Strategic Leadership Development Design

Integrated Development using the 10, 20, 70 Rule: Only 10% of development happens in the classroom. 97% of that learning is lost before it can be applied unless reinforced. The key to truly transforming abilities is to integrate the 10% learned with the 20% of development that happens through coaching, and the 70% of development that happens through on-the-job application. [7]

Fragmented Development: Having a separate training that does not connect with the leader's coaches, nor the on-the-job using of the skills… is like throwing a steering wheel, a dashboard and an engine in a room and hoping your leaders build a car by themselves. Instead, create the development vehicle that helps them transform with all the parts integrated together.

Strategies drive Goals: Harvard Professor Michael Porter has identified five high-level strategies: [10]
- Cost Leadership - (industry leader in low-cost - e.g. Walmart)
- Differentiation - (products that are different - e.g. Southwest Airlines)
- Innovation - (new and different products - e.g. Citibank)
- Operational Effectiveness - (increased quality, productivity, customer and employee satisfaction - e.g. Amazon)
- Customer Orientation - (make the customers happy - e.g. Nordstrom's)

Goals are important! Numerous studies have shown that that goal setting is related to profit and performance. In one study, goal setting led to improved productivity in 95 percent of the organizations. It also led to a 16 percent increase in worker productivity. Additionally, 61 percent of organizations surveyed used goal-setting theory specifically to increase performance. [17]

How goals help: Organizational goals serve four basic functions; they provide guidance and direction, facilitate planning, motivate and inspire employees, and help organizations evaluate and control performance. [3]

Some typical Goals:
- **Financial**: revenue growth, cost reduction, productivity improvement, asset utilization, target market growth, regional sales growth, profitability, operating cash flow, working capital
- **Customer**: satisfaction, loyalty, retention, acquisition, profitability
- **Internal Business Process**: innovation, quality, innovative products and services, efficiency, consistent and timely delivery, first pass yield
- **Learning and Growth**: employee capabilities, information system capabilities, motivation, empowerment, alignment, R&D, infrastructure systems, infrastructure procedures [11,12]

Balanced Scorecard: The Balanced Scorecard approach of Kaplan and Norton is based on the premise that Financial Goals are actually end products, driven by Customer Goals, which themselves are driven by Internal Process Goals, which are driven by Learning and Growth Goals. Some goals drive other goals, and people development is vital to meeting all of your goals! [11,12]
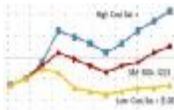
Customer satisfaction drives financial performance: One company that grew customer satisfaction scores significantly(17%), saw a dramatic improvement in revenue growth (56%), growth of net income (183%), and growth of earnings per share (101%). (Emerald insight) "One widely quoted statistic in business and marketing journals estimates that a 5% increase in customer loyalty could produce profit increases by as much as 85%." [13]

Employee satisfaction drives customer satisfaction: "When companies solicit feedback from employees through surface climate surveys and take action on the results, customer satisfaction improves and employee turnover goes down." [18]

Quality drives customer satisfaction: "Investing in practices that support quality and employee and customer satisfaction is a long-term business strategy." [20]

One goal of leadership development: in several studies done by the Ken Blanchard companies between 2003 and 2006, 2004 respondents cited developing leadership bench strength as their number one issue. [6]

Specific competencies:
- 43% of respondents identified communication skills as the most critical skill set
- 17% identified effective management skills
- 15% identified emotional intelligence and empathy [5]

"You can be the most brilliant innovator, problem solver or strategic thinker, but if you can't inspire and motivate, build relationships or communicate powerfully, those talents will get you nowhere. What [others] call 'interpersonal skills' and what I call social intelligence are the secret sauce in top-performing leadership." [9]

Some interesting **statistics**. ASTD reports that the average company invests just over $1100 per person per year. How well is that money spent? ASTD says that 70% of the learning is gone within 24 hours. [1]

"Quote there is a growing recognition of a 'transfer problem' in organizational training today. It's estimated that while American industries annually spend up to $100 billion on training and development, not more than 10% of these expenditures actually result in transfer to the job." [2]

Yet some great companies invest heavily in training. They have read the statistics and still they invest. Why?
Motorola says they get $30 benefit from every $1 invested in training. [8]

An **Office of the American Workplace** study shows that a 10% incremental investment in employee development returned an 8-11% annual productivity gain, while the same investment in capital equipment … yielded only a 3.4% increase in productivity. [8]

Studies of **Baldrige-winning companies** shows that they sustain an investment in training equal to 4 to 5% of payroll. [8]
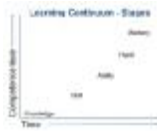
Difference between knowing and doing: There is a huge difference between conceptual learning and mastery. It's the difference between knowing how to do something and being able to do it routinely and comfortably. You must decide how important it is for leaders to reliably demonstrate competence in an area. Different training methods result in different levels of competency development.

Understanding: Most people can understand conceptual material after they read about it, or attend a lecture or webinar about the topic.

Skill: Once people understand a topic, it is possible to develop rudimentary skills in the area, by practicing, usually in an simulated or safe situation.

Ability: Understanding and rudimentary skills plus much more practice in a variety of real-life situations, usually with ongoing coaching or other support, can create an ability to perform with some degree of competence, though thought and concentration are still required.

Habit: To create a habit, extensive practice using a concept in many different environments in the real world is needed. Producing a new behavior without conscious thought is what we call a habit.

Mastery: 10,000 hours of practice is generally considered necessary to produce mastery in a field, whether in sport, music, or business.

Integrated Learning: To produce learning which significantly changes behavior, it must be integrated - i.e. it must integrate classroom, coaching, and on-the-job projects over time to maximize learning, behavior change, and value creation.

Leadership University: A Leadership University is a multi-session learning experience, which involves participants in high-energy classroom learning combined with coaching and on-the-job projects between sessions. When well designed, It can move participants well along the learning continuum.

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