

March, 2010

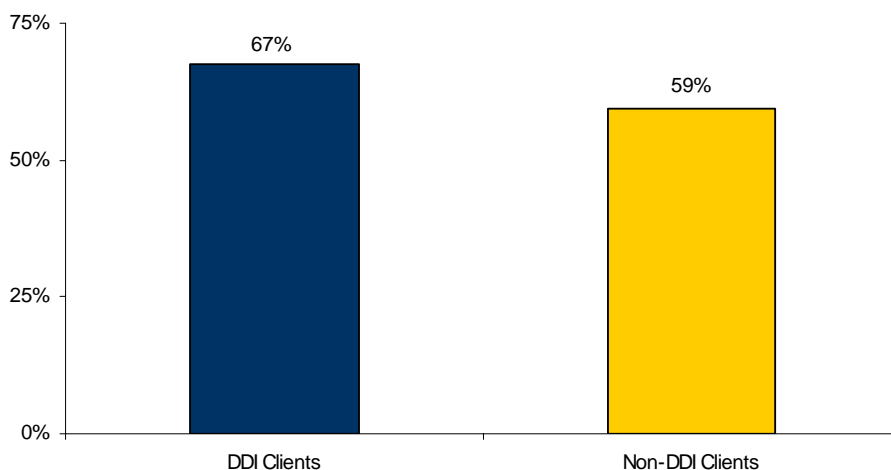
DDI: Helping Organizations Arm Front-line and Mid-level Management Talent

Developing management talent is a top priority for organizations today because an increasing number of organizations are realizing the impact that front-line and mid-level leaders have on their business. They are responsible for executing organizational strategy, coaching and developing their team members, and can have the greatest level of impact on how the organization delivers results for its customers. However, despite the important role they play, they are often neglected when it comes to learning and development efforts. Research conducted by Aberdeen in September and October 2009 on *Learning and Development for Front-line and Mid-level Managers* uncovered key strategies, learning delivery methods, and critical content areas utilized by top-performing organizations for the development of front-line and mid-level managers. In that study, 268 companies with formal Learning and Development (L&D) programs for front-line and/or mid-level managers were surveyed, 33 of which utilized DDI for learning and development products and services.

Managers Driving Performance

When it comes down to it, any learning and development effort aimed at managers has one goal—to improve the performance of those managers. And data collected by Aberdeen shows that DDI clients are 14% more likely than all other companies to do just that (Figure 1). And in a large organization with hundreds of leaders, the difference between exceptional and average or poor performance can translate into millions of dollars.

Figure 1: Managers who Meet or Exceed Performance Goals



Source: Aberdeen Group, November 2009

Research Brief

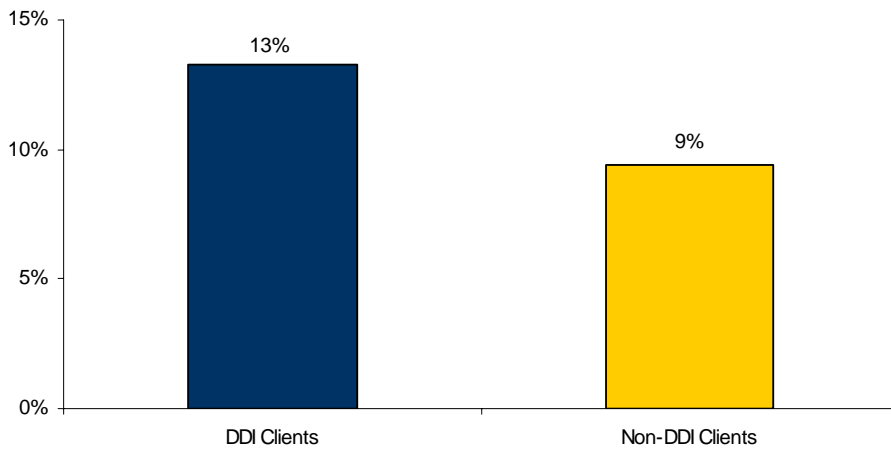
Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Fast Fact

- ✓ **74%** of Best-in-Class organizations expect their time and effort spent on learning and development to increase in the coming year
- ✓ **53%** indicate that budget for learning and development will increase as well

In addition to improving individual manager performance, DDI clients are also improving their customer experience, by ensuring that organizational leaders have the skills and knowledge needed to build a customer-focused culture (Figure 2).

