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14. ABSTRACT *(Maximum 200 words)*:

A review of leadership development best practices in for-profit organizations was conducted. Practices discussed in this report include formal development programs, 360-degree feedback, executive coaching, job assignments, mentoring, networks, reflection, action learning and outdoor challenges. Additionally, five organizations that are popularly recognized for their leadership development practices are highlighted in this report. Highlights include information regarding the organizational philosophy, values, and mission as well as information on how various leadership development practices are implemented and integrated. Best practice principles are drawn from this research and implications for their use within the U.S. Army are discussed.

15. SUBJECT TERMS

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Technical Report 1111

Leadership Development: A Review of Industry Best Practices

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Foreword

The Fort Leavenworth Research Unit of the U.S. Army Research Institute for the Behavioral and Social Sciences (ARI) conducts research to enhance the thinking skills of Army leaders. Working within the framework of a Science and Technology Objective, Cognitive Engineering for the Digital Battlefield, the research focuses on the human dimension of command: how to develop better leaders and commanders through innovative education, development, and training.

The Fort Leavenworth Field Unit and other ARI elements supported the Chief of Staff's Training, Leader Development, and Soldier Support (TLS) Task Force in its study of Army principles and practices as they relate to effective leader development. As part of that effort, through the Washington Area Consortium of Universities, ARI commissioned a review of the current "best practices" for leader development in industry. Dr. David Day, Professor at Pennsylvania State University, Associate Editor of Leadership Quarterly and recent Visiting Fellow with the Center for Creative Leadership, was selected to prepare this review. His findings and observations were presented in a briefing to BG John R. Wood, Deputy Commandant, U.S. Army Command and General Staff College, in September 1999. This paper was subsequently completed to document those findings.

The following are of particular interest for their possible application to Army leader development programs: (1) Best practices typically combine several good ideas into a holistic program; (2) Executives in Best Practice Organizations commit the majority of their time to developing subordinates within the organization; (3) Consistency and continuity of implementation are extremely important; a cycle which involves trying some Best Practices, which are then discarded in favor of alternative Best Practices is counterproductive to effective leader development.

Zita M. Simutis
Technical Director

LEADERSHIP DEVELOPMENT: A REVIEW OF INDUSTRY BEST PRACTICES

EXECUTIVE SUMMARY

Research Requirement:

To identify the best practices of leadership development currently in use by industry; to identify best practice organizations; to identify the basic tenets of a successful leadership development program; to identify evaluation issues associated with leadership development programs. This research was requested by the Training, Leader Development, and Soldier Support (TLS) Task Force at Fort Leavenworth, KS and carried out by Dr. David Day of Pennsylvania State University through the University Consortium.

Procedure:

A review of leadership development best practices in for-profit organizations was conducted. Information was gathered from business periodicals (e.g., *Business Week, Forbes*, *Fortune*), human resource-oriented periodicals, (e.g., *Training and Development Journal*, *Personnel*), and current books on leadership development (e.g., Conger & Benjamin, 1999; McCall, 1998; Vicere & Fulmer, 1996).

Findings:

Best Practices in Leadership Development. The practices reviewed in this report are formal development programs (which often include a number of other specific practices), 360-degree feedback (or multi-source ratings of performance), executive coaching (focused one-on-one learning), job assignments (to challenge or stretch an individual's leadership capabilities), mentoring (longer-term developmental relationships), networks (connecting to others across the organization's internal boundaries), reflection (making sense of experience), action learning (project-based work to enhance learning in the context of business imperatives), and outdoor challenges (team-building exercises in outdoor or wilderness settings).

Many leadership development initiatives combine two or more of the above practices. The best-practice organizations find ways to integrate these various techniques of leadership development in making their initiatives holistic and systemic in nature. Effective leadership development appears to be a function of the interdependence of the various practices rather than a collection of independent programs. Finally, it is not necessarily a "best practice" that leads to successful development of leadership; rather it is the consistent implementation of any leadership development practice.

Evaluation as an Imperative. Best-practice organizations often attempt to assess the impact of leadership development; however, many of these efforts are informal (i.e., non-rigorous).

Employee satisfaction surveys, as well as participants' reactions to development programs, are the most frequently cited procedures for evaluating leadership development outcomes. Relatively few companies have documented significant improvements in individuals' skills or behaviors, or organizational profitability, associated with a leadership development process. Two evaluation initiatives are discussed as exceptions to this general rule. Both efforts demonstrated substantial financial returns on investment. These exceptions are especially noteworthy efforts because return on investment is a persuasive evaluation criterion. The ability to document financial impact is directly associated with the credibility and influence of a leadership development system. For this reason, managers of leadership development systems need to consider evaluation at all phases of program design and implementation.

Best Practice Organizations. Five organizations (General Electric, Motorola, PepsiCo, Federal Express, and Johnson & Johnson) that are popularly recognized for their leadership development practices are highlighted in this report. Background information is provided on each organization's philosophy, values, and mission, as well as information on how various leadership development practices are implemented and integrated. The purpose of providing these examples is to illustrate how development is aligned with organizational culture and strategy, and how best-practice organizations address development concerns systemically across levels and functions.

Best Practice Principles. Several general principles of effective leadership development emerged from this research and are discussed in this report. It appears that the most important principle in successful leadership development efforts is the presence of an influential champion. Additionally, leadership development must become a systemic process, not an event. Effective leadership development practices are tied to specific business imperatives. Perhaps the most meaningful principle, however, is that successful leadership development depends more on consistent implementation than on the use of innovative practices. Leadership development is an investment in the future and it is important to recognize that it may take years before dividends are realized.

Utilization of Findings:

The findings of this study were presented at the Command and General Staff College, Fort Leavenworth, Kansas on 22 October 1999. This research provides a comprehensive documentation of for-profit industry's leadership development best practices. The U.S. Army can draw from this research as it re-examines and assesses its current leadership development programs.

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LEADERSHIP DEVELOPMENT: A REVIEW OF INDUSTRY BEST PRACTICES

Introduction

Leadership is said to be everything and nothing. It is everything because it can be found everywhere in organizations, not just at the top. Leadership is everything because it is infused in all that we do; it is not sacred. All individual behavior has leadership implications. Because leadership is based on action, it emerges as a function of participation and interaction. Given this description, how can leadership be nothing? Leadership is nothing in the sense that it seems impossible to define completely. Decades of scientific study have yet to yield a single definition that fully captures the nature of leadership, much less articulate a definitive approach to developing it. Perhaps it is impossible to define leadership in words, but we agree that we know it when we see it.

Regardless of the degree to which the essence of leadership can be captured in a definition, organizations believe in its importance. A recent article on America's most admired companies in *Fortune* magazine attributed the success of those companies bestowed with a "most admired" status to their leadership. There is an emerging consensus that leadership needs to be developed intentionally within companies and invested in accordingly. The American Society of Training and Development (ASTD) reported that 60 percent of the *Fortune* 500 companies surveyed in 1995 listed leadership development as a high priority – up from only 36 percent in 1990. The ASTD survey also revealed that more than 75 percent of responding firms sponsor leadership development programs of some type, and that 79 percent believe that leadership development is gaining in importance in their organization.

Leadership development is popularly regarded as a competitive capability that is intertwined with organizational strategy. Reflecting this popular interest, there have been a number of recent "airplane books" (i.e., books that executives buy to read on planes) pertaining to leadership development, with titles such as *Leadership by Design*; *Building Leaders*; *High Flyers: Developing the Next Generation of Leaders*; and *Action Learning: How the World's Top Companies are Re-creating Their Leaders and Themselves*. Based on recent publications such as these, there is strong evidence that the business world is paying close attention to leadership development.

The present report summarizes what organizations are doing around the topic of leadership development. The report begins with an overview of the most popular best practices in leadership development and provides examples of the various approaches toward leadership development and evaluation practices used in for-profit organizations. The second section of this report identifies five companies considered leadership development "superstars" and takes an in-depth look at their distinctive competencies. The report includes a list of general principles regarding leadership development and the forces that either facilitate or impede development in organizations. Finally, some questions about the implications of this research for the U.S. Army are presented.

Typical Best Practices

Practices in this section are presented roughly in order of their recognized popularity. The more popular practices are discussed first and those that are less frequently adopted are discussed later. Keep in mind that a popular

Common Practice

Formal Development Programs
360° feedback
Executive Coaching
Job Assignments
Mentoring
Networking
Reflection
Action Learning
Outdoor challenges

Best Practice?

practice does not mean that it is innovative or effective. Rather, the most popular practices may be ones that are easiest to implement. Another consideration is that management is notorious for its fads. Some of the giants of leadership development such as CEOs Jack Welch (General Electric), Phil Carroll (Shell Oil), and Bill Weiss (Ameritech) not only broke with their companies' traditions but also with established leadership practices. Yet another point worth noting is that the same program type can be designed and delivered in a variety of ways. No two practices are exactly alike across organizations. The key to success is to find what works **and** to do it consistently. Implementation is a key ingredient for success. As an overview to this section of the report, a summary of the most typical practices performed in industry is presented in Table 1.

Formal programs. The backbone of most leadership development systems is the formal program. At minimum, a formal program consists of a classroom seminar covering basic theories and principles of leadership. The classroom is the most frequent delivery method with approximately 85 percent of companies using this venue to engage in leadership development (ASTD, 1995). Most "best practice" programs go beyond this traditional classroom format to include any or all of the following: structured reflection, 360-degree assessment and feedback, coaching, action learning, and outdoor challenge. The formal program serves as a shell under which a variety of practices can be introduced to address the desired training objectives.

Formal programs typically last several days (three to five is usual) and tend to be delivered in an off-site location. The cost of developing a one-week in-house leadership development program is expensive, ranging from $75,000 to $242,000 plus delivery costs of an extra $20,000 to $100,000 (Vicere & Fulmer, 1997). Given the expense of tailored program development, many organizations instead opt for open-enrollment programs offered by private organizations such as the Center for Creative Leadership, or through the executive education programs at major colleges and universities.

