

TRAINING

Chicagoland Chapter
American Society for Training and Development



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Measuring Training

Those of us in the training and development field have an inherent understanding that training is valuable, and that without it, employees and organizations fall behind the curve sooner or later. The problem is that many powerful people within organizations don't share our innate understanding. They need evidence that each training adds more to the bottom line than it costs—and we need that evidence, too, to support our value and to market ourselves.

The focus of this issue is the how and why of measuring training efficacy. Sometimes, as you'll see in the case study "Measuring High Performance Leaders" by

Chris Hunter and Kim Ramsey, an ROI study is an excellent way to show value. Howard Prager offers his perspective in an expanded "Strategic Training" column on ROI studies, and suggests other methods of measurement as well. Our OD specialists, Therese Yaeger and Peter Sorensen, show us a different kind of return on investment—the ASTD award given their colleague David Cooperrider for the time and effort he invested in developing Appreciative Inquiry. Next, tune in to another old friend of *Training Today*, Wayne Turmel, as he sounds off on some of the difficulties of measuring training in

the IT world and contributes several helpful tips in the process. Dearborn Press author George Ludwig offers his "Best Practices" training tips for achieving maximum ROI in sales training, and Melanie G. Snyder reminds us that, after the training is measured, other marketing and PR activities are still needed to advance the training cause. Finally, sit back and relax with "The Delicious Side of Service" by Scott Roubeck. There you'll read about the excellent services of a well-trained staff, where customer satisfaction is the measure of training success.

—Karen Bolek

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Measuring the Impact of Superstar Development

by CHRISTOPHER HUNTER and KIM RAMSEY

An unlikely business consultant, George Burns once said, “Define your business goals clearly so that others can see them as you do.” Without a doubt, people need a common understanding of the path, milestones and end result to focus their efforts successfully. Yet once these understandings are in place, achieving success depends largely on how well leaders track, measure and communicate progress toward those goals.

After 30 years in corporate America, we’ve found that the most common question asked by our business partners is: “How do we measure that?” This article provides a case study demonstrating how we addressed that question within a Fortune 300 company. From a senior human resources role inside the company, Christopher led the organization through the process of creating the leadership strategy. Kim, president of *the Executive Edge*®, brought external expertise in the development of high potential leaders. Together, we collaborated with stakeholders to design and implement a measurable process to build leadership bench strength.

The Move to An Integrated Approach

Company X has been in business since Abraham Lincoln was President of the United States. In 2002, the company’s management recognized that to continue to prosper, it needed to transform its strategies, processes and culture. Knowing that this degree of change called for strong leadership, Company X performed an internal analysis of its leadership quality and depth from supervisors to the senior level. Unfortunately, the analysis revealed significant gaps at all levels. Strengthening

leadership was all the more urgent because many of the company’s strongest leaders would retire within five years. The time had come for the company to rethink radically how it fueled its leadership pipeline.

Company X Profile in 2002

Industry:	Manufacturing
Employees:	30,000
Revenue:	\$5 billion
Locations:	80 facilities globally (88% in U.S.)

Fortunately, the CEO and executive leaders of Company X took a holistic view. They recognized that companies with a proven leadership track record consistently hire great talent; align that talent with the company’s culture, objectives and strategy; develop that talent aggressively; and reward that talent significantly.¹ In partnership with senior human resources leaders, they designed a comprehensive approach to *attract, develop and retain* successful leaders to drive the business and the culture. This approach included building concrete strategies and metrics around the vision to gain traction, build momentum and steer a steady course.

Leadership Vision and Strategy

Vision:	Attract, develop and retain successful leaders to drive business and culture
Strategy:	Design integrated processes and practices to build bench strength
Audience:	2,500 supervisors and above with emphasis on developing 150–200 high potential leaders
Commitment:	CEO and executive staff actively involved in talent development processes

Developing Star Talent

Leadership development became an immediate priority. Based on extensive research, Company X made a deliberate decision in

2003 to invest significant time and dollars into developing “star talent”: individuals with the most promise for becoming strong leaders. Corporate Leadership Council research suggests that companies with above average leadership bench strength are four times as likely to maintain above average industry growth.²

The company first formed an internal design team composed of business unit leaders, human resources leaders and external experts. The team was charged with creating a leadership development framework. Its recommended framework consisted of 10 development options across three areas: on-the-job, special assignment, and classroom. Within that framework, the team set up programs for leaders according to their positions.

For high potential supervisors, the internal design team recommended a comprehensive, highly experiential, in-house course designed to (a) recognize the “best of the best” among more than 1000 supervisors and (b) strengthen core leadership skills. Senior leaders nominated supervisors to attend the workshop. Afterwards, the supervisors formed action learning teams to apply skills back on the job and report business results to senior leaders.

Unlike front-line supervisors, mid-level and senior leaders needed more individualized development. For each high potential leader at these levels, an internal coach was assigned to co-create a personalized, actionable development plan incorporating some of the 10 options.

