GO
GREAT PEOPLE. GREAT ORGANIZATIONS. GREAT RESULTS.

HOW SYSCO IS DELIVERING SALES FORCE RETENTION

MALCOLM GLADWELL ON LEADERSHIP

SUBARU’S DRIVE FOR CUSTOMER LOYALTY

LINKING BUSINESS STRATEGY AND INDIVIDUAL DEVELOPMENT

Mary Beth Moehring Leads the Retention Charge at SYSCO
What was the last decision you made that changed your life? Maybe it was starting an exercise regimen. Or giving up smoking. Or maybe it was buying a new house. Or setting aside more time each week to spend with your family.

Or maybe it was hiring someone. Or reorganizing your team. Or actively seeking feedback on your job performance from your peers.

Most of us like to believe we successfully keep our "work lives" separate from our "personal lives," as if we have erected some sort of impenetrable barrier between the two. Like those Las Vegas commercials: What happens at work stays at work, and ditto for what happens outside of work. We know better, though. We swap stories of our kids and friends at the conference table, and recount the events of the workday while seated around the dinner table. Work life and personal life meld into a singular set of experiences called, simply, "life."

The stories you’ll find in this issue of GO provide excellent examples of people whose work is enriching the lives of their organizations’ leaders and associates, as well as their own lives, too.

You’ll meet Mary Beth Moehring, who has spent more than a decade helping SYSCO do a better job of hiring and retaining its valued salespeople. You’ll also meet Darryl Draper, who’s drawing on her firsthand experience working in a car dealership to help transform Subaru of America’s dealers into customer service champions. In addition, from another corner of the automotive industry, you’ll find out how the talent champions at ZF Group NAO are working to keep their people focused and growing during some uncertain times. Plus, there are invaluable lessons from Asia’s top business leaders and interesting insights on decision making from best-selling author Malcolm Gladwell.

We hope you’ll find this issue of GO to be, well, “lively,” as well as relevant to the issues and challenges you face every day. We also hope you won’t keep your thoughts about this issue to yourself. If you have a question or comment, pass it on to us at go@ddiworld.com.

We at DDI salute the work you do, and the life you live. After all, they’re one and the same.

Scott Erker
Sr. Vice President,
Selection Solutions, DDI
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NEAL BRUCE plays chess, which helps to explain his strategic view on selection issues. Vice president of alliances for Monster, Neal has a front row seat for the online recruiting and hiring revolution which, he says, is entering its next phase. In Neal’s article on page 10, “Online Recruiting 2.0,” he describes five key changes that are further reshaping recruiting. “What’s happened over the past decade, with the rise of Internet job boards, has been remarkable,” Neal says. “Still, there’s more change to come. Stay tuned.”

Citing the “significant impact” of the technologies he has pioneered, from behavior-based interviewing to succession management, HR Magazine recently named DDI founder and CEO BILL BYHAM, Ph.D., one of its “50 for History,” an all-notables list of people who have changed HR over the past 50 years. Also listed were the likes of Peter Drucker, Sam Walton, César Chávez, Scott Adams (yes, that’s right, the creator of Dilbert), and Lyndon Johnson. In this issue of GO, Bill writes about the need to link individual development with business strategy (“Development for Business’ Sake” on page 29).

How good is MIKE HOBAN’S ERGO column (“Is ‘99.9% Good’ Good Enough?”) on page 9? It has to be better than the Six Sigma blueberry muffin he writes about. “I heard a quote once,” he says. “Good, better, best; never let it rest until your good is better and your better is best.’ Sounds like a good enough operating philosophy to me.” A full-time DDI senior consultant and part-time newspaper columnist, Mike lives, works, and writes in the Chicago area.

RICH WELLINS, Ph.D., senior vice president of DDI, spearheaded DDI’s participation in CNBC’s fourth annual Asia Business Leader Awards. In addition to conducting several personal interviews with cream-of-the-crop Asian business leaders and poring through more than 1,000 pages of interview transcripts, Rich had the honor of traveling to the Far East to take part in the awards ceremony. “My job was to help judge the winners, but I turned out to be as much a student, as anything.” Rich describes the lessons he learned from these bright, successful people in his article on page 26, “What the Rest of the World Can Learn From the Top Asian Business Leaders.”
The food service distributor giant is committed to hiring and retaining the best sales talent.

To understand the business of SYSCO, the largest food service distributor in North America, you have to understand green beans. Not because the familiar legumes are a big part of SYSCO’s $30 billion business. After all, SYSCO sells some 350,000 products to nearly 400,000 food service customers, including restaurants, hotels, health care institutions, and schools. But in the we-need-it-now restaurant and food service industries, where not having the groceries for tomorrow’s menu is not an option, green beans can be viewed as symbolic of every single item SYSCO offers.

“If we have a customer who didn’t get their green beans this week, you know they went out and got them from somebody else,” explains Mary Beth Moehring, SYSCO’s vice president of Learning and Organizational Capability. “That’s a lost sale we can never recoup.”

Whether the items in question are steaks, apples, paper products, cleaning supplies, medical supplies, or, yes, green beans, for SYSCO it all adds up to a relentlessly cutthroat business environment in which the barriers preventing customers from switching suppliers are low. The bottom line: SYSCO’s bottom line depends on its ability to deliver.

The responsibility for meeting customer demands falls on SYSCO’s 8,000 marketing associates, its field salespeople who are the main point of contact with customers.

“Our marketing associates are really our competitive advantage because those are the men and women who are in our accounts day-in and day-out, identifying our customers’ needs and providing them with solutions, in terms of either products or services,” says Moehring. “Everything a marketing associate does or doesn’t do potentially affects both the profitability of the customer and our profitability, as well.”

For those who are able to build strong relationships with customers, keeping them stocked, happy, and loyal, the marketing associate position can prove financially rewarding. But it’s a tough job. A SYSCO marketing associate services approximately 40 accounts and is on call 24 hours a day, seven days a week, to handle any customer service issues that arise.

“It could take three days for me to explain what a marketing associate does because the activities of the job they perform are numerous. But the point is that the job is truly challenging because it’s day-to-day. Our customers can order up to 5:00 or 6:00...
tonight and expect to have that product delivered to their back door at 7 a.m., tomorrow. The pressures on the restaurant industry are absolutely enormous.”

Those pressures carry over to the marketing associate ranks. And despite how highly SYSCO values these individuals, retaining them had traditionally been a challenge, with historical turnover levels reaching as high as 30 percent. It’s a challenge, however, that SYSCO has successfully taken on over the past decade. In the process, SYSCO has emerged as a model organization for the way in which it selects and retains its sales talent.

A $77 Million Problem

In the mid-1990s SYSCO conservatively estimated that every time it experienced turnover in a marketing associate position, the cost to the organization was $50,000. Applying this figure to SYSCO’s 30-percent turnover rate among marketing associates, it was apparent that the difficulties in retaining them represented a major problem.

A series of surveys and interviews crystallized the issues that were contributing to the unacceptably low levels of marketing associate retention. These included recruiting, hiring, training, compensation, coaching, clarity around performance expectations, career development, and quality of life. Rather than being separate issues, many were interrelated. For instance, Moehring says the salary structure, which was 100-percent commission-based at the time but has since been modified, made it difficult to recruit good people. In turn, that meant there were too few high-quality candidates from which to select new hires. Furthermore, SYSCO’s ability to make the best hiring decisions was impeded by the lack of a structured hiring process and the fact that not all of its hiring managers possessed the skills to interview effectively. Together, these factors led far too often to the hiring of the wrong people for the all-important marketing associate jobs—people who, even if they did prove successful in the job, may not have been inclined to stick around.

“We looked at the hiring process and determined that we really weren’t interviewing for what we said was critical to on-the-job success,” says Moehring, who brought this critical discrepancy to the attention of her colleagues in 1995.

“I’ll never forget a presentation I made when we first kicked off our new selection process. The data that we had was so compelling. We compared what we said was important to job success with
how we actually made hiring decisions. The disparity was overwhelming.”

