Developing High-Performance Leaders

Mara Melum

Although there is widespread recognition that strong leadership is key in these challenging times, many companies provide only the tip of the iceberg of leadership development support. This article is a resource for high-powered leadership development systems that will have an impact on performance. Four topics are discussed: (1) models, (2) investment and results, (3) critical success factors, and (4) case studies of how the 3M Company and HealthPartners develop high-performance leaders. Studies that quantify the effect of leadership development on performance are noted. Five critical success factors are described, and examples from leadership development benchmark organizations such as General Electric and Reell Precision Manufacturing are discussed.

Key words: development systems, high performance, leadership

The 21st century will be all about the teaching organization. ... Leaders at all levels of a teaching organization take responsibility for making their people and themselves smarter, as well as for training the next generation of leaders.1

—Noel Tichy

In the twenty-first century, the challenges facing organizations seem bigger and more complex, the pace of change gets faster, and past strategies seem inadequate for future success. Companies develop visionary strategies, but often find that “strategic goals outstrip employees’ ability to deliver.”1,p.3 In these demanding times, the focus of many organizations is shifting back to basics—to leadership. Leadership skills and practices were recently identified by more than 150 health care chief executive officers (CEOs), board members, and medical directors as the key “log” in the “log jams” they confront in their work.2

Challenges also face organizations as they ponder leadership, and consider how to recruit, develop, and retain high-performance leaders. How can an organization anticipate leadership needs accurately when business models can become obsolete so quickly? Is it worth investing in leaders when some generations seem to have little organizational loyalty? Can leadership really be developed, or is it an innate characteristic?

The purpose of this article is to contribute to effective leadership development that will have an impact on performance. The article addresses: (1) models of leadership development, (2) investment and results, (3) critical success factors, and (4) leadership development systems at two organizations: HealthPartners and the 3M Company.

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The article does not debate whether strong leaders are born or are developed. It assumes that both are true. It also assumes that people can learn and grow, and that organizations can facilitate leadership effectiveness.

What Is “Leadership Development”?

I offer two definitions as a starting point for this exploration of high-performance leadership development.

“Leadership is authentic self-expression that creates value.”[4:p.220]

“Leadership development is expansion of a person’s capacity to be effective in leadership roles and processes.”[4:p.4]

Leadership development is a big business. Business Week estimates that companies spent $17 billion annually in 1993 to help managers develop the thought processes and company-specific skills to enable them to move up and lead their businesses.[5]

But much of this money is spent on a narrow definition of leadership development. For example, the American Management Association (AMA) found that most of what is called leadership development in U.S. companies is coursework, with 77 percent of leadership development taking place in a classroom.[6]

The AMA survey also found that 78 percent of respondents participated only one time or occasionally in leadership development activities, and 50 percent used an informal ad hoc approach.[8] Evaluations of leadership development highlight the opportunity for improvement. On a scale of 1 to 7 (7 being best), participants in the AMA survey gave their leadership development experiences an overall rating of 4.33.[8]

Many leaders and companies are experiencing only the tip of the iceberg of leadership development.

At the other end of the spectrum are companies like Reell Precision Manufacturing (RPM), where “the primary purpose for the company’s existence is to provide a setting where people can grow and develop individually, while at the same time serving the common good” (personal communication from Jim Grubbs, RPM, May 29, 2002).

A comprehensive, high-performance approach to leadership development “does not mean taking people AWAY from their work. It means helping them LEARN FROM their work.”[6:p.220] High-performance models of leadership development tend to have at least three dimensions, shown in Figure 1: (1) targets, (2) approach, and (3) scope.

The target of leadership development is usually both the individual and the organization. As Peter Drucker notes:

Development is not one, but two related tasks which mutually affect each other. One task is that of developing management. Its purpose is the health, survival and growth of the enterprise. The other task is management development. Its purpose is the health, growth and achievement of the individual, both in his capacity as a member of the organization and as a person.[6:p.225]

The importance of targeting the individual as well as the organization is reinforced by Peter Senge: “Organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organizational learning occurs.”[8:p.136]

Most organizations, faced with limited resources, select specific individuals as targets for leadership development. This includes top executives, middle managers, new managers, people identified as “high potentials,” and, in health care, clinical leaders. Some organizations, such as Ernst & Young and Accenture, target parts of leadership development to women and minorities to “level the playing field.” Teams can also be the focus of a leadership development system.