Table 1: A Summary of Industry Best-Practices in Leadership Development

Practice	Description	Development Target	Strengths	Weaknesses
Formal program	Classroom-based learning. Shell for including a variety of practices.	Skill development Self-knowledge Leadership principles	Flexible Efficient	Poor transfer of learning. Lack of support on job.
360 feedback	Multi-source ratings of performance, organized and presented to a manager.	Self-knowledge Behavioral change	Comprehensive picture. Buy-in.	Overwhelming amount of data; no guidance on how to change; time and effort.
Coaching	Practical, goal-focused form of one-on-one learning.	Self-knowledge. Behavioral change. Career development.	Personalized Intensive	Perceived stigma (remedial) Expensive
Job assignments	Providing "stretch" assignments in terms of role, function, or geography.	Skills development. Broader understanding of the business.	Job relevant. Accelerates learning.	Conflict between performance and devel. No structure for learning.
Mentoring	Advising/developmental relationship, usually with a more senior manager.	Broader understanding. Advancement catalyst. Lessons learned / avoid mistakes.	Strong personal bond.	Peer jealousy. Over dependence.
Networks	Connecting to others in different functions and areas.	Better problem-solving. Learning who to consult for project help. Socialization.	Builds organization.	Ad hoc Unstructured.

(table continues)

Table 1 (continued): A Summary of Industry Best-Practices in Leadership Development

Practice	Description	Development Target	Strengths	Weaknesses
Reflection	In-depth thinking about personal experience.	Understanding lessons of experience. Self-understanding.	Enhanced learning. Personal.	Time and guidance to do effectively. Poor job transfer.
Action learning	Project-based learning directed at important business problems.	Socialization Teamwork Implement strategy.	Tied to business imperatives. Action-oriented.	Time intensive Leadership lessons not always clear. Over-emphasis on results.
Outdoor challenge	Team-building experiences in outdoor/wilderness settings.	Teamwork Self-understanding.	Emotionally charged. Action-oriented.	Poor job transfer. Potentially dangerous.

Despite their costs, the trend in leadership development is toward custom programs that are best able to capture the organization's unique culture and competitive challenges. To develop the next generation of leaders, a program must be based on a curriculum customized to that company's special needs (or so goes the logic). Custom program are often viewed as investments, and are leveraged to provide value-added by linking the program content with company-specific business imperatives. Although there are a number of factors that determine the overall quality and usefulness of a formal leadership program, it probably is safe to conclude that transfer of training back to the work setting is more likely with a custom program than with a more generic open-enrollment one. A primary reason for this is that custom program content is more applicable to the relevant leadership challenges at a particular organization; thus, transfer is more likely.

Custom programs may be designed and delivered "in house," or developed in conjunction with an external partner such as a university or a consulting firm. Programs tend to be favorably received if delivered by local heroes (i.e., those members of the organization who are widely known and admired for their leadership skills). The message is seen as especially relevant if delivered by someone inside the company with a world-class reputation for success, as compared with an external person (often a business school professor). This approach is epitomized at PepsiCo, where Chairman and CEO Roger Enrico spends more than 100 days a year personally conducting workshops for senior executives. PepsiCo's "Building the Business" program is modeled on Enrico's personal leadership philosophy. It heavily emphasizes feedback and personal coaching for the nine participants included in each workshop.

At Federal Express (FedEx), CEO Ted Weise spends two to three hours with participants in every supervisory leadership course. He discusses the company's strategic objectives, his definition of leadership, and how important front-line people are to the success of FedEx and its basic philosophy of People-Service-Profit (PSP). CEO Jack Welch (GE), as well as the Chief Financial Officer and Chief Human Resources Officer, attend every Change Acceleration Process course given at their Crotonville, NY campus. Pepsi, FedEx, and GE are exceptions in having CEOs personally conduct aspects of a leadership development program. More often, the internal instructors are high potential managers (working with internal training specialists) who are recruited and groomed to share their insights with others in the organization. FedEx also uses what they call "Management Preceptors" to teach their courses. These are senior managers and managing directors who are recognized as outstanding leaders and are nominated by a vice president. Preceptors undergo intensive training, primarily in the areas of teaching and facilitation prior to entering the classroom. They serve a term limited to 24-30 months, which provides for a continual rotation of new instructors and introduces fresh viewpoints and ideas into the curriculum.

One potential drawback to using internal instructors is that it can lead to corporate inbreeding, or what some leadership experts have termed the "General Motors syndrome" (Conger & Benjamin, 1999, p. 86). Leadership instructors should not be teaching outdated worldviews, which is partly what happened at places such as GM and IBM that had difficulty competing when the nature of their respective markets changed dramatically. IBM invested millions of dollars in the training and development of their leaders in the 1980s; however, the company realized much too late that leaders were being developed to think in ways that had become outmoded. This worldview fostered the belief that IBM could control competition and environmental factors in the same way that they were controlled in the past. As a result, a future generation of IBM leaders was groomed for a type of competitive world that no longer existed. As a result, a generation of leaders were obsolete before ever having the chance to assume senior leadership roles.

Another weakness with formal training programs is an emphasis on classroom training and conceptual approaches to learning at the sake of experiential learning (Conger, 1992). Adult learning theory suggests that individuals prefer different ways of learning. Many formal programs incorporate different training approaches that are based on varied learning methods to accommodate alternative learning styles. As mentioned previously, a well-designed program often includes many of the other typical practices discussed in this section, especially 360-degree feedback.

360-degree feedback. 360-degree feedback, multi-source feedback, and multi-rater feedback are all terms used to describe this method of systematically collecting perceptions of a manager's performance from different viewpoints. Rating sources typically include peers, direct reports, supervisors, and multiple stakeholders outside the organization (e.g., customers and suppliers). An advantage of such intense, comprehensive scrutiny is that a more complete and accurate picture of an individual's performance is obtained. As a recent *Fortune* article stated, "What your boss, your peers, and your subordinates really think of you may sting, but facing the truth can also make you a better manager" (O'Reilly, 1994, p. 93).

A critical assumption of this approach is that performance varies across domains, and that someone behaves differently with superiors, peers, customers, or direct reports. An advantage of the multi-source approach is that it compensates for differences in opportunities to observe various aspects of an individual's performance. Research findings corroborate these assumptions in showing that ratings across sources correlate only moderately. Rather than being a problem, this suggests that performance is different with various constituents, and that 360-degree ratings are needed to capture this variety of behavior and perspective.

360-degree feedback is gaining in popularity, with some authors suggesting that "practically all" of the *Fortune* 500 companies currently using some form of the practice (Hughes, Ginnett, & Curphy, 1999, p. 267). The gaining popularity of this approach may have to do with its effectiveness for development, its initial ease of implementation (although it is more complicated to manage effectively than many companies realize), or that many of the "most-admired" firms have adopted the practice. A somewhat different explanation for the increased use of 360-degree evaluations is the changing nature of the U.S. industrial economy. In the past, the measure of a company's success was its property, not its people. Among leading-edge companies that ratio is now reversed.

A good example of this conceptual reversal is Microsoft. Their market capitalization is approximately $270 billion, whereas the value of its tangible assets is only $15 billion. Where is the difference? It can be found in something called *intellectual capital*. In simpler terms, the bulk of Microsoft's wealth is in its employees. Thus, if a large portion of that talent got fed up with their co-workers or bosses and quit the company, the economic results could be devastating. A substantial amount of organizational value would walk out Microsoft's door and into those of its competitors. With unemployment at record-low levels, companies are going to great lengths to build and retain valuable intellectual capital (Carvell, 1998). 360-degree feedback is a developmental tool that can be used to build leadership as well as help with employee retention.

There are several decision points that often dictate the ultimate success of 360-degree feedback, including choosing a sound instrument; collecting the data and the related issues of rater selection and preparation; enhancing acceptance of the feedback; and creating a development plan for behavioral change (Chappelow, 1998). Questions to consider in choosing an assessment instrument include: Why is this needed? Who is it for? Should a standardized or customized instrument be used? Advice on issues such as these is available from researchers at the Center for Creative Leadership, who proposed guidelines on how to choose a valid and reliable instrument for management development (Van Velsor, Leslie, & Fleenor, 1997). In addressing the latter question, a distinct advantage of a customized approach is that an instrument can be tailored to include an organization's own leadership competencies that are described in company-specific language. An important aspect with regard to designing the content of leadership development programs is figuring out which attributes or competencies are associated with future success (Hollenbeck & McCall, 1999).

A desirable feature of any leadership development practice is that it is oriented toward **future** leadership competencies. Simply compiling lists of current knowledge, skills, and abilities needed for success is a recipe for obsolescence. That is one reason why the move toward leadership competencies is so popular: The very word "competencies" is more future-oriented than knowledge, skills, and abilities. However, the importance is not in terms of what label is used, but how the competencies help drive the development of desired behaviors and values.

Deciding how to weight competencies in development and evaluation practices is important. Corning, for example, puts most of its emphasis on competencies employees do not presently have but wishes they did (McKenna, 1990). A Liebman Associates study of over 100 *Fortune* 500 companies showed that close to two-thirds of the respondent companies have developed explicit leadership competencies that are used for development programming and succession planning. Examples of leadership competencies at firms such as Corning, AT&T, Federal Express, National Australia Bank, NationsBank, and Westinghouse are given in Table 2.