Building Internal Coaching Capabilities

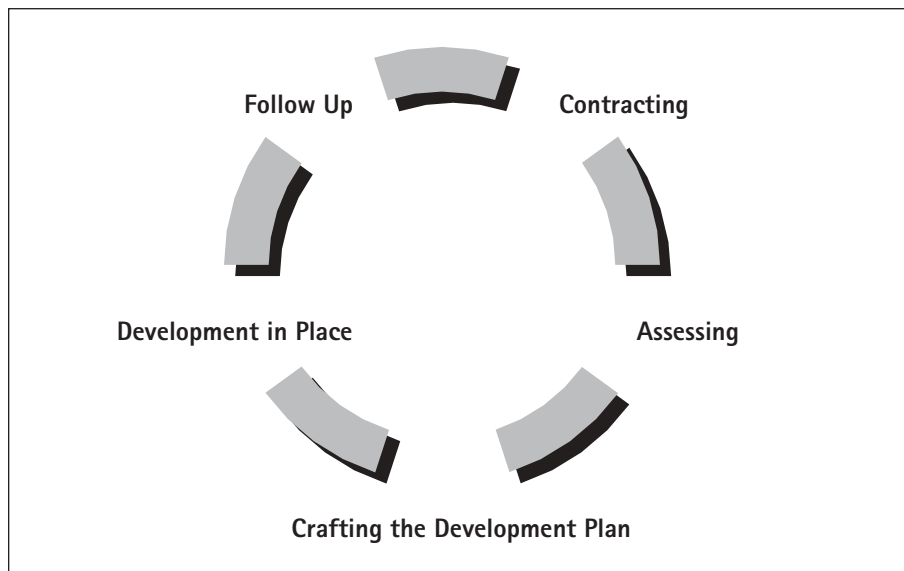
Pairing each high potential leader with a coach was key to the program’s success.

Because Company X had a limited budget, the design team elected to build internal executive coaching capabilities by certifying part-time internal coaches through a process called the Coaching AdvantEdge™ designed by the Executive Edge, Inc®. Using the Coaching LifeCycle™ model, coaches learned to guide leaders through assessment tools, non-traditional development options, and routine follow up. By transferring proven processes and tools to build internal coaching expertise, Company X increased its ability to sustain the development coaching process and drive leadership accountability.

Measurement of Results Across the Company

How did we measure success? At the onset, corporate leaders began tracking, measuring and communicating key indicators to show progress toward the vision. *Attract* metrics included indicators of both quality of external hires and frequency of buying outside talent versus building it from within. *Develop* metrics were based on the intent to reduce significantly the cycle time to backfill key jobs. For instance, McDonald's swift backfill of its CEO position in April sent a positive message to its shareholders about the viability of its leadership strategy. And with estimates of employee replacement costs ranging from 50% of salary up to 150% of salary, retaining high potentials in the pipeline was a crucial cost containment strategy.

The Coaching LifeCycle™



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Company X Metrics

Attract

- External talent (manager and above) identified as "high potential" within 24 months of hire
- Percent of key position openings (officer) filled with external talent

Develop

- Key roles with "Ready Now" candidates

Retain

- Percentage of high potential employees retained

By certifying internal coaches, Company X estimated 2003 savings of \$400,000, a number based on the difference between hiring five external coaches versus the salary/time commitment of five internal coaches to do the same job. Follow-up with high potentials to track effectiveness of the internal coaches revealed that 82% of those surveyed reported significant value from the process.

Measurement of Results at the Business Unit Level

High potential supervisors attended the experiential workshop and were asked to demonstrate business results within 90 days of course completion. Each supervisor aligned his individual project goals with his local business objectives. Operating in a virtual network, supervisors with similar objectives learned from one another. Teams reported results to senior business leaders in a structured format on a conference call.

One supervisor increased throughput on his production line 1% while holding his payroll constant. He calculated an annual savings of \$50,000. Extrapolating over a conservative 50% of the supervisors who attended in 2003, the annual savings to the company comes to about \$1,000,000. Another supervisor reported that prior to his class project, two of his 10 direct reports made habitual errors, resulting in an unacceptable overall error rate for the group. After three months of applying the skills he learned in class, he reported that the techniques eradicated almost all errors.

Conclusion

The project team established meaningful metrics at the front-end; leaders tracked and communicated measurable results; and the program was linked at the back-end with actual business results. Along with Company X's smart vision, goals and strategies, these measurement processes have been vital to building its superstar leadership.

NOTES

- Chief Executive Magazine, *The Top 20 Companies for Leaders*, June 2002.
- Corporate Leadership Council, *The Business Case for Succession Management*, Washington: Corporate Executive Board, 2003.

Christopher Hunter is currently president of CL Hunter Consulting, Inc. (www.clhunter.com) and has over 15 years experience as a human resources professional within Fortune 500 companies including Company X.

Kim Ramsey is president of the Executive Edge® Inc. (www.theexecutiveedge.net), a niche consulting firm in executive, leadership and organizational development. She has over 20 years experience working with Fortune 500 companies.