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In tough times, the argument goes, leadership development is the first thing to cut. Maybe so for some organizations, but not necessarily for forward-looking companies. From the worst of times comes the best of times, and organizations with hopes of capitalizing on the coming economic upturn—and it will come—are using leadership development to strengthen their leadership ranks and position themselves for the future.

This article focuses on the leadership development practices of four top organizations: 3M, Advanced Micro Devices (AMD), Cisco Systems and First Data Corp. Each has struggled in these difficult economic times, yet each sees leadership development as a key to its future. And they are using leadership development as a cornerstone of their efforts to achieve and maintain positions of prominence and profitability in their respective industries.

From consulting with all four companies on their leadership development initiatives, I know firsthand of their commitment to making those programs drivers of organizational success. But this is not your father's leadership development. Instead, these benchmark companies have created relevant, "just-in-time" programs focused on crucial business challenges. They are using leadership development not as training, but as a process to help get results, shape culture and build leadership depth.

Intense Commitment

That each company is visibly committed to leadership development is an understatement. Hector Ruiz, CEO of AMD, noted in his first letter to employees, "Leadership development is absolutely crucial to the future of our business. If we aspire to grow, our cadre of leaders must grow." And each company is ramping up quickly to build that cadre of leaders. "Nothing was in place three years ago," said Myron Beard, senior VP of leadership development at First Data. "We had to make a case quickly." First Data started with "Leadership Conferences" hosted by CEO Charlie Fote. "It sent the message that we were serious, that leadership development was going to be a big deal," said Beard.

Similarly, Mary Eckenrod, director of executive development and talent resourcing at Cisco, commented, "We started at the beginning, discussed what the business will look like in the future, how it will be different, what kind of people will be needed, how we can develop those talents." Cisco CEO John Chambers took on the task as a personal challenge. "John's made leadership development a top priority, and he's championing the cause."



Clearly, it helps to have a CEO who believes. Margaret Alldredge, VP of selection and learning at 3M, noted, “A CEO who has a clear vision, expectations for accelerating the development of leaders, and is willing to actively champion the cause can have a huge impact in a short time.” That impact can include deeper understanding of the company’s strategic direction, according to 3M CEO Jim McNerney. He cites the “messaging” segment of 3M’s programs—the times when he simply dialogues with teams of global leaders for several hours—as a great way to shape corporate culture and clarify business direction.

Creating Momentum

Armed with a commitment to leadership development and fortunate to have CEOs who believe in the process, these companies are building large-scale initiatives to refocus their organizations with leadership development as a key driver. They have worked hard to weave leadership development into the fiber of their companies’ business strategies. “We’ve summarized our direction in a one-page strategic agenda and linked our leadership development efforts to it,” remarked Bill Gardner, director of corporate growth and development at AMD. “This document outlines the future the company is trying to create, our three tenets of strategy, our strategic imperatives, our key goals.”

Similar statements of direction were at the heart of each company’s leadership development process, from 3M’s five strategic initiatives to First Data’s three strategic imperatives and four essential values to Cisco’s seven goals. Each company has endeavored to state as clearly as possible where the organization is trying to go and to show leadership development as a pathway to get there.

Each company also has defined a list of key leadership competencies utilizing 360-degree feedback. Only First Data uses a commercially developed competency model, and even that is about to change. The other three have developed their own models specific to their companies. “We use an internally developed competency model,” said Cisco’s Eckenrod, “and we weren’t caught up in validation when we built it. We wanted relevance to our business and culture.” AMD’s Gardner noted, “We had a task force of leaders create a competency model that fits AMD.” Similar sentiments were echoed by 3M’s Alldredge: “(CEO) McNerney and his direct reports used an off-site session to create a new set of leadership attributes. They’re simple and clear, a theme of all of Jim’s messaging, and they weave through all our initiatives.”



Regardless of how they determine the characteristics of effective leaders, each organization is committed to identifying and focusing on high-potential talent. Each launched talent review processes early on in order to identify top talent throughout the organization, and each made those individuals a primary target for development. Frank Edwards, manager of global leadership development at AMD, noted, “Our leadership development initiatives aren’t for everybody. They’re for top performers.” Alldredge at 3M echoed the sentiment: “We wanted to focus more formally and more openly on high-potential development, different from the traditional egalitarian culture at 3M,” he said.

Active Learning

With high-potentials identified, all four organizations moved to design leadership development programs to engage, involve and inspire those individuals. Each views these programs not just in terms of the enhancement of individual leader capabilities, but also as the means to create new organizational capabilities. And they rely on leader-led development, coaching and action learning to make that happen.

Cisco’s Eckenrod noted, “We’re building hard-hitting programs to help leaders learn new skills and perspectives, but we’re making sure they put those lessons to work immediately. We’re using simulation at lower levels and action learning at higher levels. We’re using coaching and ‘leaders as teachers’ to leverage exposure and build networks across Cisco.” Beard at First Data had a similar response: “We have 2,500 people involved in a coaching/mentoring initiative here. It’s helping us develop a culture of growth with common language, common experiences and internal networks.”



