teams who were working together to ensure the organization would thrive with a new CEO. We call this the **Goodness Pays**, thrive together mindset. Since 2009, Good Leadership has been researching, coaching, and training leaders to lead with a Goodness Pays mindset. In the context of organizational leadership, goodness is defined as:

When people thrive together, in a culture of encouragement, healthy accountability, and positive teamwork.

For first-time CEO success, the mindset of thrive together represents a partnership within the five entities mentioned on the previous page: the **Board Chair** (or Business Owner) as an individual, the **Board** as an entity, the **Executive Team** as an entity, the **CFO** as an individual influencer, and the **CHRO** as the talent truth teller.

When these five partners work together with a thrive together mindset, they create a culture of healthy accountability that makes it more likely the first-time CEO will meet stakeholder expectations.

RESEARCH OBSERVATIONS

The following research observations provide insight into how to beat the odds.

1. Internal focus = decay. Outside-in energy = growth.

The most often repeated "hard lesson learned" was focusing too much on fixing things inside the business. Successful first-time CEOs get the whole organization to focus most of their energy on meeting the demands of external factors: customers, competitive forces, vendors/partners. When the organization sees and feels the outside-in competitive energy burning in the executive team at the top, there's a shared sense of urgency that creates small wins, which increases company pride.

> ***I travel with sales reps to hear directly from customers to understand their challenges. I also engage with community partners. Growth comes from looking beyond our walls and staying connected to the world around us.***

> ***I spend a lot of time with our partners to understand the condition of the community to understand how we can help them.***

> ***I traveled to meet customers and started with the pickiest ones because they have very high standards and they'll tell you everything if you listen.***

2. The Fourth Year.

CEOs who successfully performed for more than five years acknowledged it took an average of three years to fully learn the job and the organization. While individuals learn the role, people, and culture at different speeds, they self-report they didn't fully understand the mindsets, skillsets, and behaviors required to do the job effectively until the fourth year. This observation is a dose of realism for Boards – there are some things we cannot microwave. In other words, it takes most leaders three years to fully know how to be a successful CEO.

> ***It took until the end of three years to feel successful. I realized being a CEO is about others. What got me here wasn't enough, I had to serve by listening and learning.***

> ***Year one identified key moves, year two shaped vision, year three built traction, and by year four, the expected results were clear. I learned the leaders who learn the business and signal strategy early outperform those who wait. Slow starts linger.***

> ***Year one I was listening, learning, and testing ideas, but confidence came in years five and six when company growth confirmed those early moves.***

3. Intellectually honest talent decisions pave the path.

Successful first-time CEOs evaluate talent through one lens: What does the business need from this role? The most critical decisions about who fits and who doesn't are made within the first four to six months. A tight and intellectually honest relationship with the CHRO makes talent decisions better, faster, and easier.

> ***Early impact was hiring a strong COO and building the right team. At six months, leaders were aligned, by month 12 the team was driving daily operations.***

> ***When I arrived, I built a new Executive Team with a skilled talent firm, selecting leaders who complemented my strengths. A strong team is crucial.***

> ***When I started, I didn't realize that I had the wrong partner in the most critical area of the business. No one told me, and it took two years to see how much it held me back.***

4. Board alignment is critical, and tricky.

Board members join Boards for many different reasons – both personal and professional. CEOs need to know the Board is collectively aligned on vision, priorities, goals, and timeframes, especially when environmental factors change. First-time CEOs find navigating the individual perspectives and needs of Board members is tricky – especially when the CFO has deep ties to the prior CEO or Board members. Past assumptions often linger in Finance Committee discussions which can really hurt a first-time CEO. Effective Board Chairs engage first-time CEOs early in financial conversations and build redundant communication, so everyone works from the same story.

> ***I know now that I need to dedicate 20% of my time to managing the Board, staying in regular contact with the Chair and other members through lunches, calls, and texts.***

> ***My breakthrough was recognizing I needed alignment from the Board to create trust, confidence, and transparency. Now that I see the Board as a partner, we are building relationships and sharing information which unlocks their wisdom and resources.***

> ***Communicate with the P&L right away. Create the environment where everyone can ask questions and get a shared understanding because Board members will all carry different narratives and perspectives.***

5. Executive Team alignment requires negotiating down to three priorities.

When the team at the top is not aligned, everyone and everything suffers. It's natural for pre-existing executives to be emotionally attached to strategies and priorities they helped create. Successful first-time CEOs establish team processes that keep everyone in the organization focused on the same top three priorities. And they create the expectation that everyone on the Executive Team will communicate consistently and honestly about progress toward those priorities.