Table 2: Examples of Leadership Competencies in Industry

American Express:
Quality, Customers/Clients, Teamwork, Integrity, People

AT&T:
Thinks Strategically, Learns Continuously, Inspires a Shared Purpose, Creates a Climate for Success, Seizes Opportunities, Transforms Strategy into Results, Builds Partnerships, Leverages Disagreements

Chase Manhattan Bank:
Sets Strategic Vision and Direction, Manages Complexity, Drives for Results, Champions Change, Leads with Confidence, Builds High-performance Organizations, Builds Partnerships with Customers and Colleagues, Promotes Shared Values

Corning:
Empowering, Networking, Accurate Self-assessment

Federal Express:
Charismatic Leadership, Individual Consideration, Intellectual Stimulation, Courage, Dependability, Flexibility, Integrity, Judgment, Respect for Others

National Australia Bank:
Flexible and Adaptable, Committed to Making a Difference, Communicates with Impact, Clear Service Orientation, Strong Self-regard, Acts with Integrity, and Brings out the Best in People

NationsBank:
Puts Customers First, Shapes Direction and Growth, Powers the Team, Maintains Personal Agility

Westinghouse:
Business Orientation for Action and Results, Applied Analytical Thinking, Strategic Visionary, Customer Orientation, Business Innovation and Change, Team Leader, People Development, Open and Ethical Climate, Multicultural/Global Orientation

The Motorola Leadership Role Model Survey is an example of a customized 360-degree feedback instrument tied to leadership competencies. The survey consists of 75 questions linked to key leadership competency dimensions. This practice allows Motorola to tailor assessments to its unique corporate culture and to the development of international and business-unit norms. When used as part of their Vice President Institute program (leadership development for new VPs), Motorola follows-up with 360-degree feedback with an external consultant to discuss the development plan and receive needed additional coaching (Eller, 1995). After the feedback instrument has been developed or chosen from an existing source, other steps include collecting the data and issues associated with rater selection and preparation; feeding back the data and enhancing acceptance of the feedback; and creating a development plan for behavior change (Chappelow, 1998). There is nothing in place to guarantee that feedback produces change. Behavioral change may not follow from feedback because most people have well-developed defense mechanisms in place that serve as protection from feedback that is perceived as too threatening. Conversely, some might recognize feedback as accurate, but do not want to change their behavior. For any leadership development program to work – particularly one based on 360-degree feedback – a participant must first be open to change. Desire to change might not be enough, however, if the feedback is complex, inconsistent, or the recipient lacks the requisite skills to interpret the data and translate it into behaving in a different manner. For these reasons, executive coaching has emerged as a popular leadership development tool.

Executive coaching. After receiving a 360-degree feedback report and a personal consultation and interpretation with someone from HR, what comes next? Perhaps the next step is to create a development plan? If so, what does that look like? How should it be used? These are typical questions stemming from feedback. Mere acknowledgement of one's developmental needs is not enough to guarantee change. Nonetheless, most 360-degree feedback programs do not consider this gap and fail to include adequate mechanisms for follow-up guidance and support for change. Hence, the recent explosion in executive coaching.

According to experts in the field, executive coaching is “a practical, goal-focused form of personal, one-on-one learning” (Hall, Otazo, & Hollenbeck, 1999, p. 40). Coaching may be used to improve individual performance, enhance a career, or work through organizational issues such as change initiatives. It tends to be a relatively short-term activity aimed at improving specific leadership competencies or solving specific problems. Given that the cost of executive coaching from an external consultant ranges from $1,500 for a single day to more than $100,000 for a multi-year program (for a single executive), it is understandable why most firms prefer to keep this as short-term as possible.

Examples of how organizations use executive coaching are found at Avery Dennison and Texas Commerce Bank. Avery Dennison offered the services of eight external coaches to all members of its senior executive team (Conger & Benjamin, 1999). The coaching was limited to 12 hours of initial service. The first meeting with the coach was devoted to exploring the results of a 360-degree evaluation. Subsequent meetings focused on planning and initiating developmental actions based on the feedback. After the 12 hours allotted by the company were completed, executives could continue the arrangement if the funds were allocated from their own budgets.

Texas Commerce Bank provides another example where coaching is provided to an entire group of executives (Hollenbeck & McCall, 1999). In this case, it was offered to the 25 senior executives. Texas Commerce used five external coaches (each executive assigned to his/her own coach) for six coaching sessions over a six-month period. The content of the coaching began with the issue of conflict management, but was allowed to diverge over the sessions to address any individual need. Providing a coach to an entire executive group has the advantage of having all recipients on equal footing. Coaching is not a secret – neither a stigma nor perceived source of favoritism – when everyone has a coach. However, coaching an entire team can sometimes be a charade for getting one particular executive help without appearing to single him or her out. This strategy is almost always transparent to the team, and can create more ill-will than if coaching is focused on the one individual who truly needs it.

Executives also contract with coaches on their own. The International Coaching Federation (www.coachfederation.com) offers a service whereby prospective clients are matched to coaches who are federation members. Most of these coaches have backgrounds in either organizational or clinical psychology. There are some coaches whose primary credentials are their first-hand experiences in a senior-level position. Paul Wieand is one such example. Wieand was on track to be the next CEO of Independence Bancorp, a $2 billion, 1000-employee bank based outside Philadelphia. Rather than assuming the CEO position, he was forced to resign after a colleague (who he thought had been coerced into stepping aside) lobbied the board and got himself voted in as CEO. Without his position, Wieand felt like he didn't know who he was anymore; he felt as though he had lost his identity (Kruger, 1999).

After returning to graduate school to earn a Ph.D. in organizational psychology, Wieand founded the Center for Advanced Emotional Intelligence (AEI), which offers a leadership development program for top executives and entrepreneurs. The year-long program at AEI costs between $25,000 and $40,000 and is designed to change overly driven and goal-obsessed executives into learning leaders. Specifically, Wieand's program teaches people how to gain the self-knowledge and emotional security necessary to be inner-directed and to develop from criticism. The program is a combination of 360-degree feedback, personal coaching from Wieland, and structured exercises designed to promote reflection. In essence, Wieland's program is based on the lessons that he had to learn through personal hardships, which research has shown to be a significant source of leadership insight and growth (Moxley, 1998).

Job assignments. According to Wayne Calloway (former CEO of PepsiCo), "Among the [most important]elements of teaching leadership, 80% is experience" (Sherman, 1995, p. 93). Research supports Calloway's assertion. An influential study on the forces in organizations that promote leadership skills found that the so-called lessons of experience were most pivotal to development (McCall, Lombardo, & Morrison, 1988). Job assignments were singled out as particularly helpful to managers in learning about building teams, how to be better strategic thinkers, and how to gain valuable persuasion and influence skills.

An example is the Coca-Cola Company, which transferred more than 300 professional and managerial staff to new countries in one year under its leadership development program. Gillette International makes 12- to 36-month assignments to take U.S. managers overseas to get broader experience and exposure to other countries and operational areas before returning to a U.S. assignment, usually of greater authority (Laabs, 1991). However, Paul Bossidy, the CEO of Allied Signal, points out that the most fascinating assignment in the world may not teach much unless the boss allows an employee the latitude to try out different leadership approaches as part of the developmental assignment.

General observations regarding the developmental nature of job assignments have been gleaned from practice as well as from research. The message from industry is clear: There are things organizations can do to promote learning from experience and there are things that can impede it. Some types of jobs are more developmental than others, and different kinds of developmental assignments are associated with different kinds of learning (McCauley & Brutus, 1998). Jobs that are more developmental include "stretch" assignments that put a manager in a new situation with unfamiliar responsibilities – especially high-responsibility and high-latitude jobs. Those projects requiring a manager to bring about change or build relationships also tend to be associated with the most significant learning. As mentioned previously, research suggests that negative experiences or hardships tend to promote learning and trigger self-reflection.

Whereas failure is a potent teacher, it is best met early in life. PepsiCo's Wayne Calloway took responsibility for losses in excess of $16 million when Frito-Lay tried to compete in the cookie business. He points out that the higher-up you go in an organization (and generally the older you get), the more expensive the failures: "That's why we like to give people as much different experience as we can while they are young" (Sherman, 1995, p. 99).

Another perspective on the learning value of failure is found in an unverified story about Ross Perot. As the story goes, a manager at EDS made a six-figure blunder. It was obvious that a costly mistake was made and that this particular manager was to blame for it. The manager made an appointment with Perot to own up to the event and to tender his resignation. He informed Perot as to what happened, blamed himself, and then offered the resignation. Perot took one look at it and said, "What's this? You mean to tell me," he said, "that you plan to quit after I just invested $500,000 in your development? Well, I'm not gonna let ya." With that, Perot tore up the resignation letter. Unfortunately, this story is the exception rather than the rule.

While many senior executives would tend to focus on the "failed project", some, like Jack Welch (Chairman and CEO of General Electric) are more committed to leadership development.

Welch is legendary for his commitment to leadership development. According to Steve Kerr, (Vice President, Corporate Leadership Development at GE), Welch "knows intimately" the career paths of more than a thousand employees in GE (Frost, 1997, p. 335). During an employee review session, it is common for Welch to display a willingness to put a manager in a certain position because it is the right professional growth experience for that person, regardless of immediate business needs. If it helps the business in the short-term, Welch says, "That's great." If not, Welch says, "Too bad." Addressing a pressing business need is not the point of it, according to Welch. Ultimately, choosing the right job assignments for people is about leadership development and succession planning.

Mentoring programs. Another type of on-the-job developmental experience is that associated with formal developmental relationships. Formal mentorships differ from the informal kind in that the former are assigned, maintained, and monitored by the organization. But as Yotaro Kobayashi (Chairman of Fuji Xerox) observes, mentoring relationships – whether they be formal or informal – develop from a mix of chance and intent. Most commonly, formal mentoring programs pair a junior manager with a more senior manager, although the pairing can occur with a peer or an external consultant (Douglas, 1997). In latter cases, however, the line between mentoring and coaching becomes blurred.

McKinsey & Company provides a concrete example of how mentoring is used to develop employees. Consultants work on teams of mixed rank, and senior people are expected to help junior people. Although many of these relationships are of an informal nature because the organization does not make an explicit pairing, part of the process is formal because mentoring is an important criterion in partners' appraisals. According to McKinsey senior partner Joel Bleeke, "When mentoring for leadership, you need to convey much more than problem-solving skills and a personal network – you need to convey aspirations, instill values, excitement, a view that almost anything is possible. You need to instill positive energy" (Sherman, 1995, p. 100).

