



Leading the Global Workforce

Best Practices from Linkage, Inc.

Phil Harkins
David Giber
Mark Sobol
Madeline Tarquinio
Louis Carter
Editors

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PREFACE

This book is for organizational leaders who are concerned with the implications of globalization for their workforces and their leadership. The book contains fourteen best practice cases, one case per chapter, in global workforce leadership and management.

Because the book contains forms, guides, training and competency models, and methodologies for implementing a global workforce management program, you can immediately apply many of its parts directly to your job and company initiatives. Many of the evaluation and assessment forms, models, surveys, and training exercises can be easily implemented and customized to fit your specific organizational needs.

These presentations grew out of a unique event: a summit gathering held by Linkage, Inc., a global leader in creating organizational development, leadership coaching and mentoring, and corporate education programs through research and resources that achieve measurable business impact. The summit is the world's first research-based forum, combining leading minds and international experts with best practice organizations. The summit provides business leaders and human resource partners with information to manage and sustain a global workforce. For more details about Linkage and the summit itself, see the Appendix of this book.

The chapters in this book were contributed by an impressive group of corporate leaders, both outside and within the area of human resources, teamed

with an equally impressive group of consultants who specialize in leadership, training, and global workforce management issues.

The book was edited by a team of editors whose brief biographies are given at the back of this book. A preliminary edition of this book was published by Linkage in 2005. The editors gratefully acknowledge the work in the preparation of that edition by the following members of the Linkage Research Group: Joseph S. Giordano, Andrew Wilhelms, Karina Wilhelms, Lori Hart-Krueger, Lynda Jemson, Teresa Raithel, Greg Dracos, and Valerie Most.

This valuable collection of business insights and practices could not have been gathered without the generous efforts of the many expert contributors whose names we are proud to list following. Brief business biographies can be found at the end of their respective chapters.

Agilent Technologies—Teresa Roche, Vice President,
Global Learning and Leadership Development

Cal Wick, Fort Hill Company

The Boppy Company—Teresa Mead, Director of Operations

Brian Wilkerson, WisdomNet Incorporated

Colgate-Palmolive Company—Donna B. McNamara,
Vice President, Global Education and Training

Mitra Chappell, Director of Global Leadership Training
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Robert S. Browning, Global People Development Director

The Dow Chemical Company—Marcia L. Thomas,
Human Resource Development Project Specialist

Robert E. Tucker, Leadership Research Institute

InterContinental Hotel Group—Andrew Simpson,
Senior Vice President, Global Business Centers

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Johnson & Johnson—Maya Hu-Chan, International Management Consultant

Charles Bergman, Meridian Resources, China consulting

Michael Frugé, Consultant

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Vice President, Global Talent Management

Donald Crosby, Vice President, International Human Resources

James Intagliata, The NorthStar Group

Motorola University—Xiaozhen—(Jenny) Yan,
Director, Motorola University China

William J. Rothwell, Rothwell and Associates, Inc.

Pfizer Inc—Betsy Blee, Senior Director, Group Leader of LEAD

Joe Bonito, Vice President, Global Leadership Effectiveness
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Robert E. Tucker, Leadership Research Institute

Tower Automotive, Inc.—Kishen Kavikondala, Purchasing Leader,
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UNICEF—Rudolf Messinger, Chief of Career Development and Recruitment

William J. Rothwell, Rothwell and Associates, Inc.

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Mark Sobol, Consultant

Volvo—Nilou Sardari, Volvo 3P Global Learning

Ulf Jeverstam, Vice President, Human Resources, Volvo 3P

Greg Zlevor, Westwood International

Wyeth—Tim Fidler, Executive Director, Leadership Development

Jeffrey Peris, Chief Learning Officer

David Giber, Linkage, Inc.



Leading the Global Workforce



INTRODUCTION

*Our task now is not to fix blame for the past,
but to fix the course for the future.*

—John F. Kennedy

Linkage, Inc., is an organization that supports research and organizational change related to global leadership and workforce management. In 2004, Linkage completed a study of the most pressing global workforce needs among more than sixty of the world’s best practice organizations. In order of frequency, these were the companies’ top five concerns:

1. Recruiting and developing global leaders
2. Global organizational learning
3. Cross-cultural communication
4. “Offshoring” or outsourcing line functions
5. Managing global careers and transitions

The fourteen chapters in this book—each chapter representing one case study—provide direction for addressing these concerns as well as others in human resource (HR) development on a global level. Scanning the Table of Contents will give you a brief idea of the problem that each case initiative addressed. Summaries at the end of each chapter quickly provide you with more detail.

You and your organization will likely get the most from this book if you work with a team in selecting a few of the cases to study in depth. Aspects of several cases may apply well to your organization and its culture. From the cases you will be able to extract approaches, interventions, and specific tools that can

serve your organizational goals. By studying a number of the cases, you will be able to see which programs are likely to work best for you.

The fourteen initiatives in this book have achieved recent best practice global results. Each chapter shows how the organization advanced a global business strategy with a specific new initiative in the area of global leadership development, cultural change, career transition, succession planning, change management, outsourcing, global performance, and other global workforce management issues.

Each chapter describes the overall strategy, the planning and implementation of the initiative, feedback from participants, and overall evaluation of results to date. Many of the chapters also discuss the specific competency models, practical tools, instruments, and materials that were used.

Table I.1 shows the range of organizations studied in terms of industry, workforce size, and revenue. Despite the economic slowdown that followed the events of September 11, 2001, about half the organizations operate with gross revenues of more than \$20 billion and more than 20,000 employees. Twelve of the fourteen operate from global headquarters in the United States.

Several of the chapters deal with leading a global workforce in Asian countries, a move that is helping global companies cut costs and improve efficiency in a struggling global economy.

Table I.1. Industry, Workforce Size, and Revenue of Organizations Studied

<i>Organization</i>	<i>Industry</i>	<i>Number of Full-Time Employees</i>	<i>Revenue</i>
Agilent Technologies	Test and measurement	20,000 +	\$1B–\$10B
The Boppy Company	Manufacturing	1,000	\$200M
Colgate-Palmolive Company	Consumer products	20,000 +	\$1B–\$10B
Dow Chemical Company	Manufacturing	20,000 +	\$20B
InterContinental Hotels Group	Lodging	20,000 +	\$1B–\$10B
Johnson & Johnson	Pharmaceutical	20,000 +	\$20B
McDonald's Corporation	Food service	20,000 +	\$20B
Motorola University	Manufacturing	20,000 +	\$20B
Pfizer Inc	Pharmaceutical	20,000 +	\$20B
Tower Automotive, Inc.	Manufacturing	10,000–20,000	\$1B–\$10B
UNICEF	Children's agency	5,000–10,000	\$1B–\$10B
Verizon Dominicana	Communications	1,000–5,000	\$501M–\$1B
Volvo	Manufacturing	20,000 +	\$20B
Wyeth	Pharmaceutical	20,000 +	\$10B–\$20B

In their global workforce initiatives, the organizations included in this book share a commitment to corporate social responsibility, developing global leaders, and continuous change. Each case reflects strong customer and employee focus.

THE CONTEMPORARY GLOBAL CHALLENGE

In today's business and organizational environments, issues of global workforce management raise defining questions of organizational policy. The events of 9/11 created an economic slowdown that has forced companies to compete in an increasingly global economy. Sustained global workforce management is essential for economic development and growth in an international environment. Today's most successful organizations thrive in an open and inclusive global society. The world's best organizations are now looking outward and recognizing that an inclusive and open global society is crucial to achieving political, economic, and social progress.

A flexible job market and global growth will boost the U.S. economy and even create more jobs at home, as U.S. companies now earn up to \$1.14 for every dollar spent abroad.¹ An open global society will bring results that extend beyond financial success and allow companies to focus on improving performance through training, leadership development, and a sense of "corporate social responsibility."

Thus, global workforce management involves more than just outsourcing. It encompasses cross-cultural training, best practices for recruiting, hiring, and training qualified employees, managing performance globally, building global leaders, and working with local cultures. These social, educational, and economic factors will bring organizations long-term success and economic growth.

The rest of this introduction provides more context for considering the cases, much of it based on a survey conducted by Linkage among the contributing authors. First, we discuss five areas of concern for leaders planning and completing a global initiative. Second, we outline factors that enable successful change. Finally, we point out how specific cases may be particularly relevant as you work through specific stages and problems of strategizing, planning, implementing, or evaluating your own initiative.

FIVE GENERAL AREAS OF CONCERN

Beyond writing the chapters, the contributors assisted us in exploring the following areas of concern that arise in the course of planning and completing a global workforce initiative: business diagnosis, resistance to change, design and implementation, evaluation, and the nature of positive results.

Business Diagnosis

Before designing a global workforce leadership initiative, each organization recognized the need to diagnose the business. Using a needs assessment to determine the best course of action, the organizations considered the global environment and the cultural, leadership, and organizational challenges they were facing internationally. Needs assessment allowed them to identify the priorities and specific issues important to their leaders, employees, customers, and both the global and local communities.

The organizations used a variety of methods to measure the need for an initiative, including focus groups, surveys, meetings, interviews, performance appraisals, and observation. Surveys were the most common method of gaining insight; 12 out of 14 of the organizations used them.

Diagnosis considered topics such as global business process outsourcing, recruiting and developing global leaders, cross-cultural challenges, global organizational learning and training, and managing global careers. A central issue for nearly every organization was developing global leaders; 11 out of 14 organizations expressed concern about recruiting and developing global leaders.

In the course of diagnosis, contributors indicated five main challenges to building a global workforce leadership initiative, in this order of frequency:

1. Limited resources/cost reduction
2. Doing more with less people
3. Work/life balance
4. Cultural differences
5. Demonstrating ROI

More than half the organizations cited the first issue as a main challenge. Although these challenges can arise in building any change initiative, they are more difficult to overcome on a global level.

Resistance to Change

Organizations must respond to a complicated and chaotic world by implementing change and organizational learning. Change requires adapting business strategies to overseas norms and customs. It requires innovation and a commitment to an open global society. Resistance to change can hinder an organization's efforts to achieve successful results. Every organization in this book reported some type of resistance to change. The top five types, in order of frequency, are presented here:

1. Employee time constraints
2. Fear of the unknown
3. Negative reactions to soft skills training

4. Negative reactions due to prior unsuccessful initiatives
5. Sense of mistrust

Survey results also revealed other obstacles to developing a global initiative, including implementing change throughout the different regions of the world, gaining consensus from disparate parties throughout the organization, the need to propose expenditures during market decline, and resistance to the principle that managers would be accountable for follow-through.

While organizations relied on a critical mass of supporters for their global workforce initiatives, individuals who challenged the initiatives helped bring clarity to the program and helped to guide the design process.

Support and commitment from senior leadership was instrumental to achieving success. Our survey revealed that the top champions of change in most of these best practice organizations were senior executives, officers, board members, and the president or chief officer. Senior executives took steps to fight opposition, to gain support for the program, and to overcome the challenges associated with implementing the initiative. The senior executives in 10 of the 14 organizations were active in allocating funds for the initiative, modeling behavior that was consistent with the vision and the strategy of the initiative, and facilitating education and training. In many cases, these leaders also integrated the initiative into the overall strategic plan, articulated the business case for change, and tied compensation directly to the initiative.

Design and Implementation

In developing workforce initiatives for achieving global growth, contributors cite five main challenges, in this order of frequency:

1. Developing a culturally diverse leadership to compete in a global market
2. Developing leadership strength at all levels of the organization
3. Building leadership bench-strength
4. Buy-in/commitment from senior executive sponsors
5. Talent/competency alignment

Developing culturally diverse leaders proved to be the greatest challenge to implementing the global workforce leadership initiatives; eleven survey respondents said implementing change throughout the different regions of the world was the major difficulty in implementing their initiatives.

During design and implementation, the organizations faced cultural challenges in balancing global and local perspectives and developing global leaders. Developing leaders across cultural barriers is a challenge, since “different cultures have different prototypes of what a leader should be like.”²

With regard to supporting global organizational values while still respecting the uniqueness of local cultures, in most of the cases leadership needed to work on understanding the expectations of different cultural groups.

During the design stage, it became clear that other internal systems of the organization could be supported by or integrated into the initiative (see Table I.2). Change initiatives for leading a global workforce are likely to have an impact on the entire organization and its overall mission and values. In all but one case, coaching and mentoring were noted as important supports of the initiative. Training and education and leadership development were also mentioned many times; these functions are now focusing on cultural transitions in leading a global workforce.

Various methods and activities were used in carrying out the initiatives (see Table I.3). Regarding content conveyed by the methods, more than half the organizations emphasized customer service, ethics, and integrity. Many of the organizations sought improvements in decision making, business acumen, and emotional intelligence that could be demonstrated in terms of actual business results.

EVALUATION

Evaluation of an initiative provides an organization with insight into not only the level of a program's success but how to revise or strengthen the program. An evaluation process helps an organization connect the initiative back to its

Table I.2. Systems Supported by the Initiative

-
1. Coaching and mentoring
 2. Training and education
 3. Leadership development
 4. Succession planning
 5. Employee opinion surveys
 6. Performance management
 7. Retention
 8. Selection
 9. Recruitment
 10. Work/life planning policies
 11. Benefits administration
-

Note: Presented in order of frequency

Table I.3. Methods and Approaches Used in Initiatives

-
1. Action learning
 2. Blended learning (using several key factors of leadership development systems)
 3. 360-degree feedback
 4. Behavioral coaching
 5. Global learning assignments
 6. Cross-cultural simulations
 7. Whole system change
 8. Use of international leaders
 9. Use of international business cases
 10. Partnership with training and development organizations
 11. Global and cross-functional rotations
 12. Partnerships with universities
 13. Online learning
 14. Assessment centers
 15. Mentoring programs
 16. Positive deviance and best practice programs
-

Note: Presented in order of frequency

overall mission. Evaluation also helped these organizations understand more about how to balance global and local perspectives.

Although evaluation can take different forms in different countries, each organization used globally similar methods to evaluate the effectiveness of its global workforce leadership program. Table I.4 shows the range of methods. Several organizations used methods such as surveys, interviews, and focus groups at the start, during, and after completion of an initiative.

Every organization now measures the impact of its initiative at least once a year; four do so once a quarter.

Positive Results

The global workforce leadership initiatives generally impacted their organizations in similar ways (see Table I.5). Most of these organizations had positive results in customer satisfaction and organizational effectiveness—crucial areas for global leadership development. The benefits of the initiatives were not limited to financial performance. The results support the idea that these best practice

Table I.4. Methods Used to Evaluate Initiatives

1. Focus groups
2. Surveys
3. Meetings
4. Interviews
5. Performance appraisals
6. Return-on-investment calculations
7. Learning evaluations
8. Results evaluations
9. Behavioral change evaluations

Note: Presented in order of frequency

Table I.5. Positive Impacts of Initiatives

1. Customer satisfaction
2. Organizational effectiveness
3. Team performance
4. Cost savings
5. Fulfillment of strategic imperatives
6. Industry standards
7. Financial results
8. Shareholder value

Note: Presented in order of frequency

organizations share a commitment to their customers, employees and to a civil global society.

KEY ASPECTS OF SUCCESS

The organizations in these cases share a strong financial history, a sense of corporate social responsibility, and a commitment to an inclusive global society. When asked to name the factors that contributed most to success, contributors most often pointed to three, in order of frequency:

1. Support and participation of senior management
2. Connecting development and the initiative with the strategic plan
3. Integration with other divisional processes, practices, or systems

Survey respondents emphasized the importance of senior management support in developing global leaders and balancing global and local perspectives. When asked to identify the top critical success factors, all of the organizations identified “support and participation of senior management.” The goal of achieving results on a global scale enabled the developers of these leadership initiatives to make a strong business case for what they proposed should be done.

The survey results also indicate that cross-cultural communication is essential for every aspect of building a global workforce leadership initiative, including developing global leaders, coaching and mentoring global programs, and managing performance. As David C. Thomas and Kerr Inkson have noted, “Cross-cultural people skills are important because managing people effectively

is key to organizational effectiveness, and the people in organizations are increasingly multicultural.”³

Following are other key components of success, with examples drawn from the cases.

Developing Global Leaders

Developing leadership, whether at the global or local level, was a key component of each organization’s global workforce management initiative. Leaders face the challenge of transporting workforce principles used at home to overseas markets. Developing quality global leadership is instrumental for organizations to achieve continued success and global growth.

- McDonald’s introduced three initiatives for developing leadership talent: (1) the redesign of the performance development system for all staff positions; (2) a talent review process for all officer-level positions; and (3) the Leaders at the McDonald’s Program (LAMP).
- The Dow Chemical Company designed a reward and recognition program to identify the best practices in leadership development. The goal of this program was to increase employee recognition in a global environment and to reach all talented leaders regardless of rank or position.
- Agilent Technologies took an innovative approach to global leadership development by “redefining the finish line from the last day of class to on the job application.” It developed an Internet-based follow-through system.
- Wyeth designed two programs that support a talent management system: its Global Leadership Program targeted thirty-six high-potential leaders at the vice president level. Its Executive Leadership Programs were conducted in the United States, Europe, and Asia for participants at the director level and above.
- Pfizer Inc’s global leadership development program, Advance Transition, consisted of three stages, including on-ramp preparation, a residential program, and on-the-job application. This program supports “leaders leading leaders” who are in the process of making a transition to a new company role.

Culture Change

These best practice organizations recognized the need to realign their corporate culture with global strategy in mind. The global workforce initiatives of these organizations had to consider cultural differences and cross-cultural communication as an advantage for the growth of the organization. In many of the cases, innovative strategies were used to shift perceptions of the company.

- Volvo 3P created a Global Learning Roadmap process to encourage collaborative learning and a mutually supportive culture across three formerly competing brands of truck. To do so, it developed open dialogue, cross-functional learning, and multicultural learning groups.
- Pfizer's Advance Transition program expanded from the U.S. perspective from which it began, allowing local multicultural adaptation of leader transition support, while carefully maintaining consistency of overall course objectives.
- Operating in more than 180 countries, UNICEF's staff career development program with tools translated into the United Nations' five official languages.
- Motorola University's initiative for Workplace Learning and Performance training accepted the challenge of transferring soft skills technology from U.S. culture to China. This process required several steps of fostering cultural exchange including awareness building and a certificate program at two Chinese universities.

Global versus Local Perspectives

In order to sustain success in global workforce management, global efforts must be balanced with local perspectives.

- The Colgate-Palmolive Company implemented a two-phase training initiative to develop the skills necessary to fulfill its company values and principles. Phase 1 was called "Valuing Colgate People," Phase 2, "Managing with Respect." Both aimed at a global strategy through local implementation.
- Tower Automotive established a global technical center while also keeping regional centers to connect to differing regional design needs. Maintaining a strong local presence is necessary to successfully gain market share.
- The Volvo 3P Group faced the challenge of managing HR areas on a global level and at the same time abiding by local laws, regulations, and procedures. Volvo 3P's Global Learning Roadmap program aimed to distinguish HR areas that would remain under local rules from those that could be applied globally.
- Pfizer and Wyeth initiatives also emphasized the importance of global implementation while respecting diversity at local levels.

Support from All Levels of the Organization

Achieving success requires full support throughout the organization. While senior management's support is undoubtedly necessary, middle and lower management and employees have to believe in the program's potential to succeed.

Global leadership development programs must be leveraged to create an environment that infuses every level of the organization.

- During a time of external economic turmoil, Verizon Dominicana achieved greater financial success and credibility through a strategy of sharing its vision through all levels of its employees. Verizon's program engaged every employee in shifting the company from a system of silos to a cohesive, team organization focused on the customer.
- Pfizer's Advance Transition program requires the collaboration of pharmaceutical, manufacturing, and research functions, each contributing to successful rollout in the company's regions.
- UNICEF's P²D program was built to meet the needs of staff and managers related to increasing both individual and management accountability for career development. Staff members at all levels of UNICEF participate in and support this program.

Outsourcing

Outsourcing is now in the mainstream for companies facing global competition. According to a study by Forrester Research, 3.3 million U.S. jobs "will be performed abroad" by 2015.⁴ Several of the case studies consider the growth opportunities of outsourcing.

- The Boppy Company implemented a program to use outsourcing effectively for increasing the growth of the organization, maintaining the company's innovative focus, reducing costs of goods, and maintaining social responsibility.
- InterContinental Hotels Group studied outsourcing HR transaction processing as a means of reducing costs.
- Tower Automotive's initiative stressed the innovation needed to make outsourcing effective. Tower chose India as the location of a new remote center for technical services that would both reduce costs and give the company a stronger competitive edge in supplying new products to market.

THE INITIATIVES AS A SET OF STAGES

The chapters in this book describe the phases of the organizations' initiatives (from initial concept to implementation and evaluation) in various ways, but in general they represent six stages of focus or concern:

1. Basis in a global business strategy
2. Focus on customers and employees

3. Design of a process for the global level
4. Implementation
5. Mechanisms for continuous feedback and analysis
6. Program evaluation

As your organization plans and executes its own initiative, it may want to use this framework to organize its effort. Following are some notes about the stages and some ideas that can be drawn about them based on selected case experiences. These notes may help you see which cases may apply most directly to your own organization's needs at any particular point in your process.

Global Business Strategy

Developing a global strategy begins with a business diagnosis. Developing a global workforce management strategy includes outlining the business objectives and the skills and competencies needed to achieve them.

- Colgate-Palmolive asked two key questions when conceiving a global strategy for spreading its values and its principles of managing with respect: (1) How to build and sustain a culture that respects all people? And (2) What skills and behaviors are most conducive to achieving this type of culture? In order to answer these questions, Colgate conducted hundreds of one-on-one interviews and dozens of focus groups with employees in the United States and worldwide.
- McDonald's found its method of identifying leadership talent had become ineffective partly because its system of staff performance assessment no longer singled out real talent. McDonald's also found itself unable to identify candidates it needed for higher-level succession. The company tackled these problems in a manner in line with its broader strategy of focus on its people resources, with the ultimate business goal of becoming "everyone's favorite place and way to eat."
- Dow Chemical's top talent recognition and development awards program strategy was based on three central concepts: (1) rewarding the skills of people development at all levels and in all job families; (2) appreciating diverse people development styles and learning from unique geographic and culture strengths; and (3) ensuring an objective selection process to give every Dow employee fair consideration for the award.

Customer and Employee Focus

A strong global focus on employees and customers is essential for an organization to achieve success and an important component of corporate social responsibility. Customer and employee focus are common themes in the chapters.

- Wyeth used 360-degree feedback to discover that the high-potential managers attending its Global Leadership Program were results driven and knowledgeable about their industry but needed improvements in team building, open communication, and coaching. With a strong focus on customers and employees, Wyeth was committed to improving these areas and building communication skills.
- Johnson & Johnson created a company “Credo” to direct its commitment to customers, employees, the community, and finally to the stockholder.

Designing a Global Process

The issue here is how global workforce management systems can be designed to fit the business needs and objectives of the organization. The following organizations came up with especially unusual design ideas:

- Motorola University formed a partnership with four institutions to transfer soft skills technology to China. The project was designed in several steps, including building awareness and meeting the short-term needs of existing staff in selected multinational corporations in China. Motorola also designed an advance certificate program for the staff of multinationals in China, a certificate program at two Chinese universities, and an internship program for selected students.
- In its initiative to rethink outsourcing in relation to the Boppy Company’s innovative mission and needs for improved performance, Boppy needed to define its situation in terms of growth, key processes, costs, and people capabilities. A Criteria Matrix became Boppy’s tool for guiding the design of the initiative, enabling it to rank these numerous considerations in terms of importance based on stakeholder feedback.
- Wyeth’s Global Leadership Program and Executive Leadership Program were designed to pull participants from every region of the world, focus on the issues of globalization and global marketing, and bring together internal leaders and external faculty with international perspectives.
- Johnson & Johnson developed a program of trainings called a “Global Supply Management Institute,” which was designed around personal assessments, a “business challenge,” benchmarking activities, and leadership development. Sessions included presentations, discussions of key issues, small group learning activities, action learning, networking with participants, and postsession follow-up.
- Pfizer’s three-stage Advance Transition program was aimed at leaders of leaders who were transitioning into higher roles. Its design embraced six general objectives: (1) sustain focus on performance; (2) create an

inclusive environment; (3) encourage open discussion and debate; (4) manage change; (5) develop people; and (6) align across Pfizer.

Implementation

Nearly all of the initiatives used a formalized training and development program or workshop to propel changes in global workforce management.

- Verizon Dominicana coordinated a day for the executive team to discuss the key objectives of the company in a relaxed setting. A few months later, the team was able to present this vision to the top 250 members of the organization at a four-day leadership development workshop. Steps were then taken to provide engagement, communication, execution, and follow-through ongoing leadership development on a companywide basis.
- Colgate-Palmolive's Valuing Colgate People program for all Colgate employees was translated into ten different languages. In each region, qualified individuals were selected to serve as master trainers. In turn, they coached the front-line instructors who ran the workshops. Valuing Colgate People was integrated with another program of training specifically for managers, called "Managing with Respect." Both programs are aligned with Colgate's other global HR programs.

Continuous Feedback and Analysis

The best systems go beyond implementation and provide continuous improvement, support, and analysis regarding whether the system is accomplishing or enabling real business goals and objectives.

- Pfizer's qualitative feedback suggested employee satisfaction with the following program elements: amount of time dedicated to the process, program content, and increased confidence.
- Agilent Technologies' program to "redefine the finish line" for both training participants and facilitators, displays successful follow-through and commitment to continuous feedback. Feedback between participants and their managers is one important component of this.
- Upon completion of UNICEF's career development program, participants complete feedback sheets to provide facilitators with suggestions for improvements. Additionally, graduates of the program are encouraged to make remarks via e-mail, telephone, one-on-one feedback, and postings on UNICEF's Learning Web.

Evaluation

For any initiative, an evaluation stage is indispensable for determining the strengths and weaknesses of a program. In most cases it involves both qualitative and quantitative results and tools and competencies that measure overall success.

- McDonald's has leveraged surveys and quantitative metrics to evaluate its Leaders at McDonald's Program. It also studied subsequent promotions, retention, and manager feedback as part of its evaluation of the effectiveness of LAMP. The organization is also taking additional measures to evaluate program impact including 360-degree feedback follow-up and self-assessment of personal change as compared to specific targeted change goals.
- Volvo 3P has used a group attitude survey and a "cultural barometer" to measure the success of its implementation of global learning aimed at aligning global workforce efforts across three powerful brands. Volvo groups were asked to respond and then hold workshops on the results of these measures.
- Tower Automotive measured the effectiveness of its initiative by examining customer satisfaction, return on investment, and reductions in product development time and cost.
- Agilent Technologies uses an instrument that assesses "how they liked the course" to evaluate its effort to "redefine the finish line." A follow-through system, reports, and graphs make it possible to measure program achievements.
- Colgate-Palmolive conducts six levels of evaluation: (1) assessing the training courses themselves; (2) determining whether participants are learning key concepts and skills; (3) evaluating how participants transfer their learning to the job; (4) observing behavior; (5) tracking organizational improvement with a 360-degree feedback survey; and (6) a "Best Place to Work" employee survey.



Agilent Technologies

Global Leadership Training with an On-the-Job Focus

Teresa Roche
Cal Wick

Agilent Technologies' innovative approach to global leadership development redefines the “finish line” of training from the last day of class to on-the-job application. An Internet-based system is used to encourage and track follow-through, with positive impact on the roles and responsibilities of participants, managers, and the learning organization.

INTRODUCTION

Agilent Technologies is the world leader in the test and measurement market. Agilent delivers innovative technologies, solutions, and services to a wide range of customers in communications, electronics, life sciences, and chemical analysis. Agilent is truly global, with more than half of its revenue generated outside the United States.

Agilent was formed in 1999 as part of the strategic realignment of Hewlett-Packard. Following its successful initial public offering in 1999, Agilent became a fully independent company. Becoming a stand-alone company provided Agilent with the rare opportunity to redefine its core values, vision, and strategy.

In doing so, Agilent recognized that “winning innovation” was core to its overall strategy of being the global technology leader. Innovation has been central to Agilent's success, reaching back to Hewlett-Packard's beginnings in the

garage where Bill Hewlett and Dave Packard began. Innovation is truly part of Agilent's "DNA." Agilent's success as a corporation depends on ensuring that innovation permeates every product, every department and function, and every process. This strategy requires a never-ending search for new ways to deliver new products to customers better and faster than anyone else. These concepts of "winning innovation" and the challenge of continuous improvement apply as much to global leadership development as they do to designing and manufacturing new products.

A strategy of "winning innovation" in a global marketplace requires real commitment to employee development. Innovation thrives only in an environment of enlightened leadership in which continuous learning is supported, expected, and rewarded. Agilent's executive leadership regards employee development as a cornerstone of its strategy for winning at innovation.

Strong support from senior management does not mean a blank check, however. Indeed, strong support leads to high expectations. Global Learning and Leadership Development is, as is every department at Agilent, expected to deliver results and to innovate. Simply continuing to do what has been done in the past is not sufficient. This has been especially true in recent years as economic challenges have put unprecedented pressure on training and development budgets.

This chapter describes an innovation in global leadership development: redefining the finish line for leadership training and development. It is still very much a work in progress; Agilent's Global Learning and Leadership and Development group continues to innovate and learn. The best practices and insights that have been identified to date are presented here to help accelerate and improve the impact of development in other global organizations.

FOLLOWING THROUGH BEYOND TRAINING

The core concept is simple: "The course is not the finish line." That is, a leadership development program cannot be considered complete—and therefore "successful"—until its teachings have been taken back to the workplace and applied regularly so that they become part of the culture. This is the problem of learning transfer. While much has been written about the importance of assuring learning transfer, most programs and most learners continue to operate as if the last day of class is the end of the process—the finish line. Contact between the learning organization and the learner ceases as soon as the last class is over, at least until it is time to recruit attendees for the next program. Follow-through, coaching, and manager involvement are left to individual initiative. This can be especially true for global organizations like Agilent, in which both instructors and learners are dispersed across the world.

Agilent realized that the postcourse period was fertile ground for innovation. Improving the rate of knowledge transfer is vital to increasing the return on the investment in training and development.

To help ensure that the application of learning continues after the course itself, Agilent introduced a systematic approach to postcourse follow-through. The impact of thinking about skills development beyond the last day of class has been positive and profound. It has created new partnerships and opportunities, compelled us to reexamine many roles and long-held beliefs, and opened new opportunities.

Redefining the finish line from delivery of courses to delivery of results through transfer and application is a true paradigm shift. It challenges many of the tacit assumptions about the role of training and development. It affects how Agilent approaches development, how it invests time and money in training, and how it measures success.

As Agilent began to focus on transfer and application, rather than just delivery of courses, it became clear that most of the traditional measures of development were not relevant. For example, the number of programs delivered and the number of attendees are measures of activity, not productivity. It does not matter how many people attend a program unless there is evidence that attending is followed by new and more effective behaviors on the job. Likewise, course evaluation measures have little meaning unless they are correlated with enhanced learning transfer and business results.¹ Table 1.1 summarizes the basic difference of perspective.

Redefining the endpoint of a development program creates new opportunities to partner with the business, as well as new responsibilities and accountability. Managers play a key role in supporting or impeding the transfer of knowledge following a development program.² Once Agilent began to focus on results, it became apparent that Global Learning and Development needed to do a much better job of preparing, engaging, and supporting managers in their roles in facilitating knowledge transfer.

Table 1.1. Traditional Versus Innovative Finish Line

<i>Perspective on Training</i>	<i>Perception of Finish Line</i>	<i>Measures of Success</i>
Traditional	When class ends	Ratings on end-of-class evaluations; number of attendees
Innovative	Weeks or months after training when new skills and knowledge are embedded in work of the organization	Positive changes in behavior; business and personal results

Likewise, Agilent realized that facilitators had to stay engaged with the participants after they completed the course. Most programs drop learners like “hot potatoes” as soon as the course ends. Instructors start preparing and thinking about the next program sometimes even before the current one ends.

Agilent realized that this is suboptimal. Facilitators are selected for their superior knowledge and teaching ability. During the program, participants come to value the facilitator’s knowledge, opinion, and advice. Yet, historically, teaching ended when the class ended; communication was cut off. As a result, there was no support for learning transfer from the facilitators—the very people with the greatest insight into the material and whose opinion the learners value most.

To address this issue, Agilent redefined the finish line for its facilitators as well as for the participants. Facilitators are now expected to stay in touch with the class during the weeks immediately following the program and to provide ongoing guidance and encouragement.

To make the process scalable and efficient, Agilent is using a commercial follow-through management system called *Friday5s*[®]. Each time a program for new managers is offered, an account is created for each of the participants in *Friday5s*. The participants’ learning goals are transferred to the system, where they can be viewed by the facilitators as well as participants’ managers and other course members. Participants update their progress every two weeks over a ten-week follow-through period. Facilitators can review participants’ goals and their progress using a special access key. They can respond to queries directly from the site as well as provide online coaching and encouragement.

The results have been impressive in three respects:

1. *An ongoing dialogue is created between learners and facilitators so that facilitators achieve the Robinsons’ vision of moving beyond training and become true performance consultants.*³ In the ten weeks following a recent program in Penang, Malaysia, for example, the facilitator provided sixty-nine separate comments and suggestions to participants to assist them in the application process.
2. *Participants are more actively engaged in applying their learning.* As one commented, “This is probably the first time that I have really taken action after a training course.” Since the new process was implemented in March 2003, more than six hundred managers have attended programs in Asia, Australia, Europe, and North America. They have filed nearly 1,800 updates of their efforts to apply what they learned in the ten-week follow-through period after each program, an average of three per person.
3. *The program is truly global.* Because the program manager can review the ongoing coaching that is occurring anywhere in the world, he is much better able to create a common understanding and

approach among facilitators, even though they are dispersed across four continents.

What Agilent is doing is compelling and unique. It serves as a practical model for moving beyond training to true human performance enhancement on a global basis. Although the process has already yielded positive results, the leadership of Global Learning and Leadership Development at Agilent believes that the company has only begun to tap its full potential.

SYSTEMIC CHANGE IS NEEDED

An important caveat: Introducing follow-through and moving the finish line cannot succeed as an isolated initiative. It needs to be approached strategically and systemically. At Agilent, this depth of approach has been facilitated by a process called “the 6Ds™” and by a Web-based management tool.

A Six-Discipline Model

Figure 1.1 illustrates 6Ds, a model of disciplines that has proved useful in turning corporate learning into business results as Agilent has thought through all the factors that affect learning transfer and business impact.

Looking at the 6Ds, Agilent’s global learning group realized it had done an excellent job on the first three disciplines: defining the needs of the business,

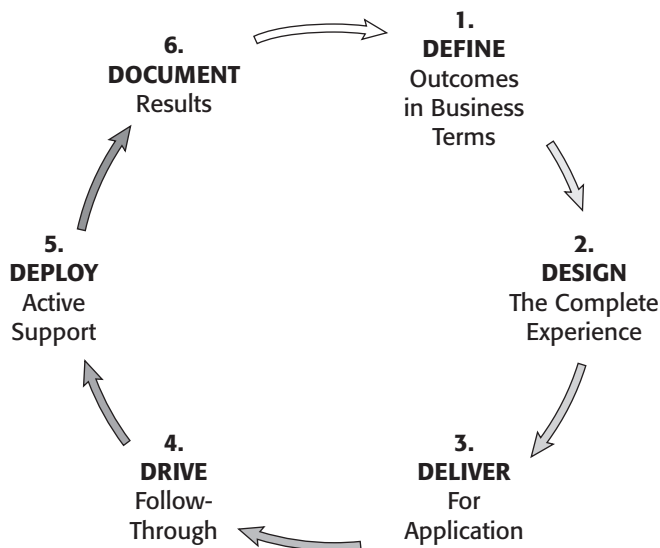


Figure 1.1 The 6Ds

designing the experience, and delivering a high-quality program aimed at application. However, they also saw they had not given enough thought to the last three in the value chain: driving follow-through and application, deploying active support following the program, and documenting results. Accepting the adage that a chain is only as strong as its weakest link, Agilent focused on ensuring follow-through, providing support, and tracking results in order to strengthen the overall chain and increase the program's impact.

Follow-Through Management

Another important component of Agilent's approach is an innovative Web-based Follow-Through Management™ system called *Friday5s*, developed by the Fort Hill Company in Montchanin, Delaware. An overview of the process is as follows:

1. On the last day of the program, participants are asked to write two objectives for how they will apply what they have learned in the program to their jobs. Unlike most programs, where these objectives are simply retained by the participants, Agilent collects each person's objectives and has them entered into the follow-through system database.
2. One week after the program, the follow-through system sends a copy of each participant's goals to his or her manager with a request that the manager provide feedback and support for each achievement. The manager is provided with a link to an online form to provide written feedback on the goals as appropriate.
3. One week after the program, and then every other week for a total of five times, participants are asked to complete a brief update online, reporting on the progress that they have made as well as what they intend to do next.
4. Each time a participant completes an update, he or she can forward a copy to his or her manager or coach for feedback. Participants also have access to the updates of other members of their cohort. The facilitators who lead the class have access to the updates of all the group members and are able to monitor progress and provide coaching electronically.

NEW ROLES AND NEW RESPONSIBILITIES

As part of the mission of Global Learning and Leadership Development, encouraging follow-through and providing ongoing support have had a profound and potentially revolutionary impact on Agilent. It has taken the company to a whole new level of thinking about what and how training and development

should contribute to its health. It has changed the way Agilent thinks about partnership with businesses, managers, and participants.

In particular, it became apparent that learning must become “part of the work” of the participants, rather than taking place “apart from their work.” The old paradigm at Agilent was to take people off to an experience where they *talked about* how they would apply what they had learned. Agilent even had them write action plans, but the whole process was mostly lip service. Without a system to encourage follow-through, the actual application was low; once the course was over, people tended to put their notebooks on the shelf and return to business as usual.

Now Agilent is committed to ensuring that development experiences are tied to actual accountabilities, that program participants’ goals for applying what they learned are things that they are *already* accountable for, as opposed to something separate from their work. This commitment forces participants to better align learning with their own personal goals. While this change sounds simple, it is actually a profound change, and a best practice skill.

Agilent’s Global Learning and Leadership Development group finds its approach much more powerful than much of what passes for “action learning,” which can quickly deteriorate into “just another project.” In the group’s experience, the ability to track the program follow-through by documenting its application to work, behavior change, and results provides much greater insight into the impact of Agilent’s programs than what can be seen in other learning organizations.

The vast majority of learning programs conclude with an evaluation of the course as participants walk out the door. The learning “dashboard” in such companies consists of a single instrument labeled “how they liked the course,” an unreliable indicator as to how well the learning will be applied. The follow-through system that Agilent has implemented provides a much richer “instrument panel” with which to guide the program and make course corrections and improvements. The system includes reports and graphs that make it possible to analyze the quality and distribution of learning objectives; the frequency and thoughtfulness of updates; the quality and frequency of coaching; the most important “lessons learned” in the course and on the job; and the examples of achievement that are a direct consequence of the program.

Redefining the finish line from the last day of class to the delivery of results has altered virtually every role in the learning process, from the employees who participate and their managers to program managers, facilitators, and sponsors.

Employees

Employees become more responsible for their own development when application and results are clearly expected and when the learning organization follows through in a meaningful way. They realize they are expected to use what they learn rather than just attend and listen. Because program participants are

reminded and supported to turn what they learn into action after their course, they become active doers rather than passive receptacles. Learning is integrated with what they are accountable for, rather than being a distinct and disconnected exercise, and results are achieved. Exhibit 1.1 provides three examples of how participants view their achievements.

The expectation of results and the purposeful engagement of the manager in goals and feedback changes and deepens participants' relationship with their managers. Comments from managers to participants take place at a whole new level, as Exhibit 1.2 illustrates.

Exhibit 1.1. Examples of Participant Comments

Goal: Giving and Receiving Feedback

"The whole team is committed to success and to add value for the team, organization and company. By referring to the specific behavior and associated implications, they understand the action/behavior that leads to results. The adjustment of behavior quickly returns with desirable outcomes and people are encouraged." (Hong Kong)

Goal: Setting Clear Priorities and Expectations

"The team has clear targets and timelines. The road map has been identified and we are making progress in the project." (India)

Goal: Leading High-Performance Teams

"I feel particularly good about aligning my team's objectives to the division priorities by using some of the Best Practices from the 'Best Practices for Team Performance' manual we received in the class." (United States)

Exhibit 1.2. Examples of Follow-Through System Dialogue

Dear M_____,

I am looking forward to being part of your meeting next week and seeing you put in practice some of these management skills. Please let me encourage you to continue to work on them. Leadership is in short supply these days. Your efforts will pay dividends in the future.

Dear T_____,

You appear to be on the right track at this point. Remember, learning is remembering and applying what's important.

As for finding time, take baby steps and keep moving forward. This is better than taking a few giant steps.

Managers

The partnership between managers and their direct reports is paramount. Managerial support accelerates leadership development; managerial indifference or antagonisms delay it. Yet the manager's role is overlooked by most programs, or it is paid little attention. Active efforts must be made to engage participants' managers, making sure they know the intent of the program and their direct reports' objectives. These efforts will increase the dialogue between managers and their direct reports, extending and amplifying the program and providing, as Exhibit 1.2 illustrates, "a gift that keeps on giving." Agilent continues to explore ways to support and deepen this relationship.

Development Program Manager

Redefining the finish line for development significantly expands and enhances the role of a development program manager. No longer is he or she simply in charge of delivering well-liked courses. Instead, the program manager becomes truly pivotal in ensuring that the development program delivers on its promise of building global leadership capacity.

Expectations for development program managers also change. They must be able to demonstrate that the program is, in fact, changing behavior and building leadership capability. That is very different than the traditional responsibility for generating high scoring "smile sheets," which in turn requires different expectations and management of facilitators. Program managers need the tools and authority to hold facilitators accountable for supporting application and implementation, rather than just for "learning" in the abstract.

At Agilent, the program manager's role is filled by Dominic Ward, the program director for Managing@Agilent. Managing@Agilent is a worldwide program for employees new to people management. As such, it is the vital first rung on the overall leadership development ladder at Agilent. It is designed to increase the overall managerial efficiency, focus, and speed of its participants. This intensive, three-day program is offered in many locations throughout the world, using local facilitators but a common curriculum. It includes presentations by senior business leaders, lectures, discussions, active learning exercises, and work in smaller groups. At the conclusion of the program, participants are expected to set two goals to transfer what they learned in the program to their work as managers in a way that improves their performance and that of their team. These goals are entered into the *Friday5s* system and are updated biweekly.

Using *Friday5s*, Program Director Ward is able to manage worldwide implementation and track participation, follow-through, and coaching in real time. For example, he can access a database of goals participants have committed to as they completed their class. A report generator allows him to analyze activity and progress by region, course instructor, and dates of progress that participants are making on those goals. Exhibit 1.3 provides examples of progress and re-

Exhibit 1.3. Examples of Participants' Progress

Comments like these in relation to goals can be viewed by the program director. They show learners becoming doers when support, follow-through, and integration of learning with priority work are achieved.

Goal: Follow-Through

“I’ve found the goal setting and the follow-up the most valuable, often with courses like this you never actively go back and review what you have learned and how you have applied in the workplace.” (Australia)

“The follow-through by Friday5s is a good tool to help. It forced me to plan my development, and track regularly. Now I have a deep understanding of why it says management is practice instead of saying.” (China)

Goal: Improving Team Performance

“There is more knowledge sharing and trust across the team. The team had varied perspective of where we were as a team, at the beginning of the exercise, but we reached a consensus of being at the trust building stage and working from there on.” (India)

Goal: Setting Clear Priorities and Expectations

“The customer satisfaction has improved. There is improvement in efficiency due to lesser rework.” (India)

“Assignment completed within time and with limited resource bringing confidence on global hub performance and achieving the required cost saving.” (India)

“Team members have clear knowledge of what’s important and can focus on those targets.” (Malaysia)

Goal: Situational Leadership

“I have learnt to use different ‘strokes’ for different ‘folks’ according to their development levels.” (Singapore)

sults that can be viewed. Dominic can also see the coaching and feedback participants are receiving. He then is able to communicate directly with the facilitators and specific groups or individuals as necessary. This facilitates regular reviews of the activity in each of the groups around the globe.

The result is that, as program director, Ward has gained much deeper insight into how effectively the program is being implemented around the globe. He is able to shed light on what, for most programs, is a “black hole”—that happens after the participants walk out the classroom door. Importantly, Ward’s Web-based access levels the playing field; it no longer matters where people are

located. He is able to monitor, congratulate, coach, encourage, or prod individual course leaders as appropriate.

Facilitators

Shifting the finish line to results has a significant effect on the facilitator's role. Facilitators must move from the "sage on a stage" to a "guide by the side," from a facilitator of learning to facilitator of performance. The ability to track goals and actions requires much more accountability and a higher level of skill than just being able to "stand and deliver." It also requires a shift in resources.

Training and development organizations have traditionally been funded and staffed based on the number of courses and classroom hours. No time or resources have been allocated to following up and assisting in implementation. Yet the postprogram implementation phase is an important point of leverage. At Agilent, facilitators are given time and are paid to provide follow-through support, guidance, and coaching. They are also held accountable for doing so. Indeed, part of the certification process is that they agree to play this ongoing role.

Not all facilitators are comfortable with these new responsibilities, which are very different from their traditional role. Learning and development organizations need to help them retool for their new responsibilities and help them appreciate the tremendous opportunities that follow-through creates for them to contribute in an even more meaningful way. Freeing time for facilitators to provide support for learning transfer may mean that fewer people are taught each year. Agilent's position is that it is better to teach and support a smaller number in a way that ensures results than to run a larger number through an ineffective mill.

Sponsor

Moving the finish line beyond the last day of class requires strong support from senior leaders, since it requires setting a different expectation than in the past. At Agilent, the invitation letter to `Managing@Agilent` is signed by Agilent's chief operating officer, the executive sponsor for this program. He sends a voicemail to all participants prior to the program in which he underscores his expectations, emphasizing application and the requirement of putting learning to work. Sponsors who want to see results from learning and development must be willing to become actively engaged in changing the paradigm.

Leader of Global Learning and Leadership Development

The real job of a leader of leadership development, whatever his or her specific title, is to be a "leader in the business." That means, among other things, anticipating what is needed by the business and looking for innovative ways to do things better and more efficiently. Leaders of leadership development need to show courage and a willingness to change. Leadership development needs to focus on "enhancing capability" rather than simply delivering programs, which in turn requires redefining the finish line.

The leader of global leadership development must bring together all the components of a system to successfully move the finish line:

- Revised roles and expectations of the key players
- Follow-through management systems
- Managerial support
- Appropriate measurement of results

No longer will “learning leaders” at Agilent say, “Five hundred and fifty people have gone through this program and they all liked it, so that means it was successful.” Agilent can now see where its leadership development efforts are going, down to the specific types of goals that are laid out as postcourse objectives, as shown in Figure 1.2. One advantage of entering participants’ goals into a database is the ability to analyze their distribution and quality. As expected, the largest numbers of goals at Agilent are related to the use of situational leadership concepts and building high-performance teams.

BENEFITS OF AN INTERNET-BASED SYSTEM

The preceding discussion has already suggested some ways that using an Internet-based follow-through system benefits Agilent’s leadership development program. This section expands on how it improves and provides important insights into the postcourse period.

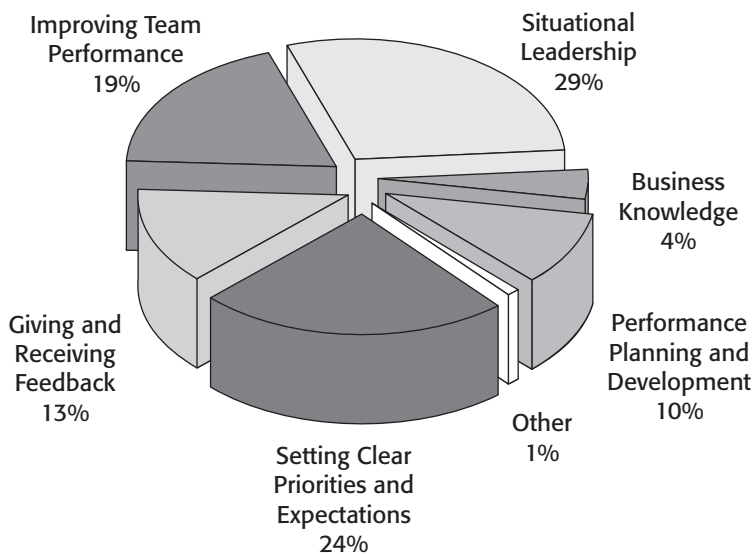


Figure 1.2 Distribution of Postcourse Objectives

As several exhibits have already shown, entering the participant's developmental goals into a database has made it possible to analyze the quality and distribution of postcourse goals, how participants plan to apply what they learned, and what they believe they will accomplish as a result. By comparing the focus of participants when they leave the program to the desired outcomes, the program director is able, if necessary, to make adjustments to the relative emphasis of topics in the program.

For example, the director's ability to rapidly review the text of a large number of objectives has led to identifying a significant weakness in the goal-setting process related to objectives that were poorly stated, vague, or not time bound. A revision to the goal-setting process that includes the use of suggested language resulted in much more specific and well-crafted objectives.

Sending a copy of the goals to each participant's manager assures that the manager is informed of his or her direct report's plans for follow-through on what he or she has learned. It is an important first step in engaging the manager in learning transfer. In some cases, this is the first time managers have been informed of their subordinates' goals for learning application. Many managers take advantage of the link to provide written feedback to their subordinates about the objectives they have selected. For example, here is an excerpt of comments from a Korean manager to one of his direct reports: "I like the objectives and specific goals that you have set up for yourself. You need the rigor of following through and making sure that everything happens. I specifically like the idea of getting the new members of your team developed and operational. It will assist the rest of your team if new members can provide capabilities independently and also would expand your depth and breadth to go after new business. Let me know if I can assist you."

Because this follow-through approach is Internet-based, it is ideal for Agilent's globally dispersed learning organization. From his office in Edinburgh, Scotland, Program Manager Dominic Ward can review the progress of programs conducted anywhere in the world, including the level and quality of coaching being provided by program facilitators. Facilitators can maintain contact with their trainees, even in the most widely dispersed regions. Indeed, they are expected to spend at least two hours a week using the online follow-through system to review progress and provide support and counsel. And the written progress reports provide concrete examples of the positive impact of the program for management review.

NEXT STEPS

In its spirit of "winning innovation," Agilent will continue to look for new and better ways to strengthen its development programs. The company feels that it remains on the steep part of the learning curve with respect to redefining the finish line and is astounded by the richness that continues to evolve.

Certain areas have also been identified for further improvement (for example, ways to get managers even better informed and more engaged). Other opportunities for continuous improvement include:

- Further improving goal setting; linking goals for application to accountabilities the person already has and better integrating development with performance management
- Better preparing learners, facilitators, and managers for their new roles
- Improving the feedback loop to establish an ongoing continuous improvement cycle
- Determining how to take what has been learned so far and apply it to Agilent's whole portfolio of offerings

In the future, Agilent envisions embedding systematic follow-through in all of its programs, making it a standard operating process—the way Agilent approaches all training and development. Agilent also wants to share what it has learned about follow-through with others and to learn from them as well.

SUMMARY

The best practice in global leadership development is to redefine the “finish line” from the last day of class to the delivery of results from the application of learning. At Agilent, this redefinition of development's role has had profound and exciting implications on the various roles as learners, managers, facilitators, and development professionals.

The Agilent Global Learning and Leadership Development group has used a 6Ds model to discipline its thinking about effective leadership training and development. It has used an online follow-through management system to allow it to redefine the finish line. The system has made it possible to produce and document results at the individual, participant, class, and facilitator levels and also on regional and international levels. Now that co-location is a thing of the past, the new approach has been especially important for Agilent's globally competitive, geographically dispersed workforce.

Follow-through technology by itself is not the answer. It must be part of a systemic and systematic approach that optimizes all of the links in the value chain and that redefines roles and responsibilities in a way that maximizes the value that learning and leadership development deliver to the entire company.

The new finish line and follow-through management have the potential to truly revolutionize development and greatly enhance the return on its investment.



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Cal Wick is the founder of Fort Hill Company, which specializes in Follow-Through Management that turns corporate learning into improved personal and business results. Wick graduated as a Rockefeller Fellow from Trinity College in Hartford, Connecticut, and holds a Master's of Science degree as an Alfred P. Sloan Fellow from MIT's Sloan School of Management.



The Boppy Company

Optimizing a Global Workforce

Brian Wilkerson
Teresa Mead

The Boppy Company seeks to optimize its global workforce, outsourcing wisely to meet its long-term strategic needs while balancing factors such as cost, quality, and social responsibility. This chapter focuses on how a company gets the most from both onshore and offshore strategies. It discusses tools and approaches for analyzing, designing, and implementing an optimized global workforce for a consumer products company.

INTRODUCTION

The Boppy Company is a picture of entrepreneurial success. Founded in 1990 by mom-inventor Susan Matthews-Brown, it has rapidly become one of the top brands in the baby products industry. The company's flagship product, the Boppy® pillow, won the Juvenile Product Manufacturers Association's (JPMA) "Show-off" competition award the first year it was introduced, and has achieved tremendous success since that time. Boppy is a seven-time winner of the *American Baby* magazine AMBY awards, which recognize parents' top ten favorite products.

For two consecutive years, the Boppy Original pillow has been named the best product for new parents and their babies. The Boppy pillow is an essential tool for new parents throughout an infant's first year, providing baby and parents support and comfort during feeding, a safe place for baby to lie or be propped

up, and a supportive place to learn to sit. Parents and health care professionals alike swear by the Boppy pillow, and it has become one of the most popular gifts for new parents. The company has leveraged this success into a number of other products, including a recently introduced line of products for pregnant women and new moms.

The tremendous popularity of the product has brought about outstanding company growth. Boppy has experienced double-digit growth nearly every year since its inception and has quickly moved from distribution at boutiques and small retailers to a prominent place on the shelves of the world's top retail and specialty stores. Since the beginning, Boppy has focused on smart growth and keeping its internal staff focused on its core competencies. It has effectively used outsourcing to maintain both a competitive cost structure and a focus on new product innovation while remaining nimble enough to respond to changing market needs. Like most high-growth companies, however, Boppy recently came to a crossroads in managing its global workforce.

The Business Challenges

As the Boppy brand grew and its penetration among major retailers increased, the company's operations faced a number of recent challenges. At the start of this project, Boppy had manufacturing operations in Mexico and the southwestern United States in addition to its corporate headquarters in Colorado. These operations were struggling to keep up with the demand for Boppy's products, as well as the evolving requirements of the major retailers such as Target and Toys "R" Us for improved supply chain performance.

Like many product companies, the major retailers had become an increasingly important part of Boppy's revenue stream. As the retailers' own businesses continue to become more competitive, they have put pressure on manufacturers like Boppy to reduce cost and improve their fulfillment capabilities. The retailers themselves are pushing their manufacturers to expand their offshore sourcing to increase cost competitiveness and have become very aggressive about alternate sourcing, putting further pressure on companies like Boppy.

The pressure for increased performance extends beyond the desire for cost reductions and into reducing fulfillment and lead times, increasing exclusivity and customization of the product line for each retailer, and significantly reducing time-to-market for new products. As retailer demands increased, Boppy's existing operations started to experience strain. This led to increased overhead costs and decreasing margins. Additionally, the increased focus on operations improvement, brought on by the greater focus on keeping up with retailer demands, had begun to hinder Boppy's ability to bring new products to market. Boppy was starting to lose focus on its core competency because of the need to "fight fires" and keep up with increasing demand. The company also had a

backlog of new product and licensing ideas that could not get to market. If not addressed, this had the potential to hinder Boppy's rapid growth.

In addition, Boppy's own desire to further expand in international markets coincided with a strong desire of some of the major retailers for Boppy to increase its international distribution capabilities. Though some limited international distribution was already in place, Boppy's operations were not well positioned to distribute outside of the United States. It was clear, however, that tremendous opportunities existed for the Boppy product line in emerging markets in Asia and Europe. In addition, Boppy was facing the threat of increased competition from "knockoff" products manufactured in the United States and overseas, and wanted to ensure that it had optimized its own cost structure in order to compete in the price arena with new entrants.

Against this backdrop of increased pressure for offshore sourcing and dramatic cost improvements was a strong focus on social responsibility. Certainly the baby products industry places a value on social responsibility, and the labor problems and accompanying negative publicity experienced by other manufacturers in their offshoring efforts was a cautionary tale. But more important, Boppy is a values-driven organization, and it was critical that any solutions to its business challenges have social responsibility as a strong foundation. In the words of founder and chief executive officer Susan Matthews-Brown, "Our challenge was to find a way to help the American consumer save money, without taking it out of the pockets of the American worker."

In summary, Boppy was facing many interrelated challenges:

- Difficulties in meeting demand and challenges from major retailers to improve supply chain performance and to customize products
- Higher overhead costs and decreasing margins
- Competition from knockoff products
- Distraction from the essential job of bringing new products to market
- Potential expansion into international markets
- A continuing commitment to social responsibility

The Need for Optimized Global Solutions

Given the need to reduce costs, expand global distribution, improve cycle times, and dramatically improve efficiency, it was clear that Boppy would need to build a global workforce that was optimized in every sense. Optimization meant that work would need to be done in the right place at the right time and at the right cost throughout all aspects of the operations.

Boppy also needed to find a way to create an infrastructure that would enable it to move to the next tier of growth without compromising its product

development core competency or eroding margins. This infrastructure would need to be able to become increasingly efficient over time, as it was certain that the customer demands on Boppy for efficiency and improved supply chain performance would only increase.

Obviously, a number of competing factors had to be balanced when looking at Boppy's needs (cost, performance, scalability, increased capability, and so on). Thus "optimized" was truly the right term when looking at Boppy's workforce and capabilities. It would not be enough for Boppy to simply select the lowest-cost provider for a given process. Rather, Boppy needed the capability internally and externally to help take its operations and processes to the world-class level.

For help solving this global challenge, Boppy turned to WisdomNet Incorporated. WisdomNet is an international consulting and technology company with deep expertise in global strategy, operations excellence, human capital optimization, and global sourcing. These consultants brought extensive previous experience helping product companies meet the challenge of global competition and a track record of success in optimizing global workforces. WisdomNet was engaged to help guide Boppy through the complete analysis, design, and deployment of its global workforce strategy. Boppy sought outside expertise for three main reasons:

1. It had tried this type of initiative internally before, with limited success. While Boppy had some of the expertise it needed in house, these resources were focused on the day-to-day challenges of managing a rapidly growing business.
2. Boppy wanted access to a wide range of potential outsource partners across the globe who could meet its needs, as well as firsthand knowledge of international markets and market penetration strategies. WisdomNet brought extensive experience across geographies with a wide range of providers and markets.
3. WisdomNet brought to the table a number of proprietary tools and methodologies based on its successful experience with this type of work that could help Boppy accelerate the process.

