



Improve Your Results: How to get Internal Promotions Right



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In today's competitive environment, organisations need to ensure that they are effectively promoting talent from within. This article delves into scientific research and key insights from our recent interview with industry experts to answer: **How can you get internal promotions right?**

Jonas Ande, Senior Vice President HR and Communication at Skanska Sweden, Ulf Hillstedt, Global Lead for the MU Construction Practice, and Richard Moore, CEO at MU, draw on research findings and practical experience to provide a comprehensive guide to the selection, succession planning and onboarding on internal appointments.

The Problem: Low Success Rates in Internal Promotions

Research indicates that internal promotions experience a success rate lower than many would assume:

"A Heidrick and Struggles study of 20,000 senior executive placements revealed a 40% failure rate within 18 months post-hire. In a similar study of 10,000 executive hires, conducted in 2015, the failure rate was 46%. Similarly, the Corporate Leadership Council reported failure rate for new executive hires of nearly 50% in 2017. Harvard

Business Review estimated the failure rate to be between 40-60% in 2026. Consistently, research indicates that **the odds of a successful executive hire approximates a coin toss**, regardless of whether the new hire is promoted internally or hired externally." (Kiefer, Martin & Hunt, 2022, p.2)





How can you beat the coinflip and improve appointment success rates?

Q *Richard, what characterises a successful appointment and how are success rate typically measured?*

A successful leadership appointment is characterised by MU as follows:

- ▶ **Achievement:** The leader's ability to deliver the required results short and longer term
- ▶ **Organisational Contribution:** Demonstration appropriate behaviour for the organisation and cultivation of required relationships and a sense of belonging within the organisation
- ▶ **Potential:** Capability to bring relevant additional contribution, beyond current role

To ensure a successful appointment, it is essential that success is observed in all three areas. Evaluations are best conducted at 6 and 12 months. Success rates in leadership appointments are typically measured "within 18 months" because extending the timeframe beyond this can lead to changes in the role's context, which complicates assessments of selection success (e.g. Kiefer, Martin & Hunt, 2022).

Q *Jonas, can organisations improve success rate in internal promotions?*

Having a high success rate within internal promotions goes beyond the single process for recruiting a new manager. It starts with a reinforced processes for continuously and actively engaging the organisation in succession planning and to identify potentials early, to make sure that they grow and are prepared for more complex positions.

Combining a comprehensive succession planning with a robust and inclusive recruitment process with openness and fairness leads to better outcomes. By fostering growth among current employees and preparing them for future roles, businesses can enhance their internal promotion success rates significantly. A success rate for internal promotions better than 85% is realistic, if you do it right.

Q *Jonas, how do you evaluate the Pros and Cons: Internal vs. External Promotions?*

The benefits of promoting internally include a deeper understanding of the candidates' performance history, capabilities, and ability to navigate in our culture and values. This familiarity enables predictability regarding their future potential, and we see a much higher success rate with internal hires, between 80-90%, while our external hires are closer to the industry standard of 40-60%. However, relying too heavily on internal promotions can hinder the development of new skills and perspectives essential for keeping the business competitive and addressing future challenges. This can be detrimental in a rapidly changing market.

The optimal solution is to adopt a balanced approach regarding internal and external candidates when hiring managers. When determining selection criteria, it is essential to challenge previous job profiles related to the recruitment at hand and evaluate opportunities to broaden the search to include both internal and external candidates. Inviting diverse applicants into high-stakes positions will enable the organisation to cultivate a rich talent pool that enhances the overall quality of leadership in both the short and long term.

Q *Richard, what does our research tell us about the best way to approach internal appointments?*

From an applied science perspective, successful internal appointments rely on identifying the most important **predictors** of success, maintaining a consistent evaluation process of the selected predictors, through a **structured stepwise logic** in handling the information and an **inclusive** approach.