Networks. As a way of breaking down functional silos, some organizations include development activities aimed at fostering broader individual networks. An important goal of networking initiatives is to develop leaders beyond merely knowing *what* and knowing *how*, to knowing *who* in terms of problem-solving resources. For example, ARAMARK's Executive Leadership Institute uses action-learning projects with company-specific problems as the core content in its development seminars. The project work is done in cross-organization teams as a way of promoting greater awareness of capabilities and cross-business assessment of opportunities (Vicere & Fulmer, 1997). Andersen Worldwide's Organization Executive Program is a five-day seminar to address the development needs of its global partners, including the chance to meet and exchange views with partners from all practice areas and all parts of the world. The goal is to allow partners to strengthen their personal networks. At Motorola's Vice President Institute, the three overall goals of the program are to: (a) teach the VPs about the company's unique heritage and culture, (b) help the VPs explore new ways to invent new technologies and businesses, and (c) foster networking (Eller, 1995).

Another type of networking involves the interaction of groups of managers and executives who have common training or job experiences. These groups meet regularly over lunches or through electronic dialogue to share their mutual challenges and opportunities, with a goal of applying their learning on an informal, ongoing basis. Enhancing individual networks is believed to be an effective way to increase managers' innovation and problem-solving capacities.

Working in a globally dispersed yet technologically sophisticated organization presents numerous challenges (and creative opportunities) with regard to networking. The telecommunications giant, Nortel, uses its advanced video and data-networking technologies to air a Virtual Leadership Academy once a month. The show is simulcast in offices in 47 countries, with simultaneous translation from English into Spanish and Portuguese. Although the technology does not facilitate personal face-to-face networking between participants, managers can call with questions or concerns and get real-time responses. The program is geared to reinforce a core Nortel value that “technology is about elevating, not replacing, human interaction” (“Global Reach, Virtual Leadership,” 1999, p. 80.)

Reflection. Introspection and reflection are types of personal growth training for leadership development that are used to uncover people’s hidden goals, talents, and values, and how they are enacted at work (Conger, 1993). The relevance of reflection to leadership development is twofold. Some, like Edward McCracken (CEO of Silicon Graphics), believe that one of the most important aspects of being a good leader is self-knowledge (Sherman, 1994). Reflection can enhance a better understanding of who you are.

In a more academic vein, the action-observation-reflection model (Kolb, 1983) is based on the assumption that people learn more from their experiences when they spend time thinking about them. Leadership development programs at places such as National Australia Bank (Conger & Benjamin, 1999) and Federal Express (Murrell & Walsh, 1993) – as well as many of the open-enrollment and customized programs offered by the Center for Creative Leadership – include structured opportunities for reflective observation. These activities include journal writing, small-group discussions, and individual sharing with a learning partner. Successful reflection activities are tied to continuous learning. However, not all organizations value reflection and introspection. For example, Proctor & Gamble dropped those programs that relied on personal reflection from their leadership development practices portfolio. Their analysis suggested insufficient evidence of a direct link between individual reflection and better business outcomes.

Action learning. Numerous organizations have begun to realize that the type of traditional, lecture-based, classroom training found in most formal leadership development programs is ineffective at preparing leaders for 21st century problems (Dotlich & Noel, 1998). In particular, the lessons learned from traditional classroom development programs do not last much beyond the end of the program. Soon after the course ends, people slip back into their old ways of leading, and little developmental progress is achieved. The sponsors of traditional programs became justifiably frustrated. For these reasons, a number of organizations have embraced the action learning process, which is as a continuous process of learning and reflection, supported by colleagues, with an emphasis on getting things done. A key advantage of action learning is that it is problem- or project-based. Action learning ties individual development to the process of helping organizations respond to major business problems. As such, action learning advances both the agenda of the organization as well as the development of its leaders.

Perhaps the most well-known of the industry action learning initiatives is GE's "Work-Out" program. The origin of the name is allegedly based on a comment made to Jack Welch to the effect that: "Now that you have rid yourself of so many people (more than 100,000 employees had been let go at that time) when are you going to get some of the work out?" Ever the quick study, Welch picked up on the multiple meanings of the work-out term (also in reference to fitness – making a flabby organization lean) and chose it for his culture transformation effort beginning in 1989 (Vicere & Fulmer, 1997, p. 289).

A key cultural aspect of Work-Out is its link to a core management value at GE: empowered or boundaryless behavior. GE leaders must have the self-confidence to involve others and behave in a boundaryless fashion to be open to ideas from anywhere. Although there are a number of critical roles in Work-Out, a key to implementation success is the champion. Somebody has to own the idea and make it happen. There is nothing new about having groups of people come up with ideas and propose them to management (e.g., Quality Circles). The only new feature in GE's program was the idea of a champion – somebody in the group who owns the idea and has to make it happen. The champion is the person who frames the central issue of the Work-Out session, clarifies the specific topics to address, and selects the participants for the Work-Out team.

Selection of participants is particularly important. Because action learning projects are tied to a business imperative, there should be a careful matching of individuals to the core problem at hand. Not every developmental need can be addressed in every problem context. Many of the GE action learning projects focused on sending managers to foreign countries as a way of accomplishing two goals: (a) figuring out how to expand globally and open new markets for GE products, and (b) developing a manager's capability to lead in different cultures.

Citibank is another example of an organization that has used action learning successfully. In particular, the Citibank case provides a good overview of how action learning typically unfolds in an organization. The business imperative at Citibank dealt with the general inability of top managers to think in a broad, systems perspective. The issues and participants were selected using explicit criteria. Issues were recommended by business heads or the CEO and had to be seen as affecting total Citibank performance across the various businesses. Participants were chosen globally and had passed an internal talent inventory review process. Next there was a three-day, off-site team building and issue-orientation session. Data collection followed over the next two or three weeks, involving travel both inside and outside Citibank. A week was then spent on data analysis and developing recommendations. Presentations were made to the CEO and to business heads. Each team was given 90 minutes to present its case, consisting of a 30-minute formal presentation followed by a 60-minute focused discussion. Following the presentation was a one-day debriefing and reflection with a coach that was structured around the recommendations, team process, and individual development opportunities. Finally, a senior management follow-up was given within one or two weeks of the presentation whereby decisions were made regarding implementation (Dotlich & Noel, 1998).

An important point to consider is that whereas the action learning process is similar across different organizations, the business imperatives that drive the process are different. For example, at ARAMARK the imperative was one of promoting cross-organizational awareness of capabilities and opportunities. Shell Oil's imperative stemmed from a pervasive misperception regarding the company's financial strength. Ameritech was faced with an impending deregulation and the inability of managers to compete in a more challenging environment. Johnson & Johnson needed to upgrade human resources globally and develop executive talent in its leadership pipeline, given expectations of explosive growth.

Although the business imperatives behind action learning programs may vary widely across applications, there are common catalysts underlying the successes. Perhaps the most important commonality is creating a "microworld" (Senge, 1990) that enables learning through doing. This type of parallel, temporary system is realistic yet safe. People are encouraged to try new things and to stretch their thinking and behavior. In addition, action must be accompanied by reflection about the action; otherwise, there is little structured guidance for learning from experience (Froiland, 1994).

Business simulations offer another version of action learning that can be effective at creating the kind of microworld that enhances individual development. The primary difference is that simulations further compress the time and space allotted to solve a fundamental business problem. USS (Division of USX) uses a computerized steel-business simulation as part of its New Managers Program. The simulation goes through three sequential business cycles in which teams of five to seven participants compete. The simulation becomes progressively more difficult. Early on, teams find it fairly easy to raise prices and increase production to make a profit. In the last cycle, the emphasis shifts to quality, the high cost of labor, and a global economy. Participants learn decision-making, budgeting, and teamwork. An underlying theme to the simulation is that a more successful approach emphasizes teamwork over a traditional hierarchical authority.

Given the success of the New Managers Program at USS, another simulation-based program was designed to help seasoned high-potential managers further develop their leadership and business skills. The Leadership Development Program consists of a six-month correspondence study and two group sessions at an off-site conference center. The business simulation component in this case consists of managing a turnaround project. To be successful, participants need to emphasize and develop their teamwork skills.

Outdoor challenges. The outdoor challenge, also known as wilderness training, is another popular means of developing teamwork and team-based leadership skills. Such programs might be seen as the opposite of reflection, because outdoor challenges are action-based. However, many of the programs also include structured reflection as a valuable component to learning. The origins of outdoor leadership development programs can be traced to Outward Bound (Conger, 1993). In the 1960s and 1970s Outward Bound programs served adolescent youth who sought out outdoor challenges as part of a rite of passage into adulthood. As the baby-boomer generation aged, this market shrank to the point that Outward Bound needed to expand into providing programs to adults and businesses. In addition to building teamwork and leadership skills, outdoor challenges also encourage participants to overcome risk-taking fears. Outdoor adventure activities can include whitewater rafting, rappelling, and even mountain climbing (Long, 1987; McClenahen, 1990).

A recent twist on the outdoor challenge is the war game. A major provider of such experiences is a firm called Leading Concepts. Their clients include Domino's Pizza and Honeywell, who pay $2,300 for each employee to be subjected to a mini boot camp and three days (and nights) in the woods playing war games with paint-ball rifles. Although these adventures sound interesting, do they make for better leaders? There is plenty of anecdotal evidence in favor of these kinds of programs. For example, the president of a custom injection-molding company has sent over 100 of his 900 employees to the Leadership Concepts boot camp. He claims to have seen "major changes" in the program participants, in terms of improved listening skills, patience, and a willingness to be judged as part of a team instead of as individuals (Brown, 1998).