THE BASIC OBJECTIVES

Boppy began the project with clear objectives:

1. Create an optimized global capability that could deliver dramatically reduced cost of goods, improved cycle times, and enhanced supply chain and fulfillment capabilities

2. Use outsourcing to increase both the efficiency and reach of the organization and sharpen the organization's focus on its core competency of product development
3. Through effective sourcing, bring the best capabilities the world had to offer to help Boppy grow, innovate, and expand into international markets
4. Ensure continuous performance improvement, decreasing costs, and increasing capabilities over time
5. Ensure a solution consistent with Boppy's values and principles of social responsibility

Employees across the organization were very excited about the potential of this initiative. Most saw it as an opportunity to grow the business and a way to allow them to focus not only on what they were good at, but what they really enjoyed. This excitement also created high expectations and a strong need for continuous communication with various employee groups throughout the process. Additionally, Boppy's board of directors took a strong interest in this process and saw it as critical to the future of the organization. Needless to say, there was tremendous pressure on the project team to get this right and to ensure that whatever solutions were chosen did not disrupt Boppy's ability to serve its current customer needs. The stage for transformation of the company's global capabilities was set.

DESIGNING FUTURE OUTSOURCING RELATIONSHIPS

Like many companies that experience strong growth over time, Boppy did not have a clear picture of its current operations capabilities. Everyone was very aware of the problems and challenges with the current system, but no one had a clear picture of capacities, true costs, where processes were breaking, and a host of other factors. Consequently the project began with quickly getting an in-depth understanding of what was already in place.

What Was Already in Place

Gaining deep insight into the current state is key to any effective optimization or outsourcing effort. Many companies, however, do not have a disciplined method by which they capture the appropriate data. In addition, organizations often fall into "analysis paralysis" and never get to the decision points they need to move forward. Boppy used WisdomNet's analysis methodology to avoid both of these traps. The analysis window was limited to three weeks and proceeded along four disciplined lines:

1. *Growth strategy*: Understanding what growth was projected and how the organization would achieve it

2. *Process architecture*: Understanding key processes (forecasting, sales, product development, fulfillment, production, and so on) at a detailed, step-by-step level
3. *True cost*: Understanding where cost is applied at every step of the process
4. *People capability*: Understanding the skills of the current staff, as well as the skills that would be needed

Each of these is necessary to making the right decision about workforce optimization. Each builds on the other and forms one aspect of the analysis.

Growth Strategy. One of the most common mistakes in outsourcing optimization is to design for the current state. By the time the solution is put in place, the company has already changed and the workforce needs to change to accommodate it. This is why growth strategy becomes an important component to analyze.

Growth strategy seems like a very basic factor to analyze; most companies have long-term projections of revenue and associated expense as part of their business plan or strategic plan. These plans usually have a basic picture of *how* this growth will be achieved, often in the form of product mix projections or new product introduction plans. To make workforce optimization effective, however, a much more concrete picture of the “how” is required. This means understanding factors such as what skills will be required and in what quantities, what growth will look like across various markets, how relationships with customers and customer service will evolve over time, what product life cycles will likely be, and a host of other factors.

In short, a comprehensive growth plan is essential. Each factor described has some implication for what the workforce will need to do, how it will need to do it, and where, ideally, it should be done. In Boppy’s case, several key elements of this growth strategy had already been defined. But as the assessment proceeded, there were several areas where clearly there was no consensus across the company’s functional units. As part of the assessment, a number of facilitated sessions were held to get everyone on the same page about growth strategy. This gave everyone a clearer picture of exactly what needed to be optimized and served as the foundation for subsequent analysis.

Process Architecture. Process architecture is another area where organizations typically do not dig deep enough when conducting this type of assessment. Most organizations do a very basic inventory of processes, but do not understand the real mechanics of how the processes work. This hinders subsequent analysis and optimization efforts.

To understand the process architecture, the company needs to understand not only what gets done, but also who does it, what triggers their work, when

the process breaks, and so on. WisdomNet provided templates with which key information about Boppy's processes were documented. (See Table 2.1.) These templates were meant to capture basic current-state information in sufficient detail to analyze the process. Once all the key processes were documented in this format, several points were further analyzed:

- Overall process capacity and ability to scale up or down based on changing volumes
- Consistent process performance levels
- “Break points”—areas that caused process problems under certain conditions or were unpredictable in their performance
- Highly manual steps or areas that could benefit from automation
- Proprietary processes—those that had some form of intellectual property protection or could be patented
- Processes that should be replicated in other areas
- Processes that required high levels of skill or significant training

This type of analysis requires strong process expertise, and, ideally, staff with statistical process control experience. Having this type of expertise ensures reliable predictions about how a process will perform over time. Often, advanced modeling and simulation tools can be used to enhance this analysis, as well as serve as a platform for ongoing optimization.

Once this analysis was complete, it was mapped to the growth strategy analysis to determine what processes were most likely to break as the organization grew and evolved, as well as where and what types of additional process capability would be required to meet the growth plan. (Again, see Table 2.1.)

True Cost. Next, Boppy looked at cost. Like most organizations, Boppy already captured standard metrics around cost of goods sold (COGS) and overhead expenses. Also like most organizations, Boppy had not attributed these costs to individual processes and did not have standard methods for applying costs across the organization.

To achieve effective optimization, an organization must be able to attribute to a given component of a process all of the costs that are associated with that component. For example, Boppy had staff that handled part of the production planning process at its headquarters rather than at the plant itself. This led to significant coordination efforts between the two locations and additional cost for that part of the process. The process had been designed this way because of previous problems in the factory, but these costs were not being reflected in the production process costs. WisdomNet used its True Cost methodology to help Boppy attribute its cost structure to the appropriate processes and process steps, both in the production area as well as several of the infrastructure processes.

Table 2.1. Template Showing Process Steps

<i>Number</i>	<i>Process Step</i>	<i>Description</i>	<i>Input</i>	<i>Output</i>	<i>Responsibility</i>	<i>Reference/Tools</i>
1	Forward new product design to purchasing	Forward new product design to purchasing	New product design			
2	Estimate raw material content	Estimate the quantity and type of materials required by design	Design	Raw material requirements	Purchasing	Other designs, product catalogs
3	Estimate manufacturing waste	Estimate scrap rates and other waste	Design	Waste estimate	Purchasing	Other designs, fabric characteristics
4	Estimate raw materials cost	Based on fabric type, cost, and waste, estimate fabric content cost	Fabric usage and price	Fabric content cost	Analyst	Prior forecast reports and order quantities for current month
5	Forward new product design to production	Forward new product design to purchasing	New product design			
6	Analyze design for manufacturing steps	Assess what the provider will need to do to manufacture	Design	Estimated manufacturing process cycle	Production	Other designs

7	Estimate time per step and labor type	For each production step, estimate how much time is needed per process and the type of labor category doing it	Process cycle		Production	Other product process cycles
8	Estimate manufacturing cost	Estimate, based on provider wage rates and overheads, how much it costs them to produce	Detailed estimated process cycle	Manufacturing cost estimate	Production	Provider wage rates and overheads
9	Estimate target cost	Develop target cost estimate for new product	Material and process cost	Cost estimate	Production	
10	Forward new product design to provider	Forward new product design to provider	New product design			
11	Develop quote				Provider	
12	Provide quote to Boppy		Quote		Provider	
13	Compare estimate to quote	Compare quote to estimate and identify key discrepancies	Quote and estimate	Key discrepancies	Production	
14	Negotiate differences	Discuss and arrive at an agreement on the discrepancies	Key discrepancies	Resolution of issues	Production and provider	Production and provider
15	Agree on new product pricing			Agreement		

This exercise was very illuminating, showing several places where process problems or production problems had led to higher costs in some aspect of the operations. It also illustrated several places where work could be rationalized. For example, Boppy decided that several places where it had placed approvals in a process had become almost automatic and so were not adding value. These steps were eliminated and the process throughput increased. Finally, defining the true cost established the baseline against which future solutions would be analyzed for return on investment (ROI).

People Capability. Finally, Boppy looked at its people capability. Growth strategy provides the picture of what needs to be done by way of optimizing a workforce, while the process architecture and cost assessments provide data on how it is being done today and the ability to extrapolate as to how well it will work in the future. Underlying all of this is the capability of the people in the organization. Process efficiency, ability to meet growth plans, cost, and a host of other factors are all influenced by the capability of the people in an organization. Boppy's analysis covered five components:

1. *Skills-job fit:* Did the incumbents in each position have the necessary skills to perform at the right level? If not, could they be trained to get to that level?
2. *Process-skill problems:* Where were process problems caused by skill gap problems, insufficient training or job aids?
3. *Untapped skills:* What skills did the organization already have that it was not using or not using to their full potential?
4. *Future skills need:* What skills would be needed to meet the growth plan that were not currently in the organization? What is the availability in the market for these skills? What skills were in the organization that were no longer needed?
5. *Succession issues:* Was the organization designed in such a way that it concentrated knowledge with a few people and created succession risks?

Boppy found a number of people-capability gaps that needed to be addressed as part of the overall optimization effort. Its key skill gaps were in the area of international expansion. While some of Boppy's production staff had experience in sourcing and managing offshore operations, this expertise was not widespread. In addition, some of the more detailed aspects of offshoring, such as import functions, international market analysis and penetration strategies, transportation expertise, had in the past primarily been done by third parties and were not in sufficient supply internally. Some of the more junior staff within the organization also needed additional skills in supplier relationship management

and advanced supply chain optimization. This was particularly true as the internal production organization was shifting focus more toward managing external contract manufacturing and positioning supply chain as a competitive advantage. Several of the production staff had transferred from other parts of the organization and didn't have extensive backgrounds in these areas.

The market analysis portion of the people-capability assessment is a key factor related to optimization. When gaps in skills needed to meet future growth are identified, the acquisition costs for those skills can be a decisive consideration in determining whether to try to bring those skills in house or to outsource. In Boppy's case, the investment required to reach the needed level of skill was one of the factors that pushed the organization toward extensive outsourcing.

Gaining a Comprehensive Picture

Combining these factors via a proprietary analysis tool, Boppy was able to make a first-pass determination as to which processes and functions were prime candidates for outsourcing, as well as which would be the most critical to address as part of optimization. This tool is part of WisdomNet's Manu-ScanSM methodology, and consists of a number of linked spreadsheets that analyze factors contributing to offshoring decisions.

For example, what is the current level of process maturity versus the required level to meet future needs? What would be the costs of achieving the desired level of process maturity? Beyond process maturity, Manu-Scan looks at factors such as staff capability, level of automation versus opportunity for automation, process scale, and maturity of outsource providers for that process. Based on the answers to these and other criteria, scores are produced for each process that indicates its relative readiness and desirability for outsourcing against a preestablished scale.

This tool is used not only to model offshore outsourcing, but also to evaluate internal functions against outside benchmarks. The results were compiled into a directional document that outlined guiding principles for the optimization design effort. At this time, the analysis of what to outsource was done at the process level. Later, the approach used to drill down below process level is also described. In addition, Boppy was able to identify which processes had issues that would need to be addressed prior to outsourcing.

Boppy and WisdomNet both believed strongly that outsourcing a "broken" process would only lead to suboptimal results. This belief was based on extensive experience with previous outsourcing efforts, which showed that many companies fail to achieve the desired results in their outsourcing efforts because of lack of appropriate processes. The value proposition that outsource providers bring to the table is their ability to do a function more efficiently because of (1) superior process, (2) better automation, or (3) cheaper labor. When an outsourcer takes over a process, there is an initial focus on getting that process to

a level of performance that allows for reduced cost. The more “broken” a process is when it is taken over, the more the outsourcer has to invest in fixing it, and the longer it takes to achieve cost reductions. This of course translates into a higher cost and slower results for the client.

That is not to say that Boppy would not use the expertise of outsourcers to further drive improvements, but the fundamentals would be addressed prior to approaching potential providers. This helped Boppy further reduce quoted costs, and build in guaranteed cost reductions over time. Of course, not all processes could be improved prior to outsourcing, so the project team focused on the processes that were most in need of improvement and that would yield the most value through the improvement efforts. These criteria led to a focus primarily on production-oriented processes such as forecasting, the order-to-cash cycle, root cause analysis, and others.

In addition to the analysis described, Boppy and WisdomNet assessed the current production operations in the United States and Mexico. Manufacturing experts from both companies did on-site analysis of both operations to determine:

1. Could these operations be transformed to meet Boppy’s future needs?
2. If so, what would be the investment required to achieve this?
3. If not, what assets should be brought into the new outsourced solution?

This analysis focused heavily on making the current production facilities work as a foundation for the future, given the high cost of bringing an entirely new operation on line and the associated potential for customer disruption. In many cases, especially lenient consideration was given to the possibility of using the current production operations as a foundation. In the end, however, it was determined that the investment would be too great, and it was uncertain that even with the additional investment that the current production operations could meet the requirements for the future.

It was decided that Boppy would look for ways to include the current production facilities in the United States and Mexico as part of the future solution and that any decisions around shutdown of these operations would be delayed until other scenarios were examined. The project team did not have a clear picture of what the future optimized organization would look like, but committed to trying to find a way to keep the current production facilities open if possible.

The final goal of the assessment was a better understanding of current and future customer expectations. Here, the sales organization served as the primary source of intelligence about customer needs and expectations. Boppy’s sales team had done an excellent job of building relationships with its customers and had a wealth of information in that regard. According to WisdomNet, many product organizations have sales teams that function primarily as order takers and troubleshooters. By contrast, the sales staff at Boppy had a clear under-

standing of not only the product needs of its customers, but also the business needs and future directions of the retailers, and could consequently effectively articulate what Boppy's customers would need from the organization in the future.

To supplement this, WisdomNet used its own experience consulting with some of these retail organizations and also researched statements by these retailers to the industry and investment community regarding supply chain directions. Several of WisdomNet's consultants had worked with these retailers in the past and understood what directions they were taking in areas such as market expansion and supply chain improvement. In addition, most of these organizations are publicly traded and through press coverage and investor relations information gave indications of directions for their future. Finally, where specific information was needed (for example, timing for moving to Radio Frequency Identification (RFID) requirements in the supply chain, specific international market focus), Boppy spoke directly with customers to fill in any gaps.

Based on this wealth of information, WisdomNet compiled profiles for each major customer of what its future requirements of Boppy were likely to be, how critical each requirement was to the retailer, and how well Boppy currently met that requirement. At this point, Boppy and WisdomNet had a comprehensive picture of where the organization needed to go, as well as what was already in place. Next, the project turned to defining in more detail what the future solution needed to look like.

Defining the True Outsourcing Need

At this point, Boppy had a clear picture of what it needed for the future. However, the list of requirements for the future-state solution was long, and many elements conflicted with each other. For example, having a simple interface to all outsourced functions conflicted somewhat with having best-of-breed providers for each function that was outsourced. Even the guiding principles around social responsibility came in conflict with some of the labor practices of some low-cost providers. To resolve these competing priorities and to guide solution design, WisdomNet brought to bear its proprietary Criteria Matrix tool.

The Criteria Matrix is a tool that can be used for any sort of vendor selection process, whether it is a software solution or an outsourcing provider. It takes fundamental values and ranks them in terms of importance based on stakeholder feedback. It also translates these rankings into a scoring mechanism that can be used to evaluate solution directions and individual solutions providers. Examples of the Criteria Matrices developed for Boppy can be seen in Table 2.2 and Exhibit 2.1.

The criteria were distilled from both the current-state assessment and facilitated sessions with Boppy management. Similarly, facilitated sessions were used to assign the "Must Have" and "Nice to Have" rankings and the overall priority

Table 2.2. Business and Technology Criteria

<i>Criteria</i>	<i>Must</i>	<i>Nice</i>	<i>Priority H/M/L</i>	<i>Notes</i>
World class, best practices with Customer Impact approach		X	L	A
Manufacturing and distribution capabilities		X	L	B
Optimal cost with Boppy infrastructure	X		H	C
Track record of quality with similar products or diversity of products		X	M	D
Fulfillment competency and experience	X		H	E
Online access to inventory and shipping status	X		H	F
Electronic Data Interchange, Advanced Shipment Notices	X		H	
Sufficient manpower, equipment, management, and technology		X	L	G
Financial strength	X		H	H
Material sourcing and ordering capabilities		X	L	I
Logistics capabilities				J

(High, Medium, Low). Various weightings were then assigned to each aspect of the matrix to create the scoring tool. The end result was the ability to test any proposed solution or provider against an agreed-upon set of criteria in an objective manner. It should also be noted that the current state was also tested against the Criteria Matrix to give us a baseline score for comparison.

Identifying and Choosing Solutions

The Criteria Matrix let Boppy begin to analyze various future-state scenarios. The project team next turned its attention to developing a number of workforce optimization and outsourcing scenarios that would meet Boppy's future needs. This was a cross-functional team, representing production, administration, and sales—the entire organization viewpoint. In addition, the team held sessions with other key stakeholders both to fill any information gaps and to build buy-in and support for the initiative.

To develop the scenarios, the team analyzed the current-state data again at the next level of detail, determining the optimal solution for each aspect of

Exhibit 2.1. Manufacturing and Distribution Analysis

Provider:	HIGH SCORE POSSIBLE	
Date of analysis:		Total Score: 208
Completed by:		(calculated)

<i>Criterion</i>	<i>Must or Nice (M or N)</i>	<i>Priority (H, M, or L)</i>	<i>Provider Rating (Y or N)</i>	<i>Score (Calculated)</i>
World class, best practices, continuous improvement approach	N	L	Y	2
Manufacturing and distribution combined capability	N	L	Y	2
Optimum cost considering Boppy infrastructure	M	H	Y	12
Track record of quality with similar products or diversity of products	N	M	Y	2
Order fulfillment competency and experience	M	H	Y	12
Online access to inventory and shipment status	M	H	Y	12
Capability to do Electronic Data Interchange and Advanced Shipment Notices	M	H	Y	12
Sufficient manpower, equipment, management, and technology to meet Boppy's needs currently	N	L	Y	2
Financial strength	M	H	Y	12
Materials sourcing and ordering capabilities	N	L	Y	2
Escalation processes	M	H	Y	12
Demonstrated investment in improving technology	M	H	Y	12
Appropriate size to partner (20-40 percent)	M	H	Y	12
Quality processes and metrics used	M	H	Y	12
Experience with very similar products	N	M	Y	2
Future capacity	M	H	Y	12

Exhibit 2.1. Manufacturing and Distribution Analysis, Cont'd

<i>Criterion</i>	<i>Must or Nice (M or N)</i>	<i>Priority (H, M, or L)</i>	<i>Provider Rating (Y or N)</i>	<i>Score (Calculated)</i>
Scheduling and production flexibility	M	H	Y	12
Metrics on efficiency, downtime, cost per hour, and so on	N	L	Y	2
Strong process orientation	M	H	Y	12
Inventory integrity	M	H	Y	12
Multisite manufacturing	N	M	Y	2
Dedicated and responsive account manager	M	H	Y	12
Excellent customer service record	M	H	Y	12
R&D and product development support	M	H	Y	12
Proactive	M	H	Y	12
Customer Support Department with Metrics	M	L	Y	4
Delivery metrics on timing, cost, quality	M	H	Y	12
Experience with volatility and other variation	M	H	Y	12
Experience with same customer base	N	M	Y	2
Decision support tools for Boppy	N	M	Y	2

Boppy's workforce needs. This included drilling down from the process level to the subprocess and even individual step level for key processes. For each, the team analyzed the current cost structure, process assessment, and capability analysis to determine:

1. Is this best done in house or outsourced?
2. Is this best done onshore or offshore?
3. What improvements or transformations are required to meet future needs?
4. What is the profile of the right resources to perform a particular function or process?

When analyzing what the “best” direction was for a given function or process, the team looked at a number of factors, such as cost (including transition costs if applicable), customer impact, risk, maturity of that market (if it involved outsourcing), social responsibility implications, and so on.

During this stage of the project, the team discovered that, based on the Criteria Matrix results, business continuity was an important value in Boppy’s view. Consequently, this became a much more important factor in designing future state solutions. Working in small groups and as a full team, Boppy and WisdomNet created a map for each process of how it should be done, where it should be done, and who should do it in order to achieve the desired results for that process. It was not practical, however, to approach the optimization on a process-by-process basis. For example, while the analysis pointed to outsourcing billing to a third party provider who specialized in that area, the close link between billing and production led to the conclusion that it would make more sense to keep this function in house. Throughout this portion of the project, a combination of detailed analysis and internal conversation determined the right direction for each process and what processes should be sourced together.

The team next developed a number of future-state scenarios to meet Boppy’s global workforce needs. These scenarios varied across several factors:

- Whether processes or process elements would be done onshore or offshore
- Whether processes or process elements would be outsourced or done in house
- What type of provider would do the process (generalist versus specialist, global versus regional, and so on)
- How much interaction outsourced providers would have with Boppy’s customers
- Types of technology needed to make the scenario a reality
- Needed accompanying changes to Boppy’s infrastructure and staff capabilities

Using the Criteria Matrix as a guide, several creative solutions were also developed that involved changes to the Boppy product line and methods of production. An improved production capability, improved supply chain, more diverse sourcing, and a number of other factors that were designed into the future-state solutions could enable these changes. Just by looking at the potential results of this optimization, a number of new possibilities were opened up. At their core, the solutions fell into two categories:

1. *Traditional turnkey*: A one-stop provider who could handle most or all of Boppy’s outsourcing needs and take as much of the process as

possible. This would minimize the overhead Boppy needed to manage its outsourced relationships.

2. *Network or center of excellence*: Best-of-breed providers managing each aspect of Boppy's operations that were outsourced to optimize cost, performance, and quality at each step. This would obviously require more overhead on Boppy's part, but also provided maximum flexibility and redundancy for business continuity purposes (one provider could take over the work of another if that point in the network failed).

There were also a number of variations within each category. To choose the appropriate solution, the team ran each solution through a scoring process based, once again, on the Criteria Matrix. In addition, the team developed financial business cases for each proposed solution. The top three solutions were identified based on these objective criteria, and a process of socializing these solutions with various stakeholder groups began.

Although the objective criteria had been established, at this point in the process Boppy found that different stakeholder groups had definite preferences that were not reflected in the matrix. For example, some groups were interested in a full offshore solution, while others wanted very little offshoring on social responsibility grounds. There were concerns that the more Boppy moved in the direction of offshore sourcing, the greater the possibility of running into issues with labor standards and working conditions in offshore factories, as well as the higher potential for moving U.S. jobs overseas. Facilitated sessions were used to come to a consensus on the top choice and a second choice to present to the board of directors.

In the past, the board had examined a number of potential alternatives to the way Boppy was doing business. All of these had shared the same focus—to optimize Boppy's workforce and associated cost structure. While none of these options had previously been approved by the board, the current project had a much higher level of detailed analytics, financial modeling, and risk management built into its approach. The level of discipline in analysis and due diligence, coupled with the associated financials, convinced the board that appropriate care had been taken in crafting the recommendations and that the choice that executive management and the consultants were recommending was appropriate. The board agreed with the top option and authorized the organization to move forward to bring it about.

The choice was a network/center of excellence solution that involved outsourcing nearly all noncore processes for Boppy. Its general nature is shown in Figure 2.1. The network would handle production, portions of product development, purchasing, inventory management, distribution and fulfillment, and several administrative processes. Remaining in house were core product development functions, sales and marketing, oversight of production and supply

chain (including supplier relationship management), and some low-overhead administrative functions. Several parts of the production process would be done offshore while others would be done in the United States, with distribution centers in each key region to handle final assembly, custom fulfillment, and distribution to end customers. These distribution centers served as the means by which Boppy could expand its international distribution capabilities. The viability of this solution, however, depended on several assumptions:

- That contract manufacturing could be found in the United States that could compete with offshore providers on price
- That appropriate management controls and interfaces could be built to manage the network without dramatically increasing Boppy overhead
- That providers would be willing to participate in this type of arrangement, rather than having full control over certain aspects of the process

As Boppy moved toward implementation, verifying these assumptions became an important focus.

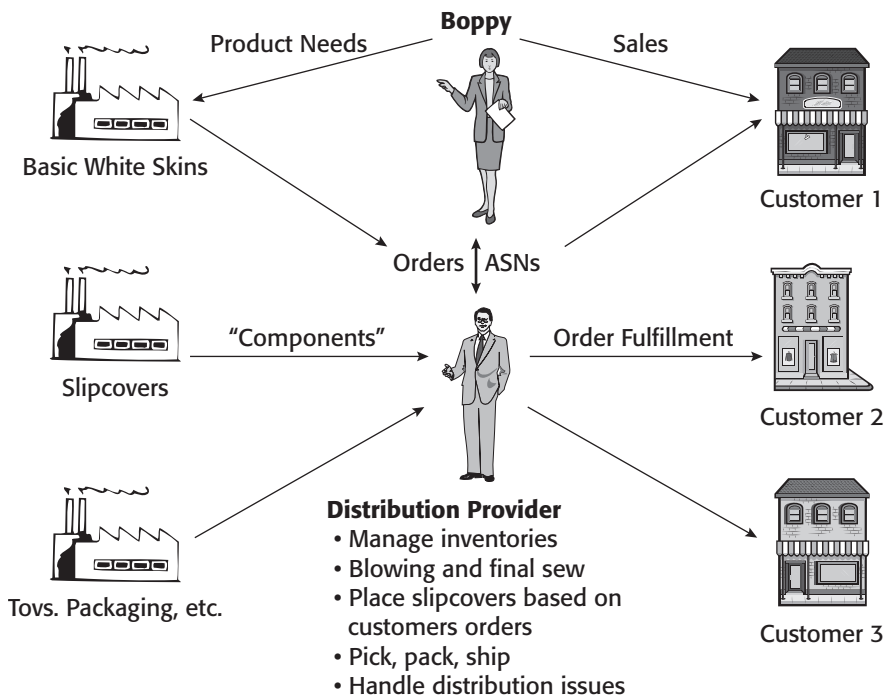


Figure 2.1 Design of New Arrangement

Note: ASN = Advanced Shipment Notice

The final arrangement differed in minor respects.

IMPLEMENTING THE SOLUTION

Implementing the future network occurred in four key stages: selection, due diligence, structural adjustment, and transition. Each had its own dynamics and required concentrated focus. The team had expected that several aspects of the implementation would go more smoothly than they did, given the care that had been taken in the design process. At the same time, each stage further evolved the vision and in many ways improved what had been designed. The experiences at each stage are described next.

Stage 1: Selecting Providers

The first stage was selecting a network of providers that could meet Boppy's needs. It took about three months. While conceptually simple, the task was daunting considering the network needed spanned the globe and encompassed a large number of diverse functions. Additionally, the criteria were extensive for each provider, including core competency, customer service record, size, planned business evolution, quality, facilities, and a number of other factors. Here WisdomNet lent its expertise in sourcing to help develop a "shorter" list of initial organizations that would be approached in each category. Overall, approximately forty organizations in key provider categories were analyzed at this stage. Most were production and distribution providers, as these were the critical underpinnings of the network.

The selection process itself involved six steps:

1. Distribution of a request for quote (RFQ) to the initial list of providers
2. Initial selection of providers who, from their response to the RFQ, would be able to meet Boppy's needs
3. Clarification questions to each provider on this shorter list, including both consistent questions across all providers and specific questions to each
4. Further elimination of providers based on responses to these follow-up questions and creation of a final short list
5. Site visits and additional price negotiation with the short list of providers
6. Final selection of primary and alternate providers in each category

Four key factors made this process successful. First was tight control of the process at all stages. Often the selection of outsourced providers becomes an undisciplined process, with each provider trying to exert as much influence as it can over the criteria and the process. Often the process looks more like a courtship than a vendor selection. While relationship is certainly a critical fac-

tor in selecting a provider that can meet a given outsourcing need, the objective criteria must also carry an equal weight. To control the process, most interactions ran through WisdomNet, and it was only as the list of providers narrowed that Boppy had direct contact with them. Even at that stage, WisdomNet remained heavily involved in the process to ensure that the objective criteria set out in the process were at the forefront of the discussions.

A second success factor was the RFQ itself. Many of the providers in the process commented that the RFQ was one of the most comprehensive that they had seen. By providing a significant amount of information in the RFQ and creating a detailed structure for responses, the team was better able to compare “apples to apples,” and the providers were able to concentrate on illustrating their differentiations. To enhance this differentiation, the RFQ controlled what aspects the providers were bidding on. For example, Boppy knew that there were several cost savings that could be achieved through material specification changes in some of its products. For those products, the RFQ asked the providers to bid on the labor and overhead portions separately, thus giving Boppy a view into the relative production efficiency across providers.

A third success factor was the criteria themselves used to select the providers. The team went well beyond the basic criteria around process performance and looked at things like the portion of revenue that Boppy’s business would represent to the company (balancing significance and customer service with potential risk).

The fourth success factor was having true experts involved in each aspect of the selection. When doing a site visit at a manufacturing plant, for example, the team had manufacturing experts on the visit who could talk to the production staff and sort out marketing responses in the RFQ from reality.

Not all providers were pleased with the process. It went against what many of them were used to, and some even commented that where they shined were in initial presentations to the client, and that’s how they won business. Of course this was the point—to get away from the marketing and get to the true capabilities of each provider.

Stage 2: Due Diligence Regarding Providers

Once the selection process was complete, the team moved into due diligence. Fortunately, the selection process itself had helped the team collect a significant amount of information on the providers. This stage of the process included detailed reference checks, review of financials, review of proposed staffing and transition plans, and final negotiation on pricing and terms. For offshore providers, it also included detailed review by in-country third parties to ensure both production capability and social responsibility factors were accounted for.

It was during this time that our assumption about the price competitiveness of U.S. manufacturers was tested. To be clear, Boppy did not expect U.S.-based

providers to consistently deliver a lower cost than offshore providers, but it was seeking to minimize the differential. This was because in several key respects (lead time, business continuity, shipping costs, and others) the U.S.-based providers delivered some advantage over the offshore providers, which commanded some level of premium. The social responsibility factor also played a part in this.

In the end, Boppy was able to find providers who could be competitive on price. These providers tended to be the best in their particular field, and consequently knew how to drive significant efficiency in their operations. In addition, most could leverage some sort of economic development incentives from their local or state governments to further reduce their costs. Finally, Boppy negotiated openly with these providers to ensure that all parties could maintain a reasonable margin in the deal and essentially that everyone came out a winner.

A final challenge in the negotiation process was building in cost improvements over time. As discussed previously, Boppy wanted a network that would continue to self-optimize. That is, Boppy wanted the providers to continually evolve their process capabilities and infrastructure to efficiently grow as Boppy grew, as well as identify ongoing operations and cost improvements that could be shared with Boppy. In short, Boppy wanted to make sure that the solution they chose was not just the best one for the time it was selected, but would continue to be the best over time. Boppy first looked at the provider's history in this regard for demonstrated continuous evolution and improvement for other customers; then Boppy developed incentives such as sharing cost savings to further ensure that the providers would always focus on taking their operations to the next level of efficiency and effectiveness. Through a combination of incentives and guaranteed price reductions, Boppy was able to lock in costs that would continuously improve over the life of the arrangements.

The negotiations were time consuming and took more than eight weeks in total. In some cases, Boppy could not reach suitable arrangements with its initial choice of providers and had to move to alternates. Most of these cases were related to startup costs and risk sharing. Boppy was establishing long-term contracts that balanced partnership orientation with a system guaranteeing improvements for Boppy both now and in the future. Where negotiations did not end successfully, the result was primarily due to the relative share of cost or risk that either Boppy or the potential provider had to bear. Boppy wanted to create arrangements in which both parties could benefit financially and operationally, and where both parties shared the risks and rewards over the long term.

In the end, Boppy contracted with a number of providers in multiple U.S. locations, China, and India. Unfortunately, there was not a place for the current U.S. and Mexico production facilities in the new network, so these operations were ramped down. The network that was created looked substantially similar to the one that had been designed, and met the financial and other metrics that Boppy required.

Stage 3: Internal Structural Adjustment

At this point, optimization was only half complete. The external network had been developed, but all internal components of Boppy's organization remained to be optimized. While internal structural adjustment had begun as soon as the network was designed and approved, it could not be finalized until the providers were selected and their capabilities fully understood. Then Boppy's own organization could be effectively aligned to both manage the network and ensure that all remaining functions were covered. This adjustment effort encompassed numerous activities: process design and improvement, organization design, business continuity planning, internal cost reductions, staff development planning, and a host of others.

Now the challenge was closing the gaps identified in the current-state assessment and ensuring that the network had effective governance. This led to a heavy focus on organization design and process improvement, as these were the two areas most impacted by the optimization efforts. In addition, the need for effective management of the complex network of providers demanded the design and implementation of a new Boppy supplier relationship management program.

In the area of organization design, the internal organization needed to be restructured in order to (1) better position the company to meet customer needs, (2) take maximum advantage of the skill sets of internal staff, and (3) leverage the new outsourced provider network into improved efficiency and effectiveness. From a process perspective, a number of new processes such as forecasting, order management, root cause analysis, and materials sourcing would maximize Boppy's internal capabilities and those of its network. These design and improvement efforts were a collaborative effort between Boppy and WisdomNet, with both organizations lending their particular expertise.

It should be noted that given Boppy's growth, its primary concern was scalability rather than headcount reduction. Consequently, most reductions were handled by transfers within the company or by natural attrition. This did necessitate, however, much attention to training internal staff in new roles. The adjustment effort continued through the transition to the new provider network and allowed Boppy to continuously fine-tune its cost structure and ability to deliver on customer needs. For example, the internal production organization was redesigned to become a supply chain organization that could leverage supply chain as a competitive advantage for Boppy. The supply chain organization was smaller, but its capabilities were greatly extended by the external provider network; through this network, internal staff could focus on meeting evolving customer demands.

At this point, the design for the optimized organization was complete. The organization was "optimized" in the sense that work was being done in the right place by the right people for the right costs, the supporting processes

and infrastructure were in place to support this, and processes and incentives were built in to ensure that the organization would always be focused on improvement.

Stage 4: Transition to an Optimized Organization

The final stage was transition to the optimized organization. This involved activities focused on the new providers, the internal organization, and Boppy's customers, including:

- Managing all of the startup and shutdown activities for each provider in the outsourced network
- Training all parties on their roles and the processes of the optimized organization
- Communication with customers to ensure that they understood the changes and how the changes impacted their interaction with Boppy
- Contingency planning for when activities did not happen as planned
- Managing the internal impacts on Boppy staff
- Monitoring the achievement of the business objective

Boppy and WisdomNet took a very disciplined approach to transition management, including centralized program management across all of the relevant stakeholders. A master sequencing of activities was created, along with a number of contingency plans. The key was bringing up the new network as quickly as possible without customer disruption. To achieve this, the project team was expanded and included liaison points to each of the new providers.

Though challenging, the transition was successful. Boppy had established three guiding principles for transition success: (1) minimal disruption to the customer, (2) transition to the new providers within the target timeframe, and (3) minimal disruption to the internal operations. All of these were achieved. Some key ingredients at this phase included:

- Extensive collaboration among all stakeholder groups
- A strong communications plan reaching providers and customers
- Extensive training for new providers and internal Boppy staff
- Effective contingency planning
- Flexibility on everyone's part

The complexity of the network and the changes being undertaken required a highly disciplined transition management. Overall the project (from initial analysis to the provider network being operational) was completed in about eleven months. Without the level of transition management that was applied, it could have easily stretched to eighteen months or more.

EVALUATION

Naturally, Boppy wanted good results. The board had approved the proposed solution at least in part based on the projected financial business case, and the business objectives had to be achieved. During the project, great concern was paid to the need to be able to track results and compare them to the baseline costs and metrics established in the current-state assessment. The Boppy finance organization was instrumental in monitoring the financial metrics and helping analyze various financial scenarios.

Here are some of the specific accomplishments:

- First-year reduction in cost of goods of 14 percent, with most of this dropping straight to the bottom line
- A more than fivefold ROI on the project and transition costs in the first year. This was calculated using the True Cost calculations outlined in the current-state assessment. The ROI calculation took the total operations cost savings for Boppy against the total costs for the project and all transition activities associated with it to yield the fivefold ROI.
- Contractually guaranteed cost reductions in subsequent years of the outsourced arrangements ranging from 5 percent to 10 percent each year, depending on the provider and the product. Some products were more mature in both their life cycles and production methods and thus offered less opportunity for cost reductions.
- Significantly improved supply chain, production, and fulfillment capabilities as measured by metrics such as lead time, quality, time-to-market, and others
- Significantly enhanced ability to meet increasing customer demands and changing customer needs
- A smaller internal staff with the ability to handle additional growth
- Net gain in U.S.-based production and distribution jobs
- Best-in-breed capabilities for Boppy, both onshore and offshore

These results matched the business case that had been presented to the board. At the same time, internal morale has improved as previous problems with production have been mitigated, and Boppy has become more able to execute its product development plans and growth strategies. As it moves forward, Boppy has been able to shift its focus to achieving further improvements that leverage its new infrastructure, increasing its ability to use supply chain and production as a competitive advantage, building collaborative relationships with its suppliers and customers, and executing against its growth plan.

Also since the change, by virtue of redundancies built into its network for business continuity purposes, the company has been better able to handle volume spikes, materials shortages, and other similar typical problems.

LESSONS LEARNED

Six general factors contributed to Boppy's success:

1. *Gaining the detailed understanding of the current state* in terms of process, costs, and people and being able to map this to future growth needs
2. *Optimizing the workforce across each aspect of the operations at a detailed level*, including deciding where each element of each process could best be performed; also ensuring that both the external and internal workforces were optimized
3. *Objective analysis of both solutions and providers*, including managing a highly disciplined selection process
4. *Focusing on social responsibility and creating win-win arrangements with providers*
5. *Disciplined transition management*
6. *Using outside expertise* as required

The Boppy experience also yields a number of other lessons:

1. *Don't underestimate the amount of time and effort that this detailed level of analysis and change will require.* As an organization, Boppy displayed a relatively high capacity for change, but there were still some times when the pace placed a strain on the organization. At all times, a focus on maintaining current operations and customer commitments must be maintained.
2. *Disciplined program management and contingency planning are indispensable.* Everything takes longer than anticipated! Even with highly disciplined management throughout the project, there were several points where schedule slipped and contingencies had to be adopted.
3. *Be patient with potential providers.* While the process led to the best results in terms of providers selected and arrangements created, it was difficult for many of the providers and required extensive work and negotiation on their part. It's important to recognize those efforts.
4. *Don't get caught up in the trends and the literature about how an organization should optimize its workforce.* Common thought at the start of this project was that the end solution would be primarily offshore

and that onshore providers could not be competitive. Through careful analysis and a strong focus on balancing a number of factors, Boppy ended up with a much better solution than would have existed if it were done totally offshore. Each organization must understand its own business and its own future needs to choose the solution that is right for it.

5. Though it takes significant effort, *companies can optimize their workforce across the globe in a socially responsible manner, while still achieving dramatic improvements in key results.*

SUMMARY

Boppy is a young and growing company in the baby products industry. Facing pressures from major retailers to customize more and improve supply chain performance, as well as challenges from competitors, it was beginning to experience higher overhead costs and decreasing margins. In the midst of all this, it was losing focus on what it did best—creative product innovation. The situation caused Boppy management to begin to reassess its organization and operations, which up to then included U.S. and Mexican outsourced production arrangements.

Assisted by WisdomNet, an international consulting firm, Boppy began an eighteen-month, in-depth process of analysis and change. Rather than simply accepting common advice to outsource offshore, it conducted a disciplined process of identifying what growth strategy was required and what was currently regarding process architecture, true costs, and people capabilities. Once this was known, it was able to use a tool called Critical Matrix to examine several redesigns for outsourcing various functions.

Based on a network/center of excellence concept, Boppy arrived at a new optimizing solution by which to outsource operations in a manner consistent with solving its business problem and maintaining its mission of social responsibility.

A disciplined, four-stage selection process (once again using the Criteria Matrix) allowed Boppy to enlist new providers on a win-win basis that builds in both capacity and rewards for continued growth. The result is an optimized workforce arrangement by which Boppy can continue to grow while once again focusing on its strengths in product innovation.



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Colgate-Palmolive Company

Globally Valuing People

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A strategic global learning initiative builds understanding of Colgate’s values and its principles of Managing with Respect. The program also develops in employees the skills to live these values and principles on a daily basis, and lays a foundation for achieving the company strategy of “becoming the best place to work.”

INTRODUCTION

Colgate-Palmolive has always been convinced that people are the engine of the company’s continuous success. After all, it is the 38,000-person workforce operating in more than 90 countries and 213 markets that executes the company’s formal vision “to be the best truly global consumer products company.” People drive product innovation, increase market share, and deliver growth and profitability. The challenge for Colgate—as for all companies—has been to make the commitment to “the human asset” come alive every day.

In the 1990s, with the unprecedented speed of globalization and Colgate’s own expansion and growth, the company was spurred to renew its emphasis on valuing people. In particular, it felt the need to focus on recognizing the contributions of all people and on demonstrating the importance of understanding differences and being respectful in working with others. By 2000, Colgate’s values and a set of principles called “Managing with Respect” were understood

worldwide as a foundation for achieving the company strategy of becoming the best place to work. However, there remained the challenge of bringing the values and principles into truly active effect.

AN INITIATIVE TO ADDRESS CORE VALUES

Colgate's long-standing commitment to people—employees, customers, suppliers, shareholders—is rooted in the company's core values of caring, global teamwork, and continuous improvement (see Exhibit 3.1.) These values are integrated in every policy, practice, and program of the organization.

Colgate's values are also key to the company's industry leadership. Chairman of the board and chief executive officer (CEO) Reuben Mark has put it this way: "Respect for people is how we live our values. It's how we show that we care. It's the bedrock of global teamwork. And it's the driving force that ensures that we continuously improve."

From the earliest days, these values have influenced the organization's culture. But a renewed focus on the competitive advantage of the workforce in the mid-1990s led to a formal and global initiative to create greater awareness of these values and to embed them deeply in the culture. The first part of this initiative was a program called "Valuing Colgate People," begun in 1995. A signal

Exhibit 3.1. Core Values

Caring

The company cares about people: Colgate people, consumers, shareholders, and business partners. Colgate is committed to act with compassion, integrity, and honesty in all situations, to listen with respect to others and to value differences. The company is also committed to protect the global environment and enhance the communities where Colgate people live and work.

Global Teamwork

All Colgate people are part of a global team, committed to working together across functions, across countries, and throughout the world. Only by sharing ideas, technologies, and talents can the company achieve and sustain profitable growth.

Continuous Improvement

Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services, and processes, Colgate will "become the best."

of the company's increased sensitivity to the workforce came again with a renewed emphasis in 2003 on a set of Colgate principles called "Managing with Respect." These principles included communicating effectively, giving and seeking feedback, valuing unique contributions, promoting teamwork, and setting the example. They are the cornerstone of the initiative presented in this chapter, and an enduring guide for respecting differences across the global organization.

DIAGNOSING THE CHALLENGE

In the 1990s, employees in Colgate's ninety operating units worldwide were made aware of the commitment on the part of Chairman Reuben Mark and other senior leaders to the idea that Colgate would respect all people and recognize their unique contributions. Yet there was much work to be done to build full awareness and commitment to these ideals among Colgate's 38,000 employees around the world. Two key questions guided research and design:

1. How do you build and sustain a culture that respects all people?
2. What skills and behaviors are most conducive to promoting and achieving this type of culture?

To answer these questions and to develop next steps, Colgate's Global Human Resources (HR) decided it needed to obtain a reliable internal reading on how employees viewed differences. HR believed the best way to gauge sentiment was to interact directly with employees companywide.

Gathering Data

Hundreds of one-on-one interviews and dozens of focus groups were conducted, first with people across the United States and later with people around the world, asking questions like the ones in Exhibit 3.2. A cross-section of the workforce—from senior executives to plant floor workers—took part in these sessions. In the end, this extensive survey produced a useful summary of the strengths and challenges that employees associated with differences in the workplace.

The project team also explored considerable organizational data. It had access to multiple sources of company information that shed light on how Colgate people perceived the challenges of dealing with differences. Included were the results of an online survey designed to capture attitudes on a variety of workplace matters. More than 16,000 people participated in this survey, which was translated into sixteen languages. Additional data and insights came from a selected review of annual performance appraisals in which managers rated direct reports on their effectiveness in dealing with people of diverse backgrounds.

Additionally, external research deepened the team's knowledge of environmental factors that influence individual values. These factors include personal

Exhibit 3.2. Sample Questions Used in Interviews and Focus Groups

Values: Caring, Global Teamwork, Continuous Improvement

How are the values accepted and interpreted in your subsidiary? How familiar are people with these values?

Managing with Respect

What would be some of the key issues in your subsidiary around putting the “Managing with Respect” principles into action?

Family Life Issues

What are some key family life issues in your region and subsidiary?

Valuing Race and Ethnicity

In the pilot,* participants suggested that the section on race and ethnicity be modified to address issues like: Religion, nationality, and regional origin. What are your thoughts on these issues?

People with Disability

Do you think this topic—specifically AIDS/HIV—would be relevant in your subsidiary? How important is it to include local laws and requirements (where exists) and focus on “managing peer reactions to various disabilities” in the program?

Valuing Gender

What are the issues around valuing gender differences in your work place? How does the society’s culture influence and conflict with Colgate’s values?

*This question was asked of people in other regions, after the initial pilot program was tried in the United States.

indicators such as family, age, language, religion, education, and community plus external forces such as the political system, geography, history, economy, class structure, and media.

Assessing the Findings

Once the pertinent background information had been captured, the project team members analyzed the data and began to design a strategy for shaping a workplace that better understood and valued all people. Table 3.1 shows the broad range of ways in which Colgate people around the world had noted that colleagues, suppliers, and customers could differ.

The project team’s most useful additional findings and feedback came from the one-on-one employee interviews and focus groups. Many people noted

Table 3.1. How People Differ

Accent	Marital status
Age	Merger/acquisition
Disabilities	Military status
Education	Nationality
Ethnic background	Physical appearance
Experience	Political affiliation
Function	Race
Gender	Religion
Geography	Sexual orientation
Grade level	Tenure
Income	Union/nonunion member
Internal/external development	Values
Language	Work and family needs

elements of the Colgate culture that had a positive impact on accepting people of different backgrounds and experiences. For example, the company's decades of experience in the global marketplace—Colgate launched its first international operation in 1900—was viewed as a real strength because people were used to working with colleagues, suppliers, and customers in different cultural contexts. In addition, the company's policy of encouraging employees to move across borders had broken down many of the cultural and geographical barriers that could be extremely challenging for less international organizations. Employees said another advantage was Colgate's emphasis on global teamwork. Many respondents had successfully participated in teams of people from diverse cultures and professional experiences.

One area people pointed to for improvement was helping managers listen to the needs of employees. Interestingly, employees often suggested that the manager did not always value the input of someone with a different perspective.

In addition to generating data on how Colgate people view differences, the interviews and focus groups produced a volume of anecdotes involving workplace situations in which employees had confronted issues of difference. One narrative involved a pregnant woman who was responsible for leading a new product launch. She worried about telling her team and her manager that she would be taking time off for the birth of her child. Unfortunately, her very positive feelings about the pregnancy were diminished somewhat by her concern about her colleagues' response to a life situation that was different from theirs.

Another critical finding emerged from the internal feedback. Colgate learned that the word *diversity* itself carries a U.S. connotation and doesn't translate well to most people in the global organization. Indeed, outside the United States, people consider "diversity" a narrow term that centers on racial problems and legal issues that are U.S.-specific. Colgate people worldwide responded most favorably to the phrase "respect for people" as an umbrella that could incorporate differences including gender, ethnicity, class, language, work-life balance, economic disparities, and physical disabilities.

DESIGNING THE INITIATIVE

Analysis of the aggregate data made it clear that fostering and sustaining the company's culture would take communication that maximized awareness of the organization's values and principles. But creating awareness would be just half the job. It was equally important to transform awareness into building skills and behaviors that would translate values into action.

It was decided that special learning programs would be the most effective way to achieve the goals. Programs that help employees increase understanding, develop new skills, and improve their performance are common at Colgate. In fact, the company offers more than 120 courses that promote learning across all disciplines and at all levels. People complete an average of 40 hours of training every year, and employees report that they benefit from participating in the training. What's more, managers agree on the benefit of training, provide the time needed to complete courses, and actively support the principle that "Colgate leaders teach."

The initiative consisted of two parts, mirroring a two-phase strategy: first, maximizing awareness of core values and principles; and, second, building the management skills and behaviors needed to sustain a culture that respects differences.

The first-phase program, "Valuing Colgate People," was designed to encourage all employees to take personal ownership of "respect for people" by helping them understand how valuing, encouraging, motivating, and developing employees is the foundation of individual, team, and company success. The second-phase program, "Managing with Respect," was designed to help managers learn the behaviors and skills needed to support a workplace that values the contributions of all people.

Those responsible for developing these two programs followed three guidelines:

1. The content would leverage the strengths and challenges identified by people in the personal interviews, focus groups, and survey results.
2. Senior management would be actively involved in the design and creation of the training.

3. The training would be aligned with the company's strategy of "Becoming the Best Place to Work," a global initiative designed to build a culture that would attract, develop, and retain the most talented people worldwide.

Valuing Colgate People

The project team reviewed and reanalyzed data and feedback compiled in the assessment phase of the initiative. This enabled the team to get a clear picture of the company's strengths based on the input of people across the organization. One key strength on which people agreed was the common experience of working with people from different countries and of multicultural backgrounds. In addition, people's comfort level with differences increased as they participated in teams with colleagues whose expertise, experiences, cultural expectations, and even languages were distinctly diverse.

In evaluating specific challenges, the team looked for issues that were raised companywide. For example, at the most fundamental level, employees expressed some difficulty understanding how their actions could contribute to—or undermine—the core values of caring, global teamwork, and continuous improvement. Across the organization, a consensus emerged that more sensitivity was needed to address concerns about gender, work-life balance, and opportunities for people with disabilities.

It also became clear that the same issues did not rise to the top of the list throughout the company's widespread locations. Employees in the United States were more concerned about race and ethnicity. People in the Asia-Pacific Region were more concerned about language and religion. In Europe, people tended to be concerned about nationality and culture differences. In Latin America, matters of economic background and empowerment were the highest concerns. In countries across Africa, employees most often cited challenges related to AIDS/HIV and other major illnesses and physical disabilities. To focus on the issues most relevant to particular regions, certain sections of Valuing Colgate People were customized to address their specific needs.

Two versions of Valuing Colgate People were developed: a two-day session for managers and a shorter, one-day workshop for other employees. Exhibit 3.3 outlines the content. Both versions are highly interactive. Participants engage in individual and team exercises, group discussions, brainstorming sessions, team presentations, and role-playing activities. The training also features senior leaders who make the business case for valuing all people. Additionally, there is formal instruction on topics such as how people develop their personal values. Participants also have the opportunity to present ideas to senior managers on how the work environment might be improved to better put core values into practice.

Exhibit 3.3. Content of Valuing Colgate People Training

1. Overview of Training
 2. Colgate Values: A Driving Force
 3. Managing with Respect
 4. Understanding Work and Family Life Issues
 5. Valuing Race and Ethnicity (U.S. version)
 6. Ensuring Opportunities for People with Disabilities
 7. Valuing Gender
 8. Summary and Next Steps
-

Video vignettes play a prominent role in the learning. For example, one vignette gets participants to consider this situation:

Somchai has a successful record in his territory. Steve, the regional manager, has been highly complimentary about Somchai's performance. Yet Somchai was passed over for a promotion he's sure he deserved. Somchai thinks he didn't get the promotion because of his nationality.

Participants discuss the question of whether Somchai may be right. The videos feature professional actors handling workplace situations that employees had described in the assessment phase. One vignette spotlights two employees, "Carlos" and "Victor," who are concerned about a coworker, "Pat," who is coming back to work after being diagnosed HIV-positive. The conversation evolves around how safe they and others will be working with this individual and whether her condition makes it fair for her to be treated any differently than others. The video also brings up issues such as what accommodations must be made, such as physical accommodations, shifting tasks with other workers, assigning someone else to help Pat in case it is needed. After watching the video, participants figure out what steps Linda and her supervisor can take to manage this problem better.

Video vignettes were incorporated in the training for two reasons. First, Colgate has a long history of successfully using video to communicate important messages. For many years, employees have been getting their news about the business from video presentations. One of the company's most effective communication tools is its *World Report*, a biannual video that is seen by employees worldwide. Second, videos make the stories more compelling. Research shows that realistic video narratives are a powerful way to engage an audience. Also, people are better able to remember information presented in a visual format.

Valuing Colgate People also includes a segment on business ethics. It emphasizes the importance of Colgate's long-established code of conduct and business practice guidelines. Finally, the training concludes with each participant making a personal commitment to the company's values and principles, and to finding new ways to achieve these goals.

Managing with Respect

The process of creating Managing with Respect, the second part of the initiative, followed a similar path as the first, starting with a review and analysis of the data. The difference in this review phase was that it focused on areas where there was the most opportunity to improve in living the core values and principles on a daily basis.

A number of challenges jumped out from the data. For instance, people said that decisions were often made by managers without employees getting the chance to present their ideas, insights, or concerns. Many people also felt they didn't get enough feedback in areas that could help them improve their performance. Similarly, employees said that they didn't always receive recognition for their contributions to a project's success. They also reported that they weren't always sufficiently informed of important business discussions or events in their organizations. This was especially true of people who traveled frequently or worked in remote locations. Employees were also uncertain about what behaviors and skills were needed to put the Managing with Respect principles into action.

The project team decided that the most effective way to focus on overcoming these improvement opportunities was to develop a targeted training program for managers supporting the company's principles of Managing with Respect. Instead of focusing on negative behaviors that triggered such workplace problems, the team chose to emphasize skills and competencies that could improve the behaviors. In the end, the team isolated five skill areas related to the principles that could significantly improve the workplace environment: listening, learning from feedback, recognizing good work, keeping people informed and involved, and setting the example. These became the foundation lessons of the Managing with Respect training program. Here they are, along with guidance on how to support them by behaviors:

1. *Communicating effectively*: Create an environment where people feel comfortable expressing their ideas. Be clear, simple, and nonjudgmental.
2. *Giving and seeking feedback*: Ask people you work with for feedback on something you've done recently. Let colleagues know how you perceive their performance by offering constructive comments.
3. *Valuing unique contributions*: Find at least one unique skill, talent, or interest in each person you work with. Figure out how to leverage per-

sonal qualities to advance the development of each individual or to aid in achieving individual or team goals.

4. *Promoting teamwork*: Look for opportunities to improve people’s ability to work well together. Capitalize on team-building sessions, task force meetings, special project discussions, and even social events.
5. *Setting the example*: Ensure that project teams include people with diverse backgrounds and experiences. Deal with inappropriate comments or behavior immediately.

Exhibit 3.4 shows the general content of training sessions for Managing with Respect. One conclusion that the project team reached, based on its reading of the in-house data, was that individuals needed more awareness of the impact they have on other people. Professional literature also confirms that people who have more awareness of their personal impact are more effective leaders. This is why the training includes the unit “Understanding Your Personal Impact.” It was presented as the first learning point because of the central role this understanding plays in achieving change. During this initial part of the program, participants review feedback they have received from others and formulate personal improvement objectives that will be further developed during the training.

“Leading by Example” is another key unit of the training. It comes near the end of the two-day workshop so participants will leave the session understanding that “walking the talk” is crucial. In the final unit of the course, managers assume accountability for supporting Colgate’s values and principles by developing their own personal action plans and committing themselves to following through on them in the coming year.

Like Valuing Colgate People, Managing with Respect is highly interactive and uses video extensively. It also features more than forty-five senior leaders and

Exhibit 3.4. Content of Managing with Respect Training

-
1. Overview—Managing with Respect Leads to Superior Business Results
 2. Understanding Your Personal Impact
 3. Listening to Others
 4. Learning through Feedback
 5. Recognizing Good Work
 6. Keeping People Informed and Involved
 7. Leading by Example
 8. Making a Personal Commitment to Manage with Respect
-

experienced managers from nineteen countries who talk about the importance of key lessons and their personal experiences.

Other elements of the course include an online introductory segment; a pre-session e-learning module that teaches listening skills; a peer coaching session that gives people the opportunity to review what they've learned with other participants; and an action planning segment where participants commit themselves to improving two or three skills over the coming months.

All managers must participate in one preworkshop requirement before participating in the training: the Managing with Respect survey, a confidential 360-degree online tool for personal development. Managers ask a small group of colleagues—peers, team members, supervisors, direct reports—to assess their behavior in the key areas, including listening skills, interest in developing others, team performance, handling stress and uncertainty, feedback and coaching skills, acceptance of change, sharing information, and the ability to encourage others to be open and candid. The survey results give managers a head start in understanding the impact they have on other people. The results help them bridge between theory and application. Results also serves as the baseline for action planning at the end of the program.

GLOBAL IMPLEMENTATION

Valuing Colgate People

Valuing Colgate People was launched in the United States in 1995. It was positioned as a strategic initiative in the belief that understanding Colgate's values and respectfully managing relationships with others would contribute to business success. The significance of this training was communicated by highly visible champions including chairman and CEO Reuben Mark and other members of the senior leadership team.

The global rollout began four years later in the various parts of the world and continues today. Parts of the original program have been customized to reflect concerns raised by employees in different locations and organizations. Table 3.2 shows how the fifth part of the training (Valuing Race and Ethnicity) has been modified to meet differing needs.

Introduction was deliberately phased over time to give regional operations adequate time to form a team to adapt the U.S. version of the program to local needs. Regional teams surveyed the local workforce to learn which issues were most relevant in their locations. This was done by conducting one-on-one interviews and organized focus groups. The global implementation adhered to a precise time frame and was monitored by senior management. By mid-2002, the initial phase of the rollout was complete.

Table 3.2. Adaptations of Race and Ethnicity Portions of Valuing Colgate People

<i>Locale or Department</i>	<i>Adaptation</i>
Africa and Middle East	Religion, tribes, nationalities, and disabilities including AIDS/HIV
Asia	Religion and nationality; English as a second language
United States, Hill's (pet nutrition), and Canada	Race and ethnicity
Europe and Central Europe	Nationality, cultural differences; English as a second language
Latin America	Social and economic backgrounds, empowerment, and networking
South Pacific	Race and networking
Technology (U.S.)	The impact of speaking with an accent and how it affects job assignment

Today, every employee is required to complete Valuing Colgate People. To make it accessible to all people, the program has been translated into ten languages. As people join the company, Colgate operations worldwide conduct the program as an integral part of new employee orientation.

To implement the program in locations worldwide, Colgate had to scale up the planning and execution for some 38,000 people who would eventually participate. In each region, qualified individuals were selected to serve as master trainers. In turn, they coached the front-line instructors who ran the workshops. This two-step process benefited the company by building capability for the global expansion. Additionally, this approach built ownership throughout the world by following the Colgate principle that “Colgate leaders teach.”

Selecting the right line managers to serve as training instructors was an important task. The responsibility fell to the heads of the company's various business units. These senior leaders were asked to identify managers who, in their colleagues' view, lived Colgate values every day. Potential instructors also needed excellent communication skills. Most important, they had to have their manager's endorsement.

When Valuing Colgate People initially launched, an instructional team, composed of one line manager and one HR professional, led the program. Today the instructors are line people, with HR professionals only periodically serving as coinstructors. Line manager facilitation of the program reflects the company's recognition that Valuing Colgate People is essentially a business matter. It also

reflects Colgate's belief that business leaders should set the example and teach their colleagues.

