

WHITEPAPER

Why Leaders Fail – And What the Data Says

The science of executive failure, derailment, and what actually works to turn the tide

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The Problem No One Wants to Talk About

Organizations invest enormous energy finding and promoting leaders. Search firms spend months sourcing the right candidate. Boards deliberate carefully. HR teams design elaborate onboarding plans. And then, more often than most companies want to admit, it doesn't work.

Executive failure is one of the most expensive, disruptive, and preventable problems in organizational life. Yet it remains stubbornly common. Multiple large-scale studies and industry indices paint a consistent picture: roughly 30–50% of executives fail to meet expectations, and the window of greatest risk is the first 18 months in role.

This whitepaper pulls together the best available research on executive failure rates, the behavioral drivers behind those failures, and the evidence on what actually reduces the risk. It is written for search firms, HR leaders, boards, and executives themselves. Anyone who has a stake in making leadership transitions work.

At a Glance: What the Numbers Show

FAILURE CATEGORY	RATE
New hire failure within 18 months (Leadership IQ)	46%
Managerial derailment base rate (mean)	~47%
Executive transition failure / disappointment	27%–46%
CEO dismissals as share of CEO departures (S&P 1500)	24.7%
Annual CFO seat turnover (global indices, 2024)	15.1%

Note: These figures measure different phenomena and should not be averaged together. See the full analysis below.

What We Mean When We Say 'Executive Failure'

The most important thing to understand about executive failure research is that different studies are measuring different things. That matters enormously when interpreting any headline number.

Think of executive failure as a spectrum with four distinct levels:

- **Perceived struggle** — the leader is underperforming relative to stakeholder expectations, but remains in role
- **Disappointment** — stakeholders rate the transition outcome as falling short, typically measured two years post-hire
- **Derailment** — a high-potential leader's trajectory stalls or reverses, often due to behavioral issues under pressure
- **Forced exit** — the leader is dismissed or resigns under board or organizational pressure

Each of these outcomes carries a different probability, a different set of causes, and a different window of intervention. Mixing them into a single "failure rate" creates misleading conclusions. That's exactly what often happens in casual conversations about executive risk.

Here's a breakdown of how leading researchers and advisory firms have operationalized failure, and what numbers they've arrived at:

HIRING FAILURE (LEADERSHIP IQ, 20,000+ EMPLOYEES)

46%

of new hires failed within 18 months — 89% due to attitudes, not technical skills

MANAGERIAL DERAILMENT (AGGREGATED RESEARCH BASE RATE)

30–67%

Mean of ~47%; median of 50% across 12 independent estimates

EXECUTIVE TRANSITION DISAPPOINTMENT (MCKINSEY SYNTHESIS)

27–46%

Stakeholder-rated 'failure or disappointment' two years after transition

CEO DISMISSALS (S&P 1500 FIRMS, 2000-2018)

24.7%*of CEO departures were forced exits, not the annual probability of being fired*

Why Leaders Actually Fail

Across derailment research, turnover indices, and transition studies, the same themes keep showing up. Executive failure is almost never about technical capability. It's about behavior. Specifically, how a leader's behavior degrades under pressure, change, and ambiguity.

1. Behavioral & Interpersonal Breakdown

The Center for Creative Leadership's long-running derailment research consistently identifies relationship failure as the most frequent cause of executive derailment. Under pressure, high-achievers who previously succeeded through personal drive and technical excellence begin to show what researchers call "the dark side" of their personalities: abrasiveness, intimidation, arrogance, and an inability to adapt interpersonal style.

Leadership IQ's hiring failure study found that coachability (26%), emotional intelligence (23%), motivation (17%), and temperament (15%) accounted for the vast majority of early failures. Technical skill deficits — the thing most organizations focus on during hiring — accounted for only 11%.

This tells us something critical: the qualities organizations typically vet for in interviews (expertise, track record, domain knowledge) are rarely what cause failure. The qualities that predict failure are harder to see in a structured interview and harder to develop without intentional coaching.

