

Effective leaders are invaluable in an era in which corporations must change course frequently to navigate obstacles and opportunities—a fact that has helped boost LD to new levels in many firms. Forward thinkers are going beyond business school programs and feel-good events such as board retreats and experiential learning programs, many say. The new philosophy is about making management and leadership development an ongoing process tailored to individual needs but also firmly rooted in an organization's culture. Technology often plays a role by providing tools for ongoing LD for managers and executives, and more organizations are searching their ranks for rising stars and nurturing their skills to build a pool of future leadership talent.

"We're seeing a move away from leadership development as an event, to leadership development as a process," says Stephen Rhinesmith, a partner with CDR International. The West Chatham, Massachusetts-based firm provides custom leadership de-

velopment programs to blue-chip companies, including Bank of America, Coca-Cola, Intel, and Sun Microsystems. Rhinesmith cites Sun, which CDR has helped to create a program to foster high-potential middle managers, as an example of the premium being placed these days on effective leadership.

"Companies that really understand what leadership development is about understand it is what they need even during the down times," says Rhinesmith.

Budget realities being what they are, many organizations are trying to do more leadership development with less—and coming up with a range of approaches for doing so. Some are partnering with outside providers to help with a key phase of their program. Some are scaling what they've learned from outsourced programs into larger in-house initiatives. Others are relying on new technologies to help sustain and support managers and executives, while avoiding expensive face-to-face gatherings. And many are recognizing the need to aug-

Providing a source of in-house replacements for current leaders down the road helps drive cultural change and retain key talent.

By Tom Barron

The Link Between Leadership Development and Retention



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ment nuts-and-bolts management skills found in business school programs with people skills needed to make managers and executives more effective. In sum, training managers are getting increasingly creative in their approach to LD.

“Even when managers know what to do, they don’t necessarily know how to do it or who to tap to help get it done,” says John Alexander, president of the Center for Creative Leadership, which specializes in leadership development programs that focus on fostering emotional intelligence. Alexander sees a growing demand for behavioral skills from organizations seeking to complement the management know-how provided by business schools, a trend he expects will accelerate as the economy rebounds. Other developments he and Rhinesmith note include increasing interest in extending leadership development to high-potentials in middle management or even lower ranks.

“Were seeing a lot of interest in particular in providing leadership development to people new to management positions and younger people seen as emerging leaders,” says Alexander, whose Greensboro, North Carolina-based organization ranked largest among private-sector providers of executive education in an October 2003 report by *Business Week*. Alexander includes not only the Global 250 in this trend, but also mid-size firms that also recognize the need to foster their current and future leaders. Many are pursuing blended approaches that combine face-to-face and technology-based activities that make the best of both. One-size-fits-all programs are giving way to customized programs tailored to meet specific organizational goals.

These trends and others identified by Rhinesmith and Alexander are borne out in talks with learning officers in a range of organizations. Following is a look at how those charged with manag-

ing leadership development are tackling the challenge.

Grooming high-potentials at Schwan Foods

A two-year-old executive development program at Schwan’s University, the corporate university of the frozen foods manufacturer and retailer, embodies much of the new thinking about fostering leadership skills. The company, whose broader training program won recognition last year by ASTD with a second-place ranking in the first annual BEST Awards, has developed an ambitious program to build future leaders under the direction of Arnie Strebe, CEO of Schwan’s University, and Joe Curry, who serves as its president. Strebe is quick to credit Schwan’s president and CEO, Lenny Pippin, who joined the company several years ago with a strong commitment to employee training and leadership development. Indeed, Pippin is deeply involved in the executive development program, serving as a mentor to one of a handful of high potentials selected each year and subsequently groomed for leadership posts.

Getting selected for the high-potential program is no easy feat. Strebe describes a multistep process that begins with a nomination by an existing manager, a subsequent review of candidates by an executive committee that includes Pippin and other senior executives, and a writing assignment in which each candidate answers a series of questions that probe their commitment and ability. When the dust settles, a group of 40 or more candidates in the 25,000-employee firm is winnowed to less than 10 in the annual selection process.