To qualify as trainers, candidates must be available to participate in a professional session and to conduct the training at least four or five times over a 12- to 18-month period. The significant investment in instructor preparation means candidates need to make an important commitment of time. The preparation for instructor certification takes a full week—two days to participate in the program itself and three days of additional intensive training.

Managing with Respect

Managing with Respect was launched worldwide in 2003. Like Valuing Colgate People, it is conducted by instructors who are line managers. The criteria for becoming an instructor are rigorous. Considerable competition for the job has developed because it is seen as a leadership opportunity that carries high visibility. The selection process favors people who have already been designated as high-potential employees. In addition, candidates must have the endorsement of the president of their business unit. Finally, three of Colgate's top corporate officers must sign off on the final selections.

The Instructor Pool

By mid-2004, more than 300 people in more than 50 countries had been trained as instructors and 13,000 participants had taken part in Valuing Colgate People. As of 2004, about 85 individuals from 27 countries had completed training as instructors of Managing with Respect, and a first group of 2,000 managers was expected to complete the program by the end of 2004. Instructor training has been facilitated by a team of master trainers. The master trainers are generally training professionals who coordinate the work involved both in identifying future instructors and in leading the instructor certification. Working collaboratively with Colgate's Global Education and Training group, the master trainers also manage the after-workshop evaluations of the instruction.

SUPPORTING THE LEARNING

Valuing Colgate People and Managing with Respect were designed to complement and reinforce each other, and are fully integrated with each other. They are also aligned with Colgate's other global HR programs. As a result of this integration, their language, models, and expectations have become familiar to Colgate people. Additionally, the same values and principles are incorporated in other courses comprising the company's global leadership training curriculum.

To support the learning, a variety of resources enhance the training experience. For example, employees can visit Colgate's global intranet Web site and find on-

the-job activities to help build skills that support the core values (see Figure 3.1). The site also lists supplementary readings that can deepen employee understanding of the company's vision, values, and goals. The 24/7 online operation makes it possible for employees to access the database at their convenience.

Several activities are recommended for line managers who have completed the Managing with Respect program. For example, they are encouraged to talk with their managers about the personal action plans they have developed. Experience shows that this discussion strengthens participants' resolve to follow through with their action plans and, at the same time, keeps their manager informed of their development plans. In addition, it has been planned that one year after completing the Managing with Respect training, the 360-degree survey will again be administered. The purpose of the second survey is to give participants the opportunity to find out how people they work with assess their performance improvements. That, in turn, will be part of identifying further development needs.

Participants who work together as peer coaches during the course are encouraged to stay in market contact with each other. Four weeks after the session, team

Figure 3.1 Resources on the Colgate Intranet

members are expected to meet and “check in” with each other about the progress each has made. Colgate has found that these peer coaching relationships begun during the training continue on the job. In addition, line managers in subsidiaries worldwide who feel they would benefit can work with internal 360-degree feedback coaches.

A number of management and HR processes and tools also provide critical support for implementing skills acquired in Valuing Colgate People and Managing with Respect:

- Annual performance appraisals rate all employees on how well they demonstrate the five Managing with Respect principles, a rating that has an impact on each person’s merit increase and annual bonus.
- Succession planning discussions assess the ability of management candidates to exemplify the company’s core values and principles.
- Periodic 360-degree survey reassessments help employees understand how their colleagues perceive their performance.
- Regular business review sessions report on each organization’s execution of the training programs, with executive bonuses linked to results.
- Colgate’s Annual Report and Sustainability Report consistently highlight the initiative, creating greater awareness among shareholders and other stakeholders of the company’s commitment to its core values.

Regarding the last point, as chairman and CEO Reuben Mark said in a recent Colgate Annual Report, “A decade ago, we began this journey with the Valuing Colgate People program. It was the foundation of an ongoing effort to improve the way we respect all Colgate people.”

Integrating Valuing Colgate People and Managing with Respect with other Colgate programs and systems is an effective way to underline their business-critical relevance. Yet perhaps the most powerful expression of their significance comes from the company’s senior leadership team. These executives are influential, highly vocal advocates for the training programs. They participated in the launches of both and have enthusiastically shared their personal insights and action plans with employees up and down the organization. In this way, top executives have become compelling role models.

EVALUATION

Multiple, continuous efforts have been underway to determine the effectiveness of Valuing Colgate People and Managing with Respect. There are several levels of evaluation:

- *Ensuring that quality of content and delivery is maintained.* An immediate assessment of the course and the instructor’s effectiveness is

requested of participants at the end of each program. Some questions asked: Are the lessons learned in the program helpful to you on the job? Was the instructor well prepared and knowledgeable? What is your overall assessment of the relevance and effectiveness of this training?

- *Determining whether participants are learning key concepts and skills.* Learning points for each section in Valuing Colgate People and Managing with Respect are defined in workbooks that every participant receives. As the class moves through the various sections, people use workbooks to record their answers to a series of questions. Individual responses are shared with the team and often with the entire class. Participants also take part in exercises throughout the training. Instructors pay attention both to individual responses in the workbooks and to how people behave during the exercises. This provides a reliable indication of whether or not learning points have been understood.
- *Evaluating how participants transfer their learning to the job.* Colgate training aims to help people develop the skills and behaviors that improve their on-the-job performance. All employees are evaluated annually on how well they demonstrate the five behaviors associated with the Managing with Respect principles. This annual performance review allows managers to compare an employee's improvement over time.
- *Observing other behaviors.* Another way of assessing the effectiveness of the training programs is observing cultural changes. This approach provides valuable insights into what is and what isn't working. Across the Colgate world today, there is evidence that the values and principles contained in these training programs are contributing to a positive workplace. If you were to sit in on a team meeting, you would likely hear people give their colleagues feedback on the way they managed some aspect of the work. Back in the office, it would not be unusual to hear employees ask their managers and peers, "How am I doing?" "You're not listening" is another statement heard with increasing frequency. Colgate regards these daily practices as strong indicators of the positive culture that is being built.
- *Tracking organizational improvement.* The e-360-degree survey feedback provides an additional measurement on how well individuals are applying their learning on the job. The survey explores questions central to the behavior that demonstrates Colgate's values and the principles of Managing with Respect (see Exhibit 3.5). Additionally, overall results are analyzed to track organizational improvement.

Also, Colgate tracks organization and culture changes by reviewing results of its "Best Place to Work" employee survey. Evaluation by this measure indicates that consistently the highest of six factors rated around the world is the

Exhibit 3.5. Sample Questions about Managing with Respect

1. Spends as much time listening as talking?
 2. Displays teamwork in getting work done?
 3. Keeps people well informed of plans, goals, and objectives of the company, department, and the organization?
 4. Recognizes and appreciates good work?
 5. Encourages people to work as a team?
 6. Asks for opinions and ideas on important issues?
 7. Shares information openly?
 8. Seeks to understand personal impact by asking for feedback from others?
 9. Encourages others to say what's on their minds?
 10. Rewards high, average, and low performers differently?
-

rating of Colgate's fundamental values. Items that elicit the highest scores within this factor include:

- I am confident about Colgate's ability to be financially successful.
- I think that Colgate is a great company to work for.
- Colgate acts in an ethical fashion.
- I like the values and culture of Colgate.

Evaluation from outside Colgate-Palmolive has been highly favorable. Recognition of its commitment to valuing people and respecting differences has come from several external sources. The Valuing Colgate People program has received the Exemplary Voluntary Efforts Award from the U.S. Department of Labor. Major publications such as *Fortune*, *Chief Executive*, *Essence*, *Latina Style*, *Business Today*, *Apetura*, *Mercado*, *Investor Relations*, *Il Sole*, *Diversity Inc.*, and *Working Mother* have also honored Colgate's commitment to people. Additionally, over the past few years, Colgate subsidiaries have been recognized as exemplary employers in numerous countries, including the United States, India, Puerto Rico, Italy, Argentina, and the United Kingdom.

These are all milestones in the journey Colgate has taken to globally bring its values and principles to life every day, both in the workplace and in the marketplace. They are a welcome form of congratulations to the organization for walking the talk—truly meaning what it says when it proposes that “people are our most valuable asset.”

LESSONS LEARNED

The seven following statements can be considered either critical success factors or lessons learned. In fact they are lessons learned over many years and hundreds of global program implementations. They are stated as imperatives because each is essentially important to success.

1. *There must be clear and overt senior management support.* If active senior support exists in some parts of the organizations but not in others, more positive change can be accomplished by first working with those who are aligned and engaged.
2. *Programs require a sound business rationale and high priority strategic alignment.* Clearly, the days of “nice to do” training are long gone. Today one needs to focus not only on business alignment; the focus must be on those initiatives with the highest priority and strongest rationale.
3. *Content must be both globally and locally relevant in the various parts of the world.* Too often global initiatives fail through trying to export worldwide what has been developed in just one part of the world or through losing the global core by not controlling local adaptations.
4. *Instructionally sound program design needs to be geared for effective mass deployment.* Mass deployment is complex and requires specific support, documentation, infrastructure, and often stamina. The payoff comes when such large scale intervention results in strategic organizational change.
5. *Use line management instructors to communicate ownership and demonstrate leadership.* An initiative will be more powerful when fully implemented by line management. The benefits far outweigh the extra work required to create the appropriate documentation and support required to make this approach successful.
6. *Clear accountability, standards, and monitoring of program implementation are musts.* The old adage “What gets reported gets done” is true. Decide prior to launch exactly what the implementation goals are and how program results will be monitored.
7. *Consistent, multiple, integrated reinforcements are required for lasting success.* Training—no matter how effective—will not produce lasting results unless there are multiple reinforcements in the broader organization and on the job.

SUMMARY

Colgate-Palmolive's global expansion and growth in the 1990s led the company to renew its emphasis on valuing people. It set out to see that the contributions of all Colgate people were recognized within the company, and that managers and the general workforce demonstrated understanding of differences and behaved with respect in working with others.

In 1995, with commitment from Colgate's CEO and other senior leaders, Colgate HR created a program of training sessions called "Valuing Colgate People." The course was presented to Colgate managers in two-day sessions and to non-managers in a one-day version. The goal was to spread awareness of Colgate's core values and principles of respect. The course continues to be given to all new Colgate employees, encouraging them to take personal ownership of "respect for people" and helping them understand how valuing, encouraging, motivating, and developing employees is the foundation of individual, team, and company success.

A second training program called "Managing with Respect" was created to help managers learn the behaviors and skills needed to sustain a workplace culture that respects differences and that values the contributions of all people.

Both courses use a range of preparation and support tools, many available through the Colgate intranet, including on-the-job activities. Another important preparation and evaluation feature are 360-degree assessments. Both courses use a variety of teaching methods in the sessions, including discussions of video vignettes.

The Managing with Respect program is based on a companywide set of five principles that stress the importance of communicating effectively, giving and seeking feedback, valuing unique contributions, promoting teamwork, and setting a personal example of inclusion and respect.

The programs are integrated with each other and with the company's strategy of "Becoming the Best Place to Work," a global initiative designed to build a culture that would attract, develop, and retain the most talented people worldwide. Senior management has been actively involved in design, creation, and ongoing training.

Initially tried out in the United States, both programs have been rolled out worldwide, with modifications to focus on salient issues of difference in different geographic regions and departments.

Evidence of the programs' success has come in a wide variety of forms internally, as well as awards and commendations from outside institutions.



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The Dow Chemical Company

Recognizing and Developing Top Talent

Robert E. Tucker
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Dow's top talent recognition and development program incorporates regionally and culturally diverse perspectives on people development and recognizes the best of organizations' top talent regardless of rank or position. Dow's Genesis Award program provides a rich source of concrete data regarding best practices in people development and enables the creation of effective networks of high-talent individuals in parallel with the organization's broader talent identification and promotion strategies.

INTRODUCTION

The Dow Chemical Company is a leader in science and technology, providing innovative chemical, plastic, and agricultural products and services to many essential consumer markets. With annual sales of \$33 billion, Dow serves customers in more than 180 countries and a wide range of markets that are essential to human progress, including food, transportation, health and medicine, personal and home care, and building and construction, among others. Committed to the principles of sustainable development, Dow and its approximately 46,000 employees seek to balance economic, environmental, and social responsibilities.

Founded in 1897, the company has become a global leader in the chemical field. Dow people around the world develop solutions for society based on the com-

pany's inherent strength in science and technology—to continually improve the essentials of life. This distinctive contribution Dow makes to society helps customers succeed, stockholders prosper, employees achieve and communities thrive.

According to Larry J. Washington, Dow Corporate Vice President for Environment, Health and Safety, Human Resources and Public Affairs: “At Dow we succeed because of the quality of our people. Creative and hard-working Dow employees are the engines of our global business success. As Dow continues to attract and retain such high-talent individuals, we must prioritize people development throughout the organization. No single program is more clearly aligned with this goal than the Genesis Award for Excellence in People Development.”

At Dow, empowerment is not just a “program of the month”; it is part of the company's culture. From the executive suite to the factory floor, Dow employees are committed to pursuing an empowered work environment. Every Dow employee is expected to take on the responsibilities of leadership, no matter what his or her title or role. Leadership at all levels gives everyone the tools and confidence to contribute to business success and enhance their abilities. Dow leads the industry in the autonomy it gives to its people to get the job done. Dow's flat organization, with no more than six layers from the chief executive officer (CEO) to the front lines, supports empowerment. Dow understands that the solutions that best meet the challenges of the moment have to be made by the people closest to the action.

One consequence of this emphasis on empowerment is that the responsibilities of people development are also shared throughout the organization. At Dow, an employee's development is no longer the sole responsibility of that person's manager or designated leader; and the employee himself or herself no longer bears the sole burden of professional development. People development has become a nonnegotiable commitment of every employee of Dow to each of their fellow employees. For empowerment to become a reality in all of its global businesses and support functions, Dow saw a pressing business need to identify and encourage best practices regarding people development. To encourage such “grass-roots” skill development, and to recognize the best of the best people developers regardless of job title or specific responsibility, Dow needed to create a system to identify these employees among its global workforce.

THE ORIGINAL GENESIS AWARD FOR EXCELLENCE IN PEOPLE DEVELOPMENT

In 1994, Dow launched the Genesis Award for Excellence in People Development. One of the company's most prestigious awards, the rules of the program were simple: any employee could be nominated by any other employee or group

of employees, regardless of rank or specific leadership responsibilities. The criterion for selection was people development at any level “above and beyond” specific job responsibility. This “sliding scale” approach encouraged the recognition of people developers who might otherwise be hard to see. Even if an employee was not a manager, she could still be recognized for people development activities “above and beyond” her specific job responsibilities.

For example, consider an equipment operator at one of Dow’s manufacturing sites. Even though he might not have explicit responsibility to develop his fellow operators, his efforts to do so—to show new hires the ropes, or to explain the “ins and outs” of a particular process or best practice—would make him a good candidate for the Genesis Award.

In 1994, individuals selected as winners were invited to the Annual Shareholder’s Meeting and introduced to the company’s leadership team as the best of the best in people development. Recipients now receive a tangible award and a donation made in their name to the charity of their choice.

Dow’s goals for the program included:

- Rewarding the skills of people development at all levels and job families
- Appreciating diverse people development styles and learning from unique geographic and cultural strengths
- Ensuring an objective Genesis selection process that allowed every Dow employee to be fairly considered for the award

According to the original concept, approximately 1 in 5,000 Dow employees was selected as a Genesis Award recipient in each calendar year. Recipients could be named from any region, and there was no set number of recipients drawn from any particular region. The sole criterion for selection was a person’s excellence in developing people.

REDESIGNING THE AWARD FOR A GLOBAL ENVIRONMENT

By the late 1990s, Dow’s continuing evolution toward a truly global workforce necessitated a number of changes to the original Genesis Award design. Dow’s significant investment in information technology allowed for unprecedented levels of coordination across continents and oceans. Business processes became more decentralized, and important decisions were made much closer to the specific market they would affect.

Dow’s HR processes had also become more global. As mentioned previously, the organization’s emphasis on empowerment pushed large amounts of responsibility ever further into the field, and this trend affected the company’s talent recognition efforts as well. At the same time, Dow was emerging as a

leader in the areas of measurable and verifiable human resource (HR) outcomes. Incorporating a wide variety of metrics, Dow was able to measure the effectiveness of HR practices to assess their value and aid in a process of continual improvement.

Beginning in the year 2000, Dow launched an effort to redesign its Genesis Award process to take advantage of all that it had learned about global recognition and all that was available in terms of effective measurement. Building upon its experience, Dow framed its initiative with two assumptions:

1. More could be done to leverage the Genesis Award program to take advantage of Dow's global diversity.
2. The Genesis Award program could serve as a source of valuable data about the organization's best practices in people development.

Dow retained the services of the Leadership Research Institute (LRI) to assist in the process of redesign. LRI was also hired to facilitate the regional and global meetings that would become part of the new selection process. Finally, LRI agreed to assist in providing communication services for the internal effort to inform Dow employees about the newly redesigned Genesis program.

Risks and Challenges

From its experience between 1994 and 2000, Dow realized that recognition efforts could draw unique value from an increasingly global environment. There were also unique risks. Among these was the risk that an award program run exclusively through the corporate headquarters could be seen as culturally heavy handed. The perception of politics, always dangerous for a recognition program, was worth special attention when dealing with a global workforce.

It was also delicate to navigate the subtle differences of opinion regarding the appropriate role of recognition in various cultures. Early focus group data and Dow's extensive experience in global operations suggested that employee recognition didn't work the same way in all global environments. As a participant in one focus group put it, "Shiny balloons don't mean the same thing in Berlin that they do in Dallas." Also, the very idea of a global award for people development brought to light the variety of ways in which different cultures might encourage people to develop. Dow saw that there was no single set of skills that worked at all times and in all situations.

To recognize excellence, then, Dow had to ensure that its efforts were flexible and open ended enough to identify the various kinds of people development excellence among its global employee base. Dow recognized that to build a truly effective global reward and recognition program, it had to find the right balance between a uniform effort that achieved the benefits of consistency and a culturally specific effort that took advantage of Dow's strong global diversity.

The New Nomination Process

Dow's first step in redesign was to change the way that employees were nominated for the award. Dow thought carefully about the criteria used to evaluate nominations. Such criteria were the dimensions upon which potential nominees would be evaluated, and were therefore the behavioral outcomes that the program was designed to identify and promote. Dow chose the following criteria:

- *Shared knowledge*: What evidence exists that nominees work to encourage learning within their organization? Is there evidence that they have successfully shared specific skills or processes to others within Dow? How have the employees of Dow become more knowledgeable as a result of their efforts?
- *Shared values*: What evidence exists that nominees exemplify the Dow Values? Is there evidence that they not only live the values but successfully share them and cause them to be lived by others as well? (See Exhibit 4.1.)
- *Impact*: How have the nominees' abilities to share knowledge and values had a specific and discernable impact on their workgroup, their organization, and therefore the Dow Chemical Company?
- *Consistency*: What evidence exists that the nominees' contribution to people development has been consistent over time?

Exhibit 4.1. Dow Values

Our mission will be accomplished by living according to values that speak to the economic, social, and environmental responsibilities of business and society.

- *Integrity*—We believe our promise is our most vital product—our word is our bond. The relationships that are critical to our success depend entirely on maintaining the highest ethical and moral standards around the world. As a vital measure of integrity, we will ensure the health and safety of our communities, and protect the environment in all we do.
- *Respect for People*—We believe in the inherent worth of people and will honor our relationships with those who let us be part of this world:

We, the employees of Dow, are the engine of value creation; our imagination, determination, and dedication are essential to growth. We will work to celebrate and reward the unique backgrounds, viewpoints, skills, and talents of everyone at Dow. Respect for people is measured by how we treat each other, by the contributions that flow from our diversity, by the productivity of our relationships, and by a job well done, no matter what the job.

Exhibit 4.1. Dow Values, Cont'd

Our communities are our neighbors; their acceptance of us is vital to our ability to operate.

Our customers are our partners in creating value; their loyalty is our greatest reward.

Our shareholders are the beneficiaries of our success; their on-going commitment to us is based on returning to them superior profits over time.

Our respect for people also extends to the consumers whose lives we touch. We will strive to answer people's most vital needs: for food, water, shelter, transportation, communication, health and medicine.

- *Unity*—We are one company, one team. We believe that succeeding as one enterprise is as important as succeeding independently. Balancing empowerment and interdependence makes us strong.

As one company, Dow's impact on the world is far greater than the impact of any one of its parts. We will work together, building relationships to create ever-greater value for the customers and consumers we serve.

- *Outside-in Focus*—We believe that growth comes from looking at opportunity through the eyes of customers and all those we serve. Taking an "outside-in" view ensures that our efforts are always relevant and that our unique talents are applied to "real world" opportunities.

We will see through the eyes of those whose lives we affect, identifying unmet needs and producing innovative and lasting solutions. We will bring to this task all of our experience and knowledge as the unique individuals we are.

- *Agility*—At Dow, we believe our future depends on speed and flexibility—mental, emotional and physical. Responding resourcefully to society's fast-changing needs is the only road to success. We will meet the forces of change with power and grace. We will make course corrections that demonstrate flexibility as well as courage, and that highlight our ability to keep ourselves aligned with a world in motion.
- *Innovation*—We believe that meaningful, productive change—solving problems—only comes by looking at challenges and opportunities from new angles and exercising our curiosity.

In the name of innovation, we will make science a way of living. We will not only master the science of the physical world, but the science of the mind and heart. Our job is to unlock answers that make a fundamental difference to people's lives. We will use technology to help lead society forward. We will conceive, design, engineer, and execute solutions that remove barriers to human potential and productivity.

From these criteria a nomination form was developed. Dow had previously used an open-ended nomination form that asked employees to answer various questions about their nominee. This was a good choice because it allowed the individuals reviewing the nominations to get a detailed sense of both the specific strengths of the nominee and the strength of the recommendation. It was also a good compromise between the expense in time and money of an interview-based process, and the poor quality data generated by a “fill in the bubble” or “fill in the blank” nomination system.

But the original system had encountered a problem of extreme variation in the length of submitted nominations. Nominations of up to twenty pages in length had been submitted, making it difficult for anyone involved in the selection process to carefully consider more than a handful of nominations. To streamline the process, a nomination form with just nine questions was adopted, and the acceptable nomination length was capped at the previous mean of 7,500 words. Exhibit 4.2 shows the new nomination form.

Each submitted nomination would be examined for evidence of unique strength against the four published criteria. Dow made strong efforts to communicate these criteria internally, and to reassure employees that no one set of behaviors was the “right” way of meeting them all. Instead, different successful people developers could have different ways of succeeding. Dow’s goal in sending this message was to find the ways in which the criteria were expressed in different cultures and geographies.

The Importance of Translation

Because the program was designed to reach a global workforce, Dow also had to consider the question of language. To get a better sense of why, it’s useful to know a bit more about what, in Dow, are called “job families.” Dow employees fall into one of three broad job families:

1. Functional specialists or functional leaders (FS/FL)
2. Technicians or technologists (Tech/Tech or T/T)
3. Administrative assistants (Admin)

Most individuals with traditional managerial responsibilities would fall in the FS/FL group of employees, who have a working knowledge of English as a job requirement. An important program goal, though, was to reach out to *all* Dow employees, regardless of rank. Most Dow employees (6 in 10) are technicians or technologists. These employees work in a manufacturing environment operating and maintaining Dow’s machinery and plants and making the products Dow sells. These employees also work in coaching roles—specifically charged with ongoing development responsibilities for their fellow employees.

The T/T job family does not have an English language requirement, and many of these individuals have much less command of English than do their

Exhibit 4.2. Genesis Nomination Form



2003 Genesis Nomination Form

Demographics

Nominator/Contact Person

Please provide us the following information, so we can contact you as needed and keep you informed regarding this year's Genesis process. If this nomination is on behalf of a team or group of individuals, please select one group or team member to serve as the contact point for information regarding this nomination.

Submission Date: _____
 Nominator's Name: _____
 Nominator's Employee #: _____
 Nominator's Internet E-mail Address: _____

Nominee

Please provide us the following information about the person being nominated:

Nominee's Name: _____
 Nominee's Employee #: _____
 Phone Number: _____
 Internet email address: _____


In which geographic region does the nominee work?

- Africa/Middle East/India
- Central/Eastern Europe (including Germany)
- Asia Pacific
- North & South Latin America
- Brazil
- United States
- Canada
- Western Europe

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Exhibit 4.2. Genesis Nomination Form, Cont'd



2003 Genesis Nomination Form

References

For those individuals selected as Regional Recipients, LRI will be conducting a series of interviews to gain the richest possible understanding of the nominee's skills and strengths. Please select three individuals, each willing to participate in a 20-30 minute conversations with an LRI Associate regarding this nominee. References should have significant experience working with the nominee and should be able to provide detailed information regarding his/her people development strengths.

Reference 1:

Name: _____

Internet email Address: _____

Telephone: _____

Reference 2:

Name: _____

Internet email Address: _____

Telephone: _____

Reference 3:

Name: _____


Internet email Address: _____

Telephone: _____

Note: By providing this information, I give my permission to provide copies of this nomination to management, selection committees and/or the nominee if they request it. If the nominee is selected as a Global Genesis Recipient, this nomination form will be shared with all Dow employees on the Genesis Web site.

Return nominations by December 15, 2002 to:

GENESIS@LRI.COM



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Exhibit 4.2. Genesis Nomination Form, Cont'd



2003 Genesis Nomination Form

Your answers to the following questions will help us to select the best candidates for the Dow Genesis Award. Please take the time to answer the questions as comprehensively as possible. Remember, that while we are seeking to identify key talent in the company, there is no "one" profile for Genesis Award candidates. Recipients will have a mix of attributes and contribute in varied ways to people development in our company. The only feature shared by well regarded nominations will be a high level of detail. These *specific details* will allow us to focus carefully on the exact nature of each nominee's skills.

When completing the written questions, please provide specific examples as requested. Additionally, do NOT use the nominee's name or otherwise clearly identify him or her. Answers to each written question should not exceed 300 words. The total number of words submitted should not exceed 2700 words, or approximately ten pages of double-spaced text.

To maintain consistency and fairness, no supplemental information will be accepted with the nomination form (i.e., do not attach letters, reports, or other additional items).

Creates and Promotes an Environment of Personal Growth


1. Think about the impact this individual has had on your work group's environment/culture. Suppose he or she decided to leave Dow. Tell us what the impact of his or her departure would be on your group.

2. Describe two or three ways in which this individual helps to create an empowered work environment.

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Exhibit 4.2. Genesis Nomination Form, Cont'd



2003 Genesis Nomination Form

Acts as a Role Model, Mentor and Coach

3. Describe two characteristics or behaviors of this individual that you would like to imitate. Why are those important to you? Why are they important to your business, function, or to Dow?

4. What do you see as the primary ways in which this individual demonstrates a commitment to self-improvement as a people developer?

Leads and Manages Development

5. Tell us how this individual's focus on development has had an impact on performance in your organization. Provide at least two examples at either the individual, team, or business-unit level.

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Exhibit 4.2. Genesis Nomination Form, Cont'd



2003 Genesis Nomination Form

6. What do you see as the most creative or unique ways in which this individual encourages the development of others?

Achieves Results



7. Describe one or two occasions in the last six months when the nominee either contributed to outstanding team performance or achieved outstanding individual performance.

8. Imagine you were describing this individual to a Dow shareholder. What would you say to describe his or her ability to achieve results?

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Exhibit 4.2. Genesis Nomination Form, Cont'd




2003 Genesis Nomination Form

Detailed Example

9. Share a story that you feel demonstrates the unique people-development skills possessed by this nominee. Include as much detail as possible in the space remaining.

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FS/FL counterparts. To ensure that the Genesis Award program reached this crucial audience, Dow decided to make the entire nomination process available in the sixteen languages listed in Table 4.1. Individuals submitting a nomination could go to Dow's intranet and receive instructions and fill out a complete nomination form entirely in the language of their choice. Their submissions would then be translated into English for the selection committee, as needed.

Employees could finish the nomination forms at any point within the nominating period window, which could vary from cycle to cycle but would last at least 120 days. When an employee finished a nomination, he or she would submit it directly to Dow's external partner, LRI. If the nomination form was submitted in English, it was carefully read and evaluated by at least three raters from LRI, each of whom had experience with Dow and were well versed in effective people development techniques. If the form was submitted in a language other than English, it was sent to Dow Translation, who then sent a translated English version back to LRI. Copies of the forms in the original language were also retained. To ensure a smooth and fair process, no supporting material was accepted other than the completed nomination form.

Table 4.1. Genesis Award Nomination Languages

Chinese (Simplified)
Chinese (Traditional)
Dutch
English
French
German
Greek
Indonesian
Italian
Japanese
Korean
Portuguese (Continental)
Portuguese (Latin American)
Spanish (Continental)
Spanish (Latin American)
Thai

The New Selection Process

At the close of the nominations period, the selection process began. In the first stage, raters at LRI used a weighted criteria sheet to score each nomination independently. (See Exhibit 4.3.) Every effort was made to evaluate the *content* of the nomination forms and to ignore aspects of writing style and proficiency. Measures were also taken to ensure the reliability and validity of the evaluation process. After each nomination form was rated, an LRI combined score was assigned.

Dow has eight global regions (Asia/Pacific, Africa/Middle East, Brazil, Canada, Central and Eastern Europe, North and South Latin America excluding Brazil, the United States, and Western Europe). The collected nomination forms for each region (as well as those for Dow AgroSciences) were assembled into regional binders.

Copies of the binders were made for the members of regional selection committees for each region, each of which met sometime between December and March of each program year. Each committee was chaired by a ranking Dow employee in the region (usually the area president) and was also attended by the regional head of HR. The remaining three to five members of the committee were usually previous Genesis Award winners or other Dow employees thought to add value to the selection process.

Each regional selection committee meeting lasted from five to seven hours, facilitated by a consultant from LRI who briefed the six to eight committee members on the overall process and walked them through the rating system. (The same LRI consultant facilitated the various regional meetings, as well as the subsequent global-level meeting.) Committee members practiced the use of that system on a number of sample nominations, such as the one in Exhibit 4.4. Committees tended to develop an impressive degree of consensus after rating and discussing one or two samples.

Committees were advised to spend most of their time considering the nominations that had scored above a certain threshold in the initial LRI ranking, but this recommendation was not binding. Each committee had the authority to examine and select any nomination submitted in its region, regardless of the initial rating and ranking.

Each nomination was considered by the group as a whole and was discussed after each committee member recorded his or her ratings. To keep the process as anonymous as possible, each nomination had any names and readily identifiable information blacked out before it reached the committee. At the end of the day, each regional selection committee selected a predetermined number of nominations to be regional recipients, and a number to be alternates. Only after selection were the names of the nominees released to the committee.

When the eight regional selection meetings were finished, the combined pool of regional recipients was considered by a global selection committee to decide

Exhibit 4.3. Nomination Criteria Sheet


Nomination Form # _____


Region: Global Selection

Rater _____

Criteria	Scale	Possible Weight	Actual Score	Notes
	0 ----- None Moderate Extensive			
<i>Share Knowledge (30)</i>				
Evidence exists that the nominee works to encourage learning within his/her organization.		10		
Evidence exists that he/she has successfully shared specific skills or processes with others within Dow.		10		
Evidence exists that the employees of Dow become more knowledgeable as a result of his/her efforts.		10		
<i>Share Values (30)</i>				
Evidence exists that the nominee exemplifies the Dow Values.		20		
Evidence exists that he/she not only lives the values but successfully shares them and causes them to be lived by others as well.		10		
<i>Impact (20)</i>				
The nominee's ability to share knowledge and values has had a specific and discernable impact on your workgroup, your organization, and, therefore, the Dow Chemical Company.		20		
<i>Consistency (10)</i>				
Evidence exists that this individual's contribution to people development has been consistent over time.		10		
<i>LRI Metric (10)</i>				
Evidence exists of commitment to self-improvement/growth.		10		
TOTAL		100		

Exhibit 4.4. Completed Sample Nomination Form





Genesis Nomination Form

Contact Information

Please provide us the following information, so we can contact you as needed.

Date: 01/6/01

Nominator's Name: Lisa Nominator

Nominator's Employee #: 101111

Nominator's Internet E-mail Address: lnominator@dow.com

Nominee

Please provide us the following information about the person being nominated:

Nominee's Name: John Sample

Mailing Address: 101 Meadowbrook Street
Anywhere, ONT 06067

Phone Number: (860) 453-1111

Internet email address: jsample@dow.com

In which geographic region does the nominee work?

<input checked="" type="radio"/> Africa/Middle East/India	<input type="radio"/> Central/Eastern Europe (including Germany)
<input type="radio"/> Asia Pacific	<input type="radio"/> North & South Latin America
<input type="radio"/> Brazil	<input type="radio"/> United States
<input type="radio"/> Canada	<input type="radio"/> Western Europe

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Exhibit 4.4. Completed Sample Nomination Form, Cont'd



Genesis Nomination Form

Reference 1:

Name: William NominatorInternet email Address: wnominator@dow.comTelephone: 999-999-9999

Reference 2:

Name: Linda NominatorInternet email Address: lnominator@dow.comTelephone: 888-888-8888

Reference 3:

Name: Richard NominatorInternet email Address: rnominator@dow.comTelephone: 777-777-7777

Note: By providing this information, I give my permission to provide copies of this nomination to management, selection committees and/or the nominee if they request it. If the nominee is selected as a Global Genesis Recipient, this nomination form will be shared with all Dow employees on the Genesis Web site.

Return nominations by January 31, 2002 to:

genesis@lrinet.com

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Exhibit 4.4. Completed Sample Nomination Form, Cont'd



Genesis Nomination Form

Your answers to the following questions will help us to select the best candidates for the Dow Genesis Award. Please take the time to answer the questions as comprehensively as possible. Remember, that while we are seeking to identify key talent in the company, there is no "one" profile for Genesis Award candidates. Recipients will have a mix of attributes and contribute in varied ways to people development in our company.

When completing the written comment questions, please provide specific examples as requested. Additionally, do NOT use the nominee's name or otherwise clearly identify him or her. Answers to each written comment question should not exceed 250 words. The total number of words submitted should not exceed 2250 words, or approximately nine pages of double-spaced text.

To maintain consistency and fairness, no supplemental information will be accepted with the nomination form (i.e., do not attach letters, reports, or other additional items).

Creates and Promotes an Environment of Personal Growth

1. Think about the impact this individual has had on your work group's environment/culture. Suppose he or she decided to leave Dow. Tell us what the impact of his or her departure would be on your group.

When the members of our group interact with this person, we come away more optimistic about Dow, more optimistic about the industry, and more hopeful about our own ability to make a difference. This person has made us all realize that developing the strengths of others is not only something that leaders are about, but that every Dow employee from the person who joined the company yesterday to the most senior person at the plant can make a positive difference. This person has helped to create a great learning environment for our team – a learning environment we all feel responsible to defend and strengthen.

2. Describe two or three ways in which this individual helps to create a positive work environment.

The most important thing about this person as a people developer is that he always seems to believe that people are capable of change. When it would be very easy to give in to cynicism, particularly given the setbacks of our group, this person is always rallying – always doing his best to gather the team and encourage them towards excellence. A great example of this is the lengths this person will go to personally reward a direct report for participating in professional development. As each report comes back from training, the nominee asks them about that training and seems to have an endless memory for the answers. Last year a full six months after one of our team members came back from a day of training, this person asked follow up questions that showed both a keen memory and a sincere interest in our development.

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Exhibit 4.4. Completed Sample Nomination Form, Cont'd



Genesis Nomination Form

Acts as a Role Model, Mentor and Coach

3. Describe two characteristics or behaviors of this individual that you would like to imitate. Why are those important to you? Why are they important to your business, function, or to Dow?

(1) Skill at prioritization – this person always seems to know what the right developmental experience will be for a member of our team. Like a guidance counselor who seems to know the exact sequence of classes that a student needs to take, this person “designs” our curriculum – letting us pick the electives but always encouraging us to learn a “core” set of business principles. (2) Self-effacing humor – this person is universally respected but does not seem to take himself too seriously. This allows his advice to be perceived as for our benefit, and not for the sake of ego-gratification.

4. What do you see as the primary ways in which this individual demonstrates a commitment to self-improvement as a people developer?

Monthly “stop, start, continue” meetings to gather feedback of all kinds. Genuine commitment to change and follow-through when change is necessary. Excellent grasp of the mechanics of behavioral change and a realistic assessment of the difficulty of significant change. All-in-all, the key success of this person’s people development style seems to come from his ability to see what can be changed quickly, what can be changed slowly, and what can’t be changed at all. He has this gift and we are grateful for it.

Leads and Manages Development

5. Tell us how this individual’s focus on development has had an impact on performance in your organization. Provide at least two examples at either the individual, team, or business-unit level.

Our overall set of skills as a team has grown dramatically since this person became our leader. What has become particularly clear is how this person’s driving sense of personal and professional vision has drawn a frame around our efforts to develop as a team and as individuals. This person has provided the ideal amount of both structure and freedom – a difficult balance to achieve in the best of cases. Noteworthy here is how this person has allowed different people to pursue different opportunities while not making any one member of the group feel “left out” or under-privileged. As a result of increased team cohesion caused by our professional development, our 2001 goals were met by September allowing us three additional months to pursue even more ambitious goals. We could not have done this without his commitment to our constant development.

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Exhibit 4.4. Completed Sample Nomination Form, Cont'd



Genesis Nomination Form

6. What do you see as the most creative or unique ways in which this individual encourages the development of others?

The most creative aspect of this person's people development style is the way he seems to make his reports feel like peers at all the right moments while maintaining all of his authority and earning the group's continued respect. When you get done working on a project with this person, you will know that he was your supervisor but you will feel like he was your colleague. Few people in any organization can accomplish this difficult act, and it seems good evidence of this person's creativity in people development.

Achieves Results

7. Describe one or two occasions in the last six months when the nominee either contributed to outstanding team performance or achieved outstanding individual performance.



This past July we had a series of deadlines that were absolutely mission-critical for the team as a whole. Knowing that these deadlines were fast approaching, but wanting to keep commitments he had made to two team members, this person took on a significant portion of new work so that his direct reports could get the training that they needed. It would have been very easy to "limp through" with the training that we had, but this person says the wisdom of "right training for the right job" and as a direct result we were able to succeed. Looking back on it, if the person we are nominating had not followed through on his commitment to get us the necessary training there is good chance that we would have broken under the pressure of the deadline at the cost of millions of dollars to Dow.

8. Imagine you were describing this individual to a Dow shareholder. What would you say to describe his or her ability to achieve results?

This person drives value at Dow by constantly encouraging the transition between a good workforce and the best workforce. Because he cares about our development, we are fiercely loyal to him and we are proud to work for this individual and the Dow Chemical Company. To the Dow shareholder we would say that this individual, and people like him within Dow, are the best reasons to be shareholders.

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Exhibit 4.4. Completed Sample Nomination Form, Cont'd

	
<h2>Genesis Nomination Form</h2>	
<p>Overall Evaluation</p>	
<p>9. Overall, what are the top three reasons why you chose to nominate this individual for a Genesis Award?</p>	
<p><i>1.) Care for self - this person shows great personal strength and integrity. He will not bend his principles for the sake of a temporary fix and we respect him for it. 2.) Care for others - his unwillingness to bend on issues of principle does not take away from his ability to genuinely care for the well-being of his team. Each and every one of us is absolutely convinced of his sincere effort in our development. 3.) Care for Dow - this individual makes working for Dow a source of great pride. We recommend him for a Genesis Award for Excellence in People Development and we suggest that Dow hires as many people like him as we can get our hands on.</i></p>	
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upon a smaller group of global recipients. The process was thus “tiered,” with regional recipients being the equivalent of “finalists” for the global award. The global committee followed the same in-session process as the regional committees, though the members of the global committee sometimes had a period of time before the meeting to review the nominations. The members of the global committee were drawn from the most executive senior ranks within Dow.

To ensure that as much was known about each regional recipient as possible, Dow had LRI interview three references for each regional recipient, asking for any additional information that might not have been conveyed in the nomination. The results of these interviews were summarized (as shown in Exhibit 4.5) and given to the members of the global selection committee. The global meeting was facilitated by the consultant from LRI, who answered questions about the process and assisted the committee in it as necessary.



The design of the selection process enabled Dow to carefully and objectively consider a large number of nominations (405 and 574 in two selection cycles) using a consistent global process that nonetheless left room for regional preferences and strengths. The process was time effective and enabled senior leaders at the regional and global levels to participate and add their unique perspectives. In discussions with both nominees and committee members at the conclusion of each process and in written feedback gathered, a number of factors were cited as enhancing the effectiveness and credibility of the selection process:

- Committee members were drawn from different ranks within Dow. This allowed mid- and junior-level Dow employees to learn from the consideration of a region’s nomination. As one participant put it, “This is the best day of training I’ve ever had, and it wasn’t even supposed to be training!”
- The selection process was standardized both in terms of selection method and facilitation for each of the regional and global committee meetings.
- The nomination process was made as anonymous as possible by the removal of names and other identifying information from each submitted nomination.
- Committees achieved high levels of open and honest communication within the selection sessions. The senior HR participant in each session played a particularly beneficial role in this respect.
- Select former regional and global Genesis Award recipients participated on the regional and global selection committees.

Building a Community of Excellent Practice

One final aspect of implementation is still underway and remains a distinguishing feature of Dow’s Genesis Award. Where most recognition programs view the selection of winners as the finish line, Dow sees it as just the beginning. Since

Exhibit 4.5. Sample Interview Summary

	
<h2>Genesis Interview Form</h2> <hr/>	
<p>NAME OMITTED FOR PUBLICATION (03NF024BO) Executive Summary</p>	
<p>Nominee has demonstrated that “leadership isn’t restricted by class or job family nor is it about job title.” She has thrived in the Dow culture: creating a positive work environment where everyone at all levels feel energized just by talking to her. She has set up a professional work group to influence her peers to embrace Dow initiatives – and get involved.</p>	
<p>Nominee consistently delivers results – she is “in a category of her own.” She is proactive about creating site events and nothing is ever done in half measures. She is dedicated and loyal – and encourages professional growth amongst her peers – even at different sites.</p>	
<p>Nominee has demonstrated consistent willingness and enthusiasm for doing new things. She is continually leading changes and her attitude is infectious.</p>	
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the 2001 program year, efforts have been made to create what Dow calls a “community of practice,” from the combined pool of regional and global Genesis recipients. In the past, Dow has taken full advantage of the credibility and expertise of its Genesis winners, seeking them out, for example, when considering the launch of a new people development effort.

Moving forward, this community of practice is being developed into a ready-at-hand pool of high credibility and expertise. Genesis recipients are invited to participate in a Web-based dialogue for sharing best practice scenarios and tips on people development. Two other areas in which Genesis recipients will be involved are leadership workshops and the delivery at Dow of Web-based advice regarding successful people development skills. The success and impact of this community of practice is another source of return on investment (ROI) for Dow’s investment in Genesis.

EVALUATION

In addition to dramatically increased participation rates, which are discussed later in the chapter, specific feedback has been collected from a number of sources to ensure that the Genesis Awards process is meeting and exceeding its stated goals.

Internal Feedback

A first source of internal feedback is the set of numerical scores collected from committee members at the conclusion of each regional selection committee meeting. Overall satisfaction scores have averaged above 4.4 out of 5.0, and written comments have indicated that the process is a marked improvement over past efforts and does a good job meeting the needs of Dow’s global workforce. In particular, selection committee participants speak of a good balance between regional and global recognition. The process includes enough regional participation to feel “local” to the nominees while maintaining the prestige of a global program.

A second main source of feedback comes in the form of communication among nominees, nominators, and LRI. As the first and last point of contact for nominators and nominees, LRI continually receives many queries and comments about the system. Overall, this feedback has been very positive, even among those nominees not selected as regional or global recipients. Dow seems to have done a successful job in steadily enhancing the credibility of the program to the point where tough decisions can be made without “blaming the program.”

Dow has collected the feedback of the regional and the global recipients themselves, with an eye to how the program can be made more effective. Suggestions from recipients have helped Dow continually to improve this global process while reducing its total cost from year to year. Suggestions from recipients have also been used to design new ways in which Genesis recipients can add greater value to the Dow organization.

Participation Metrics and Credibility

For a recognition program to have real impact, it must be credible. Participants must believe that they will be fairly evaluated and that the winners will be selected as a result of a good-faith effort to objectively identify talent. The easiest way to assess the credibility of a recognition program is to examine its participation rates over time. Dow's general results in this regard are impressive. In the 2000 program, the last full year before Dow's redesign effort, there were 168 employees nominated by the entire organization. In 2001–2002, there were 405 nominations submitted to nominate 301 Dow employees, an increase of 85 percent. In 2004, Dow and Dow AgroSciences employees submitted 574 nominations for 401 individual employees, an increase of more than 150 percent from the number of nominations submitted before the 2000 redesign.

Even more telling than general participation rates are region-by-region and job-family participation rates. Starting with regional participation rates, Figure 4.1 (drawn from 2002 data) is noteworthy.

The graph shows Dow's global nomination rates, by region, represented in three ways:

1. The absolute number of nominations submitted
2. The "adjusted" number of individuals nominated (after correcting for individuals nominated more than once)
3. What Dow calls a "P rate" (an adjusted and standardized rate of participation corrected for the number of employees in a particular region)

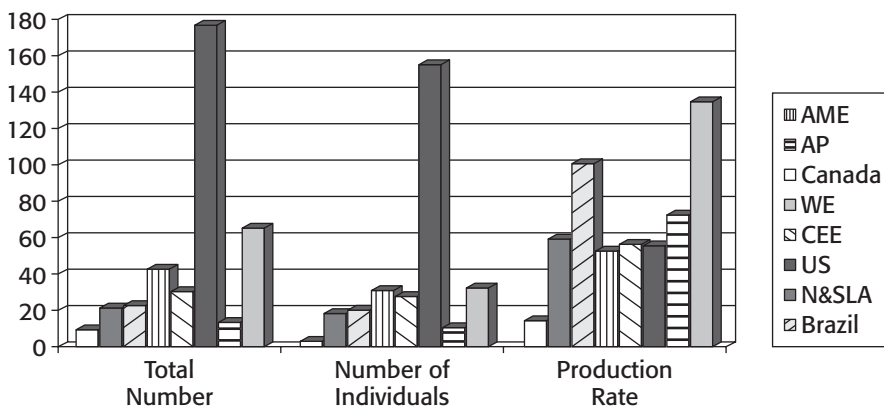


Figure 4.1 Participation Data (2002)

Note: AME = Middle East/Africa; AP = Asia/Pacific; WE = Western Europe; CEE = Central and Eastern Europe; US = United States; N&SLA = North and South Latin America excluding Brazil.

Despite the raw number of nominations submitted within the United States (which is not surprising considering the total number of Dow employees in the region), Figure 4.1 shows that the actual participation rates in the program are highest outside of the United States. Indeed, adjusting for comparative population size, the United States ranked sixth out of eight total regions in terms of the number of nominations submitted per 100 employees.



These results suggest that Dow is achieving success in its efforts to “regionalize” the Genesis process for its global workforce: it is identifying and promoting individual excellence regionally, which then feeds into a global recognition effort for people development. This conclusion is reinforced when we look to the percentage of nominations submitted that required translation. In 2001, 36.8 percent of the total number of nominations submitted required translation. By 2004, that number had increased to 42.5 percent. Dow’s global workforce seems to have accepted the utility and credibility of the Genesis process, and the trend lines point to an increasingly regionalized recognition process.

One other goal Dow pursued in its redesign effort was to reach out to previously underrepresented layers of the Dow organization. As was discussed previously, Dow’s technician/technologist population makes up more than 60 percent of the total employee base but had been historically under-represented in the Genesis process. This was particularly troubling when it came to Dow’s non-U.S. workforce, where language barriers could pose a significant hurdle for T/T participation. In the two cycles that have been measured since the program redesign, technician/technologist representation has increased by 88 percent (from 9 percent in 2001 to 17 percent in 2004). This has led to even greater success at the level of the regional recipients. In 2004, 7 of 19 regional recipients (36.8 percent of the total number) were from the T/T job family. Outside the U.S. region, these numbers were even higher. Fully 55.5 percent of the regional recipients selected outside the United States were from the T/T job family. While rates of overall T/T participation still lag behind their numerical representation in Dow, real progress is being made.

External Feedback

Not all feedback comes from within an organization. It is often helpful to gauge the program benefits against industrywide accepted practices. In late 2003, Dow’s Genesis Award for Excellence in People Development was recognized by the American Society for Training and Development (ASTD) as a Best Practice Award Winner. Citing Dow’s well-documented improvement of recognition in a manufacturing context, ASTD described Dow’s process as “demonstrating clear and measurable results.” (See Exhibit 4.6.) In conjunction with Dow’s internal feedback, ASTD’s recognition has reinforced Dow’s efforts to build an ever-more effective global top-talent recognition program.

Exhibit 4.6. ASTD Best Practice Award

 <p>GENESIS SUCCESS BEGINS WITH PEOPLE</p>	 <p>Dow</p>
<h2>Genesis Interview Form</h2> <hr/>	
<p>NAME OMITTED FOR PUBLICATION (03NF024BO) Executive Summary</p>	
<p>Nominee has demonstrated that “leadership isn’t restricted by class or job family nor is it about job title.” She has thrived in the Dow culture: creating a positive work environment where everyone at all levels feel energized just by talking to her. She has set up a professional work group to influence her peers to embrace Dow initiatives – and get involved.</p>	
<p>Nominee consistently delivers results – she is “in a category of her own.” She is proactive about creating site events and nothing is ever done in half measures. She is dedicated and loyal – and encourages professional growth amongst her peers – even at different sites.</p>	
<p>Nominee has demonstrated consistent willingness and enthusiasm for doing new things. She is continually leading changes and her attitude is infectious.</p>	
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The Awards Program as a Source of Best Practices Information

In addition to the internal and external feedback, there are many different ways to evaluate a recognition program's organizational impact. Proponents often cite "customer testimonials"—a statement from program winners about the impact the program has had on their motivation. To contribute to effective global workforce management, though, a recognition program must be about more than its winners. Dow's goal was to redesign its award to more effectively identify and promote diverse excellence among Dow's global workforce. Rather than establish a single template for successful people development, Dow sought to promote a wide variety of such practices. How then, apart from increased participation by new groups of employees, do we measure Dow's success in accomplishing this more ambitious goal?

The answer lies in the program's lasting, accumulating resource, its natural by-product: the collected nomination forms represent just over a thousand detailed descriptions of effective people development practices from all over the world. Dow has embarked upon a detailed content analysis of these nominations to gain a better understanding of people development best practices that are truly effective for a global workforce. The broader Dow population will be able to benefit from the characteristics and best practices of the Genesis recipients on the internal Genesis Web site.

Each submitted nomination is, in effect, a valuable snapshot of people development skills at work in some locale. Through a careful process of content analysis, Dow is able to track particular themes against nomination success on a regional and global level, making it possible to see the people development skills most valued in particular places or by particular levels of the organization. While it is too early to give a definitive picture, initial results have suggested two interesting conclusions:

1. There seems to be a distinction between a person who develops others through the creation of effective relationships, and a person who develops others through the creation of effective organizational structures. The latter is often less well liked, but has a comparatively greater impact on the organization.
2. The most "culturally translatable" people development quality seems to be high credibility. If an employee is highly credible, he or she can adjust to a new cultural environment and remain effective at people development even as he or she learns the new ropes of the situation.

LESSONS LEARNED

1. *Protect and build the credibility of your global recognition programs.*
Global efforts to recognize top talent often fail because the program is seen as too centralized and political. Steps taken to maintain and increase the credibility of your efforts will increase global support for and participation in such programs.
2. *Recognize differences in best practices within regions*—one size doesn't fit all. Whether seeking to identify the best people developers, the best leaders or the best team participants, geographic and cultural differences will tend to remain important. Your recognition program must be flexible enough to recognize different models of excellence among your global workforce but consistent enough to align such excellence with your corporate goals.
3. *Remember what motivates your highest performers.* Dow's results suggest that the best of their best employees are not particularly concerned with the nature of any particular award given as part of a recognition program. They are more motivated by the fact of recognition and by the opportunities such recognition conveys to increase their own influence within the organization.
4. *Design with the end in mind*—the creation of a high-talent network. Most global recognition programs end where they should begin. Once your organization has identified its top talent in a particular area, take steps to create an ongoing network for these individuals. Such a network can increase their motivation and add real value to your organization.
5. *Reward the drivers in your organization, not just the senior leaders.*
Dow's program has been successful because it carefully analyzed the individuals within Dow that the company most wanted to reach. Too many recognition programs end up as validation measures for already high-ranking employees. The most effective recognition programs reach out to audiences that might otherwise not be recognized and find talent that might otherwise remain hidden.
6. *Let the design of your process add value.* Dow's program has become well-supported because it provides benefits outside of the pool of those directly recognized. Committee members find the selection process to be useful and enjoyable. Nominators find that submitting a nomination helps to increase team cohesions. Successful global recognition programs are tremendous sources of hidden value in each of their many steps.

SUMMARY

Dow employees throughout the world have been challenged with dramatic changes over the last few years. We are proud to have the caliber of people whose commitment and enthusiasm have embraced these challenges, lead important changes and have indeed helped others adapt as well. Their dedication to lifelong learning and personal growth is helping Dow succeed.

—William S. Stavropoulos, Chairman and Chief Executive Officer

The Dow Chemical Company is a global science and technology based company that develops and manufactures a portfolio of chemical, plastic, and agricultural products and services for customers around the world. This global workforce case study described Dow's systematic efforts to identify and reward its most successful people developers, regardless of location, job role, or rank.

Additionally, this chapter described Dow's ongoing efforts to increase the business impact of the Genesis Award for Excellence in People Development, its premier reward and recognition program, by "globalizing" the selection and reward process. Challenges within the chemical manufacturing industry have made the skills of people development even more important within Dow, and ongoing efforts to find and develop previously unidentified talent leaders in people development have become an important part of Dow's employee development strategy.

Redesigned in the year 2000 in partnership with Leadership Research Institute, this global recognition program has been identified by the American Society for Training and Development as a Best Practice Award winner, demonstrating "clear and measurable results." By combining a regionally based selection process available in any one of sixteen languages with a global review designed to enhance alignment and corporatewide impact, Dow's Genesis Award program has made a significant impact on the culture of people development at Dow. One accomplishment has been to extend people development recognition to a global reach and down to levels within the organizational hierarchy that it formerly did not tend to reach.

The lessons learned at Dow Chemical are important for any organization that wants to get more from its reward and recognition efforts and for those companies that identify effective people development skills as business critical.



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InterContinental Hotels Group

Aligning Leadership around a Single Global Strategy

Andrew Simpson
James Dowling

In preparation for de-merger, InterContinental Hotels Group (IHG) needed to cut costs dramatically and devise a growth strategy to assure and retain its investor base. Greater capability at reduced operating costs resulted in part from careful categorization of different types of work and a related new strategic approach to sourcing work.

INTRODUCTION

One of the holdings of the Bass Holding Company (U.K.) was Six Continents Hotels. Six Continents, in turn, was the owner/franchiser/operator of more than 3,500 hotels in more than 100 countries and territories, including such hotel brands as Holiday Inn, Holiday Inn Express, Crown Plaza, Staybridge Suites, and InterContinental Hotels. Other businesses in the Bass family included soft drink beverage production and distribution and local pubs in the United Kingdom.

In October 2002, Bass announced the separation of its hotels and retail divisions to improve the overall value of its portfolio of companies. After dividing assets and debt, Six Continents was left with independence, cash, and an overbearing cost structure. At that point, Six Continents was rebranded as InterContinental Hotels Group.

As Six Continents/IHG was setting financial papers and covenants in place for the de-merger, its leaders and shareholders saw an uncertain future ahead.

The company was challenged by a ten-year low for hotel occupancy across the globe and the highest cost structure in the industry. Simultaneously, chief executive officer Richard North saw an organization with tremendously loyal customers, great talent, and global reach. He recognized potential in a leaner corporate structure, less complexity, and even better service to customers. But he questioned the ability of his team to realize that potential.

British entrepreneur Hugh Osmond had different designs for Six Continents' assets. His hostile takeover bid emerged as de-merger preparations were underway. It promised cash to shareholders from a selloff of properties and breakup of brands and radical changes to the business model. The executive team of Six Continents had too much pride in their global hotel company to see it broken up and sold off. Mr. Osmond's offer to shareholders would be met with great resistance, but more important, with a compelling strategy and realistic plan for recovery, emergence as a market leader, and growth.

NEW OPERATING STRATEGY BUT LITTLE AGREEMENT

Separating from the Bass Holding Company required a new strategy for the future InterContinental Hotels Group. As treasurer Richard Winter said, "We've been running a global hotel business like a regional pub business." Prior to de-merger, a team drew up a new operating strategy for the new, de-merged business. Peter Gowers, Executive Vice President (EVP) of Strategy at the time and now EVP of Global Brand Services, described their strategic focus for recovery, emergence as market leader, and future growth focus this way:

1. Building strongly differentiated brands that ensure we capture a high share of those people who say that brands influence their choice of hotel
2. Developing our network of hotels worldwide with depth in key markets for our midscale brands and widespread distribution for our international upscale hotels
3. Taking advantage of our systems and scale to deliver premium revenues and profits, for example, Priority Club Rewards, reservation channels such as HOLIDEX, and global sales
4. Optimizing returns on our asset base both by improving use of individual hotel assets through our ongoing refurbishment program and by redeploying capital where appropriate
5. Developing our people, as our success depends on all of us

While seemingly straightforward, execution of this strategy stalled as the company sought to de-merge and operate as a focused, globally branded hotel

company. According to Gowers at the time, “At a superficial level, the executive team all agree with the major strategic priorities [but] when push comes to shove on key issues, we do not agree at all.”

At this point a team of consultants from 1Point0 & Company and RBL, Inc., was engaged to scope a project to redesign all company operations outside hotel properties. The team was asked to interview the IHG executive team, characterize the organization, and present results and recommendations at an executive session.

Multiple Strategy Execution Syndrome

Over a two-day period, each executive was interviewed to identify opportunities for improved organization design including structure, work process, enabling systems, and focus of investments. Almost every interview indicated that a principle contributor to poor financial performance was that IHG was experiencing “multiple strategy execution syndrome.” What is this malady exactly?

In 2000 and 2001, a team led by Jim Dowling of RBL interviewed senior executives at thirty International 1000 companies in the financial services and manufacturing industries. For each company, an inventory of projects was compiled to include those that currently or in recent months had spanned divisional boundaries, or exceeded \$5 million in total investment. For each project, the team identified the management level within the organization where the project was initiated and its relative contribution to executing current strategy in the eyes of its top executives. Table 5.1 summarizes what was found.

Overall, only 37 percent of the projects found in the thirty companies examined were making direct contribution to strategy execution, and another 37 percent were distracting resources from strategic work. In one case, feedback to an executive team resulted in halting more than \$250 million of project expenditures out of a \$600 million budget. The revelation to the executive teams in these companies was that strategy was driving less than 20 percent of the project budget, yet the executives had approved almost all of the projects, either individually or as a team. For the most part, these executives understood how lower-level leaders came to the conclusion that investment was needed but not how they themselves failed to provide effective governance. When project sponsors were interviewed, most could explain how their projects were driving what they thought were strategies.