George Katsenes, SYSCO’s director of training, recalls the reaction to another important piece of data that Moehring had collected and shared.

“Using the $50,000 figure for each marketing associate we turned over, Mary Beth went to the senior corporate executive staff and showed them that turnover was a $77 million problem. Needless to say, the bells went off.”

Moehring had the management support she needed to tackle the problem. And she knew just where to begin.

“The hiring process was a pretty easy place to start, if only because the data was so compelling.”

Better Hiring

Shortly after Moehring had shared her eye-opening findings on the shortcomings of SYSCO’s hiring process, SYSCO began implementing DDI’s Targeted Selection® behavioral interviewing system. Targeted Selection® allowed SYSCO to identify the competencies that define success in the marketing associate role and to systemize the interviewing process. The system also enabled SYSCO to create interview guides that provide specific questions with which interviewers assess candidates. The multiple individuals who interview each candidate then meet to share and discuss the data they gathered and rate the candidate on each competency.

Another advantage that SYSCO saw in Targeted Selection® was the interviewing skills training that interviewers receive. With this training, SYSCO was able to equip its recruiters and hiring managers with skills needed not only to conduct effective behavioral interviews, but to also make a positive impression on candidates—an important outcome that is often overlooked.

“One thing Targeted Selection® really pointed out is that in order to hire good people, you have to have good people in the funnel. So, we really spent a lot of time also improving our overall recruiting efforts,” says Moehring.

SYSCO had identified the interviewing approach it wanted, but implementing it promised to prove challenging, given the size and complexity of the organization. SYSCO operates 164 distribution facilities across the U.S. and Canada, including 85 autonomous broad-line operating companies, as well as specialty companies that include produce companies, fresh-cut meat operations, Asian cuisine distributors, hotel and amenities suppliers, and chain restaurant distributors. Each of the operating companies has its own leadership, its own structure, and the option to choose whether or not to implement SYSCO’s corporate-directed people initiatives. Therefore, instead of dictating how the operating companies needed to go about hiring marketing associates, Moehring and her team took a different approach. They worked with the leadership team of each operating company to show them the potential benefits they could realize by implementing the new hiring process and recommended that they adopt it.

Initially, only a limited number of operating companies signed on, but the success they encountered led others to follow suit. Eventually, Targeted Selection® was implemented across all of the SYSCO operating companies—and began paying big dividends.

“The first year we used Targeted Selection® we estimated that we saved $12 million in turnover,” says Moehring. “Within a few years, that figure was $40 million we saved in annualized turnover.”

The real win for SYSCO, however, was the higher quality of candidates it was able to recruit, bring into the hiring process, and ultimately hire. These candidates proved a good fit with the marketing associate job and the SYSCO culture—and were, in turn, more likely to come on board and stay with the organization.

“We looked at the hiring process and determined that we really weren’t interviewing for what we said was critical to on-the-job success.”

Coaching and Maximizing Performance

Hiring, of course, was only one of the factors SYSCO realized it needed to address in order to retain more marketing associates. SYSCO also recognized the importance of making performance expectations clear to marketing associates and setting them up for job success.

The solution for SYSCO was an approach it calls Coaching and Maximizing Performance (CMP). By implementing CMP, with assistance from DDI, SYSCO established a framework for focusing on job performance, while also providing the coaching support to assure that marketing associates could better apply what they learned in training.

“Our training programs have always been a backbone in this whole retention effort,” says Moehring. “But we realized that once somebody had the training, they then needed the day-to-day coaching, and they needed the system to link up goals and tie them to individual positions and people, holding them accountable to certain goals.”

While the worksheet for capturing an employee’s performance is an integral component, Moehring says that what’s on paper isn’t what’s most important.
Instead, what counts are the conversations managers have with their team members. “We’re trying to make those conversations even more effective and more productive.”

What also counts for SYSCO is that the CMP process, as an additional tool that helps the organization retain top sales talent, not only has the support of top management, but is used by senior leaders, as well.

“The fact that our CEO has a performance worksheet and his direct reports have one, that tells you something.”

Not Standing Still
Today, SYSCO is pleased with the higher-quality people it is able to attract and hire, as well as the significantly improved retention rate of its marketing associates. But, like its operating companies’ trucks, fanning out and delivering groceries to the back doors of North America’s restaurants, schools, hotels, and hospitals, SYSCO keeps moving forward.

“We’re really proud of what we’ve been able to accomplish,” says Moehring. “We’ve improved our ability to recruit, hire, and retain the right marketing associates. We’ve trained more than 2,000 leaders to interview better. And we’ve put into place a process that lets us focus on performance while also giving our people the coaching they need to succeed.”

Still, Moehring acknowledges there’s more to do. “Right now we’re in the process of addressing the career development and the quality-of-life components.”

In other words, even for SYSCO, with its model commitment to constant improvement, there’s always something else to deliver.

### Not Standing Still

**How SYSCO was able to successfully tackle its marketing associate retention issues:**

**Start at the top.** “Before we just throw training on the wall to see if it will stick, we have strategic discussions with the senior leaders in each operating company,” says Katsenes. “If you don’t have them involved and on board, it isn’t going to happen.”

**“Handrails not handcuffs.”** Working with its operating companies to improve marketing associate retention, SYSCO recognized the need to provide support—not dictate to—the sales function, whose singular focus is on meeting sales numbers. “When you’re dealing with a sales organization, you must respect the fact that sales doesn’t want handcuffs on them,” says Moehring. “Instead, give them handrails, give them some guidelines to work within, provide tools that work, and make it as simple as possible. Their leadership and involvement is critical to the whole decision-making process.”

**Share best practices.** SYSCO maintains a web site where associates can share best practices related to all aspects of its business. “If you want to do a better job on your receivables, or growing sales, or handling one of our systems, you can go to the site and pull up all of the related best practices that people have posted,” says Moehring. “Tapping into the collective expertise of a $30 billion company with 49,000 associates is immensely powerful.”

### THE SYSCO WAY

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An employee in one of the auto plants I’m working with recently got a little excitable about being asked to aim for being defect-free in her job on the line. “C’mon—we aren’t robots! It’s unreasonable to expect us not to make a few mistakes every day. We’re only human!”

And while she was right—people are “human,” and few of us get through the workday without making a single error, whether we are a waiter, a manager, or yes, even a consultant—errors in the workplace can have a huge impact on consumers, patients, employees, and business owners.

Consider 99.9 percent defect-free quality. That means one error in 1,000, whether you are building a house, running lab tests, or writing software. That sounds like a mighty high standard. Yet, at a 99.9 percent “quality” level:

- We would have no electricity for 10 minutes each week.
- 2.8 million phone calls in the U.S. would reach the wrong number every day.
- 810 commercial airline flights would crash every month.
- Our heart would miss 32,000 beats each year.
- 600 entries in Webster’s Third International Dictionary would be misspelled.
- 107 incorrect medical procedures would be performed every day.
- We’d have 43 minutes of unsafe drinking water coming out of our faucets each month.
- 6,300 copies of tomorrow’s Wall Street Journal would be missing a section.
- 76 newborn babies each month in the U.S. would be given to the wrong parents.

You get the picture. Most of us depend on people and processes and equipment to get it right the first time. And in many cases that happens. For the first 10 months of 2005, for instance, there were almost 8.5 million commercial flights in this country and not a single fatal accident.

On the other hand, it’s estimated that almost 100,000 Americans die each year from medical errors, and not much progress has been made since that startling statistic first appeared in 2000.

While airplane and medical safety are certainly examples of high stakes for defect-free performance, we all experience day-to-day examples of defects, that while not life threatening can certainly be annoying, like the rattle in your new car, or the letter that gets delivered to the wrong address.

Many businesses have started Six Sigma quality programs, with Six Sigma being a statistical term for 3.4 defects per million. In the early 90s some folks at Motorola are said to have tried unsuccessfully to apply the principle and set of tools to making a “Six Sigma” blueberry muffin. In the end, it just wasn’t worth the effort.

