

WHITE PAPER

Why New Managers Fail:

The Psychology Behind Leadership Transitions

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2026

EXECUTIVE SUMMARY

Each year, organizations across technology, healthcare, and professional services sectors promote their highest-performing individual contributors into management roles. A striking proportion of those promotions result in failure or significant underperformance, not because the wrong individuals were selected, but because organizations have fundamentally misunderstood what leadership requires. The promotion of an excellent individual contributor into management does not represent a natural progression along a single developmental trajectory. It represents a transition across developmental domains, one that demands a set of internal psychological transformations that most organizations neither assess nor support.

This white paper draws on research from organizational psychology, adult development theory, clinical psychology, and behavioral science to examine the mechanisms underlying new manager failure. It argues that the dominant organizational response to this problem, namely skills-based training, addresses the surface of leadership while leaving its psychological foundations untouched. The evidence reviewed here supports a different approach: one that begins with a rigorous assessment of developmental readiness and that treats the internal shifts required by leadership transitions as the primary object of intervention.

This is not a talent problem. It is a readiness problem, and readiness is both assessable and developable.

The paper concludes with a brief introduction to a framework for understanding and addressing the four psychological shifts that leadership transitions require, along with practical recommendations for organizations committed to reducing the human and financial costs of preventable management failure.

THE SCALE OF THE PROBLEM

The empirical record on new manager performance is consistent and sobering. Research by the CEB Global Leadership Council has established that approximately 60 percent of new managers fail or significantly underperform within 24 months of their promotion. The DDI Global Leadership Forecast found that nearly the same proportion of first-time managers report receiving no formal training before assuming the role. A 2024 Gartner study determined that 73 percent of managers feel inadequately prepared to lead their organizations through change. These findings do not represent isolated data points. They constitute a pattern of systemic organizational failure at a critical developmental juncture.