Figure 2: Year-over-year Improvement in Customer Satisfaction



Source: Aberdeen Group, November 2009

Budgets Increase Post-Recession

In the past, this front-line and mid-level leader has often been left behind in the gap between skill training for individual contributors and executive leadership development programs. All of these types of learning are important, but given their impact to the company, it's not surprising to see that an increasing number of organizations plan to invest more in this crucial group of front-line and mid-level managers in the coming year. In this study, 74% of top-performing companies indicate they expect their time and effort spent on learning and development activities to increase in the coming year, and 53% expect their budget for learning and development to increase as well.

This research brief will look at how organizations are achieving these business results, and what businesses can do to move the bar on manager performance within their own company.

The Pressure to Perform

Organizations are facing a myriad of external pressures—all driven by the needs and realities of the business landscape. The current state of the economy is placing increased pressure on companies and managers to deliver performance, and in order to adapt and survive, organizations are finding themselves changing strategies, products and tactics. And all of these changes must be managed and led by front-line and mid-level leaders who may or may not have the skills to do so successfully. And in spite of a flooded job market and delayed retirements due to the economic crisis, over a third of companies remained concerned about the gaps that will be created by retiring managers (Figure 3).

Definition

For the purposes of this study, front-line and mid-level managers were defined as follows:

- ✓ **Front-line Managers** are those individuals responsible for supervising one or more individual contributors (non-supervisory) who are responsible for producing goods or services
- ✓ **Mid-level Managers** are those individuals responsible for supervising other front-line managers and / or functional or divisional areas

Best-in-Class Criteria

The following key performance indicators were used to determine Best-in-Class, with top performers achieving impressive results:

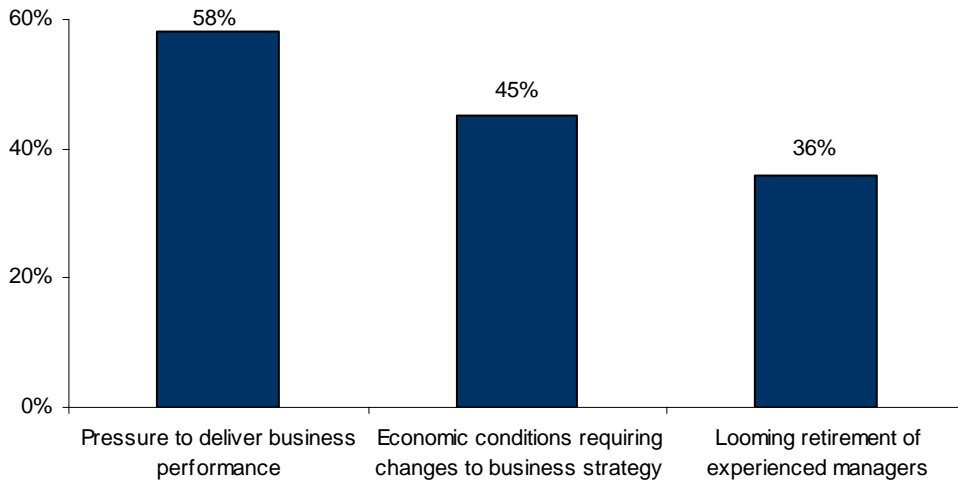
- ✓ 35% year-over-year improvement in manager performance ratings
- ✓ 27% year-over-year improvement in key employee turnover
- ✓ 69% of employees rate themselves as “highly engaged”