1. **Inclusive approach:** Broadening the internal Candidate Pool with a diverse range of candidates increase the probability of including the most suitable appointee. This requires controlling for bias and subjectivity in role advertising, role descriptions and a fair selection process.
2. **Few relevant Predictors:** A common error is to have too many selection criteria, or a too unclear view of what performance is required. Few, clear and result-related selection criteria being agreed is the pre-requisite for a successful internal appointment. Ensuring criteria relate to the specific context of the role avoids stereotyping.
3. **Structured and Stepwise process:** Firstly, look for experience and track record (biodata), secondly for knowledge and skills and thirdly for capabilities and potential. A common error is to mix assessment steps with different kinds of information or to not use a structured and consistent assessment approach. Invalid selection methods lead to short cutting decisions and failed appointments. It is imperative to follow the stepwise logic and not to mix the steps in a single conversation. Documenting evaluations further aids in validating the effectiveness of the selection process over time and helps you validate whether it was correct or incorrect.

Q *Jonas, how would you describe best practice in making internal appointments?*

Best practices for internal recruitment include treating every appointment as seriously as an external hire. In summary, I would highlight 3 key points:

1. **Succession planning and comprehensive talent management strategies is vital:** For organisations focused on nurturing talent, succession planning

and comprehensive talent management strategies becomes critical, especially when hiring early career individuals. Effective succession planning and talent management strategies not only aids in identifying promising candidates early – but also prepares them for future leadership roles. By setting this as a priority and as a leadership expectation, companies can ensure that leadership development is embedded in their culture, enabling them to effectively grow talent from within. The combination of management dedication to fostering high-potential and robust processes for talent development lays the foundation for a strong leadership pipeline, ultimately enhancing organisational performance.

2. **Inclusive recruitment process:** Incorporating an open application process internally enhances appointment success rates by expanding the pool of candidates and providing a comprehensive evaluation framework. Including more candidates allows organisations to select from a wider array of skills and experiences, ultimately improving decision-making accuracy and enhancing overall recruitment outcomes. Furthermore, this approach gives employees the opportunity to express their interest in new roles, enabling organisations to discover potential candidates they may not have initially considered for the position. Each recruitment process might only have one winner, but it is also an excellent opportunity to identify coworkers with ambitions that you can develop and grow for future recruitments.
3. **Train managers to look beyond their biases:** Fairness in recruitment is a core consideration that impacts organisational culture and employee relations. Managers who recruit naturally seek security that the person being appointed will succeed in the position. However, this desire for security can lead to a

preference for candidates who resemble themselves, or to an excessive emphasis on past performance rather than recognising the potential for future success in more complex environments. To ensure a fair and effective selection, organisations should consider implementing training for their Leaders and Manager to be aware of their biases and combine that with structured interviews and diverse evaluation panels within recruitment processes. This approach will support mitigating the risk of making decisions built on biases and will encourages transparency and thoroughness in the hiring process.

 **Ulf, as someone who spend most of their professional life helping organisations get selection decisions right, how do you avoid pitfalls of shortcutting, stereotyping and subjectivity?**

To be certified assessor at MU you learn how to actively avoid shortcutting, stereotyping and subjectivity. It is about awareness, open discussion, and having a structured process using a Customised Success Profile.

My recommendations would be:

- ▶ **Customisation:** Always customise the success profile to suit the actual role challenges
- ▶ **Stepwise process:** Plan for a stepwise process using a structured stepwise process for evaluation of the fulfilment of the success profile
- ▶ **Assess the fulfilment of required knowledge and skills:** It should be a relevant and systematic evaluation of experiences, achievements and learnings from previous jobs.
- ▶ **Assess behaviours:** Understanding past behaviours and the implications for future behaviour in new roles.

- ▶ **Use relevant and valid tools:** The MU methods and Tools are developed and validated for Leadership roles.
- ▶ **Structured feedback:** Provide the participants with proper and relevant feedback.
- ▶ **Evaluation:** Follow-up of success rate, performance and behaviours in the new role. Include a follow up on how the candidates experienced the recruitment process regarding fairness, subjectivity and stereotyping.