> ***Keep the team focused and over-communicate the vision. People follow and Boards notice leaders who create clarity across the organization.***

> ***Align on the direction, ensure they understand the why, then create space for feedback. Someone can't be pretending to be in while secretly resisting.***

> ***Young CEOs often struggle to focus, the ones who succeed are quick to establish no more than three top priorities. They also set the rules for how the team works together, not just what they do.***

6. Work life-balance is tested early and often.

Few candidates who want the job fully understand what's required to do the job—our estimate is 15%. The majority of first-time CEOs recall "hitting the wall" between months four and six. It's also really hard on their families – especially when the family must move to a new city for the job. Those who prioritize coaching for themselves and are committed to self-care – for themselves and the family – make less self-sabotaging mistakes.

> ***Work never stops unless you set boundaries. I'm intentional about working out, being outdoors, and family time; it's the only way to shut off my brain.***

> ***Balancing work and life means aligning spirit, mind, and body. Being aware when stress builds allows me to clear my head by taking deeper breaths. Meditation keeps me grounded and recharged.***

> ***Be intentional with your time. My assistant keeps my schedule in check and blocks space in my calendar for my family so that I have the resilience to deal with the fires. When I don't have any fires to put out, most weeks I use (that time) to reset.***

7. Choosing where, and how, to spend time requires active mentorship and coaching.

Successful first-time CEOs create active mentoring and coaching relationships with Board members and colleagues, spending time where it's most needed. They invite those mentors and coaches to inspect and provide feedback, so they can make mid-course corrections when not meeting expectations. Most hire an outside executive coach, or coaching firm, who maintain focus on the most important development priorities.

> ***My Board helps me prioritize since it's easy to get caught up in everything. Success came from surrounding myself with mentors who keep me focused.***

> ***I've benefited from many mentors. Personal and professional support has given me the guidance and confidence to navigate challenges.***

> ***When you become CEO, you stand taller and your jokes get funnier. You need trusted voices that challenge you. I see the value of an executive coach, not just for my leadership, but for uniting my team.***

THE TWELVE ROLES OF THE CEO

Organizations who successfully hired a first-time CEO engaged in conversations with the Board and Executive Team to build alignment and commitment ***before hiring a search firm***. One useful discussion starter is an insightful exercise focused on sorting **The Twelve Critical Roles of the CEO**.

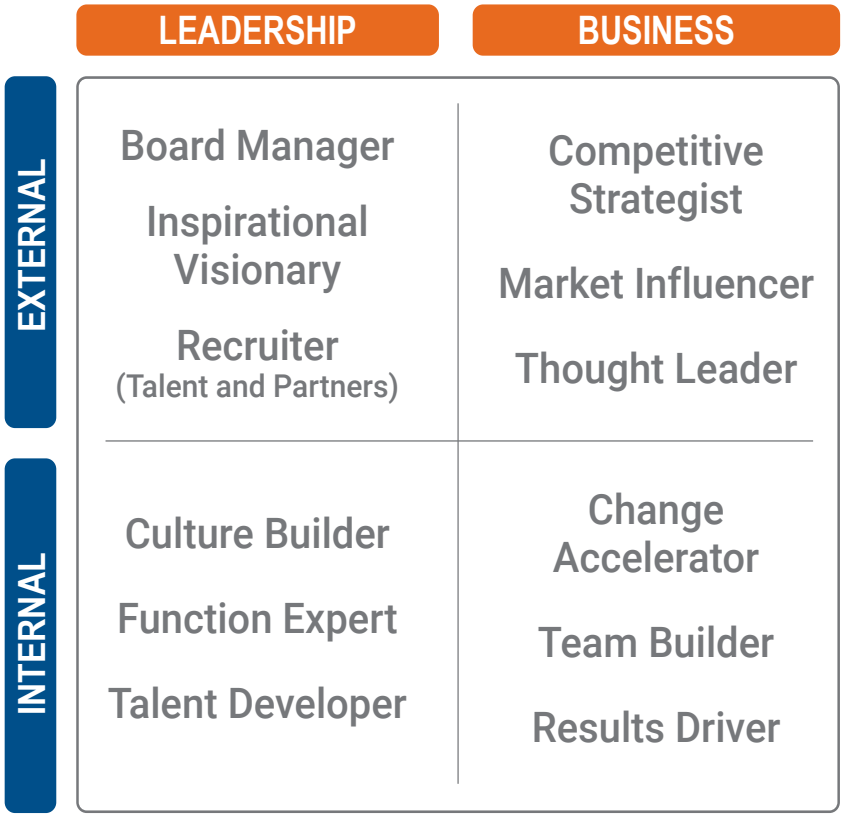
The Twelve Critical Roles of the CEO reveal themselves on this matrix:

Internal and External Focus

CEOs operate at the intersection of internal and external environments –externally managing opportunities and threats, while internally aligning culture and leveraging organizational resources.

