



RESEARCH RESULTS—CLIENT

LEADERSHIP DEVELOPMENT

RESEARCH RESULTS BY:

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REALIZATION RESULTS:

Participants found the training to be valuable and applicable to their jobs.

The overall number of leaders displaying positive leadership behaviors improved 37%.

Participants reported an 11-percentage-point improvement in their job performance after the FOS.

The FOS led to major improvements, even for those who did not attend the training.

Estimates of human capital ROI indicate a 263% return and a benefit of about \$5,236 per leader.

INDUSTRY

Construction and Mining

DDI PRODUCT USED

Interaction Management®: Exceptional Leaders . . . Extraordinary Results® (IM: EX®)

BUSINESS NEED

Founded in Milwaukee, P&H Mining Equipment is a global leader in the manufacture and service of pace-setting, large excavating and drilling machines used to mine copper, silver, gold, diamonds, and other minerals and bedded materials. Almost all (90 percent) of the world's surface mines use P&H equipment.

P&H products have been known for their reliability and durability for well over a century, and the company has long been recognized for its outstanding service support. To continue to be a preferred partner in the industry, P&H was looking to develop its leaders for the dynamic demands of its business. In teaming with Development Dimensions International (DDI) in 2006, the company launched an organizational development process designed to meet the need for its leaders to become more effective in the marketplace.

SOLUTION

DDI worked with P&H to customize the Foundations of Supervision (FOS) development series, which focuses on

providing its leaders an opportunity to develop the skills that would have the most direct impact on their performance and their direct reports. The series was developed in part from DDI's Interaction Management®: Exceptional Leaders . . . Extraordinary Results® program, including the following customized DDI courses as the core curriculum:

- > Essentials of Leadership
- > Making Sense of Business: A Simulation®
- > Rapid Decision Making
- > Resolving Conflict
- > Performance Planning and Review (from DDI's Setting Performance Expectations and Reviewing Performance Progress)
- > Moving Forward as a Leader (adapted from DDI's Getting Started as a New Leader)

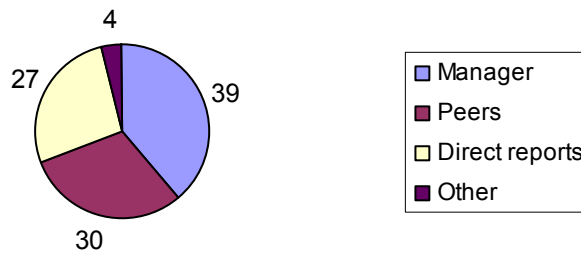
RESEARCH DESIGN

To gauge the training's effectiveness, 132 participants and 269 observers (which included the participants' managers, peers, and direct reports) from across six global regions (i.e., Australia, Brazil, Chile, Milwaukee, North America/Canada, and South Africa) participated in an online survey 3 to 18 months after the trainees attended the program. The survey focused primarily on the difference in the participants' leadership behaviors after attending FOS. Rated behaviors were tied specifically to the courses. Survey respondents were asked to rate the extent to which each trainee displayed these desired leadership behaviors both before and after attending. The survey also gathered their perspectives on the impact of FOS on their work environment and other organizational outcomes.

The majority of FOS participants and their observers who participated in this survey have worked at P&H for more than six years and in their positions for more than three years. Overall, 39 percent of the observers were the

managers of the participants, 30 percent were their peers, and 27 percent were their direct reports. **Figure 1** presents the relationships of the participating observers to the FOS participants.

Figure 1: Relationship of Observers to Trainees



It is important to note that any regional data presented in this report is subject to further evaluation, as the sample sizes of the various regions differ significantly. In fact, South Africa’s results will be reported only in the overall averages and not as a separate region because only 16 participants and 12 observers represented the entire region in this study. This sampling is significantly small, and their results are likely to be biased and unrepresentative. Brazil and North America are other examples of lower sample sizes where results may require further interpretation. For the majority of this report, results will be presented at the organization-aggregate level unless otherwise specified.

Changes in Behaviors

For the purposes of this study, behavior improvement is an increase in the percentage of participants who frequently display positive leadership behaviors now compared to the number that had displayed those behaviors before attending FOS. The focus of this report is on participants who reported that they were displaying each behavior either often or almost always. For example, a 39 percent noted improvement in Performance Planning and Review would mean that the number of participants who effectively manage their performance often or almost always after attending FOS increased by 39 percent.