2. Strategic Execution Gaps

For C-suite leaders, failure often takes a different form: an inability to deliver results fast enough, or to execute a transformation agenda under heightened scrutiny. Russell Reynolds Associates' research on CEO turnover highlights how the margin for error has narrowed significantly, as activist pressure, board accountability, and compressed timelines all raise the stakes.

CFO turnover data tells a similar story. The CFO role has expanded dramatically in scope. It now encompassing strategy, capital allocation, investor relations, regulatory complexity, and in many cases, organizational transformation. Leaders who thrived in a traditional finance role can find themselves overwhelmed by the breadth of strategic demand.

3. Organizational & Contextual Factors

Many executive failures are actually organizational design failures. Unclear mandates, misaligned incentive structures, poor team composition, and inadequate transition support all dramatically increase the probability that even a capable leader will struggle.

A significant share of CEO departures are not "failure" in a psychological sense at all. They're governance events: the board or ownership group made a strategic decision to change direction, and the leader's exit followed. Understanding context is critical before drawing conclusions about individual capability.

Governance conditions also play a role. Activist investor campaigns are statistically associated with CEO exits within a year of launch. Macro shocks, regulatory changes, and market dislocations all compress the tolerance for leadership learning curves.

The Transition Window: When Failure Is Most Likely

The evidence consistently points to the first 18 to 24 months as the highest-risk period for executive failure. This window is where the gap between expectation and reality tends to surface most acutely. It's also where early behavioral patterns set the trajectory for everything that follows.

Russell Reynolds Associates' 2025 CEO report found that the share of CEOs departing within a 30 to 36 month window increased by 79% year-over-year. This is a striking signal that boards are making judgment calls earlier in the CEO lifecycle. In a disruption-driven environment, the runway for figuring it out is getting shorter, not longer.

The early transition window is critical because it compresses the time available to:

- Establish mandate clarity with the board and key stakeholders
- Build trust and credibility with the executive team
- Align on operating cadence and decision-making norms
- Surface and address early behavioral derailment risks
- Understand the cultural dynamics and political landscape

When these foundational elements are missing, a capable leader can find themselves in an accelerating negative spiral resulting in a loss of stakeholder confidence faster than they can build it. Then reacting to that pressure in ways that compound the original problem.

What Actually Reduces Executive Failure

The good news is that executive failure is not inevitable. The research, while uneven in rigor, points clearly toward three categories of intervention that make a measurable difference.

Structured Transition Support

McKinsey's analysis of leadership transition outcomes argues compellingly against the "first 100 days" myth, which is the idea that an initial flurry of meet and greet and planning surface activities, is sufficient to set up a new leader for long-term success. Instead, effective transition support involves sustained stakeholder engagement, team building, and the construction of operating rhythms that outlast the initial honeymoon period.

Russell Reynolds Associates' CHRO Turnover Index explicitly recommends structured transition support as a tool to "de-risk first-time CHROs." They note that when over half of new CHRO appointments are first-timers, leaving onboarding to chance creates unnecessary exposure for both the executive and the organization.

Behavioral Assessment Before and After Placement

Industrial-organizational psychology's long-standing research findings highlight a structured behavioral assessment paired with targeted development, can identify derailment risks early enough to address them. The key is that assessment must be paired with action. A report that sits in a file has no impact on performance.

Coaching as a Sustained Development Mechanism

The most important framing for coaching is not "rescue intervention" but "performance acceleration." Derailment research shows that the behavioral patterns that cause failure include low self-awareness, relational breakdowns, and rigidity under pressure. These are exactly the patterns that skilled executive coaching targets.

Coaching is most effective when it begins before problems become visible: during onboarding, when the leader is still building relationships and setting behavioral patterns. Waiting until failure is imminent dramatically reduces the window of impact and the probability of recovery.

From a NeuroAdaptive perspective, this makes biological sense. The brain learns fastest in novel environments, before habits and bias become entrenched. The transition window is not just a risk period, it's also the period when a leader's brain is most open to new patterns of thinking, relating, and leading. Structured coaching during this window leverages the brain's natural neuroplasticity rather than fighting against established habits.