Leadership and Business

Good leaders inspire and empower people both through their leadership influence and their business acumen.



SORTING THE TWELVE CRITICAL ROLES

Individual Board and Executive Team members can sort the Twelve Critical Roles of the CEO in Top, Middle, and Bottom priority – four roles in each column. An HR business partner or an outside coach can facilitate Board and executive level discussions.

EXAMPLE: Individual Board member perspective

Top Priority	Middle Priority	Bottom Priority
1. Team Builder	*5. Market Influencer*	*9. Inspirational Visionary*
2. Competitive Strategist	*6. Board Manager*	*10. Function Expert*
3. Results Driver	*7. Thought Leader*	*11. Talent Developer*
4. Change Accelerator	*8. Culture Builder*	*12. Recruiter*

Best Practice is to involve all Board members in the Twelve Critical Roles sorting exercise. When all individual perspectives about the roles are weighted by frequency and presented in a chart, the full Board can see the areas of alignment and misalignment. Alignment is created through discussion. In short, the **data** from the sorting is easier to discuss than the **feelings** about hiring a new CEO.

Role
Board Manager: Effectively aligns the Board on the vision, strategy, and goals and recruits the best-possible Board members.
Change Accelerator: Articulates a compelling business reason to motivate employees to make the necessary emotional and structural changes quickly and efficiently.
Competitive Strategist: Effectively aligns the Board and Executive Team around "where to play" and "how to win" to push back the most credible threats and leverage key competencies.
Culture Builder: Clarifies and role-models the values of the organization and builds commitment to live out those values.
Function Expert: Brings job-specific expertise from previous experience to professionalize a specific function area in the business.
Inspirational Visionary: Facilitates a vivid and compelling picture of disrupting the market and develops the organization-wide belief the vision is possible.
Market Influencer: Builds relationships with critical stakeholders, regulators, and key customers to gain a competitive advantage.
Recruiter (Talent and Partners): Identifies mission-critical roles and attracts industry A-players into those positions.
Results Driver: Articulates outside-in, customer focused thinking, develops and rewards teams to consistently deliver expected business results.
Talent Developer: Partners effectively with HR to retain and develop talent and ensure the right people are in the right roles now and in the future.
Team Builder: Assembles the right mix of talent into the top team, and creates alignment, commitment, and healthy accountability to deliver.
Thought Leader: Creates visibility with industry analysts and the media to increase the organization's influence and reputation.

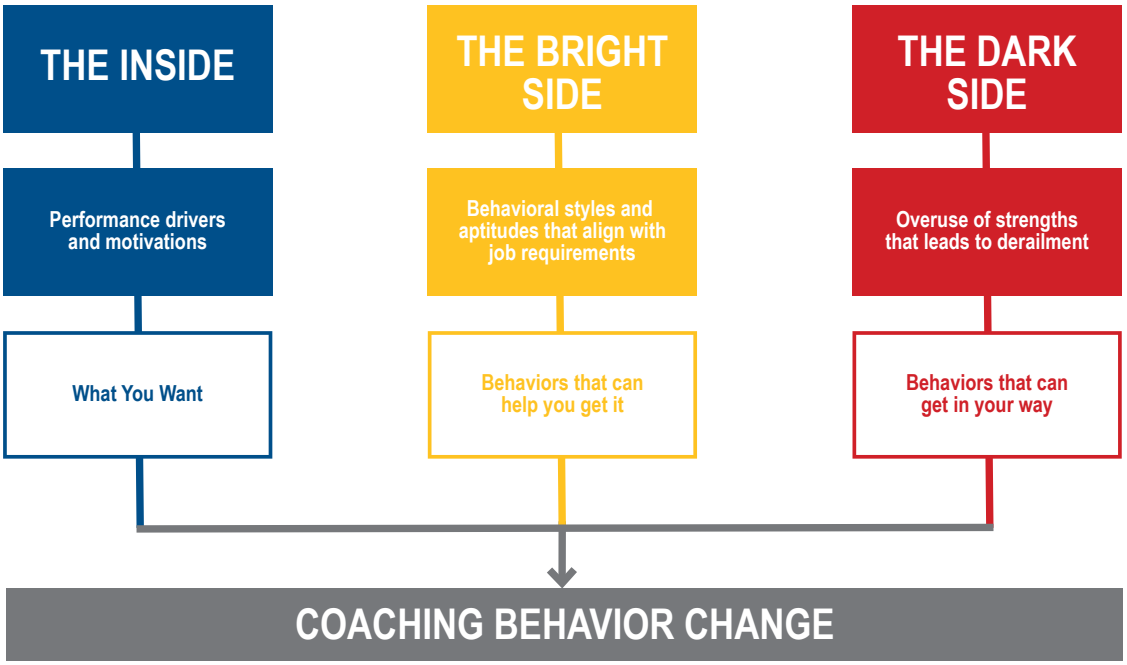
JOB FIT: SKILLS ARE EASY - CULTURE IS TRICKY