Best-in-Class: top 20% of aggregate performance scorers

Industry Average: middle 50% of aggregate performance scorers

Laggards: bottom 30% of aggregate performance scorers

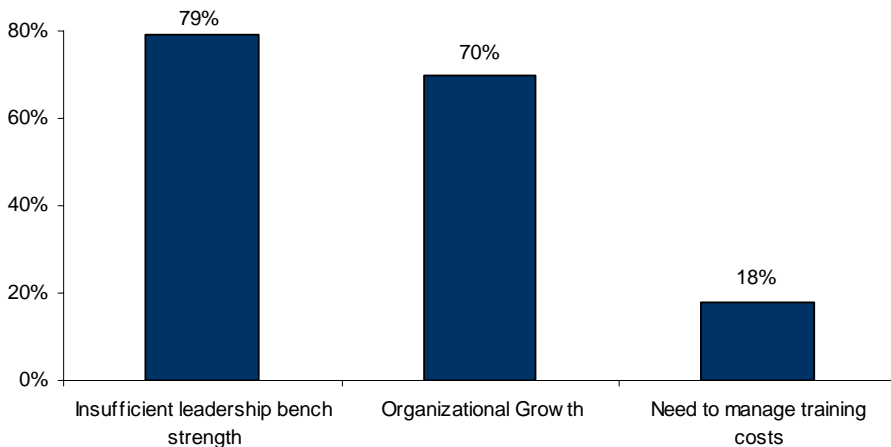
Figure 3: Top External Pressures Driving L&D Efforts for DDI Clients



Source: Aberdeen Group, November 2009

And in addition to these external pressures, organizations are facing a number of very real internal challenges, including the need to grow future leaders from within and retain key talent. These internal challenges are very much connected to the external pressures, including the shortage of experienced managers in the marketplace that is looming for all companies (Figure 4).

Figure 4: Top Internal Challenges Driving L&D Efforts for DDI Clients



Source: Aberdeen Group, November 2009

While Figure 3 and Figure 4 above reflect the top concerns of DDI clients, these same issues were found to be the top concerns of the wider sample

Fast Facts

When asked to rank the areas of greatest concern regarding leadership issues (on a scale of 1 to 5 where 1 = not concerned and 5 = most concerning) DDI Customers cited the following issues:

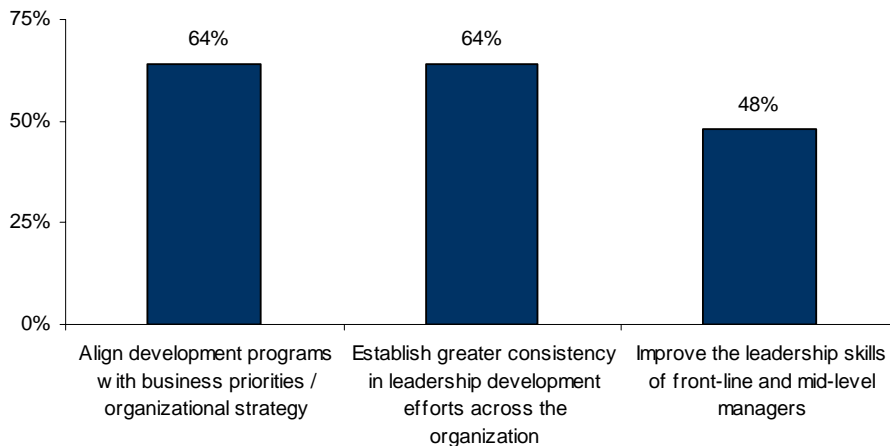
- √ **3.58** - Need to capture knowledge and organizational insight from leaders before they leave the organization
- √ **3.30** - Younger, high-potential future leaders leaving the organization for opportunities to advance more quickly
- √ **3.27** - Fewer experienced leaders available in the marketplace requiring the organization to grow more leaders internally

as well. While the challenges are universal, the actions undertaken by organizations achieving higher levels of manager performance are not.