Results

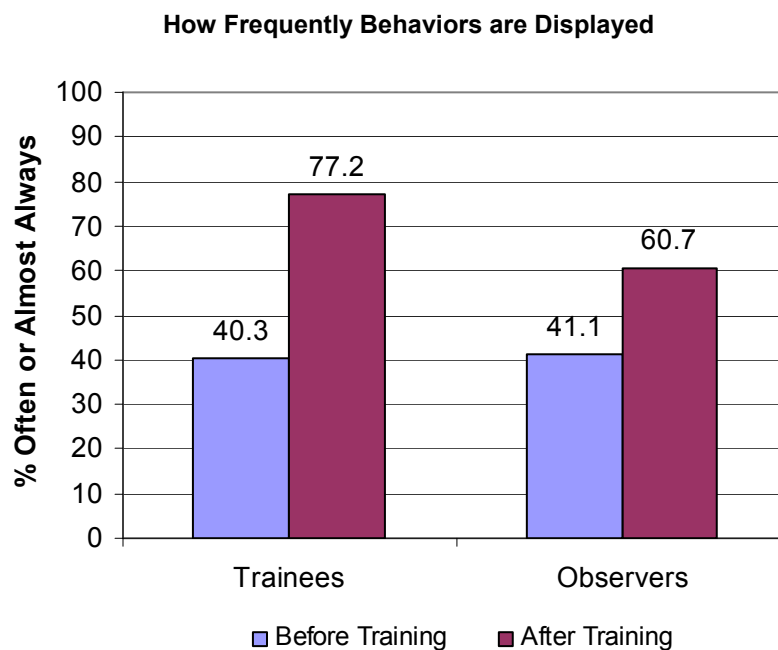
Participants found the training to be valuable and applicable to their jobs.

Almost all (96 percent) of the FOS participants agreed that the skills and concepts addressed in the program are important for their jobs. In fact, these leaders reported that FOS covered approximately three-fourths (73 percent) of their total job skill set. Furthermore, 93 percent of them reported having increased confidence in applying their new skills and a strong motivation to apply them.

Following FOS, the overall number of leaders displaying positive leadership behaviors improved 37 percent.

Only 40 percent of the participants reported that, before the training, they had displayed positive leadership behaviors associated with the FOS curriculum often or almost always; after FOS, this number increased to 77 percent—a 37 percent improvement. Observers of the participants reported a 20 percent improvement (see **Figure 2**). Typically, higher ratings of improvement from participants are more common than from their observers because the latter have only a limited number of opportunities to view participants' behaviors and can report only their partial perspectives.

Figure 2: Overall Behavior Improvements of FOS Participants (Across All Regions)



Results by FOS Course

Overall, the Essentials of Leadership course received the highest reports by participants of producing behavior improvements; whereas, the

observers gave the Moving Forward as a Leader course the highest ratings of participant improvement. (See **Table 1** for the ratings of all the FOS courses.)

Table 1: Overall Reported Percentage Increases in Desirable Leader Behaviors by Course

| Participants | Observers | Course |
|--------------|------------|--|
| 42% | 20% | Essentials of Leadership |
| 40% | 22% | Moving Forward as a Leader |
| 39% | 20% | Performance Planning and Review |
| 35% | 17% | Making Sense of Business: A Simulation |
| 32% | 20% | Resolving Conflict |
| 26% | 18% | Rapid Decision Making |
| 36% | 20% | Average |

In the foundational FOS course Essentials of Leadership, participants discovered how to achieve results through people. They learned a set of essential skills to meet both practical business needs and people’s personal needs. For instance, one area in which leaders showed marked improvement after the training was in maintaining and enhancing others’ self-esteem. Participants reported a 43 percent improvement in this skill; their observers, 23 percent. Similarly, leaders also got better at asking others for help and encouraging their involvement (43 percent increase reported by participants; 21 percent increase by observers).