“We’re going to commit significant resources toward their development over the next couple of years if they accept this responsibility,” says Strebe, in explaining the rigor of Schwan’s selection process. Indeed, the path for these lucky few

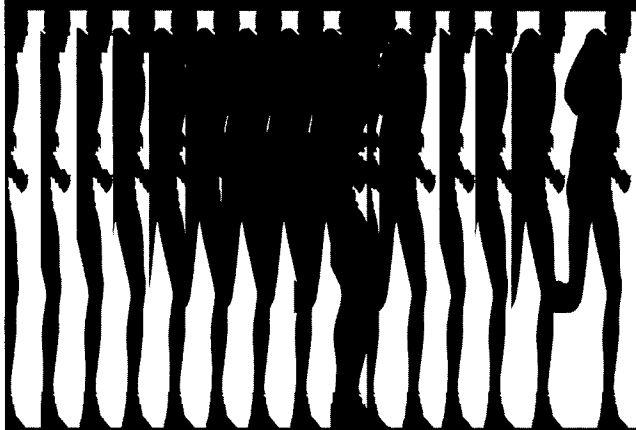
begins with a steep challenge in the form of a grueling assessment of their leadership skills, which is conducted by learning services provider DDI, one of several outside partners involved in the program. The day-long assessment puts these future Schwan leaders through the corporate equivalent of astronaut training, in which they tackle all manner of headaches—from irate customers to employee infighting—while their responses are videotaped and analyzed. A total of 15 leadership competencies are analyzed in a process that yields the skeleton of an individual development plan used as the basis for subsequent individualized training.

Groups of high potentials are also given the task to respond to real-world business issues facing the company. These action learning projects give budding leaders a firsthand taste of the leadership responsibilities to come. Strebe, himself a member of the high-potential program, is part of a team of high-potentials whose task is to oversee and bolster the company’s business in one southeast state. In addition to giving team members a feel for leadership levers they may one day wield, the program also helps establish working relationships with senior executives to whom they report and share ideas on these tasks, says Strebe.

“We see this program providing a source of in-house replacements for current leaders down the road,” says Strebe. It will also help drive cultural change at the organization, allow for a smooth transition of leadership, and help Schwan retain key talent, he adds.

Schwan’s program exemplifies what Rhinesmith sees as growing interest in extending LD to promising managers who may be tomorrow’s leaders and employing action learning. “These types of programs get the senior executives acquainted with high-potentials,” he says, noting that Europe’s strong interest

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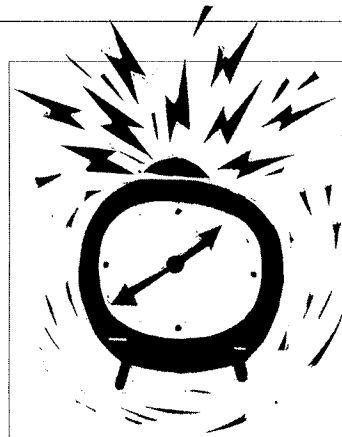
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in such approaches is beginning to resonate in the United States. "The resistance is that it is seen as a big investment, but the results often pay for the entire training program in vast multiples. These young managers always come up with fresh ways to raise revenues and cut expenses."

Equity's philosophy

While LD programs that focus on high-potential employees are usually reserved for large organizations, mid-size and smaller firms are making use of current thinking on what it takes to be an effective leader. Equity Residential—a 6000-employee, publicly held firm based in Chicago, that manages apartment complexes U.S.-wide—is one example. The company, which was honored with a third-place ranking in ASTD's 2003 BEST Awards, is pursuing a program to provide leadership training for roughly 1000 of its apartment managers. In doing so, it's using approaches that emphasize the importance of emotional intelligence, gleaned from an earlier program for top executives conducted by the Center for Creative Leadership.

"Our philosophy is that if we have to train six people, we'll outsource it. But if we have to train 6000 people, we'll do it in-house," says Ron Gjerde, VP of Equity Institute, the training arm of the organization. The initial program conducted by CCL, in conjunction with the University of Maryland, provided leadership skills to 100 Equity regional managers. It was used as a model for an expanded program conducted by Gjerde and a staff of 25 that focuses on managers and executives throughout the company—some 2000 altogether.

The program, Leadership Education and Development Program (LEAD Self), begins with a three-and-one-half day orientation provided to batches of 25 managers at a time. In their orientation, managers are assessed on leader-

ship skills, which includes their behavioral attributes. The orientation results in the creation of development plans and goals for each manager.

"One-size leader doesn't fit all," notes Gjerde. "Our whole program is about helping managers becoming self-aware as a leader." He says the emphasis on behavioral aspects of leadership, which are analyzed through surveys such as the Myers-Briggs personality inventory and one-on-one discussions with occupational psychologists who observe managers during the orientation program, are aimed at fine-tuning each manager's leadership approach based on his or her natural tendencies. Follow-up activities include one-day programs held regionally to help reinforce concepts presented at the orientation and to discuss progress toward development plan goals. A more ambitious proposal in the works will integrate managers' development-plan progress with an existing pay-for-performance system.

"Not everything [in the development plan] should be connected to pay, but we're looking at things that can be integrated," says Gjerde. What's essential, he adds, is the fact that LD isn't just a one-time event.