What DDI's Clients are Doing Differently

DDI's clients indicated that their top two strategies are alignment and consistency (Figure 5). Ensuring a tighter connection between leadership development efforts and business drivers is becoming a key factor in both training effectiveness and the ability to justify training spend. And, consistency around the rollout of development programs is desired by many organizations to help create and support a strong leadership development brand.

Figure 5: Top Strategies in Place for DDI Clients

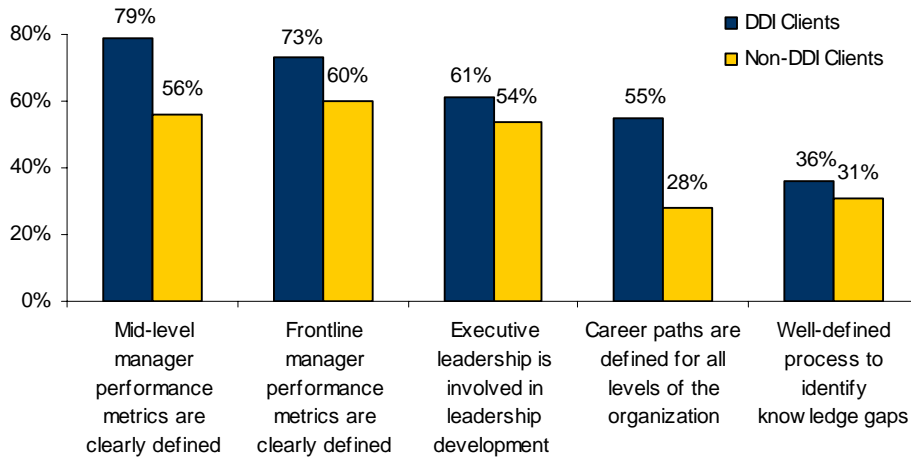


Source: Aberdeen Group, November 2009

In order to execute on these strategies, DDI's clients also have a variety of unique capabilities in place that support them (Figure 6). DDI clients are 41% and 22% more likely than non-DDI clients to define metrics to understand what top manager performance looks like for mid-level and front-line managers, respectively. Given the stronger performance seen among DDI clients in manager performance, this capability makes a lot of sense. By defining clearly up front what is expected of their managers, it makes it easier for both the individual and the organization to assess performance and know where to focus for development.

And DDI clients are nearly twice as likely to define career paths throughout the organization. This is a critical capability to address the retention and bench-strength concerns identified as key challenges for organizations today. By creating a clear path to move individuals through the talent pipeline, and support their development as leaders, organizations can better manage their leadership bench and ensure that high-potential future leaders can see the path ahead for them.