Defects don’t usually occur because someone is lazy or doesn’t care about good quality. It’s more complicated than that. But excellent quality does start with employees and managers who are committed to doing it right the first time for their customers, their patients, their clients. And it has to start with management.

In addition to the usual suspects of necessary ingredients for excellent quality, like clear direction, accurate and timely feedback systems, high quality raw materials, skills and knowledge, etc., management consistency and commitment to high quality is important. I wish I had a dollar for every time I’ve heard employees say that there have been occasions when their boss, valuing quantity over quality and despite company slogans and blather about making it right the first time, have directed them to make it or ship it when it’s clearly not defect-free.

That auto plant employee thought striving for defect-free performance was asking too much and that her work was “good enough.” But “good enough” is almost never really good enough.
Just as the richly imagined supercomputer HAL in Stanley Kubrick’s film *2001: A Space Odyssey* redefined the relationship between man and machine, by the year 2001 millions of computers on the Internet redefined recruiting for the 21st century. By then, online job board use was well established and several talent management vendors had launched web-based versions of their products.

The next few years, 2002 through 2005, were years of retrenchment for the online recruiting industry. In 2006, though, we’ve begun to see the emergence of what I call Online Recruiting 2.0.

Online Recruiting 2.0 brings five key changes to recruiting:

> The “Who do you know?” question becomes “Who do you trust?”
> Recruiting process optimization becomes the norm.
> Recruiters focus on developing business acumen.
> HR product integration becomes a reality.
> Online candidate predictive assessment goes mainstream.

Here’s my take on the various forces that will shape the online recruiting industry over the next several years and also some specific actions you can take to get ahead of industry trends.

“Who do you know?” becomes “Who do you trust?”

Résumé databases of U.S. workers are growing much faster than the U.S. workforce, which means that employers will soon be able to reach out to almost every prospective employee. This kind of direct contact will render irrelevant the traditional sourcing question, “Who do you know?” Recruiters will no longer see candidate identification as their biggest sourcing challenge. Instead, the ability to establish long-term relationships based on mutual trust will be a key differentiator in recruiting top talent.

**Action:** Establish long-term relationships with top candidates so that they will contact you first when they are ready to change jobs. Several HR vendors are bringing to market customer relationship management (CRM) recruiting applications that will support this effort.

**Recruiting process optimization becomes the norm.**

HR recruiters have recognized the value of standards and best practices and have begun to apply them in earnest. This trend can also be seen in the activities of corporate recruiting departments and recruitment process outsourcing firms.
**Action:** Join industry organizations where participants are willing to share their recruiting process models. Don’t reinvent the wheel! Adopt best practices so you can maximize your productivity.

**Recruiters focus on developing business acumen competencies.**
For the past few years, Sales Skills, Client Management, and Technology Fluency have been the three key recruiting competencies. Now there’s a fourth: Business Acumen. Recruiting professionals who can define job opportunities from a leader’s point of view will have a clear advantage. How can recruiters get this perspective? By taking a line role outside of HR.

**Action:** Provide your recruiting team with opportunities to rotate into line roles so they can learn how your organization really works.

**HR product integration becomes a reality.**
At a recent Monster customer summit, we asked customers a simple question: “How many passwords do your recruiters use to do their jobs?” The consensus was 8-10 passwords. Clearly the promise of HR technology remains unfulfilled, but that may change quickly. As I scan the HR technology marketplace, I see four forces that will drive HR product integration.

- Customer pressure
- Emergence of integration standards
- Vendor consolidation
- Industry leadership

![Four forces will drive HR product integration.](image)

**CUSTOMER PRESSURE**
The renewed focus on talent management as a competitive advantage is putting HR front and center. One result is that HR leaders are pressuring technology vendors to provide additional value by means of seamless product integration. Customers are voting with their wallets and selecting products that work well with other vendor products. This market pressure is pushing vendors toward integration.

**EMERGENCE OF INTEGRATION STANDARDS**
Independent organizations like the HR-XML Consortium ([www.hr-xml.org](http://www.hr-xml.org)) are working with leading vendors to establish technology integration standards. Industry-wide adoption of these standards will accelerate vendor integration efforts.

**VENDOR CONSOLIDATION**
The rapid pace of HR software vendor mergers and acquisitions is likely to continue. There are currently more than 150 different applicant tracking vendors offering almost identical products and services. This category will consolidate much like the HRIS and job board categories.

**INDUSTRY LEADERSHIP**
Some of the leading providers of ERP, job boards, performance management systems, and assessment are achieving breakthroughs in product integration. Once these pioneers show the financial benefits of their integrated solutions, other vendors will follow. Nothing moves vendors more quickly than the threat of competition!

**Action:** Look for vendors who are leading the way in product integration. Use their services to provide a competitive advantage to your HR group and position yourself for the future.

**Online candidate predictive assessment goes mainstream.**
Progressive companies have moved from paper-based assessments to online assessments over the last 10 years. The next wave will be middle-market acceptance of online assessments. This acceptance will be accelerated by the need for recruiters to focus quickly on the best candidates in a tight labor market, and the introduction of increasingly integrated sourcing-assessing-tracking solutions by HR vendors.

**Action:** Seek opportunities to leverage online assessments as price/value ratios become more attractive. You’ll get an immediate productivity advantage.

**An Excellent Opportunity**
As the recruiting industry’s toolset changes, recruiters will have to re-evaluate and update their own knowledge, skills, and abilities. Though change is always challenging, the trend toward deeper integration of powerful technologies presents an excellent opportunity for companies to become more effective recruiters of top talent.
Discover our revitalized, reorganized, fresh, and streamlined new website. We invite you to visit [http://www.ddiworld.com/tour/](http://www.ddiworld.com/tour/) and participate in our visitor feedback survey. Fill out the survey by May 19, 2006 to be entered in a drawing for an iPod™ nano or Audiovox portable DVD player. [Explore the new DDIWorld.com today!](http://www.ddiworld.com/tour/)
DDI-Monster Alliance Makes Life Easier for Recruiters and Hiring Managers

DDI and Monster have joined together to offer a high-powered hiring solution to help make our client’s recruiting processes more efficient and effective.

The Monster Performance Assessment System combines the job posting products of Monster with DDI’s assessment and screening tools. It is designed to expedite and enhance the applicant screening process by quickly identifying candidates with the greatest potential for success in a given position and significantly reducing the number of candidates a recruiter needs to review. Instead of sorting through 100 or more résumés for each position, the top 20 percent of the most qualified candidates are identified for further consideration—making for huge time and cost savings. In addition, our research indicates that candidates who perform well on DDI tests are more productive, ramp up faster, sell more (for sales-based positions), and stay longer with the companies that hire them.

To learn more about Monster Performance Assessment System, contact hrallianceevents@monster.com.

IM®: EX℠ Courses Go Rx

WHETHER YOUR GOAL IS TO ACHIEVE MAGNET STATUS, EARN THE BALDRIGE AWARD, OR BECOME THE REGIONAL PROVIDER AND EMPLOYER OF CHOICE, AS A HEALTH CARE ORGANIZATION YOU MUST ADOPT A STRATEGIC APPROACH TO DEVELOPING YOUR LEADERS.

To help health care organizations provide their leaders with the essential skills they need, DDI is enhancing Interaction Management®: Exceptional Leaders . . . Extraordinary Results® (IM®: EX℠), our award-winning leadership development system, for tailored use in the health care environment.

New health care-specific content and activities, designed to address the unique challenges and situations that health care leaders face every day, will be integrated into 10 high-impact, half-day IM®: EX℠ courses to address the most pressing skill gaps, such as coaching, setting performance expectations, and leading change. Opportunities to practice real-world situations in the classroom will make it even easier for health care leaders to immediately apply their new skills in the workplace. The majority of these content enhancements will be available this spring.

DDI’S OPAL® A REAL GEM

Because leading people is more challenging than ever, leaders need to grow and develop daily. DDI’s Online Performance and Learning tool (OPAL®) is expanding once again, providing leaders with more resources to effectively manage challenging situations in the workplace.