Q *Jonas, beyond the selection decision hiring managers, what else matter in practice?*

Onboarding plays a pivotal role in supporting the leader to perform in their new role. We look to ensure appointees are clear about their responsibilities and aligning their contributions with organisational expectations. A successful appointment in SKANSKA requires effective onboarding that we focus on to support the new hire:

- ▶ **Performance:** The leader's ability to deliver the required results
- ▶ **Behaviour:** Demonstration appropriate behaviour for the organisation
- ▶ **Culture:** Cultivation of required relationships and a sense of belonging within the organisation

Onboarding equips new leaders with an understanding of the organisational culture and key stakeholders, which is critical for establishing influential connections. Providing feedback based on the onboarding plan fosters transparency about performance expectations and behaviour standards. This process is particularly vital for senior executives, who have a very large impact on our culture.

Onboarding might be a bit easier, but not less important, when appointing internal

candidates that have grown up in the organisation with a track record of cultural and behavioural fit. By fostering open communication and reinforcing positive behaviours, onboarding not only aids in immediate performance but also strengthens the foundation for long-term success, allowing leaders to integrate effectively into new positions and ultimately contribute to its goals

Q *Richard, how can onboarding accelerate performance of newly appointed leaders?*

Effective onboarding is vital to accelerate the performance. Newly appointed leaders need clear expectations, and effective onboarding facilitates seamless integration into the new role. By providing tailored onboarding experiences, businesses enable new leaders to understand their roles and the corporate culture, which accelerates their performance and contribution to the overall goals of the organisation.

- ▶ **Onboarding serves as a bridge between formal training and the practical realities of workplace culture.** It is vital for new hires to not only grasp their job responsibilities but also to internalise the values, beliefs, and behaviours that define the wanted organisational culture. When leaders understand the cultural nuances, they can align their actions with the company's mission and vision, creating a sense of belonging that fosters collaboration and commitment.
- ▶ **Moreover, onboarding accelerates performance by ensuring that leaders are equipped with the necessary resources, support, and knowledge to thrive in their new roles.** This critical phase introduces them to key stakeholders, workplace practices, and channels of communication, which are all integral to navigating the social landscape of the organisation. A strong connection to culture can pre-

vent early missteps that might arise from misunderstandings, enhancing overall engagement.

- ▶ **Onboarding not only boosts individual performance but also positively impacts team dynamics and productivity.** Leaders who are well-integrated into the culture can serve as effective role models, reinforcing desired behaviours and encouraging a cohesive team environment. When leaders demonstrate alignment with cultural values, it sets a tone for others in the organisation, which can significantly enhance morale and performance across the board.

By establishing a simple onboarding plan, that clearly states goals both short-term (12 months), and long-term (24–36 months), you have a foundation for follow-up and feedback, allowing leaders to align their actions with the organisation's expectations early on. Notably, the first few weeks are critical, especially for senior executives, as misalignment during this period can set the stage for long-term performance issues. Thus, effective onboarding activates a path towards

immediate contributions and long-term success for newly appointed leaders.

Q *Ulf, you have helped many clients make successful internal appointments, what would be your top tips and what risks should be managed?*

My top tip is to take it seriously—as if it would be an external recruitment. In theory I think every recruitment should include internal and external applicants. Run the structured process, do not cut the corners. Discuss pros and cons openly. At least—for a key promotion—let an objective external partner do a proper assessment, often called second opinion.

I often find that in internal appointments the case is clear in advance and that customers seek external proof, and confirmation of their choice. The risk of serious BIAS, unfairness, stereotyping etc.—it is simply higher in internal appointments. That means that it usually is more important to address.

Conclusion: Top Tips for Getting Internal Promotions Right

In summary, the key takeaways for successful internal promotions can be encapsulated in the following tips:

1. Approach internal recruitment with the same rigor as external.
2. Identify the most important selection criteria for each specific promotion
 - ▶ Ensure an inclusive, structured and stepwise selection process
 - ▶ Use external partners to perform a valid and fair assessment.

3. Focus on tailored continuous development.
4. Nurture a diverse talent pool for succession bench strength—with both internal and external candidates.
5. Invest in effective onboarding.

By implementing these strategies, organisations can optimise their internal promotions, cultivate a culture of fairness, and ultimately enhance their overall performance.