Despite such glowing praise, there is no conclusive evidence that outdoor challenges lead to enhanced development back on the job. An obstacle to effective transfer of training is the obvious difference between the wilderness and business environments. How can a manager be expected to draw parallels between what was experienced in a dynamic, wilderness adventure and a typical business meeting? There may be parallels but a manager may require follow-up coaching to be able to consistently display what was learned in training back in the work environment. Another obstacle to demonstrating the work-related benefits of outdoor challenges is the evaluation difficulty. Prominent authors in the field of leadership development have noted that evaluation, in general, is one of the most "perplexing challenges" facing human resource practitioners (Vicere & Fulmer, 1997, p. 167). The difficulties associated with evaluation are compounded when the development process takes place in a relatively unstructured event like a war game.

Evaluation of Leadership Development Programs

A benchmarking study sponsored by the American Society for Training and Development and the American Productivity and Quality Center concluded that best-practice organizations **always** assess the impact of their leadership development process (Fulmer & Wagner, 1999). A recent national survey co-sponsored by The Conference Board and the Center for Creative Leadership found that although 80 percent of companies claim to evaluate their leadership development efforts, almost half are considered to be informal and therefore less rigorous than formal evaluations. Furthermore, employee satisfaction surveys are the most frequently cited procedures for formally evaluating leadership development outcomes. Satisfaction is an important outcome in terms of employee involvement and continuance but may not result in learning or behavior change. Only one-third of the companies in the study reported significant improvements in individuals' skills, behaviors, retention, or organizational profitability associated with their leadership development process (Developing Leaders, 1999). The problem of inadequate evaluation was summed up by an anonymous senior training executive: "Probably at least half of every training dollar we spend is wasted – we just don't know which half" (Martochhio & Baldwin, 1997, p. 15).

Another perspective on the difficulties of evaluation is offered by Steve Kerr, Vice President of Corporate Leadership Development at General Electric (GE). The GE leadership development process invests more than $500 million annually in training and development. Despite all that GE does – including investing in leadership development during poor economic times – the corporation is too large and diversified with too many factors that can influence outcomes to single out leadership development. As a result, Kerr can't prove that GE's development system is directly responsible in any way for the company's success. Understanding what influences organizational outcomes is an inherently difficult task because of the many forces affecting success, only one of which is leadership development (Frost, 1997). Although linking development efforts to organizational outcomes is a difficult task, it is not an impossible one.

An example of how a comprehensive evaluation effort can demonstrate the value of leadership development is provided by Ameritech (Pasalis, 1998). The overall goals of its Network Leadership Development Program (NLDP) were to improve leadership skills, improve the ability to manage in a competitive and changing environment, and to increase productivity and quality. By the end of 1997, more than 1,400 supervisors had completed one-week of NLDP classroom training. The evaluation strategy consisted of five components: (a) *reactions* – how well did participants perceive the benefits of the program, (b) *learning* – what principles, facts, and techniques were learned, (c) *behavioral transfer* – what changes in job behavior resulted from the program, (d) *results* – what were the tangible results of the program in terms of reduced costs, improved quality, or improved productivity, and (e) *return on investment* – evidence that the results were worth the investment.

Follow-up surveys indicated that 97 percent of the participants' reactions agreed or agreed strongly with positive statements about the program. Participants also showed an average of 16 percent improvement in learning by the end of the training week. In terms of transfer, Ameritech used 360-degree ratings collected pre- and post-training. Results indicated that managers thought approximately 80 percent of the participants improved their quality and productivity results. At the organizational level, the average estimated improvement in productivity and quality due to NLDP was approximately 17 percent; however, adjusted 1997 productivity/quality improvement was only four percent. Was this worth the investment? To answer that question, 23 individual case studies were used to estimate return on investment. Results concluded that for every $1.00 invested in NLDP, Ameritech saved approximately $1.79 through changes that were implemented. This is the equivalent of a very respectable 79 percent return on investment. Evaluation projects in other organizations have reported ROIs as high as 1,270 percent (benefit/cost ratio of 13.7:1), as in the case of development processes in a health maintenance organization (Phillips, 1994).

Even leadership development programs with a smaller scope than Ameritech's can have substantial impact on the bottom line. The Service Parts Operations (SPO) of General Motors Corporation implemented a process to assess desired management competencies, design and deliver leadership training, and provide individual coaching (Davis, Lucas, & Marcotte, 1998). All 90 managers in the company participated in the program, including clerks, supervisors, superintendents, and the plant manager. An additional 10 people from the plant staff also participated. SPO management was interested in whether or not the leadership development program influenced the culture and performance in positive ways, and whether the program was cost effective. A noteworthy aspect of this evaluation effort is that it used a rigorous quasi-experimental research design that included pre- and post-program assessments and a comparison control group that did not receive training.

The evaluation effort used existing measurement tools that were included as part of the annual employee survey. Results indicated that the SPO culture ratings improved dramatically whereas the control group's culture worsened. The positive culture change was focused on a few key survey issues dealing with a continuous improvement emphasis, having adequate resources to do the job, cooperation between departments to get the job done, receiving support to be effective, and top-management teamwork. In terms of productivity and return on investment, there was a 21 percent productivity improvement resulting in a $4.4. million savings to the SPO operating budget. Division leaders attributed as much as 30 percent of the performance improvement to the leadership development initiative. It was estimated that a claim of only seven percent was needed to justify the program financially.

Leadership development initiatives are supported to the extent that they can be shown to make a critical strategic or economic difference in organizations. Demonstrating this impact is something that should be considered beforehand and incorporated into system design. Without evidence of value-added to an organization, there is little chance of keeping the interest, involvement, and explicit support of senior management. As Jack Murphy, the director of education and development at Westinghouse, points out, CEO commitment is essential. The ability to document impact is directly associated with the credibility and influence of a leadership development system. A credible system is associated with a number of favorable outcomes, including additional resources for further development initiatives and enhanced job security.

To be credible, system evaluation needs to go beyond the so-called "smile sheets" used to gather participants' reactions to a program. Learning is not persuasive by itself, either, unless it can be shown to result in behavioral transfer for on-the-job improvements. The most important criteria for evaluating leadership development programs are associated with transfer, results, and ultimately, return on investment and economic value added (EVA; Copeland, Koller, & Murrin, 1990). Accumulating the kinds of data needed to document the value-added nature of systemic leadership development is a difficult – but feasible – task. A key aspect to successful leadership development initiatives is to always keep evaluation in sight as the program is designed and delivered.

Best Practice Organizations

This section takes a closer look at five organizations that are recognized for their leadership development practices. Recognition in this case is in the form of published accounts in academic, business, and popular-press periodicals. In some cases, the publicity is in the form of kudos as a *Fortune* magazine "most admired" company or an American Society of Training and Development "excellence in practice" award for leadership development. A primary purpose of this section is to provide more detailed background information about a best-practice organization's philosophy, values, and mission, and to elaborate on how the various leadership development practices are implemented and integrated. Considered as mini case-studies of leadership development in for-profit industry, these descriptions are provided to better illustrate how development is aligned with culture and strategy, and how best practice organizations address development concerns systemically across levels and functions.

General Electric

The corporate motto *GE: We Brings Good Things to Life* is evident in its products and practices. GE was named as "America's Most Admired Company" in 1998 and 1999 by *Fortune* magazine (Brown, 1999; Stewart, 1998), in addition to being named as the "World's Most Admired Company" (Kahn, 1998). GE's success is not attributable to any single factor that differentiates it from the also-rans. However, one factor that is widely acknowledged as very important to GE's unparalleled success in the 1990s is leadership.

In terms of fostering a positive culture for leadership, there is little denying that GE is in a class of its own. This can be seen starting at the top with CEO Jack Welch, who has served in the top role since 1980. In the period from 1993-1996, Welch received the honor of "most respected CEO" four times by *Industry Week* magazine's survey of fellow chief executive officers. He lost out to Bill Gates by one vote in 1995.

Contrary to the recent accolades, early in his tenure at the helm of GE, Welch was labeled "Neutron Jack" by the business press because of the severe employee reductions he mandated. At one point in the early 1980s, he had reduced employee numbers at GE by more than 100,000. He was regarded as a neutron bomb – destroying people but supposedly leaving the structures intact. One thing that is very evident about Welch, however, is that he hates bureaucracy. Despite the nickname, he definitely did not leave the structures intact. In fact, he changed the structure of GE drastically in his vision of boundarylessness.

According to GE, boundaryless behavior is defined as "business behavior that tramples or demolishes all barriers of rank, function, geography, and bureaucracy in an endless pursuit of the best idea in the cause of engaging and involving every mind in the company." The previously described Work-Out program (see the section on action learning) is an effort to achieve boundaryless behavior through a combination of culture change, leadership development, and action learning projects. This exemplifies leadership development that is tied to a core organizational value.

Welch also has brought good things to the lives of GE shareholders and employees. When he retires in 2000, it is estimated that he will have helped to create $200 billion in new wealth for shareholders – the biggest financial legacy in the history of capitalism. In 1981, only 400 senior executives received stock options; that number presently exceeds 22,000. Employees – including production workers – own 10% of all GE stock. Despite his clear ability to create wealth, that is not what Welch considers to be his most important responsibility. Instead, he claims that giving people the self-confidence to act autonomously is "by far the most important thing that I can do." Welch's dedication to developing future leaders is legendary. He has been vocal in proclaiming that leadership development is the most critical element of his work. As he puts it, "That's my job. We spend all our time on people. The day we screw up the people thing, this company is over" ("Who Will Run GE?," 1999, p. 27).

It is not just Welch alone who gets the recognition and accolades. GE has proven itself to be a finishing school of sorts for managers who want to learn how to lead major companies. A partial list of former GE executives who have gone on to the top positions at other corporations is impressive. Those companies include: AlliedSignal, Goodyear Tire & Rubber Co., Owens Corning, USF&G Corp., McDonnel Douglas Corp., and General Signal Corp. The focus on leadership development is system-wide at GE, and not just at the top. All managers are required to participate in leadership training at each career stage. Different skills and competencies are emphasized at different levels, which translates into level-specific course content. Development is targeted specifically at career transition points to help managers better learn from experiences at their present level while preparing them for expected leadership demands at the new level.