The second dimension, approach, relates to how leadership development works. The Center for Creative Leadership has found that (1) assessment, (2) challenge, and (3) support “are the approaches that, when combined, make developmental experiences more powerful.”[6:p.7] Table 1 describes each element’s motivational role, and how each serves as a learning resource.

A third dimension of leadership development models relates to the scope of the system. LeaderSource, a leadership and executive coaching firm,
identifies five dimensions of this continuum, as illustrated in Figure 2.

1. Content-specific programs that expose leaders to new trends in leadership and provide opportunities to exchange ideas with peers
2. Competency-building programs that develop or refine an individual’s skills and help leaders deal with the demands of the job
3. Experiential learning programs that facilitate overall personal and professional growth through structured learning simulations
4. Interventional programs that focus on issues related to performance and career progress
5. High-performance coaching that invests in top performers to ensure ongoing high performance and to promote successful successions

General Electric (GE) Aircraft Engines’ leadership development system is illustrative of a broad model. The components of GE’s system include: succession planning and pipeline development, world-class management training for all levels of management, assessments that increase in number and intensity
Table 1

ELEMENTS OF A DEVELOPMENTAL EXPERIENCE

<table>
<thead>
<tr>
<th>Element</th>
<th>Role in motivation</th>
<th>Role as a resource</th>
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<tbody>
<tr>
<td>Assessment</td>
<td>Desire to close gap between current self and ideal self</td>
<td>Clarity about needed changes; clues about how gap can be closed</td>
</tr>
<tr>
<td>Challenge</td>
<td>Need to master the challenge</td>
<td>Opportunity for experimentation and practice; exposure to different perspectives</td>
</tr>
<tr>
<td>Support</td>
<td>Confidence in ability to learn and grow; positive value placed on change</td>
<td>Confirmation and clarification of lessons learned</td>
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with level of management, and annual performance reviews (personal communication with Paul Lutmer, GE Aircraft Engines, June 19, 2002).

One source of specific benchmarking information about leadership development models is the "Training Top 100." Training ranked the following companies as the top 10 training and development leaders in 2002: (1) Pfizer, (2) Capital One Financial Corporation, (3) AmeriCredit, (4) IBM, (5) KLA-Tencor Corporation, (6) Intel, (7) Ernst & Young, (8) Ritz-Carlton Hotel Co., (9) Deloitte & Touche, and (10) Edward Jones.

Investment and Results

Expenditures

It is difficult to assess investments, because leadership development has different meanings and is sometimes considered a confidential competitive advantage. A 2001 industry survey by the AMA notes that 90

Figure 2. Leadership Development Continuum. Source: Reprinted with permission from Kevin Cashman, Leadership from the Inside Out. Copyright © 1998 Kevin Cashman.
percent of U.S. companies provide some sort of leadership training. This database on “leadership in the twenty-first century” also notes that about two-thirds of companies surveyed spend less than $100,000 annually for leadership development activities. Seven percent of the companies surveyed invest in excess of $500,000, and almost a quarter spend between $100,000 and $500,000. The average company investment per participant varies slightly from $6,194 for companies with between 500 and 999 employees, to $7,731 for companies with more than 10,000 employees.

Much of the health care industry has been slow to invest in leadership development as a top priority. The health industry invests only about 1.25 percent of payroll on training and development, whereas the Training Top 100 companies average 4 percent of payroll.

Impact on organizational performance

What are the organizational results of investment in leadership? There is a need for more empirical research, but a study by Tor Dahl and Associates offers important findings about impact on organizational performance. Dahl conducted four major productivity improvement projects in the United States, two in manufacturing and two in service settings. Dahl’s research with 531 participants found that change happens in the affective or feelings domain—the domain of emotion, engagement, enthusiasm, commitment, and dedication. Dahl found that (emphasis added):

if you can create domains where people feel satisfied, are experiencing positive control, and where stress is sensed as a challenge rather than as discomfort, performance can be increased by a factor of 20 compared to being in a low-performance domain. By creating such a positive domain, you move a group of people into a “high-performance mode.”