Search firms and interviews do a good job of vetting the executive on job-based competencies. That's the easy part. Finding the right cultural fit is the tricky part. The risks of getting it wrong:

- 11% of newly hired CEOs exit within the first year[4]
- 34% leave by year three[4]

Hogan Assessments shine a brighter light on how a first-time CEO will fit within the organization's culture. Three specific inventories provide a comprehensive and time-tested snapshot of any leader:

- **The Inside**—Motives, values, and preferences that represent core drivers
- **The Bright Side**—Personality characteristics when people are at their best
- **The Dark Side**—Strengths, when overused create problems



THE GOOD LEADERSHIP PRE-HIRE FIT PROCESS

An outside coach assists the hiring team by integrating interview notes, Hogan data, and the Twelve Critical Roles into a concise Fit Report with a 4-point evaluation:

4 – Good fit
3 – More positives than negatives
2 – More negatives than positives
1 – Not a fit

The Fit Report guides the hiring discussions either toward making an offer or moving on to other candidates. The best hiring decisions are made when the final three candidates all participate in the Pre-Hire Fit assessment process.

FINALLY, GOOD BOARDS PRIORITIZE PREPARING THE CULTURE FOR CHANGE

No one hires a new CEO to protect the status quo. Onboarding a new CEO is a golden opportunity to improve culture and focus on the things that will make the business run better, faster, and easier. The best Boards know that fear-based accountability creates a fragile value proposition, which increases their risk. **A culture of healthy accountability benefits everyone – and improves the first-time CEO's chance of thriving.** When the way people work together is healthy, employees will routinely seek accountability. When that spirit of accountability is consistent across teams of teams, CEOs can stay focused on meeting customers, fending off the most competitive threats, and building a sustainable competitive advantage.

Veteran CEOs shared the dangers of assuming they know the culture. One recalled:

> ***When I interviewed, most of the people I met told me the culture was very collaborative, and really healthy. When I got out in the field, I realized that was corporate speak. What the sales reps and service technicians felt was a culture based on slow response time and very little personal responsibility at corporate for doing what's right for the customer.***

In other words: culture is not what's proclaimed, it's what gets rewarded and stopped in the daily course of business. Most CEOs find something in the culture that needs to be improved.

The Board, Board Chair, and the CHRO can accelerate the CEO's learning curve by setting up a "listening tour" strategy to assess the current culture with their own eyes and ears. That builds sincerity and begins to pave the way for change. In the interviews, the most successful first-time CEOs made their first big changes about four months (100 -150 days) into the role, after listening and learning. The trauma from organizational changes can be effectively managed when the five partners are aligned, supportive, and committed to the first-time CEO's success.

1. Board Chair

- Maintain regular communication with weekly touchpoints over the first six months, then relax into monthly meetings and quarterly Executive Team check-ins.
- Serve with a mindset of a trusted advisor and coach.
- Monitor how individual Board members engage with both the CEO and the CFO to ensure Board input is healthy.

The caution here is to know the Board Chair ultimately protects the long-term interest of the ownership. There is a fine line between trusted advisor and coach – and good-faith investigator on behalf of the owners.

2. Board members

- Start by understanding the leader's personality and background to build rapport – the Hogan Pre-Hire Executive Fit Report accelerates that understanding.
- Provide transparent and timely updates to the CEO about Board discussions to build trust and alignment.
- Offer guidance through conversations, rather than directive, one-way instructions.