New and revised content in OPAL® covers challenges such as how to:

- Develop employees by focusing on the leader’s role in development.
- Approach a new leadership role.
- Support continued work team growth.
- Establish alliances among work groups, other leaders, and customers.
- Delegate effectively.
- Launch a new team.
- Ensure a high payoff for time spent in meetings.
- Understand group dynamics in order to gain commitment to ideas.
Extreme Makeover: Techniques Edition

We have received such excellent feedback on the look and feel of our Interaction Management®: Exceptional Leaders . . . Extraordinary Results® (IM®: EXsm) courses, it was time to do an “extreme makeover” on our Techniques for a High-Performance Workforce® courses. Just some of the changes you can look forward to seeing:

• The look of the print materials is updated and consistent with that of the IM®: EXsm courses.
• Facilitator guides feature an easier-to-use two-column format.
• Courses include a facilitator CD-ROM that contains the self-configurable Course at a Glance, knowledge check, application tools, and more.
• Workbooks have a cleaner, more contemporary look with fewer graphics.

Our leadership and workforce offerings have always worked well together. Now they look good together, too.

DDI Clients Now Eligible for Conference Board Discounts

Rethinking leadership development, CEOs are recognizing that to execute their strategies—now and into the future—they need not only more and better leaders, but also a different kind of leader.

To assure that your leadership development strategies meet your CEO’s challenge, we invite you to attend this year’s Conference Board Leadership Development Conference and Pre-Conference Seminar. The Pre-Conference Seminar will focus on the keys to successful succession management; developing a language of talent throughout an organization; early identification of leadership potential; and assessing talent in light of emerging business needs.

As a proud sponsor and co-host of the Succession Management Pre-Conference Seminar, DDI would like to extend to our valued clients the Conference Board Member Rate for this conference. To take advantage of this rate use the code CG1 when registering online www.conference-board.org/leadership.htm or contact the Conference Board at 212-339-0345.

DDI Launches Development Accelerator for Senior Leaders

DDI’s new web-based Development Accelerator provides senior leaders, along with their mentors and coaches, access to the most current and cutting-edge insights on developing critical executive skills. This powerful tool enables executives and managers to quickly create target actions and recommendations to address the executive’s unique development needs.

Usable as a stand-alone resource or as part of an integrated executive development initiative, Development Accelerator focuses on an individual’s strength areas, growth opportunities, and career motivations. It provides the resources and support to drive development and make growth happen via an online, easy-to-access development support tool that builds and tracks a personal development portfolio.

Development Accelerator is unique in that it:

• Fuels development by combining powerful advice with a simple online tool.
• Contains content from the executive development library that is highly specialized and appropriate for senior leaders.
• Focuses on a holistic approach to development.
• Ensures a realization focus with a unique development results section.

Development Accelerator guides aspiring or seasoned executives and their mentors step by step through the creation of a very targeted and personalized plan that is action-oriented and bottom-line focused to accelerate executive career mobility and job performance—and guarantee impact on the organization.

Leadership Mirror® Goes Multilingual

DDI is pleased to announce that our multisource assessment tool, Leadership Mirror®, is now available in seven languages. Both our traditional multirater surveys and our groundbreaking Targeted FeedbackSM-Patent pending surveys can now be administered in English, French, German, Japanese, Spanish, and Simplified and Traditional Chinese. Instructions and screens are translated for both survey subjects and respondents, allowing clients to simultaneously collect feedback in all seven languages.

For more information, contact our Client Relations Group at info@ddiworld.com.
DRIVING GREAT CUSTOMER SERVICE AT SUBARU

Current position: National Customer Relationships and Loyalty Training Manager

Previous position: CEO, DriveItAway.com

Years experience in Instructional Design: 12 years

Years working with DDI: 1
(Subaru of America has worked with DDI for 6 years)

Darryl Draper

If Darryl Draper and her colleagues at Subaru of America have their way, soon it won’t be out of line to view Subaru, with a long-established reputation for building quality economy and mid-size vehicles, as a legitimate luxury brand, too.

Subaru’s ticket into this new market is the B9 Tribeca, a crossover SUV with luxury features—leather-trimmed upholstery, a navigation system—that positions it to go head-to-head with the likes of the Acura MDX, BMW X3, Cadillac SRX, and Infiniti FX35 and FX45. In its product literature, Subaru says that the B9 Tribeca “represents the ultimate combination of state of the art technology and refinement.”

What Subaru understands, however, is that while upscale features and finely crafted interiors are important to luxury vehicle buyers, product is only part of the equation. The customer service that dealers provide must also live up to luxury buyers’ exacting standards.

“We’re trying to move the image of our company from just inexpensive and built to stay that way into more of a premium market,” says Draper. “So, we really want to provide the customer with a premium ownership experience.”

That’s where Draper comes in. As national customer loyalty and relationship training manager for Subaru of America, based in Cherry Hill, New Jersey, Draper is leading an ambitious initiative to raise the level of customer service provided by Subaru’s 600 U.S. dealers.

A Dealer’s Perspective
Draper is an instructional designer and she worked as a corporate trainer for Ford. But the experience that really prepared her to provide training to Subaru’s dealers was a seven-year stint working in her husband’s family-owned Chrysler-Plymouth dealership. Starting as a part-time receptionist, she moved on over time to several jobs within the dealership, holding “almost every position except for a technician.”

Along the way, Draper learned just about everything there is to know about selling and servicing cars and trucks. Among her accomplishments was building a lucrative fleet business, supplying anywhere from one to hundreds of cars to area businesses. “We went from selling no fleet cars to 5,700 fleet cars in a year,” she says.

This unique background gives Draper a level of credibility that allows her to connect on a peer level with dealers. Also, it’s not lost on Draper that her firsthand familiarity and level of comfort with the dealership environment is an anomaly in a traditionally male-dominated business.

“It’s very difficult in this industry to be a female and have people respect you and appreciate your experience. When I can talk with them on the same level, it really creates buy-in on their end and it helps me slip in a little learning here and there.”

Another important take-away from her time as a dealer was an appreciation for the importance of customer satisfaction and loyalty.

“We lived and breathed everything about the customer. We had customers driving 40 miles to get an oil change. We had three generations of customers.”

As it strives to provide a premium experience for its customers, Subaru would love for all of its 600 dealers to be able to make a similar claim. Which makes Draper the right talent champion—man or woman—to drive training in support of Subaru’s Owner Loyalty Recognition Program.

More Than Customer Satisfaction
Car and truck manufacturers have long relied on feedback surveys to gauge the perceived quality of the customer service their dealers provide. The resulting customer service index (CSI) scores are an important indicator of customers’ perceptions of the experiences they had when buying a vehicle or getting one serviced at a dealership.

Subaru dealers use a similar customer-feedback gathering process. But what’s unique is that Subaru, through its Owner Loyalty Recognition Program, seeks to ascertain not just how happy customers are, but how loyal they are likely to be.
The approach makes sense, given that Subaru enjoys a tremendous competitive advantage in customer loyalty.

“Most of our customers have two Subarus. They will not sell or trade in their Subaru. Instead, they’ll give it to a son or daughter or a relative, but they keep it in the family.”

Subaru’s research reveals other interesting facts about its customer base. Subaru owners tend to be high-income earners, including professionals such as doctors and lawyers. They’re highly educated. And they also tend to walk into a dealership having researched their purchasing decision. Perhaps most significant is that many Subaru owners also own luxury vehicles.

“If you take a look at the data we have gathered on our customer base, you will find that the second or third cars in their driveways are luxury vehicles, such as BMWs,” says Draper. “So, we felt that if we’re in the driveway, alongside the BMW or the Infiniti, and they know the service that those manufacturers’ dealers provide, we need to step up the way we service and treat our customers if we really want to play in that arena.”

Toward this end, Subaru is the first manufacturer in the industry to expand its CSI program into a true owner loyalty program.