Figure 6: Capabilities Currently in Place



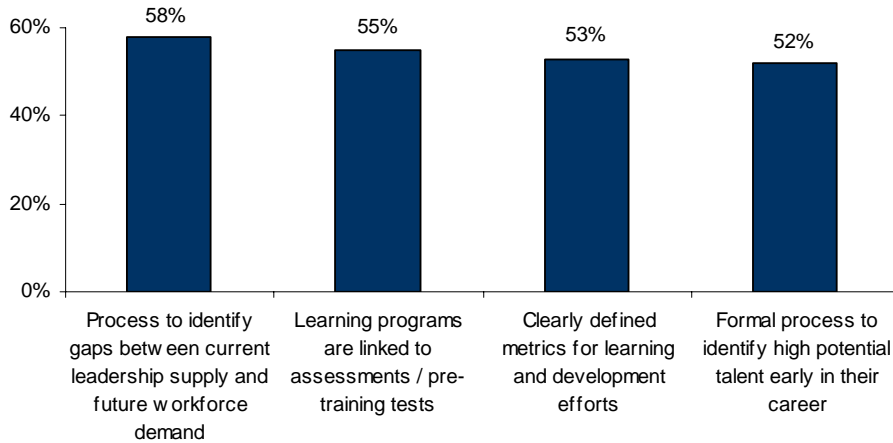
Source: Aberdeen Group, November 2009

Executive involvement is also critical to achieving organizational success with manager learning and development programs. This involvement was found to be one of the most differentiating capabilities for Best-in-Class organizations. Best-in-Class companies are 25% more likely than Industry Average, and over 2.5-times more likely than Laggards to involve executives in the development of front-line and mid-level managers. This buy-in is very important for building engagement among this key managerial group. Just as individual contributors look for feedback from their direct managers, these managers want to know that the executives above them are invested in their performance and development as well. And having a senior executive take time out of their schedule to participate in learning and development events for managers makes a statement to the whole organization regarding the importance of these efforts.

Looking Ahead

Figure 7 looks ahead to understand what capabilities DDI clients indicate they will be implementing in the future to keep up with changing leader development needs. These include a more strategic approach to building bench strength by looking more critically at the gaps between business supply and demand, and finding new ways to develop talent to fill those gaps by identifying high-potential talent early in their career. DDI clients are also looking to link testing and assessments to their learning programs to ensure that the right individuals get the right training, and defining metrics to monitor all of these efforts rounds out the list. Metrics—particularly metrics that help communicate learning success to the business—are critical to ensure ongoing successes.

Figure 7: Planned Capabilities for DDI Clients

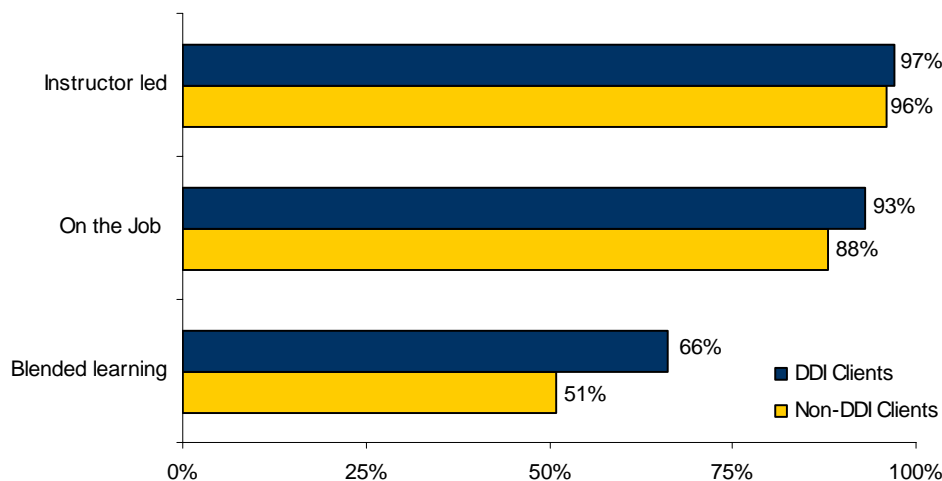


Source: Aberdeen Group, November 2009

Finding the Right Mix

When looking at the most influential ways of delivering learning for managers, DDI clients are doing a better job of extending training beyond the classroom, using a blend of formal and informal, in-person and technology enabled synchronous and asynchronous delivery methods (Figure 8).