The Resolving Conflict course taught participants how to recognize conflict and minimize its damage. After FOS, a little over a third more participants (i.e., 37 percent) reported being better at bringing people together to solve their conflicts. Quite a few more observers (21 percent) noticed

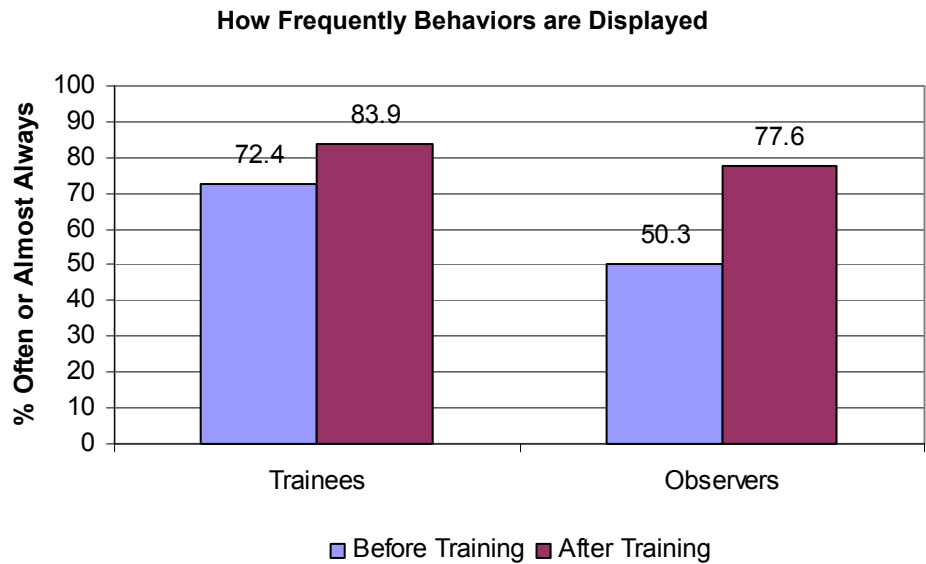
participants’ helping others explore the reasons for their conflicts more often after FOS.

In addition to resolving conflict, leading effective performance is a crucial skill for P&H’s business. The Performance Planning and Review course, which was adapted from DDI materials, showed participant leaders how to drive people’s performance and accountability by helping them understand what was expected of them. Results showed a 43 percent improvement in the number of participants’ establishing clearer expectations regarding others’ performance. Moreover, observers reported a 27 percent improvement in FOS participants’ working with others to determine how they should focus their efforts to reach performance goals. A particularly interesting finding was in the Brazil region, where observers reported more participants leading effective performance than trainees themselves.

Regarding the Moving Forward as a Leader course, participants and observers reported a 41 percent improvement in the number of participants responding receptively to feedback in addition to their developing clearer

expectations and more focused efforts. Observers in Milwaukee, in particular, reported more than twice the amount of improvement in this course area compared to the trainees (see **Figure 3**).

Figure 3: Moving Forward as a Leader Course—Milwaukee Results



By including the previously described courses in the FOS, P&H has demonstrated the importance it puts on developing its workforce; including the next course described—Making Sense of Business—shows how its leaders’ being equipped with business awareness is paramount to sustaining its success.

Making Sense of Business: A Simulation focuses on increasing leaders’ awareness of business objectives and outcomes. After the training, the number of participants displaying an awareness of how profit drives business decisions increased by 40 percent. Also, observers reported a 22 percent improvement in participants’ awareness of how safety and quality can enhance the success of the business.

The Rapid Decision Making course was aimed at helping participants make quality decisions in a fast-paced environment. As a result of this course, they showed marked improvement (i.e., 33 percent) in effectively handling rushed decisions in their organization.

Figures 4 and 5 present the regional differences in these reported behavior improvements. Specifically, Figure 4 shows observers' reports of behavior improvements

by region; Figure 5 displays the participants' self-reports. On average, the participants in Chile reported the highest behavior improvements. This is particularly significant because that region also had the largest number of trainees' completing the survey, which inspires high confidence in that region's results. Participants and observers in Australia and Brazil also reported high behavior improvements in FOS participants.

Note: In Figures 4 and 5, the following abbreviations are used for the FOS courses: EoL = Essentials of Leadership, MSB = Making Sense of Business, RDM = Rapid Decision Making, RC = Resolving Conflict, PPR = Performance Planning and Review, MFL = Moving Forward as a Leader.