Each company also makes extensive use of action learning, where groups of leaders grapple with real business problems during the program. AMD's Edwards commented, "Action learning helps take learning to reality, promotes networking across the organization, gives us great ideas and keeps top executives involved and interested."

Using leaders as teachers also helps generate involvement, according to AMD's Gardner. But there is a catch. "We originally asked senior leaders to participate as teachers, gave them a speech writer and had them deliver the message. Unfortunately, they spoke from the text, not the heart. So we interviewed them, learned about their interests and concerns, and now we engage them only where they have some passion." 3M's Alldredge agreed: "We meet with all the top executives," she noted, "and involve them according to their interests." More than two dozen 3M senior leaders have been engaged as teachers or action-learning project sponsors in this first year of the initiative.

But don't expect your leaders to be naturals. "We dialogue with our leaders and even pair them up with externals to make sure they craft a message with impact," said Alldredge, "and they get lots of feedback." But the end result is a reciprocal learning relationship, according to Cisco's Eckenrod. "The interaction and dialogue is so powerful that everybody learns," she said.

Commitment to the Future

Perhaps because of this ability to shape culture and clarify direction, all four companies are pressing ahead with their investment in leadership development. "We've built a game plan for talent growth," said First Data's Beard. "It starts with individual contributors and goes through top executives. We're using talent development as a key driver of future business development."



The strength of First Data's commitment is reflected in its recent ranking as one of the nation's top companies for development by Training magazine. But don't be surprised if you see our other benchmark companies at the top of similar lists. "Development is crucial to Cisco," said Eckenrod. "Because we grew so fast in the boom years, we were more focused on recruiting than building leadership depth. That's a big issue now. We need to find the talented people in this organization and accelerate their development."

Like First Data, both Cisco and AMD have launched leadership development initiatives at multiple levels of the organization. And 3M has embarked on an aggressive, company-wide deployment of Six Sigma. CEO McNerney believes that Six Sigma is not just a process improvement effort, but a way to develop leaders at all levels quickly and effectively.

"We've invested in the deployment of Six Sigma, renovated facilities to house these programs and launched the Accelerated Leadership Development Program (ALDP), an intensive 17-day program with global participation," said 3M's Alldredge. "They work very long days on incredibly challenging assignments. And it's working because everyone knows how important leadership development is to the future of this company."

Leveraging Resources

To get the job done in tough economic times, each company is using not only internal resources, but also select external partners to help meet aggressive rollout targets. As AMD's Edwards noted, "There are some areas where we just don't have the expertise." His AMD colleague Gardner added, "We had the option to hire additional staff or contract with outside experts to complement our internal capabilities. We chose outside experts, and it's helping us move faster and do more with the resources we have."



“We needed to get several thousand people through our First Data finance program fast,” noted Beard. “We simply couldn’t have done it ourselves.” Instead, First Data partnered with nearby Daniel School of Business at the University of Denver. “Proximity to us was important,” said Beard, “especially with the volume we expected. But we also wanted a partner willing to learn about us and work with us.” Similar sentiments were echoed by Eckenrod at Cisco, which is partnering on a high-volume, mid-level leadership program with the University of California at Berkeley; Edwards at AMD, which partners with the Strategic Management Group for some initiatives; and Alldredge at 3M, which engages several external facilitators in the ALDP. But make no mistake, senior leadership at each company owns the process. “Our senior leaders are asking to be involved; they want a role. It’s already that big a part of our culture,” said 3M’s Alldredge.

Lessons Learned

In order to leverage their investment in leadership development, our benchmark companies are tightly linking leadership development to their companies’ strategic agendas. They are viewing leadership development as a lever for communicating strategy, focusing behaviors and driving change. They are building development initiatives specific to the company and tightly linked to workplace realities. They are linking development to performance through a greater reliance on techniques such as action learning, leader-led development and coaching. They are relying on a few carefully selected external partners to help them leverage internal resources. And they are enlisting top executives as champions for the cause.

Most importantly, however, all four companies are pursuing leadership breadth and depth as a core competence of their organizations. “It’s simple systems integration,” said Cisco’s Eckenrod, “Leaders need to grow their business. To do that, they need to grow their people. To do that, they need to grow themselves. We just need to help them understand and engage in that process.”



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So, do you and your company have what it takes to be a leader in leadership development? Perhaps 3M's Alldredge best outlined the challenge: "My advice is to step up, decide what your organization needs from its leaders. Be clear, consistent and persistent. Don't delegate this most critical assignment. Actively partner with your top executives, your human resource organization and your leadership development team. Spend the time, be at the center, and you'll reap incredible results."

Sound advice, indeed.

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