3. Executive Team

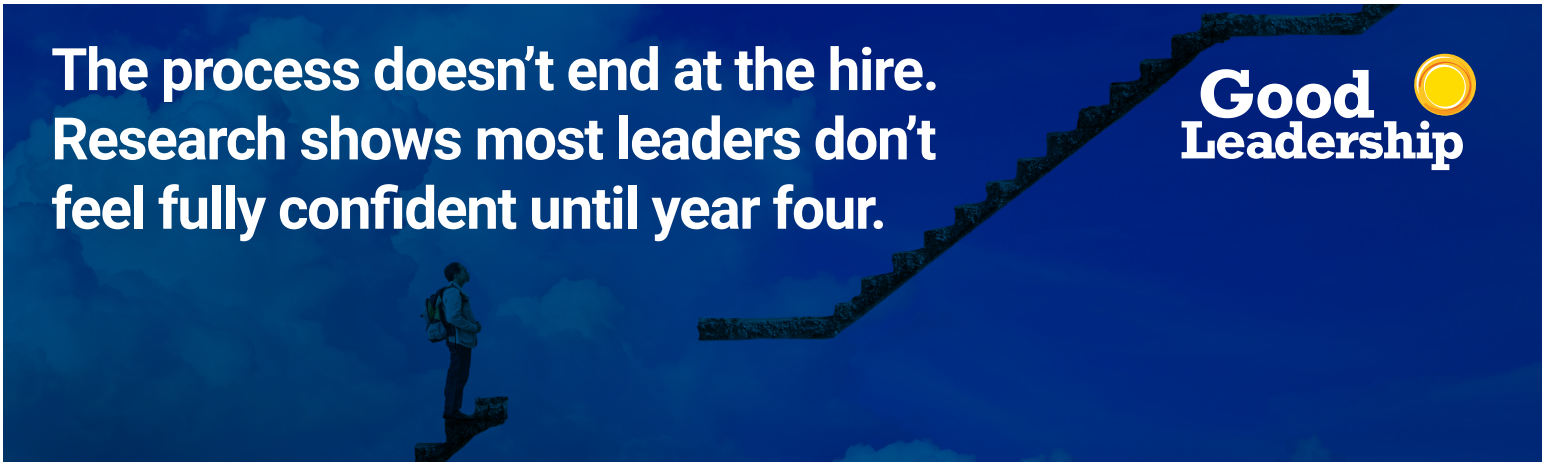
- Acknowledge and embrace the CEO's team as the #1 team – with their individual function teams as #2.
- Create early access to function teams for the new CEO to observe, listen, and learn. It's best for everyone to acknowledge "we're all auditioning for our jobs" – the more access the new CEO has to what's going on in the business, the better.
- Align around the vision and strategy by negotiating the top 3 "can't-miss" priorities for success in the first year. The alignment of the organization depends on effective prioritization, honest evaluation of those priorities, incentives to reward success on the priorities, and personal ownership over the right business results.

4. The CFO

- Be the source of financial transparency giving the CEO a clear financial picture early on, including how individual Board members view financial information.
- Review the P&L collaboratively with the CEO throughout the first year to develop the same financial language.
- Partner in developing financial strategies that align the Executive Team's scorecard with the Finance Committee and the Board's expectations.

5. The CHRO

- Maintain effective talent assessments and become the talent truth teller to ensure the mission critical leaders are A-players.
- Support the CEO with feedback cycles and partner to build a multi-year leadership development plan focused on leadership growth.
- Partner with the CEO on clear communication around organizational changes, especially with talent strategy, talent decisions, and leadership development.



Hiring first-time CEOs has a high degree of difficulty and risk; most don't make it to the fourth year. Organizations can reduce that risk by creating a thrive together mindset and awareness of how these five sources of influence need to work together: the Board Chair (or owner) as an individual, the Board as an entity, the Executive Team, the CFO as an influencer, and the CHRO as the talent truth teller. The organization can increase their chances of success by aligning around the Twelve Critical Roles of the CEO, including specific changes to improve the culture and engaging an outside, third-party coach to provide a pre-hire cultural fit assessment. The CEOs who successfully make it to the fourth year are those who pay attention to their need for coaching and feedback, and who stay focused on the outside-in marketplace metrics first, and internal metrics second.

For more information inquire at *info@goodleadership.com*

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ABOUT GOOD LEADERSHIP

Founded in 2009, **Good Leadership** is an organizational effectiveness firm who partners with leaders at every level to build a culture of healthy accountability. Clients leverage our coaching processes, development programs, diagnostics, and tools to align teams to thrive and win together.

The Founder and CEO, **Paul Batz**, is an accomplished CEO coach, author, speaker, researcher, and thought leader on healthy accountability. Over the years, Paul has coached more than 150 CEOs—ranging from first-time leaders to seasoned executives preparing for retirement. Guided by the core belief that Goodness Pays, Good Leadership continues to expand its influence through client success stories, dynamic events, thought-provoking broadcasts, and impactful publications.

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