“Everyone has a CSI program where they’re trying to measure the happiness of the customer with one interaction, whether it’s buying or servicing a vehicle. What we do with our Owner Loyalty Recognition Program is try to predict loyalty. We have a couple of additional questions within the customer satisfaction survey that attempt to determine if the customer is going to buy another car at that dealership or get their car serviced there again. That’s the difference between our program and those of other manufacturers.”

One important aspect of the Subaru Owner Loyalty Program, which rewards dealers financially for high scores, is a focus on service recovery. If a customer sends in a negative survey, Subaru passes the feedback back to the dealer, giving them an opportunity to follow up with the customer and fix the problem. After the problem has been addressed, the customer is surveyed again, and if this second survey is positive, it replaces the negative score from the first survey.

But while giving dealers the opportunity to address customer service issues is important, not everyone has the skills to make it happen. And Subaru is upping the ante by raising the minimum scores required to qualify for rewards through the Owner Loyalty Recognition Program and also requiring that dealers be qualified to perform service recovery.

To help dealers adapt to Subaru’s heightened customer service culture, Draper partnered with DDI to design a multiphase training program. The program, drawing on DDI’s Service Plus® customer service training program, provides a toolbox of skills for effectively and efficiently handling all types of customer interactions, including a process for turning angry customers into satisfied, loyal ones.

The solution that Draper designed draws heavily on her firsthand knowledge of the dealership environment. This knowledge helped her create a program that meets the requirements of her target training audience.

“I needed to find a way to get to the masses and get this program out there and the best way was to take a blended learning approach.”

Each dealer selects at least two employees, one from service and one from sales, to go through the program and become certified as customer service professionals. In the first phase of the training, the individuals go through a seven-module service recovery e-learning curriculum that introduces basic concepts and provides a foundation of knowledge about the importance of delivering great customer service. The seven modules, or “nuggets,” are self-contained, making it possible for learners to complete the e-learning phase of the training in 10-minute increments—an approach perfectly suited to the needs of busy sales managers or service personnel.

The next phase of the training entails a 45-minute webinar, which Draper facilitates. During the webinar, key concepts from the e-learning modules are reviewed and reinforced, and participants’ understanding of key concepts is confirmed. Also during the webinar, three customer service examples are
examined. Draper says these examples inevitably lead participants to share their own experiences in dealing with customer service issues. In addition, Draper leads participants through the development of a customer service action plan that includes the all-important step of confirming that the customer is satisfied with the service they receive.

“One of the questions I ask in the webinar, to which everyone responds ‘yes,’ is if participants have ever thought an interaction was a positive experience for a customer, only later to find, when the survey comes back in, that the opposite was true. That’s why confirmation is a big, big factor. You have to make sure you ask the customer if they’re happy and if everything is the way that it should be, so you can get that feedback. That way, if there’s a problem, you can fix it before the customer goes out and tells 16 people that they had lousy service at the dealership.”

Once they have completed the webinar, participants attend a half-day classroom session coordinated through Subaru’s regional training centers, where they learn the specifics of the Owner Loyalty Recognition Program, and practice applying their new skills in a safe, supportive environment. Participants are expected to complete all three phases of the program within six months.

To date, more than 1,000 people have completed at least part of the full training program and they’re responding with rave reviews.

One dealer in Salt Lake City found the program to be so relevant that he’s requiring everyone in his dealership who interacts with customers—from the shuttle bus driver up to all managers—to go through the program.

Partnering with a Vendor
One of the most notable aspects of Draper’s partnership with DDI in developing the customer service training was the collaborative nature of the relationship. While DDI provided the basic customer service training content, and customized it to meet Subaru’s requirements, Draper, who is pursuing a Ph.D., in e-learning, took a strong lead role in adapting the content for online delivery.

“I had done my own distance learning work, taking traditional text classes and moving them online. So, I had a good sense for what was going to work online. I was able to work hand-in-hand with DDI, even sharing some things I knew from my past experience that my DDI colleagues were happy to learn for themselves. We really worked together. It was nice to do that.”

Driving Toward a Vision
When asked to look into the future and articulate what she and Subaru are driving toward, Draper doesn’t hesitate before answering.

“I truly want our customers to have the same perception of Subaru that they do of any other luxury manufacturer. I want us to be on that same level.”

The B9 Tribeca seems to mark a good first step in that direction. Car and Driver magazine noted that “the interior materials and fit and finish . . . verge on luxurious.” Edmunds.com, meanwhile, concluded that the B9 Tribeca “is a logical progression of the Subaru model lineup with all of the right stuff to take on its toughest competition in the crossover SUV market.”

Subaru appears to have the product and, with Draper’s drive and focus, the accompanying service level seems attainable.

“I want to see all of our dealers living and breathing all of the key concepts that were presented in the training. I want them to use that as if it was a breath they took or a habit. I want it to be a natural thing. That’s what my ultimate goal is.”

HOW TO . . .
TRAIN BUSY PEOPLE

Make the most of 10 minutes.
By structuring e-learning modules as a series of 10-minute “nuggets,” Draper was able to remove a significant training barrier. “Participants can take it whenever they want, even on their lunch hour. By breaking the modules up into 10-minute chunks, it was very manageable for them.”

Draw on past experience.
Draper is far removed from her dealership days, but she continues to mine that experience to help her better understand how to effectively deliver training, “What makes me different from a lot of other training managers at Subaru is that I have the dealership experience and I know what’s inside the dealer’s head. I know how to talk to the dealers, and that helps me develop training, deliver it, and also create buy-in.”

When necessary—break the mold.
Distance learning is not common practice at Subaru, where there is a preference for training “belly-to-belly.” But when Draper assessed the training challenges before her, it was the logical approach. Her hunch paid off. “The dealers were extremely positive about this program because they’re getting training but they don’t have to leave the dealership.”
Coffee On The GO With MALCOLM GLADWELL

The author of Blink explains the value to leaders of snap decisions.

In his best-selling 2000 book, The Tipping Point, Malcolm Gladwell trained his curious, deeply analytical eye on the surprisingly large impact of small, incremental changes, or “tipping points.” In his blockbuster 2005 follow-up, Blink, Gladwell, a veteran science reporter and staff writer for The New Yorker, traveled into the human unconscious to explore how we reach snap decisions—and how these are the right decisions more often than we might realize.

GO editors recently spoke with Gladwell about Blink and its lessons for leaders and their organizations, as well as his experience going through a DDI assessment center, which he wrote about in a September 2004 New Yorker piece.

Are some people born or otherwise predisposed to being better than others at making snap decisions?

“I don’t think so. I think it’s much more of a function of experience. When we have had the right kind of experience and training, all of us begin to transfer responsibilities from our conscious to our unconscious mind. For instance, once you’ve been driving for two or three years, you no longer think about driving while you’re driving. You’re able to do all kinds of other things and you’re driving on a kind of autopilot.

“When we gain familiarity with certain kinds of mental tasks, we automate them; we move them to our unconscious mind. It may be that some people are quicker to do that than others, and some people are more willing to accept the fruits of that kind of thinking than others, but the basic ability is something that’s fundamental to all of us.”

Beyond experience, how can the ability to make quick and accurate decisions be improved?

“We can put people in a context and in an environment that allows them to more accurately access this part of the brain. For example, research shows that police officers make better snap decisions when they’re by themselves than when they’re in groups. That’s why we have single-officer squad cars, and more and more police departments are moving to single-officer squad cars. It creates a situation where police officers can make better snap decisions.

“I also talk in the book about music auditions, and how people with a trained ear can make up their mind really quickly, within just the first couple of notes, about whether or not a musician can really play. When there’s a screen up, they make even better decisions still. When all they can do is hear the music, they aren’t distracted by looking at the person. In those situations where we’ve intervened in the environment, such as putting up a screen between the musician and the judge, we’ve created situations that allow someone to make better snap judgments.”
In *Blink* you examine people in various jobs, including doctors, car salesmen, and furniture designers. What about leaders?