Figure 4: Percentage of Behavior Improvements Reported by Observers by Region

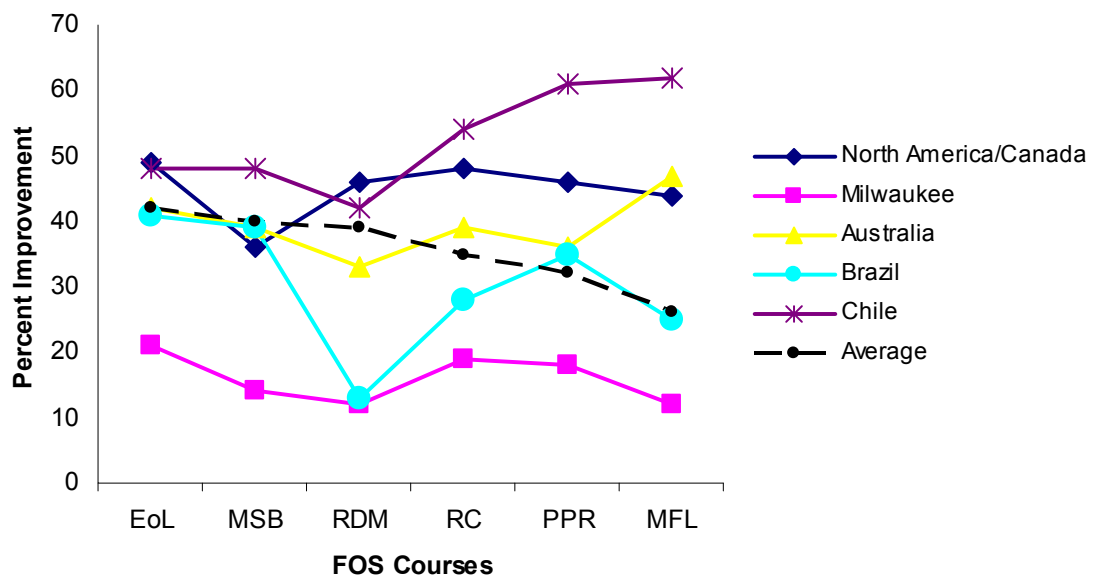
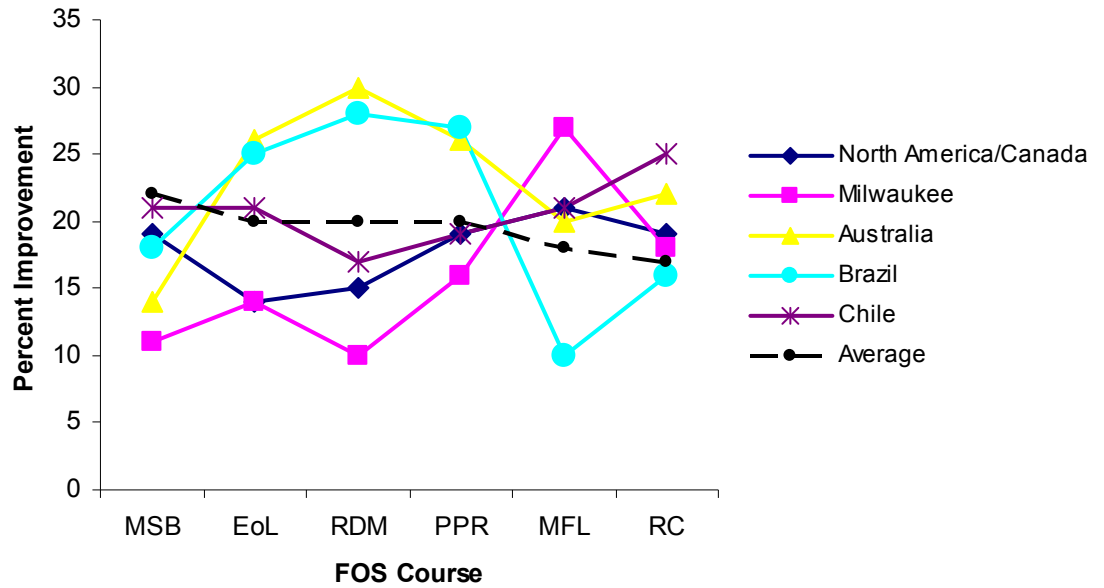