(Dahl defines high performance as “a productive contribution to a known goal or output.”) In other words, Dahl’s data suggest that “there is a way of running an organization so that it can be 20 times better than if it was run poorly.” Dahl’s research identified four leadership styles or domains: the “charismatic leader with engaged followers,” the “monastic leader with secure followers,” the “bully leaders with frustrated followers,” and the “bureaucratic leader with powerless followers.” The two leadership styles identified by Dahl as being most associated with high performance are the charismatic leader and the monastic leader.

The charismatic leader is enthusiastic and engaging. ... Charismatic leaders generate engaged followers who, just like their leader, are highly productive. ... The monastic leader is that of a quiet, reflective type. ... Monastic leaders generate comfortable followers, also extraordinarily productive.

Another research study that quantifies the impact of specific leadership development activities is by Manchester Consulting. This 4-year study, published in 2001, assessed the business outcomes of executive coaching for a sample of 100 executives. The coaching programs ranged from 6 to 12 months in duration, and the coaches had at least 20 years of experience as organizational development practitioners or line managers. The coaching programs studied fell into two categories: (1) change-oriented coaching, to refocus a participant’s skills, and (2) growth-oriented coaching, to accelerate the learning curve for high-potential executives.

This study found that coaching had significant tangible and intangible impacts on business performance, including on productivity, quality, organizational strength, and customer service (Figure 3, A and B). The study also estimated the return on investment (ROI) of coaching in the sample studied. Forty-three percent of the executives in the study provided an estimate of ROI in dollars. When calculated conservatively, ROI averaged nearly $100,000 or 5.7 times the initial investment in coaching.

Organizational evaluation processes

Many organizations evaluate leadership development primarily through participants’ reactions to specific programs. Others use a more comprehensive system, including Kirkpatrick’s four levels of evaluation:

- Level I. Reaction (e.g., participant satisfaction)
- Level II. Learning (e.g., skills, information, attitude changes)
- Level III. Behavior (e.g., job behaviors re organizational expectations of leadership)
Level IV. Results (e.g., profits, ROI, costs, quality, retention rates, sales, morale)\textsuperscript{13}

GE is a company that rigorously evaluates results of its investment in leadership development. For example, GE Aircraft Engines' measurable results include: "(a) rarely, if ever, miss numbers key to business performance, (b) good turnover/retention record, and (c) time required to fill leadership positions is held to a minimum" (personal communication with Paul Lutmer, GE Aircraft Engines, June 19, 2002).

**Impact on individual performance**

Shifting from organizational results, what results are likely on an individual level when some traits, such as IQ, appear to be innate and stable over time? The Center for Creative Leadership has begun to identify capacities that are developable:

In no certain order, here are some of the capacities we believe that leaders can, and even must, learn over time:

- Self-awareness
- Self-confidence
- Ability to take a broad, systemic view
- Ability to work effectively in social systems
- Ability to think creatively
- Ability to learn from experience\textsuperscript{[17-18]}

**Critical Success Factors**

Developing high-performance leaders calls for creativity and a system personalized to the organization. There are, however, generic factors that contribute to successful leadership development. They include at least the following five critical success factors (CSFs).

**CSF 1. A system**

This article describes many components of leadership development. Components in the Training Top 100 companies include the following.
Figure 3B. Intangible Business Impacts of Executive Coaching. Source: Reprinted with permission from Kevin Cashman, Leadership from the Inside Out. Copyright © 1998 Kevin Cashman.

- Succession planning
- Executive coaching
- Personal development plans
- 360-degree assessments
- Mentoring
- Job rotations
- Career counseling
- Job shadowing

When done well, these programs can add value to the individual and the organization. But as the Center for Creative Leadership notes, “Any one particular experience has greater impact if it is linked to other experiences, and if all these experiences are embedded in a supportive, carefully designed system.\textsuperscript{[22]} A system, as Webster’s defines it, is a “set of things so related or connected as to form a unity or organic whole.”\textsuperscript{[22]}

Important systemic connections in leadership development include:
- Embedding leadership development deeply into the organization, including linking it to the business strategy, management systems, and culture (discussed later)
- Connecting leadership development programs and experiences with one another
- Integrating the elements of the models described previously—customization to the target, as well as assessment, challenge and support—in all leadership development programs and experiences