“I talked to people who are successful leaders. These people had been aware of their ability to make good snap decisions for a long time. I think this is the kind of thing where, when people move into leadership positions, the reason they got there is that they’re people who have managed to develop their unconscious decision making and to trust it. That’s what separates them from those who don’t make it to the top. And they’ve learned, as well, how to discipline their unconscious, to understand when it’s leading them astray and the kind of information that biases or corrupts them.”

How important is experience to making good quick decisions?

“One of the things this book gave me was an enormous appreciation for the value of experience and a real skepticism about those people who make quick decisions in the absence of experience. I don’t mean to downplay the virtues of youth. I mean, there are lots of things that go with it—creativity, energy, enthusiasm—but I would be very, very cautious about trusting the snap judgments of someone who does not have the requisite experience.

“It’s important to understand that when experience is absent, snap judgments are not good. In fact, they can be really, really bad. We may think they’re good; we may have a lot of confidence in them, but that confidence is misplaced unless there is some basis upon which those judgments are founded.

“For example, think about teenagers. They can have an enormous amount of confidence in their abilities, in their judgments, without having any of the experience to back it up. It’s not until you’re well into your twenties that you realize just how much you didn’t know when you were 17. That’s why we don’t let 17 year-olds run large institutions.”

In researching *Blink*, what did you learn about the human mind that you found to be the most startling?

“I was surprised by how much of our decision making happens in this unconscious way. I mean, like a lot of us, I was under the impression that most of our decisions were reached consciously and deliberately. And the more I got into it, the more I realized that that’s just not true. Instead, most of what we do consciously is simply kind of rationalizing decisions that have been made on an unconscious level. That was a real eye-opener.”

Are you suggesting that we tend to reach decisions more quickly than we accept them?

“We make our mind up much earlier in the cycle than we think we do. We may think we’re still kind of working through things, but in fact the decision’s been made and all that our conscious mind is doing is really rubber-stamping it. To me, that’s something that is pretty true about the way we operate as human beings, and we need to take that into account when we try to better understand and improve decision making.”

How do organizations enable or disable the individual ability to make quick decisions?

“When, yes, the ability to make quick decisions is very valuable and useful, particularly to people who have a lot of expertise, it’s also quite fragile and can be easily disrupted. And one of the dangers for corporations is that they disrupt this kind of thinking by asking people, by formalizing decision making too much, to explain everything they do. As you formalize things, sometimes you threaten what’s strong and wonderful about unconscious thinking.”

When you were researching *Blink*, you went through a DDI assessment center. How did that experience help shape some of the ideas you developed in the book?

“I was interested in the dark side of our unconscious thinking and just how powerful and resilient biases are, and how they can serve to secretly undermine the quality of our judgment. Particularly when it comes to hiring, I think these kind of unconscious viruses are incredibly important and are an incredible problem. But how do you confront them? How do you deal with them? And how do you make sure you are gathering the information you need to gather in a fair and objective way? The answer, I think, is that you have to introduce structure into the process.

“DDI struck me as an organization that takes this very seriously. And the assessment center seemed to be a very structured way to address this problem. Too many people think you can just have lunch with someone and on the basis of that make a decision about whether they’re going to be a worthwhile employee, not understanding just how inadequate that kind of information-gathering session is.”

What did you learn about yourself by going through an assessment center?

“I learned that there’s an enormous gap between the way we think of ourselves and the way we really are. For example, I’d like to think that I would be a reasonably good leader and a good team player. I discovered that neither of those things is true [laughs]. I’m probably well suited just where I am, sitting by myself writing stories and books, which amused me after I got over the initial blow to my ego.”
POOR PEOPLE SKILLS, POOR ORGANIZATIONAL FIT PLAGUE LEADERS IN HEALTH CARE

In health care, most leaders fail because they have poor people skills or they are a poor fit with the organizational culture.

According to DDI’s new study, Health Care Global Comparison: Leadership Forecast 2005-2006, which is based on responses from more than 600 health care leaders and HR representatives, health care HR professionals report that 63 percent of leaders selected internally stay in their positions and are successful. These HR professionals believe that leaders who are not successful fail mostly because of poor people skills and a poor fit with the organizational culture. The ability to “bring in the numbers” gets respect, while the inability to build relationships, a poor fit with the organization’s values, and inefficient ways of doing business are the biggest derailers. In general, when leaders in health care fail, the cause is usually on the people side of leadership, with lacking the skills to do the job also prevalent. The significant difference between health care and other industries in this regard can be attributed to the major emphasis that health care organizations place on their vision and values.

WHICH PERSONAL CHARACTERISTICS PREDICT ENGAGEMENT?

DDI has conducted extensive research across several organizations to identify the personal characteristics that function as consistently strong predictors of employee engagement levels. These characteristics were used to create an Engagement Readiness Index (ERI) that predicts a job candidate’s potential to become a fully engaged employee.

The following personal characteristics were identified as closely linked to engagement:

- **ADAPTABILITY**—Demonstrating openness to new ideas and experiences; readily modifying work approaches in response to change.
- **ACHIEVEMENT ORIENTATION**—Pushing oneself through a continual cycle of setting goals, reaching them, and setting progressively more challenging goals.
- **ATTRACTION TO THE WORK**—Maintaining a positive view of one’s job despite periods of stress and frustration.
- **EMOTIONAL MATURITY**—Avoiding impulsive actions and extreme or sustained emotional reactions that would negatively impact work effectiveness and coworker relationships.
- **POSITIVE DISPOSITION**—Demonstrating agreeableness with customers and peers; eagerness to help others accomplish work goals.
- **SELF-EFFICACY**—Exhibiting secure, unyielding confidence in one’s ability to succeed in the job and to advance beyond his or her current position.

Candidates who scored the highest on the ERI were 13.6 times more likely to be highly engaged with their jobs and organizations. In addition, the ERI shows no score differences among any major subgroups (i.e., as based on race/ethnicity, gender, or age).

To obtain a copy of the Predicting Employee Engagement research results summary, email info@ddiworld.com and request part number MKTSERR12.

TELLING NUMBER:

33%

How much less likely highly engaged individuals are to leave their organization within the next year.

Source: Predicting Employee Engagement, DDI, 2005.
It’s an era of transition for the global automotive industry. Competition is increasingly fierce, while major players, including General Motors and Ford, wrangle with prohibitive cost structures, changing consumer tastes, and ebbing market share. The prevailing climate of change is making for unsettling days for suppliers. The most prominent example of this angst is Delphi, one of the largest suppliers to the U.S. auto industry, which is currently in bankruptcy.
However, at ZF Group North American Operations (NAO), the regional presence of ZF Friedrichshafen AG, a worldwide supplier of driveline and chassis technology, the mood is less jittery than one might expect of a major supplier to an industry in flux.

Just before Christmas, Tom Gorman, Ken Rose, and Norbert Reichert take a call from ZF Group NAO headquarters in Northville, Michigan, not far from Detroit. As they talk about their organization and its future prospects, they sound calm, focused, even optimistic. Their optimism seems well placed. After all, ZF Group NAO finds itself in a surprisingly enviable position.

“We’ve got a little bit of an advantage at ZF because we’ve got a significant portion of the overall corporation that’s in the heavy-duty side of the business, and it tends to run counter-cyclical to what we are doing on the automotive side. So if automotive is down, the heavy-duty guys are usually up,” says Gorman, chief operating officer and vice president, Car Chassis Technology Division, North America. Gorman is alluding to ZF’s diversified businesses as a supplier of components for commercial vehicles, off-highway/construction equipment, marine, rail, and aviation technology.

But it’s not just ZF’s diversification that bodes well for its future. Recognizing the critical role of its people in driving business success, the company also is proactively focused on the management of its talent. And this focus is allowing it to retain and develop good people—and get them ready for whatever the future may hold.

The curriculum included courses in intercultural communication and teamwork, motivating others, and coaching. Following integration best practices, ZF also used the framework as the foundation for a full array of talent initiatives.

“We applied the competency framework to everything from the management development program, to our employee hiring and development, to our succession planning process, and even ultimately to compensation, because we also tied it to our performance review process,” says Rose.