Figure 5: Percentage of Behavior Improvements Reported by Trainees by Region



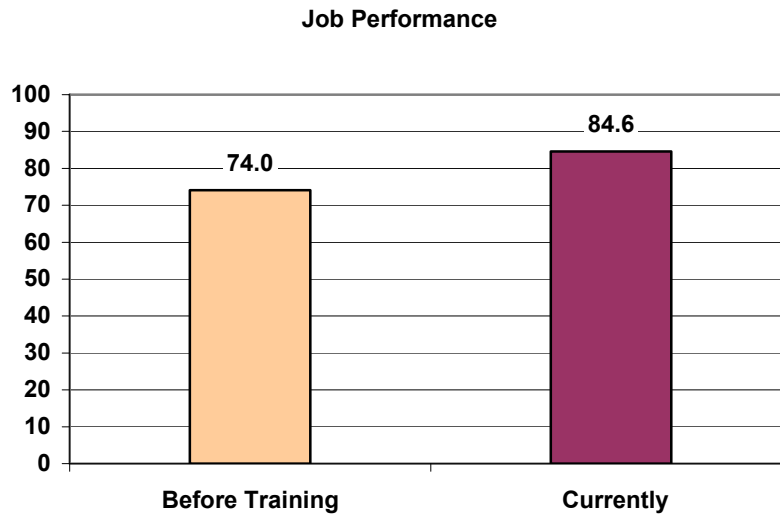
Overall Impact of FOS

Participants reported an 11-percentage-point improvement in their job performance after the FOS.

To get a measure of the overall impact of FOS, participants were asked to rate their job performance both currently and before they

attended their FOS training. They reported an outstanding 11-percentage-point improvement (see **Figure 6**), 58 percent of which they directly attributed to the development series, resulting in a 6.4 percent net improvement in job performance caused by FOS (58 percent of 11 percent = 6.4 percent).

Figure 6: FOS' Impact on Participants' Job Performance

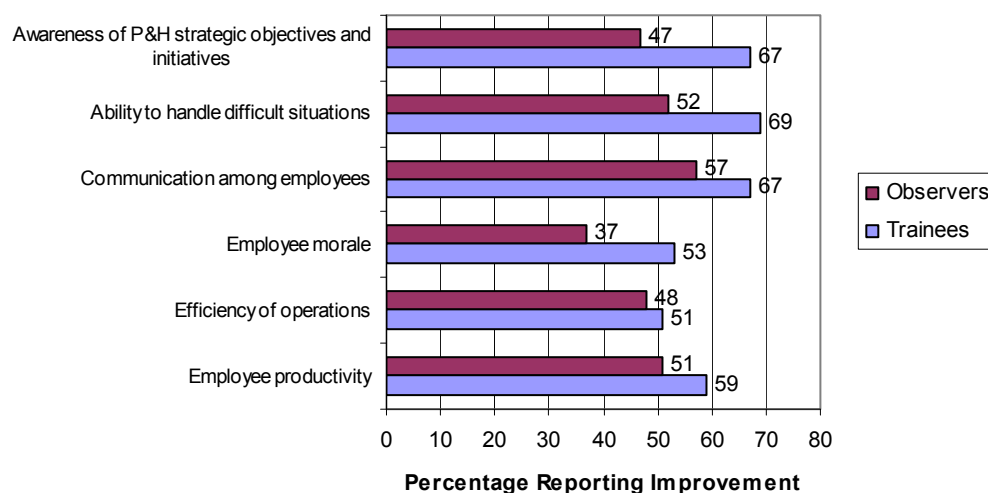


The FOS led to major improvements, even for those who did not attend the training.

FOS training improved not only participants’ job performance, but also that of their observers, who reported a 13.8 net improvement in their own personal productivity due to the series. Almost half of the observers (i.e., 45 percent) also reported an increase in their loyalty to P&H because of the positive behaviors they witnessed in the FOS participants.

When asked about changes in their work environment, 69 percent of the participants and 52 percent of their observers noticed improvements in their work group’s ability to handle difficult situations. Close to three-fourths of the participants (i.e., 74 percent) reported that this progress was a result of FOS. Almost 70 percent of the participants and 60 percent of their observers also reported improvements in their work group’s communication among employees. See **Figure 7** for more results.