The Scale of New Manager Failure

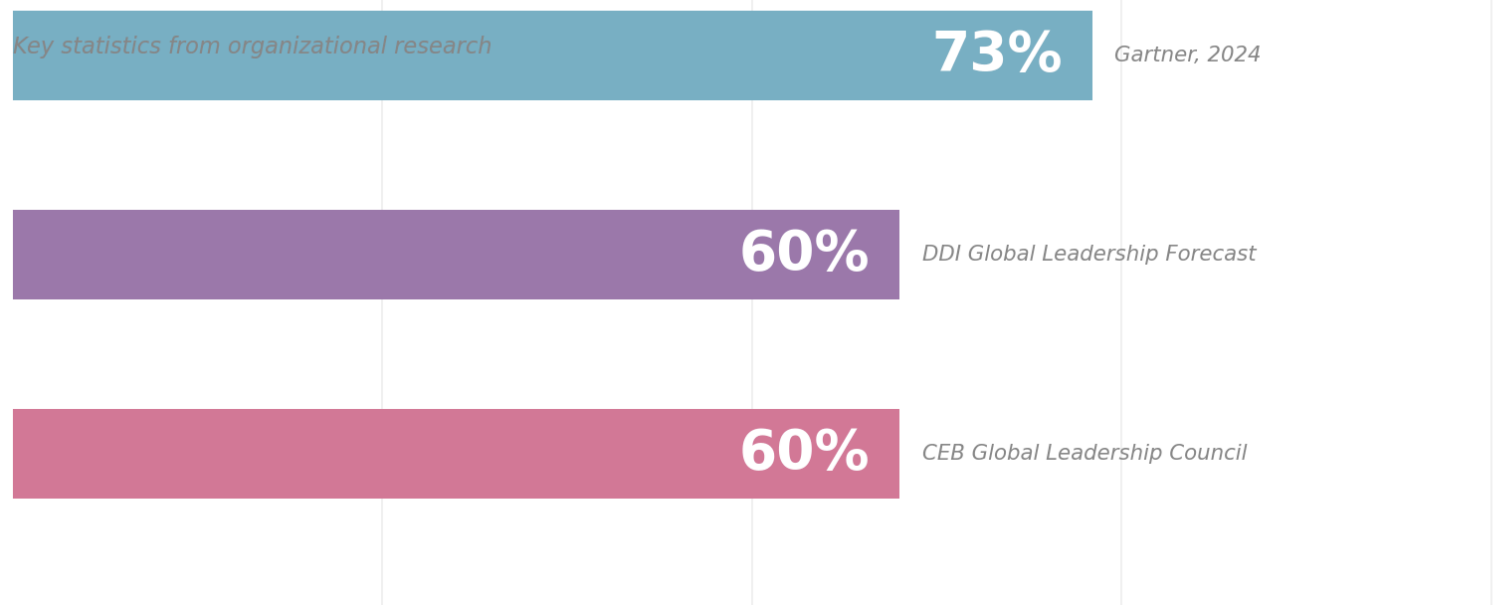


Figure 1. Key statistics on new manager failure rates and preparedness gaps across organizations.

The Financial Consequences

The direct costs associated with failed manager transitions are substantial and measurable. Estimates of the replacement cost for a single failed manager range from \$50,000 to more than \$150,000 when accounting for recruitment, onboarding, lost productivity during the vacancy period, and the attrition that frequently follows poor management. These figures do not capture the strategic costs of initiatives left unexecuted, the compounding effects of team disengagement on innovation, or the reputational implications of visible leadership instability. When

the frequency of manager failure is multiplied across an organization's management population, the aggregate financial exposure is considerable.

The Financial Cost of a Single Failed Manager Transition

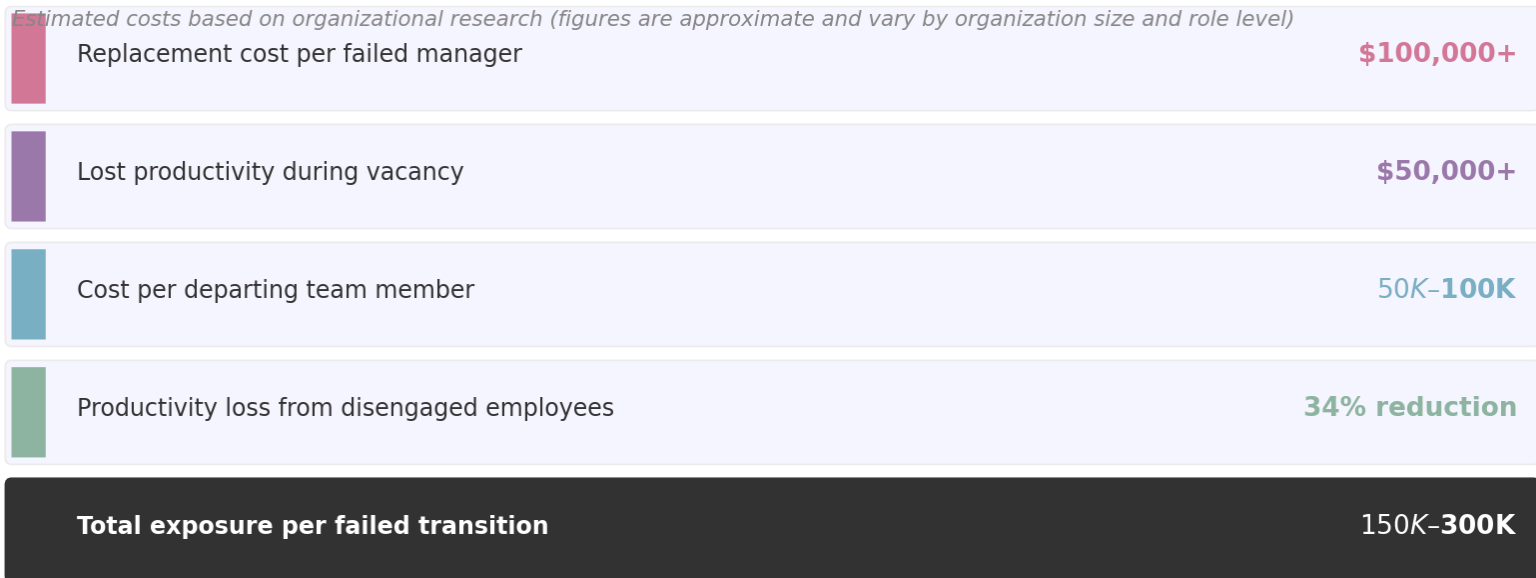


Figure 2. Estimated financial costs associated with a single failed manager transition. Figures are approximate and vary by organization size and role level.

