



# RESEARCH RESULTS

## LEADERSHIP DEVELOPMENT

### REALIZATION RESULTS:

Leaders found the training to be valuable and job applicable.

Leaders improved trained skills by approximately 19 percentage points.

Post-training improvements seen in employee productivity, morale, communication, and engagement.

Estimates of human capital ROI indicate a 633 percent return and a benefit of more than \$3.3 million.

Attitudes about OPAL were very positive.

### INDUSTRY

Diversified Industrial Manufacturing

### ORGANIZATION

Eaton Corporation

### DDI PRODUCTS USED

Interaction Management®

Leadership Mirror®

OPAL® (Online Performance and Learning)

### BUSINESS NEED

At number 227 in the Fortune 500, Eaton Corporation has more than 55,000 employees and operates manufacturing facilities in 27 countries. Its product lines include hydraulic- and fluid-power products for aerospace, automotive, and other industrial uses in addition to its electrical power distribution products and control equipment, automotive, and truck products. In recent years Eaton has experienced strong growth while facing challenges such as frequent acquisitions and global market changes.

Eaton has recognized that maintaining industry leadership requires innovative thinking and strong individual leadership. In particular, the organization hoped to improve first-line leaders' ability to guide and support their employees' performance. At the same time, given the rapid pace of change, Eaton

recognized the need to build employee trust and maintain focus. In response to these needs, the organization worked with Development Dimensions International (DDI) to design a comprehensive development process that included:

- > Taking a baseline measurement of leadership behaviors.
- > Developing a three-year curriculum specific to Eaton's leadership needs.
- > Creating an orientation process that overviews the development process.
- > Creating a process for managers to build the skills and accountabilities required for their direct reports' development success.
- > Providing an online coaching and support tool to reinforce skills learned in class.
- > Measuring leadership behavior change as a result of the development process.

Together, DDI and Eaton created a solution focused on skills related to maximizing employee performance and maintaining a positive work environment.

### SOLUTION

Eaton's Fluid Power Group introduced a comprehensive program for their first-line supervisors (about 900 leaders). This initiative is known as the FLEX (i.e., First Line EXcellence) program. FLEX is a supervisory development program designed to help supervisors meet the challenges of an ever-evolving workplace. Its goal is to enhance the overall skill set of Eaton's supervisors, with particular emphasis placed on interpersonal and leadership skills. To start the process, the organization offered multirater leadership

assessments (Leadership Mirror) to its first-line leaders around the world. Following the multirater assessment, Eaton introduced six training courses during the first year of the program. Leaders also were given access to DDI's online learning and support system (OPAL) to help them build their skills and receive just-in-time support for leadership challenges they might be experiencing. And to ensure the continued success of the training program, the managers of the participants engaged in an initial training session titled "Supporting Leadership Development."

This multifaceted solution was designed to help leaders recognize and follow through on opportunities to manage performance in a variety of situations. They learned to help their associates plan for success and deal with performance issues. Additionally, leaders discovered the appropriate level of involvement for guiding their employees through conflict and change.

The first year of training included the following DDI courses:

- > IM Essentials (now known as Essentials of Leadership)
- > Preparing Others to Succeed
- > Facilitating Improved Performance
- > Helping Others Adapt to Change
- > Guiding Conflict Resolution
- > Trust: Strengthening the Foundation

The second year of training will include the following DDI courses:

- > Following Up to Support Improvement
- > Valuing Differences

- > Leading Successful Meetings
- > Influential Leadership

## RESEARCH DESIGN

Eaton wanted evaluation measures for its leadership skills training program to focus on behavior change and return on investment (ROI). A variety of measures were used; of these, 77 leaders and 232 of their managers, coworkers, and direct reports (i.e., observers) provided responses. Leaders and observers were drawn from 10 locations in the United States, South Africa, and the United Kingdom. They provided ratings of behavior change and related variables approximately 3–12 months after beginning the FLEX program. On average, FLEX participants had completed about four training courses before participating in the evaluation study. The ROI calculations were based on estimates of behavior change made only by the observers.

## RESULTS

### Reactions

***Leaders found the training to be valuable and job applicable.***

Reactions to the training program were extremely positive (see **Table 1**). Almost all leaders felt the skills and concepts were valuable for their jobs, and they found opportunities to apply the skills. Additionally, almost all leaders expressed experiencing personal motivation and confidence after participating in the training.

