



RESEARCH RESULTS

LEADERSHIP DEVELOPMENT

REALIZATION RESULTS:

All its leaders are personally motivated to apply their new skills and agree that the training increased their confidence.

Significant improvement seen in how leaders demonstrated their new skills.

Open communication improved after the training.

Human capital ROI indicates a 244% return and a \$219,902 net benefit for leader participants.

INDUSTRY

Global Mining, Chemical, and Consumer Products

ORGANISATION

Orica Limited

DDI PRODUCTS USED

Leadership Mirror®

Leadership Development Series—Interaction Management®: Exceptional Leaders . . . Extraordinary Results®

BUSINESS NEED

Orica Limited is one of Australia’s leading publicly owned companies, operating through four business platforms: Mining Services, Chemnet, Chemical Services, and Orica Consumer Products. In business for more than 130 years, Orica has grown from an explosives supplier for the Victorian gold fields in Australia into a multibillion dollar company employing approximately 13,000 people in 98 countries.

According to Managing Director and CEO Graeme Liebelt, “[Orica’s] priority remains the continued support, nurture, and development of our employees, and the company’s growth is providing greater opportunities for their professional advancement and personal development.”

While following this philosophy and striving to support a high-performance culture, Orica Australia recognised a need to enhance the capability and confidence of its new leaders in proactively addressing performance management issues. Given its growth agenda and the subsequent criticality of its talent management and retention, Orica saw that its leaders required foundational interpersonal and leadership skills to support their transition into leadership positions and to drive their performance.

SOLUTION

To address these requirements, Orica partnered with Development Dimensions International (DDI) to design the IM: EX Program for Frontline Leaders. The program began with a diagnosis of its leaders’ current skills via a 360-degree survey (Leadership Mirror) to enhance their self-awareness and build the impetus for behaviour change in the following competencies:

- > Gaining Commitment
- > Communication
- > Building Strategic Working Relationships
- > Coaching
- > Aligning Performance for Success

In collaboration with DDI, Orica then selected the following courses to form a “coaching suite” that focused its leaders’ development around each of the competencies assessed to bolster their ability to coach and develop for results and drive performance:

- > IM Essentials
- > Coaching for Success
- > Coaching for Improvement
- > Managing Performance Problems

These courses were built into a two-day program that incorporated insights and tools to enable the leaders to interpret and leverage messages from their Leadership Mirror reports. Orica also carefully tailored the program to include company-specific performance management policies and procedures, an identified need.

With particular emphasis on interpersonal and leadership skills, the program was designed to help leaders recognise and follow through on opportunities to enhance and manage performance in a variety of situations whilst holding people accountable for their behaviours.

RESEARCH DESIGN

Orica strives to have a culture which aligns its people to common goals, behaviours, and ethics and which empowers and motivates them to achieve long-term, sustainable results. Given this, an important element of the program was to determine the return on investment from the leaders' participation—from both a financial and behavioural perspective.

Since 2004 approximately 100 leaders have participated in the program. Of these, 40 were involved in the current study along with 17 of their managers (i.e., observers), some of whom responded on behalf of multiple participants. Online questionnaires, containing items aligned with the key skill areas featured in the program's IM: EX courses, were sent to this sample of participants and observers. Specifically, observers were invited to rate how often their leaders displayed critical behaviours, both before and after the training, using a rating scale from "Never or Almost Never" to "Almost Always." Similarly, the

leaders rated their own confidence in applying their newly learned skills, both prior to and after participating in the program.

In addition, data regarding their general perceptions of the program were gathered (e.g., items such as "The training has increased my confidence in applying the skills or concepts to the job" and "The skills and concepts taught in the program fit or align with Orica's culture [values, ways of interacting and doing business]"). Also evaluated were program outcomes as they related to employee productivity, communication among employees, frequency of feedback, and frequency of performance discussions.

Following analysis of the data, ROI calculations were based on estimates of behaviour change made by the observers.

RESULTS

Reactions

All the leaders are personally motivated to apply their new skills and agree that the training increased their confidence in applying these skills.

Leaders' general perceptions of the program were incredibly positive, with 100 percent saying they were motivated to apply the skills they learned in the program and, because of the training, were more confident when applying their new skills (see **Table 1**). While these results are indeed significant, perhaps even more noteworthy are the leaders' perceptions of how the skills and concepts presented in the program aligned with Orica's culture, which supports the organisation's efforts to tailor the program's format to reflect its policies and procedures.