The Human Consequences

The costs of manager failure extend well beyond organizational finance. Research by Franken and colleagues (2022) on leadership inconsistency found that followers whose leaders display wide behavioral variability depending on stress level experience significantly elevated strain, reduced trust in the organization, and in some cases measurably negative health outcomes. This research reflects a well-established principle in clinical psychology: a leader's internal psychological state does not remain a private experience. It transmits to the people around them through the phenomenon of emotional contagion. An underprepared manager is not simply a performance liability; they represent a diffuse risk to the wellbeing of every person on their team.

WHY SKILLS TRAINING ALONE DOES NOT PRODUCE EFFECTIVE LEADERS

The conventional organizational response to manager underperformance is investment in skills-based training. Workshops focused on delegation, feedback delivery, performance management, and communication remain the dominant form of manager development across industries. These programs are frequently well-designed, drawing on robust bodies of knowledge about effective leadership behavior. Their consistent failure to produce sustained

change, however, points to a limitation that is structural rather than programmatic: skills training addresses the behavioral surface of leadership without engaging its psychological foundations.

A manager may perform the observable behaviors of leadership while psychologically remaining an individual contributor.

This distinction is not merely theoretical. Behavioral change science consistently demonstrates that interventions targeting behavior without addressing its underlying cognitive and emotional drivers tend to produce short-term compliance without durable transformation. The individual learns the technique, attempts its application, encounters the internal resistance that the technique was never designed to resolve, and reverts to prior behavioral patterns. In the management context, this reversion is predictable and well-documented: a newly trained manager applies delegation principles briefly, becomes dysregulated when the quality of delegated output does not meet their standard, and quietly reassumes the work. The behavior changed; the psychology did not.

The Centrality of Identity Disruption

The transition from individual contributor to manager involves what developmental psychologists would describe as a disruption of professional identity. High performers spend years constructing a sense of competence, value, and organizational worth around a specific set of activities. Their identity is organized around being the person who solves the hardest problems, produces the highest quality output, and earns recognition through visible, individually attributable achievement. The moment of promotion into management does not dissolve this identity; it places it in direct conflict with the demands of the new role.

A manager is now evaluated on outcomes they did not produce directly. The team's performance becomes their performance. The very dispositions that marked them as excellent individual contributors, including deep personal investment in output quality, reluctance to transfer complex tasks, and strong convictions about correct methodology, now create friction with the fundamental requirements of effective leadership. Without deliberate support for the psychological work of identity reorganization, many new managers experience what clinical psychologists would recognize as a low-grade identity crisis: they feel neither competent as managers nor permitted to return to their former identity as individual contributors. The organizational consequence of this unresolved internal conflict is typically a retreat to individual contributor work during periods of stress, which is itself a well-documented precursor to management failure.

LEADERSHIP UNDER PRESSURE: EVIDENCE FROM CLINICAL AND ORGANIZATIONAL PSYCHOLOGY

A substantial body of research addresses the relationship between psychological stress and leadership effectiveness. These findings bear directly on the challenge of new manager development, because new managers operate in conditions of nearly continuous pressure. They are navigating an unfamiliar role, managing the relational complexity of former peer relationships, and absorbing the emotional labor of team leadership, all while being evaluated on outcomes they are not yet fully equipped to influence. The research on leadership under pressure illuminates both

why this transition is so psychologically demanding and what organizational interventions are most likely to support it.