The Center for Creative Leadership proposes the following equation to show the connections among the programs and experiences in a leadership development process:

\[
\text{Feedback-intensive program} + \text{skill-based training} + \text{360-degree feedback} + \text{developmental assignments} + \text{developmental relationships} + \text{hardships} = \text{leadership development}\textsuperscript{[22]}
\]

**CSF 2. Embedded in the organization**

As leadership development pioneer Noel Tichy notes, “Leadership development is no longer some-
thing you can do offline. It has to be part of the everyday life of the company, woven into the very fabric of the organization.\textsuperscript{3}

As with quality management, strategic planning, and many other initiatives, there is a tendency to treat leadership development like a program—a program that is someone else’s job, and one that gets in the way of “real work.” To get beyond this pitfall and to leverage its power, leadership development needs to be deeply embedded into the organization. This includes integrating the approach to and the practice of leadership development with:

- the organization’s mission, vision, and business strategy
- the culture of the organization
- the organization’s other management processes and systems, such as performance management, reward and recognition, management information, and succession planning
- daily work

Ninety percent of the Training Top 100 organizations align personal development planning with corporate mission, goals, and objectives.\textsuperscript{10} For example, number one–ranked Pfizer has six strategic initiatives, all of which are actively supported by training programs. Two of the six strategies are specifically related to development: colleague development and the implementation of six consistent leader behaviors. Leadership behaviors are integrated into all of Pfizer’s human resources and business practices, and 20 percent of a senior executive’s bonus is tied directly to how well these behaviors are embodied.\textsuperscript{17}

Pfizer also uses a “capability continuum.” The company first defines the skills or competencies required in each job family, including senior level positions. Performance reviews analyze attainment of goals and development of these competencies. Over time, Pfizer cross-references individual assessments with business results and addresses two questions: (1) Are the behaviors that we are attempting to improve getting better? (2) Are the improved behaviors making a difference in company results?\textsuperscript{10}

Children’s Healthcare of Atlanta, rated number 49 in the Training Top 100, integrates leadership development into the organization with the help of an annual learning retreat. At this retreat, strategic learning needs are identified based on the organization’s goals and strategic priorities. A Leadership Governance Committee then approves financial and human resources needed to meet the strategic learning goals.

Gap-analysis is another management technique that can help integrate leadership development into the organization. As Stephen Nelson describes in \textit{Harvard Management Update}:

To do this, spell out the leadership needs that flow from each goal on your strategic plan. Then assess how your current leadership pool matches up with those needs and identify any deficiencies. As you move through the year, assess the leadership implications whenever a strategic goal is modified or a new one added.\textsuperscript{3}

Beyond techniques, executives need to ask, on an ongoing basis: “What kind of managers and career professionals will this business need tomorrow in order to achieve its objectives and to perform in a different market, a different economy, a different technology, a different society?”\textsuperscript{425}

\textbf{CSF 3. Top management champions}

As Larry Bossidy, former CEO of AlliedSignal and now Chairman of Honeywell, notes, leadership development “simply cannot be delegated to others.”\textsuperscript{2} Bossidy describes how he spent between 30 percent and 40 percent of his day at Allied Signal “hiring, providing the right experiences for, and developing leaders.”\textsuperscript{2}

When CEOs and other top executives visibly champion leadership development, they send a strong message to all employees that it should be their priority too. To be a champion includes:

- Serving as a role model
- Devoting resources commensurate with the priority
- Holding people accountable

\textit{To leverage its power, leadership development must be deeply embedded into the organization.}
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In the case of leadership development, there needs to be ongoing accountability both for a continuously improving leadership development system and for personal development and development of others. Some organizations do this by linking rewards and recognition to progress on personal development goals. Performance evaluation questions can also, for example, ask employees to demonstrate how they are developing staff and colleague leadership capabilities.

RPM is a role model of many aspects of leadership development, including top leadership champions. The RPM co-CEOs (called office of the dyad) meet individually with the RPM cabinet, the 11-member top management team, for about a day every 2 years. The purpose of these meetings is to assess strengths and areas for development. These meetings become a basis for personal development planning. The co-CEOs continue to work with each member of the cabinet to fulfill their plans. Companywide leadership issues are often a focus of cabinet meetings.