ZF Group NAO had the freedom and autonomy to implement these broad initiatives on a local basis because of ZF’s decentralized global structure—a structure that provides the latitude needed to craft solutions to meet specific needs.

“Something that has been developed in Germany and maybe will fit in Germany would not consequently work in the United States or vice versa,” says Reichert.

To date more than 35 leaders have gone through the management development program, which Rose characterizes as “very effective” and as having helped ZF maintain a favorable level of employee retention within North America. In addition, a robust succession management process incorporating DDI’s critical success factors for leadership and executive assessment has produced a high-quality pool of leadership talent, from which several leaders have been promoted into more senior roles. A separate program provides level-appropriate development to current ZF Group NAO senior leaders.

Stability and Security

Whereas, a few years ago, ZF Group NAO was concerned with the impact of ineffective leaders on employee satisfaction, morale, and retention, now its focus has shifted to external forces.
“Given the tremendous changes within the automotive industry right now, what we very clearly can see is an environment with a lot of change and ambiguity. This is a real challenge for managers as a whole,” says Reichert, speaking to ZF Group NAO’s continued deployment of the management development program.

In addition to making its leaders stronger, Gorman sees both the training, and the competency framework on which it is based, as important to helping ZF NAO retain good people by giving them the flexibility to change jobs, if need be.

“We have seven different operating divisions in North America. And in this dynamic automotive components market, we want to be able to move people and give job security, not just within one division but across all of our divisions. And a lot of the effort around developing a common model for our managers for training, for assessment, for a shared experience, is around developing a common culture in our organization in North America. Plus, we have a lot of movement of people from Europe to the U.S., and this also helps us to more quickly integrate them into our culture.”

**Forward Focus**

In the end, what ZF NAO strives for is not only continued viability but also a reputation as an employer for whom people want to work. Growing talent is central to making that goal a reality.

“When you’re doing more training and development, you’re forward-thinking, you’re showing that there is a bright future, that we need to develop talent so that we can continue to thrive and to grow,” says Rose.

Gorman agrees.

“It ends up presenting us with a competitive advantage because we get people that show a more confident face to the marketplace. Also, they stay with us and give us a pretty good overall retention rate. Not to mention, they talk to their peers in the industry who are feeling a lot less secure, maybe looking for a job, and they’re coming back and saying, ‘I don’t have such a bad deal here. This is pretty good.’”
The growth of Asian organizations in recent years has been staggering. This growth, however, has not come without some leadership growing pains. In a DDI survey of more than 270 Asian organizations, we found that only five in 10 frontline and mid-level managers had confidence in their current senior executive team. Furthermore, according to Strategy & Business magazine, forced CEO turnover over the past five years has risen by 300 percent—with CEO turnover rates in Asia quickly catching up with those of Europe and North America. This growing and troubling trend led Strategy & Business to characterize the CEO job as “the most prominent temporary role in the world.”

With this turbulence at the highest organizational level, it’s little wonder that leaders in DDI’s survey indicated that “leveraging leadership talent” had moved to the top of their business priority list, far ahead of top-line growth or entering global markets.

Last year, DDI was chosen as the research partner to help select winners of CNBC’s fourth annual Asia Business Leader Awards (ABLA) competition. Part of DDI’s role in the judging process was to interview the Asian CEOs who were finalists for the award, as selected by the Chicago Graduate School of Business, and evaluate them on five crucial areas of performance. These areas included: building exceptional talent; fostering change and innovation; formulating and executing forward-thinking strategies; ensuring a strong, value-driven culture; and contributing to society and guarding our environment.

As a member of the DDI team charged with evaluating the finalists, I conducted several in-depth interviews with the CEOs, and pored over more than 1,000 pages of interview
notes. This fascinating process revealed several insights about the unique challenges facing Asian business leaders today. It also revealed important lessons from which leaders anywhere can learn. Here are some examples:

Always look ahead and respond to the next opportunity or threat by fostering and rewarding innovation—while responding quickly to change. Through DDI’s Leadership Forecast 2005-2006 study, we found that only 4 percent of North American non-HR business leaders identified “creativity or innovation” as the leadership quality that gets the most respect in their organization. In contrast, the percentage of Chinese leaders ranking “creativity or innovation” as the most-respected leadership quality in their organization is quadruple that figure (16 percent).

An example of the important role that innovation can play comes from Fancy Wood Industries, the largest manufacturer of rubber wood furniture in Thailand, with more than 3,000 employees. Providing high-end furniture to high-end customers, Fancy Wood exports heavily. When a long-term recession hit Japan, one of its major export markets, Fancy Woods’ president, Vichai Tanpatanarat, saw an urgent need to seek out other markets.

On a visit to the U.S., Tanpatanarat realized that there was a growing global market for lower-cost, veneer furniture. His challenge was to get the commitment of his senior team to begin manufacturing veneer furniture products. Without this decision, the company would have continued to exclusively build products for a declining market. He took the risk, led his organization through massive change, and Fancy Wood became a leading exporter of high-quality, low-cost veneer furniture.

Inspire your workforce with a strong vision and set of values—and model those values yourself. In my interviews with the ABLA finalists, I heard some of the same values come up over and over again: integrity, customer focus, teamwork, and innovation. What makes values real, though, is when they become part of the fabric of doing business day-to-day—a responsibility these successful CEOs take seriously.

For example, Chen Feng, chairman of China’s Hainan Aviation Group, ties strategy and values together. His recent change initiative included a focus on three cultural cores: honesty to develop the heart, morality to develop the body, and responsibility to develop returns. He personally conducts a values orientation session for all new employees. Promotion discussions are not just based on performance, but on the degree to which the candidates embrace Hainan’s culture and values.

Not coincidentally, the percentage of non-HR leaders in China that believe “integrity or ethics” is the most respected leadership quality is 15 percent, compared to 7 percent in North America.

Be tough when it comes to setting and executing long-term strategies. The best CEOs are focused, set ambitious goals, and highly value those who can drive results. Sang Hwan Park, CEO of Korean tour operator Hanatour is a great example. He used two economic crises, the Asian recession of a decade ago and the SARS scare of 2003, as opportunities to set a new course. Either crisis could have forced Hanatour out of business, as it did many of his competitors. But Park used the “down time” to invest in web-based business travel models. While the competition shed employees, Hanatour kept its workforce intact, reducing pay to aid relief efforts. They also encouraged employee fundraising efforts and sent volunteers, along with their company’s products, to the affected areas.

In reading over the interview transcripts, I also encountered countless other examples of CEOs leading efforts to build schools, hospitals, and infrastructure in poor communities, and multiple initiatives aimed at ensuring the welfare and education of our world’s most precious resource—our children.

Corporate social responsibility also means protecting the environment. And again, the CEO interviews elicited numerous examples of efforts ranging from forest conservation to pollution control.

Two separate CEOs summed up the ultimate goal of this collective social responsibility: Not just providing for those in times of need, but enabling people to be self-sustaining, to regain their pride, and to make them feel good about themselves.

As the world grows smaller and organizations interact with each other more and more, the opportunities also increase for business leaders the world over to share with and learn from one another.
Success comes not from oneself, but through others. The best of the best CEOs are talent champions, exhibiting a deep, personal commitment to making their organizations better by making their people better.

Jaime Ayala, president and CEO of Ayala Land, Inc., in the Philippines has almost doubled sales in four years, from 10.3 to 18.1 billion pesos. He realized early on that growth could only be sustained through excellent leadership talent. He personally took the time to work with his senior leadership team to develop a definition of success for Ayala’s leaders. They came up with three factors:

1. A clear strategy and sense of direction.
2. The ability to balance a number of things but still execute well.
3. The ability to spot and seize new opportunities.

Those factors now form the basis for Ayala’s leadership talent evaluation system and its succession management process. Another example: Debu Bhattacharya, managing director of India’s Hindalco Industries, makes it a point to celebrate the achievements of his workforce. Hindalco regularly gives talent awards in 18 countries—including awards for high achievers, young achievers, and for outstanding leadership.