The problem was similar at IHG. Instead of acting in concert to execute elements of a single strategy, there were three dominant and two lower-level strategies being executed simultaneously. There was not enough money or human resources to do justice to any of them, so all strategies were “burning cash” and none was delivering results.

Table 5.1. Inventory of Projects: Multiple Strategy Execution Syndrome

<i>Project Source</i>	<i>Percentage of Projects</i>	<i>Percentage of Projects at This Level Driving Current Strategy</i>	<i>Percentage of Projects at This Level Driving Previous Strategies</i>	<i>Percentage Considered Distractions</i>
Originated in the executive team	7%	88%	12%	—
Originated by individual executives	20%	60%	19%	21%
Originated at the director level	23%	55%	22%	23%
Originated by line managers	9%	21%	43%	36%
Originated by mid-tier or front line leaders	11%	22%	37%	41%
Originated within functional groups on behalf of line organizations	30%	10%	14%	76%

What the Executive Team Could Agree On

This diagnosis was no surprise to the IHG executives. They were familiar with the symptoms and were searching pragmatically for a cure. The consulting team proposed the following steps to clarify strategic intent, focus transformation efforts, and design new organizational systems:

1. Clarify brands
 - How many
 - Differentiation
 - Customer value proposition
 - What drives shareholder value

2. Clarify strategy and come to consensus on essential structural elements
 - One company or many
 - Common or individual support systems
3. Identify capabilities that are essential to execute strategy
4. Distribute work across companies and shared services
5. Design optimized work systems and identify required skills
6. Design structure and governance
7. Design leadership and human resource systems
8. Design supporting information systems

The executive team listened carefully to each recommendation, engaged in dialogue around concerns and boundaries, and committed individually to providing their best and brightest emerging leaders to participate in the transformation process as members of the design team.

CLARIFYING STRATEGY

Ambiguity and the existence of multiple strategies had eroded focus at IHG and had built up layers of cost and redundancy that were noticeable, disliked, and accepted as the only way to get the work done. The design team took up the challenge to increase focus with the question: “If we are going to be the best global lodging company, we need to be world class at what?” Everything?

In attempts to maximize individual contribution from each of three geographic regions (Asia-Pacific, Americas, and Europe-Middle East-Africa), company leadership had not only duplicated costly resources in each region but had also created many of the same resources in its corporate division to provide oversight, guidance, and support.

Among targets for simplification were multiple ERP systems; shadow information technology departments; low-yield and eroding properties; multiple property management systems; and projects underway to add more complexity through additional variations of information technology systems. To clarify strategy, improve understanding of strategic intent, prioritize investment programs, and guide the future structure of the organization, a top team of IHG executives identified five key design principles for organizational systems, leadership, and culture:

1. Loyal customers and hotel brands where those customers want to stay create maximum value.

2. Investment in brand assurance, properties, and customer services will be driven by efficient operations at the corporate, region, and property levels.
3. Leverage can be gained from global presence, scope, and customer base.
4. Operation should recognize three geographic regions: Europe-Middle East-Africa, Americas, and Asia-Pacific, each with all hotel brands.
5. IHG should act as one global company with multiple hotel brands and local responsiveness.

Within weeks, the team of executives canceled or put on hold dozens of projects that it could not relate directly to the new strategy. Further examination of critical success criteria, value creation, and simplified organizational systems added more design principles, including these:

6. Customers' expectations must be exceeded wherever they travel and stay.
7. Brands must be consistent across geographies but need not be the same everywhere.
8. Financial performance will be driven by high occupancy at the right rates.

As stated previously, there were serious business challenges facing the company: a ten-year low for hotel occupancy and industry-high operating costs. As the design team was getting the transition planning process started, they were forced to respond to two more: terrorist attacks on public places, including hotels; and the SARS outbreak. To its credit, the executive team stayed on course, encouraging the design team to continue planning the transformation.

ALIGNING WORK CAPABILITIES TO STRATEGY

In the past, cost cutting and budget crimping had delivered moderate success, but it was clear that much of those short-term gains eroded over time. This time, it was clear to everyone that work must be removed from the system in order to improve and sustain financial performance. Three models were constructed to describe the capabilities that IHG would need to execute its strategy. The three models represented three different ways that the corporation might be structured. Extracting the best and most practical elements from each of the models yielded a final design for corporate structure and a value chain of capabilities.

Categorizing Four Kinds of Work

Capabilities are a combination of people, process, and technology. In effect, capabilities are a way of describing work without being specific about how the work gets done. The “doing” can be insourced or outsourced, manual or automated, and located anywhere. It just needs to get done. The design team sorted work into the following four categories, with rules pertaining to each:

1. *Advantage work*: This is work that directly fulfills the design principles and *creates* competitive advantage by creating distinction in the eyes of the customer. Advantage work would be kept within the company and would be driven to world-class performance standards. Such work included the company’s world-class reservation system, HOLIDEX; its loyalty rewards program, Priority Club Rewards; and its processes for locating hotels and setting room rates.
2. *Strategic support work*: This type of work *enables* competitive advantage. Work would be held close by insourcing or brokering arrangements. Strategic support work would be performed at levels that clearly exceed those of competitors. Such work included reservations system development, customer relationship management, and property design.
3. *Nonessential work*: This work would be eliminated.
4. *Essential work*: This work would be driven to the lowest possible cost without creating disadvantage. Such work included data center management, customer mailing management, and property maintenance, all of which were targeted for outsourcing.

A Capability Alignment Plan

Table 5.2 summarizes a Capability Alignment Plan for categorizing and optimizing different IHG capabilities. The plan was a list of capabilities that IHG needed in order to execute its strategy. This list is similar to a service value chain or core process inventory. Each capability was classified as Advantage, Support, or Essential, as defined previously. The “In-Out Location” column of the table suggests a location for the work that delivers that capability. The combination of columns for categorization (Advantage, Support, or Essential) and Current Performance led to an investment recommendation for each capability: to hold, create, improve, or outsource.

The leadership team had a great deal of difficulty creating some parts of the alignment plan. It was clear that a lot of “important” work is not valued by customers and therefore does not create competitive advantage. The team understood that such work should be done at absolutely the lowest cost without creating disadvantage—until the decision involved “my work.” It is very difficult for most

Table 5.2. Capability Alignment Plan

<i>Business Capability</i>	<i>Advantage Work</i>	<i>Support Work</i>	<i>Essential Work</i>	<i>In-Out Location</i>	<i>Current Performance</i>	<i>Investment Recommendation</i>
Locate properties in the right places to maximize access to customers	✓	✓		In	Below parity	Improve
Fit up properties to brand standards			✓	?	World class	Outsource
Market properties to target customers	✓			In	Above parity	Improve
Accept reservations when and how customers desire	✓			In	World class	Hold
Check in guests to brand standards	✓			In	Parity	Improve
Cater functions		✓		?	Parity	Hold
Check out guests to brand standards	✓			In	Parity	Improve
Complete folios to customer requirements	✓			In	World class	Hold
Record loyalty club points		✓		In	Parity	Improve
Litigate lawsuits			✓	?	Above parity	Shed
Collect service quality data			✓	?	Below parity	Improve and shed
Locate buyers for unwanted or “managed but not owned” properties		✓		?	Parity	Improve and broker
Contract sales of properties		✓		In	World class	Improve
Contract franchises		✓		In	Parity	Improve and broker
Contract management for non-owned properties	✓			In	Parity	Improve
Maintain properties to brand standards		✓		?	Parity	Improve and broker

people to see their work as not being “important,” and team members confused “important” with “strategic.” For example, everyone on the team agreed that reporting income and filing tax returns was essential work (not advantage or support work), but some still felt that the company should have the internal capability to do it at a world-class performance level. Likewise, tax preparation, litigation defense, procurement, employee benefits administration, and other essential work was being performed at levels well above what returned value to customers and shareholders, and those capabilities needed to be trimmed back to lower cost levels.

RELOCATING WORK

Work that creates competitive advantage is best done as close to the customer as possible to minimize interpretation, translation, and delays caused by handoffs. At the opposite extreme, work that is essential but only remotely connected to creating value for customers distracts leaders’ attention and resources from the more highly valued work. Essential work should be located apart from advantage and strategic support work and sourced outside the company to minimize distraction of leadership attention from what contributes most to competitiveness.

The new design principles dictated tailored services in each local market to ensure effective customer experiences and to leverage local operational efficiency opportunities. For example, a hotel brand would allow local choice of room décor but would globally specify room amenities to fit cultural expectations. Another example involves room availability. Where labor is quite inexpensive compared to data communications, it is advantageous to have people keep track of rooms and not invest in sophisticated property management communications technology.

When multiple standardized processes were found to be necessary to support regional differences, centralization was postponed to avoid disruption without value. Such processes were placed on a schedule for review at a later time when design of a single standardized process could be explored.

While corporate functions would direct investor relations, leadership core competencies, and brand marketing to ensure the image of one global company and to preserve a single leadership brand, each of the regions would be responsible for tailoring hotel brands to local requirements, leadership practices, property configuration, operations, and public relations. A team led by Andrew Simpson, now Senior Vice President of Global Business Service Centers, collected a number of transaction processing, information technology support, legal, and accounting functions that were identified as essential work. This team set out to outsource where possible and to design a new set of shared services centers for efficient operation of the rest.

Location of Shared Services Centers

Significant investment had already been made in shared services centers in the United States, Australia, and Europe. It made sense to leverage that investment by continuing to use existing facilities, information technology systems, and staff. However, the team did challenge the configuration of each center, the number of centers, and their locations. Their challenge led to several actions:

1. There were five centers (two in England, and one each in Belgium, the United States, and Australia). Plans were drawn up to reduce the five to three.
2. Information Technology (IT) systems for HR and financial transaction processing were being collected into the center. These were retargeted for outsourcing.
3. Investigation of a center located in India was added to the program as a cost reduction possibility.
4. Enhancing customer care services from the company's call centers demanded expansion and localization. This was included in the agenda and assigned to a separate team.

PROBLEMS WITH OUTSOURCING SOME CAPABILITIES

The first outsourcing undertaken was that of HR transaction processing. The initial concept was to contract out record keeping and payroll as quickly as possible to reduce operating cost and to take a significant load off of the company's mainframe. An outsourcing team from the HR, finance, IT, shared services, and procurement functions managed a feasibility study and vendor selection process that convinced them that they were on the wrong track. Three findings caused them to change course:

1. Potential suppliers showed data indicating that costs could be reduced up to 30 percent. However, more than half of that would come from adopting a standardized process.
2. The more experienced and competitive global players would not assure IHG that they would provide timely access to the HR software supplier's latest releases.
3. The suppliers held the right to locate work anywhere in the world.

The first finding suggested that if the three regional business units adopted a standardized process and the shared services center was able to reduce operating cost by 15 percent, insourcing would be competitive. The second finding

was taken as a severe caution that IHG would only get one chance to pick HR information system capabilities if it outsourced. Suppliers' minimum term requirements would lock capabilities far beyond visibility of future requirements. The third finding only added to the outsourcing risk profile. In effect, outsourcing implied giving up too much control.

IHG's next attempt at a solution was even less productive. Rather than looking for a supplier, the team began to search for a partner who would share in the value returned by standardized process through lower future rates and who would ensure access to the chosen HR information system supplier's future developments. This search ended quickly when all viable candidates were unable to meet either requirement. The team was left with a different challenge: how to reduce per transaction cost and standardize process. Financial transaction processing was another capability that proved hard to outsource. Since it included customer billing and involved direct contact with customers, again IHG saw great risk in entrusting future adaptability to a less than committed partner. Both financial transaction processing and human resources transaction processing were therefore treated together as the shared services center design continued.

LOCATING THE SHARED SERVICES CENTERS

IHG operates hotels in almost every major population center in the world, demonstrating its ability to create and operate successful business operations where needed. Having decided to locate and operate shared service centers for the lowest cost at specific service levels, the remaining challenge was to identify locations with access to critical resources.

Several consulting firms, including the Gartner Group and A. T. Kearney, Inc., analyze factors related to locating work centers around the world. Several sets of such data were used to identify decision parameters. The following capabilities served as final selection criteria for location of shared service centers:

1. Assurance of information privacy
2. Security of intellectual property
3. Access to English-speaking people with strong communications skills, diverse culture sensitivity, and geographic awareness
4. Political stability
5. Long-term low infrastructure costs
6. A workforce with low attrition rates
7. Competitive compensation and tax cost structures

Because the first three criteria listed represented competitive advantage (to be performed “better than competitor”), they merited greater consideration in the decision than would be given to the cost criteria shown toward the end of the list.

The final design from the service center team provided the following plan:

- Remove the five existing service centers from regional control and bring them into a single shared services organization.
- Combine work from the five centers into three to capitalize on economies of scale.
- Simplify, stabilize, and standardize processes in the three centers.
- Create a center in India and gradually transfer the bulk of HR and accounting back office transactions there to drive out cost.
- Maintain regional service centers to provide billing and payables that directly interface with suppliers and customers to ensure brand localization.

Another team working closely with the service center team reengineered the corporate information technology function to one-half of its former size by focusing corporate resources on shared infrastructure and shared business process automation. Ultimately, service centers and corporate information technology were combined into a single new function: Corporate Shared Services under the direction of Larry Burns, Senior Vice President and Chief Operating Officer, Central Shared Services.

RESULTS

InterContinental Hotels Group made a commitment to its shareholders to deliver \$100 million in annual expense reduction. Close to one-half would be derived from reengineering and the creation of the Corporate Shared Services function. IHG delivered on this commitment. It also committed to improving customer service and customer value. Customer feedback has since confirmed that InterContinental Hotels Group is now the number 1 global hotels company.

Along the way, two mantras arose. First, “It’s not about the boxes”—meaning headcount reductions and reorganization could not deliver the same results as work elimination, location, and redesign. Second, “Invest in Advantage Work”—meaning cash produced from reducing cost of other work would either be invested where customers and investors would appreciate it, such as quality of the hotel experience, more generous rewards programs for customers, or come out as higher profits.

In the several years since beginning operation as InterContinental Hotels Group, the company has acquired Candlewood Suites hotels to fill out its extended stay portfolio in response to customer feedback. In addition, the premium Six Continents Club and Priority Club Rewards programs have been combined to give all members access to all properties worldwide. Also, share price has increased 71 percent, outperforming the FTSE 100 by a factor of two.

SUMMARY

When Six Continents Hotels/IHG drew up its business plan in preparation for de-merger from the Bass Holding Company, it knew that it had to cut costs dramatically and that it also needed a growth strategy to assure and retain its investor base. Building capability for the future and reducing operating costs at the same time, resulted from a strategic approach to sourcing work.

As de-merger made it independent, the InterContinental Hotels Group leadership team knew what was causing poor financial performance and which tangible and intangible capabilities drove value for their customers. What it needed was to align the top four levels of the leadership team around a single strategy. Once able to do that, the team came up with a new company configuration: Corporate, Shared Services, and three Geographic Regions. This breakthrough put it well on its way to transforming an underperformer to a top performer in the hospitality industry.

Between the fall of 2002 and fall of 2003, senior leadership restructured operations by creating a stronger focus on essential capabilities, shedding non-value-adding work, and relocating services across its global reach and to external partners. With the valuable hotel and franchise assets, industry-best reservations and customer loyalty reward programs, and execution of a large scale organization design program, a leaner, high-performing InterContinental Hotels Group emerged.

By classifying work in relation to competitive advantage and then selecting work locations to best deliver on strategy, the leadership team was able to make planning decisions in a logical and consistent way. These decisions led to immediate release of resources that improved bottom line performance. Other decisions led to identifying opportunities for creating common systems and using shared services centers more extensively, thereby freeing additional cash for investment in value-adding assets.

It was surprising to many that insourcing and the use of global reach, at somewhat higher costs than outsourcing, assured competitive advantage. Willingness and a refined capability to operate seamlessly anywhere on the globe presented this opportunity to IHG, an opportunity not available to companies with national and transnational operating models.

Two years later, gains have been sustained. Corporate Shared Services continues to assume work from corporate and regional operations. The company has developed internal capabilities to adapt itself to shifts in operating strategy or to capitalize on cost-effective transaction processing opportunities.



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Johnson & Johnson

Training Global Leaders for Supply Chain Innovation

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The Global Supply Management Institute (GSMI) is Johnson & Johnson's comprehensive approach to ensuring effective leadership for the transformation of its Consumer Operations to a world-class supply chain management (SCM) operation.

INTRODUCTION

Johnson & Johnson (J&J) is the world's most comprehensive manufacturer of health care products. With 109,500 employees, more than 50,000 operating in the United States, operations in 57 countries, and products sold in more than 175 countries, J&J's worldwide sales in 2003 reached \$41.9 billion. These figures were spread across three company segments: Consumer, Pharmaceutical and Medical Devices, and Diagnostics.

Johnson & Johnson's innovative spirit began in the mid-1880s, when Robert Wood Johnson decided there had to be a better way for decontaminating the

The contributors give special thanks to David Jennings of Neutrogena Corporation; Brian McGrath, of Johnson & Johnson; Alison Buxton of Johnson & Johnson Asia/Pacific; Tanya Goodwin-Maslach and Ernie Gundling of Meridian Resources Associates.

surgical rooms in hospitals. Mr. Johnson partnered with his two brothers and developed methods for sterilizing medical instruments and bandages, and provided doctors with manuals for conducting antiseptic surgical procedures. They created the first ready-made, ready-to-use surgical dressings and continued with the creation of Italian talc, now known as Johnson's® Baby Powder. In 1921, an employee demonstrated this innovative thinking again when, in order to provide his wife with a convenient means of treating household cuts and burns developed the current Band-Aid® Brand Adhesive Bandages. This combination of leadership and innovation has driven the company to be a family of 200 companies.

In a recent study of 636 companies in 24 industries, considerable evidence demonstrates a correlation between supply chain management practices and consistent financial performance. In high-performance businesses, this has been one of the biggest drivers for current and future value. Instead of being viewed as a cost center, the supply chain is seen as a place to innovate or revolutionize the way consumer products are made and marketed.¹

At Johnson & Johnson, the challenge is to change from being an already very creative company to being one that can continue to innovate inside a new process of supply chain management. Currently, the operational model being used remains very costly, as product ideas go from creation through marketing in a traditional vertical fashion. In the current global market, with competition increasing from companies demonstrating innovation in their own SCM processes, leaders at J&J are challenged to think about altering their model and are asking questions such as “Do we need to *make* the product ourselves?” and “Is there a better way to supply this product to our consumer?” These questions take leaders into the heart of SCM issues and challenge them to adopt a whole new way of thinking.

In order for such innovation to occur, leaders who guide the SCM process must consider innovation in a more global context. In addition, they must understand the implications of guiding a system that concurrently strives for innovation. If outsourcing becomes more prevalent in the business, leaders will have to demonstrate greater skill and flexibility in building and maintaining relationships with their global partners. This requires leaders to be educated in various cultural values and business practices such as strategic communication. Without this understanding and a more global skill set, the leader generates barriers to productive relationships, which in turn generate cost to the organization and ultimately a huge loss of competitive advantage.

In response to these issues, at Johnson & Johnson an initiative was undertaken to create the Global Supply Management Institute, a program of trainings at regional locations. One of the critical learning aims of the institute was to get leaders to question the assumptions upon which their styles of leadership and their current operating models were built, and how those assumptions ultimately

influence cross-cultural business partnerships and financial and organizational competitiveness.

In 1943, a Johnson & Johnson credo was developed that is still used today as a guide for people conducting business at J&J (see Exhibit 6.1). It explains that the organization's responsibility is first to the customer, then to its employees, the community, and finally to the stockholder. This contrarian view of putting the stockholder last received much public attention, but it was General Johnson's view that placing the customer first would serve the business well into the future—and it has. “Our Credo” has been modified through J&J's history but still serves as an active reflection of the organization's beliefs and values.

Business Case for Creating the GSMI

J&J wanted to give its Consumer Operations a competitive advantage by building a reliable supply chain, at the lowest possible cost, that would support innovation and growth. With that in mind, the Operations Council created a three-part global supply chain management strategy of “delivering a reliable supply chain, . . . at the lowest possible cost, . . . while supporting innovation and growth.”

Executing the strategy required five clusters of key leadership skills and competencies, shown here along with comments on how things were before the institute began its training, as determined mainly by interviews with Consumer Operations managers and directors who would be participants:

1. *Self awareness and self-confidence*: Before the institute, the competencies of emotional self-awareness and accurate self-awareness were minimally demonstrated.
2. *Social awareness, including interpersonal understanding and organizational awareness*: Customer service awareness was minimally shown in the manager and director interviews and in other benchmark interviews. The internally focused job demands of managers and directors may account for this finding.
3. *Cognitive skills, including analytical and conceptual thinking, and information gathering*.
4. *Self-management, including self-control, flexibility, achievement, and initiative*: The competencies self-control, integrity, and flexibility were minimally reflected. Integrity and flexibility were also minimally evidenced.
5. *Relationship management, including leadership, influence, holding people accountable, developing people, teamwork, and collaboration*: Relationship building was minimally displayed in both the Consumer Operations and benchmark interview groups.

Exhibit 6.1. “Our Credo”

We believe our first responsibility is to the doctors, nurses and patients,
to mothers and fathers and all others who use our products and services.

In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs
in order to maintain reasonable prices.

Customers’ orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity
to make a fair profit.

We are responsible to our employees,
the men and women who work with us throughout the world.

Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate,
and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill
their family responsibilities.

Employees must feel free to make suggestions and complaints.

There must be equal opportunity for employment, development
and advancement for those qualified.

We must provide competent management,
and their actions must be just and ethical.

We are responsible to the communities in which we live and work
and to the world community as well.

We must be good citizens—support good works and charities
and bear our fair share of taxes.

We must encourage civic improvements and better health and education.

We must maintain in good order
the property we are privileged to use,
protecting the environment and natural resources.

Our final responsibility is to our stockholders.

Business must make a sound profit.

We must experiment with new ideas.

Research must be carried on, innovative programs developed
and mistakes paid for.

New equipment must be purchased, new facilities provided
and new products launched.

Reserves must be created to provide for adverse times.

When we operate according to these principles,
the stockholders should realize a fair return.

Thus, interviews uncovered gaps in four of the five key leadership areas, among supply management team leaders who would need to execute the global SCM strategy. Skills were noticeably absent in all areas other than cognitive skills.

However, the strongest driver of change was results of work style and personality assessments. These results clearly illustrated need for improvement. These behavioral and skills gaps were identified in a J&J Standards of Leadership Emotional Intelligence (SOL-EI) 360-degree feedback report for the operations group and became the primary business driver for, and the focus of, the development of the Global Supply Management Institute. Key learnings from the feedback report indicated that:

- As a group, managers were perceived as very capable within their functional areas.
- The managers were not perceived as creating and driving toward a vision for operations or for the business.
- The managers were probably more effective at convincing and influencing their bosses than at influencing peers or those in neighboring divisions or business partners.

KEY ELEMENTS OF THE GSMI

Intent and Goals

The institute was intended to focus on leading strategic change by providing learning experiences that would promote a change in style from that of a manufacturing operation to that of a world-class supply management operation.

It was designed to provide operations leaders with the knowledge, skills, and awareness they would need to lead the change process required by the global supply management strategy.

In three regions (North America, South America, and the United Kingdom), the institute would conduct leadership development sessions in the form of two one-week programs with a ninety-day action learning component between sessions. In a fourth region (Asia/Pacific), the sessions would be slightly different, as explained later in the chapter. The overall mission for the institute, of which the sessions were a part, would be to support the broad global supply management strategy of giving operations a competitive advantage by delivering a reliable supply chain at the lowest possible cost while supporting innovation and growth. The institute elaborated this objective into five supporting goals in terms of improving managers' knowledge and skills in six basic respects:

1. Enhance the strategic role of managers and directors in transitioning to world-class supply chain management

2. Improve their understanding of how to better lead the change process
3. Enhance their understanding of how to derive value from an improved supply chain operation
4. Enhance their understanding of the concept of strategic cost management in the supply chain and how to use the right cost management tools
5. Equip them to better manage the supply chain for competitive advantage
6. Equip them to promote innovation and growth in the supply chain

Design of GSMI

The Operations Council, a team of twelve J&J executive sponsors, provided support to the institute for a comprehensive approach for delivery of the program. Broadly, its role was twofold: (1) to create a vision and action plan to move from a manufacturing to a world-class supply organization to support Capital Efficient Profitable Growth (CEPG), and (2) to drive process excellence around the world. A more detailed summary of its roles is shown in Exhibit 6.2.

At the heart of the institute's thinking about what managers needed to gain from training were two overarching managerial missions: (1) leading the change and managing the transition to world-class supply chain management, and (2) creating customer value through supply chain excellence. In service of these objectives, the institute program was designed to integrate four components:

1. *Four personal assessments*: The purpose of these was to create understanding of current strengths and areas needing improvement.
2. *A "business challenge"*: This activity would allow participants to apply acquired knowledge toward the development of recommended solutions for a relevant business issue.

Exhibit 6.2. Roles of Operations Council

-
- Focus on strategic direction of learning and development
 - Manage the content, deployment and impact of the GSMI
 - Provide appropriate and timely availability of resources
 - Provide guidance and leadership
 - Arrange for resources as needed
 - Provide support and create core systems to support GSMI
 - Manage the relationship with suppliers
 - Ensure that all appropriate materials, case studies, assessments, facilities and authoritative presenters are ready and available
-

3. *A benchmarking study*: This would educate participants about people and process innovations at other high-performance organizations.
4. *Leadership development*: The intent here was to enable managers to better lead innovative supply management teams at J&J. To do so, this component would improve their ability to develop strong cross-functional/cross-cultural relationships and to strengthen strategic communication techniques based on a richer understanding of cultural values, personal leadership, and work styles.

Each session began with a set of questions that would frame a robust dialogue between participants and Operations Council executives regarding the global supply chain management strategy:

1. What were your general reactions to this strategy?
2. What challenges, if any, do you recognize that would prevent you from executing against this strategy?
3. Do you see any internal inconsistencies or contradictions that would make you uncomfortable in delivering this message back to your colleagues?
4. In your opinion, what is missing from this strategy?

Action learning was a significant method for ensuring knowledge retention during and post-institute. Exhibit 6.3 shows a variety of other methods used in all four regions. Among other activities, executives from J&J presented the

Exhibit 6.3. Learning Methods

In the sessions:

- Presentations, discussions, and analyses of key issues
- Assessment of leadership styles and coaching assistance
- Small group learning activities
- Reading and/or case studies on how to apply behaviors and skills
- Broad representation of participants

Action learning around current business problems

Learning partnerships and networking between participants to ensure support and promote communication

Involvement in strategic agenda to ensure awareness and alignment of strategic goals

Postprogram follow-up

global supply chain management strategy and facilitated discussions on J&J leadership; institute leaders facilitated review of and exercises based on the results of participants' personal assessments; and visits were paid to retail stores to broaden knowledge of consumer behavior.

In the three regions where the institute was configured as two split weeklong sessions, in the first week groups of seven to eight participants worked directly with a coach. This individual provided expert insight and guidance on process observation (group behavior), offered one-on-one feedback, and ensured the group maintained relations and productive work behavior until the next week's session.

The most critical areas of the institute's design were the business challenge projects, the benchmarking study projects, and the opportunities to learn from peers in J&J's global supply management teams.

The Business Challenge Projects. These were real business problems related to advancing the supply chain strategy, introduced at the end of the first week session and tackled as a cross-cultural, cross-functional team in the second week. Participants learned to apply some of the leadership concepts and behaviors proposed in the GSMI program and, with their team members, developed an overall framework of recommendations on how to address the challenge. At the end of session 2, teams presented their recommendations and solutions to the members of the Operations Council and began a dialogue about the quantifiable business impact and potential of their proposals.

The Benchmarking Studies. Moving to global supply chain management involves significant improvements in J&J's processes, leadership awareness, and change management skills. Part of the intent of the institute was to expose J&J leaders to organizations that have successfully implemented all or part of world-class supply chain management. The uniqueness of this aspect of the program was to allow participants to ascertain how both leaders and employees are involved in the change process.

Participants in the United States (meeting in Dallas, Texas) visited Harley-Davidson, and those in Latin America (meeting in São Paulo) visited Embraer, a manufacturer of commercial aircraft carriers. In the United Kingdom, participants were asked to review best practices of J&J franchises throughout the company's regions—Europe, Asia/Pacific, North America, and Latin America.

Audiences, Locations, and Durations

More than thirty current leaders representing each of J&J's supply chain global teams attended the institute during each of the four regional sessions. As we noted earlier, in three of the regions there were two one-week sessions. Exhibit 6.4 shows the session schedules. For these sessions, attendees were recruited globally, representing all four regions and fifteen countries, and all functional.

Exhibit 6.4. Program Schedule

*Week One***Monday**

- Review and understand J&J Supply Chain Strategy
 - Learn about J&J organizational character and personal impact of individuals leading SCM
-

Tuesday

- Strategic communication; coaching, influencing skills
-

Wednesday

- Benchmarking site visit
-

Thursday

- What can we do to innovate?
 - Use Meridian assessment tools for individual and group discovery
 - Role of innovation and begin thinking broader meanings of “supply”
-

Friday

- Presentation of Business Challenges
-

*Week Two***Monday/Tuesday**

- Focus on how to effectively lead a global organization
 - Defining skills required
 - Market knowledge; consumer behavior—Impact of behavior on SCM process
-

Wednesday

- Site visits to retail stores; learn more about consumer behavior
 - Investigate consumer needs from the perspective of a consumer
-

Thursday

- Presentations to Operations Council
 - Dialogue with Operations Council on Business Challenges
-

Friday

- Senior executive discusses personal leadership story at J&J with participants
-

Due to cost constraints and the health scare in China at the time of the program, the Asia/Pacific (Singapore) Institute was conducted in one week instead of two. Two other differences were that the Asia/Pacific program was attended only by people from that region and focused on a specific business challenge faced by that region.

THE USE OF ASSESSMENT IN GSMI

Leading supply chain innovation required a change in how J&J leaders led and guided their teams. For GSMI participants, that meant essentially changing how they did their jobs. They would need to broaden their perspectives on supply chain management, lead with a deeper understanding of different cultural values, customs, and operating behaviors, and understand with greater clarity the customer's perspective. Prior assumptions they carried with them about how to operate with their global teams were likely to be the basis for unproductive behaviors and actions, potentially disastrous in future business.

FIRO-B and Myers-Briggs Testing

To first help participants identify their personality traits and personal work styles, Michael Frugé, GSMI program designer, administered the Fundamental Interpersonal Relations Orientation-Behavior (FIRO-B) and the Myers-Briggs Type Indicator (MBTI) and facilitated a learning session based on these testing results.

The FIRO-B is a powerful psychological instrument developed to explain how personal needs affect various interpersonal relationships. FIRO-B results can provide an expanded understanding of our behavior with others. This information can help us maximize the effectiveness of our actions, recognize options for increasing job satisfaction and productivity, and explore alternate ways to achieve personal and professional goals.

The Myers-Briggs Type Indicator instrument is the most widely used personality inventory in the world. This instrument determines preferences on four scales: Extraverted/Introverted, Sensing/Intuiting, Thinking/Feeling, and Judging/Perceiving. The various combinations of these preferences result in sixteen possible personality types.

One value of the MBTI is that it lets us look at the match or difference between personality types in the individual members of a group and what is expected or known to be the group's "organizational character." Organizational character refers to an organization's "personality" or "climate" or "DNA." It refers to the grain of an organization's wood and the reasons that organization is what it is and does what it does. Table 6.1 summarizes what has been the prevailing group character for supply chain managers at J&J, as determined by MBTI testing and similar means.

MBTI results for the Asia/Pacific regional institute was particularly interesting in this regard, as shown in Table 6.2. By far, most of the individuals fit the MBTI descriptors ISTJ (Introverted, Sensing, Thinking, Judging) or ESTJ (Extraverted, Sensing, Thinking, Judging). This profile matches J&J's overall organizational character. It shows that the kinds of behaviors and attitudes that the institute was designed to transform are strongly present in the region.

Table 6.1. Group Character of Supply Chain Managers

MBTI: “E/I STJ” (Extraverted/Introverted, Sensing, Thinking, Judging)
Have a strong, no-nonsense, standardized orientation
Maintain long-term customer relationships
Excel at consistent, high-quality production
Value a clear hierarchical chain of command
Focus on anything that is measurable

Table 6.2. MBTI Individual Results, Asia/Pacific Group

<i>Profile</i>	<i>Number of Participants</i>
ISTJ	9
ESTJ	6
ENTP	5
INTJ	1

The Innovation Barometer: Understanding Capacity to Innovate

In addition to FIRO-B and the MBTI, Meridian Resources Associates, a consulting firm specializing in building global innovation, global leadership skills, and strong cross-border teams, provided two instruments to be used at the GSMI before participants undertook action learning exercises. The first, called the Innovation Barometer™ was to give them an accurate picture of their current innovative capacity.

Exhibit 6.5 shows sample items from the Innovation Barometer related to individual feelings about innovation at the company. Individuals respond by noting how strongly they agree or disagree. This test was used in the first week to assess the current innovative capacity in the four different J&J regions and to provide a basis for beginning a discussion on how the participants could become more innovative.

All forty-two questions in the Innovation Barometer assessment fell into categories representing main drivers for innovation. The resulting reports formed the basis for specific, customized exercises that followed. The exercises served to raise awareness and build participants’ innovational skills. Figure 6.1 conceptualizes six levels of innovation.

In the United Kingdom (London) and South America (São Paulo), participants were particularly engaged and intrigued by the notion that innovative

Exhibit 6.5. Sample Individual Responses from Innovation Barometer

1. Each employee is constantly looking for ways to innovate in his or her own job.
2. Employees understand innovation as a combination of new ideas plus action that produces results.
3. Employees have the skills and attitudes that they need in order to innovate.
4. Employees in staff roles (finance, legal, HR, administration) are committed to support innovation in the organization as a whole.
5. Employees who invent new products or services promote their ideas to them in a way that leads to implementation.
6. An ordinary employee with a creative idea has a good chance of making it work.

Source: © Meridian Resources Associates.

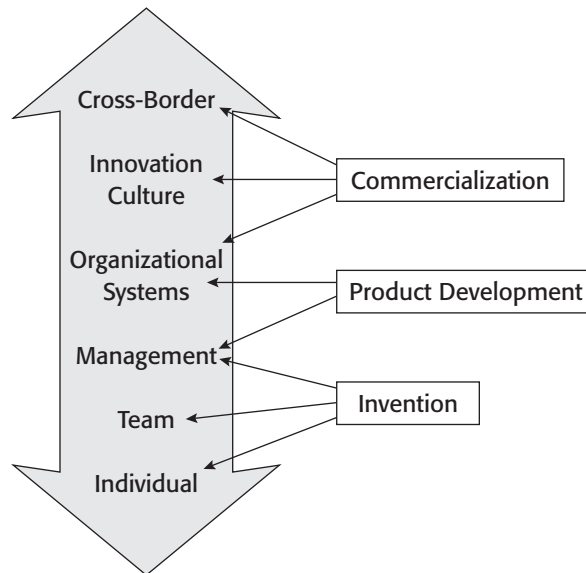


Figure 6.1 Six Levels of Innovation

thinking can be compromised simply by one's own workplace environment. When asked where or when they were at their most creative, their answers ranged from driving in their car, to listening to music, while on a run, or at 1:00 in the morning. Participants experienced an "ah ha" moment when they then considered their own workspaces as potential constraints to innovation. None was surprised to learn that innovation might be stifled simply by the physical surroundings or fixed time periods (an 8:00–5:00 work day) of their work.

A critical point in understanding the idea of innovation, however, is how the individual or team perceives the behaviors associated with innovation. This hits at the heart of understanding innovation in a global context. In challenging teams to begin thinking more innovatively, leaders must first be aware of the impact culture has on the behaviors and actions associated with *being innovative*.

GlobeSmart: Overcoming Cultural Gaps

GlobeSmart™ was the second instrument supplied by Meridian Resources Associates for use before beginning any action learning exercises. GlobeSmart assesses an individual's behavioral profile as determined by cultural background and allows a person to manage effectively the cultural gaps between oneself and peers in other countries. Using this tool, participants understand how they can modify their styles to work effectively with their cross-border business partners.

The GlobeSmart personal style assessment has undergone rigorous testing for reliability and validity. As a statistically valid assessment instrument, it can say with exceedingly high probability that if a cultural gap exists between two or more individuals, a number of specific barriers to effective leadership and teamwork are likely to emerge. For a look at some of the questions, see Exhibit 6.6.

Leaders must be conscious of the business implications of their leadership styles, behaviors, and actions. Different cultures practice different ways of communicating, interacting, and negotiating. Consequently, the values upon which individual members of Johnson & Johnson's global supply chain team base their actions must be mutually understood in order for the team to be as cohesive, creative, and productive as possible. How they speak to, interact with, or what they expect from their team members and leaders in different countries and cultures will impact the financial performance of their businesses and ultimately determine the extent to which Johnson & Johnson can build and maintain a global competitive advantage. As an example, see Exhibit 6.7.

The GlobeSmart tool gave leaders a snapshot of their current culturally based assumptions about business behavior and served as a springboard into lively discussions and exercises. These encouraged deeper investigations about the cultural values, traditions, and beliefs that shape each individual's behavioral profile.

In all of the regions, both the GlobeSmart and Innovation Barometer assessments proved effective.

HIGHLIGHTS AND ADDITIONAL INSIGHTS FROM THE SINGAPORE GSMI

Here we say more about the Singapore version, which was the most successful of the four regional programs, as judged by comments from participants and facilitators and post-training behaviors. It had the most significant results in terms

Exhibit 6.6. Sample of GlobeSmart Survey Questionnaires

You are in a group of employees who must carry out a project together. Given the choice, how will you, personally, want the group to work?

<p>Harmony of the group is the key. A focus on the goals of the group will enable us to achieve more than if we emphasize our individual efforts.</p>	<p>0 1 2 3 4 5 6 7 8 9 10</p> <p>● ● ● ● ● ● ● ● ● ● ●</p>	<p>Individual initiative is key. Each person needs to take initiative and work to achieve something unique and useful that will help the group.</p>
←		

You have recently been appointed human resources manager for a department of 150 people. What is your attitude likely to be concerning the importance of rules and regulations?

<p>Almost no rules and regulations are better—employees should be free of them.</p>	<p>0 1 2 3 4 5 6 7 8 9 10</p> <p>● ● ● ● ● ● ● ● ● ● ●</p>	<p>More rules and regulations are helpful for employees.</p>
←		

The team you are on is faced with a choice between two different priorities. How will you as a team member be more comfortable making the decision?

<p>Have everyone on the team participate in building consensus.</p>	<p>0 1 2 3 4 5 6 7 8 9 10</p> <p>● ● ● ● ● ● ● ● ● ● ●</p>	<p>Have a few qualified individuals offer their expertise and take initiative.</p>
←		

Exhibit 6.7. Building Relationships: China

Introductions from a bank or the Commerce Department will help to establish your credibility in the PRC and open doors that would not otherwise be open to you. Although the importance of third-party intermediaries is declining, some traditional organizations may be reluctant to reply to communications from potential partners if they do not have adequate information regarding those companies. Relationships in the PRC tend to be tied to individuals, instead of institutions. Strong interpersonal relationships last a long time, and carry over to new organizations when people change jobs. It is therefore very important to make sure that an effective transition takes place when a person holding a key relationship leaves the organization or changes roles.

Relationships are based on respect and trust. As an “outsider,” the best approach for developing relationships with Chinese business colleagues is to represent yourself and your company honestly and follow through on all commitments made.

One unique aspect of Chinese relationship building is the transition that occurs during the development of a friendship from a high level of formality in initial contacts to an increasingly informal level of interaction. The formality that Chinese exhibit in the early stages of relationship building is meant as a demonstration of respect. The mistake that non-Chinese sometimes make is behaving too informally during this period of relationship building, thereby unintentionally offending their Chinese friend or appearing superficial and insincere. Avoid high-pressure tactics in pursuing relationships with business partners. Instead, emphasize the compatibility of your firms and your own personal interest in developing a long-term relationship with your counterpart(s).

Do not send only low-ranking individuals to China to develop relationships. The commitment of senior staff members indicates an interest in building lasting relationships. Maintain relationships you have developed in China by sending thank-you notes to those who made the introductions, doing follow-up calls with those you have met, and inviting contacts out to dinner. Frequent contact is a way of showing that you care about the relationship.

of learning and particularly shared cultural awareness. As we noted earlier, the program in Singapore involved participants only from the Asia/Pacific region and was compacted into a single week. As a result of the time limitation, the benchmarking study was not included. Despite this disadvantage, the program led to some noteworthy results. GSMI has since decided that knowledge gained in the Singapore program can and will be applied to the other three regions.

Key Elements of Singapore Training Program

Three key components made the Asia/Pacific regional program particularly effective: executive management involvement, a different approach to the business challenge, and the nature of the follow-through.

1. *Executive management involvement:* A significant number of executives from J&J headquarters in New Jersey and the Asia/Pacific region were present and actively participated in all or part of the session. They engaged participants in dialogue about business challenges and observed and commented on participants' conversations and frustrations. They offered themselves as sounding boards for recommendations for future action and remained involved with project teams beyond the GSMI.
2. *A different approach to the business challenge:* Before arriving in Singapore, participants were presented with three key business challenges by the new leader of the Asia/Pacific region. "Project Geneva," as these challenges were named, called for the participants to design solutions and make recommendations primarily on inventory reduction and cost efficiency in the supply chain management process. Participants were divided into three teams before going to Singapore and asked to tackle these challenges. They were required to bring data with them to the institute to support their viewpoints. Such preparation, and involvement by a key executive, provided a more effective forum for learning. It was also an efficient use of the group's time.
3. *Follow-through:* Strong emphasis was laid on follow-up support and coordination. Regular conference calls took place in order to build and sustain progress on each of the region's three business projects, and a subsequent session was planned at which the project teams would report to SCM directors on their pilot or trial work and/or provide full recommendations for how the project should move forward. Some teams have realized greater gains in their project's evolution than others, but all were actively involved in a way that had not happened prior to GSMI.

Other Differences in Program and Focus

At the start of the week, a senior executive leading J&J's Asia/Pacific region greeted the participants. The second day began with full discussion and activity on understanding the business case for innovation in the SCM process, per the outline of points regarding trends in enterprise expressed in Exhibit 6.8. The facilitator also illustrated the six levels of innovation within the context of the organization, using Figure 6.1. Combined with the business case for innovation, this diagram highlighted who was responsible for innovation taking place, and in what areas.

Different Conversations about Innovation. The facilitation that we just described prompted challenging conversations about how to begin *being* innovative.

Exhibit 6.8. Business Case for Innovation in SCM Process

- Rapidly accelerated information flow
 - Shorter product life cycle
 - Anything you make or do is subject to commoditization
 - Presence of so many competitors means what makes you different is shrinking fast
 - “Being different” (tangible value difference) is the only way to support profit margin
 - Creating and maintaining a difference is very difficult
-

From the standpoint of an employee from China, for example, the following behaviors associated with innovation seem unnatural and foreign:

- Thinking outside the box
- Always asking questions
- Challenging people’s ideas or suggestions
- Questioning authority
- Acting outside the group, potentially disrupting a harmonious situation

The participants were challenged to consider these as reasonable and expected behaviors if innovation is to take place. Furthermore, for leaders to get the expected behaviors from their teams, they were asked to model this behavior and regularly remind individuals of this expectation. Accepting risk, an inherent behavior of being innovative, is challenging for some cultures to digest and practice. As one might expect, this changing of behavior is akin to asking an introvert to become an outgoing, socializing extrovert.

Several Singapore exercises helped participants understand and practice the idea of “process innovation” better. In one of these, they first discussed the strengths and weaknesses illustrated by the Innovation Barometer’s results. They compiled a list of comments from these conversations and focused on understanding the key messages that were important for the three business challenges that the Singapore group was pursuing. The exercise covered three basic questions:

1. What are the key messages?
2. What specific issues are important to your “business challenge” team?
3. What actions do you want to take to address these issues?

This exercise led to another dealing with business process innovation. Now participants were asked to address three different questions:

1. What are our most critical processes? That is, what processes create the most value for customers and are most competitively unique?
2. What is the rate at which we are improving these processes? Is it accelerating or decelerating?
3. Can we imagine a radically different process that would deliver the same benefit?

In these exercises, and others throughout the part of the session dealing mainly with innovation, participants focused on learning how to begin thinking, managing, and leading more creatively, especially in the context of their specific business challenges.

Different Conversations about Leadership. As we noted earlier, understanding the role cultural values play in business practices is critical to global success. In the Singapore program, the transition of discussion topics from innovation to leadership presented the participants with a number of new surprises. Their main task in the leadership portion was to learn more about each other's cultural values in an open and nonjudgmental forum. An exercise in this part of the program centered on culture, values, and understanding the impact of cultural differences. It turned out to be the most enjoyable one of the week, the moment of greatest learning, and a genuinely new and eye-opening experience for those who took part.

First, participants were asked to write down the unique, culturally specific values of their own culture and country. Then they were asked to sit with people from the same background as their own and discuss the unique characteristics of their culture and what other people should be aware of in order to work and interact with them effectively. The lead consultant for the program, Maya Hu-Chan, then asked each cultural group to share its top three cultural characteristics with the whole group, allowing time for questions and dialogue. The most critical question was, "How do these values help or hinder our ability to work effectively and productively as a team?"

The process led each group to share some of its own unique values with the entire audience. In this process participants learned, for example, that people from Hong Kong value speed and urgency. As a result, they may demonstrate impatience in business and social interactions and want to do things quickly. Likewise in China, interpersonal relationships are highly valued and socializing with business colleagues is a means to building high-quality relationships. Participants had fun learning about each other's country's values and how these values were evident in various business interactions. In the end, they were surprised to find that, although they shared a common geographical location within the Asia/Pacific region, different countries demonstrated markedly different cultural values and business behaviors.

Further exercises and discussions were built around leadership in the global enterprise. Two of the key discussions centered on future challenges of global leadership (Table 6.3) and the emerging characteristics of global leaders (Table 6.4). Virtual management became a topic of specific interest in Singapore because of the business context in which many of the participants were working.

EVALUATION

The designers of the Global Supply Management Institute, Mike Frugé of the HR Development Group and J&J's executive Operations Council, originally defined success for the GSMI according to two criteria. First, supply chain management leaders would have an opportunity to network and collaborate with each other

Table 6.3. Future Challenges of Global Leadership

-
1. Change management
 2. Role management
 3. Career/life management
 4. Global management
 5. Youth management
 6. Customer management
 7. Technology management
 8. Knowledge management
 9. Time and resource management
 10. Virtual management
-

Source: Hu-Chan, M., and Solomon, J. *Global Leadership: the Next Generation*. Privately distributed executive report, 2000.

Table 6.4. Emerging Characteristics of Global Leaders

-
1. Thinking globally
 2. Appreciating cultural diversity
 3. Developing technological savvy
 4. Building partnerships and alliances
 5. Sharing leadership
-

Source: Goldsmith, M., Greenberg, C. L., Robertson, A., and Hu-Chan, M. *Global Leadership: The Next Generation*. Upper Saddle River, NJ: Financial Times Prentice Hall, 2003.

on projects relevant to their current business issues, and to develop understanding of one another's cultural values and practices. Second, the program would allow participants to directly apply what they learned in the program by implementing the projects they developed and refined during the institute. With respect to these criteria, and related goals of the institute, there is good evidence of success. Participant feedback also has been positive.

Evaluation by Participants

Participants were asked to evaluate the sessions. Table 6.5 summarizes 169 participant responses to two general evaluative statements.

Other Impacts and Signs of Success

Leadership Involvement and Careers. One effect of GSMI has been that in North America Johnson & Johnson has restructured its supply chain organization from one region with three independent organizations (Planning, Procurement, Contract Manufacturing), to three smaller, separate regional organizations. Now regional directors are working in a new capacity that ultimately has allowed them to be directly involved in a supply chain organization and to have a comprehensive career path in a regional supply chain organization.

This change reflects progress along the lines of helping participants better understand their leadership role in transforming Consumer Operations to a world-class supply chain management operation. As a senior Neutrogena executive reports:

We met this goal in spades. We were very clear with what the change was going to be in moving to a Global Supply Chain organization. When people left the Institute, they really understood not only the difference but the implications of the

Table 6.5. Participant Ratings

	<i>Strongly Agree</i> 5	4	3	2	<i>Strongly Disagree</i> 1	
This session was relevant to our leadership theme	41	108	19	1	0	169
This session was relevant to my own leadership	47	78	40	4	4	169

difference. And what we now have moved to in the organization, when the need comes up, Operations is involved in identifying sourcing, where is the best place to get this made, what are the best materials to use, and they are involved in an earlier point. It's no longer about them being good manufacturing people running plants, it's about their ability to understand who are the key suppliers in our businesses and having a relationship with them. They were not only able to understand that, but they were able to understand how this would impact their career.

Understanding the Implications of a Global Supply Chain Strategy for Competitive Advantage. The Neutrogena senior executive notes, "Soon after this meeting, we began to see our businesses moving into areas we'd never been in before. For example, all of sudden we're about ready to launch a line of hand-held electrical appliances."

Along similar lines, a senior executive Operations Council member has reported, "Consumer Products have been consumer products for years, but now we're beginning to take pharmaceutical products and add these products into our product lines."

Better Understanding of How to Lead and Communicate the Process of Transformation. Progress in this regard is reflected in the following comments by participants and observers:

"Very interactive sessions. Direction from Senior Leadership members will be very useful for future decisions."

"Very good to have the input of the leadership shared."

"Sharing the [SCM] strategy helped put it in a more organizational context of what we need to do. It meant a lot to hear it from J&J senior executives."

"The participants went back to their facilities and discussed with those that reported to them what the change was going to be."

Developing Opportunities to Promote Innovation and Growth throughout the Organization. All participants have remained focused in making forward progress on their business challenge projects. In addition, all the teams have sustained regular communications with their global teams, something that did not occur before the initiative. As part of one of its business challenges, the Singapore group, in particular, has shown promising advancement toward reaching goals of reducing inventory.

Providing Opportunities for Global Networking and Cross-Functional/Cross-Cultural Relationships. The following comments are indicative:

"I thought our second week of training in Dallas was excellent. The speakers you selected, their materials and their store visits were extremely informa-

tive and certainly helped broaden my knowledge of consumers and retail. In addition, the networking opportunities across other J&J consumer companies continued to be a huge success. It confirmed my belief that we have a great group of strong and talented people at J&J.”

“Just excellent sharing.”

“The challenges are helpful in giving a more customer driven perspective.”

“Appreciate that you shared the worldwide/regional big picture with us. It’s very valuable.”

The success so far of GSMI is especially promising for Johnson & Johnson in light of comments by David Anderson and others: “Supply chain leaders show a higher-than-expected probability of also being financial leaders. Supply chain excellence clearly has the potential to drive—not just influence—business performance.”²

LESSONS LEARNED

1. *Innovation is possible.* Building innovative strength begins with executive commitment to create management systems that encourage innovative practices. Moreover, innovation depends vitally on global teams whose members are aware of cultural differences and understand how to make the most of those differences as a creative asset.
2. *Within a large, well-established company, organizational culture is a durable barrier to change.* A project of this scope and size will yield significant returns only with the necessary support from executive leadership. Raising mental awareness to the major issues is a part of the process, but changed perspectives do not always yield new behaviors. The most challenging element of this project will be in the future—changing organizational culture and design to support innovative supply chain management strategies.
3. *Support from an executive council from within the organization is crucial for during-program and follow-through effectiveness.* The two most necessary elements of that support are consistent, active participation and presence. Each demonstrates to participants the value executives place on the validity and sustainability of any project or initiative and go a long way to improving the effectiveness and results of the project.
4. *It is important for participants to meet, present to, and have dialogue with executive sponsors of a project.* Many had this opportunity through GSMI. In addition, maintaining this relationship with J&J executives will be necessary for updating and communicating the status of the groups and their ongoing progress.

5. *The key to effective learning is follow-through, not just program delivery.* Supporting program participants with additional resources, tools, or coaching will help improve the chance that skills learned are practiced. Consistent follow-through is a necessary component for realizing results.
6. *Coaches are invaluable.* They provide participants with constructive insight and guidance on strategic communication and, throughout their time between sessions, the formulation and delivery of their business projects. Furthermore, they helped teams to maintain the bonds they formed during their first week together. In essence, they supported the project in realizing one of its goals for success.
7. *It pays to focus on helping participants understand the leader's role.* Understanding the intricacies of supply chain management was not the primary intent of the program. The tight focus on how to lead changes in running a global supply chain was what really made the difference.
8. *It pays to focus on implementing strategy.* Everything done in the institute was connected to the supply chain strategy, which was just getting implemented. This allowed participants to personalize much of the information and to see where they stood in relation to the strategy.
9. *The opportunity to meet and interact in a global forum is extremely valuable.* It was for J&J's supply chain managers. Participants had never had an opportunity to formally learn about or have dialogue with executives on their supply chain strategy. Encouraging the development of such relationships was one of the key goals of the program and participants were, for the first time, able to learn from both their peers and their leaders.
10. *People benefit from the opportunity for a leadership development opportunity in a global team environment, cross-functionally and cross-culturally.* Institute participants were able to see that there are similar issues in different regions around the world. The program offered participants a chance not only to actively engage in dialogue with Operations Council executives regarding the company's supply chain strategy but also to develop deeper relationships with members of their regional teams.
11. *Leaders must understand the influence cultural values have on different teams' willingness and ability to innovate.* This is crucial if leaders want to be sponsors and models of innovative behavior. For example, a strategy to increase innovative capacity in the United States that encourages individuals to "think outside the box" and even challenge management's assumptions will likely be a poor fit in Japan. A better

approach in Japan, with its emphasis on harmony and collective behavior, will be to encourage groups, not individuals, to develop innovative approaches to business, while avoiding overly direct challenges to management's assumptions. The cardinal rule for leaders is never to underestimate the role that cultural differences play in managing a global enterprise.

12. *The Innovation Barometer and GlobeSmart were key elements in providing participants with a clearer understanding of their current innovative capacity and culturally determined leadership profiles in the context of managing a global process.* GlobeSmart, in particular, allowed participants to first learn and then to apply their new knowledge immediately. This provided leaders with the ability to understand and manage cultural gaps, thereby reducing the barriers to becoming a cohesive, creative, and productive global supply chain team.

SUMMARY

At Johnson & Johnson, a family of more than 200 health care product companies, a recent challenge has been to continue to innovate inside a new global process of supply chain management.

To this end, J&J created a program of training for its supply chain managers and leaders called the Global Supply Management Institute. The goal of GSMI is to ensure effective leadership for transforming J&J's Consumer Operations into a world-class supply chain management operation. Under the lead of the J&J Operations Council, GSMI has been carried out as trainings at locations in each of its four global regions, accompanied by action learnings in between or after sessions.

Pretraining interviews and personality and work style assessments revealed that managers were capable within their functional areas, but not as effective in terms of the self- and social awareness, self-management, and leadership skills that were needed to create and drive a new supply chain vision.

The institute focused on six areas of knowledge and skills: (1) enhancing managers' and directors' roles in leading transition; (2) how to lead a change process; (3) deriving value from an improved supply chain operation; (4) strategic cost management; (5) managing the supply chain for competitive advantage; and (6) promoting supply chain innovation and growth.

In three regional locations the institute included participants from a mix of regions and was structured as two one-week sessions separated by a ninety-day period of action learning. In one region (Asia/Pacific), circumstances required the institute to be held in a one-week session with participants drawn only from the region, with follow-up action learning.

GSMI relied on personal assessment tools including FIRO-B, MBTI, the Innovation Barometer, and GlobeSmart; the latter helps participants recognize and address gaps in their cultural knowledge that could impede global leadership and teamwork. GSMI also included a business challenge for participants to tackle as a team and training sessions for leadership development. In its two-session format it also included the study of best practices in various parts of J&J.

GSMI has shown positive impact in some restructuring in one of J&J's regional supply chain organizations; greater leadership involvement in line with a more comprehensive career path within the supply chain; understanding the implications of a global supply chain strategy for competitive advantage; better understanding how to lead and communicate the process of transformation; and developing opportunities to promote innovation and growth throughout the organization.

The Asia/Pacific region's one-week-session program received a higher evaluation than the other longer versions. In addition to other differences in how it was organized and taught, three key components that made it particularly effective were executive management involvement, a different approach to the business challenge, and a different form of follow-through.



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McDonald's Corporation

Improving a Global Leadership Talent Development and Management System

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McDonald's has introduced significant changes to its global workforce management system in order to strengthen the organization's capability to develop the quantity and quality of leadership talent needed to support its continued growth and vitality. This chapter describes these changes, how they were introduced, and the positive impacts they have had.

INTRODUCTION

For most of its nearly fifty years, McDonald's has successfully grown its business, taking a decentralized approach to global workforce management. However, the size, complexity, and global character of the business has continued to grow—with more than 30,000 restaurants in 119 countries serving 47 million customers per day, as of 2004. With this growth, it has become increasingly apparent that sustained success requires the development of more consistent and disciplined approaches to talent management and development. In response to this recognized need, McDonald's took a number of steps, starting in 2001, that have enhanced its capabilities for developing leadership talent and ensuring management continuity throughout its global system. This chapter provides an overview of McDonald's global workforce management system, describing the design, rollout, and impact of three recent key initiatives to upgrade that system.

Signs of a Need for Change

Two general factors led the organization to see the need for enhancements in its talent management and development system. First, after many years of outstanding business performance and growth, business performance was faltering. In spite of the problems in the business, McDonald's performance management system was giving out high, significantly inflated performance ratings. Nearly 90 percent of the managers were rated either "Outstanding" or "Excellent," and more than 75 percent were assessed as having the potential to advance to greater responsibilities. From such figures, senior management recognized that "something was wrong with this picture." Clearly the bias toward inflated ratings of both performance and potential did not align with the overall performance of the business.

Second, despite the very high ratings of employees' performance and potential throughout the system, when key leadership positions needed to be filled, in too many cases the company was having difficulty finding individuals that everyone could agree were truly ready for these roles. These factors led senior management to begin significant actions to upgrade the company's talent management systems and processes on a global basis.

While the initiatives described in this chapter were well under way at the time, the urgency for them was painfully validated when in April 2004, McDonald's chief executive officer, Jim Cantalupo, died suddenly and unexpectedly. Fortunately, due to heightened attention to talent management that was in place at this time, his successor, Charlie Bell, was quickly and smoothly named to step into the role.

McDonald's Global Workforce Strategy

McDonald's global workforce strategy is designed to be aligned with and support the execution of its overarching strategic business goal, which is "to become everyone's favorite place and way to eat." McDonald's has an overall "Plan to Win" that provides the global business with a common framework for developing tactics to reach this goal. As Table 7.1 shows, the framework includes five key elements: (1) people, (2) place, (3) product, (4) promotion, and (5) price. This chapter focuses on some key elements of the "People" component of the plan. More specifically, it describes three initiatives that have been designed and implemented to enhance the organization's global capability to develop and have "at the ready" the quantity and quality of leadership talent needed for successfully executing the plan and ensuring the company's continued growth and success.