In addition, RPM’s co-CEOs work with a “second-wave group” of employees (called coworkers) identified as having potential for cabinet membership. At 2- to 3-hour-long monthly meetings, the co-CEOs and the vice president of coworkers services serve as process observers. These top executives offer ongoing feedback to the second-wave group as they address real issues faced by the company.

Peter Senge sums up the critical role of top leaders:

The core leadership strategy is simple: be a model. Commit yourself to be your own personal master. Talking about personal mastery may open people’s minds somewhat, but actions always speak louder than words. There’s nothing more powerful you can do to encourage others in their quest for personal mastery than to be serious in your own quest. 96(p.175)

CSF 4. Challenging developmental experiences

Developmental experiences that challenge and stretch people can be some of the most powerful building blocks of leadership. Such experiences are important for two reasons. First, they can cause a disequilibrium that motivates people to develop because they desire mastery. Also, such experiences provide the opportunity to learn and to develop.

Most of the Training Top 100 companies include mentoring (77 percent), job rotations (51 percent), and job shadowing (66 percent) in their leadership development systems. Training contributor Jeff Barbian notes, “When effective, these programs serve as the jet fuel to career development and speak of a rich company culture that values the most fundamental of learning strategies—people learning from people.” 18(p.39)

An example of a mentoring program targeted to women is found at Ernst & Young. The Women's ACCESS program has three parts:

- ACCESS partners for informal one-on-one mentoring
- ACCESS spheres of about nine people to discuss issues of common concern
- ACCESS circles where about nine staff women meet with a partner, senior manager and manager to discuss career-related issues. 18(p.38)

A variety of experiences is critical, both because people learn differently, and because different experiences can teach different lessons. Noel Tichy stresses the particular importance of challenging work experiences: “Twenty percent of (leadership) pipeline development involves leveraging formal development programs. Giving people the right work experience accounts for the other 80 percent.” 11(p.2)

CSF 5. Shared responsibility

Although much of this article discusses organizational responsibility for leadership development, it is a responsibility shared with the individuals. Peter Drucker describes one implication of the knowledge economy, where workers are mobile and can outlive organizations:

We will have to learn to develop ourselves. We will have to place ourselves where we can make the greatest contribution. And we will have to stay mentally alert and engaged during a 50-year working life, which means knowing how and when to change the work we do. 10(p.66)

Drucker's advice includes:

- Concentrate on your strengths: put yourself where your strengths can produce results
- Work on improving your strengths
- Discover where your intellectual arrogance is causing disabling ignorance and overcome it 10(p.66)
Peter Senge calls this core discipline personal mastery, “the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively.” Kevin Cashman, President of LeaderSource, offers seven guidelines for personal mastery, which are summarized in Table 2.

The organization’s role in this shared responsibility is to “work relentlessly to foster a climate in which the principles of personal mastery are practiced in daily life.”

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<thead>
<tr>
<th>Table 2</th>
<th>GUIDELINES FOR PERSONAL MASTERY</th>
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<tbody>
<tr>
<td>• Take total responsibility: No one else can validate your value. It is for you to give yourself. Leaders can effectively validate and support others only if they have validated themselves first.</td>
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<tr>
<td>• Practice personal mastery with others: Risk sharing your genuine thoughts and feelings with others. Avoid “creating others” in your image or being “created by others” in their image. Lead with your own original voice.</td>
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<tr>
<td>• Bring beliefs to conscious awareness: Clarify conscious beliefs and uncover shadow beliefs. Practice reinforcing the ones that open up possibilities and setting aside the ones that limit you. As you believe, so shall you lead.</td>
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<tr>
<td>• Develop awareness of character and persona: Commit to being guided by the qualities of character. Character transforms, persona copes. Transform how you lead and how you live by making character primary and persona secondary.</td>
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<tr>
<td>• Listen to feedback: Sometimes other people hold keys to unlocking self-knowledge. Rather than spending energy resisting feedback, look for the seeds of learning contained in people’s perceptions. Leaders grow proportionally to their openness to input.</td>
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<tr>
<td>• Consider finding a coaching process: Seek objective coaching support to accelerate your growth as a leader. Willingly partner with an expert in personal growth much as you partner with experts regarding business issues.</td>
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<tr>
<td>• Be flexible: Overdeveloped strengths may work against you as things change. Be prepared to take a fresh approach. Be open to drawing out new personal potentialities to prepare for future leadership challenges.</td>
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Case Studies of Leadership Development

Two companies that have made leadership development a priority, the 3M Company and HealthPartners, are described. Their leadership development stories illustrate different models and provide lessons learned.