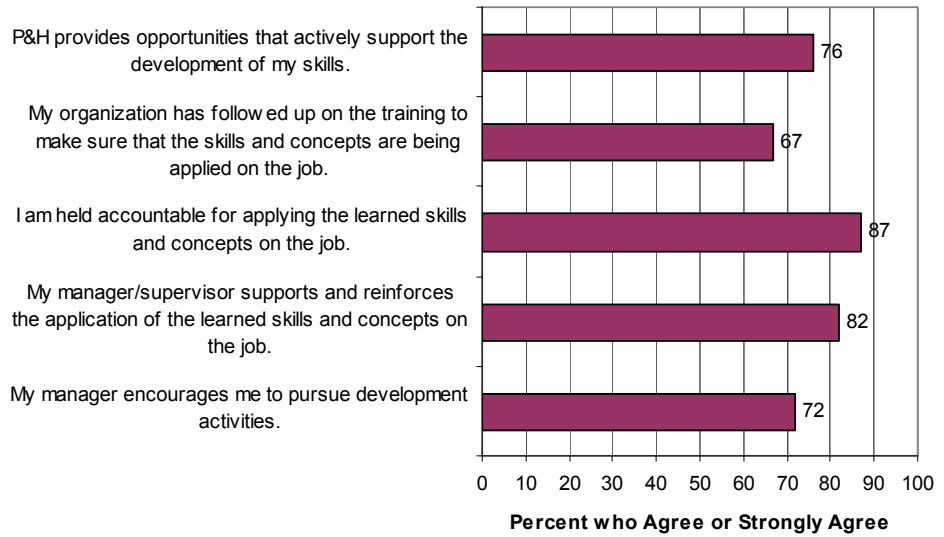
Figure 7: Improvements at P&H Since the FOS Implementation



Training is not a self-contained effort. To ensure participants’ skill application, the work environment needs to support and encourage them to implement what they have learned. Otherwise, all training efforts, including time and money, will be for naught. Many of the FOS participants felt that their managers do encourage them to pursue development activities (72 percent) and that P&H does

provide opportunities to actively support their development (76 percent). When the FOS participants were asked about their work environment at P&H, a majority (87 percent) shared that they were clearly held accountable for what they had learned in the FOS series by their managers and the organization. See **Figure 8** for other measures of accountability.

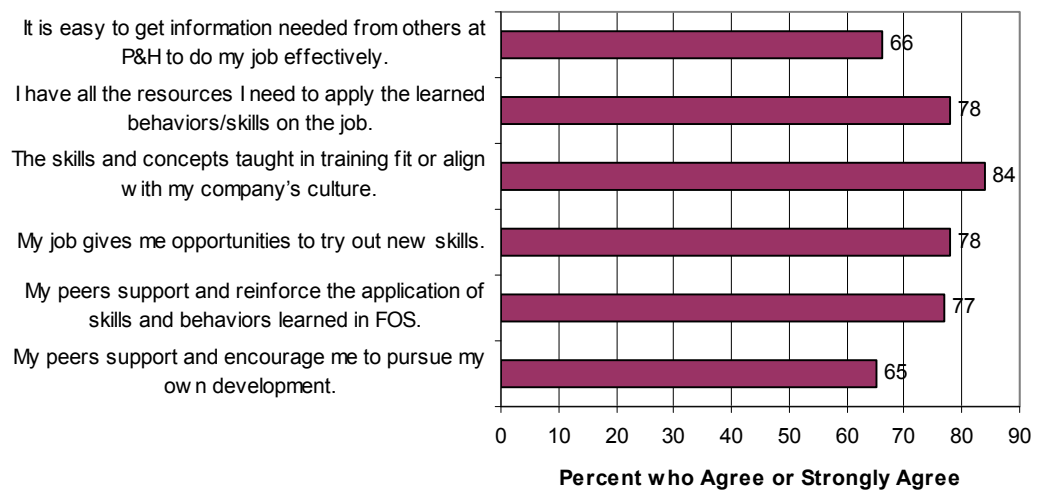
Figure 8: Accountability of FOS Participants



A support system for trainees also is important to ensure they are equipped with the resources and assistance they need to transfer their learning back to the workplace. Many participants (i.e., 78 percent) agreed or strongly agreed that their jobs gave them opportunities to try out new skills. And most of the

participants (84 percent) agreed that the FOS development series aligns with the organizational culture at P&H. If it did not align, the behavior improvements noted in this report likely would not have occurred. See **Figure 9** for other indicators of organizational support.