Stress, Behavioral Variability, and Follower Outcomes

A meta-analytic review of leadership and stress conducted by Harms and colleagues (2017) found that leaders under significant pressure display meaningfully less transformational behavior, encompassing the visionary, developmental, and relationally supportive dimensions of leadership, and in some contexts exhibit more controlling or aversive behavior, even among individuals who demonstrate exemplary leadership in low-pressure conditions. The Job Demands-Resources model provides a useful theoretical framework: when the demands placed on a leader outpace their available psychological resources, including the capacity for emotional regulation, cognitive flexibility, and perspective-taking, the quality of leadership behavior deteriorates.

The implications for new managers are significant. The research by Franken and colleagues (2022) on leadership inconsistency is particularly instructive in this regard. Their findings indicate that followers who experience a leader whose behavior varies substantially across stress states suffer greater psychological strain than those who work under a consistently mediocre but predictable leader. The capacity to maintain behavioral consistency under pressure, which is to say the capacity to remain a reliable, recognizable presence for one's team, emerges from the research as a more foundational leadership quality than many conventional training frameworks acknowledge. That capacity is, in turn, a function of psychological resources that must be intentionally developed.

Emotional Contagion and Organizational Health

Research conducted in high-stakes healthcare and crisis settings has illuminated the mechanisms through which leaders' emotional states influence team performance and wellbeing. A study by Patel and colleagues (2025) on leadership dynamics in healthcare crises found that leaders with positive emotional affectivity created measurably healthier psychological safety climates for their teams, with effects that persisted under conditions of significant environmental pressure. This body of research reflects a principle long established in clinical psychology: emotional states transmit between individuals through subtle behavioral cues, vocal tone, facial expression, and interpersonal pacing, in ways that are largely outside conscious awareness.

For new managers, the practical implication is consequential. A manager who has not developed the capacity to regulate their internal experience of the role, including the anxiety that accompanies unfamiliar authority, the disorientation of identity disruption, and the accumulated emotional labor of holding a team's concerns alongside one's own, will transmit that dysregulation to the team. The team is likely to experience it as inconsistency, withdrawal, or micromanagement, rather than attributing it to their manager's internal state. The manager, in turn, may interpret the team's response as a performance problem rather than a reflection of the emotional climate they are inadvertently creating. This recursive dynamic is one of the more clinically recognizable features of the new manager failure pattern.

Resilience, Emotional Regulation, and Adaptive Coping as Developmental Targets

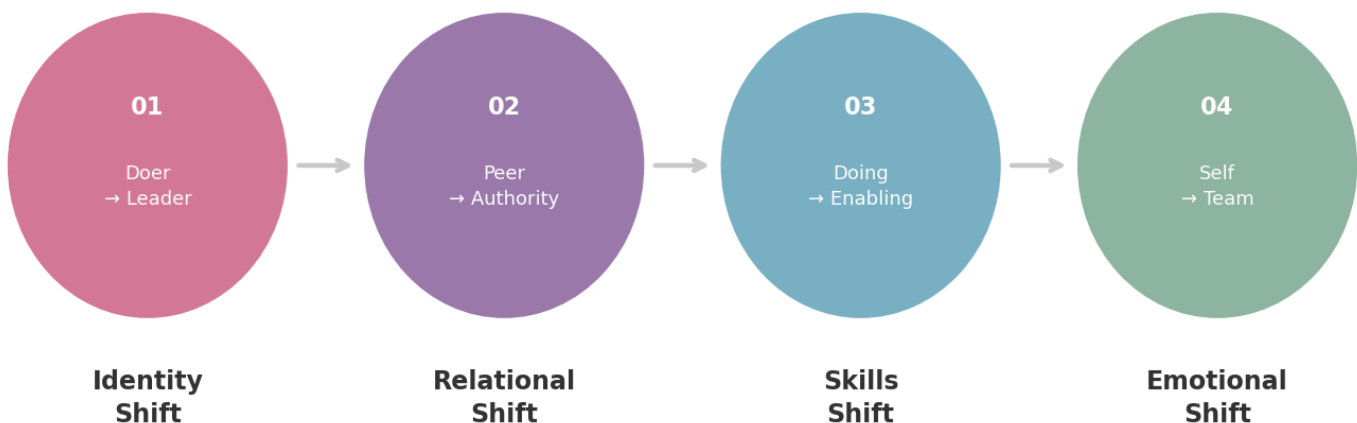
The research literature converges on a consistent finding regarding the psychological resources that most reliably predict sustained, effective leadership under pressure. Resilience, emotional self-regulation, and cognitive flexibility appear across multiple lines of inquiry as the foundational capacities that enable leaders to maintain the quality and consistency of their behavior in demanding conditions. Critically, these capacities are not fixed traits; they are developable through targeted intervention. Studies reviewed in this literature indicate that psychological interventions promoting adaptive stress coping, including mindfulness-based approaches, cognitive reappraisal strategies, and structured peer support, produce meaningful improvements in leadership effectiveness in high-demand contexts. These interventions are most effective when they are incorporated into manager development programs rather than treated as supplemental resources.