Table 1: Leaders' General Reactions to the Training

Agreement*	Item
100%	The training has increased my confidence in applying the skills or concepts on the job.
100%	I am personally motivated to apply the skills or concepts learned in training.
97%	The skills and concepts taught in the program fit or align with Orica's culture (values, ways of interacting and doing business).
95%	The skills and concepts addressed in the training are important for my job.

* Percent either agreeing or strongly agreeing with the statement.

Behaviour Change

Both the leaders and their observers saw a significant improvement in how the leaders demonstrated their new skills.

Figures 1 and 2 show that leaders and observers both agree there was substantial improvement in leaders' skills following their participation in the IM: EX Program. In general, the observers saw a 42 percentage-point improvement in skills, while the leaders saw a 45 percentage-point improvement in

themselves. The difference in before- and after-ratings is particularly significant from the observers' perspective regarding the Coaching for Improvement course; and from the leaders' standpoint regarding IM Essentials. The difference seems to reflect Orica's need to provide its leaders with foundational tools to support their success. The finding also indicates that leaders are now more likely to engage in challenging discussions that address performance improvement requirements, which is important from the observers' perspective.

Figure 1: Improvement in Leaders' Demonstrating New Skills (Overall Leader and Observer Ratings)

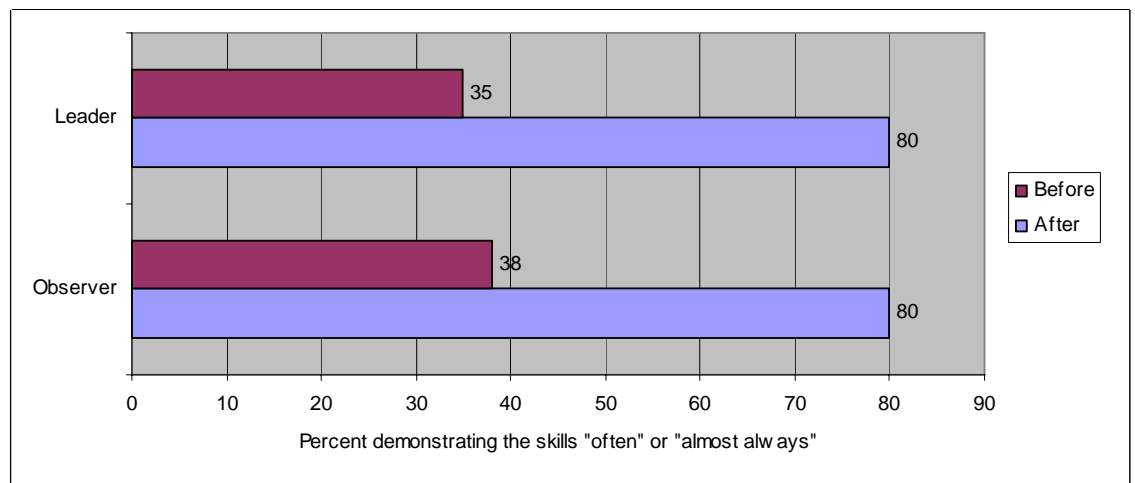
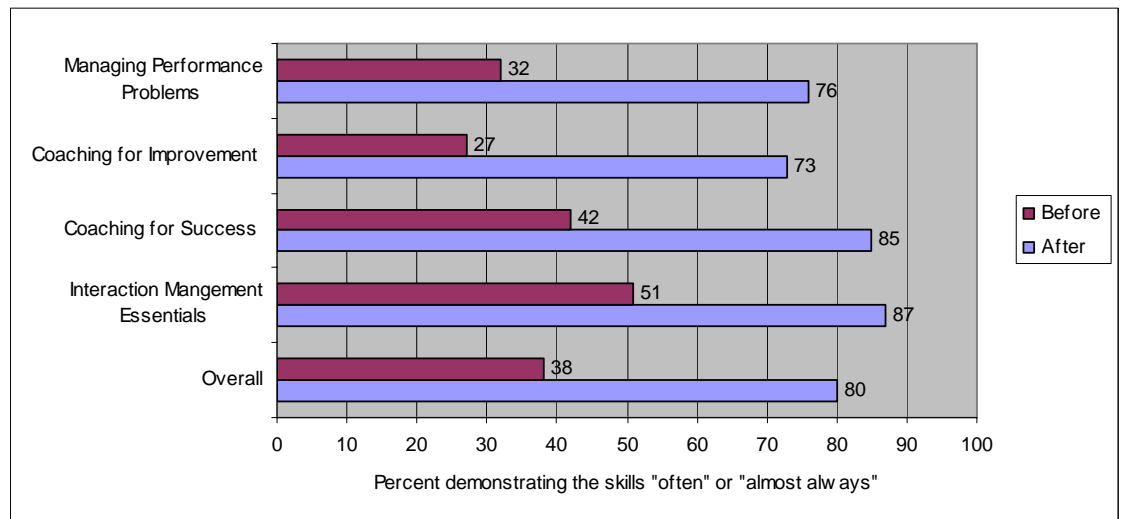