Striking the Right Global/Local Balance

In order for McDonald's to successfully execute its business strategy, the company has determined that it needs to excel at developing and implementing a balanced global/local approach in managing and developing its global work-

Table 7.1. Framework for “Plan to Win”

<i>Key Elements</i>	<i>Relevant Measures</i>
People	Well trained Fast and friendly service Delighting customers
Place	Clean Attractive Inviting
Product	Food tastes great Lots of choices Want to go often
Promotion	Consistent with the brand Meaningful to customers
Price	Best value to the most people Affordable

force. While global frameworks and parameters can be used to set the stage for success and align the entire business with regard to strategy, essential tactics, and a shared company culture, at the end of the day the actual execution of the company's Plan to Win depends on the capability of local talent to develop and customize the elective tactics to fit their local culture and circumstances.

McDonald's business success relies not only on the leverage that comes from its coherent business strategy and standardized operations and processes but also on its ability to adapt its tactics to fit the needs and preferences of specific customers in particular regions or countries and to develop a deep connection between McDonald's and the local communities in which it operates. This connection is reflected in McDonald's commitment to local charities, to Ronald McDonald Houses, and, most important, to the very people who own, operate, and manage McDonald's stores in any locale, country, or region. Given this, it is deemed highly important that the individuals operating the business come from, understand, and represent the community and culture in which the business is located.

McDonald's operations in all parts of the world have freedom to execute in their locales as long as they stay within the basic parameters of Plan to Win by:

1. Developing an aligned strategy
2. Meeting customer needs within marketplace

3. Supporting the global brand campaign—“I’m Loving It,” and
4. Ensuring that their people develop and demonstrate key competencies that reflect the core elements of the company’s common culture and support the Plan to Win

In addition to having the technical skills and expertise to do their specific jobs, staff throughout McDonald’s are expected to be attentive to getting results in a way that is aligned with the company’s shared global company culture and values.

Customer and Employee Focus

Whatever is done within McDonald’s is routinely assessed and measured against its impact on customers. Customer service and experience levels are key metrics embedded within the performance expectations for employees throughout the system. The company’s focus on and commitment to quality, service, cleanliness, and value (QSC&V) is strong. These variables have been shown to be linked to customer expectations and loyalty. Any and all efforts to enhance the company’s global workforce management system incorporate a focus on key behaviors (such as customer focus and service orientation) and results metrics (such as speed and quality of service, food, and environment) that deliver what customers value.

Throughout its history, McDonald’s has also paid significant attention to its employees and their development. The company is well known for the opportunities it has given many of its people to grow with the company and to rise (over time) from working as a member of a store crew to its highest executive ranks. In addition, the company has placed strong emphasis on its managers’ ability to create a work climate within which their employees are motivated to excel, give their best, and help to make McDonald’s “everyone’s favorite place and way to eat.”

For the past seven years, McDonald’s has used a Commitment Survey to assess the extent to which the desired work climate is being created throughout the company. This survey gathers employee feedback on a wide variety of specific management behaviors and practices (such as support and recognition, skill utilization and development, workload, empowerment, resource availability, supervision/leadership, compensation/benefits) that have been shown to be linked to employees’ personal satisfaction and commitment and to the company’s business success. A manager’s Commitment Survey scores are one of many important factors considered in rating his or her effectiveness and potential for advancement. In addition, turnover and tenure measures are used to evaluate the effectiveness of managers—especially in retaining top talent.

ENHANCING THE GLOBAL WORKFORCE MANAGEMENT SYSTEM

In two and a half years, beginning in 2001, three separate initiatives were developed and implemented to enhance McDonald's talent management and development processes in order for the organization to better meet its global needs:

1. Redesign of the performance development system (PDS) for all staff positions throughout McDonald's
2. Introduction of the talent review process for all officer level positions, and
3. Development and rollout of the Leaders at McDonald's Program (LAMP), to enhance the development of high-potential individuals for officer-level positions.

INITIATIVE #1: PERFORMANCE DEVELOPMENT SYSTEM

Prior to 2001, McDonald's performance development system included five elements:

1. An "MBO-based" (management by objective) annual performance plan that measured performance against established annual objectives but included no assessment of *how* these results were achieved (that is, leadership behaviors)
2. A five-point rating scale of overall performance ranging from "Outstanding" to "Unsatisfactory"
3. A personal developmental planning element based upon a McDonald's-wide competency framework that included nine core competencies and four leadership competencies as well as a menu of "elective" competencies that could be chosen and applied as relevant in specific functional areas (see Table 7.2)
4. A three-level assessment of career potential that combined performance and demonstrated leadership competencies
5. An annual compensation system tied to the results of the annual performance rating

While the process for rating performance and potential was not unusual in structure and design, the outputs of the system reflected the culture of McDonald's at that time. Because of significant inflation in such ratings, there was little

Table 7.2. Competency Framework

<i>Competency Category</i>	<i>Specific Competencies</i>
Core Competencies	Change orientation Communicates effectively Continuous learning Customer focus Drives to excel Holds self and others accountable Problem-solving and innovation Teamwork and collaboration Values and respects others
Leadership Competencies	Coaches and develops Maximizes team effectiveness Maximizes business performance Strategic perspective
Functional Competency Menu (elective)	Job knowledge Leverages resources Decisiveness Gathers and uses information Impact and influence Negotiation and conflict resolution Uses technology appropriately Vendor management

meaningful performance and compensation differentiation. Further, since nearly everyone was rated not only as being an excellent or outstanding performer but also as having advancement potential, differentiation for purposes of realistic succession planning was very difficult.

Senior management realized that because the business had been so successful for so long, a culture of entitlement had developed. Many employees believed their past success and associated rewards would guarantee their future success and rewards. They had no need to earn success each day with every customer. Senior management believed it was important to change the culture in order to enable the organization to face the challenging realities of a more competitive global marketplace. As one approach to signaling the need for this change to the organization, the top management team at McDonald's asked human resources (HR) to redesign the performance development system in order to (1) place a stronger focus on accountability for results, (2) increase performance differentiation, and (3) enhance openness to change and innovation.

Key Changes

The redesign and enhancement of the PDS (designed for all staff throughout the company—not just officers) rolled out in 2001 included four changes:

1. *Six new key expected leadership behaviors* (see Table 7.3): The behaviors were termed “performance drivers”—elements of how annual performance would be assessed—so that managers would be measured not just on the “what” of their accomplishments but also on “how” they accomplished it. The performance drivers were very much like “competencies” but were written to measure the actual application of those competencies on the job. Further, these performance drivers would be used as an additional key lever by top management to signal the importance of needed culture change along certain dimensions identified as critical to enable the organization to compete more effectively in the marketplace. The thrust of the change was greater accountability and performance differentiation, more innovation, and so forth.
2. *A new three-point performance rating scale*: The three new ratings—“Exceptional Performance,” “Significant Performance,” and “Needs Improvement”—replaced the previous five-point scale. The scale came with rating distribution guidelines of 20–70–10 for each category, respectively. The new scale and distribution guidelines were put in place to help address the rating inflation problem.
3. *A new incentive compensation plan*: The new plan was tied to improved performance differentiation. It ensured that those rated in the top 20 percent were receiving *significantly* higher compensation than those who did not.
4. *A revised assessment of potential* that examined a combination of performance, performance drivers, and position-specific competencies. This revised assessment of potential was also accompanied with a guideline that stated that no more than 25 percent of managers in any given year were expected to be assessed as “ready” immediately for a promotion to the next higher level and “ready within two years” for such a promotion.

Rollout: Global versus Local Emphasis

How this new performance development system was rolled out globally reflected the balance between the global and local approaches to workforce management. When it was introduced at a global HR meeting in June 2003, it was clear that certain elements of the new system redesign were not suited for the cultures and legal structures that existed in certain countries. As a result, all 119

Table 7.3. Performance Drivers

<i>Performance Drivers</i>	<i>Sample Behaviors</i>
Setting Clear Objectives with Results Accountability	Establishing high standards for performance, well-defined objectives and targets, and clear priorities for what must be accomplished, and taking full personal responsibility for doing what it takes to deliver promised results. For people managers, it includes ensuring that direct reports understand what is expected of them and receive regular feedback on their performance as well as clearly differentiating between top and lower contributors when evaluating performance.
Coaching and Valuing People	Treating people with dignity and respect at all times, demonstrating honesty and integrity in all dealings with others; ensuring that the highest quality people are being selected for the organization and are actively provided with opportunities to use their capabilities to contribute to the business as well as grow and develop their potential to do more in the future.
Strategic Focus and Business Planning	Being able to develop an effective organizational business vision and strategy that are based on sound facts and that are well thought through, communicating them so that others understand and commit to it, and translating the vision and strategy into a clear overall work plan as well as into the individual goals and priorities that will guide and align the efforts of people at all levels of the organization.
Acting in the Best Interest of the System	Demonstrating consistent commitment to work together as a team to achieve the vision and what is in the best interest of the system. Shares information and resources with others to contribute to their success. Acts to break down silos or boundaries in order to help the business maximize the leverage from its combined resources.
Open Communications	Demonstrating strong “listening for understanding skills” and valuing diverse opinions. Conveys information and ideas in an open, articulate, and timely manner that enables others to get their job done. Communicates in a high-energy positive way that motivates people to achieve.
Embraces Change/Innovation	Being open to new ideas and innovation and having not only the flexibility to adapt to change but also the energy and drive to initiate and lead it.

countries were given latitude (called “freedom within the framework”) to make certain changes (for example, changing the labels given to the three rating categories), but not permitted to customize other aspects of the process (for example, the rating distribution guidelines or the performance drivers used in the ratings).

Providing this flexibility made a key difference in how well the new process was accepted by each country and, while many countries would have preferred to continue to use their own performance plan and processes, most willingly began the implementation of the new system and accepted the value of following the framework.

Results of Implementation

As with any major change that affects employees’ individual performance ratings and compensation, the introduction of the new PDS was difficult and met some expected resistance. Resistance was directed, in part, to specific concerns regarding particular changes made in the system (such as the number and labels for rating categories, changes in format, and so on), but people’s reactions also reflected the reality that the revisions in the performance management process were designed to help drive what were believed to be some needed changes in the company’s management culture (enhanced accountability, greater differentiation in evaluating performance, increased emphasis on openness to change and innovation, and so forth).

The introduction of the new PDS system significantly changed the distribution of ratings for both performance and advancement potential. For example, in 2000 the vast majority of U.S.-based officers and managing directors received ratings that were above the midpoint (“Good”) on the five-point rating scale. In 2001, however, only 25 percent were given an “Exceptional Performance” rating—a rating for individuals who are judged to have “achieved results that far exceed expectations and requirements of the job in the face of challenging demands during the performance cycle and who have done so while modeling the values and behaviors expected of McDonald’s leaders.” Most individuals received a “Significant Contributor” rating—for “consistently meeting and perhaps exceeding some expectations and planned objectives while demonstrating the McDonald’s values and behaviors.” This rating was perceived to be average because it was the midpoint on its three-point scale.

For the first time in their careers many managers (at the U.S. officer and managing director levels) received ratings that were not labeled “Excellent” or “Outstanding,” and this was a shock and source of discomfort to them. In addition, a relatively small proportion of individuals were rated below the midpoint on the scale (“Lower Contributor/Needs Improvement” or “Unacceptable Performer”), which was highly unusual in McDonald’s culture. It should be noted,

however, that the very year the new PDS was introduced, McDonald's business performance was well below expectations and the stock price hit new lows. This softened the blow a bit, as managers could see that change was necessary and that McDonald's was operating in a different world with new challenges that needed to be met in order to get the business turned around and once again moving in a positive direction.

Consistent with this more critical differentiation of performance, changes in distributions were also seen in the company's ratings of individual potential for continued advancement. In 2001, approximately three-quarters of U.S.-based officers and managing directors had been rated as having the potential to be promoted to at least one more level. With a more critical and challenging succession planning review process instituted, 2002 ratings of this group's future potential were more realistic: the proportion evaluated as having clear potential for further advancement from their current officer-level positions was closer to 35 percent.

Lessons Learned from the PDS Change

While difficult to do, the results suggest that it's sometimes easier to "bite the bullet" and make a significant change all at once versus trying to make incremental changes. The PDS change enacted in 2001 effectively lowered the ratings of more than 50 percent of McDonald's managers on a year-over-year basis. This was all done in a single year, but by year 2, the organization had adapted to the new process. Other key lessons learned in implementing this initiative included the importance of: soliciting input from around the globe prior to program design finalization and keeping the centralized, structured processes as simple as possible.

INITIATIVE #2: GLOBAL SUCCESSION AND TALENT REVIEW

For many years before the launch of the current global talent review process, McDonald's had conducted succession planning. Before 2003, this process was less formal, less structured, and less consistent across various areas of the world. As business growth slowed and competition increased, however, the need was seen to enhance the focus on leadership talent to align better with the new global business challenges.

Beginning in 2003, it was decided that the talent management process at the leadership level needed to be more rigorous and more transparent. To achieve these aims, the presidents of each McDonald's area of the world (the United States, Europe, Asia/Pacific/Middle East/Africa, and Latin America) and corporate staff heads (executive vice presidents of HR finance, and so on) were given a talent management template set of questions about the leadership talent requirements and the depth and diversity of current talent for their respective organizations. (See Exhibit 7.1.) It was made clear that these questions

Exhibit 7.1. Talent Review Template

1. Forecast of Corporate Leadership Talent requirements for next 3 years including positions, people and/or competencies

The answers to the following questions should be based upon the strategic plan for the business as well as the operational requirements:

- Specify the Corporate Leadership positions that will be added, eliminated or changed from the current organization.
- Expected retirements, terminations, promotions, transfers, etc.?
- What, where, when and how many openings are forecasted for the next 3 years?
- What, if any, changes in the competencies or roles will be required of the leadership team and how will they be addressed?

2. Assess and Develop Current Talent Pool

- Who are your A, B and C players?
- What actions are you taking to develop and retain your A players? Development plans including development moves? Retention strategy?
- What actions are being taken with your C players to improve or remove them?
- Who represents your next generation of leaders (e.g. “Ready Now/Ready Future” with higher level target positions)?
- Development plans including planned development moves?

3. Replacement and/or Diversity Gaps and Associated Action Plans

- What, if any, significant replacement gaps exist and what plan is in place to close this gap?
- What, if any, diversity gaps exist and what plan is in place to close these gaps?

4. Summary of Planned Actions

would form the basis of in-depth executive talent reviews that each of them was scheduled to have with their immediate superior, who was either the vice chair or the chief operating officer. The purposes of the reviews were as follows:

- Identify executive (officer, managing director) talent requirements for successfully executing their organizational strategy over the next three years and show how these requirements would be met
- Ensure that plans were in place in each organization to upgrade the executive talent via development, planned movement, strategic hiring, and so forth
- Ensure the “next generation” of leaders had been identified and was being developed

As can be seen from the questions listed in Exhibit 7.1, the talent review covered the broader aspects of talent management, including forecasting needs, assessing current officers and managing directors, identifying depth and diversity of replacement pools, and planning development. The premise for these reviews was that the president and lead staff officer of each region would be responsible and accountable for ensuring that they were addressing the leadership talent needs in their area and doing so within the framework of the template. Transparency was achieved as a result of the in-depth discussions that took place during the actual review meetings.

The talent reviews were held as planned in 2003 and resulted in a much more realistic and rigorous assessment of the “health” of the talent pools in each part of the world and each functional area than had been achieved previously within McDonald’s. The increased ownership that leaders were taking for the results of these reviews was reflected in the specific actions they proactively initiated (such as accelerating the development of high-potential managers and special recruiting initiatives) to respond to the current and anticipated replacement gaps that had surfaced. The HR support team was able to analyze the overall results of these reviews and look for any organization-wide interventions that would contribute to better addressing talent needs and gaps.

Impact of the Talent Review Process

Results of a one-year follow-up survey with executive management and HR leaders in each of the company’s four major regions yielded the following qualitative observations regarding improvements in talent review resulting from the new process:

1. Managers and the organization overall became much more aware of the strengths and talent gaps in each area.
2. More candid and more challenging discussions took place on talent and not only focused more crisply on strengths and development needs but also more effectively addressed when it was time to remove individuals from positions in which they are not performing and not developing.
3. More specific actions were being planned and taken to close replacement gaps and development talent in a more focused way.
4. Senior executives were placing greater overall priority on and taking personal ownership for talent management.

In addition to this qualitative feedback, quantitative metrics are currently being used to assess the impact of the talent review process. The following numbers are being tracked:

- The number of officers and managing directors considered to be strong contributors and evidence that those “not meeting expectations” have specific development plans in place and/or have been replaced
- The number of key leadership positions for which there is at minimum one “ready now” and one “ready future” replacement
- Improved year-over-year diversity in the talent pool
- The retention rate for strong performers and high potentials
- The percentage of recommended developmental job moves (identified in the talent reviews) that have actually occurred within the planned time frame

One additional result of the analysis that was part of the talent review process was the decision to develop a global executive staffing process designed to ensure that when an opening occurred for an officer or managing director role anywhere in the world, potential candidates could be identified on a global rather than local basis. Prior to 2003, there had been no formal process for identifying talent globally; the organization with the opening would identify candidates based upon its own knowledge of qualifications which, more often than not, led to selection of a local candidate. With the new global staffing process, the organization with the opening comes to the HR organization for a list of candidates that have been identified via the talent reviews. As a result of this new process, more cross-organizational movement has resulted in better selections and more development opportunities for candidates moving to these assignments.

A second additional impact driven by the results of a more robust global talent review process was a decision to design a program to build up the depth and diversity of the replacement pools for several officer and managing director roles and to expedite the development of the highest potentials for these roles. The global Leadership at McDonald's Program was designed for this purpose and is described later in the chapter as the third initiative to enhance McDonald's global workforce management system.

Overall, the executive talent review process introduced in 2003 and continued in 2004 has not only stepped up the focus on talent management at the leadership level, but has made it more of an ongoing rather than episodic process. McDonald's leaders all consider talent management a high, if not their highest, priority. It's less about a “binder being constructed once a year and then put aside for another year” and more about continually working the talent issue. It is also clear that by starting the process at the “top of the house” and having it accepted as useful and necessary, the process has been more easily implemented down through the other management layers across the organization and regions.

Next Steps for Talent Review

2005 will be the third year of the new process for conducting talent reviews. It was expected that the process would be further enhanced in 2005 by providing a more active role for the senior leadership team, as a team rather than as individuals, to share insights on the global talent pool and actually facilitate recommended development moves across and between its organizations. Senior leaders have expressed a strong desire to spend more time in this arena and realize that to successfully develop their talent, they must depend on their peers to provide development job opportunities (special assignments, project teams, new jobs, and so forth) that cannot be provided unless people are able to move more freely across organizational boundaries.

INITIATIVE #3: LAMP— THE GLOBAL LEADERSHIP AT MCDONALD'S PROGRAM

From what was learned in global talent reviews and in earlier training programs directed at developing high potentials within McDonald's, several areas of competency and skill gaps were identified and specifically targeted in the design of LAMP, McDonald's new leadership training program. These included expanding participants' mindset from local to regional to global, enhancing participants' ability to maximize business performance through strengthening financial acumen, and enhancing participants' innovative, "out of the box" thinking.

From an organizational perspective the goals of LAMP included: (1) building deeper bench strength for key leadership positions, (2) shortening the ramp-up time required for newly promoted officers and getting quicker business results, (3) becoming more effective at developing and retaining top talent, and (4) continuing to improve the diversity profile at the officer level.

The Leadership at McDonald's Program is an integrated approach to developing high potential talent. Using leadership development as a process to drive results, shape culture, and build leadership depth, the program accelerates the development of future leaders. With a focus on strengthening and building the capabilities of McDonald's future leaders, the program leverages leadership development to improve performance and drive business results by:

- Increasing the ability of participants to improve business results in their current roles as well as prepare them for achieving success at the next level
- Leveraging participants' on-the-job accountabilities as opportunities to learn and develop

- Helping participants gain the insight needed to further develop individual leadership capabilities
- Providing opportunities to build strong peer networks—internally and externally—by having them work closely with McDonald's high-potential peers throughout the program and with talented management peers from other companies and industries as part of a Thunderbird University program

LAMP was designed to help participants drive results in two ways: vertically, as leaders of their respective departments; and horizontally, as leadership team members.

Participation in LAMP

The program was piloted in 2004 with an initial group of twenty high-potential directors who were nominated by their regional, divisional, or functional leadership teams. Selection was influenced by several factors:

- Judgments that candidates were “ready now” or “ready future” for positions at the vice president level or higher based on results from the McDonald's annual talent review process.
- Succession plan gaps, priority for participation being given to functions with a shortage of successors or other business priorities such as improving the diversity profile at the officer level
- Participant and boss willingness to fully commit and participate throughout the nine-month program

Program Components and Sessions

There are five key LAMP components:

1. Executive assessment and program orientation
2. Individual development planning and executive dialogues
3. Leadership modules focused on leadership of self, team, and organization with experiential exercises to reinforce the learning
4. A two-week executive education program at the Thunderbird Graduate School of International Management
5. Business improvement recommendations presented to the Chairman's and President's Councils

Table 7.4 describes each component in more detail and shows how the components were offered in the course of six sessions. All sessions were held at the company's headquarters in Oak Brook, Illinois, except the two-week executive

Table 7.4. Leadership at McDonald's Program Components

<i>Program Session</i>	<i>Session Description</i>	<i>Length</i>
Program Orientation and Executive Assessment	<p>McDonald's contracted with Personnel Decisions International (PDI) to deliver the assessment process over a 3½-day period. The assessment process included the following:</p> <ol style="list-style-type: none"> 1. Inventories of thinking skills, personality, work style, and interests 2. 360-degree feedback 3. Realistic work and business simulations with immediate feedback provided after the role play or simulation 4. Background interviews <p>In addition to the assessment process, participants received detailed information on the LAMP leadership framework, program goals, and key deliverables. They also had the opportunity to dialogue with senior executives. Upon completion of the assessment process, verbal feedback was provided to the participants by their assessors/coaches. A detailed written summary was provided approximately three weeks later.</p>	4 days
Individual Development Planning and Executive Dialogue	<p>During this session, participants received the written summary from the assessment process. Utilizing these results, participants' worked one on one with their boss and coach to create a development plan focused on driving results in their area of the business. On a custom development plan template, participants identified the experiences, coaching, and training required to achieve their goals. In addition, two executive dialogues during this session provided an opportunity to learn more about the business and leadership through direct interaction with senior McDonald's leaders.</p>	2 days
Executive Dialogue and External Thought Leader	<p>LAMP participants had another opportunity to dialogue with senior leaders during this session. A large portion of time during this session was devoted to building knowledge and skills around the critical</p>	2.5 days

Table 7.4. Leadership at McDonald's Program Components, Cont'd

<i>Program Session</i>	<i>Session Description</i>	<i>Length</i>
	components of high-performing teams. A number of experiential exercises were utilized to enable the participants to apply and practice their learnings as they began to form their subteams, which were responsible for developing and delivering a "business improvement recommendation" to the executive councils.	
Executive Education Program	The Thunderbird International Consortia brings together select groups of noncompeting, globally focused companies. Each consortium program is two weeks in length and custom developed in consultation with representatives from each member firm. Thunderbird offers participants the opportunity to gain a broad understanding of global strategic issues and to strengthen their general management skills. Learning is reinforced through discussions, case studies, exercises, and simulations.	2 weeks
Business Improvement Recommendations	This session focused primarily on a large team review and feedback session for each of the four subteams' business improvement recommendations. Significant time was devoted to letting the subteams continue to develop their recommendations with feedback, support, and coaching from an external expert in executive communications. An executive dialogue was also incorporated into this session.	2 days
Presenting Team Recommendations and Program Wrap-Up	At the conclusion of LAMP (February 2004), participants will present their business improvement recommendations to the executive leadership councils comprised of approximately twelve senior-most executives of McDonald's. Each team will make presentations to the council members as well as discuss the overall impact of the program on their personal development and on their individual business results. Support from coaches, dry runs of the presentations, and group dialogue and feedback around each team's presentation will help participants prepare for the presentations.	2.5 days

education component, which was held at the Thunderbird campus in Glendale, Arizona.

Individual Learning Opportunities

Starting from the results of the assessments conducted in the first component, participants consulted with individual coaches to develop a “breakthrough business goal”—one that could truly drive business results in their areas of responsibility. Critical to this process was the linkage of personal developmental objectives to goals for improving business results. The assessment process and feedback to participants helped identify the competencies needed to enhance their contributions to the business. The development needs were then linked to participants’ individual breakthrough goals.

To support and encourage individual learning, each participant was given individual coaching and development support. He or she was assigned a coach to discuss progress against objectives and receive objective feedback and developmental coaching throughout the program. Each participant also made use of *LAMP Online!*, a Web-based tool that supports individual learning, facilitates dialogues about the business, and tracks an individual’s progress against the LAMP goals and key deliverables.

Commitment and Expectations

LAMP required a strong commitment in time and behaviors from participants and their direct supervisors. It was clearly communicated to participants and their bosses that participants would be expected to spend approximately 25 percent of their time on LAMP-related activities such as attending LAMP group training sessions, working with their action learning teams, and working on their personal development plans. Recommendations for managing the time commitment included using LAMP as an opportunity for participants to develop their direct reports by giving direct reports the opportunity to assume some of their boss’s responsibilities while the boss took part in LAMP.

LAMP Program Evaluation and Impact

Table 7.5 summarizes an evaluation survey that was conducted midway through the LAMP pilot and also at the end of the pilot. It was given to both the participants and their immediate supervisors. It was evident from this survey that the primary goals of the program were being met. Both groups surveyed gave the program high ratings and, more important, reported seeing evidence of significant personal development. The most highly rated aspects of LAMP included:

- The opportunity to interact with senior managers during the executive dialogues.

Table 7.5. LAMP Evaluation Survey

<i>Survey Features</i>	<i>Approach and/or Results</i>
Methodology	<p>Online (95% response rate)</p> <hr/> <p>Effectiveness of 11 key program components:</p> <ul style="list-style-type: none"> • Executive dialogue sessions • LAMP Online! • Books • Learning Journal • Team-building modules • Immersive development activities • Classroom experiential activities • Individual development plan • Breakthrough business goal • Overall LAMP assessment • LAMP support team <p>Rating scale used</p> <ul style="list-style-type: none"> • 5-point scale ranging from “Not Effective” to “Highly Effective” • Narrative comments solicited as well for each program component
Evaluation of Overall Program Effectiveness	<p>Questions</p> <ul style="list-style-type: none"> • To what extent has LAMP better prepared you for a significant role at McDonald’s? • The LAMP program has been worth the time and effort required for my development • I would recommend LAMP to others in my position <p>Rating scale used</p> <ul style="list-style-type: none"> • 5-point scale ranging from “Strongly Disagree” to “Strongly Agree”

- The fact that participants' development processes being integrated with the current job and taking place over an extended time period (9–12 months), which significantly improved the probability that development would take place.
- The two-week experience at Thunderbird International University, where they were exposed to thinking outside of McDonald's and to leaders from other companies. This opportunity to learn about best practices, different management cultures and leadership styles, and diverse ideas and approaches from other companies and industries broadened the appeal and benefits of LAMP.

An area identified for improvement was “boss involvement,” specifically, the need to get the participants' immediate supervisors more directly involved in the process and more directly involved in assisting with their development. This feedback led to improvements for the programs offered in 2004, in which boss involvement was significantly enhanced.

In addition to the qualitative feedback described, which has led to ongoing program design changes, a number of quantitative metrics are currently being used to assess the impact of LAMP. Regarding promotions, as of mid-2004, 4 out of 21 participants had been promoted, with more likely to come in time. With regard to retention, as of mid-2004, only 1 out of 21 individuals in this highly select and talented group had left the company for other opportunities. It is a key objective of the program for its participants to know they are highly regarded and that the company will continue to invest in their ongoing development. Regarding quantitative feedback from bosses, early returns have indicated that development is taking place as a result of LAMP's being demonstrated in practical ways on the job. In addition to these results, additional measures are currently being gathered to further evaluate program impact, including 360-degree feedback follow-up (to be compared to the “baseline” 360 results at program start) and self-assessment of personal change as compared to specific targeted change goals.

As of 2004, the LAMP had been so well received that it was being extended to Europe and Asia.

SUMMARY

After nearly fifty years of a decentralized approach to global workforce management, McDonald's faced several workforce leadership problems that it believed were related to faltering business performance. One was the widespread inflation in workforce performance ratings that reduced the usefulness of the

ratings in finding new leadership talent. Another was a frequent lack of candidates ready to be promoted to the company's highest leadership levels.

In 2001, McDonald's began three major initiatives to correct these problems of developing leadership talent and ensuring management continuity throughout its global system.

The first initiative was a redesigned performance development system for all staff positions throughout McDonald's. Rolled out in the United States in 2001 and globally in 2003, the new PDS system streamlined the rating scale and gave numerical guidelines while also allowing some regional "freedoms within the framework," such as in how the ratings were labeled. The new system also spelled out core, functional, and leadership competencies more clearly and linked performance ratings to annual compensation. By "biting the bullet" of its performance ratings system, McDonald's quickly created a much more effective development tool.

The second initiative was the introduction of a systematic talent review process in all the company's regions for all officer level positions. This brought into place a more formal, structured, and consistent process across McDonald's global regions and allowed more effective deployment of top leadership candidates around the world. As a result of the new review system, regional leaders are now much more aware of possible gaps in readiness and better able to resolve high-level succession issues.

The third initiative was the development and roll-out in 2004 of a Leaders at McDonald's Program designed to enhance the development of high potential individuals for officer level positions. This roughly nine-month program demands strong commitment from both participants and their supervisors and ties a series of campus-based learning sessions and individual coaching back to the achievement of business objectives at the participants' places of work.

The success of all three initiatives is attributable not only to the quality of the programs themselves and the partnering and enabling roles of HR, but also to the high degree to which top management has owned and driven these critical changes in the company's global workforce management system.



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Motorola University

Transferring Skills through Strategic Alliance

Xiaozhen Yan
William J. Rothwell

Motorola University has arranged a strategic alliance among the Pennsylvania State University, Beijing University, Nankai University, and Motorola University China that is beginning to transfer the soft skills technology of workplace learning and performance (WLP) from the United States to China.

INTRODUCTION

This chapter describes the challenges faced in transferring the soft skills technology of workplace learning and performance from the West to the East. It concerns a partnership among four strategic alliance institutions: the Pennsylvania State University, Beijing University (also called “Beida”), Nankai University (also in China), and Motorola University China. Motorola University China is an extension of Motorola University, best known for Six Sigma methodology. Motorola University is the training arm of Motorola, a leading global communications company.

The chapter describes what business challenge prompted the need for the partnership, how the challenge was met, and the resulting change effort that the partners continue to pursue.¹

THE BUSINESS CHALLENGE: LACK OF SOFT SKILLS TECHNOLOGY IN CHINA

Engineers are familiar with the challenges of transferring technology from one culture to another. But such technology transfer usually refers to so-called hard skills technology, such as computer programming, nuclear engineering, or even manufacturing methods. Transferring such technology to China presents special problems considering the reluctance of some Western governments to provide any foundation on which China's military capability might be enhanced. However, workplace learning and performance represents a "soft skills technology"—a body of theory and practice related to such tasks as human resource (HR) training and skills development—that has developed in Western nations over the past thirty-five years. Still, there are significant challenges to this transfer as well.

Historically, there have been only four ways to find professionally trained workplace learning and performance practitioners, such as instructional designers and other WLP staff, in China:

- Lure experienced talent away from other multinational corporations by offering them higher salaries
- Train WLP practitioners from scratch within the company in China
- Hire Chinese citizens possessing degrees or professional experience in WLP from abroad at one of the 300 colleges or universities in the United States that offers degrees in corporate training or related fields
- Build a local infrastructure of Chinese universities offering instruction in WLP

The last option is consistent with China's "localization efforts," designed to ramp up the local infrastructure and reduce reliance on expensive expatriate talent. However, this last option is also a long-term cultural change effort fraught with problems. It is at odds with the short-term, "make this quarter's numbers only" mentality of managers in some multinationals. To solve the business problem, it was necessary to form a strategic alliance and undertake a long-term effort to transfer Western-style thinking about WLP to China. One simple reason makes it useful to understand how the project was carried out: for multinational corporations to benefit from workforce development efforts in other nations, company-supplied job training is often an important link between the general principles of academic schooling and the more specific requirements of individual employers.

A SIX-STEP PROJECT FOR WLP TRANSFER

This project was carried out in six steps, summarized in Figure 8.1.

Step 1: Building Awareness

The first step was to build awareness of the need for the project. To that end, meetings were held with administrators and faculty members at Beijing University and Nankai University. The initial focus of these meetings was to explain how a multinational corporation does business in China, what the field of WLP is, and why graduates with majors in the fields related to training, HR development, and WLP are employed by Motorola University and other multinationals doing business in China. In short, the goal was to build general awareness of the need for a degree-granting academic program in WLP in China.

The delegation that met with the Chinese university administrators included representatives of Motorola University China management and Professor William J. Rothwell from Penn State's Workforce Education and Development program. Jenny Yan, then a project manager in Motorola University China, was assigned to facilitate the process. This role was important because transferring any technology requires due consideration of local language and culture.

Simultaneously, meetings were also held with the Multinational Trainers' Network, a group representing staff members from training departments in multinational corporations, and the Beijing Trainer's Network, which included local

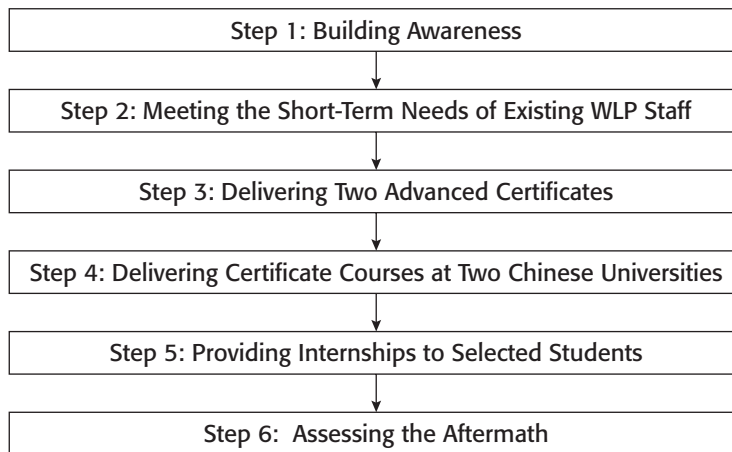


Figure 8.1 Transfer of Soft Skills Technology

consultants. The goal of these meetings was to build awareness of WLP, seek support for the program, and assess local needs and interest. The initial reaction was mixed. Training directors of multinationals in China, for example, told Bill Wiggenhorn, then president of Motorola University, and William Rothwell that what was really needed was a program to upgrade the workforce in existing training departments and not academic programs. Several training directors of multinationals expressed concern that any investment in local academic institutions for a WLP program might not end up being used for its intended purpose. For instance, college administrators might use funds intended for one program to fund others—a common problem.

A small-scale survey of twenty-two multinationals was conducted in 1996.² Its purpose was twofold: (1) to sketch out a graduate curriculum based on local needs, and (2) to assess current and projected headcount—that is, market demand for human resources (HR) and HR development staff in Beijing. The results of this modest, low-cost survey supported the initial recommendations of the multinational training directors, revealing that the 22 responding multinationals employed a total of 124 HR generalists in 1996 but projected a need for 203 HR generalists by the end of 2001—a growth of 64 percent. The responding multinationals also employed a total of 26 HR specialists in 1996—which included “trainers” to do in-house corporate training—but projected a need for 103 such specialists by the end of 2001—a growth of 296 percent. Of course, meeting this demand would be difficult, considering that no university in China at that time offered graduate or undergraduate programs in HR or training related to WLP.

Step 2: Meeting the Short-Term Needs for WLP Trainers

To meet the immediate training needs of the multinationals and to continue to build interest in an academic program, Motorola University China partnered with Penn State professor William J. Rothwell and a faculty colleague of his in the summer of 1997 to sponsor a series of four noncredit, five-day, train-the-trainer courses in Beijing, Shanghai, and Tianjin. Table 8.1 describes the program of courses that have since become known as the “Train-the-Trainer Certificate Program.” Trainers from thirty-two multinationals in China enrolled and subsequently participated in these practical courses, taught in English. To maintain good relations with the university partners, two registrations for each course were offered free of charge to faculty members of Beijing University and Nankai University (which is located in Tianjin). The courses were rated highly, and a follow-up program was requested. This practical, hands-on program subsequently won a Global Award of Excellence from Motorola University.

Table 8.1. Train-the-Trainer Program Contents

<i>Course Title</i>	<i>Brief Summary of Course Content</i>
Analyzing Performance Problems and Assessing Training Needs	Builds participant competencies in conducting systematic approaches to performance analysis and training needs analysis.
Designing and Developing Effective Training	Builds participant competencies in designing effective training to meet identified training needs. <i>Design</i> refers to the process of transforming identified training needs into instructional objectives, test specifications, materials specifications and instructional strategy; <i>development</i> refers to the process of transforming test specifications, materials specifications and instructional strategy into tests, media, student materials and instructor materials.
Implementing Training: Delivering and Facilitating Training	Builds participant competencies in delivering and facilitating small group training—with a special emphasis on the competencies for effective small group facilitation.
Evaluating Training	Builds participant competencies in systematic training evaluation.

Note: Each of these is a five-day course.

Source: Yan, J., Rothwell, W., and Webster, L. “Transferring the Soft Skills Technology of Workplace Learning and Performance to China.” *Performance Improvement Quarterly* 40, no. 10 (November/December 2001): 18–23.

Step 3: Delivering Two Advanced Certificates

To maintain the momentum that began with the Train-the-Trainer Certificate Program and continue to build awareness of the need for an academic program in WLP training, an advanced series of two additional train-the-trainer courses were offered to experienced Chinese training staff in the summer of 1998. Motorola University sponsored the certificate program, which was conducted by William J. Rothwell. Sessions were held in Beijing.

The participants included trainers from multinationals other than Motorola, and some participants held executive-level training positions rather than positions as entry-level staff or individual contributors. As before, university faculty from local Chinese universities were invited free of charge. Two five-day courses were offered. The contents of these courses are described in Table 8.2.

Table 8.2. Advanced Train-the-Trainer Program Contents

<i>Course Title</i>	<i>Brief Summary of Course Content</i>
Course 1: The Principles of Human Performance Improvement	Introduces cutting-edge thinking in Human Performance Improvement (HPI). Participants learn what Human Performance Improvement is, how it differs from “training,” what approaches it uses to troubleshoot human performance problems and select appropriate solutions to those problems, and how to implement effective change strategies and evaluate the results.
Course 2: Building the High Performance Workplace (HPW)	Helps participants plan to build the HPW by using the principles of HPI. A High Performance Workplace (HPW) is an organizational environment that is conducive to maximum productivity. Much research has been done on what criteria may be used to judge a HPW and how to establish one. The course provides information about that, permitting participants to assess organizational settings for how conducive they are to productivity. It also shows how the principles of HPI may be used to maintain a HPW.

Source: Yan, J., Rothwell, W., and Webster, L. “Transferring the Soft Skills Technology of Workplace Learning and Performance to China.” *Performance Improvement Quarterly* 40, no. 10 (November/December 2001): 18–23.

Step 4: Delivering Certificate Courses at Two Chinese Universities

As a sponsor, Motorola University China contracted Penn State to design and deliver a state-of-the-art series of ten graduate-level courses in WLP training in China. Their content is summarized in Table 8.3. The graduate courses at Beijing University and at Nankai University were launched from March 1999 to June 2000. Due to the limitations of the Chinese education system, it was not possible to establish a master’s degree in training, HR development, or WLP. Due to bureaucratic limitations at Penn State, it was also not possible to establish a Penn State master’s degree in training, HR development, WLP, or Workforce Education and Development in China on short notice. But it *was* possible to make the courses available as part of the credit offerings within the Chinese MBA programs.

William J. Rothwell was slated to teach a ten-course set at each of the two Chinese universities. The total of twenty courses was taught over eighteen months. This time span was necessary because it was the only way that all ten courses could be taught to a group of MBAs whose average time from program entry to graduation was only two years.

Table 8.3. MBA Program Course Contents (1999–2000)

<i>Course Title</i>	<i>Brief Summary of Course Content</i>
Course 1: Introduction to Human Resource Development	Part of a larger framework intended to prepare individuals for a variety of Human Resource Development (HRD) practitioner roles in business and industry. The Professional Development Experience is the introduction to the required core Professional Development Experiences for graduates emphasizing the HRD sequence. The Professional Development Experience is intended to equip graduate students with entry-level knowledge and skill to successfully pursue other designated professional core Professional Development Experiences.
Course 2: Analyzing Performance Problems, Assessing Training Needs and Evaluating HRD Results	Builds student competencies in conducting systematic approaches to performance analysis, training needs assessment and HRD evaluation. <i>Performance analysis</i> is the process of distinguishing problems that can be solved by training from problems that must be solved by other management action. <i>Training needs assessment</i> is the process of distinguishing gaps between what people must know or do to perform effectively and what they already know or can do. <i>HRD evaluation</i> is the process of determining the results achieved from HRD efforts.
Course 3: Designing and Developing Effective Training	Builds student competencies in designing effective training to meet identified training needs. <i>Design</i> refers to the process of transforming identified training needs into instructional objectives, test specifications, materials specifications and instructional strategy; <i>development</i> refers to the process of transforming test specifications, materials specifications and instructional strategy into tests, media, student materials and instructor materials.
Course 4: Implementing Training: Delivering and Facilitating Training	Builds participant competencies in delivering training and facilitating small group organization development efforts—with a special emphasis on the competencies for effective small group facilitation.
Course 5: Strategic Planning for Human Resource Development: The Capstone Profes- sional Development Experience	Helps participants learn how to manage HRD at the strategic and policy level. It is a capstone experience that is intended to “bring together” what students have learned in previous Professional Development Experiences.

Table 8.3. MBA Program Course Contents (1999–2000), Cont'd

<i>Course Title</i>	<i>Brief Summary of Course Content</i>
Course 6: An Introduction to Human Resource Management	Introduces students to the broad range of roles and responsibilities of Human Resource Management in organizational settings.
Course 7: An Introduction to Organization Development	Familiarizes students with concepts, models, theories, and techniques for planning, facilitating, and evaluating Organization Development interventions. Students will develop skills and competencies necessary to carry out a variety of HRD support roles and strategies for internally and externally implementing Organization Development (OD) activities.
Course 8: Designing and Developing Career Development Systems	Familiarizes students with theories of life and career planning as they relate to organizational settings. Students will build the competencies of career development practitioners in this Professional Development Experience and will review how to integrate career development with such other organizational efforts as succession planning and leadership development.
Course 9: An Introduction to Human Performance Improvement and Performance Consulting	Introduces students to Human Performance Improvement (HPI) and Performance Consulting. It equips future HRD leaders and aspiring leaders with the advanced competencies they need that are essential to selecting, planning and implementing key performance improvement interventions so as to create a High Performance Workplace (HPW).
Course 10: An Introduction to Multimedia and Distance Education: Advanced Principles of Instructional Design	Introduces students to new instructional technologies—such as computer-based and World Wide Web-based Training and video tele-conferencing. It introduces students to key principles in selecting media appropriate to meet specific instructional needs and in designing and delivering cutting-edge approaches to training in organizational settings.

Note: Each course is a forty-contact-hour professional development experience.

Source: Yan, J., Rothwell, W., and Webster, L. "Transferring the Soft Skills Technology of Workplace Learning and Performance to China." *Performance Improvement Quarterly* 40, no. 10 (November/December 2001): 18–23.

English is a required course in China, and the typical middle school student begins English language instruction in the seventh grade. Therefore, it was decided that all courses would be conducted in English and without a translator. The courses were taught in four segments, with multiple courses taught during each segment. MBA students at Nankai were full-time students, so they were taught in five-day, eight-hour segments. The MBA students at Beijing University were employed, so they received five days of training per course, spread over a series of weekends.

The first segment of courses at the two universities was delivered February-March 1999; the second July-August 1999; the third November-December 1999; and the fourth and final February-March 2000. Although distance education was considered, it was felt that face-to-face contact was essential to build interest in the program among administrators, faculty members, and students. Building interest was considered essential since the goal was to involve Chinese universities in establishing graduate-level programs in the field and not just offer one-time courses. It should be noted that faculty members from both Beida and Nankai were invited to participate—and did so. As noted previously, Professor Rothwell taught all courses.

The project was considered a success in several respects. Many students remarked that the courses “changed their lives” in that, being accustomed to sitting in Chinese classroom lectures, they had now learned how to work creatively in small groups on experiential activities. It is worth noting that improved creativity enhanced their chances to think effectively as entrepreneurs, regardless of what fields they subsequently chose for their jobs. They also learned a new field of great interest, while improving their English skills.

Professor Rothwell remarked that “even though that was an incredible amount of work, I would do it again in a heartbeat because the students were so enormously motivated, a refreshing change from U.S. schools where too many students expect the professor to give them good grades only because they paid for the course.”

What were these courses *really* like? A short vignette speaks volumes. In the first course taught at Beida, students were required to break up into teams and make presentations. The classroom had four large windows that overlooked a corridor. When the student team mounted the podium where the professor usually stood to lecture, a large crowd formed at the windows to watch a most unusual event: *students lecturing a professor!* In an educational system where students typically only listen to lectures and are ridiculed for asking questions, this was a crucial change.

In June 2000, a graduation ceremony was held for all students who had completed the program. A total of thirty-one graduates from Beida and thirty-eight graduates from Nankai were awarded certificates of completion in the names of Motorola University, Penn State University, Beijing University, and

Nankai University. Beijing University and Nankai University awarded graduate college credit for these programs.

Step 5: Providing Internships to Selected Students

When the ten courses at each university were completed, a few students participated in internships at Motorola University China or other multinationals. The internships were designed to give the best students practical, hands-on experience with what they had learned in the ten courses. Several students were later hired for full-time employment or else received employment offers. One student became a vice president of human resources in a large Chinese company within a few years of completing the certificate and her degree.

Step 6: Assessing the Aftermath and Program Results

A culture change effort is not, by definition, short term. Nor could this effort be classified as short term, either. So what happened afterward? Here is a brief, admittedly anecdotal, summary of some program consequences:

- Two students who participated in the train-the-trainer programs in 1997 subsequently received PhDs in Workforce Education and Development at Penn State. One passed away since then. Another is currently a training consultant in China.
- Two students who participated in the ten courses at Beida and Nankai in 1999–2000 subsequently enrolled in the Penn State PhD program in Workforce Education and Development and are, at this stage, finishing their PhD work. One returned to China, is at Beida as an assistant to the dean of the Business School, and is working on two doctoral dissertations—one in Workforce Education and Development and another in marketing. Another student is enrolled at Penn State at this writing, and is the graduate assistant of Professor Rothwell.
- Several other students who completed the ten certificate courses applied to Penn State but could not be accepted, either because financial support was not available or because they encountered problems with getting a student visa under (recently more) restrictive U.S. student visa policies.
- Dr. Rothwell's passion for establishing a graduate WLP program in China has not abated. In 2000 he published a series of translated classics in the field through Nankai University Press. At this writing, several of his books about WLP are being translated into Chinese. Dr. Rothwell has now visited China more than twenty times and has done many things there, from keynote conferences to in-house training to public seminars.
- Several departments at Beida and at Nankai have undergone change since the 1999–2000 certificate programs were offered. The business

school, the education school, and the psychology department at Beida have all expressed interest in establishing a graduate major in the training, HR development, and WLP fields. Unfortunately, the bureaucratic requirements of a top-down system of educational administration in China make innovative practices at the institutional level difficult. The business school at Nankai has sponsored a small-scale program in the field, which has struggled to attract and retain qualified faculty.

- The students who completed the ten graduate courses at Beida and Nankai experienced difficulties when they interviewed for jobs. One reason is that supervisors felt threatened that the certificate holders were actually more qualified in the training, HR development, WLP field than their prospective supervisors. When subordinates have had more formal education than their organizational superiors, problems can arise in Chinese culture, in which education and qualifications are highly valued. Hence, several graduates of the certificate program were forced to become consultants. That was not expected at the time the certificate program was initiated.

The training field in China has exploded. More than 10,000 firms now offer training in China compared to only just a few hundred as recently as ten years ago.³ And yet, unlike the United States or Europe, no academic program exists anywhere in the country to provide professional training in a field that is growing more professional internationally.⁴

LESSONS LEARNED

1. *Partnerships between universities and corporations are possible. But they are not easy.* University administrators do not command the authority of their corporate executive counterparts for the simple reason that tenured university faculty cannot easily be terminated and because university faculty are often driven by their own professional needs to publish, achieve promotions, and gain tenure. As a result, there can be difficulties in recruiting faculty for utterly new, and otherwise unknown, specialty areas. In retrospect, more time and attention should have been devoted to recruiting faculty members to teach in a WLP program at the targeted universities, giving them experience in the field so that they would possess credibility with students who might be employed in multinational corporations, and devoting some attention to finding ways to ensure that they remained at the universities.

2. *Educational programs can have impacts that go beyond mere financial measures.* Many students reported that they had changed their lives and personalities as a result of encountering practical, hands-on, and creative group projects that required them to think out of the box. It was a radical difference from traditional Chinese classrooms, where professors lecture and students are expected to listen carefully without questioning what they are learning.
3. *A WLP program can be transferred to China, but the local conditions may impede its growth.* There is an old saying in China that “you can get anything you want in China—so long as you have patience and are prepared to wait long enough.” That is clearly what is required when it comes to meeting the needs for recruiting professionally prepared WLP staff in China through academically sponsored programs in the country. In other words, China may not yet be ready for the WLP specialty degree, and even now more general HR degrees are only becoming available.

NEXT STEPS

Motorola University China and Dr. Rothwell are continuing to move forward. They are going to stick tenaciously to the task, difficult though it might be, to introduce academic WLP programs to Chinese universities. Dr. Rothwell continues to travel to China at least once a year. When the day comes that China is ready for an academic degree program in WLP, both he and Motorola University China want to be close by.

While a great deal of financial analysis was undertaken for this project, the real impacts went far beyond return on investment considerations.⁵ Motorola University China was able to recruit many graduates of the ten certificate courses in China. Even today the university continues to draw from that talent pool in a country where turnover rates average well above U.S. rates.



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Pfizer Inc

A Behavior-Based Approach to Training Leaders in Transition

Betsy Blee
Joe Bonito
Robert E. Tucker

Advanice Transition is a Pfizer program to enhance the success of first-line managers as they transition to more senior and potentially global leadership positions. This chapter should interest any organization seeking to achieve the dual goals of global leadership development and corporate alignment of leadership efforts.

INTRODUCTION

We as leaders must create environments where employees can speak openly and candidly, where people believe their ideas will get a fair hearing and prompt action, and where leaders at all levels are helped—and held responsible—in the task of building the next generation of leadership. I really do believe that if we succeed in living the values and exhibiting the leader behaviors, we really can become the company that does more good for more people than any other on the planet.

—Hank McKinnell, Pfizer Chief Executive Officer

Pfizer wishes to acknowledge Michael Watkins for thought leadership that inspired Advance Transition and the Leaders of Leaders program. The authors acknowledge R. Ram Charan, S. Drotter, and J. Noel, whose work has shaped Pfizer's strategy for developing a pipeline of "ready now" leaders.

Founded in 1849 as a small specialty chemical company, Pfizer Inc has grown into the world's premier research-based pharmaceutical company and has become the world's largest and most valuable company devoted to health care. Pfizer discovers, develops, manufactures, and markets leading prescription medicines for humans and animals and many of the world's best-known consumer brands. Since attaining these distinctions, Pfizer has defined success as more than performance in the marketplace.

In 2001, the organization adopted a new mission: to become the world's most valued company to patients, customers, colleagues, investors, business partners, and the communities where Pfizer colleagues work and live. This new mission reflects the broader role society expects Pfizer to take in improving the human condition and the lives of valued animals. In 2003, Pfizer announced that the organization's progress on this mission would be evaluated by three main standards: financial performance, corporate citizenship, and the organization's ability to increase access to health care.

Today, there are more than 122,000 colleagues at Pfizer with operations in more than 150 countries. In 2003, Pfizer's gross revenue exceeded \$45 billion. With a 2004 estimated Pfizer budget of \$7.9 billion in research and development, Pfizer boasts the industry's largest pharmaceutical research and development (R&D) organization: Pfizer Global Research and Development. Pfizer's search for new treatments spans hundreds of research projects across eighteen therapeutic areas—more than any other company. Its scientists, clinicians, technicians, and other professionals employ state-of-the-art tools—ranging from robotic high-throughput screening (a method pioneered by Pfizer) to sophisticated genomic studies—to deliver a steady stream of innovative new products that enhance human and animal health. Links with more than 250 partners in academia and industry strengthen Pfizer's position on the cutting edge of science and biotechnology by providing access to novel R&D tools and to key data on emerging trends.

Pfizer is dedicated to discovering and developing innovative medicines and making them available to people around the world. Its business is fundamentally about saving, improving, and enhancing lives, and Pfizer believes that by being successful as a business it provides the greatest benefit to society. The organization's commitment to exemplary corporate citizenship is reflected in its extensive efforts to improve access to health care, the core focus of its philanthropic initiatives. Through its support of both local and global initiatives, and by the generosity and compassion of its employees, Pfizer strives to make every country and community in which it operates a better place to live and work.

This chapter describes Pfizer's systematic efforts to ensure the successful development of leaders in a global context. In particular, it examines Pfizer's efforts to ensure the success of leaders who are asked to take on the responsibility of supervising those with supervisory responsibilities. To understand Pfizer's

success in tackling this subject, the chapter examines Pfizer's launch and on-going implementation of a global leadership development program called "Advance Transition."

THE BUSINESS NEED FOR EFFECTIVE ADVANCED LEADERSHIP TRANSITION

How does a company best ensure the development of its global leaders? How does it build pipelines of leadership talent that stretch across geographic, cultural, and language barriers to provide a unified and aligned leadership perspective as it pursues its global goals? In particular, how does a company ensure that leaders developed in a regional context are trained to effectively lead global teams and colleagues? These are some of the questions that guided Pfizer in its design of the Advance Transition program.

Pfizer's understanding of the business need for effective advanced transition was helpfully influenced by the work of Michael Watkins of Harvard University.¹ According to Watkins, nearly 25 percent of leaders in a typical Fortune 500 company change jobs every year. Of these leaders in transition, 44 percent will fail to navigate this change successfully, and for each leader who fails to effectively make this transition, approximately twelve individuals will have their performance "significantly compromised."

Using this research to better understand its own organization, Pfizer came to a set of important conclusions. First, it knew that the population of "leaders of leaders" (those who supervise first-line leaders or other leaders of leaders within a functional group) was approximately 6,000 individuals worldwide. Based on Watkins's figures, Pfizer saw that of the roughly 1,500 individuals at this level who transition each year, approximately 660 would struggle to perform effectively in their new role. Furthermore, their struggle had the potential to cause a dangerous "domino effect"—adversely impacting close to 8,000 colleagues, many of them first-line leaders.

Even for non-promotion transition situations (reorganization, new strategic focus for the team, expanded responsibilities, and so on), Pfizer identified a number of important risks, including the potential derailment of otherwise talented leaders and managers. In particular, Pfizer saw the all-too-frequent case of first-line leaders who were promoted to the level of Leader of Leaders, but failed to make the necessary changes in three critical areas:

1. *Skills*: New capabilities required to execute new responsibilities
2. *Time applications*: Timeframes governing how they work
3. *Work values*: What people believe is important and thus becomes the focus of their efforts²

In assessing the consequences of failed transition, Pfizer saw the potential to reduce significant harm to the organization and a key cause of expensive failure on the part of valuable leaders. To further clarify the need for the leader-of-leaders program, Pfizer took a hard look inward and identified three key rationales.

Rationale 1: Demographics

In its own demographics, Pfizer saw that it faced current and future challenges as a consequence of its own success. In particular, the organization had grown so fast and had become so successful in a number of key markets that the impending retirement of a significant portion of Pfizer's leaders demanded real and immediate action. Pfizer saw the need to develop the bench of "ready now" leaders to fill these future openings. Adding urgency to the situation, it saw that these retirement issues meant that its pipeline of leaders would be shrinking just when the company was most ready to rapidly grow in scale and complexity.

The scale of Pfizer's challenge can be seen in statistics regarding the company's size and growth. Between 1993 and 2003, pharmaceutical sales had moved Pfizer up from a rank of number 10 to number 1. In the same ten years, revenues grew from \$5 billion to \$45 billion. In a similar vein, from 2000 to 2003, the number of Pfizer employees grew from 38,000 to 123,000. In the same three years the company consistently ranked among the top five in size of market capitalization.

In three years, the company had almost tripled in size. The implications for business were clear and unequivocal: just as Pfizer needed drugs in the pipeline to continue growing its business, it also needed leaders in the leadership pipeline who could formulate strategies and execute business plans—leaders "ready now" to grow a business facing enormous challenges and unprecedented change.

Rationale 2: Past Practices

Looking honestly at its own past practices, Pfizer recognized important shortfalls that would hinder the organization in its efforts toward continued dramatic success. Important to its thinking was a McKinsey study examining the "war for talent."³ The conclusion that most resonated with Pfizer's design team was the pervasiveness and ineffectiveness of a "sink or swim" strategy of leadership development. Pfizer saw that, until recently, this characterization applied to its own organization. As one internal Pfizer source put it, "We hired the best and brightest, showed them their office, introduced them at meetings, and threw them into the action, assuming they would somehow 'figure it out.' In tribute to our people and company values, many leaders did figure it out, but at what cost?"

Pfizer saw that the consequence of a sink or swim strategy of leadership development was an unacceptable number of bright, talented, and dedicated leaders "sinking to the bottom of the pool."

Rationale 3: Transition as Leader-Developing

Having identified demographic and past-practice-based needs for an effective transition program, Pfizer saw potential leadership development benefits of such a program as well. In particular, the organization saw that—if handled well—the transition process to responsibilities involving the supervision of supervisors could become one of the most effective developmental experiences for seasoned and senior leaders.

Pfizer was guided in its understanding by research about motivation in new roles, as well as the motivational impact of new challenges and new responsibilities. According to the *War for Talent* study, when leaders were asked about their most important developmental experiences, their responses frequently included transitions into new leadership roles. And these new roles frequently involved greater latitude for making decisions. According to the *Voice of the Leader* study involving more than 8,000 leaders from 31 companies in six industries spanning eight countries, the highest scoring factor for developing leadership capabilities was the amount of decision-making authority in the job.⁴ Taking this research into account, Pfizer saw tremendous potential in a well-designed transition effort.