A FRAMEWORK FOR UNDERSTANDING LEADERSHIP TRANSITION READINESS

Drawing on the research reviewed in the preceding sections, as well as on the broader clinical literature concerning developmental transitions across the lifespan, it is possible to identify the specific psychological shifts that leadership transitions require. The framework offered here organizes these shifts into four domains. It is intended not as a prescriptive model but as a diagnostic lens: a conceptual structure for understanding what leadership transitions actually demand of the individuals navigating them, beyond the acquisition of technical skills.

The 4 Shifts Framework™

Four psychological transformations required for leadership transition



These shifts are not competencies to be taught — they are internal transformations that must occur before competencies can take hold.

Figure 3. The 4 Shifts Framework™: Four psychological transformations required for successful IC-to-manager transition.

The Identity Shift: From Doer to Leader

The first required transformation involves the reorganization of professional identity. A new manager must relinquish the primary source of their professional self-concept, rooted in personal output and individual achievement, in favor of an identity organized around the collective success of the team. This reorganization is not a surface adjustment. It requires what developmental and clinical psychologists would describe as a genuine process of identity mourning: the acknowledgment that a particular chapter of professional life is ending, and the construction of a new framework for understanding what competence, value, and success mean in the present role. Organizations that do not create conditions for this process will find that their new managers perform the behaviors of leadership while psychologically remaining individual contributors, a pattern with predictable consequences for their teams.

The Relational Shift: From Peer to Authority

The second transformation involves the reorganization of key professional relationships. An individual who occupied a position of collegial equality among a group of peers is now expected to exercise legitimate authority over those same individuals. The research on boundary ambiguity in organizational contexts, reflected in Franken and colleagues' (2022) work on leadership inconsistency, makes clear that this relational transition is rarely navigated without complication. Managers who attempt to sustain the relational intimacy of peer friendship while simultaneously exercising the authority and accountability of a leadership role tend to develop precisely the inconsistent behavioral patterns identified in the research as most damaging to follower wellbeing. Effective development interventions support new managers in building trust-based authority, a form of relational credibility that neither requires nor is undermined by the dissolution of appropriate professional distance.

The Skills Shift: From Doing to Enabling

The third transformation is perhaps the most behaviorally observable, though its psychological drivers are frequently misunderstood. The new manager who continues to perform individual contributor work, particularly during periods of elevated stress, is engaging in a clinically recognizable pattern of avoidance coping. The return to a domain of established competence and reliable reward functions as a source of anxiety reduction in the face of the unfamiliar demands of leadership. Treating this pattern as a time management failure or a misunderstanding of role expectations, without engaging its psychological substrates, will produce interventions of limited effectiveness. Durable change requires that the new manager develop both the behavioral capacity for effective delegation and the psychological tolerance for the discomfort that responsible delegation entails.

The Emotional Shift: From Self to Team

The fourth transformation involves an expansion of the scope of emotional awareness and responsibility. Prior to assuming a leadership role, a high performer's primary obligation is the management of their own emotional experience of work. The assumption of management responsibility fundamentally alters this. A manager now shapes the emotional climate of an entire team, whether or not they recognize this as part of their role. The

research on emotional contagion makes clear that this influence is not optional and not dependent on conscious intention. Leaders who have not internalized this dimension of their role tend to interpret their team's emotional state as a variable independent of their own behavior, thereby forgoing access to one of the most powerful levers available to them.