Figure 2: Assessment of Change in Trained Skills (Observer Ratings)



Leaders’ (Participants’) Comments—Examples of Change

- > *“I was always clear about requirements of projects to team members, but I now monitor performance and ensure that delivery of various aspects of the project is to an acceptable standard.”*
- > *“I am more aware of the impact my behaviour can have on others in my team as well as the importance of encouragement and leadership (actions not just words).”*
- > *“The course gave us the opportunity to deal with real-life scenarios that were happening . . . back at work. I was able to take away worksheets and really use them to structure a discussion with an employee, which makes it a lot easier.”*
- > *“It has made me less afraid of having to address performance problems in others.”*

Work Environment

Open communication among employees improved significantly after the training; notable improvements were seen in employee productivity, efficiency, and frequency of feedback as well.

Data gathered from both leaders and observers revealed that the IM: EX Program improved leaders’ skills and that their applying these skills had a positive effect on their work environment. Specifically, leaders and observers were asked to indicate improvements in a variety of work outcomes that might be attributed to the IM: EX Program.

They saw post-training improvements of 81 percent in open communication among Orica employees. Employee productivity, frequency of feedback, and efficiency of operations also were thought to be better because of the course (see **Table 2**).

While there was a less marked improvement in the frequency of performance discussions, this could be a by-product of the leaders’ improving their skill in proactively addressing performance issues and then setting up others for success, which would reduce the need to conduct performance discussions.

Table 2: Ratings of Work Group Changes Since Participating in the IM: EX Program

Percent Indicating Improvement (Leaders)	Percent Indicating Improvement (Observers)	Outcome
81.1%	81.3%	Open communication among employees
66.7%	56.3%	Employee productivity
64.9%	75.0%	Frequency of feedback
62.2%	50.0%	Efficiency of operations
45.9%	31.3%	Employee morale
48.6%	43.8%	Frequency of performance discussions
61.56%	56.28%	Averages

When asked specifically about improvements in leaders’ productivity, the observers indicated a 38.8 percent increase during the past year. While this could be attributed to a wide range of factors, 81.3 percent of the observers felt that such productivity improvements were influenced (to a moderate or large degree) by the leaders’ participation in the IM: EX Program. The leaders themselves indicated an 18.4 percent increase in their job performance since the program, attributing 43.1 percent of this change to the training they received.

Return on Investment (ROI)

Estimates of human capital ROI indicate a 244 percent return and, over the year since the training, a net benefit for leader participants of \$219,902.

Calculating a return on investment requires converting observed improvements into dollar values. To do this, gains observed from the training, such as behaviour change, are translated into monetary values and then compared with the actual costs of the program.

Leaders who have experienced behaviour changes in critical skills become more valuable for the organisation (i.e., 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 organisation a level of value proportional to what they are paid. Then, when they improve their skills, their value increases in proportion to their salaries.

We took the behaviour 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. The results are as follows:

- > **Total Return per Participant** (based on behaviour change and salary): \$5,498
- > **Program Expense per Participant:** \$1,600

In the 12 months since the training, net benefits for the program (i.e., total benefits minus total costs) were \$219,902. This calculation yielded a first-year ROI of 244 percent, or a \$2.44 return for each dollar invested in the program.

Important to note is that these calculations describe a “human capital ROI,” meaning that the participating leaders have become more valuable assets for Orica and, thus, are more capable to make stronger contributions to the organisation.

CONCLUSIONS

One of Orica's core priorities was to provide support for its employees' development and the company's growth by supplying greater opportunities for its employees' professional advancement and personal development. The Orica IM: EX Program for Frontline Leaders has been in place for more than two years; and based on this sample of leaders, it has effectively addressed the need to build the capability of Orica's frontline leaders to support a high-performance culture.

Orica had hoped to receive a positive return for its financial investment in the training and had

expected the training to yield a positive return in human capital, given that employee performance is directly related to organisational success. Estimates of ROI for the IM: EX Program demonstrate that the training did yield positive financial results by building strong leadership capabilities related to coaching, developing for results, and driving performance. By providing continual reinforcement, offering internal follow-up, and ensuring accountability for its leaders' use of appropriate behaviours, Orica can be optimistic about continuing to find positive results in the future.

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