Figure 8: Learning Delivery Methods Utilized by DDI Clients



Source: Aberdeen Group, November 2009

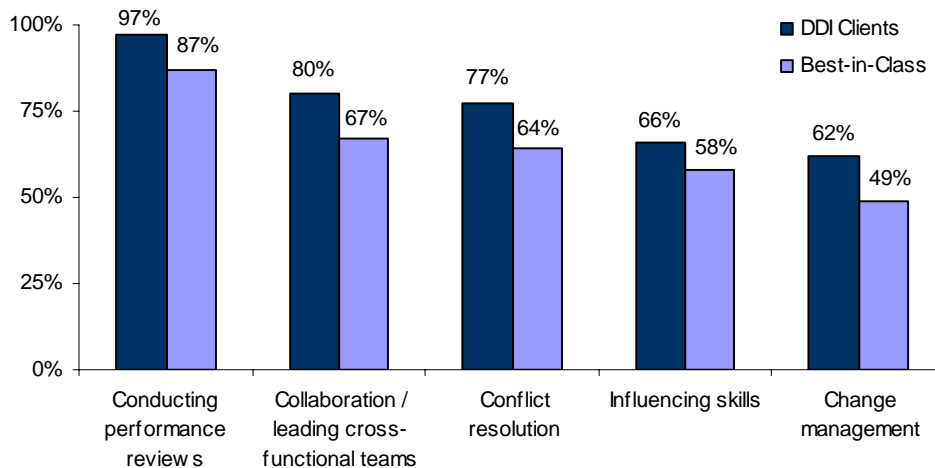
Success with blended learning is important, as it is an area of projected growth among all organizations, particularly Best-in-Class companies. Currently, 66% of Best-in-Class organizations are using blended learning for mid-level managers, and 51% are using it for front-line managers.

Organizations plan to grow usage in the coming years (21% cite plans to use it for mid-level managers, 29% for front-line), and those currently using it find it to be very effective. While approximately 90% of Best-in-Class organizations find instructor-led training to be effective for front-line and mid-level populations (92% and 88% respectively), those using blended learning find it to be nearly as effective (91% and 86% respectively). Finding ways to save time and money using a blended approach is a positive step that even Best-in-Class organizations can take to move learning and development efforts forward.

The Right Context

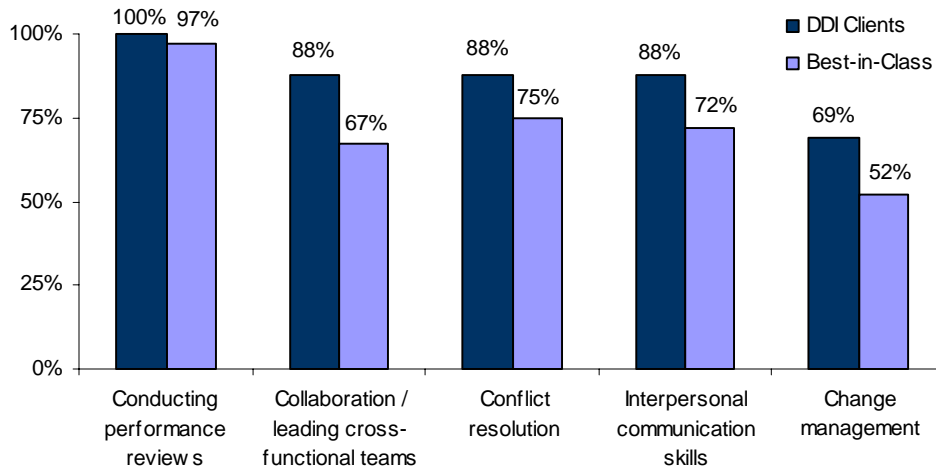
Not only is it important to have the right mix of learning delivery methodologies, but it's also important to have the right mix of skills to address the needs of these specific managerial populations. Figure 9 and Figure 10 illustrate some of the most commonly covered topic areas in the curriculum for front-line and mid-level managers for DDI clients and Best-in-Class organizations. In every case, DDI clients are more likely to be addressing the above areas as part of their curriculum.

Figure 9: Skill Areas for Front-Line Managers



Source: Aberdeen Group, November 2009

Figure 10: Skill Areas for Mid-Level Managers



Source: Aberdeen Group, November 2009

The topics that are resonating for both manager groups reflect again the idea of giving managers the skills to develop others and pay it forward, helping managers take on their role as talent leaders. This kind of continual feedback from managers is one of the key drivers of engagement, which is important because employee engagement was ranked as one of the key ways that end users say they are measuring the impact of manager development efforts (see sidebar).

