



RESEARCH RESULTS

REALIZATION RESULTS:

Program yielded a human capital ROI of 333 percent, or nearly AUS \$700,000.

Senior leaders observed a 26 percent increase in overall job effectiveness.

Senior leaders reported a 20 percent increase in ability to retain key staff and a 40 percent increase in ability to identify high-potential staff.

Most participants say the assessment was a catalyst for improving their skills, knowledge, and abilities.

Many participants undertook moderate to extensive development following the development centre.

EXECUTIVE ASSESSMENT AND DEVELOPMENT

INDUSTRY

Australian Pharmaceutical Company

ORGANISATION

Bristol-Myers Squibb

DDI PRODUCTS USED

Acceleration Centres®

BUSINESS NEED

Bristol-Myers Squibb is one of the leading research, development, and pharmaceutical manufacturing organisations in the world. The company ranks in the top 100 of the prestigious Fortune 500 list of America's largest companies as well as being consistently featured near the top of *Fortune's* top 10 most admired pharmaceutical companies.

The mission of Bristol-Myers Squibb is to extend and enhance human life. Nowhere is this mission more evident than in Australia, where the company has funded research and developed products that have improved the lives of Australians suffering from cardiovascular disease, cancer, infectious diseases, and other debilitating conditions.

The pharmaceutical company focuses on encouraging excellence, furthering innovation, developing leaders, and valuing its employees.

At all levels of the organisation, leadership development is a top priority. Equipped with a new set of organisational behaviours, Bristol-Myers Squibb partnered with Development Dimensions International (DDI) to run a series of Acceleration Centres for 61 of its middle managers as part of its leadership development commitment. In this process, which Bristol-Myers Squibb called a "Development Centre," managers assumed the role of a senior leader for a day and were tasked with:

- > Developing a strategic plan for the potential acquisition of a current supplier.
- > Meeting with a direct report who was having difficulty gaining team commitment and support for the upcoming acquisition.
- > Meeting with a peer to resolve an internal conflict.

Participants also completed DDI's Global Leadership Inventories, a personality profile designed to identify the personal attributes that can enable or derail success in senior leadership roles.

Each participant and his or her manager then received a detailed feedback report that clearly identified the person's strengths and development opportunities. These reports were used as a catalyst for the person's subsequent development planning.

In addition to evaluating individuals' results, DDI analysed group data to identify trends and to recognize the training and development initiatives that would help Bristol-Myers Squibb achieve its critical company objectives.

RESEARCH DESIGN

At the conclusion of the Development Centres, participants completed initial reaction evaluations. Then, six months after the intervention, nearly half of the participants and senior leaders completed surveys to measure participants' pre- and post-initiative skill levels. Senior leaders also provided ratings of the skill improvements they had observed in the participants, which also included any subsequent development they might have experienced.

RESULTS

Program Reaction

Participants agreed or strongly agreed that the development opportunity made them feel valued by the organisation and that the assessment process was a valuable, professionally facilitated experience.

Participants and senior leaders had favourable reactions to the Development Centre initiative—in particular, its ability to specifically target developmental actions.

Here are some comments from both groups:

- > “The exercise was good at helping people better understand themselves.”
- > “Development was aided by the DDI experience.”
- > “As a department head, I am encouraged to have third-party assessments that help us frame the needs for development.”
- > “The Development Centre was able to identify . . . high potential.”
- > “I am now more confident to tackle issues that I might have hesitated to previously, and my skills to do this continue to improve.”

- > “The assessment provided additional confirmation of development needs that have helped me to focus.”
- > “The Development Centre provided valuable feedback based on observations on the day and inventories completed prior to attending.”

Behaviour Change

Senior leaders observed a 26 percent increase in overall job performance following the Development Centre.

As stated previously, leadership development is a key business priority for Bristol-Myers Squibb. So a key objective of the program was to develop the leadership capabilities of its middle-management population. Senior leaders reported a 26 percent increase in the overall job performance of participating middle managers following the Development Centre.

Senior leaders reported a 20 percent improvement in their ability to retain key staff members.

Two of the top factors driving employee retention are the quality of the relationship a person has with his or her supervisor or manager and the amount of the person's meaningful work.¹

The Development Centre process provided participants with clear feedback on the strengths they could build upon as well as the skills they could develop at the next level of leadership. The debrief and development-planning sessions also helped to strengthen the relationship between participants and their managers.

¹ Bernthal, P.R., & Wellins, R. (2001). *Retaining talent: A benchmarking study*. Pittsburgh, PA: Development Dimensions International.

Senior leaders reported a significant increase in their ability to make effective decisions about developing middle managers; meanwhile, many participating managers say they had undertaken moderate to extensive developmental action afterward.

Lack of development is a key contributor to employee turnover.² Following the Development Centres, senior leaders reported almost a 70 percent increase in their ability to manage the development of their staffs. Meanwhile, 77 percent of the participants indicated that they had undertaken moderate to extensive development following their participation in the Development Centre process.

Senior leaders reported a 40 percent increase in their ability to identify high-potential middle managers because of the assessment data and a 15.5 percent increase in their ability to make effective placement decisions.