**Table 1: Leaders’ Reactions to the Training**

Agreement	Item
98%	Since participating in the training, I have had opportunities to apply the trained skills on the job.
92%	The training has increased my confidence in applying the skills or concepts on the job.
97%	I am personally motivated to apply the skills or concepts learned in the training.
98%	The skills and concepts addressed in the training are important for my job.

\* Percent agreeing or strongly agreeing with the statement.

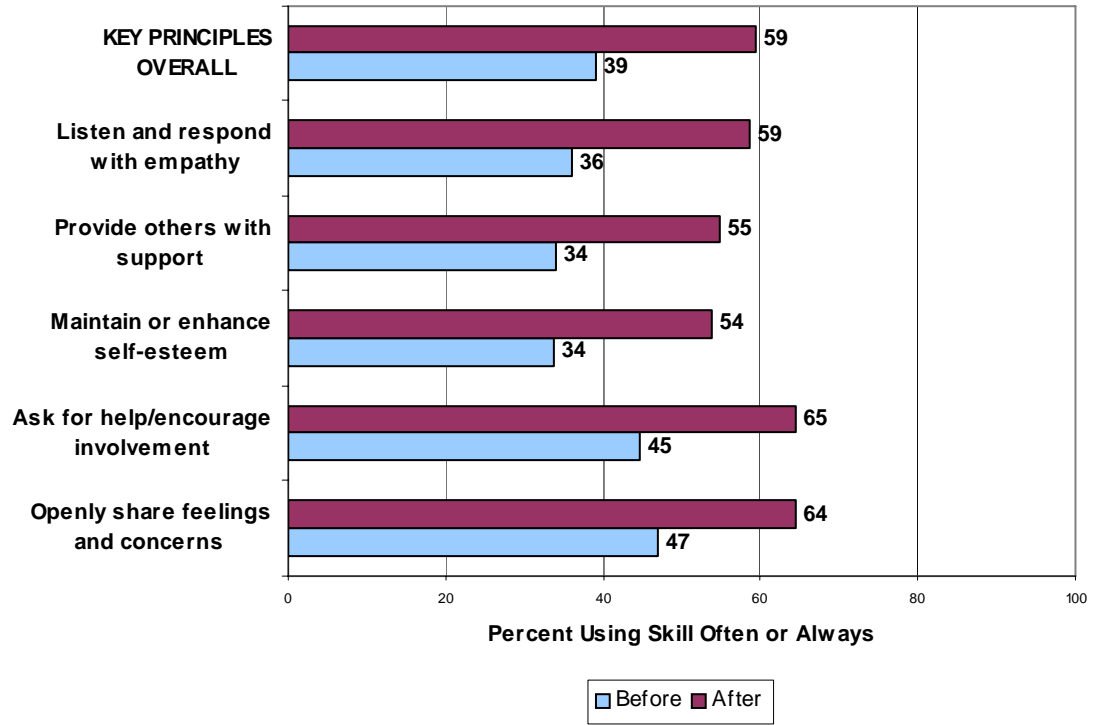
**Behavior Change**

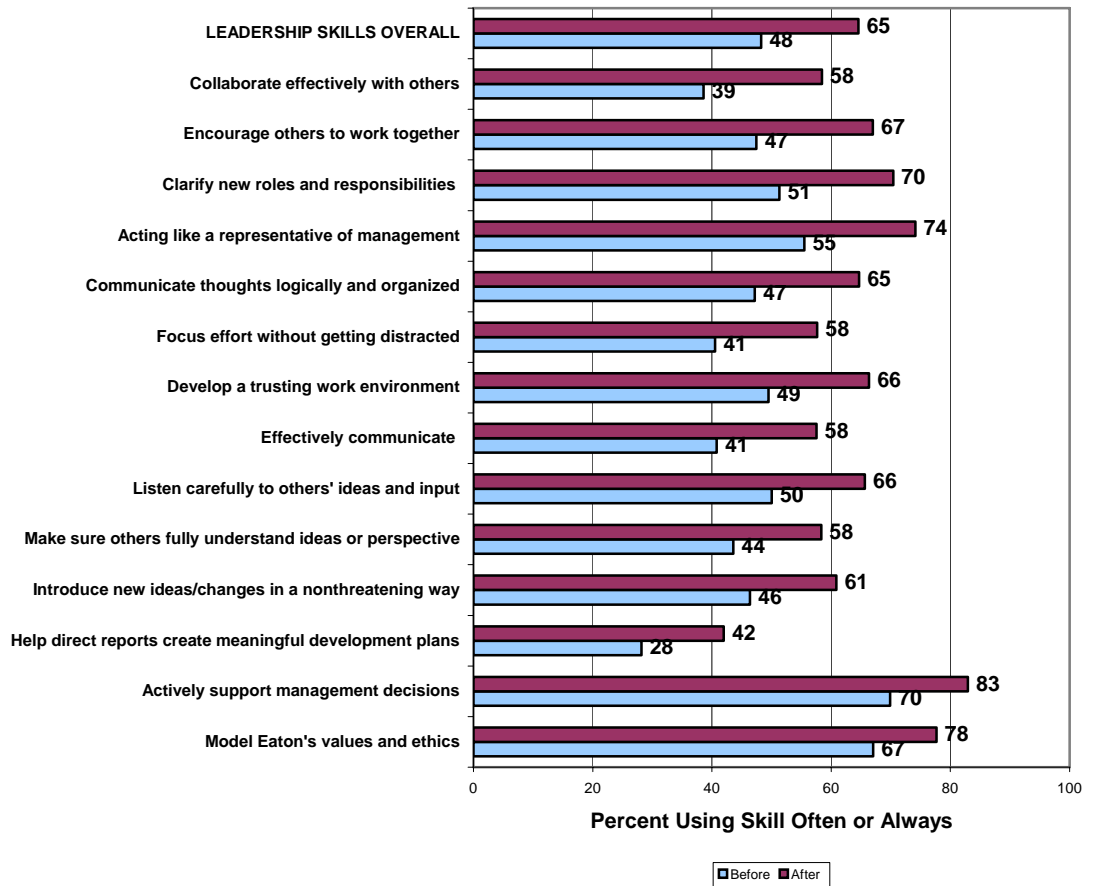
*Leaders improved trained skills by approximately 19 percentage points.*

Figures 1 and 2 show the percentage-point improvement that leaders experienced after participating in the FLEX training program. Both the leaders themselves and the observers agree that the leaders showed a marked improvement in their skills that could be attributed to the training program. Leaders observed the largest improvements, noting a 43 percentage-point improvement in their use of Key Principles and a 32 percentage-point improvement in their leadership skills.

Observers were more conservative in their ratings of the same (20 and 17 percentage-point improvements, respectively). Because observers are less likely to overstate the amount of change experienced by the FLEX program participants, we chose to present their ratings of change in Figures 1 and 2. They reported the greatest post-training improvement in participants’ ability to listen and respond with empathy (i.e., one of the Key Principles assessed in Figure 1), collaboration skills, encouraging others to work together, clarifying new roles (one of the leadership skills assessed in Figure 2).

Figure 1: Assessment of Change in Leaders' Use of Key Principles (Observers)



**Figure 2: Assessment of Change in Leaders' Use of Leadership Skills (Observers)**

### Observer Comments—Examples of Change

- > *“He has altered his style of management thus: Greater emphasis on development, improved ownership and accountability, more open to new ideas, more cooperative and trusting, improved team leader structure and ownership.”*
- > *“He is quick to react to issues. He gets back to others who have questions with answers for them. He has strong motivational skills. He offers help to his people when needed. He is a very team-oriented person. He continues to encourage everyone to not be comfortable in their areas, to push for continual improvements.”*
- > *“It is evident that the FLEX and external job-related training raised quality awareness in general. Problem-solving methods and teamwork increased communication on the operational level.”*
- > *“He has grown with FLEX and has adapted his style for different issues; he recognizes through using the FLEX tools that he has had different reactions to his leadership than before. He is calmer and more approachable in his behavior and frequently asks for feedback on his approaches to issues—this is a real change.”*