The 3M Company

This renewed focus on leadership development motivates and encourages everyone to reach their full potential. When we raise the game of each individual and every team, we raise the game of the entire company.24

—W. James McNerney, President

3M is a $16 billion diversified technology company with leading positions in health care, safety, electronics, telecommunications, industrial, consumer and office, and other markets. More than half of 3M sales come from outside the United States. In the health care industry, 3M is known for more than 4,000 medical, surgical, pharmaceutical, and dental products. 3M is recognized for innovation, including for its goal that 25 percent of revenues come from new products and services (for this purpose, 3M defines “new” as within the previous 4 years).

3M’s Leadership Development System

At 3M, “everyone is considered a leader. Leadership development focuses on influencing the organization in a specific way through its people” (personal communication with Denny Nowlin, April 29, 2002).

3M has always been known for its commitment to leadership development. This includes a commitment to continuing education. 3M’s internal education offerings resemble a college catalogue, with courses ranging from meeting management to quality management. 3M’s creative promotion system has also fostered diverse types of leadership development. For example, instead of forcing high-perform-
Developing scientists to move into management roles to further their careers, 3M developed a parallel scientific track. This development track promotes and rewards scientists who want to continue to be practicing scientists, but at increasingly senior levels.

Leadership development has reached new heights at 3M as a key competitive strategy of CEO W. James McNerney, Jr. McNerney notes, "No matter how successful our initiatives may be, the future success of 3M is ultimately defined by the energy of our people and the quality of our leadership. In 2001, we fundamentally changed the dynamics of leadership development at 3M."[p.3]1

There are four key elements in 3M’s leadership development system.

**3M leadership attributes**

With personal leadership by the CEO, the management team defined leadership attributes that “will prepare our leaders to win in an increasingly competitive world."[p.3]1 Leaders at 3M are expected to:
1. Chart the course
2. Raise the bar
3. Energize others
4. Resourcefully innovate
5. Live 3M values
6. Deliver results

**The 3M Leadership Development Institute**

3M also renovated an on-campus facility easily accessible to the CEO into a 3M Leadership Development Institute. Many of 3M’s most promising leaders attend an intense, 17-day accelerated development experience there. This includes 5 days of content learning. In addition, employees develop real-world solutions to current business problems selected by the CEO.

3M believes that it should have the internal capabilities to teach leadership. Therefore, other than a few outsiders, 3M executives teach and lead most of the sessions. The CEO actively participates for 3 to 4 hours of the 5-day program.

**Employee assessment and compensation**

To further develop leaders, 3M has refocused its employee assessment and compensation system to better motivate, reward, and recognize its “very best contributors.” 3M managers rank on a curve every employee reporting to them. Stock options are granted to those with better-than-average performance grades."[p.81]

**Global brains**

A fourth element of leadership development at 3M is the global mix. 3M facilitates worldwide transfer of knowledge, best practices, and people.

3M’s leadership development system focuses both on mastery of functional knowledge (e.g., finance, continuous quality improvement) and on core business strategies. For example, leaders receive extensive training in Six Sigma, one of the company’s major strategies.

**Lessons learned**

Denny Nowlin, 3M Manager of Human Resource Development Europe and a member of the corporate learning center leadership team, notes six CSFs in 3M’s leadership development system:
1. Leaders teach leaders
2. Leadership attributes clarify expectations
3. There is a focus on growth through Six Sigma
4. An accelerated leadership program targets potential high performers
5. Development is focused on the company’s business goals and strategies
6. The top leader is a champion of leadership development

Nowlin stresses that, “The challenge and opportunity is to drive leadership results from organizational excellence. The organization’s strategic direction and intent should define leaders, instead of someone defining leadership in a vacuum and trying to imprint it on the organization” (personal communication with Denny Nowlin, April 29, 2002).
Leadership development challenges at 3M include organizational transition and redesign that may result from leadership development (personal communication with Denny Nowlin, April 29, 2002).