Measuring Success

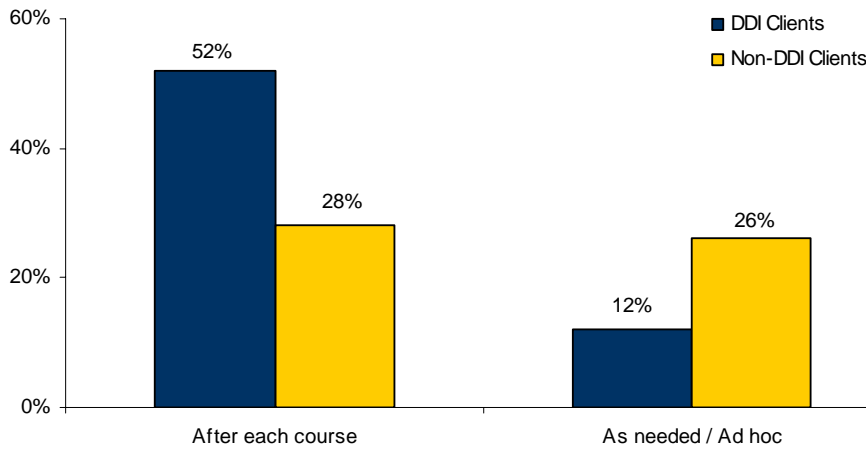
Managing the performance of learning and development efforts is critical for learning and development leaders, as scrutiny increases on all activities to ensure that they are supporting organizational performance goals. Organizations are looking to quantify the impact of all learning interventions, and Aberdeen research showed that DDI clients evaluate the effectiveness of their L&D efforts far more frequently than all other organizations (Figure 11).

Fast Facts

When asked to rank the most important metrics used to measure L&D efforts for managers, the top three were:

- ✓ Management business objectives achieved
- ✓ Retention of key / management talent
- ✓ Employee engagement

Figure 11: Frequency of Measurement



Source: Aberdeen Group, November 2009

In addition, DDI clients are more focused on business-aligned metrics, with 33% of them measuring the business impact of learning programs (Kirkpatrick's Level 4) and / or the ROI of training spend (Philips' Level 5), compared to 23% of non-DDI clients.

Case in Point

Total System Services, Inc. (TSYS) is a leading electronic payment services provider, headquartered in Columbus, Ga. with offices in 20 countries and operations in more than 75 countries. TSYS began in 1974 as a manual payment processing service group within Columbus Bank and Trust Company, now owned by Synovus Financial Corp. In 1983, TSYS became a separate publicly-traded company, and on December 31, 2007, it became an independent company after Synovus relinquished its ownership in TSYS in a spin-off transaction. While under the umbrella of its former parent company, TSYS' leadership development programs were provided by and aligned with the leadership model that was in place for all of Synovus. But following the spin-off, TSYS had a chance to build a new learning and leadership program from the ground up. "We saw that we had a unique opportunity to step out from the programs we'd been using before and create one that would develop the leadership skills and capabilities needed to move us into the future as a global company," said Shannon Gill, Director, Learning and Development at TSYS.

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The team began by questioning everything they had done in the past, and placed a focus on aligning leaders to execute forward-looking strategies and business results for any programs they would put in place. Through research into best practices and conversations with their executives, they landed on an approach that was far more targeted than their previous program. The old program was "one size fits all," while the new approach encompassed identifying gaps, and then providing resources at the right level to meet the needs of each individual or group within the organization.

The Leadership Development program, part of the newly established TSYS University, has two components. First, the Three-day Leadership Experience provides a broad view of what is needed for leaders to align and execute on strategy at their level. The second part of the program provides a set of defined topics through which leaders can “go deep” into a specific area they need to work on. For example, a business skill like financial management is important at all levels; however, a front-line manager may need an e-Learning course on budgeting, while more senior leaders may need different skills to address managing their P&L through a merger. Each leader level would use different learning solutions and potentially different resources for developing these knowledge gaps.