Another corporate value that is transmitted to employees by means of leadership development programs is to "think small and act small." As a result, the company will grow. This translates into the maxim that the best way to lead is through managing change. In accordance with this maxim, GE is ridding itself of most of its centralized planning. Change comes so fast and discontinuously in the present business environment that there is no way to effectively plan for it. Welch asked a recent class of executives at its Crotonville campus how many of them predicted the Asian economic crisis. None of them raised their hands, including Welch. His point was that all of the "crap you planned for is meaningless" ("The Jack and Herb Show," 1999, p. 166). Instead of planning for the unknown and unpredictable future, what is important as a GE leader is to be agile both in thought and action. Quick response is the key to competitive advantage. Welch acknowledges that although GE is still an elephant, it is "the fastest elephant at the dance" (p. 166).

Using speed as a competitive advantage has become a core management value at GE, thanks to Jack Welch. In bringing about this cultural transformation, Welch originally contracted with a group of big-name academics to build a change model for GE. After reviewing the literature and extracting guiding principles, the best the group could offer was a self-described "tired, pedestrian model of change" (Frost, 1997, p. 342). Welch, on the other hand, loved it. He pointed out to the professors that they value creativity at the expense of proficiency. Welch asked two questions: (a) is the model true (answer: yes), and (b) was GE doing it (answer: not consistently). Based on this information, he decided that they should stop apologizing and to start teaching. Welch made it mandatory that every president of a business, officer of the company, and senior executive – roughly 1,000 people – would receive seven days of change-related training over ten weeks. Thus began the Change Acceleration Process (CAP) at GE.

How is CAP leadership development? The answer lies in the overarching goal of making people open to change, hungry to learn, and anxious to move quickly on a good idea. These objectives can be construed as the core leadership competencies for the GE of the future. They are also the values that leaders need to develop in others, especially in cases where the future cannot be predicted with any degree of certainty. Ultimately, CAP is about creating a cadre of change masters.

A take-away principle from the GE approach to leadership development can be stated succinctly as **implementation**. There is a broad range of best practices to choose from, including those adopted by GE such as 360-degree feedback, coaching, and action learning. However, it is mostly about doing the best practice consistently and with excellence every time. Much of what GE does with regard to leadership development they acknowledge is not new. But aligning the initiatives with their core values and overall strategy pushes people to implement change with a passion.

<u>Motorola.</u> A distinctive feature of Motorola's approach to leadership development is the Motorola University. Originally called the Motorola Training and Education Center (MTEC), it was founded in 1980 with an original investment of $40 million. This investment was made despite financial hardships created by a deep recession that year. The original mission of MTEC was to design and deliver training services that support Motorola's business objectives. Since 1990, Motorola University has diversified its mission by establishing partnerships with institutions around the world. It is now considered to be the strategic learning arm of the corporation, complementing the training that takes place in Motorola's business groups.

Also in 1990, Motorola University partnered with ABB, Digital Equipment, Eastman Kodak, and IBM to accelerate the development of Six Sigma Quality and to transfer this knowledge in the most effective manner. Much of the University's development efforts are directed at helping managers become catalysts for change and continuous improvement in support of the corporation's business objectives. Six Sigma had such a profound impact on Motorola that it attracted the attention of luminaries such as General Electric's Jack Welch. For years, Welch claimed that there was only one person in the country who hated quality more than him, and that was Larry Bossidy (who left GE to become CEO of AlliedSignal). They misjudged the quality movement as nothing more that a bunch of slogans. However, once Bossidy and then Welch found out what was behind Six Sigma and the results that it helped achieve, both became converts. GE adopted Six Sigma in 1995, and Welch claims that in 1999 alone it will provide for a profit gain of $1.2 billion ("The Jack and Herb Show," 1999, p. 166). Motorola claims that the Six Sigma initiative was responsible for reducing the number of defects in its products from 4 to 5.5 sigma, yielding $2.2 billion in savings.

Although it is billed primarily as a quality initiative, Six Sigma is inherently about leadership development. In addition to transmitting the cultural values behind Six Sigma, some companies like GE use their own managers to impart the philosophy and techniques of the process to others in the organization. These individuals have achieved "Master Black Belt" or "Black Belt" status through training and successful completion of a number of Six Sigma projects. At present, GE has 4,000 fully trained Black Belts and Master Black Belts, and 60,000 Green Belt part-time project leaders who have completed at least one Six Sigma project. Some of the most sought-after candidates for senior leadership jobs are those who have finished Six Sigma assignments. At places like Motorola and GE, Six Sigma is becoming part of the "genetic code" of future leadership.

Besides the Six Sigma initiative, Motorola has other important leadership development initiatives. The company spends more than $150 million annually on corporate education and development. At present, Motorola requires a minimum of 40 hours a year on job-relevant training and education for every employee. The leadership curriculum at Motorola varies by level (supervisors, first-time managers, executives), but each leadership development program uses the same general framework with different curricula (Whitmire & Nienstedt, 1991). Much of the program content for lower level managers is based on Hersey and Blanchard's Situational Leadership Theory.

At the senior executive level, Motorola offers the Vice President Institute (VPI) to foster leadership development in new vice presidents. The biggest issue that the VPI addresses is how to sustain growth in a corporation that already grows by more than 15% annually. The overall goals in establishing VPI were to teach about the company's unique heritage as a second-generation, family-owned business. VPI was also designed to help the vice presidents explore ways to invent new technologies and new businesses (not just new products), with a focus on innovation, globalization, and communications. As such, leadership development is **tied directly to a key business imperative**. In this particular case, the imperative is one of sustaining growth.

An example of how the Motorola business imperative of sustaining growth is translated into a specific action learning program, can be seen in its goal of building Latin American revenues to $2 billion in sales by the year 2000. This challenge – as well as project participants – were selected by the CEO and members of the board. The 30 participants represent senior managers from all key business units, which includes the President of Motorola University. This "learning group" is expected to act as a laboratory for learning, but with concrete action assignments such as reading a daily internet update on Latin America, spending a week in each of four Latin American cities and while there doing things such as acquiring an office, interviewing a government regulator, and obtaining a bank loan. Every three months the group reconvenes to review what has been accomplished and to reflect on significant learning experiences (Martocchio & Baldwin, 1997, p. 15). This project provides a good example of how organizations are expanding – rather than condensing – the timeframes around leadership development to be more in line with business flows. There is becoming little if any distinction between program time and work time.

Another important aspect of the continued success of Motorola's leadership development system is the active involvement of those at the top of the Motorola hierarchy. The corporation's chairman, Bob Galvin as well as many of the rest of the senior team members attend development programs. Some of the top leaders, including Galvin, serve as instructors and facilitators at executive development programs. Top-level leaders also serve on the advisory board for Motorola University and on the corporate policy committee that determines the level of funding for development. This type of high-level support is critical to the success of systemic leadership development in any company.

PepsiCo. Chairman and CEO Roger Enrico is personally committed to leadership development in both spirit and action. Even as the top honcho of a $22 billion corporation with over 150,000 employees, Enrico spends more than 100 days a year personally conducting leadership workshops for senior executives. A number of other leadership development programs involve top-level executives as guest speakers (most often on videotape). However, Pepsi's "Building the Business" program is different in that Enrico is the full-time lead instructor, supported by several other executive teachers. Pepsi's central program philosophy is simple but powerful: The most important responsibility of a leader is to personally develop other leaders. This is especially important in an organization in which 86 percent of executive vacancies are filled from within.

Program participants are carefully selected, and only nine executives attend the program at any one time. This allows Enrico to formally mentor a number of high potential managers simultaneously. The participants are those who are expected to be the future generation of top management. Enrico frames his call to leadership this way:

> The good news is that somebody believes in you enough to feel that you belong in this program. The people we are looking for in this program are the people that the division presidents think could be future division presidents themselves. The bad news is that it carries with it an extra burden . . . . No more can you point upwards and say “Those folks at the top don’t know what they are doing.” Because as of right now, you are one of them (Conger & Benjamin, 1999, pp. 138-139).

Enrico uses his time with program participants to help socialize key leadership values and to share his perspectives and personal philosophies of management and leadership. Enrico distinguishes between *running* the business, which is the role of management, and *building* the business, which is the role of leadership. Those at the top need to do both, he argues, but also need to distinguish between these key roles. There is a parallel between Pepsi’s and Motorola’s leadership philosophies of placing the responsibility of continued business growth on the heads of the company’s anointed future top leaders.

There is a significant action learning component to the Building the Business program. As pre-work, participants spend a month developing an idea for a growth project with their division president and Enrico. Participants devote a total of 90 days on the project while simultaneously performing their regular duties; thus, the choice of growth idea is critical. The only requirement for the idea is that it be a big one with the potential to deeply affect revenue, quality, cost, or customer satisfaction. The overall goal is to have a project that is ready to implement by the end of the program. As a catalyst to this process, Enrico provides personal coaching to each of the participants.

There are no limitations on the content of the coaching sessions. Enrico kicks things off by saying, “It’s your nickel. What do you want to talk about?” (Tichy & DeRose, 1996, p. 64). The conversations run the gamut from strategy development for business-building ideas to career planning or individual development plans. Although the sessions appear to be unstructured, Enrico is an “aggressive listener” and takes an active problem-solving role in challenging people to stretch their thinking. He works with participants specifically on bringing a series of small ideas together into a bigger transformational one. One especially successful example began when a senior vice president for Kentucky Fried Chicken (a division of PepsiCo) brought his idea for a family-meals campaign to Building the Business. Through personal coaching from Enrico and hours of discussion with other participants (facilitated by Enrico), a global strategy emerged as to how to recapture market share by linking meal combinations, delivery, pricing, and service. The result was the creation of KFC’s hugely successful “Mega-Meal,” with double-digit sales and earnings increases in KFC’s major markets.