While our CEO interviews were meant to gather stories of success, we also gleaned a few pieces of wisdom regarding the pitfalls to avoid:

With power comes arrogance. In the words of Renato Magadia, chairman and CEO of Philippines’ Mabuhay Vinyl, “Lack of humility is a key cause of failure. One has to be humble enough to realize and appreciate [that] they do not know everything.”

Watch out for complacency. Teh Lip Kim, managing director of Selangor Dredging in Malaysia, reflected that complacency and ego are the biggest derailers. CEOs need to remain focused on the business, not on themselves. Complacency is also about CEOs who stop learning. As Manolo Arzadon, president and CEO of PCI Leasing and Finance, Inc., said, “I’m almost 56, I am still very interested in learning… especially about IT, even at my age. Although, I must say I no longer consider 56 old.”

Failure to focus and execute. Kua Hong Pak, managing director and group CEO of Singapore’s ComfortDelGro, remarked that managers fail because they take their eyes off the ball. And, Satish Reddy, managing director and COO of Dr. Reddy’s Laboratories, Ltd., in India, says leaders fail because they lack the ability to make the tough decisions necessary to drive performance.

And finally, the most frequently mentioned factor as a potential case of failure is the CEO who overlooks the importance of the organization’s people. Mabuhay Vinyl’s Magadia says it best: “When leaders get to the top, they are no longer hands-on—they isolate themselves from their people. Leaders need to show their people that they care for everybody.”

With organizations all around the world becoming increasingly active players in the global economy, strong leadership has become more critical than ever. But as the world grows smaller and organizations interact with each other more and more, the opportunities also increase for business leaders the world over to share with and learn from one another.

As illustrated by the lessons of Asia’s best CEOs, who have a different perspective than their western counterparts, one of the most important exports to come out of Asia is leadership excellence.
You must have noticed this phenomenon in your organization. Everyone has—or should have—an individual development plan. Yet few, if any, of these plans are ever implemented, let alone successfully completed.

Why is this? Consider the following two scenarios, both of which are typical:

Joan has a development plan. The only problem is that she’s too busy doing her job as a frontline leader to tend to her development. Echoing the complaints of others who’ve found themselves in the same situation, Joan insists, “There just aren’t enough hours in the day.”

Jerry, like Joan, also has a development plan that he probably won’t complete. Jerry’s challenge is that his plan calls for him to go through a weeklong training program—which he can’t do without his supervisor approving him for the training and allowing him the time away from the job. Jerry’s supervisor, who didn’t assist Jerry in developing his plan but approved it at the outset of the year when the workload was light, now “can’t afford” to lose Jerry for a week to go through the training. He also doesn’t see how the skills Jerry will learn stand to benefit the team or unit.

Why Development Plans Fail
While the issues described in the above scenarios are different—no time for development, no supervisor support—they are evidence of the same root problem: development plans aren’t tied to business strategy.

Organizations are more aware than ever of the need to align all of their efforts, initiatives, and functional areas with business strategy—otherwise, the business strategy is likely to fail. The one critical effort that is often overlooked, however, is individual development. This is curious, given the challenges, even impossibility, of executing strategy without leaders and associates performing effectively in their designated roles.

The result of this strategic “gap” is that leaders and associates aren’t developing skills that move the organization forward, or that help the individual contribute to the meeting of organizational goals. For example, an individual might have a developmental area in public speaking. But if her job assignment heading up an important project team over the next year will require that she lead meetings, and she’s weak in this area, both she and the organization would be better served by her working to develop her meeting leadership skills instead of her public speaking skills. Another example: a leader wants to improve his Spanish, but it’s at a time when his organization is cutting back its presence in Latin America but expanding in China.

DEVELOPMENT FOR BUSINESS’ SAKE
HERE’S HOW TO MAKE SURE DEVELOPMENT PLANS ARE ALIGNED WITH ORGANIZATIONAL STRATEGY.

BY BILL BYHAM, PH.D.
Making Development for Business’ Sake a Reality

When leaders and associates don’t focus their development efforts on the right areas, they may still develop, but the value of this development to the organization is minimal, amounting to little more than “development for development’s sake.”

Development for business’ sake, on the other hand, has a direct link to the organization’s business needs and its business strategy. Individuals develop high-payoff skills that enable them to do their jobs more effectively and better serve the needs of their team, business unit, and the organization as a whole.

Individual development is all about helping people grow and making them more effective, but development shouldn’t be an individual pursuit. Organizations lose sight of this, giving their people access to a multirater tool or sending them through an assessment center, but then providing little if any guidance on how to use the resulting developmental feedback to build individual development plans that target the most important skills.

While individuals should be responsible for their own development plans, the creation and successful implementation of these plans require the involvement of the individuals’ supervisors, who represent the link between individual development and organizational strategy. What’s more, supervisors, charged with meeting business goals of their own, should have a vested interest in the development of their people, which is why it makes sense for supervisors to be involved at multiple points in the development process, including:

- **Choosing the right targets for development.** What tends to happen is that a leader or associate drafts a development plan and takes it to her supervisor who, more often than not, signs off on it with no changes and with little thought. The supervisor’s reaction is understandable in that he has no stake in the individual completing her plan. The plan doesn’t have any bearing on the business goals and objectives that he is entrusted with achieving.

When, instead, the supervisor and individual sit down and discuss the individual’s development needs, select the proper development targets, taking into account the organization’s strategy and business needs, as well as the goals and objectives of the team and business unit, the plan that emerges tends to be a very different document. The resulting plan addresses skills the individual needs in order to be more effective while also helping the team, unit, organization—and supervisor—be successful. Given the tightly aligned focus of the plan, it is far more likely to be a priority—and far more likely to be implemented.

- **Selecting the right development options.** Just as the supervisor needs to be instrumental in selecting the right development targets, his or her involvement often will be necessary to make the appropriate development options available to the individual. That can mean “opening doors” for the individual to take part in a training program, secure a spot on a task force, receive coaching or attain a mentor, or even take on a temporary job assignment. Equally important is providing the resources, time, and support required for the individual to focus on, and get the most out of, the development opportunity. Again, when the development stands to help both the individual and the supervisor become more successful, along with the organization, the time and energy devoted to the individual’s development feels more like time well spent; it’s an investment in the organization’s future success.

- **Determine how the new skills will be applied.** When development is aligned with strategy and intended to help the leader or associate be more effective on the job, there should be few questions about how the new skills should be applied.

When leaders and associates don’t focus their development efforts on the right areas, they may still develop, but the value of this development to the organization is minimal.

The Strategy of Development

As organizations become increasingly committed to driving strategy execution on all fronts, HR is expected to be more accountable and contribute more directly to business results. This new reality means that the need for development for business’ sake is greater than ever.

Oftentimes, application opportunities are what drive the development in the first place. For example, a supervisor, looking to have her department represented, may secure for an associate a role on a task force. But, aware of the associate’s developmental area in influencing others, she may not be confident that he will be effective in the role. To ensure that the associate can succeed, the supervisor will be motivated to get the individual the development he needs and also provide coaching to build his influencing skills.

Changing the individual development mindset by structuring individual development planning as a responsibility shared by the individual and his or her supervisor is a good way to bring HR into this more strategic realm and raise its profile and reputation as a strategic function.
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“When you’re dealing with a sales organization, you must respect that sales doesn’t want handcuffs on them.”

“Résumé databases of U.S. workers are growing much faster than the U.S. workforce, which means that employers will soon be able to reach out to almost every prospective employee.”

“You have to make sure you ask the customer if they’re happy and if everything is the way that it should be, so you can get that feedback. That way, if there’s a problem, you can fix it before the customer goes out and tells 16 people that they had lousy service.”

“When people move into leadership positions, the reason they got there is that they’re people who have managed to develop their unconscious decision making and to trust it.”

“The percentage of non-HR leaders in China that believe ‘integrity or ethics’ is the most respected leadership quality is 15 percent, compared to 7 percent in North America.”