The team also questioned how learning would be delivered, thinking about learning solutions instead of simple courses. For each of the four levels for every topic, there is a curriculum that could include elements such as an e-Learning module, a book assignment along with a book club, articles, classes, quick reference guides or experience learning – similar to mentorship or job rotation group. A focus on developing skills is looked at more broadly than just a class experience.

In the nearly two years since the program design phase began, TSYS has put many of the foundations in place with core topics such as leading teams, developing others, HR Fundamentals and managing change, all of which are part of the component they call “perfecting leadership basics.” The next phase will focus on how to manage innovation, higher-level business skills, such as managing P&L, and strategic thinking — skills that allow leaders to expand and invest in their business. This approach is highly aligned to the organization’s business strategy, which is all about perfecting the basics, expanding internationally and investing strategically. In addition, TSYS has rolled out the Leadership Experience Three-day Program to their top 50+ executives with great feedback and success, and will continue to cascade this program down over the next several years.

Because the company’s approach to teaching and developing managers and leaders is so tied to its business strategy, the support and involvement of top executives has been crucial. The TSYS executive team has made learning a priority, and even in the current economy ensured that no cuts were made to their learning programs this past year. The programs are seen as the foundation for the organization’s ability to develop a leadership pipeline and to align leaders on strategy. Executives have also been involved in the development of core pieces of curriculum, particularly those that focus on organizational core values. And even when leaders can’t be there in person to kick off courses, they make good use of videos to help members of the organization get to know the executive team and feel their presence in the learning programs. In addition, key executives helped to pilot new courses and provide feedback on what does and does not work in terms of messaging and tools.

The impact on the organization, while in the early stages, is showing great promise. In addition to the usual metrics on attendance and learner

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experience at course, TSYS really looks to client and team member surveys to understand the impact of their programs for their managers and leaders. The questions include how they are communicating with customers, if they are meeting their service-level agreements and if they are being collaborative with customers, among other topics. “Our customers are the most important part of our business. So if we’re doing something that doesn’t have an impact on the customer experience to move our business needle forward, we shouldn’t be doing it,” said Gill. The team also looks at team survey questions on how employees feel about their manager, if they trust their manager and if they feel their manager has time for them.

While it is still too early to draw strong correlations between TSYS’ new learning programs and all of the surveys, early results have been promising. In their last team survey, as parts of the manager program were just beginning and several of the broader workforce-level behavioral classes were well under way, there was a seven-point increase in score on the question “I feel I am being developed.” This positive sign, along with other evidence of a more engaged and skilled management population, is showing the impact of a learning program that is forward-looking and business-focused.

Recommended Actions / Next Steps / Key Insights

While every organization must ensure that their learning programs for managers, or any other employee population, are linked to their unique business challenges, all organizations can benefit by implementing some critical steps to success.

- **Build alignment and consistency.** Organizations are achieving success in part by ensuring that their learning programs are aligned with the needs of the business and are consistently delivered and measured. Solutions and practices that help ensure a consistent experience for the managers, and deliver consistent results to the organization can be a distinct competitive advantage.
- **Explore blended learning approaches to augment classroom-based instruction.** Blended learning, an approach that combines real-time, instructor-led learning with both synchronous and asynchronous e-learning has been growing in popularity over recent years. Finding ways to save time and money using a blended approach is a positive step that even top-performing organizations can take to move learning and development efforts forward.
- **Define manager performance and learning program performance metrics.** Without a clear picture of what manager performance should look like, it’s nearly impossible to measure how and if learning and development efforts are having an impact on manager performance. What gets measured, gets done, so a key first step for organizations is to get individual and program performance metrics defined and in place.

Managers are such a crucial part of an organization. An individual's direct manager is often the only point of contact they have on any regular basis with the leadership of the organization and that manager really represents the "company line" to most individuals. It is so important to ensure that managers are supported by the organization, and are provided with the skills, knowledge, and development required to execute on business strategy, as well as manage their teams.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research	
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