THE ADVANCE TRANSITION PROGRAM FRAMEWORK

These rationales framed Pfizer's thoughts as it designed Advance Transition both to minimize the potential for leader derailment and to leverage the opportunity for greater organizational impact and performance.⁵ In light of the company's recent growth and its self-identified need for world-class leadership development, Pfizer undertook a yearlong organizational assessment during 2002 that rigorously evaluated its capacity to develop leaders for the enterprise. The work of this leadership development initiative culminated in recommendations to the Pfizer Leadership Team (PLT), led by CEO and Chairman Hank McKinnell. The PLT recognized the need to strategically target leadership development, and it subsequently funded and staffed a group called Global Leadership Effectiveness (GLE) in January 2003. The PLT also embedded leadership development in one of five strategic company imperatives for 2004.

As a department within the GLE group, Leadership Education & Development (LEAD) was given the responsibility to design and deliver leadership learning activities that developed leaders with an integrated learning pathway at four levels worldwide:

1. First line leader
2. Leader of leader
3. Multifunctional leader
4. Enterprise leader

By dividing or segmenting its leader population into these four discrete levels, Pfizer was able to target specific individuals at their time of greatest need and at exactly that point when the organization could expect the greatest impact.⁶

In the broadest sense, LEAD's goal was to educate and prepare those who supervise others, ensuring a robust pipeline of "ready now" leaders. This goal was achieved by concentrating on the "Three C's": what is *core* (to any leadership role), *common* (to every business), and *critical* (to business imperatives). LEAD pursued the design goals of the Advance Transition program in light of Pfizer's strategic imperatives for 2004:

- The value Pfizer provides through its products
- The flow of medicines through R&D
- People and talent development
- Adapting to Pfizer's new scale
- Influencing external environments

What were the next specific steps? First, to design a program for maximal impact, Pfizer collected high-quality internal and external advice.

Internally, LEAD built a robust data collection and content-vetting process that included a series of detailed focus groups with key organizational stakeholders. As the content of the intervention became better defined, the Advance Transition effort served as the basis for a Human Resource (HR) Showcase at which key HR professionals from the entire organization were given a preview and an opportunity to provide detailed feedback.

Externally, Pfizer sought counsel from a number of partners for the Advance Transition effort, including the Forum Corporation and Leadership Research Institute (LRI), with whom Pfizer has partnered extensively on leadership development interventions and services.

LEAD's carefully achieved balance between internal and external counsel combined the benefits of research-based best practices with the individualization and customization necessary to achieve success at Pfizer. LEAD's segmentation of the educational aspects of leadership development at Pfizer enabled a targeted approach that worked well right from the start. This success, in turn, set the stage for later innovation in globalizing Advance Transition—enabling regional centers of excellence to be developed to increase the cost effectiveness of the intervention and to increase its global impact.

DESIGN AND IMPLEMENTATION: A BEHAVIOR-BASED APPROACH

Armed with well-founded rationales and an organizational structure to tackle the issue, Pfizer's LEAD department moved forward in mid-2003 to design and implement Advance Transition. Drawing upon its rich pool of internal and ex-

ternal expertise, Pfizer saw the best path forward as a targeted residential-based program for new leaders of leaders with a rich and detailed measurement effort built into the session itself, as well as “on-ramp” and follow-up stages.

As the design phase ramped into implementation, each component of the program would also be reviewed by an advisory body called the Leadership Education Council, made up of key learning and development professionals from across the organization. The members of the council had the global expertise and experience necessary to provide advice not just on what worked in a general sense, but on what worked in Pfizer. The council thus served to ground and globalize LEAD’s efforts, ensuring that from region to region and business to business, Advance Transition was designed to meet Pfizer’s practical and real leadership development needs.

In all of its design efforts, LEAD was guided by the following six key “leader behaviors” encouraged by Pfizer as part of its broader leadership development effort:

1. Sustain focus on performance.
2. Create an inclusive environment.
3. Encourage open discussion and debate.
4. Manage change.
5. Develop people.
6. Align across Pfizer.

The importance attached to these behaviors reflects Pfizer’s broad interest in behavior-based leadership development. Such an approach works best when focused on a small number of important behaviors and when the discipline is there to consistently execute on new behaviors to the point where they become habitual. More so than most organizations, Pfizer is disciplined about driving down to the behavioral manifestations of various leadership concepts and ideas. The organization has achieved consistent success by emphasizing behavior change as the foundation of real leadership development. This focus on behavior made for a practical and “real-world” approach to the design of Advance Transition.

The organization decided to break the intervention into three distinct stages: (1) on-ramp preparation, (2) a residential session, and (3) on-the-job application. Each stage was designed to shed greater light on the behaviors most important for transition success.

Stage 1: On-Ramp Preparation (6 weeks)

The first stage begins with registration and enrollment of program participants selected within their division or by their immediate supervisor, depending on the individual’s situation, as close to the time of their transition as possible. Six weeks prior to the program, each participant receives an e-mail invitation like the one shown in Exhibit 9.1. The invitation marks the beginning of the

Exhibit 9.1. E-mail Invitation to Advance Transition

Subject line: Action Requested: You've been nominated to attend Advance Transition

Welcome to *Advance Transition*! You've been nominated to attend this unique and powerful leadership development program, which is designed to help Leaders of Leaders successfully navigate transition situations.

What Is Advance Transition?

A transformational Leadership development program designed to help Leaders of Leaders at one of their most vulnerable times—during a *transition*. The program focuses on helping the Leader of Leaders recognize and adapt to value shifts resulting from their transition.

Key program topic areas include: Diagnosing Your Situation; Aligning with Your Boss; Optimizing Team Performance; Building Your Network; Conducting Skillful Conversations; Creating an Execution Discipline by leveraging the core processes—Strategy, People and Operations.

How Do We Define a "Transition"?

Transitions can include (but are not limited to):

- A promotion
- A reorganization
- A new strategic focus for the team
- New or expanded scope and/or responsibilities

Who Should Attend?

Advance Transition targets Leader of Leaders, those who manage other supervisors. Ideally, program nominees have been *newly* promoted, or recently experienced a *transition* creating new challenges or complexity in their leadership role. *Advance Transition* is designed to *successfully accelerate* these transitions.

When Is the Program?

June 14–18, 2004 Palisades Executive Conference Center, Palisades, New York

The program begins Monday, June 14th at 5:00 P.M. with a reception and dinner, and adjourns Friday, June 18th by 1:00 P.M.

To enroll, please click here <http://lead.pfizer.com>, select "*Advance Transition*" from the "Leader of Leaders" drop down menu on the right side of the screen and follow the instructions.

If you have any questions or difficulties completing the workshop enrollment, please call (914) 690-6068 or e-mail us at the "*Advance Transition*" mailbox in Outlook.

We look forward to seeing you soon at the *Advance Transition* workshop as well as helping you advance and accelerate your career!

“On-Ramp” process, in which participants speak with their bosses about alignment, interview key stakeholders, read materials, use online tools, and complete a unique leadership assessment survey to establish a baseline of transition performance.

Called ATLAS (Advance Transition Leader Assessment), the survey is innovative in a number of ways. First, it was designed to provide each participant with a user-friendly “Transition Scorecard,” based on the identified components of transition success. This scorecard asks the participant’s supervisor, peers, and direct reports for their perceptions of the participant’s ability to achieve a number of early successes as during the transition into the new role. Other important topics examined by the survey include participants’ ability to see and combat professional vulnerabilities and ability to maintain their own credibility through the transition period.

From a measurement perspective, the question of transition posed some interesting challenges. Each participant is, by definition, new to the role. The individuals providing feedback have varying levels of experience with the individual and thus varying levels of detailed and valuable feedback. To give participants as accurate a picture of their performance as possible, Pfizer designed the ATLAS instrument to allow “weighted” values for each feedback participant based on the person’s overall degree of familiarity with the participant. Responses from those who have interacted closely with the participant are weighted more heavily regarding the participant’s skills and vulnerabilities. This dynamic system has allowed Pfizer to achieve high levels of satisfaction with the survey. In a poll of all program participants, 3 in 4 have indicated a favorable impression of the instrument.

Other aspects of the On-Ramp phase that participants have praised include a scheduled and structured discussion with their boss (83 percent of participants have viewed the experience favorably) as well as a structured discussion with a Pfizer colleague already in the role of a leader of leaders (93 percent favorable). Overall, more than 8 in 10 participants have been either satisfied or highly satisfied with the On-Ramp stage. During On-Ramp, Pfizer has done particularly well at focusing on a small number of behaviors that enhance transition success. These behaviors are reinforced in each of the prework measurements and in the various conversations participants are asked to have with their boss, coworkers, and direct reports.

In prework materials released during the On-Ramp stage, program participants are also informed about the overall structure of the program, including what to expect in the residential phase. Pfizer’s communication to program participants stresses that Advance Transition has been designed to help them focus on *real work* and to execute their vital few priorities during transition. Pfizer’s emphasis here is unique. By focusing much of the intervention on the day-to-day issues facing participants, Pfizer enhances the impact of the process both

short term and long term. Participants are told to expect a rich investigation of the following seven content areas:

1. Diagnosing their situation
2. Working with their boss
3. Leveraging strengths and managing vulnerabilities
4. Applying principles of execution
5. Building networks
6. Practicing skillful conversations
7. Assessing and building their team

These seven content areas, in turn, drive six course objectives and help participants work toward specific business outcomes. In communications released during On-Ramp, participants are told to expect that after completing Advance Transition, each of them will be better able to:

1. Accelerate their transition to the leader of leaders role
2. Align their team to Pfizer strategy
3. Build strong networks to navigate and align across Pfizer
4. Implement principles of execution to focus on performance
5. Optimize their team and develop people
6. Manage personal strengths and vulnerabilities during change

Efforts are made to provide enough early information to guide participants, but not so much to feel like “a drink from a fire hose.” Consistent with the overall program design, Pfizer goes to great lengths to ensure that both the right and *right amount* of information are delivered on a schedule beneficial to the participant’s development.

Stage 2: Residential Session (3 days)

The two goals of the residential session are to enhance the skills participants need to successfully transition into new leadership roles and to build their understanding of the broader Pfizer context in which those skills are needed. These two goals might be thought of as the “behavioral” and “strategic” levels of Advance Transition.

Pfizer works hard to achieve a balance between behavioral and strategic approaches. A good example of a successful strategic element of the program is an introductory unit called “How Pfizer Wins.” This unit involves a senior Pfizer executive leading a detailed discussion of three key aspects of the company’s strategic situation: the external competitive environment; the past, present, and future internal environment; and lessons to be learned from companies that

have failed. In view of these three factors, participants are asked to draft a presentation as if they were speaking to the leadership team of one of Pfizer's competitors, advising this hypothetical group on the best way to compete successfully against Pfizer. They are then asked to deliver the presentation to the Pfizer senior executive who is leading the discussion. This unit has been highly regarded by participants. Ninety-two percent have responded favorably to it, singling out the combination of strategic thinking and execution detail as particularly helpful.

A good example of a more behavioral component of the residency is what Pfizer calls "Lessons of Experience": an experienced executive from within Pfizer discusses with the group his or her own "principles of execution."⁷ What are the best ways to get things done at Pfizer? What works and what does not work? This discussion reliably leads to a concrete treatment of execution "do's" and "do not's" that program participants will use to immediate and specific advantage. To date, 97 percent of participants have found this unit quite effective. The key, again, seems to be the mix between theory and practice. In this exercise, the Pfizer leaders are able to take a general discussion of execution and personalize it into real behaviors that program participants can emulate.

In Advance Transition, the balance between behavioral and strategic emphases is weighted toward concrete everyday behaviors that program participants will need to succeed. The main way of accomplishing this emphasis is the program-spanning focus on a tool called the "Execution Plan," which is introduced to participants during the residential session. (See Exhibit 9.2.) It is a highly detailed form participants use for carefully recording their transition priorities and as a guide for reflection and execution regarding *actions* needed for success. The execution plan focuses on necessary *actions*, thereby serving as a foundation that participants can rely upon to accelerate their transition process. Ninety-two percent of participants have viewed the plan favorably and recognize its usefulness as part of the residency.

A goal of the residential stage of the program is also to encourage networking among program participants. Each program participant is encouraged to get to know as many of their fellow leaders as possible from other functions and geographies within the organization. In keeping with this, another innovative element of the session is the incorporation of what Pfizer called "cohort" groups. These groups are made up of between six and eight participants who are introduced to one another at the residential kickoff dinner. For the entire time of the residential session, the members of each cohort group work closely together and are encouraged to get to know one another and to form real and lasting professional bonds and networks. Pfizer's experience suggests that a significant portion of these cohort groups have lasted beyond the residential session and have helped to form lasting professional and leadership networks within the organization.

Exhibit 9.2. Execution Plan

The plan includes a three-part table of the current state for each of the top three priorities of the plan.

Execution Plan _____ / _____ / 2004

Priority (1, 2 or 3): _____

	<i>The Strategy Process: Current State</i>		
	<i>Actions Taken</i>	<i>Actions Remaining/Gaps</i>	<i>Actions to Close Gaps</i>
Priority linked to business imperatives and unit goals			
Priority clearly defined and communicated to team			
Priority aligned with key stakeholders' expectations			
	<i>The People Process: Current State</i>		
	<i>Actions Taken</i>	<i>Actions Remaining/Gaps</i>	<i>Actions to Close Gaps</i>
Linked to unit/Pfizer strategy			
Linked to operations			
Right team in place			
Team clear and focused on priority			
Practicing performance management			
Practicing talent management			
Team climate positive			
Skillful conversations and coaching occurs regularly			
Networks in place			
People dilemmas managed			

Exhibit 9.2. Execution Plan, Cont'd

	<i>The Operations Process: Current State</i>		
	<i>Successes</i>	<i>Gaps</i>	<i>Actions to Close Gaps</i>
Operating assumptions identified and tested			
Budgets in place and properly allocated			
Standards, expectations, and outcomes defined and communicated			
Targets, milestones, and measures in place			
Operational dilemmas managed			

Finally, to help make the program interactive, challenging, and cost effective, there is significant homework each evening. Participants spend one to two hours each in-session night on assignments.

Stage 3: On-the-Job Application (12 weeks)

The third stage of Advance Transition involves participants implementing their execution plans back in their own work settings. Key activities include a follow-up meeting between participants and their bosses, participants speaking with a peer coach (a colleague from the program with whom they had decided to work), and the completion of a “post-test” multirater survey to measure progress and improvement. Stage 3 lasts about three months from the end of the residential session. An additional goal of this third stage is to generate useful, reliable data about overall transition success, as well as the impact of Advance Transition. The early results of this measurement process are discussed following.

Global Implementation

From the start, Pfizer intended Advance Transition to have global impact. In the early stages of the program, participants from Pfizer’s global operations outside the United States were brought to New York for the residential stage. As the program demonstrated its ability to help participants transition more effectively, Pfizer turned its attention to various ways in which it could be made even more

globally effective and cost effective. Pfizer was willing to regionalize certain aspects of the program so long as a consistent and aligning core of content and practices were maintained. Pfizer had intended the program not just to represent a U.S. perspective, but to allow participants to see effective transition through a multicultural lens. The idea was to allow for local adaptation based on cultural differences, while carefully maintaining consistency of overall course objectives in accord with the Pfizer Leader Behaviors and the Six Leader Behaviors ratified by the Pfizer Leadership Team and the Human Resources Leadership Team.

Attempting to convey the idea that remote sessions should have a strong sense of local ownership and flexibility, Pfizer has developed a “franchise” concept, encouraging the development of rigorous and real expertise in its regions.

Particularly in Pfizer’s EuCanAfME region (Europe, Canada, Africa, and the Middle East), the organization has achieved unprecedented levels of integration and capability transfer. This has taken the form of unique, high-impact collaboration between Pfizer’s pharmaceutical, manufacturing, and research functions in the region, each contributing talent and expertise to the successful rollout of Advance Transition. The goal of Advance Transition program remains a careful balance between the aligning function of global consistency and the diversity-enhancing function of regionalization and localization. How has Pfizer done in the pursuit of these goals? To answer that question we turn now to an analysis of feedback and impact.

FEEDBACK ON THE PROGRAM

To judge the success of Advance Transition, Pfizer first turned to qualitative and quantitative feedback from participants, who were canvassed regarding their satisfaction with various aspects of the program. Overall, this feedback has been quite favorable and includes a useful amount of detail regarding individual program elements. Qualitative data suggest satisfaction with the following:

- *Amount of time dedicated to the process:* Concerns always arise when leaders are taken from their environment for multiday interventions, but program participants have singled out the value of the residency. As one individual remarked, “It absolutely makes sense to spend this one week to get the time to focus on the future expectation of yourself.” In post-session evaluations, fully 100 percent agreed that the program was worth the time invested and that the way they lead would be the better for it.
- *Program content:* Participants convey satisfaction regarding the “foundational” nature of the content. By foundational, they mean the basic

and core skills they are sure to need in their transition experience. In particular, participants have liked the fact that Advance Transition gives a “starter set” of tools for effective transition in a fashion consistent with other Pfizer leadership development interventions.

- *Increased confidence:* Participants have mentioned increased confidence in their own abilities to transition. Some of this increased confidence seems likely to have come from course materials and exercises. The remainder, in all likelihood, comes from opportunities to share experiences with other participants who are often at similar points in their careers. In post-session evaluations, program participants have reported improving their confidence in the targeted behaviors an average of 22 percent.
- *Enhanced opportunities for reflection:* Pfizer has pursued this benefit deliberately, setting aside 15–20 minutes each day for the sole purpose of reflection. Qualitative feedback mentions the benefit of this otherwise unstructured time in the Advance Transition process. In particular, there seems to be a benefit of prior reflection. One participant said that the program “motivated me to take the time to think more about process up front” and that this prior reflection “encouraged participants to approach the subjects of teamwork and delegation with more of an open mind.”
- *Practical impact:* Many of the qualitative comments have highlighted the “down to earth” quality of Advance Transition and speak of real improvements in performance that continue “each day from having experienced the class.”

Qualitative feedback is also collected via electronically submitted, open-ended evaluation forms made available to the direct managers of participants. This feedback is helpful in assessing the impact of participation back on the job. There is also useful qualitative information regarding the effectiveness and impact of the On-Ramp stage, during which direct supervisors participate in pre-work interviews with participants. Indications are that supervisors are effective in providing feedback to participants at that early stage, as evidenced by this example of one supervisor’s comment to a participant:

Dear _____,

I think you did a great job in establishing a good working relationship with myself, the regional team and your direct reports. From your own development point of view, you can count on my full support.

The qualitative data suggest that Pfizer is achieving high levels of internal customer satisfaction with Advance Transition. Additionally, it suggests that

participants are at least perceiving themselves as being more effective. For a more detailed discussion of the level of actual impact, we turn now to Pfizer's long-term strategy for assessing the program.

EVALUATION

In an organization the size of Pfizer, the target population of leaders leading leaders is approximately 6,000 individuals. Within this group, approximately 1,500 transition to new roles each year. Pfizer's continued growth and success depend upon the creation or designation of at least this number of ready and skilled leaders to fill positions of increasing influence and necessity. Evaluating Advance Transition is thus of vital importance. The question is, How well has it actually helped leaders of leaders transition into their new roles?

What is the best way to assess this? Pfizer has chosen a two-pronged approach: first, a form of self-assessment in which participants say whether they think the program has helped them to successfully accelerate their own transition; second, other information.

Participants' Evaluation of Impact

When asked whether Advance Transition helped them to accelerate successfully through their transition, program participants responded as shown in Figure 9.1.

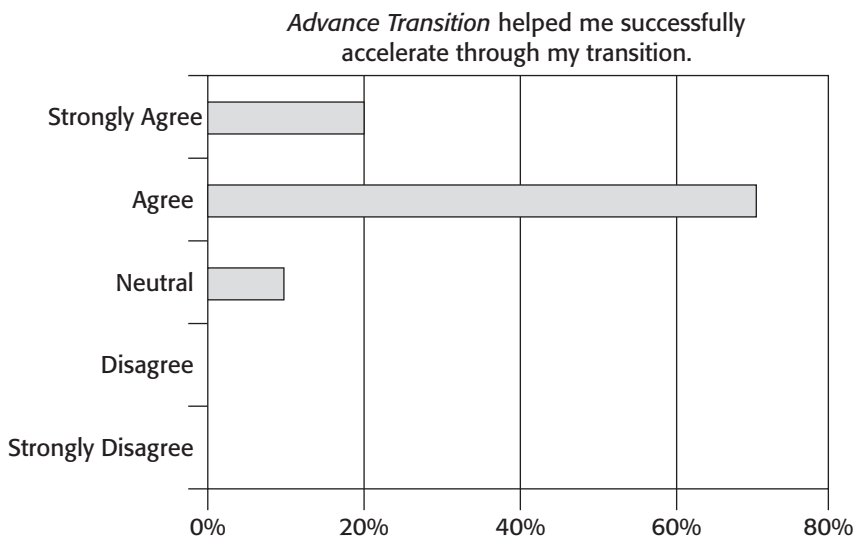


Figure 9.1 Participants' Evaluation of Advance Transition

These data suggest that program participants find the program is useful and helps them transition more quickly. To dig a bit deeper, Pfizer also tracked the program participant's self-evaluations on a number of behavior-specific items, comparing the participant's sense of their own skills before and after the residential session.

Program participants said they had significantly improved their abilities to use a balanced approach to drive accountability within their team (39 percent improvement). Improved scores were also significant on such questions as whether they "create, articulate and model a sophisticated point of view on values and leadership" (30 percent improvement) and whether they "apply an execution discipline to implementing plans" (30 percent improvement). Taken together, these early results suggest a dramatic increase in confidence among program participants, as well as a greater sense of likely success on the specific behaviors required for effective transition.

It seems likely that of the 650 Pfizer leaders annually who, according to Watkins,⁸ might be expected to encounter difficulties in their transition to a role involving the supervision of supervisors, a significant portion would be helped by Advance Transition. Because each leader that encounters difficulty is likely to adversely impact approximately twelve individuals, and since, in the case of the participants of Advance Transition, these impacted individuals are themselves people leaders, even a small increase in the effectiveness of transition is likely to yield significant financial and performance results for the organization.

Other Forms of Evaluation

In addition to participant reports, Pfizer is also in the process of collecting and analyzing follow-up data from 360-degree feedback, as well as comparative transition success rates between participants and nonparticipants. In the future, this will enable Pfizer not only to assess whether or not the program is having an impact, but how much of an impact, and the specific ways in which this impact is manifesting itself at the level of leader behavior.

LESSONS LEARNED

1. *Take a hard look at the barriers to your leaders' success.* Companies that succeed in global leadership development show a willingness to engage and overcome the real barriers to such development. Pfizer surfaced tough demographic and cultural factors and unflinchingly addressed both.
2. *Make time to secure advice and consent.* A significant factor in the success of Advance Transition was the effort made by LEAD to carefully collect as much information from *within* the organization as possible.

LEAD's successful design and implementation efforts stemmed in no small part from the quality of the advice gained from the Pfizer's focus groups as well as the HR showcase. Ongoing advice from the Leadership Education Council ensured an effective process of continuous improvement as well. Particularly on the subject of leader education, extra efforts should be made to canvass the talent already present within an organization.

3. *Drive toward behavior.* The best way to ensure that your leadership development program fails to live up to its potential is to keep it at the level of leadership theory and research. The best way to achieve real impact is to tie research to real behavior and give leaders a chance to see and experience that behavior. In Pfizer's case, the organization's focus on leadership behavior sets the stage for real change.
4. *Be creative in data design and interpretation.* Every program design decision has consequences in terms of the information your company can collect and use. Creativity in the design phase can have information-resource implications years into the future. Pfizer's experience suggests that good design will lead to good and business-useful information.
5. *Strike the right balance between alignment and localization.* If there is one right balance to hit in a global effort to develop leadership talent, it is the balance between consistency of global alignment and the encouragement of diversity at the local level. Both goals are worth pursuing, which is why the most successful programs will be those that strike just the right balance between them.
6. *Enable a consistent organizational structure to champion your global process.* Pfizer's success with Advance Transition was the result, in no small measure, of the design and function of the LEAD team. Ask yourself, "Have I created the organizational structure necessary to ensure a consistent and well-thought-out approach to global leadership development?"

SUMMARY

Pfizer Inc has made systematic efforts to ensure the successful development of leaders in a global context. In particular, Pfizer has worked to ensure the success of new leaders of leaders—individuals who have taken on the responsibility of supervising other supervisors. To do so Pfizer created a project team called LEAD, which carefully launched and implemented a global leadership development program called Advance Transition.

Advance Transition assists leaders new to the role of leading those with supervisory responsibilities. The program is behavior based and divided into three

stages: on-ramp preparation of roughly six weeks, a residential session of three and one-half days, and on-the-job application lasting about twelve weeks.

“On-Ramp” preparation includes structured discussions between participants and their boss as well as the use of a “Transition Scorecard” for input from boss, peers, and direct reports.

The residential session includes a variety of events to work on both behavioral and strategic levels. One such event is “Lessons of Experience” from a higher-level Pfizer executive. The residency actively builds a cohort. For each participant, an Execution Plan becomes the main tool for focusing on actions necessary to successful leadership transition.

In the stage of on-the-job application, two activities related to carrying out the execution plan are a follow-up meeting between participants and their bosses and an ongoing peer coaching relationship.

Launched in 2003, Advance Transition has already achieved measurable impact that is being well documented and enhanced in an ongoing process.

Pfizer’s culture is extremely diverse, both as a result of its broad geographic and international operations and as a result of its organizational history, with a number of significant mergers in its recent past. This diversity contributes to many of Pfizer’s key organizational strengths, including an ability to engage in rapid change while preserving a core sense of organizational identity. The Advance Transition program is designed to leverage this strength, encouraging an atmosphere of inclusiveness and open two-way communication while helping to achieve alignment for Pfizer’s population of emerging global leaders.



Betsy Blee is currently Senior Director, Group Leader of LEAD. After successful team leadership of a strategic design effort to define how leaders are developed at Pfizer, she was assigned as the department head for Leadership Education & Development, within the Pfizer Global Leadership Effectiveness Center. Blee obtained her BS from the University of North Carolina at Greensboro.

Joe Bonito is the Vice President, Global Leadership Effectiveness for the Corporate Human Resources division at Pfizer Inc, and a member of the Human Resources Leadership Team. In this role, he and his team are responsible for leading Pfizer’s leadership development and talent management efforts for the corporation. He holds a BA from Boston College, an MS from the University of Pennsylvania, and is currently enrolled in the Executive Master in Human Resource Leadership program at Rutgers University.

Robert E. Tucker is a consultant with the Leadership Research Institute. His areas of specialization include coaching, reward, and recognition, and the development of high-talent networks within client organizations. Tucker holds a PhD from the Annenberg School at the University of Southern California.



Tower Automotive, Inc.

Global Relocation of Technical Services

Kishen Kavikondala

As auto manufacturers innovate and market new products with world-class quality and competitive pricing in shorter development times, their parts suppliers have taken on more and more design and engineering responsibilities. Tower Automotive, a structural products supplier to the industry, has created a new remote center in India that helps it to meet its worldwide need for technical services support.

INTRODUCTION

Tower Automotive was started in 1993 with the purpose of consolidating and providing value in the stamping and welding assembly processes of the global automotive industry. Since then, Tower has brought several suppliers under its umbrella with rich histories in serving the automotive industry around the globe. This combination of resources has given Tower the largest array of structural products in the industry, including full-service capabilities in design, engineering, and project management.

Tower Automotive started with \$100 million in sales in 1993. By the year 2003, sales had reached \$2.85 billion, with a compounded annual growth of about 63 percent. Figure 10.1 charts this growth.

Tower's Values-Based Culture

Tower Automotive has a strong sense of its mission, vision, values, and goals, as shown in Exhibit 10.1. Everything Tower does every day revolves around these. Values-based leadership is the cornerstone of its interaction with internal and external customers. Each colleague at Tower Automotive goes through an orientation session that includes an introduction to values-based leadership, its implementation, and Tower's commitment to live and work according to its mission, vision, values, and goals.

Tower Automotive believes everyone can lead and enlists every colleague to be a leader who acts on the company's values. The company has dedicated a lot of time developing its unique values-based culture, which, it believes, allows for human resource creativity to be used in ways the competition does not. Tower looks for exceptional results from the expectation that everyone can lead and the company's action-inspiring values. Automotive suppliers operate in an industry that seems to reinvent itself from one day to the next. Change and high expectations play to Tower Automotive's strengths in engineering, manufacturing, and service, all made possible through values-based leadership.

THE AUTOMOTIVE INDUSTRY'S GLOBAL TREND

The globalization of the auto industry started to gain momentum in the early 1990s, as many American, European, and Asian car manufacturers (called "original equipment manufacturers" or OEMs) started building new plants and opening

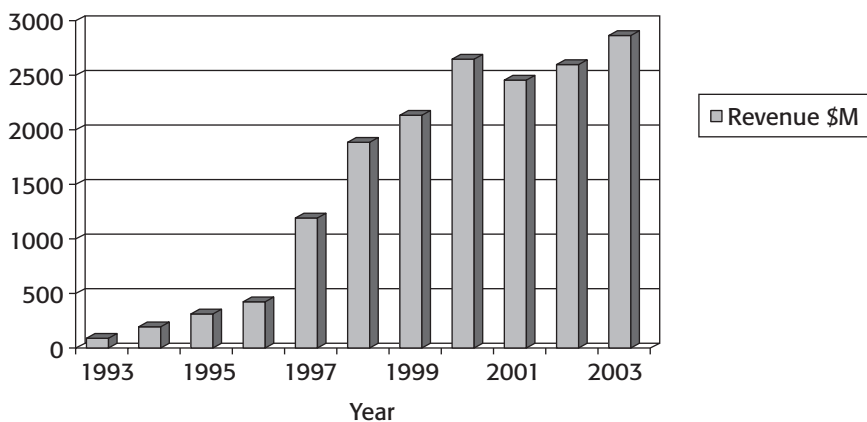


Figure 10.1 Tower Automotive's Revenue Growth

Exhibit 10.1. Tower Automotive's Mission, Vision, Values, and Goals

Mission

To provide excellence and maximum value in metal components, assemblies, systems, and services to the automotive industry, while meeting the needs of our stakeholders.

Vision

To be the global supplier of choice, while providing an environment for growth and development.

Values

- Treat everyone with dignity and respect
- Exceed the expectations of our customers
- Earn the trust of others
- Encourage creative and entrepreneurial spirit
- Involve and empower all colleagues
- Recognize and reward achievement
- Communicate openly and honestly
- Take ownership for our actions
- Learn from our mistakes
- Embrace change, reject complacency
- Improve continuously
- Fulfill every commitment
- Enrich our communities
- Work hard—Keep a sense of humor—HAVE FUN!

Goals

- Achieve total customer satisfaction in quality, delivery, price, and service through continuous improvement
 - Provide an environment that fosters colleague satisfaction
 - Compete effectively to sustain growth and prosperity
-

technical centers in the United States. During this time, U.S.-based OEMs also began doing the same in Europe and Asia. As the world economy gained momentum during the 1990s, consolidation occurred rapidly among OEMs. One major merger was between Daimler-Benz of Germany and Chrysler Corporation of the United States; in other mergers, Ford bought Volvo, Jaguar, Land Rover, and a significant share of Mazda Corporation, and General Motors (GM) bought significant stakes in Fiat of Italy and Daewoo of Korea. Car companies that were primarily catering to their local markets now became global companies with footprints on all the major continents.

The newly formed global car manufacturers started demanding their core direct suppliers (called Tier 1s) to support their global activities. In order to support OEMs such as Ford, GM, Toyota, and others around the world, Tower Automotive and other Tier 1 suppliers began to consolidate the fragmented auto supplier industry.

There were two major driving forces behind this consolidation in the auto industry. One was the need for larger, globally based enterprises that could compete in all major markets of the world, especially in the three main centers of world capitalism—North America, Europe, and Asia. The other driving force, for the North American OEMs, was their awareness of declining market share in the United States. U.S. automakers have been steadily losing market share since the late 1990s, and this pace is accelerating as Asian rivals make significant progress into the U.S. market. (See Figure 10.2.) Meanwhile, of course, European and Asian OEMs are interested in gaining market share.

From the U.S. consumer's point of view, the main driving factor for this shift away from buying from U.S. manufacturers toward Asian and European manufacturers instead is that "imported brands are trendy, have newer innovations, and are of better quality." But another contributing factor has to do with ability to bring new global models to market in the shortest possible time. The leader in this respect is Toyota, which can launch new products in a 24-month time period. It still takes the U.S. automakers well over 36 months to bring a new model to dealer showrooms.

For Tower and the OEMs it supplies, this raised the question, "How can companies bring new and innovative products to the market quickly?" Was there some advantage to be gained by rethinking how local needs for supply and support might be addressed in a global context?

Value Proposition: Global versus Local Centers?

The automotive market has become more sophisticated as companies attempt to respond to customer needs for world-class quality, reliability, and competitive pricing while also catering to the unique demands of local populations. Auto companies that have succeeded in gaining market share for the past

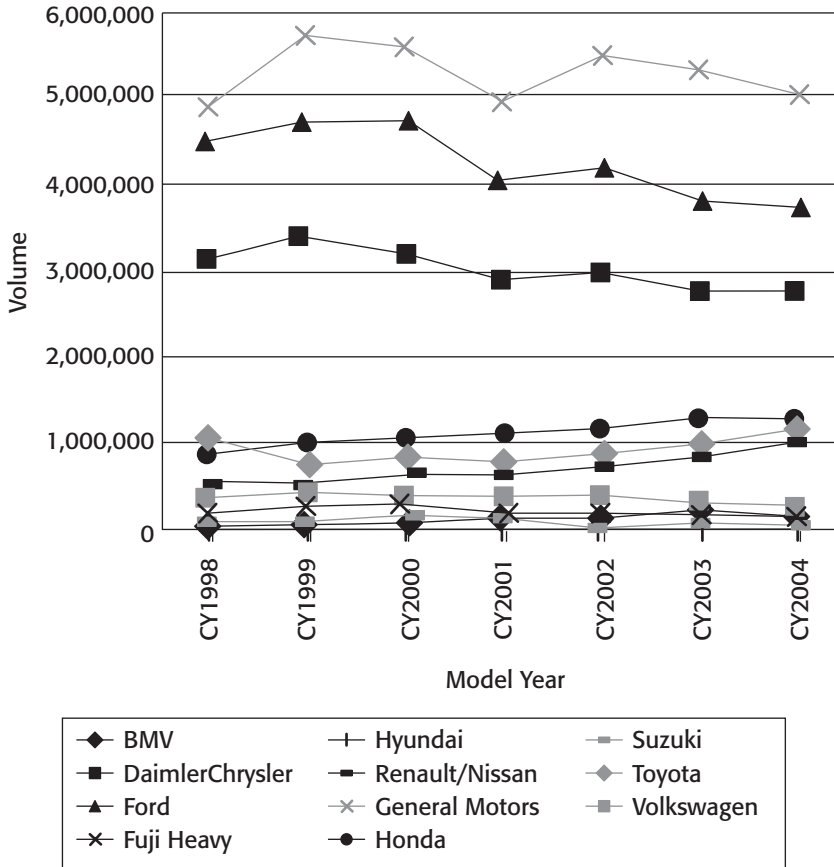


Figure 10.2 OEM Market Share

decade have done so in part by establishing technical centers around the world that understand local requirements. Toyota’s Ann Arbor, Michigan, center works hand in hand with other technical centers around the world, as they design, engineer, and launch new products. The latest to follow suit is the Korean automaker Hyundai, which has also established a technical center in the United States.

As OEMs shift more value from inside to outside, the new demands they face are translating into new challenges for their supplier companies. Successful suppliers are adopting new business practices and strategies. In addition, they have begun to use new information and communication technology tools and new organizational concepts to break and rearrange the traditional links in the value chain, specializing in certain commodities in order to serve their customers across the world. The supplier companies also need to innovate to reduce product development time and cost. This situation forces many suppliers to ask:

- Do we need large regional technical centers, or can we serve the local needs of our customers effectively using global resources and global competencies?
- How can we capitalize on the availability of new work forces in various regions of the world?

A GLOBALLY DISTRIBUTED SERVICES MODEL

In the early to mid-1990s, most OEMs and supplier companies had large technical centers in each of the major regions of the world in order to cater to the local demands of the industry (see Figure 10.3). The auto companies relied on their regional resources to design and develop vehicles that addressed the needs of the local market. The supplier companies used their own regional technical centers to develop a manufacturing process to support the production of OEM designs. It was a “build to print” situation: the OEM would supply a drawing and expect the supplier to produce and deliver a part that met all the specifications on the print. The Tier 1 supplier had no design or development responsibility.

As customers challenged the OEMs to produce better cars at competitive costs, the concept of “global cars” was created. Global cars were designed to

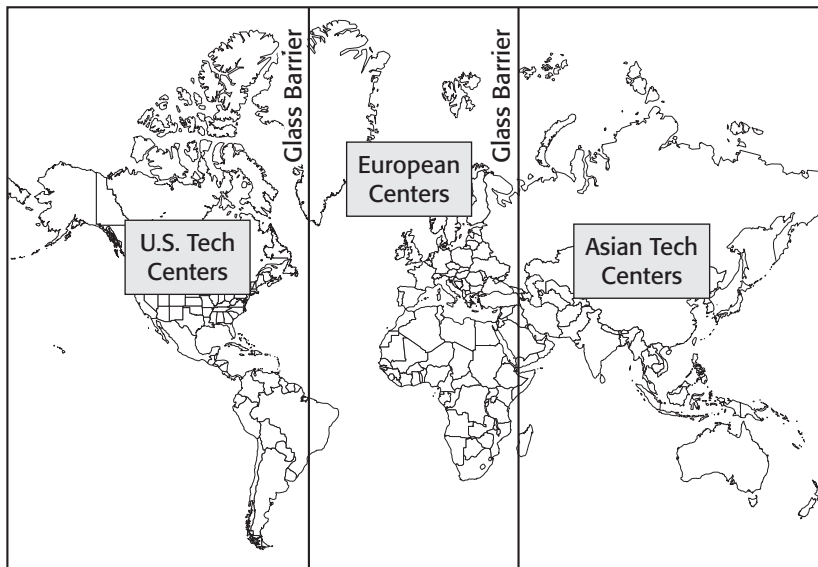


Figure 10.3 Locations of OEM Technical Centers (mid-1990s)

share a common platform (major underbody and interior systems) across regions, while also allowing the car's design to be tuned to the local demands of the customer base in each region. This approach to the design of automobiles helped cut costs and lead times to market. The result was that OEMs looked to their major Tier 1 suppliers to participate jointly in designing and developing major systems for new vehicle platforms. Their idea was to capture the suppliers' expertise in the design for performance and manufacturability of their own systems, while the OEM worked to ensure the integration of the systems into the total vehicle design. This system led to "co-located" product development teams in the 1990s, meaning that colleagues from a company such as Tower would act as an integral part of the OEM team at the OEM's location.

1990s Co-Located Tower/OEM Teams

Figure 10.4 shows the 1990s arrangement of the Tower product development team (also called a "platform team") centered around its Michigan Tech Center. (The German and Italian Tower Tech Centers had similar direct contacts with the OEMs in their countries.) The Tower manufacturing plant ("Business Unit" [BU] in the figure), was responsible for supplying the components to the OEM plant. The BU was considered the customer for Tower's technical services: technical services were provided in support of the launch of a product at the BU plant.

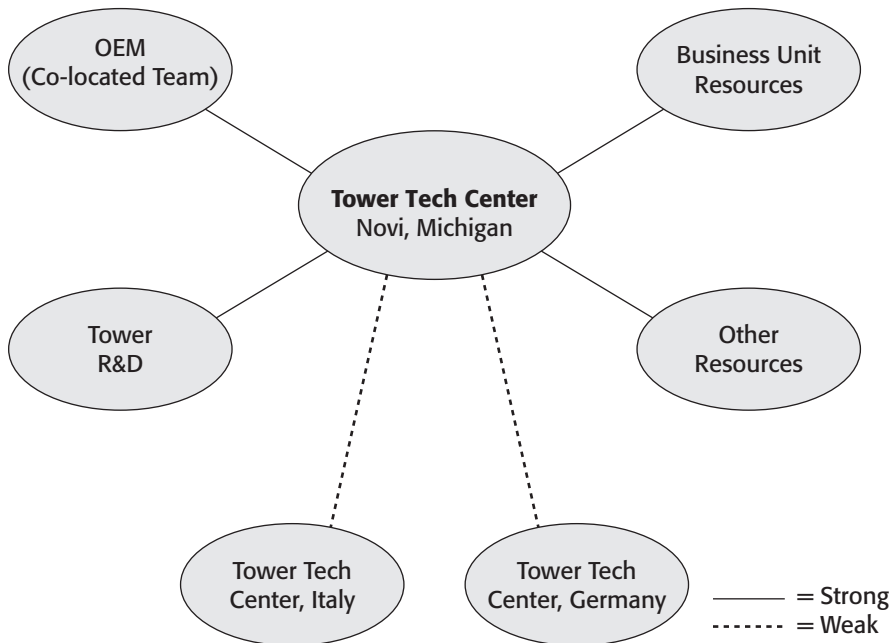


Figure 10.4 1990s Model of Tower Facilities

A product development or platform team usually consisted of a platform leader, a platform financial leader, a product design leader, a sales colleague, an industrial resource, a prototyping resource, a testing resource, a manufacturing resource, a lead designer, a lead analyst, a value analysis team, and plant industrial resources. The platform team's product design leader, along with a lead designer and a development engineer, spent more than 90 percent of their time working as part of the OEM's design and development team. This structure helped the OEM cut down on the design and development times for new products by eliminating the need for multiple design iterations.

For car programs with designs that were led from a specific OEM technical center location, such as Big Three's Detroit area technical centers, the portion of the Tower platform team that interacted with the OEM (platform leader, platform financial leader, product design leader, sales colleague, and key on-site team) was located close by the OEM. Colleagues whose jobs did not require frequent interaction with the OEM, such as those engaged in value analysis or manufacturing or industrial activities and other functions, were located at some distance around the local region. Tower BU colleagues who knew the BU plant intimately and were experts in its operations were located at the BU itself. Collectively, these people formed the core of the supplier development team and were responsible for the design, manufacture, and launch of the new vehicles platform.

Looking more closely at the development team, we realized that we could divide it into an interface team (those colleagues who frequently meet the OEM), a remote team (those colleagues who do not frequently meet the OEM), and a BU team. This team structure led to many successful launches of new vehicle platforms in the United States for Tower Automotive over several years. However, as we further analyzed the structure, it became apparent that the remote team that formed the backbone of the product development team could be located anywhere in the world, as long as it could still support the interface team.

A New Technical Services Model

In analyzing the team structure, we realized that, except for the key interface colleagues, the support teams were not always located in close proximity to the customer but instead were somewhat scattered around the country. This separation led to our thinking about creating remote support groups and specialized resources. To develop this line of thinking further, we considered it in the context of global resource availability and the need to save on costs and reduce lead times to market.

In Tower's new model for global technical services support, the interface team for a platform (platform leader, product design leader, and development engineer) would be located within one hour of the OEM's development group. Maintaining a strong "interface team" presence is important in each location of the world where OEM design groups exist. This idea would involve a location

in the Detroit area to serve the OEM design groups in that region, one in Yokohama, Japan, to serve the Japanese OEM design groups, one in Bergish Gladbach, Germany, to serve the European OEMs, and so forth.

These are the main benefits Tower hoped to achieve by moving its remote, non-interface service support to a more distant centralized location:

- Cut lead time for product development by 50 percent
- Reduce development costs by reducing product costs
- Improve response to customer demands by improving customer service
- Share a centralized knowledge base with global customers to create new and innovative products

Tower's cost-benefit analysis supported the general concept. The global auto industry is cyclical in nature, which results in demand fluctuations for all types of human resources, especially technical resources. The model would allow the company to maintain a steady level of workforce in high-cost countries, supplementing that level with remote resources from a lower-cost country during times of peak demand. The net result would be to minimize overall employment costs and retain core competencies within the organization.

Figure 10.5 shows the new technical services team model that was developed to meet those requirements.

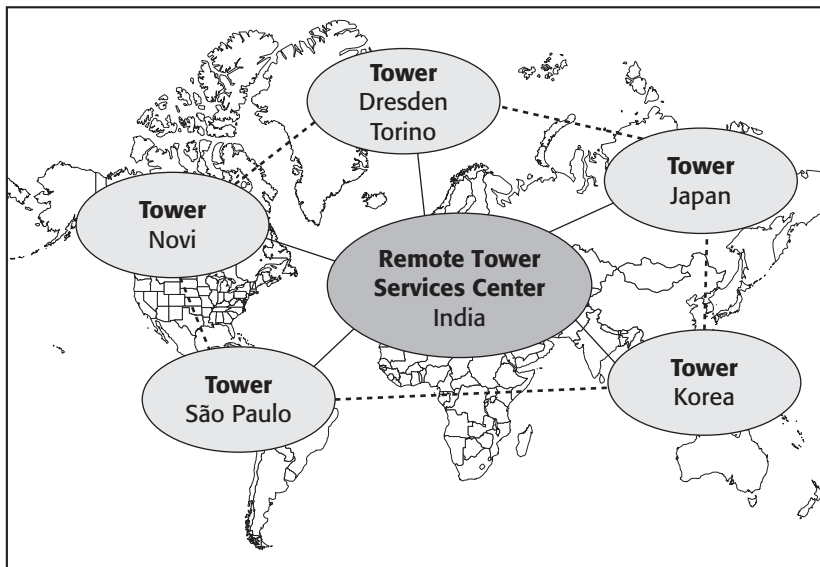


Figure 10.5 New Technical Services Model

CHOOSING A SITE FOR REMOTE TECHNICAL SERVICES

The remote technical team for a platform could be located anywhere in the world based upon manpower availability and costs. The remote location would need to meet the following requirements:

- A time zone that would facilitate 24-hour engineering
- Stable and supportive local governments
- A large pool of qualified technical personnel
- A flexible and culturally adaptive workforce
- Competitive cost structures
- An infrastructure capable of supporting high-speed data networks
- An infrastructure capable of facilitating effective global communication

As Figure 10.5 reveals, Tower Automotive chose India as the location for its main remote technical services center, believing that location would result in cost savings and help to cut product development time. In line with the stated goals and criteria, additional satellite services centers would be developed in other countries, feeding into the main center in India to support all global resource needs of Tower, as shown in Figure 10.6. As suppliers like Tower take on more

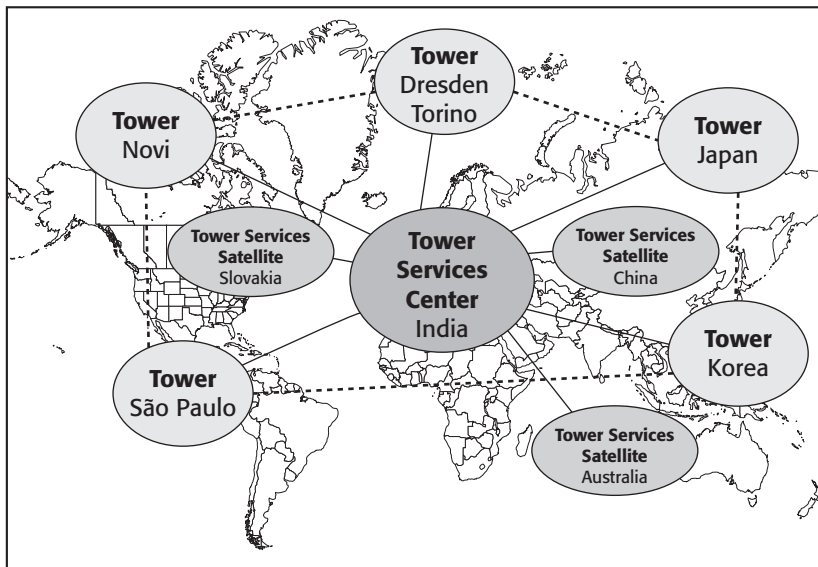


Figure 10.6 Tower's Potential Future Model

design and development responsibility from the OEMs, the need for technical resources will increase drastically. In order for companies to move to the next phase, reliable global data networks will need to be available at reasonable costs.

How India Fit the Criteria

Time Zone Considerations. Figure 10.7 is a map of world times zones, showing India's strategic location for facilitating 24-hour engineering between it and the United States. India is 5½ hours ahead of Greenwich Mean Time, making the time difference between the United States and India 11½ hours. A typical work day in India starts later in the day than in the United States, allowing for at least two hours of overlap, which facilitates oral communication. Also working in India's favor was the overlap of working hours between India and Europe and Japan, the other two major car manufacturing hubs. India is 5½ hours ahead of Europe and 3½ hours behind Japan, which allows for at least four hours of overlap during normal business hours. Thus, in terms of time, India can serve effectively as a nucleus site for gathering information from the three regions and facilitating 24-hour engineering.

Availability of Resources. The population of India is approximately 1 billion people, which makes it the second most populous country in the world behind China. Here are some other interesting facts:

- India has 180 universities and 8,000 arts and science colleges.
- One million students graduate out of Indian universities every year.
- India has the third largest scientific community in the world.
- India produces 200,000 engineers every year.
- English is the official language for business.

These facts indicate the availability of a vast pool of highly educated, English-speaking technical people. A benefit of such a large potential workforce is the opportunity to run multiple shifts, which can result in further reduction in product development times.

Cost-Benefit Analysis. India has significantly lower overall employment costs than most other countries with a technical workforce. Locating the center there was in line with the goal of minimizing overall employment costs by maintaining a steady level of workforce in high-cost countries and using the India center to supplement during peak demand.

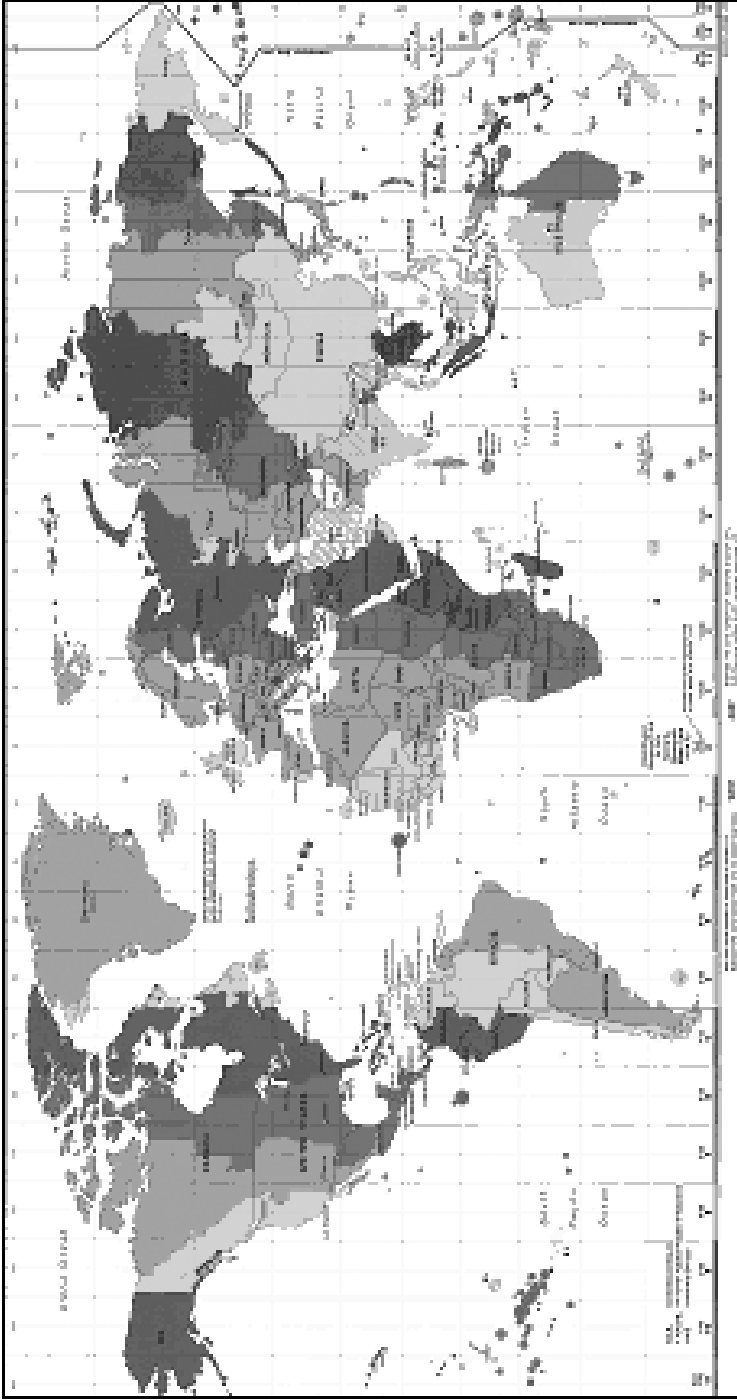


Figure 10.7 World Time Zones

CHALLENGES OF IMPLEMENTATION

Creating the remote India technical center did entail some challenges, including cultural and language issues, gaps in subject knowledge, physical distance, and early problems of ongoing communication. What were they, more specifically, and how did Tower deal with them?

Culture and Language

Earlier, we listed English language, as an advantage, but it was also a challenge. The biggest problem was the accent. Typically, Indians speak English quickly, with an accent that colleagues in the United States can have difficulty understanding.

Another challenge was differences in language structure and the use of American phrases that Indians don't typically use. This challenge had to be addressed before colleagues on both sides of the ocean began to lose interest in making the model work. We hired a U.S.-based firm with operations in India to come in and conduct a series of seminars in written and spoken English as well as American culture and etiquette. These seminars and interactive training with American teachers enhanced the communication between U.S. and Indian colleagues.

Subject Knowledge

The workforce in India had fundamental engineering and technical skills but seriously lacked knowledge about the design of automobiles for Western standards and specification. This challenge was met in various ways:

- Tours of local automotive companies
- A display of products of Tower manufactured around the world
- Videos and CDs showing simulation of design and manufacturing processes for independent study
- Training in key technical areas as an ongoing and necessary process
- Bringing colleagues to the United States from India for focused training over a period of 3–6 months and for building professional relationships
- Sending several U.S.-based technical experts to India to provide one-on-one training
- Focusing on continual process improvement and the development of standards

These initiatives were implemented and monitored on a regular basis by the management team, improving the skill sets and subject knowledge of the colleagues in the Indian center. A template was developed to track their progress.

Another tangible benefit of these steps was the development of core competencies and knowledge transfer within the organization.

Physical Distance

We expected audio conferences and the exchange of written communications, such as e-mails, to help bridge the physical separation of thousands of miles between U.S. and Indian colleagues. Over a short period of time, the leadership team recognized that people like to associate faces with names and that it was important for people to see each other on a regular basis. This led to the introduction of two types of meetings:

1. Regular videoconferences between U.S. and India colleagues
2. Net meetings using Web cameras attached to personal computers

These tools allowed people to see each other during meetings, thus helping to bridge the distance.

Ongoing Communication

This issue was highlighted at the launch of the remote center. A plan was developed to have open and honest communication between all the colleagues in India and their counterparts in the United States. In addition, each individual colleague was assigned a mentor in the United States for regular correspondence via phone and e-mail. This plan helped individual colleagues form relationships.

Another ongoing problem, however, turned out to be a lack of clear communication regarding acts of transfer of a task or piece of work from U.S. workers to colleagues in India. This made us realize a crucial need for a focal point of contact for all work transferred to India. Once an individual was named as liaison and the process flow redefined, communication improved dramatically and resulted in better work.

A large part of ongoing communication deals with sending the assignments from the United States to India, but, beyond that, providing comprehensive feedback to Indian colleagues is not only important for providing direction, but also for colleague morale.

As people in the United States became more comfortable with the work they saw returning from India, communication no longer seemed like an issue. Recently, colleagues in the United States successfully deal directly with the colleagues in India.

EVALUATION

The effectiveness of Tower's remote Indian technical center can be evaluated in terms of Tower's core objectives.

Reduction in Product Development Time and Cost

Tower Automotive's India center has played a significant role in the design and development of many global platforms since its creation. It has been instrumental in successfully conducting design and engineering analysis on a 24-hour basis, resulting in significant reduction in product development times for Tower's customer OEMs. The favorable wage differential for India results in a significant overall reduction in product development costs.

Customer Satisfaction

A simple way to measure customer satisfaction is to look at the top line growth of Tower. In the past two years it has launched \$1.5 billion worth of new business. This measure clearly demonstrates the confidence that our customers have shown in our ability to execute major global programs around the world.

Return on Investment

Return on investment (ROI) for such a venture is difficult to quantify due to intangible factors, such as investments in time and personal initiatives of colleagues from across the regions. Standard ROI for any similar venture will be significant as long as the utilization rates of the remote technical services center are high. Over the past few years Tower Automotive has seen an increase in ROI as it moved to a two-shift operation, which further enhanced return on invested capital (ROIC).

The challenge is to develop overall criteria for ROI that not only addresses the total financial investment but also takes into account hours of personal time and efforts that various people have put in to make the new model succeed. It is difficult to assign dollar values to people's emotions and personal commitments. The most useful feedback we have received has come from customers who recognize the added value we bring to their efforts.

LESSONS LEARNED

1. *Psychology of change:* People tend to cling to the past. They hang on to what is familiar, holding on to their comfortable routines to avoid the chilling thought that they may have to change. This tendency is typically driven by the fear of the future rather than a love of the past. One lesson we took away from implementing this project was to have patience and to educate people on the need for change. Educating people about the personal advantages of embracing change will help make the transition smooth and avoid costly delays.

2. *Flexibility and adaptability*: In numerous instances many staff and leaders on both sides of the ocean had to show flexibility with respect to work schedules in order to facilitate the exchange of data and ideas. At times it has been necessary to request employees to travel to and from India in order to facilitate meetings.

Different countries have unique cultures and customs by which people live their lives. Culture influences the behavior of individuals of each country differently. Whenever teams cross these boundaries, it is very important to pick team members who respect other cultures and show a willingness to adapt to aspects of those cultures.

3. *Dealing with stereotypes*: This issue needs to be considered in any project involving developing countries. Outside India the media often inaccurately portray it as a land of snake charmers, full of mysticism, a place where people live in abject poverty. There is also distortion in the expectation that people from the United States and Europe will inevitably get seriously sick when they visit India.

These issues need to be addressed by providing educational material to all people involved and by sharing, objectively, the real issues at hand and how to mitigate any risks when traveling and working in India. In our case, the visits to India helped U.S.-based colleagues see how much was really available in terms of human and infrastructure resources, and also to understand the culture of the people. Their objective feedback upon their return to the United States helped dispel some of the stereotypes that people had about living and working in India.

4. *Clear communication from the top of the company*: Any time a large-scale change is planned and executed, top company leadership must clearly communicate its commitment to the change and desired results. The leadership should also publicize the success of a large initiative. In Tower's case several colleagues from senior leadership have visited the India center on several occasions, thereby showing support. These visits to India improved the confidence of everyone taking part in the change.
5. *Leadership style*. Different cultures and customs require their own appropriate leadership styles. There is no one single leadership style that has proven to be successful all the time and in all situations. At Tower, colleagues are given full responsibility for projects assigned to them. Leadership is careful to mentor but not micromanage. Success stems from creating a feeling among all colleagues that "this is your organization, and your success lies in your organization's success."