But leadership development at PepsiCo is much more than Roger Enrico and his “master class.” Pepsi’s initiative is truly holistic in that it depends on a number of key building blocks for successful implementation. Leadership development cannot be accomplished unless all of the components are in place to create a transformational experience for participants. It is also much larger and systemic than any one individual. Integral to the continued success of Pepsi’s leadership development initiative is another champion – Bill Russell, director of executive development. Russell worked closely with Enrico in creating the Building the Business program. Russell has since extended the fundamental philosophy of using leaders to develop other leaders. He is working with other senior Pepsi executives in designing and delivering high-impact programs in other strategic groups, such as marketing, finance, and human resources.

Choosing an appropriate leader is essential. Russell looks for a few key elements that are prerequisites for a successful partnership. Such things include a willingness to commit a minimum of one-third to one-half of one's time to the development program, and have an openness to new ideas and feedback. Perhaps the most central component that Russell looks for in a program partner is a "teachable point of view" on leadership, growing the business, and creating change.

To identify a teachable point of view, Russell spends hours interviewing a widely acknowledged "world-class" leader in the organization, using questions such as "What have you learned the hard way that you want to pass on to others?" After the interview, he spends up to two weeks making sense of the answers and weaving them into a model of the leader's personal philosophy. Russell's model is documented with anecdotes and experiences organized into 20 or so big ideas. The goal is to surface an executive's implicit knowledge regarding a personal model of change-leadership. Russell then serves as program co-designer and coach, making sure that action learning provides the foundation for development.

PepsiCo's efforts began with a challenge from then-CEO Wayne Calloway to develop the world's leading executive development program. The company believes it has succeeded by making Building the Business an effective model for effective senior leadership development. The approach is grounded in the straightforward notion that **the most important job of a leader is to make new leaders**. These new leaders are prepared to translate corporate strategy into local initiatives, while also creating new leaders. Simultaneously running a business and developing new leaders is an immense task. But the top executives at PepsiCo believe that the risks of not doing so far outweigh the additional demands. Unless they personally invest in developing the next generation of leaders, growth will be limited and corporate survival uncertain.

Federal Express (FedEx). The guiding philosophy at FedEx is that when *people* are prioritized first, they will provide the highest possible *service*, and *profits* will follow (People-Service-Profits, or PSP). Leaders at all levels are expected to nurture a people-first culture at FedEx. Distinctive features of the FedEx approach include comprehensive, system-wide leadership development initiatives that socialize managers to the PSP philosophy, and processes that link selection with development.

An integral piece to effective leadership development at FedEx is the Leadership Institute. The Institute was founded in 1984 when several senior-level managers concluded that the organization was effective at preparing people for traditional management functions, but fell short in preparing them for leadership. The mission of the Leadership Institute has evolved to focus on developing leaders throughout FedEx by applying principles of successful leadership. Some of these principles are based on well-known models such as Hersey and Blanchard's Situational Leadership Theory and Greenleaf's servant leadership model. These two theories are used as foundations in a number of other leadership development programs in other organizations.

A somewhat unusual theoretical underpinning is FedEx's use of the transformational leadership model most recently advanced by Bernard Bass (1985). Transformational leaders are thought to arouse higher-order needs in followers, and motivate performance beyond expectations. The FedEx version of transformational leadership is based on three specific behavioral dimensions: charisma, individualized consideration, and intellectual stimulation. These dimensions are combined with six other leadership competencies: courage, dependability, flexibility, integrity, judgment, and respect for others. Together these nine dimensions form the backbone of the Leadership Evaluation and Awareness Process (LEAP).

LEAP is a thorough individual evaluation process that links leader selection with development. Before being given the opportunity to apply for managerial positions, a candidate must have demonstrated excellence along all nine of the LEAP competencies. The process begins with a full-day course titled "Is management for me?" This one-day program provides a realistic job preview of the responsibilities of a front-line manager and is usually held on a weekend on the participant's own time. The message is clear: As a manager you are expected to do extra work without receiving extra pay. FedEx claims that this portion of the LEAP process has resulted in over 60 percent attrition of the course participants (Conger & Benjamin, 1999). Those individuals who continue with the program are more likely to stick with the job as a result of receiving a clear set of expectations of what a management position will be like.

Following the one-day introductory course, candidates must complete a written statement demonstrating evidence of successful performance on all nine leadership dimensions. This written statement is termed a "leadership profile." Also required to complement the self-report are formal written assessments by the candidate's manager, peers, and a panel of mid-level managers. The LEAP panel compares all of the accumulated data and makes a recommendation as to whether or not they choose to endorse the candidate for a managerial position. The recommendation, however, it is not a guarantee of a position. Taken as a whole, the LEAP process is an ingenious combination of rigorous selection procedures with socialization to the FedEx leadership philosophy and the company's core strategic vision. As mentioned, CEO Ted Weise spends several hours with every supervisory class discussing the strategic objectives of

FedEx, his own personal leadership philosophy, and the importance of front-line managers to the PSP philosophy.

The Leadership Institute curriculum is grounded in action learning with a combination of concrete experiences (e.g., business simulations), reflective observation (e.g., journaling), abstract conceptualization (e.g., classroom lectures), and active experimentation (e.g., application of learned principles to real-world business problems). An important component of system-wide leadership development is integrating the curriculum across organizational levels.

The basic FedEx values, philosophy, and culture are incorporated into the "core management principles" courses, which are required for the members of the first three management levels (Murrell & Walsh, 1993). Management Principles I is designed for first-level managers to create an awareness of the behaviors that managers must model to be successful in leading work groups. The content is divided into four primary areas: Transition, Corporate Expectations, Corporate Culture, and The Big Picture. Management Principles II is aimed at helping senior managers link the dimensions of leadership with current business imperatives. Much of the second session is based on experiential activity, including group discussions and working sessions with officers and directors of the company. The topics covered in this session include Risk Taking, Teamwork, Diversity, Situational Leadership, and the Global Economy. Management Principles III helps managing directors evaluate their leadership approach, increase their knowledge of global economics, and discuss business ideas in-depth with members of senior management. This dynamic format allows participants to define a vision for their own business units, and design strategies for communicating this vision to involve others in achieving organizational goals. There are additional "elective" courses open to any member of management, which address topics such as Exploring Teamwork (a wilderness-based learning course), Diversity, and Participative Leadership.

Another interesting aspect of the FedEx approach to leadership development is the use of management Preceptors (i.e., instructors). Preceptors are carefully chosen from among the ranks of the senior managers and managing directors who are nominated by someone at the vice president (or above) level. There are additional educational and experience requirements for Preceptor eligibility, including a rating in the top 20 percent of all managers on the Leadership Index of the annual employee satisfaction survey. A primary responsibility of a management Preceptor is to develop, design, and facilitate courses at the Leadership Institute. Through this process other managers get the opportunity to learn from these high-potential managers in their own organization, and it allows the Preceptors to pursue their own self-development by removing them from daily management tasks. Thus, the Preceptor system fosters a two-way educational experience. The Preceptor assignment is limited to 24 to 30 months at the Institute, and approximately 70 percent of the Preceptors must physically relocate to FedEx headquarters.

Another potential obstacle is that the participating managers are not guaranteed a specific position at the end of their Preceptor assignment. A serious commitment is required from managers as well as the organization to make this program work, given that each must make significant sacrifices. From the organization's perspective, talent is continually drained from the management ranks for two or more years. Therefore, the Leadership Institute must invest continuously in the development of Preceptors as they rotate through assignments. For the Preceptor program to succeed, managers must see the Preceptor assignment as both a developmental opportunity and a career investment.

Despite these potential obstacles, the FedEx Preceptor program has been a great success in helping to **develop leadership system-wide**. The leadership development initiative began over 15 years ago as a top-management concern but has since spread throughout the FedEx management ranks. This pervasive presence helps ensure that FedEx has a continuous stream of high-quality leaders to take the company successfully into the next century.

<u>Johnson & Johnson.</u> In addition to a shared commitment to leadership development, J&J is also similar to GE in being listed as one of America's "most admired" companies in 1998, and one of the top-twenty most admired companies world-wide. It is also one of the "10 Best" companies for working mothers as chosen by *Working Mother Magazine*. A major reason for these accolades is the J&J Credo. With regard to the specific challenge of balancing work and family, the Credo states simply, "We must be mindful of ways to help our employees fulfill their family responsibilities."

So what is this Credo? It is a one-page document written originally by General Robert Wood Johnson in 1943 outlining the corporation's responsibility to customers, employees, the community, and stockholders. Johnson saw to it that the Credo was internalized by the company, and urged J&J managers to apply it as part of their everyday business philosophy. The Credo was, and still is, seen as visionary in terms of putting customers first and stockholders last, and for promoting the concept of fair return rather than maximum profitability.

The Harvard Business School used the Credo as the centerpiece to one of its acclaimed case studies. The focus of the case was on how J&J puts their Credo into action, and the impact of the Credo on leadership development. The Credo continues to serve as J&J's moral compass on a daily basis, especially in times of crisis. During the TYLENOL® product-tampering scares of 1982 and 1986, critical decisions were made based on the Credo. Those who have analyzed the

TYLENOL® incident believe that the J&J Credo played a major role in preserving the company's reputation and in helping them regain their major presence in the acetaminophen market.

J&J faces a unique set of business challenges today. The company values decentralization and expects leaders to act autonomously in an entrepreneurial manner, while demonstrating absolute commitment to the Credo. However, J&J also expects to triple in size within the next decade. These phenomenal expectations for growth fostered concerns about predicted system strain of trying to develop the quality (and quantity!) of leadership needed to manage a projected $50 billion organization within a relatively short time period. In 1995, the J&J Executive Committee used an existing internal process called "FrameworkS" to examine the topic of "Leadership, People, and Teamwork." Despite – or maybe because of – its business success and expected growth, J&J began remaking its leadership development approach.

Using data from existing sources (e.g., 360-degree surveys, previous Credo Survey results) as well as new surveys of the executive-level team, the FrameworkS taskforce proposed a set of recommendations regarding the content and process of leadership development across first-, middle-, and executive-level positions. It is no surprise that the Credo played a central role in the revised leadership development process. Indeed, the Credo is an integrating mechanism in developing leadership throughout J&J.