By the book at Health First

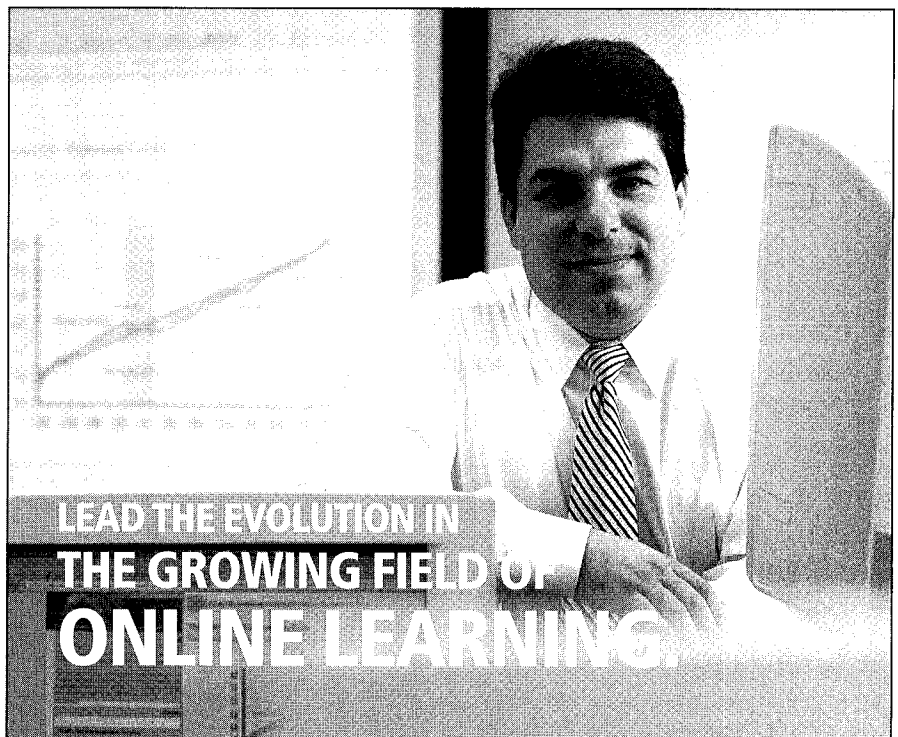
Health First, another BEST Award recipient, is equally creative in its approach to LD. As part of a broader initiative to improve learning in the 6000-employee, nonprofit, which provides health-care services in Brevard County, Florida, the organization is crafting a leadership program to support managers and executives without distracting them from their busy jobs.

"Our managers are already taxed, and we didn't want to invite them to another classroom experience," says Mary Martinolich, who oversees occupational development at Health First's Center for Learning." Instead, we're planning small

monthly meetings of no more than 20 managers that take place not in a boardroom, but elsewhere in our headquarters to make the meetings more informal."

The program is just getting under way, beginning with 80 directors who have

been divided into four groups for these meetings, each of which focuses on a different leadership topic. One key goal is to foster a sense of shared responsibility and bonding among the 350 managers and directors in the organization, Martinolich



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IBM's New-Fangled Tech, Old-Fas

IBM, renowned for its Basic Blue management development program for new managers, is in the midst of what its CEO has described as its most ambitious leadership development initiative in the company's 92-year history. The program, Role of the Manager@IBM, is the latest effort in the company's transformation from a hardware provider to a global services company, says Nancy Lewis, VP for On Demand Learning with the Armonk, New York-based company.

"IBM has to become a proof-point for being an on-demand workplace," says Lewis. "With people being our new brand, the emphasis on leadership development is more important than ever."

Launched in mid-2002, the initiative targets all 32,000 managers and executives in IBM, with a combination of face-to-face and technology-based interventions designed to nurture leadership skills. Specifically, she says, the initiative approaches leadership development on three different planes:

- building individual capabilities
- helping teams align their goals with the organization
- creating a dialogue between senior management and firstline managers to foster sharing of best management practices.

The initiative was launched with a virtual conference that connected the entire legion of managers in a kick-off hosted by IBM CEO Samuel Palmisano. The online gathering focused on the key management issues facing the company. The conference, the largest

online gathering of IBM employees ever, "sent the message that we're all part of the same team," says Lewis.

The initiative's second component draws on an in-house-developed technology called Edvisor, which Lewis describes as an "expert system" that provides a customized learning portfolio for each manager based on his or her background and prior learning, and a survey of his or her management style. The patent-pending technology is "like having a one-on-one coach that looks at each person's individual competency, develops a personalized prescription, and links them to the learning resources that they

together managers among IBM's disparate facilities. Ultimately, every manager in the organization will take part in a workshop, says Lewis.