SUMMARY

Tower Automotive is a Tier 1 supplier of components to motor vehicle manufacturers (OEMs) throughout the world. Around the time that Tower was founded, in the early 1990s, suppliers built to an OEM's plan and had little design or development responsibility.

In the later 1990s, as OEMs consolidated and competed more and more on a global scale, they began requiring more design and technical expertise from suppliers in support of global car platform designs that could be adapted to the needs of customers in different regions. In addition, OEMs pressured suppliers for more assistance in cutting development lead times to market and reducing product costs.

Tower had a system of regional technical support centers, such as the one in Michigan that served OEMs around Detroit. As demands evolved, Tower studied its arrangement of teams and facilities and concluded it should be able to relocate much of its technical service support remotely, to wherever an adequate workforce of technical people and the necessary infrastructure existed.

Tower chose India as the site for an engineering center that now increasingly provides remote technical services support to Tower's regional centers around the world, where smaller Tower teams can work locally with Tower's customer OEMs and Tower's manufacturing plants. In choosing the remote center's location, Tower considered the local pool of technical personnel, along with their wage differential. It also studied factors such as time zone, local political stability, and necessary infrastructure for work and long-distance communication.

Tower's new technical services model addresses the demands of global customers in a timely and cost efficient manner. There is a clear benefit in terms of ROI for any initiative that takes advantage of the cost differential and the availability of qualified manpower in various parts of the globe. Advances being made in global telecommunications arena will continue to expand opportunities for companies to follow this path.



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UNICEF

Globally Developing In-House Careers

Rudolph Messinger
William J. Rothwell

The United Nations Children’s Fund (UNICEF) has met a global challenge for professional development by designing an in-house career development program entitled “Personal × Professional Development” (P²D). The program empowers UNICEF staff to take initiative in developing their own careers.

INTRODUCTION

UNICEF works for children’s rights, their survival, development, and protection. In 2002, UNICEF faced the challenge of reinventing its human resource (HR) function. One key strategic issue was establishing a new career development system. The basic idea was to empower staff and improve employee morale globally by establishing a corporate culture in which individuals are encouraged to take initiative for their own development.

But how can a career development program be launched for a global organization that operates in more than 160 countries, considering vast differences

The authors acknowledge contributions to this case by Morten Lund and Antonino Brusa of UNICEF’s DHR Headquarters in New York City, who are major architects of P²D and continue to be contributors to it. We graciously acknowledge also the help of Betel Tassew, HR Officer for UNICEF India, who read the case, commented on it, and also made valuable contributions.

in culture and language? This chapter describes what led up to the launch of P²D, the career development program at UNICEF, and the components of that program.

THE BUSINESS CHALLENGE

In March 2002, UNICEF's Division of Human Resources hosted a Whole Systems Transformational Conference in Brasilia, the capital city of Brazil. A Whole Systems Transformational Conference is an organizational development intervention that brings together all the key stakeholders involved in an organizational situation for an intense experience in which change is planned and specific action plans are prepared.¹ Called the "Brasilia Consultation," the session was planned with the ambitious goal of reenergizing UNICEF's global HR strategy.

Fifty-six managers from fifty-six different countries participated in this highly participative process that was intended to identify the key strengths of existing UNICEF HR practices, pinpoint areas of need, and provide detailed project plans to meet those needs. Six organizational development consultants worked as a team to facilitate the process, which involved first reflecting on the unique strengths of HR at UNICEF and then tasking participants to reflect on areas needing improvement and come up with specific strategic initiatives tied to the organization's strategic plan.

The session was a highly successful, best practice example of how to conduct strategic HR planning for a global organization in a highly participative way. Operating staff from all UNICEF regions around the world were involved. Enhancing the organization's career development efforts globally was one key strategic initiative that was identified in the session through the direct participation of UNICEF managers and staff in Brasilia.

HOW THE CHALLENGE WAS MET

What was the rationale, and what were the drivers for change, for the launch of P²D in UNICEF? How has the program helped address the needs of children and employees in UNICEF? How was the P²D program implemented and rolled out globally for UNICEF?

Rationale and Drivers for the Launch of P²D

Professional Times Personal Development grew out of key strategic initiatives identified at the Brasilia Consultation for UNICEF's Department of Human Resources. At that meeting senior leaders from UNICEF headquarters, field, staff,

and UNICEF's Global Staff Association (a form of union) concluded that professional development was the most urgent issue. DHR needed to focus special attention on enabling the organization to carry out its mandates to improve the conditions for children and deliver results. In a nutshell, the challenge was how to keep UNICEF staff members energized, motivated, and interested in their own professional development. P²D was intended to address this challenge.

UNICEF invested enormous financial and human resources to develop the P²D program, including designing and developing training, training facilitators, and providing Web-based program support. P²D was built on prior UNICEF experiences piloting Web-based career development tools in the late 1990s in Nigeria and China. It was also built on published best practice career development tools and materials that supported the organization's values and mission.

After the Brasilia Consultation, DHR conducted a global survey on UNICEF's career development practices and needs. More than 800 staff members from around the world participated in the survey. P²D thus stemmed from the Brasilia Consultation and was developed in direct response to management and staff requests.

Program Design and Trials

A design team was formed to oversee the development of P²D. Team members incorporated the suggestions and comments received from staff while developing the tools. The program was built to meet the specified needs of staff and managers and aimed to increase individual and management accountability for career development.

In October 2002, a first trial workshop of P²D was held in New York City. A form of formative evaluation,² the trial gave representatives in the field and headquarters an opportunity to critique each tool and the P²D concept itself. Based on the feedback received from that trial workshop, design team members further refined the workshop tools. In April 2003, a second, larger trial was run in New York. This P²D Global Championship learning event was attended by participants from all levels and regions and included senior leaders to build support for global rollout at the country level.

Participants who complete the P²D program are called "graduates." Since the 2003 event, several other learning events have been organized by DHR to ensure that UNICEF has trained enough "champions" (trained workshop facilitators) to support country-level implementation of P²D.

As a program, P²D is not targeted just to junior staff; anyone can participate. UNICEF leaders fully support P²D as a key learning opportunity offered by the organization. The full rollout of the program will be completed globally, at the country level in all United Nations countries, by March 2005.

Materials to support the efforts of champions and graduates can be found on a Learning Web that is accessible in most countries, though limited Web access

limits participation in some UNICEF country offices. Following are examples of materials found on the Learning Web:

- A downloadable copy of the *Graduate Guide* (the participant guide for P²D)
- A downloadable copy of the *Champion Guide* (the leaders' guide for P²D)
- Development exploration tools
- Development opportunities tools
- Individual action
- Development coaching
- Individual action tools
- Self-awareness tools
- Learning maps that list the key competencies required for many positions at UNICEF, organized by time in position

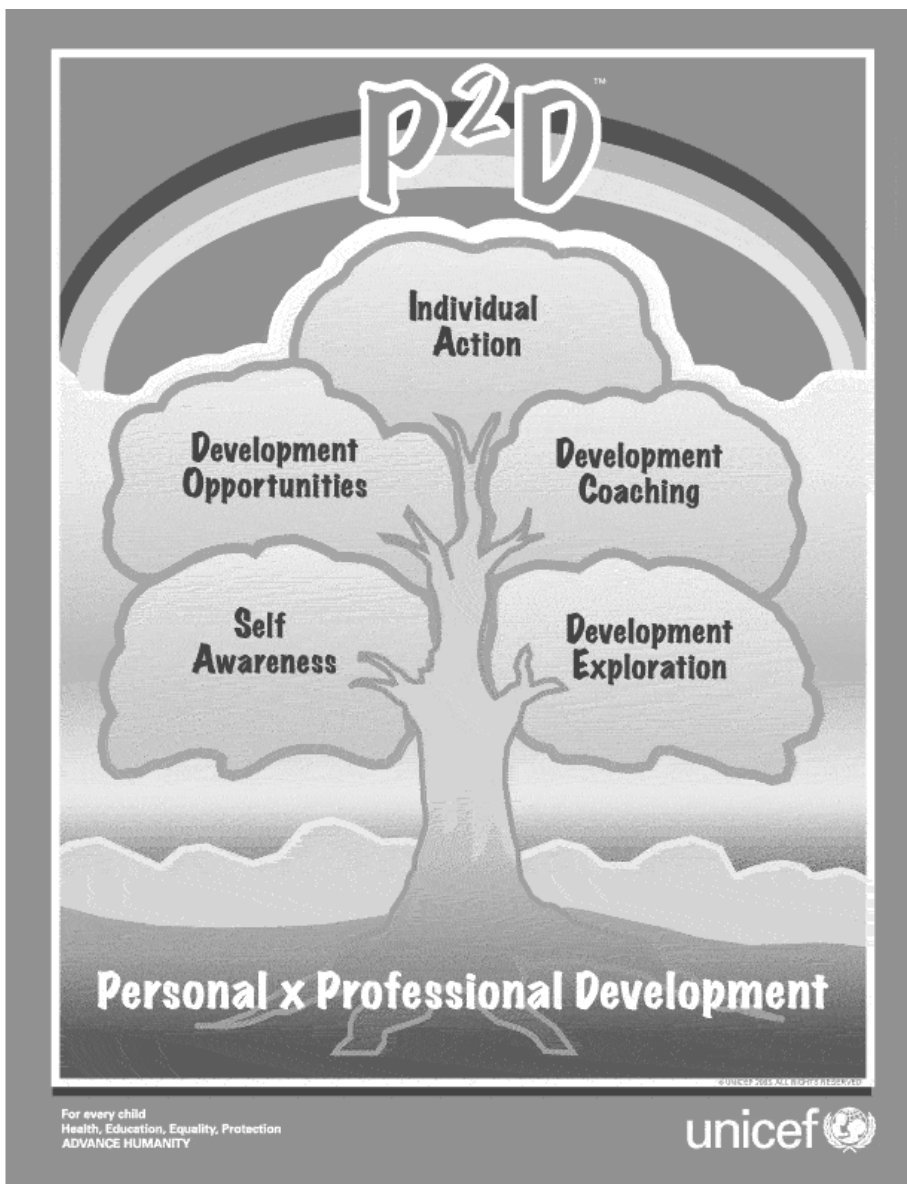
Five Branches of the Program

Exhibit 11.1 shows the five aspects or branches of the program as part of the recognizable program logo that is used in all communication about it. Each branch is built on and reinforces the others. For that reason, a tree is a fitting logo, since a tree grows organically just as individuals evolve organically in their careers. Self-awareness is a fitting starting point, since people must—according to the ancient Greek adage “Know thyself”—be familiar with their strengths in order to know how to grow themselves. The exercises and tools of P²D encourage people to examine themselves—consistent with Socrates' famous statement that “the unexamined life is not worth living”—and then to select tools permitting them to take initiative and responsibility for their own development and to leverage their individual talents.

It is worth mentioning at this point that corporate culture issues are important in attracting and retaining good staff. Indeed, key to building and maintaining an effective corporate culture is making sure that most people in the organization can answer the following questions in a satisfactory way:

- *Is what I do meaningful?* People have to feel that what they do is important and worth doing.
- *How well am I appreciated for what I do?* People have to feel that others recognize, and appreciate, their efforts.
- *How much support do I get for the job that I do?* People have to feel that they are given the help they need to get the job done.
- *What are the long-term opportunities here?* People have to see a light at the end of a tunnel and believe that there may be opportunities for them to realize their career goals in the organization.

Exhibit 11.1. P²D Logo



Source: The UNICEF Learning Web.

How P²D Addresses the Needs of Children and UNICEF Employees

The customers for P²D are UNICEF staff members at all levels. To best serve the needs of children, UNICEF staff members must be properly developed and their skills must be kept up to date. To that end, and to ensure that P²D would be grounded in perceived needs, the UNICEF staff participated in comprehensive interviews and a survey to ground the program in the common needs of a broadly diverse global staff.

The survey process itself also provided a means for the organization to build an impetus for change. It was managed in a way consistent with the tried-and-true principles of survey-guided development—a well-known organization development technique that uses survey information and feedback to mount and sustain corporate culture change efforts.³

Global Rollout

P²D was designed to meet the needs identified in the survey and in conversations with many UNICEF staff members around the world. It was also grounded in previously prepared UNICEF career development workshop materials, field tested in Nigeria and China. Additionally, consultants who specialize in career development around the world were asked to offer advice on what to include.

Since UNICEF operates in more than 180 countries around the world, P²D's tools have been designed to accommodate applications across many cultural contexts. Language differences necessitated the translation of the program into the UN's five official languages.

The program has been rolled out in offices where management and staff have requested it. No coercive change tactics have been used. Indeed, the program is delivered only when staff members in a local office organize it. P²D champions, the trained local facilitators, are empowered to initiate and deliver the program.

This strategy serves two purposes. First, it ensures that the program is delivered by local staff members familiar with the local environment. Second, it ensures that someone wants the program—that is, “owns” it—before it is delivered locally. Local ownership is a requirement for local delivery and sustainability.

The India Country Office, UNICEF's largest office in the world, organized one P²D training event in April 2004 and invited staff from eleven offices from India, Southeast Asia, and the United States. After the session, the newly trained facilitating staff returned to their country offices.

Sustainable Quality Implementation

P²D was a culture change effort in the sense that UNICEF had no planned approach to fostering career development before its inception. Program implementation is a critical time in any culture change effort. Indeed, 70–80 percent of all change efforts fail in the implementation stage.⁴

There is a difference between implementing a program quickly and implementing it in ways that encourage sustainability and quality. UNICEF focused attention on sustainability by training country office regional HR officers and operating managers as P²D champions in New York City. Centralized training for facilitators and centrally prepared materials ensures that the training is delivered consistently. At the same time, local champions ensure that the program is adapted to local conditions in different countries with different needs, languages, cultures, and so forth. P²D champions are charged to drive implementation at the country level. A P²D team at DHR in New York City provides technical support as needed and ensures quality control by fostering information sharing and disseminating what lessons are learned from each learning event.

UNICEF has adopted the approach to individual coaching that is being taught in P²D and has been attempting to spread that approach to other UNICEF programs. For example, most staff members now use their peers, junior staff members, and senior colleagues as coaches. More openness now exists for individuals to ask for coaching when they feel they need it. P²D is encouraging a corporate culture in which staff members help each other celebrate the successes of others but also take responsibility for their own development.

Program Feedback Methods

Staff members have ample opportunity to offer feedback about the program. Upon completion of each day of an in-house P²D learning event, participants complete participant feedback sheets to provide facilitators with suggestions for improvement. The results of those sheets are reviewed at the start of each day of the workshop. An overall workshop participant feedback form provides another way to offer comments. Additionally, graduates and champions alike are encouraged to make remarks for improvement to global P²D coordinators in the New York City headquarters. That is done by e-mail, phone communications, one-on-one feedback, and postings on the Learning Web.

One change prompted by feedback is that the online learning tools found on the Learning Web have been revised to meet the needs of participants. At the end of each event, participants can post their ideas on the Learning Web to make the learning events more interactive.

EVALUATION

The program is too new to have undergone a comprehensive impact assessment. However, anecdotal feedback has been uniformly and overwhelmingly positive. Some have said, for instance, that as a direct result of P²D “self-worth” and “self-esteem” are understood for the first time among management and staff.

UNICEF's previous, some would say paternalistic, corporate culture is fading away. Staff members feel more responsible for their own personal and professional development and feel more empowered to take initiative to act on that responsibility. They feel that P²D activities have given them a powerful means to manage their personal and professional development.

Some people have reported life-changing results as a direct consequence of participation in the program. In one case, for instance, a staff member decided that she was better off taking retirement and reenergizing her personal and professional life.

Although UNICEF has existed for more than fifty-five years, P²D has—for the first time, perhaps—demonstrated that the organization really cares about its people and is willing to invest the time, money, and people resources in them. As a result, staff members feel more loyal to the organization and demonstrate more energy in what they do.

Some people have suggested that P²D may offer lessons in career development of value to other organizations. Perhaps the organizational scheme of the program and the approach to implementation can be used as a model for career development programs in other organizations.

NEXT STEPS

P²D is a work in progress, so its implementation is not complete. Already additional steps are under way to enhance the program and to expand the number of UNICEF's country offices. Here are some possible changes now under discussion:

- Be highly interactive.
- Be unconventional in flavor and format.
- Allow a continuing refresher for those who have already participated in P²D.
- Add to or extend the branches of the existing—and organic—design of P²D.
- Create a two-day program that involves a second, separate day at a different time in order to give participant staff members time to practice and reflect on what they learned in the first day.
- Build on the existing P²D program in some other way.
- Add a continuing development component, like a monthly team meeting that encourages people to come together to discuss what has been happening.
- Establish a more motivating culture in which people *want* to participate.

- Devote special attention to the coaching aspect of the program.
- Pay more attention to emotional intelligence and empathy.
- Emphasize appreciative inquiry, attending to leveraging individual strengths rather than focusing on “weaknesses” that may never be “fixed.”
- Supply more practical tools for participants.

To the question, “Should children around the world have access to the ideas and training of P²D?” the answer is, “Yes.” After all, P²D is all about empowering people and helping them to realize their enormous potential. This objective is consistent with UNICEF’s global mission for helping children. The fit seems natural—and powerful.

LESSONS LEARNED

Like any major change, introducing a career program on a global level requires sensitivity to a number of things.

1. *The importance of senior leader support:* Continued and visible support from senior leaders is essential to a successful change effort.⁵ UNICEF senior leaders have provided strong, visible, and vocal support for the effort by participating personally in sessions, participating in recognition ceremonies for those who graduated, and sending out messages about the program by e-mail to the global UNICEF staff.
2. *The value of thinking globally but acting locally:* P²D has been successful because the need for it was identified globally, and train-the-trainer material was developed globally. But delivery is done with local champions who are able to tailor the offerings to local conditions, culture, and language.
3. *The power of blended learning* in which technology supports a classroom-based experience that permits direct one-on-one and one-to-group contact. The material available on the Learning Web enhances the face-to-face classroom delivery.
4. *The need to train people on how to take charge of their career development efforts:* Understanding personal strength is not common sense—and it requires training. People need to know how to reflect on their strengths, how to identify them, and how to leverage them to their advantage. P²D provides common models for discussing career issues that all people can relate to once they are trained on them. In other words, staff members and their immediate supervisors can discuss career issues in the same language, without confusion.

SUMMARY

As part of reinventing its HR function, UNICEF has established a new career development system that encourages and trains individual staff to take initiative in their own development.

The program, P²D (for Professional Times Personal Development) grew out of an HRD-hosted conference in March 2002, where staff career development was identified as a major concern for UNICEF, and subsequent discussions and surveys of more than 800 UNICEF staff worldwide.

The content P²D was conceived in terms of five related branches of concern: self-awareness, development opportunities, development exploration, development coaching, and individual action.

A first trial workshop was held in New York in 2002, followed by larger trial in 2003. Early learning events concentrated on creating P²D “champions”—trained workshop facilitators who can initiate and carry out P²D sessions in their own locales, the 180-plus member nations of the UN. The program began at the global level but is implemented at the country level. In 2004, the India Country Office of UNICEF carried out training for staff from eleven country offices.

Champions, participants, and graduates of P²D are supported by various guides and tools available on a Learning Web.

P²D is a major part of UNICEF’s effort to change its culture to one in which people are able to voice and answer questions about what makes their work meaningful and appreciated, what support they need and get on the job, and what long-term opportunities they can find at UNICEF.

Local control over program delivery has helped to ensure local fit, strengthen local buy-in, and sustain a high quality of implementation.

In a number of ways, P²D is encouraging a corporate culture in which UNICEF staff can help each other, celebrate each other’s success, and take responsibility for their own development. Ideas from P²D, such as the value of individual coaching, have begun to disseminate to other UNICEF programs.

P²D is still a work in progress, but so far, anecdotal feedback and informal evaluation show a uniformly, strongly positive reaction.



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Verizon Dominicana

Empowering Leadership Teams

Mark Sobol
Jorge Iván Ramírez

At Verizon Dominicana, a strategic business transformation process has created an environment in which local leadership teams are empowered to develop themselves and their workforces. The result has been a resource readiness and competitive advantage that delivers positive financial results for the corporation in any economic environment.

INTRODUCTION

Verizon Communications is a Fortune 10 company and one of the world's leading providers of communications services, with approximately \$68 billion in revenues and 221,000 employees as of 2004. Verizon Dominicana is a wholly owned subsidiary of Verizon International, a division of Verizon Communications. As the leading provider of communication services in the Dominican Republic, Verizon Dominicana provides a full range of services including cellular, wireline, voice, data, Internet access, call centers, and long distance.

Verizon Dominicana had been a very successful company with a reputation for delivering solid results. However, the close of the year 2000 began a period of dramatic change in the Dominican Republic. The emerging challenges appeared to be insurmountable, and completely outside the control of the organization. Verizon Dominicana found itself in an increasingly volatile and potentially devastating environment.

New Business Challenges: Economic, Technological, and Regulatory

The Dominican Republic was experiencing a major economic crisis. From 1992 to 2000, the country's economy had grown. Real GDP (gross domestic product) growth had exceeded 7 percent per year from 1998 through 2000 and was the envy of Latin American economies. However, after 2000, the economy moved into a downward spiral. There was massive devaluation and high inflation, which reached 80 percent and 43 percent respectively from the middle of 2003 to the middle of 2004. The economic challenges alone forced several companies within the country into bankruptcy.

At the same time, the telecommunications industry faced significant changes in technology and the challenges of technological convergence. The impact of these technological evolutions could not have been greater than in a developing country facing such economic turmoil.

As in other parts of the world, other changes—in the regulatory environment—brought new competitors to the scene. Prior to 2000, Verizon Dominicana had only one competitor. Then two new competitors moved into the market. In a country as small as the Dominican Republic, this competition threatened to have a serious impact.

Verizon's Successful Response

Amid these business challenges, a great company emerged. Verizon Dominicana not only continued to achieve its financial objectives (increasing revenue despite 80 percent devaluation); it also increased market share and dramatically reduced churn rates. In 2003, the organization achieved employee satisfaction ratings of 85 percent and also began to receive external recognition for its success. In 2004, Verizon Dominicana was recognized as number 9 in the top 25 best employers in all of Latin America in a study by Hewitt & Associates and the *America Economia* magazine.

How does Verizon Dominicana continue to deliver great results year after year while being subject to such tremendous external pressures? What strategies have emerged? What is the secret of this organization?

In such a tumultuous economic environment and rapidly evolving industry, the key success factor for this organization has become the people within the company and the manner in which they work together. By engaging all of the employees with the vision and strategic direction of the company, Verizon Dominicana not only survived against all odds, but continues to deliver positive results. A well-designed and well-orchestrated strategic planning process became the roadmap for a business transformation. It brought the leadership, management team, and employees together, which ultimately allowed the company to go through economic chaos with a minimum of damage and a significant amount of success.

The process used to navigate through this unpredictable environment delivered results beyond mere survival. What has emerged is a stronger, faster, and more flexible organization, fully engaged at every level. Not merely “words on a wall,” at Verizon Dominicana the vision became a living thing, a fire kept alive by the people, a high purpose spelling out the advantages they provide to their customers, community, and employees alike.

A Journey of Continuous Business Transformation

Traditionally, Verizon Dominicana had conducted an annual strategic planning process. Each year, a new five-year strategic plan was established and presented by the executive team to Verizon International. A facilitating consultant would be brought in and, over the course of three days, a plan would be assembled.

The process had its shortcomings. Three days of facilitated planning did not allow for the development of an understanding that was comprehensive enough to result in an executable plan that would be fully embraced by the organization. Further, the twelve-month planning cycle did not allow enough time to fully implement the strategy or to analyze and respond to its effectiveness. Previous strategic plans had delivered disappointing results because they had not been fully implemented and did not achieve consensus throughout the siloed functions of the organization. Year after year, the organization was burdened with layer upon layer of “projects,” some implemented and many not. The sheer volume of accumulated projects proved to be a significant drag on resources and a source of great dissatisfaction among management and employees.

In the face of the emerging business challenges, it was time to create a well-designed, fully supported, masterfully executed process that would deliver measurable economic value. To survive in its challenging environment, Verizon Dominicana needed a roadmap that was solid enough to deliver results, but fluid enough to allow change to permeate the organization and spur its evolution. Looking to the past was no longer an option. The environment was too different, and old approaches were becoming less effective. In many ways, the successes of the past had become the company’s greatest enemies for the future.

Against this backdrop, in 2003 a business transformation process was adopted that centered on the simple illustration shown in Figure 12.1. The Continuous Business Transformation process was designed to be an emergent one, organic in nature, that would develop Verizon Dominicana’s capacity for change while simultaneously delivering significant results in what was fast becoming a more complex and difficult operating environment. The new process allowed the executive leadership team to initiate a strategic plan that centered on the people involved and that engaged the entire organization in a way that had never before been accomplished.

To describe what happened, we use the language of the model.

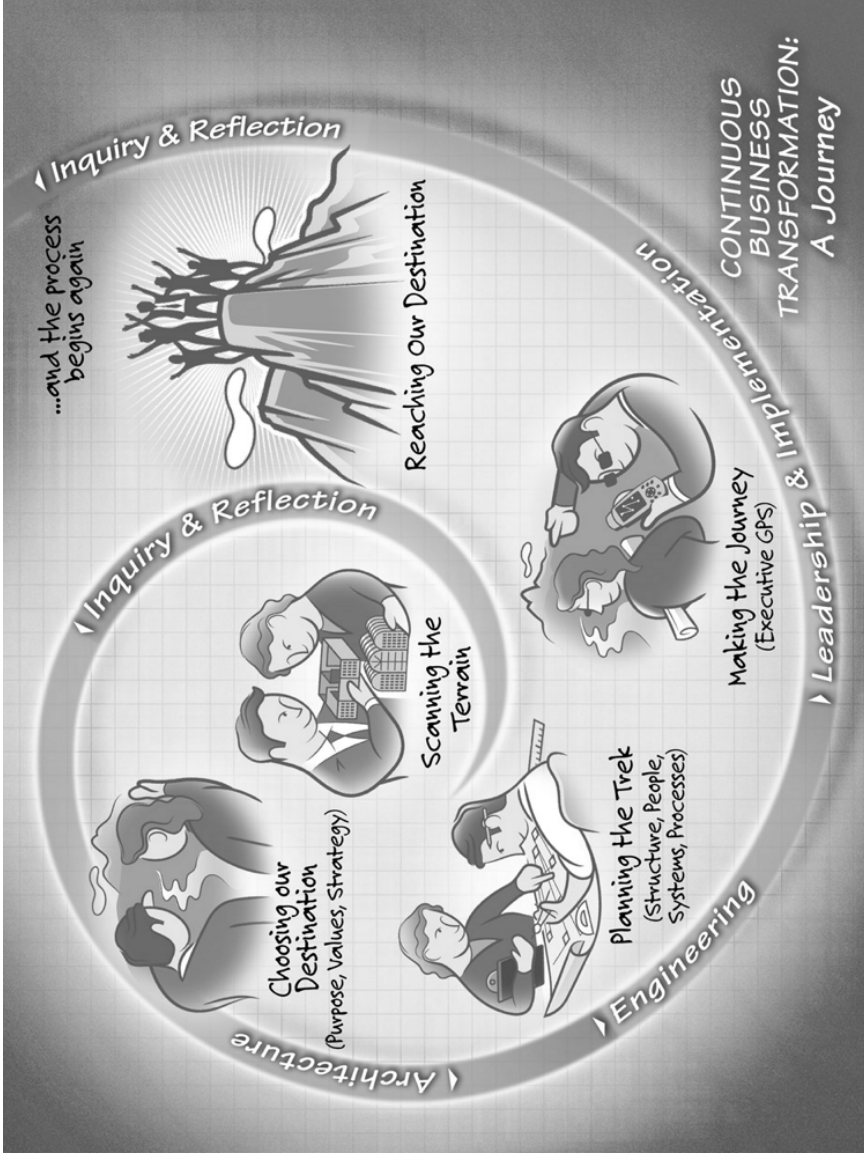


Figure 12.1 Continuous Business Transformation: A Journey Model

INQUIRY AND REFLECTION: SCANNING THE TERRAIN

The transformation process began with a phase of inquiry and reflection. The organizational development consultant scheduled two environmental scanning sessions during which all of the members of the executive leadership team (whose members hailed from such diverse parts of the world as the Dominican Republic, Colombia, Mexico, Italy, and Argentina) would review together the competitive landscape and macroeconomic environments.

The goal of these sessions was to give this multinational leadership team the opportunity to clearly identify and agree upon both the challenges facing the organization and how it could best respond. Perhaps more important, the goal of the consultant was to begin to develop the executive team in a way that would build a stronger internal resource for change and self-directed organizational development—one that relied on itself, rather than on an externally dictated process.

Aligning Concerns and Themes

Before the two environmental scanning sessions took place, each of the members of the executive leadership team met individually with the consultant. During these individual sessions, each member had the opportunity to contribute his or her own ideas, concerns, and hopes for the organization. The consultant then used this information to lay the foundation for the group sessions. Knowing the ideas and input of each of the individual members, the consultant was able to create a forum for knowledge-sharing and collaboration.

Emerging from the individual interviews were high-level themes that became the agenda for the first group session. During the first group session, the consultant shared these patterns with the team. The group began to see its present state in similar ways, and with this common foundation it began to move ahead.

Allowing Diversity and Inclusion

While building strong alignment among the leadership team, the process simultaneously allowed for a new level of diversity and inclusion. The consultant modeled a very collaborative and respectful style throughout each individual and group session, which set the tone for the team. During the sessions, the differences and strengths that each member brought were openly recognized and respected. This brought a new level of acceptance and alignment to the group.

By allowing individual thoughts and honoring diversity among the team, the team became stronger, smarter, and generally better. This was a different kind of alignment than the company had sought before—one that drew on the strengths of each member and the collective wisdom of the group.

A Clearer View for the Team

The new collaborative environment gave the team the power to act in a more effective manner as leaders and as architects of the future of the organization. From this vantage point, the team could see much more clearly. It could see the organization from different perspectives and through the eyes of the other departments. With this wider view, it could effectively scan the terrain, obtain a clear picture of where the company was in relation to its surroundings, and the challenges it must rise to meet. It became very apparent what needed to be focused on in order to be successful in the next five years. At this point team members had successfully evolved from implementers of tactics to designers of strategy.

ARCHITECTURE: CHOOSING A DESTINATION

From its new common ground, the executive team chose a destination by collectively reflecting on the following and other areas of inquiry:

- Where did Verizon Dominicana want to go?
- Where would it stand in relation to its competitors?
- How would it overcome any economic impact?
- What would it stand for, and how would it communicate that vision?

The executive team's group scanning sessions became the forum for these conversations and a time to assess the climate surrounding the organization. Open discussions were facilitated and the team began to examine closely what it would take to truly transform the organization.

Waves of Inquiry

What emerged as a result of the early sessions were eight key topics, including such things as a high performance workforce, customer-focused organization, market leadership, cost leadership, and network evolution. They became the centerpiece of the new strategic planning/business transformation process. Subsequently, topics would be launched with the following question:

Are there specific actions we can take today to prepare for these future potential changes in the composition of our marketplace?

The executive team determined that it would be critical to have a comprehensive understanding of each of the topics before any strategic planning was done. As a team, they decided they would take the time to explore each topic in depth. They determined that rather than the traditional three-day planning meeting, they

would approach their planning process through a series of “waves”—small meetings held over several months, each focusing on one of the eight topics and making that topic a “wave of inquiry.” This process would give them the time, information, and knowledge to make the most effective decisions they could make.

Best Practices and White Papers

The executive team reached out to the external environment and into the organization itself to become more knowledgeable about each topic or “wave.” A schedule was created for a next level of sessions designed to be forums for learning through the discussion of a specific wave. Subject matter experts were enlisted. The role of educating the executive team was assigned to various directors who wrote white papers for distribution to the team members a week in advance of each meeting. These white papers provided a wealth of knowledge, looking at best practices not just in the Dominican Republic, not just in the industry, but globally, tackling questions like the following:

- What are the benchmarks in managing human resources?
- What is the best practice for distribution?
- What challenges lie ahead in network evolution?
- What are the theoretical models for the development of a high-performance workforce?

Over the next seven months, the team worked through each of the waves. It read targeted research and explored the issues fully enough to understand underlying principles as well as implications. These kinds of conversations had never occurred before at Dominicana, and with dialogue came a deeper knowledge of the entire organization and the environment around it. The collective intelligence of the team soared, and silo mentalities dissipated. Better still, this new way of seeing the organization began to have a positive effect outside the executive team.

Consensus and Alignment through Small Agreements

With this process, the entire team had access to the same information and a new level of understanding, which allowed for better decision making and strategy. As a group, the team looked at what was coming, why it was important, and how the competition was responding. Unlike typical strategic planning in which each part of the business presents its objectives to the group, the entire group was involved in the analysis of each business issue. This group of tacticians became a team of strategists. The silos were broken down and the entire team was armed with knowledge and insight.

Significant inquiry and reflection occurred; the team understood implications and made decisions. The team conducted deep conceptual discussions and synthesized the resulting ideas. This process developed a strong sense of ownership and deep commitment within the group. Each session resulted in a series of “small agreements,” which included the development of specific conclusions and recommendations. Over time, these small agreements multiplied in number and eventually evolved to become the “big decisions” that, in prior years, the executives had attempted to make in three days or less. They were now able to make better strategic choices because they had more accurate and comprehensive knowledge about their environment, the organization, and themselves.

Emerging Business Objectives

Once the leadership team had a clear understanding of the terrain around the organization and had made its small agreements, it became obvious how best to picture what the organization wanted to represent within its terrain. To thrive in this environment, what were the key enablers? What would be required of the company? Of the leadership team? Of employees? And how would success be measured?

Three key new qualities emerged: customer focus, employee engagement, and a new broad leadership style.

A Customer-Focused Organization. The company had begun the process of shifting from a *product management* focus to a *customer management* focus. In the past, the company was seen as a collection of silos; different lines of business (wireline and cellular telephony, data/Internet, and long distance). Each line of business was seen as a different unit. However, the company was now shifting to position the customer as its primary focus. Services that were previously viewed as *business lines* were now seen as *customer solutions*.

Rather than segmenting the product lines, the company segmented its customer base. It based this segmentation on a lifetime value model. Now the customer was at the center and products were viewed as solutions to the customer. This shift meant a change in the entire structure of the organization. What had been a very vertical approach was evolving into a process approach.

Employee Engagement. Customer satisfaction was central, but the goal was to go beyond that to customer loyalty. Delivering the kind of service and satisfaction that would lead to customer loyalty required the full engagement of every level of the organization.

The executive leadership team came to believe that the only way to fully engage the employees in organizational change was to directly involve them in the process of its development. They further believed that as employees were

engaged in creating possibilities for strategic change, they needed to be intimately involved in implementing the resulting changes.

Some organizations avoid this, believing it only slows down a process that has historically been solely within the scope of an executive team. However, the Dominicana leadership team believed differently: while this process of collaboration would mean going slower initially, it ultimately would result in going faster and further as an organization. Now with the entire organization fully engaged, it has become much easier to implement change quickly and thoroughly.

A New Leadership Style. A new leadership style evolved within Verizon Dominicana. The executive leadership became more open and informal in order to engage people at all levels of the organization. Ongoing development was required to ensure the leaders were effective role models for the rest of the company. “Walking the talk” became one of the most important behaviors of the leaders. This was a different leadership style for the organization. There was more leadership accountability, and the executive team committed itself to personal and professional improvement.

Each member of the executive team was assessed to determine personal strengths and opportunities for development. To incorporate the perspective of peers and direct reports, 360-degree measurements were implemented. Individual improvement plans were created and implemented, including an ongoing coaching process with the consultant. Groups of feedback providers were established for each executive to provide ongoing coaching from others within the organization. This in turn established a “coaching culture” within the executive team that furthered not only the development of the team, but the many teams that reported to it.

The result was an open, collaborative environment that became the foundation for a new connection between the leadership and the rest of the organization.

ENGINEERING: PLANNING THE TREK

With the destination clearly defined—and to avoid the fate of many other strategic change processes—a detailed process was engineered to ensure that the business and leadership objectives would be attained. The trek ahead was well planned to ensure its execution and the organization’s full engagement. Implications for structure, culture, systems, processes, leadership, and people needed to be understood and incorporated into the plan. While the executive team had set the first-level objectives and guiding principles, the way forward was not yet finalized. It became critical to have the insight from and buy-in of the next layers of the organization.

Engaging Broader Levels of Leaders

What followed involved the next level of leadership, which consisted of approximately fifty directors and managers of the organization. Together with the executive team, these individuals were gathered at the Dominican beach resort of Hamaca. There the executive team presented its view of the future and outlined the key objectives that had been identified as a result of the sessions focused on the “waves of inquiry.”

A relaxed environment was created to help the participants see that leadership was committed to change and creativity, and especially to thinking outside the box. The resort ballroom was set as a street scene lined with different “cafés.” With music and food in abundance, each café focused on one of the waves. In this setting the discussions continued. The participants circulated among the cafés, where they were free to provide their ideas and insights in relation to each.

Next, the feedback of the participants was incorporated and embedded into the way forward. This phase was critical because it allowed each participant to feel like part of the solution. Each person felt valued, heard, and more connected to the executive team and the whole of the organization. For example, with customer care leadership becoming more aware of network objectives and vice versa, siloed thinking and actions at this secondary level began to fall away.

A few months later, the top 250 members of the organization were brought together for an ambitious four-day leadership development workshop. The participants included executives, directors, and managers. The entire executive leadership team participated in presenting the vision and the newly established business objectives. Participants were provided with tools that would support them in moving forward with the vision.

The intent of the workshop was to strengthen the capability of each person to think and lead from a strategic mindset; knowing how to lead their part of the organization to achieve strategic objectives in a way that strengthened organizational commitment, adaptability, and capability. The workshop achieved the following goals for the group:

- Understanding what it takes to successfully implement strategy
- Understanding the objectives, values, and projects
- Understanding how to create a climate for successful implementation
- Understanding how each area within the organization dynamically influences and ultimately affects the success of the strategic objectives—and how to foster alignment
- Making a plan ready for action

- Creating space to win—generating personal and team energy, focus, and stamina
- Encouraging follow-through and fostering accountability
- Developing your leadership to effectively lead your group through to a successful implementation

This workshop had a profound, positive effect on the company's broad management team. Now armed with the outcomes of this session, they were not only *motivated*, but *equipped* to move forward. They knew they had the support of leadership and that they could express their concerns and needs openly with positive support and response.

The last session ended with a song, sung spontaneously by all 250 participants. For the first time, the management team of the organization was aligned and inspired simultaneously. Everyone understood his or her role. Rather than having a plan dictated to them, they felt involved, united, and engaged—moving forward together.

LEADERSHIP AND IMPLEMENTATION: MAKING THE JOURNEY

The workshop and rollout of the vision were just the beginning. The executive leadership team was committed to execution. It would not be enough to have a great plan if it was not executable. With this in mind, the number of objectives was purposely limited so as not to overwhelm the organization and to help assure successful implementation. These objectives became known as “the vital few.” To each were attached clear key performance indicators. These were established so no one would ever have to ask, “How will we know if we are there?” This ability to create clear objectives and to outline the small steps required to deliver those results became a significant strength for the organization.

Key Elements of Execution

Executing the company's new plans has depended on four key elements: front-line engagement, new levels of communication, follow-through overseen by a project management office, and ongoing leadership development.

Front-Line Engagement. The first phase of implementation started with the front line. With increasing customer loyalty as a key initiative, steps were taken first with those interacting with the customer. Front-line employees were assessed for their capabilities from a technical and behavioral point of view. Any developmental needs that were identified were addressed to ensure these individuals could perform their jobs effectively. Training was provided to those who

needed training, and those individuals who did not have the aptitude and attitude to effectively serve in the front line were replaced or moved.

This strategic direction was clearly communicated to the entire organization. These actions demonstrated that the company was serious about customer satisfaction as a key differentiator in the market. The organization understood the driving force behind the actions and was already committed to the end result. This commitment made implementation a much smoother process.

Communication. The company continually communicates its strategic direction, vision, and objectives to all employees. Significant time and resources are spent to see that every employee knows what the company is trying to accomplish, why, and how day-to-day work is related to achieving the objectives. This ensures that each person can see his or her contribution.

The executive team reaches out to other levels of the organization directly as well. Videoconferencing is used on a regular basis to connect the people on the front line with the executive team. Questions can be asked directly of the executive team, and open, candid communication is welcomed. The president of Verizon International also visits in person several times each year to stay visible and connected.

The Follow-Through Role of Project Management. Another key element of execution was the development of a project management office. A centralized office reports directly to the president of the company and participates in all executive team meetings. Initiatives that have a significant, positive impact on the success of the strategic plan are formally sanctioned as projects, and a project scope and matrix are developed. Measures of success are determined and the appropriate people are assigned to the project.

The team leading the project employs a follow-through process that enhances execution of business objectives by providing managers and their teams with monthly reminders to update progress on performance goals. Managers and their direct reports are able to efficiently track and record progress, and analyze results. The open sharing of goals and progress updates promotes visible accountability and provides an effective platform for performance management and organizational learning.

Every area is measured on an ongoing basis. All of the key performance indicators are reviewed—some daily, some weekly, and some quarterly. For example, internal variables affecting customer satisfaction are measured every week. Gaps are identified, and matching customer expectations with the company's performance is a constant objective.

Ongoing Leadership Development. Verizon Dominicana is committed to developing a high-performance workforce. At many levels of the company, working

in teams is now a top priority, and the company's goal is to benchmark this workforce with any company in the world, not just in the Dominican Republic. To compete in today's global market, a world-class workforce is critical.

To that end, ongoing leadership development is a critical tool. Effective communication and execution cannot continue without the ongoing commitment of the executive leadership team. The behavior of the team is an example for the rest of the organization. When leadership behavior is consistent with an organization's objectives and values, the rest of the organization follows suit.

At Verizon Dominicana, a culture of coaching has emerged. Each individual on the executive team has a specific development plan, and coaching is the tool used for ensuring the individual plans are implemented. Selected employees and peers continuously provide feedback on leadership behavior and insights into how the leader can improve. In addition, every quarter, the executive team meets to assess the quality execution and follow-through on the objectives and results of initiatives according to plan.

The Rewards of Execution

Within two years of the implementation of this business transformation process, measurable results were becoming visible at Verizon Dominicana in terms of increases in market share and satisfaction, investment, and credibility.

Increased Market Share and Satisfaction. The following statistics illustrate:

- Market share for wireless service has increased from 42 percent to 48 percent and continues to climb.
- Wire line market share is approaching a solid 85 percent.
- Internet market share is up to 90 percent.
- In two years, churn rates in Post Paid Wireless have been dramatically reduced from 3 percent to a range of 1.5 percent to 2 percent.
- The company's employee satisfaction rating of 85 percent is now a benchmark in Latin America.
- Customer satisfaction (customers who rate the service as excellent) has increased to 61 percent from 54 percent two years ago.
- EBITDA (earnings before interest, taxes, depreciation, and amortization) margin was reaching levels of 46 percent to 49 percent at the middle of 2004.

Increased Investment. Verizon International invests an average of \$200 million in this market each year. When investors see that Verizon Dominicana continues to advance despite the economic crisis, they do not hesitate to invest. Strong financial results are critical to continuing to engage investors to increase resources in countries like the Dominican Republic.

Increased Credibility. It is a challenge for a part of a large corporation to adapt the overall corporate strategy to its local market. The Dominican Republic is very dependent on the U.S. economy. People see the Verizon brand on television. Many people have family living in the United States. However, the market in the Dominican Republic is very different. How can you translate the corporate strategy of Verizon into a market that is so vastly different?

The success of Verizon Dominicana elicits the confidence and the resources from Verizon International that allows the former to continually adapt the corporate mission and vision of Verizon International to the local market. Verizon Dominicana has created a link between both markets and both companies. There is no sense of local versus international, but rather of companies working together toward common goals.

INQUIRY AND REFLECTION: REACHING OUR DESTINATION

In today's world, business transformation is a continuous process, an ongoing cycle without beginning or end. Verizon Dominicana is still in the midst of its implementation, but it is also already looking at itself again and asking the same questions it initially asked:

- Where are we in our marketplace?
- What is working?
- What needs to be improved?
- Is there anything new to consider?
- What are we learning?

There is now a perpetual process of inquiry and reflection. This emergent process has required a certain amount of flexibility from everyone involved. Rather than relying on a planning process that only occurs every twelve months, the organization has started a continuous conversation that connects the company to its world.

Verizon Dominicana understands that today it more closely resembles an organism than a manufacturing line. Moving from "organization as machine" to "organization as living thing" is a significant transformation. A tree does not switch itself on and off. It does not have to stop and plan for its next growth spurt. Instead it's an ongoing moment by moment response to the conditions around it (heat, water, soil) and within. Verizon Dominicana has started a process that enables an organic level of responsiveness.

Most organizations haven't figured out how to stay this aware, but those that do so achieve a significant competitive advantage in today's changing environment: an increased ability to compete on speed.

LESSONS LEARNED

1. *Every transformation begins with the motivation and engagement of the people in the company.* Designing objectives and direction is relatively easy, but obtaining commitment in the decision-making process makes the quality of implementation so much better. Important issues such as cost management become easier to manage because the team is motivated to maximize the dollars spent and to do what it can to protect the company and the vision to which everyone is committed.
2. *Learning to trust the principle of emergence is empowering.* In the beginning, it was uncomfortable to start this process without clear beginnings and endings, but the results have been so much greater than could have been anticipated. Letting go of old ways and allowing new answers to emerge was very empowering. It's important to continually ask questions that allow the emergence of new ideas: What else do we need to do? What needs to be adjusted? How can we better meet the needs of our customers?
3. *Drawing on the resources of an entire leadership team and embracing all contributions opens many new doors.* A leader has much to gain and learn from the team. The days of the all-knowing charismatic leader are over. No longer can the lone genius hope to lead organizations of significant size and complexity without the power of the team. Team IQ rises when all members are working together to understand what they see and how they will respond. To provide people the freedom to work together, express their ideas and create results that are "theirs" is amazing. It is the key to developing a high-performance team that has the potential to move the organization to greater heights. Functional expertise alone is not the key to long-term success. True long-term success is about raising the awareness of the team and enhancing its capacity to develop the organization; this changes everything.

SUMMARY

Sudden economic, technological, and regulatory challenges in its environment around the year 2000 threatened to close out the success of Verizon Dominicana, a telecommunications subsidiary of Verizon International providing communication services in the Dominican Republic. In an unpredictable and suddenly much more competitive environment, the company sought consultation from a firm that provided organizational management and executive coaching resources.

The starting point for change was a decision to set aside a former, quickly conducted annual strategy planning process in favor of a longer-term, more open-ended process of self-examination. The company began a “journey” of Continuous Business Transformation, the heart of which was a willingness to approach its problems as a team of executive leaders, rather than as sundry leaders addressing various siloed concerns.

Beginning with a period of facilitated team building, company leaders shared their concerns, aligned their themes, and established an environment in which the multinationally diverse members of the team could communicate and see more clearly. This enabled the team to begin to inquire, reflect, and “scan the terrain” in which the company now needed to operate.

A second stage centered on arriving at a new architecture for the company, expressed in terms of “choosing a destination” based on extensive research into challenges, benchmarks, and best practice possibilities. Through this process the leadership team laid out several major objectives, including a new executive leadership style in which teamwork would continue.

With the broad destination defined, the executive team began a process of organizational engineering, “planning the trek,” engaging subordinate levels of leadership. It first gathered fifty directors and managers into the vision, then workshopped out to a wider circle of 250 company leaders. In a third stage of the transformation, “making the journey,” the leadership began to implement new strategies with four main considerations in mind: front-line engagement in a spirit of teamwork, communication, follow-through on project management, and ongoing leadership development. Within two years of the start of implementation, Verizon Dominicana recorded successes in terms of increased market share, along with increased credibility and increased investment from the parent company.

In a fourth stage of the transformation, the leadership team returned to inquiry and reflection, now viewing “reaching our destination” as a continuing cyclical process.



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Volvo

A Global Shared Learning Program for Three Brands

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When Volvo acquired two other major truck manufacturers—each with its own distinctive brand and culture—Volvo 3P saw the need for a new global workforce and the need to prepare the management and leadership for mutual global operations support.

INTRODUCTION

In 2001 Volvo acquired Mack Trucks, Inc., and Renault V.I. to form the largest truckmaker in Europe and the second largest truckmaker in the world. Volvo set out to be the first among truckmakers to organize under a common global cross-functional organization and common vehicle architecture.

Volvo Group has a total of 81,000 employees and 201.5 billion Swedish Kronor net sales (about U.S. \$28 billion), with a net income of 9.3 billion Swedish Kronor (about U.S. \$1.3 billion), based on the financial outcome for 2004. Volvo has manufacturing in twenty-five countries and sales in more than 185 markets. The truck business makes up about 67 percent of the total operating income.

The Volvo 3P organization is the business unit within the Volvo Group that has been established to maximize synergies in “three P’s” for the three truck brands (product planning, purchasing, and product development), as well as product range management. Volvo 3P’s mission is to propose and develop profitable products to ensure a strong competitive offer for each truck company

based on common vehicle architecture and shared technology. The Volvo 3P workforce has to understand the needs of each brand customer for the services 3P provides.

This chapter describes the development and impact of a function called “global learning” at Volvo 3P as a tool for handling workforce and business challenges. Shared learning is inherent in the experiences of a complex global organization. Volvo 3P developed 3P Global Learning as a strategic approach to support the cultural identity of a global workforce and to prepare its management and executive leadership for the global environment.

Volvo 3P has about 3,000 employees in global locations: Gothenburg, Sweden; Lyon, France; Greensboro, North Carolina, and Allentown, Pennsylvania, United States; Curitiba, Brazil; and India. Volvo 3P made learning a strategic tool for creating synergy and integration across this geographically distributed global workforce. This initiative focused on three areas:

1. Creating common organizational structures and processes
2. Empowering people to lead and manage in the new global environment
3. Providing performance tools and support

Volvo 3P was the business unit within the Volvo Group that needed to act and perform most quickly in the global environment, and its global impact was immediate. An integral part of its strategy was creating a blueprint for shared learning it called the “Global Learning Roadmap.”

BUSINESS CASE: FROM A BRANDED HOUSE TO A HOUSE OF BRANDS

The long-held and demonstrated values of the three brands, Volvo, Mack, and Renault, are the foundation of this “house of brands,” on which the group will build its profitable future in the 21st century. The acquisitions of Mack and Renault have provided great opportunities for the following:

- Strong global positioning
- Common and shared product development
- Global scale in next generation vehicles
- Complementary market and distribution capability
- Wider product offering by combining available options
- Enhanced growth opportunities

However, Volvo 3P faces challenges. With the uniting of three very strong products come three unique and long brand histories that are sources of loyalty and pride for each specific company employee. Mack Trucks, Inc., enjoys more than 100 years of solid products and generations of loyal employees. Volvo has more than 75 years of success. It and Renault, which has existed since 1898, each have a distinct national and company culture. One challenge has been to bring these strong cultures together to develop a new common culture with its own unique leadership style and a set of new business goals. Another challenge has been to create a common vehicle architecture and technology, empowered by sharing common core values that are traditional with each company of the group and are rooted in customer focus, quality, safety, and environmental care. At the same time the company seeks to preserve each brand's strong individual characteristics.

Volvo 3P categorized its main challenges as follows:

1. *Personal feelings and loyalty*: Historically the three brands had been each other's competitors. Competitive feelings and sentiments would persist if not addressed. Personal feelings of managers and the workforce would remain focused on memories of distance and rivalry.
2. *Leadership styles and cultural differences*: A common platform for leadership was needed to bring people closer together in a common vision for the way work would be accomplished. The Volvo style was characterized by equality, teamwork, and consensus. In the Renault style, intelligence, intellect, and debate were highly valued. At Mack Truck, loyalty, hard work, and great belief in the legendary brand, "Built like a Mack truck," prevailed. All of these values are positive, but they are challenging to mix. Agreed-upon values and behaviors would be core to bringing the workforce under a common leadership.
3. *New thinking required*: A cross-functional matrix organization needs something other than hierarchical management. The workforce now was expected not only to design and develop for the benefit of a single product it knew so well, but also to consider how its product might impact products of the other brands. Global and multibrand thinking would be core to everyday decisions.

Exhibit 13.1 is Volvo 3P's statement of mission, values, and behaviors. In support of the company's overall mission and values, the Volvo 3P executive team consults the truck brand executives on a regular basis, both informally and formally. Also, several managers and truck brand leaders work on key 3P project teams, providing an invaluable customer perspective. This process ensures that 3P has continual contact and input from its three key customer groups—Mack, Renault, and Volvo.

Exhibit 13.1. 3P Mission, Values, and Behaviors

Mission

“Propose and develop profitable products to ensure a strong competitive offer for each truck company, based on common vehicle architecture and shared technology.”

Values and Behaviors

Business and Customer Focus

- In developing competitive products on a worldwide basis, we strongly support the objectives of the truck companies within the Volvo Group.

Speed, Agility and Flexibility

- Our decisions are based on facts, and are taken in a timely manner. They are quickly deployed and followed by everybody.

Diversity

- Learning from each other is a strength. Our values are integrity and trust; we give support to each other.

Teamwork

- We work with passion and we transmit enthusiasm and motivation in our teams.

Leaders as Coaches

- We are responsible for the success of our teams.

Openness to Change

- We search proactively for best practice and we bring breakthrough.
-

Volvo 3P’s task is complex. On one level, it needs to help each brand reach a specific customer group. On another level, it is expected to maximize synergies and processes. Between these two charges, the potential for conflict and tension are obvious; in dealing with that potential, executive meetings and process are key. When issues cannot be resolved on the project or leader level, they are referred to the 3P executive team. The 3P executive team, with representative voices from all stakeholders, either resolves the issue or delegates it to the appropriate person or group.

Volvo believed that commonality in leadership could break through the barriers of cultural and company differences, and create understanding, empathy, and a willingness to work collaboratively. Volvo 3P was Volvo’s means of ensuring that global human resources (HR) and global learning took new, effective shape consistent with core initiatives throughout the organization.

THE CREATION OF 3P GLOBAL LEARNING

The first step in bringing the Volvo 3P workforce under a unified management was the creation of Volvo 3P Global Human Resources, which crossed local and international lines. Since each company site had to follow country and local laws, regulations, and procedures, certain areas of HR would remain under local rules and management. But other HR areas needed to be managed globally in alignment with strategic objectives. Keeping the balance between the local and global decisions and activities would be difficult but important for cohesive global workforce management.

Learning together would be inherent in the experiences of a new complex organization. Creating a common learning organization was essential to leading, managing, and communicating change. Disjointed training schedules were no longer going to work. The need for commonality and alignment was immediate. Using already existing resources such as leadership training, and building upon best practices of all companies and locations, Volvo 3P Global Human Resources created 3P Global Learning under the HR umbrella so that it could address the business objectives and change initiatives of the global organization without creating another departmental silo.

Global Learning would get its direction from the 3P executive team to assure the alignment and focus on critical business issues. The Global 3P executive team is comprised of leaders from all main Volvo sites responsible for 3P business performance. The team meets regularly at different 3P locations in Gothenburg, Lyon, Allentown, Greensboro, and Curitiba, and makes decisions on core business functions and outcomes. The 3P values and behaviors shown in Exhibit 13.1 provide a common platform for leadership, bringing people closer to a united vision and shared beliefs. Practically speaking, Global Learning is expected to support and enhance the executive team's initiatives and to create a common model, platform, and process for building trucks by the three truck companies while strengthening brand recognition. This is a tall and complex order.

Creating appropriate organizational structures and processes was the key to managing the global workforce. Global Learning partnered with 3P management to address global needs, shifting from local disjointed activities to global initiatives. This work focused on the detailed processes that facilitate a global workflow for all functions while maximizing local values. Developing the intricate balance between global initiatives and local values has been an essential part of Global Learning's task.

KEY ASSUMPTIONS OF 3P GLOBAL LEARNING

The work of the 3P Global Learning organization is rooted in two important assumptions:

1. Learning together when faced with new experiences has a unifying effect.
2. New common experiences lead to gaining trust in each other and promote innovation.

Global Learning also took the position that an open-dialogue method of learning could enhance two-way learning and give top management opportunities to hear concerns, questions, and suggestions from the workforce.

When children go to the same school, they are exposed to the same values, culture, language, and jargon, and they often achieve a sense of belonging. Likewise in industry, one of the most productive ways to develop a common and creative culture is through emergent learning strategies. These strategies include open communication, “looking over the fence,” and specific processes to capture learning. An open-dialogue, cross-cultural, and cross-functional learning environment provides or can include:

- Opportunity to gain strength from all employee experiences, based on a secure environment for exchange of ideas, expressing concerns, and suggestions from the field
- Multibrand exchange, in which people learn more from each other and about each brand, how each perceives success, customer expectations, and profitability
- Learning and sharing together to create a new and common understanding
- A spirit of collaboration that brings out the strengths and best practices of each brand
- Learning from the customer/supplier chain
- Equal footing for everyone

The method and content of 3P Global Learning are always aligned with the basic principle of collaborative learning related to daily work. The kind of learning being described here also has particular value from the leadership point of view: leaders participate in the process as opposed to observing and directing from the top. They experience the organization “building” from multiple perspectives. They practice listening and valuing the experiences, knowledge, and input of each employee and brand. And, in the course of all this, they learn.

GLOBAL LEARNING ROADMAPS

In any new organization where there is a drastic change in organizational structures, there is a high level of uncertainty, untested activities, and doubt. Naturally, this disruption creates questions and even sometimes distrust in the

leadership. It is important for any organization to speak to these issues. As with the rest of Volvo 3P, the intention of global HR management and Global Learning is to turn the uncertainty to hope, encourage a spirit of exploration regarding untested activities, and change doubt to confidence through more opportunities for common learning.

In support of common learning at Volvo 3P, an important tool is the Global Learning Roadmap. The roadmap is a central document, updated annually, that identifies aspects of workforce development and training to be carried out at a global level. Before a training project becomes part of the roadmap, a decision must be made about whether the training should be implemented globally or whether it would more appropriately be left to the local level.

Five Roadmap Selection Criteria

What promotes a project to inclusion on the Global Learning Roadmap? One thing all brands have in common, even in upheaval, is the need to focus on the customer. From here decision making goes in two directions: top to bottom to ensure alignment with global strategic direction, and bottom to top to ensure that the company captures all knowledge, concerns, and hidden needs of the workforce. Key things to keep in mind include:

- Focus on the customer and customer results
- Long-term development of the organization and the leadership by addressing the needed global competencies
- Immediate critical business issues
- Involving and engaging the entire workforce in thinking and development

Along these lines, five criteria were developed to aid in deciding what should qualify for Global Learning:

1. Does it concern 3P's strategic issues at a global level?
2. Does population impact (number of people) result in synergies and integration?
3. Does it concern a 3P change initiative?
4. Does it concern a 3P common process, common system, or a common project?
5. Does it contain leadership and change management (not purely a technical project)?

Figure 13.1 shows the place of these five questions in the process of deciding whether training should be managed locally or globally.