Figure 9: Support for FOS Participants



Return on Investment (ROI)

Estimates of human capital ROI indicate a 263 percent return and a benefit of about \$5,236 per leader.

Calculating a return on investment 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 then compared with costs. Participants who improve their behaviors in critical skill areas become more valuable to the organization (i.e., they are an improvement in human capital). One way to determine the value of an employee is to use the person's overall salary—that is, the employee should return to the organization a level of value in proportion to what he or she is paid.

The behavior change ratings of the P&H observers were converted into dollar values based on participants' salaries. Then, series costs were subtracted and a percentage return on investment was computed:

Total Return (per participant based on behavior change and salary): \$5,236

Fully Loaded Costs (per participant): \$1,444

This calculation yielded an ROI of **263 percent**, or a \$2.63 return for each dollar invested in the series. It is important to note that these calculations describe a “human

capital ROI,” meaning that the participants have become more valuable assets for P&H and, thus, are more capable to make stronger contributions. P&H should take advantage of this added value and leverage its human capital improvement to help achieve the organization's strategic business goals.

CONCLUSIONS

The FOS development series proved to have a significant, successful impact on P&H across the globe. Managers and coworkers from six P&H regions reported a 20 percent improvement in the frequency of positive behaviors in FOS participants; the participants themselves reported almost twice that amount. Participants and observers noticed the most gains from the series in terms of achieving results through establishing good interpersonal relationships, planning and reviewing performance, and getting results quickly. Observers also noted marked improvements in participants' ability to resolve conflict. Overall, FOS significantly improved trainees' job performance, their ability to handle difficult situations, and their communication with other employees. The series also had a positive impact on employees' productivity and awareness of P&H's strategic objectives. Ultimately, after attending FOS, the participants grew in their confidence to lead and manage others and were able to take their new skills back to their jobs, as the following comments reflect.

Participant Comments—Examples of Change

- > *“I have always done my job very well on the technical side of things. In the past I was never concerned with the development of others—they were just people who reported to me on a professional level. With the FOS training I have seen the importance of growing my workforce.”*
- > *“I have talked through performance objectives with two of my reports. [We] changed very vague and uninteresting goals to something they were actually interested in doing.”*
- > *“I've developed more confidence in my supervisory role. The FOS training reinforced some of my skills, allowing me to make decisions without second-guessing the outcomes.”*

Observers also noticed and reaped the benefits of the FOS. A balanced mixture of managers, peers, and direct reports of the FOS participants reported a significant improvement in them. These observers also reported a significant positive impact from the FOS program on their own productivity and loyalty to the organization. Ultimately, the

development series not only gave participants tools and skills to better manage their jobs, but it also provided their coworkers with confidence and a better work environment to promote their productivity and commitment to P&H. Some observers' testimonials of behavior change follow.

Observer Comments—Examples of Change

- > *"I feel comfortable talking to [this leader] about work-related matters and often ask for his advice. Before FOS, I never felt comfortable asking for advice. I think his attitude has changed since he's attended, and he's more approachable."*
- > *"He has made noticeable strides in tackling recent problems and issues affecting scheduling and performance."*
- > *"[This leader] was an excellent supervisor prior to FOS, but it has helped him focus on core corporate objectives, and he also has a more analytical [view] of our initiatives."*

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In the end, P&H was able to realize its goals of developing a consistent, value-based approach for training its leaders that can improve accountability, performance, communication, and trust for all its employees. The organization has made significant strides in improving its leaders' abilities to do their jobs and in supporting their long-term development. The internal support and accountability systems

in place at P&H ensure that participants in this series and their coworkers will experience real benefits and improvements on the job. In fact, results pointed to a \$2.63 return for every dollar P&H has invested in its leaders for this development program. The FOS series proved that P&H values its leaders, and its efforts have already realized great results.