## The Transfer Environment

### *Follow-up and accountability are critical for producing behavior change in leaders.*

To see which factors most likely would facilitate or inhibit their applying behaviors targeted for change by the FLEX program, Eaton leaders were asked to rate certain aspects of their work environment. Correlations were then drawn between their work environment ratings and their behavior improvement. The work environment factors that have a statistically significant relationship to leaders' behavior improvement in FLEX skills are ranked by importance as follows:

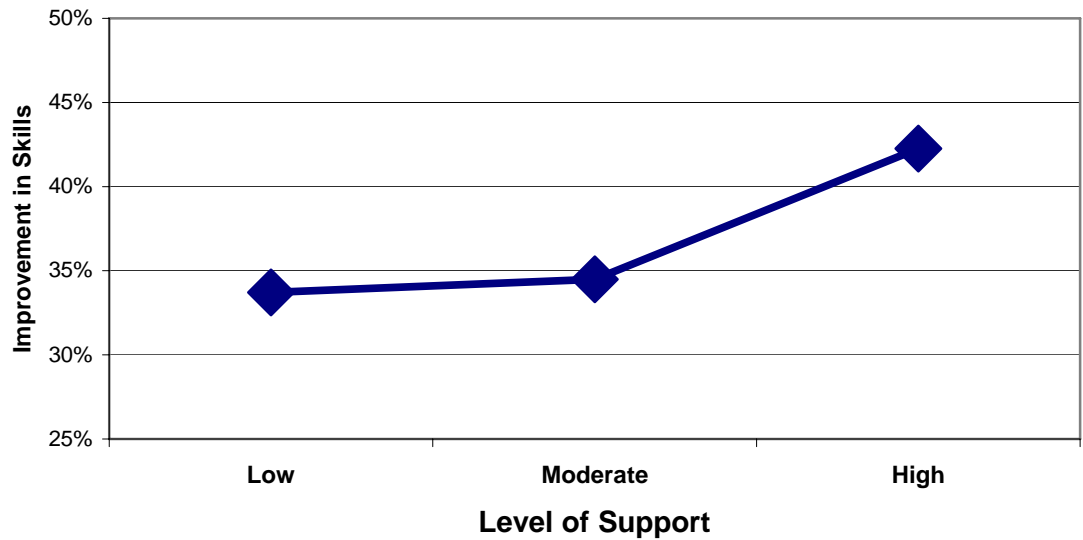
- > I am held accountable for applying the trained skills and concepts on the job.
- > My manager/supervisor supports and reinforces the application of the learned skills and concepts on the job.
- > My peers support and reinforce the application of training-related behaviors.
- > My organization has followed up on the training to make sure that the skills and concepts are being applied on the job.
- > The training has increased my confidence in applying the skills or concepts on the job.

- > I have all the resources (information, equipment) I need to apply the trained behaviors/skills on the job.

The most important factors affecting leaders' behavior transfer are related to follow-up and accountability. Obviously, they will not use newly learned behaviors unless the behaviors are clearly linked to their job responsibilities. If Eaton hopes to maximize the impact of its FLEX training, it should focus on providing follow-up and ensuring accountability for the leaders' use of appropriate behaviors. In particular, support by the program's managers is critical for its long-term success.

To further examine the influence of support on leaders' ability to change their skills, we created an average support index based on five factors (i.e., being held accountable, manager support, peer support, organizational follow-up, and resource availability). Then, we divided the leaders into three groups based on the level of support they received after beginning the FLEX program. **Figure 3** shows that when support levels are high, leaders experience significantly higher levels of change in their skills.

**Figure 3: Assessment of Change in Leaders' Use of Leadership Skills (Observers)**



**Work Environment**

*Leaders and observers saw post-training improvements in employee productivity, morale, communication, and engagement.*

The FLEX training improved leaders' skills, and by their applying those skills, they had positive effects on the work environment. Leaders and observers were asked to indicate improvements in a variety of work outcomes that might be

attributed to the training intervention. Both groups noted specific improvements in the work environment, and more than four-fifths of these improvements were attributed to the training program. Specifically, a large proportion of leaders (88 percent) and observers (87 percent) saw improvements in morale and the openness of communication (see **Tables 2 and 3**).