The final component of the initiative leverages Web technology to provide reinforcement of learning, together with ongoing support for managers through a knowledge management-esque portal called Manager ActionNet. The portal provides an asynchronous forum for managers to share ideas and post suggestions to senior management, and for senior management to continue to drive change through management ranks. "In our field, the worst thing we can do is

take a changed person and send him or her back to an unchanged world," says Lewis. Like the Edvisor tool, ActionNet allows for activities at the individual, team, and organizational level, Lewis says.

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need," says Lewis. The Web-based Edvisor was vital in preparing managers for the next phase in the initiative: two-day, face-to-face workshops organized by lines of business and teams. Edvisor helped guide managers through pre-work that made the face-to-face gatherings much more productive, she says.

The workshop phase of the initiative, LearningLabs, established action plans for each team within lines of business based on goals formulated at the meetings, together with a list of requests to each team's senior management on possible ways to improve performance. LearningLabs took place throughout 2003 as each line of business coordinated the substantial logistics of bringing

"Say you're a general manager in IBM's software business and you're leading a function that has managers all over the world. You can select a relevant topic (one that was identified in the LearningLab workshop) and put that in the ActionNet for the team to discuss and develop solutions," Lewis explains. The result is ongoing reinforcement of leadership concepts and tighter networking of business teams.

Though it is still too early in many cases to document the impact of the program in terms of quantifiable revenues, some business units are seeing substantial gains that they credit to the action plans developed through the initiative. Nine such action plans have gen-

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erated estimated revenue of US\$184 million. "We have had a number of business cases done by an independent company that show that the Role of the Manager program was the most significant factor behind monetary gains" in the business units studied, says Lewis. Evaluation of the program has also included a number of employee surveys, including one that found that managers who had been through the program ranked higher by staff on several leadership metrics than others who hadn't been through the program.

A company backgrounder on the initiative notes its success in blending e-learning with traditional approaches. "Experienced company managers, for whom e-learning was previously viewed as suspect or at best a passing fad, have responded positively to both its content and delivery, and have continued to be not only enthusiastic participants, but also new advocates for its approach," the backgrounder states.

Is Lewis going to rest on her laurels now that the initiative is nearing its end? Not likely. "In 2004, we are going to transform management development once again," she proclaims. As part of a larger push toward on-demand learning, that is the new creed in Big Blue's learning division. "We're going to take leadership development to an on-demand learning level and embed it into the work that managers do." Regarding the Role of the Manager initiative, plans for its successor involve both innovative learning technology and old-fashioned business gatherings, Lewis says. "We're creating a science around taking learning and embedding it in the work that people do."

says. "The goal is to build our leadership culture. We're trying to use the power of invitation and not make this mandatory," she says. "We want to foster a strong relationship-building environment and break down barriers."

Three in-house leadership consultants, including Martinolich, trained by learning services provider the Gallup Organization, are also working with senior executives and department directors to strengthen their identified talents based on a Gallup survey that they recently took, called Strength Finders. Martinolich relies on the book *The Leadership Challenge*, by James Kouzes and Barry Posner, as a guide and a source for ideas. "We're approaching this very little in the way of budgetary resources but still believe it will have a major impact," says Brenda Sabbag, director of the Center for Learning at Health First.

Another aspect of the program under development will leverage e-learning tools such as asynchronous chatrooms to allow managers to share best practices and advice. The goal is to create an on-going forum for discussion of management and leadership topics. Martinolich and Sabbag have established the following metrics for monitoring the impact of the program:

- customer loyalty
- profitability
- productivity
- employee retention
- safety.

Though the program only recently got under way, Health First sees early indicators that its efforts are paying off. "Our nursing vacancy rate is hovering just below 5 percent, so we must be doing something right," says Martinolich.

Mixing and matching

One clear shift in the way organizations are approaching leadership development these days is the growing use of com-

bination approaches to building and sustaining such programs, say observers. Organizations may once have sent their top talent to business schools for an MBA or tapped an LD provider for an annual exercise, but many are beginning to integrate a variety of interventions. Equity Residential combined LD training from the Center for Creative Leadership with the help of the University of Maryland, one example of the "mix and match" ethos. CDR International offers a program in conjunction with Columbia Business School on nuts-and-bolts management know-how and customized approaches that help each manager understand his or her unique leadership traits.

As more organizations opt for customized programs over open-enrollment LD programs that once dominated the field, as reported in a recent *Business Week* survey, such alliances between two long-competing camps—business schools and private-sector providers—will continue to blossom. Even pure-play LD providers are being asked to integrate their offerings with each other by organizations looking to maximize their LD dollars.

"More and more, we find ourselves working side by side with for-profit institutions, consulting firms, and business schools," says CCL president Alexander. Add in-house resources that organizations bring to bear on their LD, and the need for coordinating these players becomes a formidable challenge, he adds. "This is an area where we're all learning how to work together on behalf of the same client. The field is undergoing a rapid metamorphosis as the economy accelerates." **TD**

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