A noteworthy aspect of the new development process is the "Standards of Leadership," consisting of a set of leadership recommendations set forth by the FrameworkS group for executive- and middle-level managers. The standards were crafted subsequently into a customized 360-degree feedback instrument that has been incorporated into the performance evaluation process. There are three components of the standards-based leadership development process. *Personal leadership* includes a 360-degree assessment on previously identified core competencies. *Credo leadership* uses J&J senior executives to facilitate discussions of the values embodied in the Credo and how to incorporate them into daily business activities, as well as into more long-term strategic actions. *Organizational leadership* uses action learning projects as a catalyst for applying the leadership lessons to a particular business imperative. The entire program runs for approximately four months, including pre-work assignments, the week-long off-site formal program, and 90 days of post-program project work, including a plan for a review/feedback session with the sponsor. The focus of such follow-up reviews is more on leadership lessons learned than on a results orientation. One group chairman put it this way, "Elegant solutions without learning is not as desirable as mediocre solutions with great learning about leadership" (Vicere & Fulmer, 1997, p. 228).

As a follow-up to its 1998 survey on the global most admired companies, *Fortune* magazine in partnership with the Hay Group addressed the question of what makes for a great company. According to a Hay Group vice president, the survey results suggest that the single best predictor of overall excellence was a company's ability to attract, motivate, and retain talented people. CEOs reported that corporate culture was their most important means of building this key capability. Further study revealed that the most admired companies – as compared with those holding an average reputation – have better consensus among members of senior management regarding cultural priorities, especially those involving customer focus, fair treatment of employees, and teamwork.

The shared emphasis on the foundational values represented in the Credo is a characteristic feature of the J&J approach to leadership development. J&J is a prime example of how to use a leadership development system to **socialize managers in key corporate values** and future visions. These characteristics are important components to leadership development in any company. Leaders need to send a consistent message to move organizations forward in a coherent, unified fashion. By timing specific programs at career transition points, J&J provides a good example of how a development system may work as a catalyst for engaging leaders in a process that prepares them for a significant change in the content and scope of role responsibilities.

Summary of General Principles

The present review of leadership development practices in for-profit companies has uncovered a number of innovative approaches and dedicated organizations. This report, however, is only a partial summary drawing on readily available published accounts of best practices. Undoubtedly, there are many other organizations engaged in meaningful development efforts that have not been publicized. One likely reason for the lack of publicity is that companies often view this as proprietary information. It is possible that such companies are concerned that competitors will use publicized information to imitate their leadership development initiatives and undercut their competitive advantage. This fear of imitation is likely an unfounded concern, although it indicates the increased importance that leadership development has been given as a competitive organizational competence. Despite these concerns, the key to success is in the implementation and not the adoption of any particular practice. The point was made at the beginning of this report that it is probably safe to conclude that no two leadership development initiatives are exactly alike. Even if the specific practices are identical in terms of content and structure, differences in the underlying business imperatives and corporate cultures alter their implementation and impact. There are good reasons why the General Electrics and the Johnson & Johnsons of the business world do not shun publicity about their leadership development initiatives (they even provide relevant information on their websites). These organizations are proud of their efforts and realize that what they do cannot be exactly duplicated in another company.

Although there are a wide variety of leadership development practices in place, the present review suggests that there are a few general principles that likely underpin successful efforts. These principles are addressed under the headings of who, what, where, and perhaps most importantly, why (see Table 3 for a summary of these principles).

Who. One part of the “who” question pertains to who should lead the charge for development. Successful leadership development initiatives are impossible without an influential champion, and the higher placed the better. Those companies that have the most pervasive and effective practices with demonstrated records of success have the CEO as champion and primary cheerleader. It would be near-impossible to have a lasting impact on leadership development without the explicit support of top management.

The other part of the “who” question concerns who should be developed. There is an increasing awareness that leadership is not the sole property of those in top management positions. Leadership capacity is found everywhere and at all levels. For this reason, leadership development efforts should be orchestrated systemically throughout an organization. An important lesson learned from FedEx, however, is that whereas leadership potential may be everywhere, not every person is prepared to take on formal leadership responsibilities. For this reason, greater efforts should be made to enhance informal leadership capacity through development processes. One means of bringing this about is to make individuals more aware of their role in the leadership process and better prepared to participate in leadership. This is a shift away from thinking about leadership as the behavior of a solitary individual to an understanding of leadership as something people do together (Drath & Palus, 1994). This shift requires a very different way of thinking about leadership on the part of those responsible for bringing it about in organizations.

What. Two important content issues emerged from this best-practices review. The state-of-the art in leadership development practice is tying efforts to a current business imperative. In many organizations, there is a distinct problem-solving focus to the "what" (i.e., content) of leadership development. This imperative might be a problem such as moving into global markets (General Electric), how to continue growing the business (Motorola and PepsiCo), or figuring out how to lead in a business that is already growing like kudzu (Johnson & Johnson). Regardless of the specific business imperative, there is a tight link between the content of the development programs and the strategic vision of the organization.

The other content issue relates to using leadership development initiatives as a way to socialize managers on key corporate values. As discussed in the *Fortune*/Hay Group analysis of what makes for a great company, corporate culture – especially consensus around the meaning and practice of that culture – is seen as a key factor. Having said that, however, Jack Welch taught a valuable lesson to a group of academics when he pointed out that it wasn't so much what you do in the form of creative or innovative practices; rather, it was how one adopts what has been shown to work and having the discipline to do it consistently.

Another point to consider is that leadership development is a process and not an event. Best-practice organizations recognize that sending people through a series of unrelated programs is not nearly as effective as designing an integrated leadership system, in which the various experiences (e.g., formal programs, 360-degree feedback, coaching, mentoring, networking, action learning, outdoor challenges) are linked by means of an over-arching developmental strategy. This integration becomes an especially daunting task when you also consider the need to make linkages across organizational levels and perhaps any number of countries and cultures. What this integration requires is explicit alignment of the various leadership development practices across levels and with an overall organizational strategy. One obstacle to sustaining leadership development is that the controls that support alignment also create bureaucracy. The boundaryless orientation at GE and the emphasis on decentralization at J&J are just two examples of companies that have put a giant "X" through the notion of creating more bureaucracy. Most companies now realize that bureaucracy does little or nothing to foster extraordinary results.

Where. A number of organizations focus their leadership development efforts only on those at executive levels. This seems to be a bad idea for several reasons. Perhaps the biggest reason is that it assumes only those people at top organizational levels need leadership skills. Apparently, the assumption in such organizations is that leadership is not everywhere. Other organizations promote the philosophy of systemic leadership development – an integrated, system-wide approach to building leadership capacity in all functions and at all levels. As discussed, a particularly effective technique for fostering leadership throughout an organization is the use of high-potential role models as instructors. This is probably best personified in the Management Preceptor program at Federal Express, and it is especially consistent with the philosophy that the most important job of a leader is to make more leaders ("Make Yourself a Leader," 1999). These new leaders can then take corporate strategy and translate it into local initiatives. Put in somewhat different terms, a leader's job is to help others to better participate in the leadership process. In doing so, leadership capacity is developed throughout an organization.

Another take on the "where" dimension raises the issue of the ideal physical location for leadership development efforts. Most experts agree that an off-site location is preferred, especially if a program goal is to get people to think and act differently. It also helps to protect participants from interruptions that are likely to occur if they are too accessible. It is probably not a coincidence that three of the best-practice organizations discussed here have invested in building their own education and development institutes. In addition to signaling their commitment to learning and leadership development, such institutes help ensure that what is being learned is maximally relevant to their unique business needs.

Why. Put simply, leadership development is an investment in the future. According to the renowned economist Lester Thurow, "Businesses must be willing to destroy the old while it is still successful if they wish to build the new that will be successful. If they don't destroy themselves, others will destroy them." To bring about this form of healthy destruction, organizations must invest in creating individual entrepreneurial change agents. These can be people who bring new technologies and new concepts into commercial use, or they can be people who thrive in uncertainty and provide creative solutions in ambiguous circumstances (Cohen & Tichy, 1999).

Implications for the U.S. Army

The U.S. Army has a long and proud tradition of training leadership. What can the Army learn from for-profit industry? Perhaps the review of best practices doesn't sound like anything new. What if we ask the important question – if we "stay the course", are we creating future leaders that are "open to change, hungry to learn, and anxious to move quickly on a good idea"? Do our Objective Force leaders have the competencies and values not only necessary to meet the requirements of the future operational environment, but also to develop future leaders capable of the same?

Isn't the Army currently using some of the best practices? Are they consistently implemented? Emphasized by a champion? Evaluated? Systemic processes? Which leadership development practices provide the greatest return on investment for the U.S. Army?

The U.S. Army is a different type of organization than most Fortune 500 companies. It has different goals, different constraints, a different culture, and much higher consequences when things go wrong. However, the one thing that the Army has in common with all other organizations is its' reliance on humans for making the organization what it is. For that reason, this research effort to provide documentation on industry's best practices in leadership development is a good first step. The real work comes in answering questions like those presented above. Is it a worthy endeavor to reflect or conduct more research to answer these questions? Imagine the consequences of ignoring them.

Table 3: Summary of Best Practice General Principles

- Successful leadership development efforts require an influential champion (preferably the CEO).
- Leadership capacity is everywhere; leadership development initiatives should be orchestrated throughout the organization.
- The most effective leadership development practices are tied to specific business imperatives.
- Leadership development is used to socialize managers on key corporate values and build a strong, coherent culture.
- Leadership development is a systemic process and not an event.
- Successful leadership development depends more on consistent implementation than on using innovative practices.
- An important job of leaders is to make more leaders. High potential leaders make for effective leadership preceptors in designing and delivering the curriculum.
- Leadership development is about creating entrepreneurial change agents who provide creative solutions in ambiguous situations.
- Leadership development is an investment in the future. Like most investments, it may take years before the dividends are realized.

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Appendix

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