**Table 2: Participants' (Leaders') Ratings of FLEX Training Impact**

Percent Indicating Improvement	Percent Indicating FLEX Training Produced Effect	Item
62%	75%	Employee productivity
69%	88%	Employee morale
68%	88%	Communication among employees
67%	85%	Employee engagement
<b>67%</b>	<b>84%</b>	<b>AVERAGE</b>

**Table 3: Observers Ratings of FLEX Training Impact**

Percent Indicating Improvement	Percent Indicating FLEX Training Produced Effect	Item
59%	79%	Employee productivity
41%	87%	Employee morale
53%	87%	Communication among employees
54%	86%	Employee engagement
<b>52%</b>	<b>85%</b>	<b>AVERAGE</b>

When asked specifically about their own level of productivity, observers indicated a 35 percent increase during the past year. While productivity improvements can be attributed to a wide range of factors, more than half of observers (54 percent) felt that their improvements were influenced (to a moderate or large degree) by changes in the behaviors of FLEX participants.

**Return on Investment**

*Estimates of human capital ROI indicate a 633 percent return and a benefit of more than \$3.3 million.*

Calculating a return on investment (ROI) requires converting observed improvements into dollar values. Using this method, gains observed from the training intervention (such as behavior change) are converted into monetary values and compared with the costs of the FLEX program. Leaders who have experienced behavior changes in critical skills become more valuable for the organization (i.e., they are an improvement in human capital). One way to determine the value of an individual employee is to use the person’s overall salary. Employees should return to the

organization a level of value in proportion to what they are paid. When employees improve their skills, their value increases in proportion to their salaries.

We took the behavior change ratings made by observers and converted them into dollar values based on salary. Then, we subtracted program costs and computed an overall percentage return on investment:

- > Total Return (per participant based on behavior change and salary): \$4,250
- > Fully Loaded Costs (per participant): \$580

In its first year, net benefits for the FLEX program were \$3,303,619 (total benefits minus total costs). This calculation yielded a first-year ROI of 633 percent, or a \$6.33 return for each dollar invested in the program. It is important to note that these calculations describe a “human capital ROI,” meaning that the participating leaders have become more valuable assets for Eaton and, thus, have a greater capability to make stronger contributions. This human capital improvement can be leveraged by the organization to help it achieve its strategic business goals.

## ONLINE PERFORMANCE AND LEARNING (OPAL®)

### OPAL Outcomes

*Attitudes about OPAL were very positive, with 75 percent of leaders saying they would use it again. Greatest benefit of using OPAL was to reinforce what was learned in FLEX training courses.*

OPAL's just-in-time support gave managers at Eaton an ongoing resource for their

development. The most common benefit of leaders' using OPAL was to reinforce their training content (25 percent), followed by getting useful tips for a specific situation (21 percent). (See **Table 4** for some specific user comments.) All the users indicated that they would at least consider using OPAL again; many (75 percent) indicated that they definitely would use it again. Finally, 82 percent of the users found the amount of information OPAL provides to be "just right."

**Table 4: Benefits of OPAL**

#### User Comments

- > *"It's very down to earth, insightful, and helpful, with a lot of ideas concerning conflict and team building."*
- > *"Lots of good information. A one-stop shop for leadership needs."*
- > *"What you asked for, you got."*
- > *"I like to reinforce what we are doing. It was a good check."*
- > *"Easy to navigate, plentiful examples."*

#### CONTACT INFORMATION

WORLD HEADQUARTERS  
412.257.0600

E-MAIL [INFO@DDIWORLD.COM](mailto:INFO@DDIWORLD.COM)

[WWW.DDIWORLD.COM/LOCATIONS](http://WWW.DDIWORLD.COM/LOCATIONS)

## CONCLUSIONS

The FLEX program has been in place for only one year, but it has effectively addressed leaders' needs to improve their performance management, conflict resolution, and change management skills. Program participants appreciated the training, improved their knowledge levels, changed their behaviors, and then observed improvements in their work environment. The strength of these changes is notable, given that they were observed by leaders' supervisors and their direct reports.

Although it is not the only method for assessing value, the return on investment analyses has

yielded a high positive return beyond what would have been gained by spending the same funds on other ventures. Investment in human capital is an important business strategy for Eaton. The quality and performance of its employees directly relate to the organization's success. By making an investment in the capabilities of its leaders, Eaton has made an important step in strengthening its market presence. The FLEX program has been in place for only a year, but with continued reinforcement, Eaton can be optimistic about continuing to find positive results in the future.