These four shifts are not competencies to be taught. They are internal transformations that must occur before competencies can take hold.

This is the diagnostic insight that most conventional manager development frameworks fail to operationalize. Skills training addresses the behavioral architecture of leadership; it does not address the psychological conditions under which that architecture can be built. The result, predictably, is technically oriented professionals who have been provided with leadership tools they are not yet psychologically positioned to use effectively.

IMPLICATIONS FOR ORGANIZATIONAL PRACTICE

The research reviewed in this paper yields several practical implications for how organizations approach manager development. The recommendations that follow are grounded in the evidence and are intended for practitioners responsible for talent development, promotion decision-making, and organizational design.

Incorporate Readiness Assessment into Promotion Processes

Promotion decisions in most organizations are made on the basis of individual contribution performance data and informal assessments of leadership potential. Neither of these criteria reliably predicts management success, because neither evaluates the psychological dimensions of leadership readiness. Organizations committed to reducing the incidence of new manager failure should incorporate structured readiness assessments into their promotion processes: instruments and conversations designed to evaluate not merely skills and competencies, but identity orientation, relational flexibility, and the capacity for emotional self-regulation. Such assessments do not replace promotion decisions; they inform them with data that is currently absent from most talent processes.

Design Development Programs Around Psychological Shifts, Not Only Skills

Manager development programs should be designed to engage the internal transformations that leadership requires, rather than organized exclusively around the technical behaviors that leadership demands. This means creating protected space for identity exploration, providing structured support for navigating the relational complexity of the peer-to-authority transition, addressing the cognitive and emotional drivers of avoidance behaviors such as the reassumption of individual contributor work, and building the emotional regulation capacity that sustained leadership effectiveness requires. Programs designed along these lines do not replace skills development; they create the psychological conditions under which skills development becomes effective.

Create Structured Peer Support Within Manager Cohorts

Research on peer support in high-demand organizational contexts is consistent in its findings: managers with access to structured peer communities, in which they can normalize their developmental experience, share adaptive strategies, and hold one another accountable for progress, sustain their development over time in ways that individually-focused training does not support. The relational isolation of new managers, who frequently feel unable to express uncertainty upward to their supervisors or downward to their direct reports, is itself a significant risk factor for the identity retreat that frequently precedes failure. Cohort-based development structures address this isolation directly and create the conditions for peer learning that research consistently identifies as a driver of durable behavioral change.

CONCLUSION

The failure rate of new managers is not a reflection of organizational talent pipelines. It is a reflection of organizational development practices that have not yet caught up with what the research reveals about the psychological demands of leadership transitions. Organizations continue to promote excellent individual contributors into management roles without assessing the readiness of those individuals for the internal transformations those roles require. The consequences, whether financial, organizational, or human, are predictable, well-documented, and preventable.

The research reviewed in this paper points toward a more effective approach: one that begins with readiness rather than assuming it, that treats identity and emotional development as primary objects of intervention rather than as peripheral concerns, and that creates the structural conditions under which new managers can develop the psychological resources that effective leadership demands. The knowledge base for this approach is well-established. What has been absent is its systematic integration into organizational practice.

The question for organizational leaders is not whether they can afford to invest in manager readiness. It is whether, in full knowledge of the costs of failure, they can continue to do so responsibly.

ABOUT THE BRIGHTSTONE PSYCHOLOGICAL FIRM

The Brightstone Psychological Firm is a leadership development consulting practice founded by Dr. Shandia Johnson, PsyD. Dr. Johnson holds a doctorate in clinical psychology with specialized training in developmental assessment, which she applies to organizational leadership contexts including manager transition support, executive coaching, and team effectiveness consulting. The firm serves technology and healthcare organizations experiencing manager attrition, offering evidence-based frameworks for readiness assessment, transition support, and sustained behavioral development. The Brightstone Psychological Firm provides leadership development consulting informed by clinical psychology training. It does not provide clinical psychological services.

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