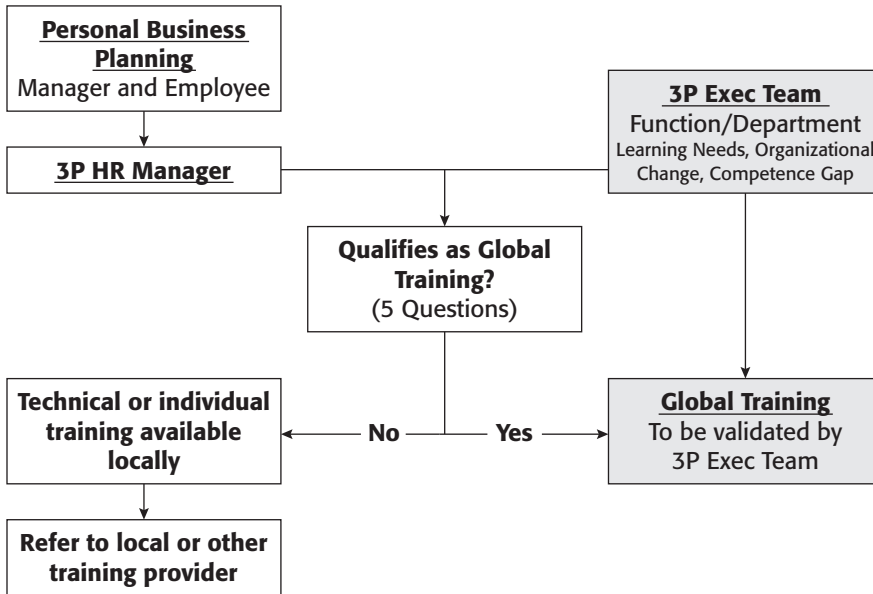


Figure 13.1 Global Training Decision Process

Creating the Roadmap

The 3P Global Learning Roadmap enhances opportunities for a collaborative learning work environment. The original roadmap was created (and continues to change) through an agreed-upon process with contributions from workforce experts and direction from Volvo 3P executives (see Figure 13.2). The roadmap provides a common thread throughout the geographically distributed sites and companies.

Roadmap Priorities

Projects and training that become part of the Global Learning Roadmap have two main aims: supporting business objectives and developing leaders.

Supporting Business Objectives. This includes communication of and training for new business initiatives such as Volvo's the Global Development Process (the project management methodology for product development), quality improvement initiatives such as Volvo's 10 Quality Tools, and other new common engineering and product development processes.

Developing Leadership. Some development needs of employees at the individual and technical levels continue to be addressed through a global performance

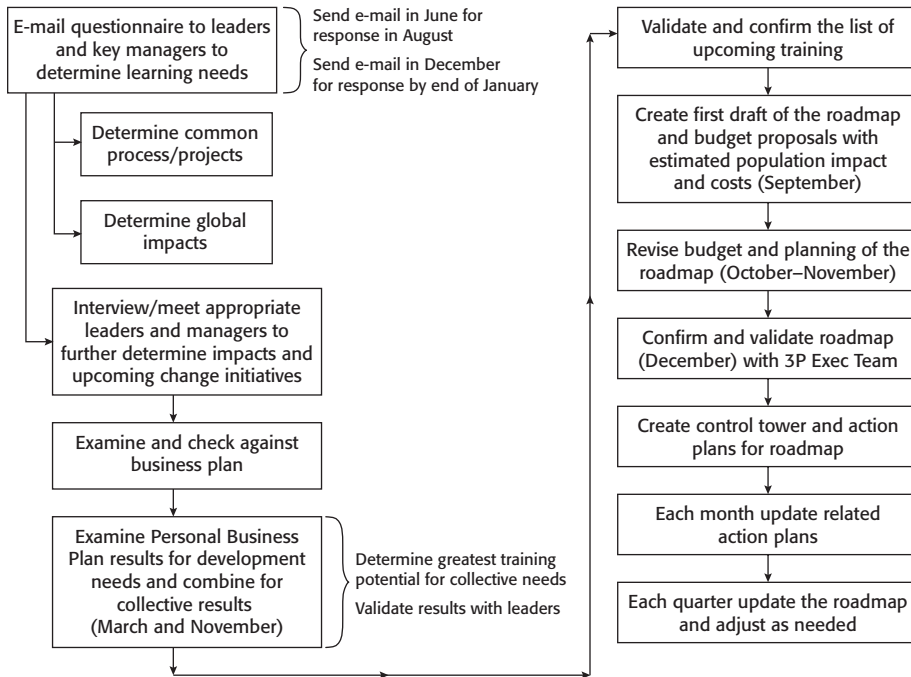


Figure 13.2 Global Roadmap Creation Process

management system that we describe in more detail later in this chapter. Called the “Personal Business Planning” (PBP) process, it involves employees, their direct managers, HR business partners, and local training organizations. Regarding leadership development, a common global platform will encourage organizational unity. Such global plans and decisions are based on an assessment of and aligned with business plan and strategy, balancing the local and global synergies.

Another globally roadmapped program is the Global Leadership Program, which supports the development of all managers. Included in it is a cross-cultural perspectives module that addresses the cultural diversity of the group.

CREATING GLOBAL LEARNING PROJECTS

Designing common human resource processes and maintaining the Global Learning Roadmap require gradual and continuous work. For Volvo 3P, the first steps were to bring the workforce under a unified management crossing local and global lines, consistent with the structure of the rest of the organization and with the fact that each brand’s company site has to follow its country’s and local HR laws, regulations, and procedures.

The 3P Global Learning Group follows this general process:

1. Survey existing policies, processes, and practices at each company.
2. Select what might be applicable globally from existing competency models, performance management systems, values, and beliefs.
3. Define what must remain in local control and be locally managed.
This includes what might be bound by country legal requirements and each company's policies. Certain areas of HR must remain under the local rules and management. Others must be managed globally and aligned with strategic direction. Keeping the balance between the local and global decisions and activities would be the toughest part of supporting cohesive global workforce management.
4. Identify best practices in each location that relate to common practices.
5. Design and develop. In each case a multinational team is created that is representative of each site. The goal of this team is to drive the process consistent with customer expectation from each brand.
6. Implement, managing the change through the organization while adjusting to local needs.
7. Evaluate, improve, and develop further.

IMPLEMENTING GLOBAL PROJECTS

Based upon Volvo's strategic objectives and direction, the first common global initiatives to be implemented were the performance management system, career management, succession planning, and the Global Learning Roadmap process for 3P. On an ongoing basis, a starting point for these various systems is the Personal Business Planning process, presented in the upper left portion of Figure 13.2. Figure 13.3 shows the steps of the PBP process. It begins with a dialogue initiated by an employee with his or her manager, leading to a career development plan. The process leads to a succession planning/leader sourcing process and to the president's review. Apart from the benefits of PBP for individual employees, from its process flows information that helps 3P to shape the nature of global training.

The General Training Development Process

Figure 13.4 shows the general development process for a training initiative to be undertaken as part of the Global Learning Roadmap.

Figure 13.5 is an organizational chart for global training projects. As can be seen, projects require the coordination of several groups. The 3P executive team, global training director, project team, training organization, and vendor all have an input and a role. By the time the local human resources contact is

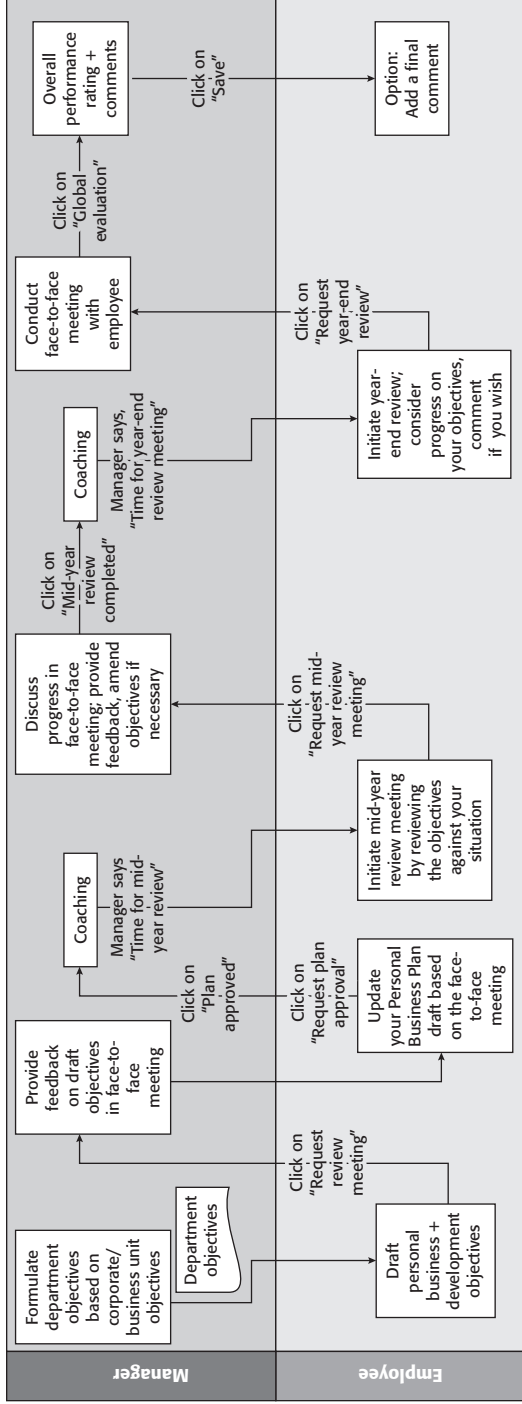


Figure 13.3 The Personal Business Planning Process

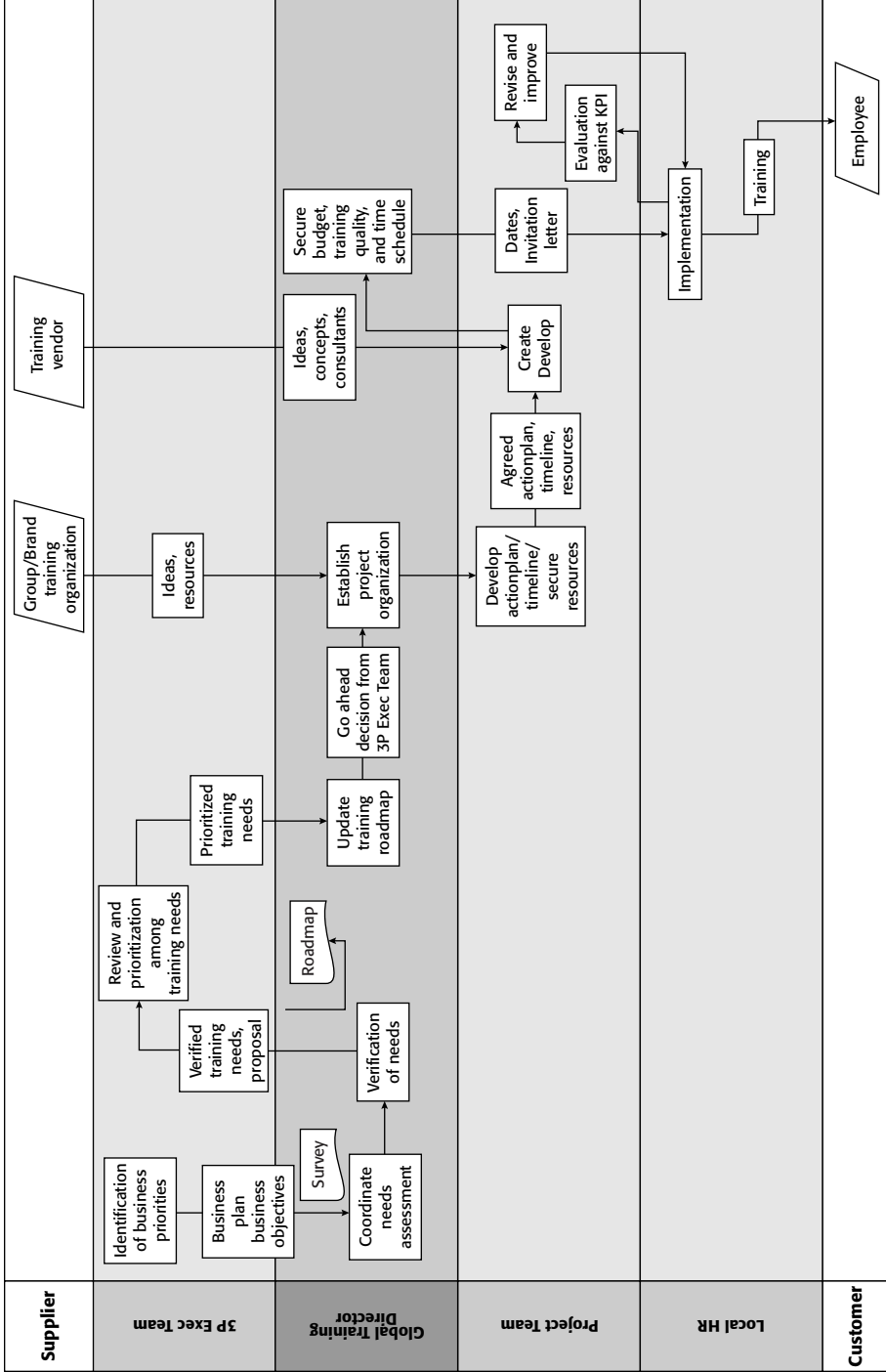


Figure 13.4 Global Training Development Process

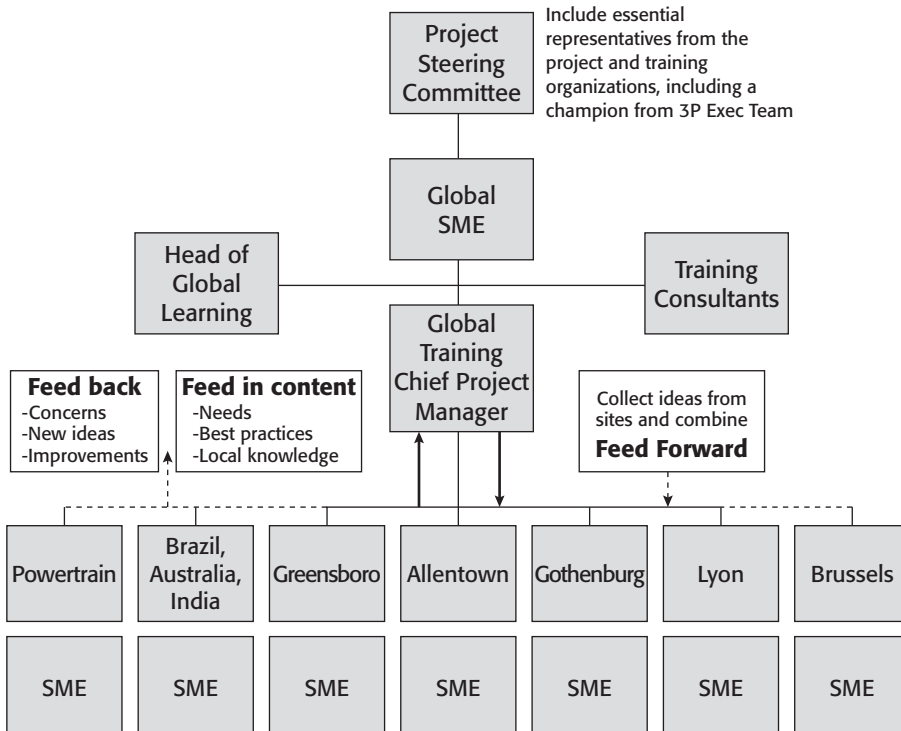


Figure 13.5 Training Project Organization

setting up implementation and training, multiple agreements and alignments have been accomplished.

First Ten Days

One project that was developed through the Global Learning process was called “First Ten Days.” Essentially, First Ten Days is a training program for leaders engaged in project management. First Ten Days trains and equips leaders for making best use of the first ten days of planning and creating a new project. It provides a foundation for other undertakings by pulling together key tools, techniques, and change management processes, including techniques for team leadership and facilitation that equip key internal leaders to succeed within the Volvo 3P environment.

Developing First Ten Days. Development of First Ten Days began with more than twenty interviews and two workshops whose purpose was to identify specific learning needs, knowledge gaps, and what the content of training should

be. Upon analyzing the interview and workshop results, it was clear that the content of First Ten Days was something 3P Global Learning would need to create, rather than expect to find in an off-the-shelf management product.

For the purposes of creating the content, the Global Learning team conducted a complete review of the current global company state of useful tools and processes, including a review of the current key common processes at each site, internal best practices at each site, and other Volvo project management methodology that might be useful. After surveying the various brand processes and best practices and applying some common sense, an education and coaching program was developed.

Next, the team identified strategic considerations that might affect the project's success. Such considerations often have to do with issues of empowerment, roadblocks, or other organizational factors. After this, a report was written for the 3P executive team, describing the issues and making recommendations.

Once recommendations were approved, a request for proposal (RFP) was created. Responses to the RFP were carefully examined and two suppliers were selected: Westwood International and International Institute of Learning (IIL). A relationship was established between the education supplier and the practical applications supplier so that all activities would be aligned and consistent at all sites.

The completed First Ten Days provides a common language and process for developing new projects. Accompanying its education program is a 21-page document called *The First Ten Days* that provides key tools and techniques for project leaders. Major questions that the document covers include:

- What are the project goals?
- What are the expectations of the team and team leader?
- What kind of information does the leader need and how will he or she get it?
- How will communication take place between the team leader and key parties?
- Where does the team leader's authority begin and end? The team's authority?
- What is in scope and what is out of scope for the project?

In order to help the team leader and the team answer these questions, the document provides more than thirty tools, along with decision-making methods for reaching agreement. One of the most popular tools is a three-step process for creating a vision, creating a mission, and determining interaction ground rules. Others that are proving effective are the 7 Level Change Model, Team Strengths Profiling, Stakeholder Mapping, and Decision Closure Tools. The

First Ten Days is simple and practical. Once leaders understand the tools they can easily apply them with significant results.

The tools are delivered in a variety of formats, delivered in two- and three-day training experiences. They are facilitated using intact teams working on specific issues. They are also mixed and matched for project kick-off events. *The First Ten Days* concisely lists and explains them as part of an extensive but easy-to-use package.

The Usefulness of First Ten Days. The First Ten Days project provided a foundation for multiple uses. Its usefulness can be seen in the role it played in the creation of another critical global project that we call “Global 15” in order to protect confidentiality.

The Global 15 team hired a facilitator to lead it through a series of tools and exercises to create team agreements, processes, vision, and goals. The facilitator also did a team assessment using First Ten Days tools called “Team Strengths Profiling” and “Relay Process” to determine team balance, team strengths, and team blind spots. It was discovered that the team had strong data, information, and research tendencies. It was also determined that the team overwhelmed executives with unnecessary and unwanted information. Once these strengths and weaknesses were noticed, presentation reports, executive updates, and critical meetings could be adjusted accordingly.

In another situation a large global project requiring multiple parties, cultures, factories, and regulations needed to start off on a positive note. Many of the team members did not know each other, spoke different languages, lived in different time zones, and employed unique styles. In this case a customized kick-off event was designed, again utilizing the concepts and tools from the First Ten Days. At the end of the kickoff meeting, roles were identified, project parameters established, and relationships created. According to the project leader, the kickoff event saved months of time.

MEASURING THE SUCCESS OF 3P GLOBAL LEARNING

When competition is high, it is people rather than products or formal services that make the competitive difference. The ability to achieve that human difference will depend on workforce attitude and satisfaction, especially regarding the work environment. On that assumption, Volvo 3P has used what are called the “Volvo Group Attitude Survey” (VGAS) and “Volvo 3P Cultural Barometer” to measure the success of implementation of the global organization.

The Volvo Group Attitude Survey

The VGAS is conducted throughout the Volvo Group and establishes a norm for all participating companies. In addition to VGAS, every six weeks Volvo 3P

poses sixteen additional detailed questions to track critical factors and causes related to 3P to a sample of 500 randomly selected employees.

The results for 3P for three consecutive years have been steadily increasing, as shown in Table 13.1. Each working group is asked to respond and hold workshops on the results of the surveys, addressing areas of concern, including lower-than-norm results. Managers are asked to:

1. Present the team's VGAS results
2. Identify strengths and weaknesses
3. Identify what are considered to be the root causes behind any poor results
4. Identify proposals for solutions
5. Establish action plans and follow-up
6. Fill in a follow-up tool

The 3P Cultural Barometer

The 3P Cultural Barometer is a management tool for following and measuring speed of change and alignment with the 3P Values and Behaviors shown earlier in Exhibit 13.1. The survey is conducted electronically, sent out via the Internet to a sample of 500 employees chosen at random within Volvo 3P every second or third month. Its purpose is to find areas of potential improvement that the companies can address. Because it is strictly a management tool, the barometer's results are distributed differently than the results of the VGAS. The latter are shared only with the relevant managers and teams, whereas the barometer results are presented to everybody on the intranet, in the 3P newsletter, and in actions taken by the 3P executive team.

The barometer has shown significant improvements on the following questions related to communication between manager and employee, focus on customer service, the "us versus them" attitude, and cultural and company integration:

- Does your immediate manager/supervisor involve you in making decisions affecting your working group/team?
- Does your immediate manager/supervisor make clear demands on you?
- Is the service/quality supplied by your group to other working groups/teams satisfactory?

Table 13.1. Employee Satisfaction Index

	2002	2003	2004
3P Total	75%	78%	81%
Rate of Response	83%	87%	93%

- Is the service/quality received by your group from other working groups/teams satisfactory?
- Do you feel that new colleagues are properly integrated into your working group/team?

Communication and other relations between employees and managers are areas marked for continuous improvement. Concerns expressed by employees on the survey about learning programs or about management are tracked and shared with employees at each site. The results of learning programs, feedback from the workforce, and actions planned in response to these are also shared on “road shows” and other communication events involving the 3P president and 3P executive team. The team and top management also attend the Global Learning training.

Specific evaluation instruments are used for each learning program at three different levels. Periodic interviews and follow-up evaluations provide detailed qualitative data for tracking on-the-job application of knowledge and improvement to existing initiatives. The average rating of the evaluations is about 4.3 on a scale of 1 (lowest) to 5 (highest). The positive results are evident in these comments from managers:

“By far the best training I have ever attended.”

“Building block for company’s future success, also individual future success.”

“Appropriate integration [of internal process] and best practices show the research and customization to 3P.”

“Cultural discussions, combined with leadership training; I have heard a lot, but not with the cultural interpretation.”

“I work in global projects only today. Good input for a Swedish living/working in France.”

“One of the best training courses due to the presenters skills and the practical examples of ‘the theory’—well done!”

“The content is going to be very helpful in my everyday work. I will use this information on a daily basis.”

LESSONS LEARNED

1. *Learning together creates a nonthreatening environment* for exchanging ideas, listening to concerns, and collecting ideas for improvement.
2. Besides the obvious sharing and learning that happens between coworkers in training, *the cultural understanding that is created in multicultural learning groups is most apparent and appreciated.*

3. *Cultural differences are diminished as individuals get to know each other on a personal level.* In the beginning, every difficulty and every business challenge can be blamed on cultural differences. At the end of the day, it is the individual they are working with, and the challenges are just the same as with working with coworkers from the same culture and the same site.
4. *First what, then how.* As much as employees may say they need to see and understand the organizational charts and how the reporting is structured, what they are really asking is, “Tell me *how* to do my job now” or “*What* do I need to do to be successful and be able to contribute in this new complex world?”
5. *It is challenging to break through the barrier of “Knowledge is power.”* A wealth of knowledge is available at each location and each company, but in the beginning locations and companies will be reluctant to share.
6. *The logic of a business case is often challenged by the uncertainty of emotions.* Sometimes just the way a very logical and profitable objective is stated may cause emotional confusion for people. Method of communication (e-mail, tone of voice, language, and so on) and cultural styles are most important. The challenge is often to be sensitive to the emotional needs of the workforce, as they need to go through the stages of acceptance and commitment.
7. *Timing of communication is as important as giving it time!* Critical business issues need to be addressed today, yet learning and change require time for understanding and assimilation. Balance and wisdom are required.
8. *Leadership’s visible support and respected champions for global leadership are critical* in creating clear expectations and consequences.
9. *Recognition of success stories and champions must be tied to everyday work.*

SUMMARY

When Volvo acquired the well-known truck manufacturers Mack and Renault, it faced the challenge of uniting three famous brands under one corporate roof without losing the best of the proud, competing traditions and cultures that have made Volvo, Mack, and Renault such successful workforces and brands in the past.

Part of the task was creating a global spirit of cooperation and mutual support throughout the three combined workforces. To do this, Volvo 3P Global

Learning was created with an eye toward turning formerly competitive relationships into mutually supporting ones. A contingent challenge was deciding what aspects of workforce management change and training needed to take place at a global level and what aspects should continue to be overseen locally in the three different countries where the three brands chiefly reside.

Guided by a mandate to support business objectives and leadership development, the Volvo 3P Global Learning unit created a careful process by which projects and trainings would either be kept local or assigned to an evolving “Global Learning Roadmap” of global undertakings. The Global Roadmap stands at the center of the global training development process.

Ideas about what training is needed arise in part out of the annual Personal Business Planning process that Volvo managers conduct with individual employees. Roadmapping a training project involves applying five criteria for whether the training should be addressed at the global level.

Volvo 3P has measured the success of its Global Learning by Volvo group and Volvo 3P attitude surveys that probe the satisfaction of randomly selected employees in relation to issues such as communication between employees and managers and the coordination of efforts among different working groups. Volvo 3P also measures the satisfaction of training participant with specific training events.



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Greg Zlevor is the founder of Westwood International, a company dedicated to executive education, consulting, coaching, and cultural improvement and the founder of the Leadership Project at Boston College for undergraduate students.



Wyeth

Evolving Forms of Global Leadership Training and Follow-Up

Tim Fidler
Jeffrey Peris
David Giber

In 1997 Wyeth (then known as American Home Products [AHP]) began leadership development efforts related to its increasing focus on globalization. In 2002, the same year the company changed its name, Wyeth supplemented its original Global Leadership Program (GLP) with Executive Leadership Programs (ELP1 and ELP2) offered on several continents to extend a new message on worldwide corporate values, goals, and Wyeth leadership principles.

INTRODUCTION

Though the name Wyeth has been associated with pharmaceuticals for more than a hundred years, it was only in 2002 that American Home Products Corporation changed its name to Wyeth. Currently, Wyeth is one of the world's largest research-driven pharmaceutical and health care companies. The company is a leader in the discovery, development, manufacturing, and marketing of pharmaceuticals, vaccines, biotechnology products, and nonprescription medicines that improve the quality of life. Wyeth markets products in more than 140 countries and has more than 52,000 employees worldwide. The major divisions include Wyeth Pharmaceuticals, Wyeth Consumer Healthcare, and Fort Dodge Animal Health.

This case describes how, in 1997, the company began to create a global leadership team as part of its increasing focus on globalized integration. It further

describes, in 2002, Wyeth and its new chief executive officer (CEO) and chairman extended the global leadership development program to carry forward a new message on worldwide corporate values, goals, and Wyeth leadership principles.

Wyeth's Corporate Learning Center's programs encompass two major leadership initiatives and supporting efforts for talent management and on-the-job follow-up:

1. *The Global Leadership Program*: Begun in 1997, this program now provides an eight-day session aimed at thirty-six high-potential leaders at the divisional vice president level. It includes top name university faculty and internal executive faculty as "Leaders as Teachers."
2. *The Executive Leadership Programs*: Begun in 2002, this program now conducts three-day sessions in the United States, Europe, and Asia attended by 2,500 participants at the director level and above, including executive faculty.

These initiatives build on each other and share many common elements, including the use of action learning (a continuous process of learning and reflection accompanying the performance of actual business) and job-related assignments, internal Wyeth case studies, internal executive faculty, assessment feedback, and interactive exercises and simulations. Most important, they have both been aimed at driving a global message about Wyeth's values and leadership characteristics.

THE GLOBAL LEADERSHIP PROGRAM

Wyeth's Global Leadership Program was begun in 1997.

Rationale

The GLP was begun with a number of related aims:

- Creating a focus on global business talent; identifying a global talent base
- Building a worldwide networking opportunity across businesses and functions
- Providing a common viewpoint on company issues, history, and approaches
- Creating a shared understanding of the company's challenges, successes, business and marketing approaches
- Assessment of leadership capability using the company leadership model
- Action learning on current global business issues
- Enhancing team/collaboration competency

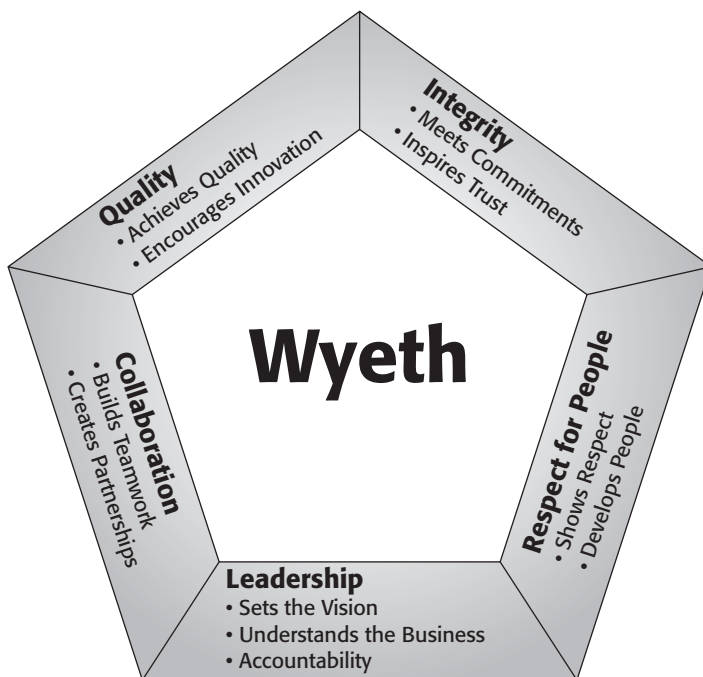
When the Global Leadership Program was launched, Wyeth operated as a holding company with a strong financial orientation and a decentralized approach to leadership development. The company had locations around the world, yet operated largely as an American multinational. The management approach was results oriented, hierarchical, and somewhat risk averse. The vision of the GLP was to build a global leadership and business perspective, to develop skills to lead cross-functionally and to identify a global talent pool for future key assignments.

Model, Assessments, and Design

An overall Wyeth leadership competency model was developed and validated to provide a common framework for assessment and feedback (see Exhibit 14.1). Drawn from interviews and focus groups with the Wyeth management committee (comprised of the CEO and the CEO’s direct reports), the model balanced personal, team, and business competence, including knowledge of the pharmaceutical industry. This was the first step for this global program—creating a common language for describing behavior and performance.

We also used the leadership model as the basis for a 360-degree assessment of participants in the GLP, to which was added the NEO-PIR assessment (the

Exhibit 14.1. Wyeth Values and Leadership Model



Revised NEO Personality Inventory) and, still later, the Hogan Personality Assessment, both of which have large international norms and can be used across cultures to provide input on the impact of personality on work. This feedback was delivered by qualified coaches from Linkage, Inc.—leadership and organizational development consultants—and tied into participants' individual development plans, which were shared with the participants' managers.

Another challenge was to create a common process for nominating GLP participants from every region. We also needed to find external faculty and internal executives who could represent global perspectives.

A key focus in the GLP was how to lead in a truly global company. Action learning teams dramatized the issue of achieving effectiveness in problem solving across cultural and functional lines. We focused our first action learning teams on the issue of globalization, global product development, and launch. We found that the teams needed to do a great deal of orienting each other to differences in processes around the world, and we began to rapidly identify opportunities.

Transitional business and leadership issues that Wyeth experienced in the first four years of the GLP provided a powerful, shared set of concerns that united participants and crossed cultural lines. The leadership model, assessments, and coaching created a shared understanding of the personal side of leadership and the need to be open to feedback and change.

Designing the Program for Global Use

To make the GLP truly global in scope, we did the following:

1. Obtained participants from every region and division or function of the world
2. Focused on the issues of globalization, global marketing, finance, communication, and leadership behavior requirements
3. Brought in external faculty and internal leaders with a global perspective

These are some of the basics needed in a global program. But what is it in the methodology and content of a program that has impact on a global level? Here, the keys are program architecture and variations in the learning approach.

Henry Mintzberg's term "action reflection" learning captures our intent. Balancing the practical, applied aspects of a program with giving leaders room to reflect and think seems critical in a global program. From a design point of view, key leadership lessons and the program roadmap must be clear and easy to follow. Keeping the attention of a diverse global audience means more time must be spent in thinking through how the course experience builds. Assuming that hands-on activities generate more retention than other learning modes, we designed more time for activities, simulations, and the use of tools.

Also critical is local support in terms of management involvement in program facilitation, choosing participants, and supporting on-the-job development. De-

velopment opportunities may not be equally available in all locations across the world, so careful attention was needed in thinking through what was feasible. At Wyeth, we have provided personal leadership development guides, which outline on-the-job assignments, additional readings, and additional learning and development opportunities in different locations.

Early Achievements and Changes in GLP

Our goal was to build critical-thinking, problem-solving, and communication skills needed in a global corporation. A systematic analysis of the 360-degree assessment data revealed that the high-potential Wyeth managers attending GLP were results driven, decisive, analytical, and knowledgeable about their industry. They were not as effective in building teams, providing open communication, creating greater involvement and trust, and coaching and developing others. These personal, team, and process issues were common, consistent concerns around the globe. We also discovered gaps in the understanding of our high-potential managers about finance and little knowledge across the divisions about what each other did.

As a result, we strengthened the business and finance portions of GLP and built more opportunities for sharing experiences across the divisions. We also focused on building team leadership and communication skills. The greatest impact of GLP came about through leadership assessment and coaching, exposure to senior management, action learning teams, and emphasis on developing leaders as teachers.

Follow-up indicated that our graduates showed higher rates of retention, were being promoted, and had become advocates for the importance of leadership and team development across the company. Several of the ideas begun at GLP had continued on to implementation.

These results and the support we had built over the first four years of GLP helped us to move to the next step, an executive leadership development effort, the Executive Leadership Program, aimed at the top 2,500 Wyeth executives worldwide.

FROM GLP TO ELP: AN EVOLVING ROLE FOR LEADERS

Four years of success with GLP established an alumni network of more than 140 graduates, many of whom had moved to higher levels in the company, including one on Wyeth's management committee. These graduates provided key support to expand the Wyeth Leadership Development programs. The management committee recognized that the experience of GLP needed to be shared in some way with the 2,500 top managers across Wyeth.

As the company took on its new name, the new CEO and management team focused on integrating the company's mission, vision, and values into behavior

to drive changes in the organization's culture. The company needed a program that would help reinforce these efforts worldwide and create a common, consistent leadership development experience. This new Executive Leadership Program would reinforce Wyeth's values and message to managers worldwide. Both ELP1 and ELP2 are three-day programs.

The goal of ELP has been to create the networking for and the general sense of Wyeth as a global force within the worldwide health care community. The challenge has been to transfer the effective elements of the GLP—such as the use of internal leaders as faculty, Wyeth-specific case studies, action learning focused on real business challenges, and the use of tools—to this shorter format.

With ELP, important changes have occurred in the role that Wyeth's leaders play in the program, including the management committee as faculty. We have moved this group from roles as sponsors to roles as presenters, then coaches, and finally teachers and facilitators. While always acting as supportive sponsors, the leaders in early GLP sessions came to act more and more as presenters, with time for discussion or question-and-answer sessions. The hunger from the audience for more management involvement led us to add senior leaders as coaches to the action learning teams. While unable to be there for the full eight days, these leaders would provide feedback to a team's problem solving at two or three key points in the program. This experience brought them closer to the learning process.

Currently, we have leaders who see themselves as teachers in several ways. They are actively involved in selecting and developing cases, finance/product development modules, leadership stories, and other sections of the program. Most important is that they have been willing to take ownership of their role as teachers and are concerned with their impact. They recognize the power that a great module can have in this worldwide leadership development experience.

For example, the president of the Pharma Division moved from product and strategy presentations in the early days of GLP to designing and facilitating a high-impact case study based on his own championing of a critical product issue that put his career at risk. Using his own leadership story not only dramatized the importance of risk taking but also provided direct encouragement for this type of leadership in the corporation. This module is especially valuable from a global point of view because the president is French and the product dilemma portrayed was played out internationally.

INGREDIENTS FOR GLOBAL SUCCESS

The challenge of building from an intensive eight-day, team-based experience to a shorter, easy to transport and implement three-day program has caused us to closely examine what has made our initiatives successful worldwide. Two

factors are the methods of training and the choice of enduring leadership message that travel well around the globe.

Successful Methods

Action learning has played a major role. So have the use of global faculty, global topics, and a great emphasis on teamwork. All of these successful elements have been shared across the programs we have produced.

Action Learning. Figure 14.1 depicts the flow of GLP action learning. Even with prework (for example, GLP participant teams begin meeting by phone one month before the program), it is difficult to develop specific solutions in an eight-day program that provides 25–30 hours for team meetings. While several ideas from GLP have been absorbed by the corporation, the goal is to use the global participant teams to fully explore an issue and provide the management committee with a focused set of responses. One such idea was the reorganization into therapeutic area teams. While GLP did not initiate the idea, the discussion and presentations by the GLP team directly helped confirm its value to the management committee and accelerate the change. As another example, a subsequent team dealing with compensation provided specific recommendations on rewards that were implemented by the company.

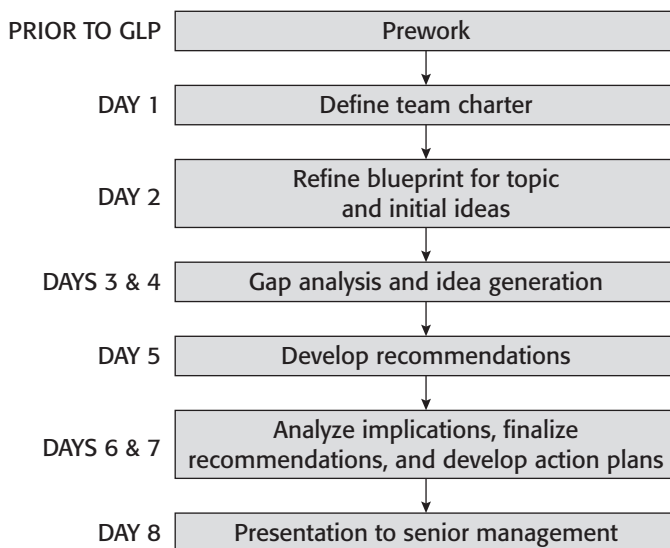


Figure 14.1 GLP Action Learning Flow

Expectations about the recommendations of teams and how they will be handled needs to be worked out so that neither the teams nor management are disappointed.

In ELP, we have emphasized balancing enrollments from Wyeth's divisions and functions. In line with that change, we have moved away from team action learning assignments, replacing these with individual leadership development assignments. ELP1 focuses mostly on individual behavioral change, bringing Wyeth's values to life, and on the use of tools to strengthen teamwork. ELP2 is aimed at increasing initiative and coordination or integration across teams. In ELP2, executives bring in and share their own goals and challenges, using the tools to reformulate ideas and using each other as sounding boards. The ELP series is squarely aimed at action learning through this process in which an individual discusses his or her assignment with the heterogeneous team. In all three programs, there are practical tools for key areas of management and leadership, which are available online.

A Global Faculty. Driving a unified message about company values and leadership principles requires a faculty of internal leaders who teach and facilitate in a consistent manner. Around the world, we have developed "multiple" local faculties, who may give a distinctly local flavor to case examples and strategic discussions but share core leadership messages and commonly portray the company's global strategy and reach.

Global Topics. In pharmaceuticals, global strategic marketing and new product rollouts are critical competitive issues. Many of our sessions in GLP have been aimed at challenging Wyeth to move from a multinational to a global perspective. Product examples are chosen only if they are marketed globally. Marketing strategy is a core part of GLP.

In ELP, we have developed simulations aimed at the issues of managing across boundaries. We have a World Café night that features food, cultural, and business information on Wyeth's international operations. We have also chosen globally recognized figures, such as Ernest Shackleton, the Antarctic explorer, and Tiger Woods, as leadership examples.

Exciting Teamwork. GLP has set a standard for inspiring teamwork through its intense action learning focus and unique, fun, team simulations. We have had participants building and racing vehicles in teams, hunting clues in the woods of New Jersey, and building a playground in a poor neighborhood. These activities serve to unite the participants as a group, provide a welcome contrast from the business-knowledge work in the program, and promote the networking we want. The playground building, in particular, was an experience that brought out mutual values of concern about the community. In ELP, we have continued

this tradition of fun team activities on a smaller scale through interactive labs and high-energy simulations.

Effective Messages

Creating a view of Wyeth as a global corporation and driving the values and behaviors across cultures has required close attention to message in GLP and ELP. Our challenge was to identify enduring corporate and leadership messages that travel and translate well. We have discovered that what matter most are clear themes and frameworks, simple takeaways, and universal leadership approaches.

Clear Overall Theme and Framework. While participants do focus on specific behaviors they personally need to change, the full Wyeth competency model, in all its detail, is not easy to carry away from three short days of training. To make ELP1 training truly memorable, therefore, we developed a more streamlined program language focused on simple, identifiable messages of what matters in leadership. Wyeth’s chairman/CEO provided the idea that leaders “know the way, show the way, and go the way,” which fits perfectly with our goal to develop leaders’ understanding of themselves, their “hands-on” role in motivating their teams, and the need to take action and create a climate of initiative. (See Exhibit 14.2.)

In the ELP1 model, *know* refers to understanding the business, science, and continuous learning, *show* means teaching and coaching others, and *go* connotes the willingness to do whatever it takes to get the job done. These types of messages play well in a global program.

Simple Takeaways: the Four I’s. In ELP2, we were challenged to distill a simple message about what leaders need to *do* at Wyeth to be effective. Based on follow-up research with the managers who had graduated from ELP1, we chose four I’s of leadership: *inspire*, *integrate*, *include*, and *initiate*. (See Exhibit 14.3.) These four themes of discipline are very relevant to Wyeth’s overall global strategies for growth.

How do these themes connect to leadership? First, *inspired* people want to work for someone who has a clear vision and a leadership agenda they can buy into and support. A leader inspires in many ways, and each individual manager has a different leadership style. What is important is their ability to get others to join them in the journey and enjoy the ride.

At the same time, we emphasize the need to *integrate*. The people and groups that are able to fully seek out opinions, input, and advice from others will end up with a better solution, plan or approach. Breaking down silos is critical to Wyeth’s success.

Include means the need to seek out others’ opinions and diverse viewpoints. It is a fundamental ingredient to a successful strategy, plan, or approach that will resonate and be embraced.

Exhibit 14.2. ELP1 Program Model

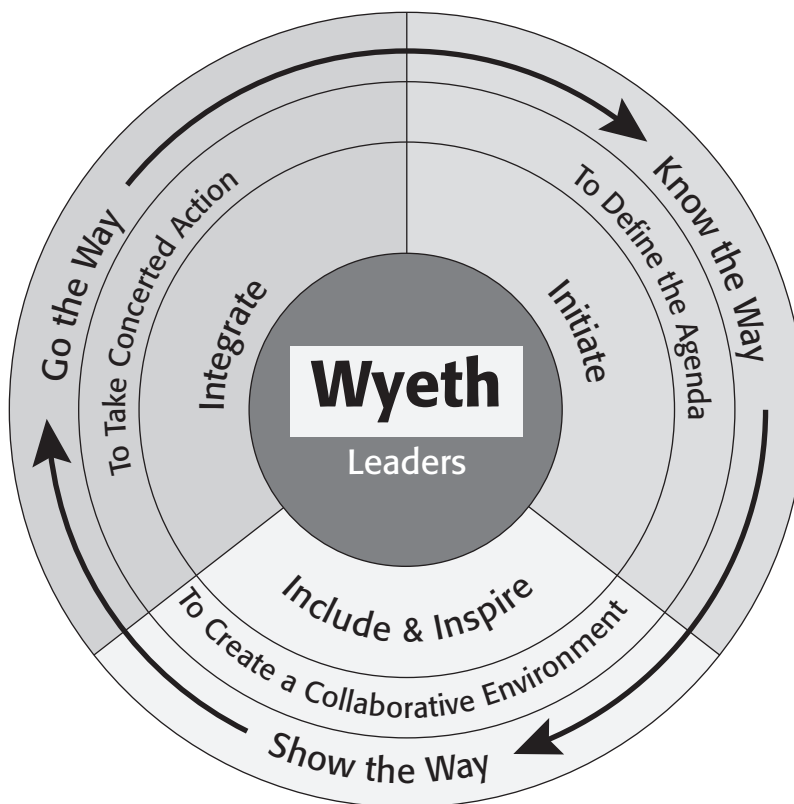


Initiate means taking action and not waiting for others to tell you what should be done. Leaders act and create an environment in which others also take initiative and assume calculated risks.

In ELP2, each of these four themes is each connected to a lab in which participants experience a Wyeth case study exemplifying the discipline and tools for how to improve in this area, and practice with their own issues. The labs are arranged along the ELP2 three-day “roadmap” shown in Exhibit 14.4.

Universal Leadership Approaches. We strongly believe that some leadership lessons, exercises, and tools apply worldwide. Strengthening these elements is most important in creating the company-worldwide unity for which we are striving. The global nature of the program’s message, topics, and tools may be their most important quality. The overwhelmingly positive response to the approaches we have designed certainly points to their relevance to Wyeth, and

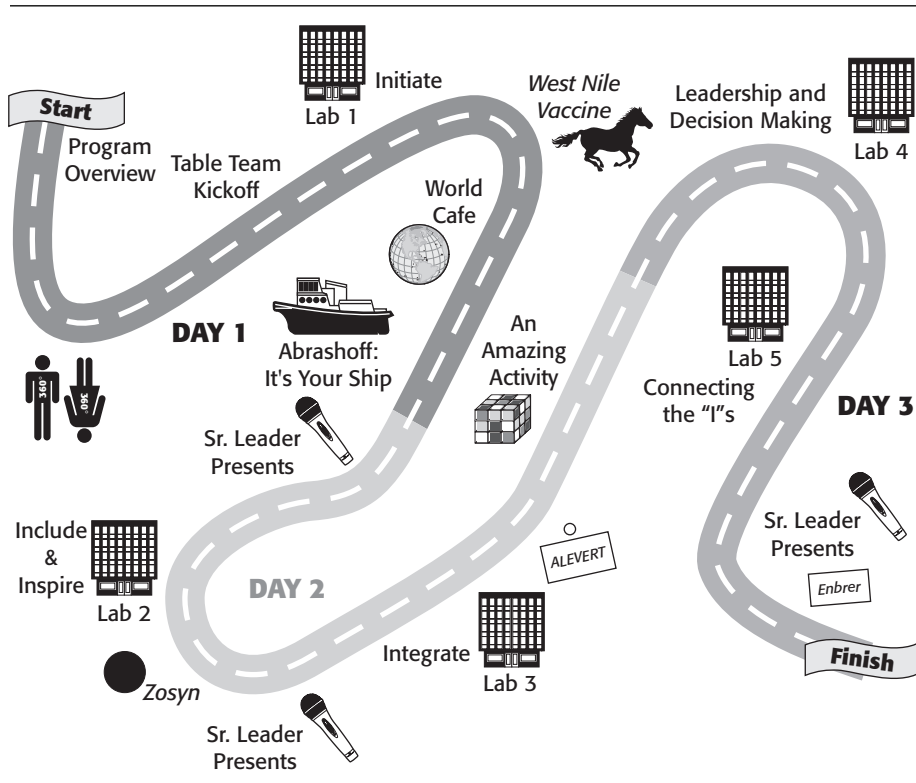
Exhibit 14.3. ELP2 Program Model



also to their power across cultures and functions. We have sought to convey four main universal leadership essentials:

1. *Taking risks and personal responsibility:* Our internal case studies have often focused on how individuals and teams have challenged the system or prevailing assumptions in order to be successful.
2. *Building teamwork:* Our approach to increasing teamwork has been to leverage from interactive, provocative simulations and to also have teams share action learning challenges and tools. These exercises have specifically taken on the issues of integration and breaking down corporate silos.
3. *Following up:* Our approach to driving effective behavioral change is a critical part of our program. We use mini-surveys as a tool for helping participants focus on the critical areas that will shift perceptions of

Exhibit 14.4. ELP2 Roadmap



them as leaders and increase their effectiveness with individuals and teams.

4. *Making decisions:* We have used a decision styles instrument, case studies, and individual work challenges to focus on decision making as an opportunity used to broaden participation and delegate responsibility in a team.

The simplicity and clarity of these organizing frameworks are critical when dealing with international audiences. We rely on a tight curriculum structure, lots of graphics, and clear "roadmaps" for all key processes in our programs.

EVALUATION

Over the years, we have done surveys and follow-up evaluations of the leadership development initiatives. The impacts of the effort can be separated into the categories of personal, team, business, and organizational. The tools and tech-

niques of the program have had significant impact at the personal and team levels. Leaders have used team tools and other problem-solving tools in their own work and shared their assessments and leadership stories. Also, ideas from the programs have been adopted more broadly in the business.

For example, the tool of team charters shown in Exhibit 14.5 has been adopted as an important kickoff tool for teams across the company. The leadership lessons of Shackleton have driven discussions around the world. Our action learning and other roadmaps have become a standard for high impact learning and process design.

More fundamentally, the GLP/ELP initiative has changed Wyeth’s thinking about itself and translated its values into behavior. While our 360-degree data

Exhibit 14.5. Wyeth Team Charter

Team Leader, Members, and Sponsor (if applicable at this stage)	
Team Purposes (Task and Development)	Links to Organization’s Context
Processes to Be Used	Success Measures
Boundaries of the Team’s Work	Resource Availability/Constraints
Key Milestones	Roles and Accountabilities
Potential Obstacles to Success	
Operating Agreements	

have indicated that Wyeth leaders rate high in such critical areas as meeting commitments, achieving quality, and inspiring trust, we are still addressing gaps in developing people and building teamwork. GLP and ELP have established a standard by which learning is judged in the company and have shifted the ideas of the roles of both learners and executives as teachers. The GLP program in particular has helped surface key talent and led to the implementation of an overall corporate talent assessment and management system. GLP graduates have continued to have high rates of retention and promotion at Wyeth.

Over seven years, we have used the program as a wedge to increase the dialogue and debate on critical issues in the company. A global company needs multiple avenues to open discussion and the relationships to address critical concerns as quickly as possible. The Wyeth Corporate Learning Center leadership development programs that we have been describing play a key role in this. The programs and the reinforcing talent management system have also led to increasing numbers of cross divisional leader transfers.

REMAINING CHALLENGES

Leadership development is not a one-time intervention. We are changing the company mindset to accept that Wyeth leaders need to place a high emphasis on developing others. This is one of the most important criteria by which leaders should be measured. Who have they coached and developed, and what positions have the people they coached achieved? Our performance management process will incorporate this into its overall evaluation assessment of managers of others.

Key ingredients for success are managers' accepting that their responsibility for developing others is as important as their other objectives, measuring how well managers are doing in this area, and tying rewards to results achieved in developing others. This is not difficult to understand, but it is a change from current practices, which needs to happen for Wyeth to move to a higher level.

In a new initiative called the "Chairman's Strategic Leadership Series," we have focused on providing a meaningful career development experience for a cadre of the next-generation senior leaders, strengthening their bonds to one another and the company. This initiative is aimed at helping Wyeth's senior leadership team become much more familiar with high-potential future senior leaders by engaging both groups in case-based discussion of the predominant issues of our industry. By analyzing strategic issues, the group engages in critical thinking and debate. Senior leaders and their protégés learn together about complicated business issues and ways of thinking in a collegial environment, facilitated by representatives from the Tuck School of Business at Dartmouth. The learning includes awareness of the things Wyeth's general management-

level leaders will need to know and do to be successful in the future, and what Wyeth will need to do to further develop its bench strength at this level of the organization.

The biggest challenge in running the Chairman’s Strategic Leadership Series as a corporate initiative is gaining agreement on follow-up and the relationship of this development program to the performance system. While the tools and processes have had an impact on development planning, we are trying to move to measuring managers on required behavioral change and reflecting this in their performance appraisals. We have implemented follow-up 360-degree assessments including the use of targeted mini-surveys to measure behavioral change. Our intent is to continue to cascade the program learning into other areas and to open the dialogue further.

Leadership development is now a part of the fabric of Wyeth. The question is how far we can stretch that fabric to cover the many challenges and opportunities now facing the leaders of the pharmaceutical industry.

LESSONS LEARNED

1. *A global program needs clear, targeted messages about strategy, values, and the role of leaders in the organization.*
2. *It must be based on the idea that attracting, developing, and retaining top talent is the responsibility of each leader—not just of senior management.*
3. *Senior leaders sharing their leadership stories is a way to model the “leaders as teachers” philosophy that can simultaneously bridge company values and strategy. It is an approach that has power around the world.*
4. *Depending less on detailed participant guides and instead providing toolkits with practical approaches to team building, problem solving, and decision making helps an international audience.*
5. *The 360-degree assessment process, personality assessments, and mini-survey follow-ups are all tools that work globally.*
6. *A global program needs to make the learning memorable by keeping it highly interactive, with a sense of humor and fun built in. Best are simulations and lab exercises that let participants learn about themselves and from each other.*
7. *A global organization needs to work at recognizing the value of “learning how to learn,” the importance of lifelong learning, and the role of leaders in supporting these things.*

SUMMARY

By 1997, Wyeth (then known as American Home Products), was one of the world's largest research-driven pharmaceutical health care companies. In that year it began increasing efforts to create an integrated global organization and a global leadership team. It created GLP, a Global Leadership Program of eight-day trainings for thirty-six high-potential leaders at the divisional vice president level, drawn from throughout the company's regions, divisions, and functions. GLP uses top university faculty and internal executive faculty with global perspectives.

Initially Wyeth found the managers attending GLP to be driven by results, decisive, and knowledgeable about their industry but not as effective in building teams, encouraging open communication, and developing others. GLP takes an "action reflection" approach whose goal is to strengthen their team abilities, building the critical-thinking, problem-solving, and communication skills they need in a global corporation.

In 2002, when its name was changed, Wyeth extended GLP with two new, closely related initiatives called Executive Learning Programs. ELP1 and ELP2 are three-day sessions conducted in the United States, Europe, and Asia, aimed at a wider audience of 2,500 top Wyeth managers. The challenge has been to transfer the most effective elements and ingredients of the eight-day GLP—internal leaders as faculty, global faculty and topics, Wyeth-specific case studies, exciting teamwork, action learning centered on real business challenges, and use of tools—to a three-day format.

GLP and ELP have succeeded in helping Wyeth's top management team move from the role of sponsors to more involvement as presenters, coaches, teachers, and facilitators. Wyeth has found that what matters for success in global training sessions are a clear theme and framework, simple takeaways, and universal leadership approaches.



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APPENDIX: ABOUT LINKAGE

Founded in 1988, Linkage, Inc. (www.linkageinc.com), is a global leader in creating organizational development, leadership, coaching, and mentoring, and corporate education programs, research, and resources that achieve measurable business impact.

Combining the world's most renowned thought leaders, "best-in-class" educational resources, and a highly experienced team of consultants, Linkage has delivered programs to more than 9,000 individuals, including employees of eighty Fortune 100 companies. Clients include Lucent Technologies, Merck, Harvard University, Brigham & Women's Hospital, Skudder Kemper Investments, McDonald's, Toyota, Xerox, and a host of other organizations in the major vertical industries.

Linkage provides a suite of leadership and organizational development products and services, programs, and systems. It offers cost-effective, one-stop shopping for its clients' leadership and organizational development needs. Following is an overview of Linkage's world-class consulting, training, research, and distance-learning programming services, as well as its videos and books.

Leadership/Organizational Development Consulting and System Development

Through a multimode systemic model for building an organizational development (OD) or human resource development (HRD) program, Linkage provides "best-in-class" OD and HRD consulting. Linkage leverages its multimode model for designing, implementing, and providing ongoing support for OD/HRD systems such

as performance management, leadership development coaching and mentoring, and change management.

Clients include Brown University, Case Corporation, Toyota, American Home Products, Ralston Purina, and ITOCHU International.

Global Institute for Leadership Development

The Global Institute for Leadership Development (GILD) provides high-level programs and services targeted at the long-term leadership development of individuals and teams from the world's foremost organizations.

The Executive Leadership Development Program

This program, Linkage's core leadership workshop, is an experiential, interactive session that provides proven models, tools, and processes to help participants have more impact as leaders. The program includes an intensive three-day session in which leaders learn how to continuously improve skills, increase knowledge, and develop their leadership competencies.

The Best of Organizational Development Conference

This event (known as ODC) brings together organizational development, organizational effectiveness, HR professionals, academics, and practitioners to address the compelling issues and challenges facing organizational development professionals today. ODC provides the most comprehensive learning forum and a compilation of the best thinking and applications of organizational development tools, skills, and methodologies.

The Essential Coach

This tool enables managers and leaders to shape and direct their behavior to increase their personal effectiveness by measuring the critical capabilities required for powerful coaching. The Essential Coach is available as both a self-managed assessment and a 360-degree assessment.

Leadership Assessment Instrument

Developed by Linkage in partnership with Warren Bennis, the Leadership Assessment Instrument (LAI) measures the critical capabilities required for high-performance leadership across all industries and functions. The LAI is available as both a self-managed assessment and as a 360-degree assessment.

The Compleat Consultant

This tool categorizes the broad range of roles that HR/OD consultants perform by measuring the competencies within each role that drive superior results and work outputs. The Compleat Consultant is available as both a self-managed assessment and a 360-degree assessment.

The Linkage Research Group

The Linkage Research Group provides benchmarking and best practice research to help guide decision making on key leadership and organizational development issues, bringing the industry's key leaders and best practitioners to work directly with the client. The research group provides studies on high-impact leadership development, performance management, action learning, succession planning, and health care leadership development.

The Linkage Toolkit for Developing Leaders

In *The Linkage Toolkit for Developing Leaders*, Linkage's products group has brought the most valuable tools from its conferences, workshops, consulting, and research together in one volume that coaches leaders at all levels of the organization to become more effective and successful. This collection represents what Linkage has been learning about leadership for quite some time. It is a multifaceted coach, including both tools and assessments. It helps you think not only about yourself but also about your impact on others.

The *Linkage Toolkit* is, in effect, a pragmatic coach who wants you out on the playing field applying what you have learned. Best of all, it is remarkably comprehensive—packed with all sorts of helpful instruments, cases, diagnostics, and advice. In many ways, this volume is like a filled-to-the-gills toolbox.

Linkage's Best Practice Guidebooks

Linkage's products group has also created self-directed, self-paced, practical guidebooks of best practice tools, processes, and models needed to be an effective manager or change leader, improve processes, and enable teams. All processes, models, and tools have been integrated and implemented with positive measurable change at such organizations as Raytheon, Morton, Beatrice Foods, Ellerbe Beckett, GE Capital, Barclays Bank, and Volvo.

The guidebooks have been used effectively by vice presidents, managers, supervisors, work team leaders, project managers, and other industry leaders across all major vertical industries. For more information on these books, visit <http://www.linkageinc.com/products>.



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