The ROI of Executive Transition Coaching

The research on coaching ROI is consistent across multiple large-scale studies. The International Coaching Federation (ICF), in partnership with PricewaterhouseCoopers, found that companies investing in executive coaching saw a median return of 7 times the initial investment — meaning \$7 returned for every \$1 spent. Over a quarter of coaching clients reported ROI of 10 to 49 times the cost. A separate MetrixGlobal study focused on Fortune 500 companies found a 529% ROI on executive coaching, rising to 788% when employee retention benefits were factored in. An FMI survey of executives found that 87% agreed coaching delivered a high return on investment.

Those figures are powerful, but they reflect broad executive coaching programs. The ROI calculation for coaching deployed during the highest-risk window of a new leader's tenure, is arguably even more compelling. It's during this "critical period" that coaching is targeted precisely at the window of time failure is most likely and when the brain is most neurologically open to new patterns.

Onboarding research reinforces this. The Brandon Hall Group found that organizations with strong onboarding processes improved new hire retention by 82% and productivity by over 70%. SHRM's research found that structured onboarding led to 50% higher retention and 62% greater productivity among new hires. Gallup data shows that only 12% of employees strongly agree their organization does a great job onboarding. The vast majority of executive hires are entering organizations where even the basic infrastructure for integration is inadequate.

For executive roles specifically, structured transition coaching accelerates three outcomes that directly drive ROI:

- Faster time to full productivity — reducing the six-month average ramp period saves the equivalent of months of salary in recaptured organizational output
- Higher retention — extending the average tenure of a successful executive hire by even six months recaptures multiples of the coaching investment

- Reduced downstream attrition — when a leader integrates effectively, their team stabilizes; when they don't, teams often erode before the leader's failure becomes visible to the board

McKinsey's research on coaching impact in organizational transformations found ROI ranging from 5 to 20 times depending on the use case. The study showed the highest returns coming from engagements focused on behavior change, stakeholder alignment, and accelerating leaders through critical transitions. That range maps directly onto what executive transition coaching is designed to do.

The math is not subtle. If a single failed C-suite placement costs \$500,000 to \$600,000 in direct and indirect losses, and a six-month structured transition coaching engagement costs a fraction of that, while materially reducing the probability of failure, the ROI case writes itself. The coaching isn't the cost. The failure it prevents is.

What This Means for Search Firms and Organizations

Executive search has traditionally ended at placement. The data suggests that's exactly the wrong place to stop.

Since nearly half of new executive hires underperform within 18 months and the primary drivers are behavioral and relational, not technical challenges, a key question must be answered:

Who is accountable for what happens after the offer is accepted?

Organizations that treat onboarding as a logistics exercise are leaving enormous value on the table. Search firms that hand off at placement and move to the next engagement are missing an opportunity to differentiate their service, deepen client relationships, and directly influence the outcome they were hired to produce.

The most forward-thinking firms are beginning to build post-placement coaching into their value proposition as a core component of a successful executive search and placement. The logic is straightforward: if the placement fails, the search relationship suffers. If the placement succeeds and is measurably accelerated, the relationship deepens.

Conclusion

Executive failure is common enough to be taken seriously and preventable enough to demand action. The research shows us that behavioral factors — not technical deficits — drive the vast majority of failures. The transition window is the highest-risk period. And structured support, behavioral assessment, and sustained coaching are the interventions with the strongest evidence base.

The NeuroAdaptive Leadership framework applies the science of how the brain learns, adapts, and changes under pressure to exactly this challenge. By understanding the neural mechanisms behind derailment and designing interventions that work with — not against — how the brain operates, we can dramatically improve the probability that capable leaders become effective ones.

The data is clear. The question is what we choose to do with it.

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You can learn more about **Executive Transition Coaching** with Dr. Jason Jones by calling 214.810.4900, emailing at DrJ@DrJasonJones.com, or visiting DrJasonJones.com/ExecutiveCoaching

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