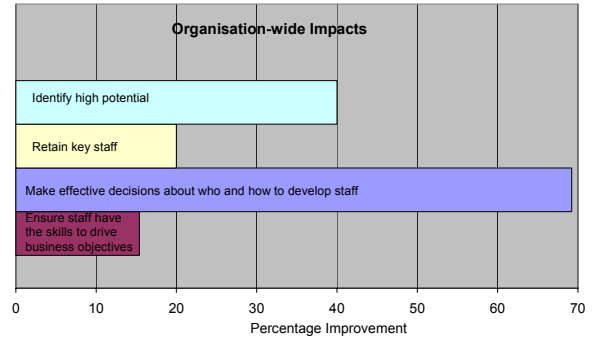
With the current focus worldwide on the “war for talent,” the need to develop and promote people from within an organisation is becoming more critical. In a 2005 study DDI found that the number one challenge in recruitment and hiring was “fewer qualified applicants available.”³ The Development Centre data significantly helped senior leaders at Bristol-Myers Squibb to identify their high-potential staff and to make more effective placement decisions. (See **Figure 1**.) The Development Centre also helped the organisation improve its ability to retain key staff members and ensure

² Ibid.

³ Bernthal, P., & Erker S. (2005). *Selection forecast: Recruiting and hiring talent*. Pittsburgh, PA: Development Dimensions International.

their staff has the needed skills to drive the business objectives (called “organisation-wide impacts”).

Figure 1: Improvements from Development Centres



Most participants indicated that the assessment served as a catalyst for improving their skills, knowledge, and abilities.

The majority of Development Centre participants (92 percent) found the process particularly powerful in identifying development opportunities and strengths to leverage at the next level. These also demonstrated a high level of developmental motivation, for example:

- > 70 percent agreed or strongly agreed that they would try to engage themselves in training programs.
- > Nearly 90 percent agreed or strongly agreed that they would actively seek out new skills and knowledge relevant to their jobs.
- > More than 95 percent agreed or strongly agreed that spending time improving in their development areas is important.

Senior leaders also were asked to rate the improvement in participants’ abilities against each of the Bristol-Myers Squibb core behaviours. The results are listed in **Table 1**.

Table 1: Behavioural change results

Core Behaviour	% Increase
Leads strategically	14
Builds alignment	22.5
Communicates directly	30
Collaborates	30
Energises others	15
Develops people	17.5

Return on Investment (ROI)

The increase in trained participants' overall job effectiveness, coupled with improved employee retention, represents a return on investment of 333 percent, or nearly AUS \$700,000.

To estimate the value of participants' behaviour change, a value was placed on the incremental skill improvements that were observed by senior leaders as well as the potential savings emanating from the organization's improved retention.

Employees who experience behaviour enhancements in critical skills become more valuable for their organisation (i.e., an improvement in its human capital). One way to determine the value of an individual employee is to use the person's overall salary: An employee should return to the organisation a level of value that is proportional to what he or she is paid. When the employee improves his or her skills, the person's value increases in proportion to his or her salary. Each employee should return at least that amount of value to the organisation, or else he or she could be considered a "losing investment."

Using the behaviour change ratings reported by the senior leaders at Bristol-Myers Squibb, we

estimated the dollar value of the improvements, based on participants' salaries. We subtracted the program costs and computed an overall percentage ROI. Some assumptions involved in the calculations are listed below, and all calculations are made in Australian dollars:

- > **Cost of attendance**, based on average participant salaries, was \$20,657 (excluding lost opportunity costs).
- > **Potential savings from increased retention** equalled 46 percent of the average salary.⁴ (Savings calculated by 20 percent multiplied by annual turnover.)
- > **Behaviour change**: Average rating of the effectiveness of participating staff members following the initiative (post-rating minus pre-rating), as observed by participant managers.
- > **Deviation of performance**: The average salary ± 40 percent (i.e., the highest performers are worth the average salary + 40 percent; the lowest performers, - 40 percent).⁵

⁴ Bernthal, P., & Wellins, R. (2001). *Retaining talent: A benchmarking study*. Pittsburgh, PA: Development Dimensions International.

⁵ Schmidt, F.L., & Hunter, J.E. (1983). Individual differences in productivity: An empirical test of estimates derived from studies of selection procedure utility. *Journal of Applied Psychology*, 68, 407–415. Examined empirical estimates of the variability of employees' productivity as a percentage of annual salary. The standard deviation was found to vary from about 40 to 60 percent of average salary. For these analyses, the more conservative 40 percent estimate was used.

CONCLUSIONS

Leadership development is a top priority for Bristol-Myers Squibb. Following this initiative, the middle managers worked with the leadership team to undertake considerable on-the-job development, with 77 percent of participants indicating that they had experienced moderate to extensive development in the six months following

their assessment. This study of employee behaviour shows that DDI's Acceleration Centres made a quantifiable difference to the Bristol-Myers Squibb business. It helped its leadership team to identify high-potential managers, plan appropriate development, and improve retention. Ultimately, this resulted in increased job performance.

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