**HealthPartners**

There is a clear sense that in organizations that provide personal care and service, we have under-invested in leadership development and staffing. Leadership development is an important part of the solution to the problems our industry faces.

—Mary Brainerd, President

HealthPartners is a consumer-governed family of nonprofit Minnesota health care organizations focused on improving the health of its members and the community. HealthPartners and its related organizations provide health care services, insurance, and health maintenance organization coverage to nearly 660,000 members. More than 9,200 employees staff the various HealthPartners organizations. The HealthPartners family includes the HealthPartners Medical Group and Clinics, RiverWay clinics, HealthPartners Central Minnesota Clinics, HealthPartners Dental Group and Clinics, Regions Hospital, Regions Hospital Foundation, HealthPartners Research Foundation, HealthPartners Institute for Medical Education, and Group Health, Inc.

**HealthPartners’ leadership development system**

Leadership development continues to grow as a priority for HealthPartners. The company invests about $915 per employee on leadership and staff development, or 1.3 percent of payroll.

Mary Brainerd, HealthPartners President, describes the overall goal for leadership development as “culture and direction.” This includes four goals for leaders:

- Head in the same direction
- Understand the organization’s mission and vision and how individual work fits within this context
- Understand the organization’s strategy
- Have an external perspective

At HealthPartners, line accountability for leadership development is typically assigned to the vice president of a business unit. One example is the leadership system used in the HealthPartners Medical Group and Clinics. This system, built around the organization’s mission and vision, has four major dimensions:

1. **Structure**

The leadership structure includes a medical council, divisional teams, and the Group of 120 (described later).

2. **Action**

The action components of the leadership system include: developing strategies and plans, developing approaches, leading deployment, measuring results, and refining strategies and approaches based on the results.

3. **Behavior**

HealthPartners Medical Group and Clinics also have a behavioral component of the leadership development system. This includes expectations of leaders, responsibility to community, and external learning and sharing. Examples of the expectations of leaders are:

- Leaders act as a unified team
- Leaders work as a team across the organization
- Leaders are held accountable
- Administrative and physician leaders work as a team
- Influence and persuasion approaches to leadership are used, not just “command and control” approaches

4. **Development**

The development-specific components of the leadership system include: strategic learning, mentoring, financial management, leading through change and transition, creating a service culture, continuous improvement methods, complexity theory, leading information technology change, and developing new leaders.

In addition to the business unit approaches, an enterprise-wide leadership development committee has developed and maintains a leadership develop-
ment program for director level staff. Three of these leadership development programs are:

1. The People Connection: “a series of networking opportunities for company officers and director level leaders.” The goal of People Connection is to create an opportunity for dialogue and understanding between the officers of the corporation and director level leaders (middle management) across HealthPartners. This includes about 120 administrative and clinical leaders. People Connections provides opportunities for one-on-one discussion. Directors meet informally with an officer, usually over breakfast or lunch, once per quarter. The cost of the meeting is shared.

2. The Leadership Roundtable: “expert speakers presenting on topics of timely interest.” The purpose of the Leadership Roundtable is to promote a continuous learning environment at HealthPartners for director level staff. The two goals are: (1) to capitalize on outside expertise to broaden the perspective and industry understanding of director level leaders and (2) to generate discussion on new concepts from diverse industries and promote creative thinking within the company.

   Guest speakers, who come one or two times a year, include John Carlos on creating an excellent customer service culture, Paul Plesk on addressing improvement and innovation in today’s complex organizations, and a speaker on generational issues in a diverse workforce.

3. Strategic Learning: “a fast track to understanding our business.” The two goals of this component of HealthPartners’ leadership development system are: (1) to create an integrated understanding of HealthPartners’ corporate strategic agenda and (2) to increase leaders’ knowledge of the health care industry. HealthPartners’ senior business leaders present ten learning sessions about the company’s business and industry. Faculty includes the president and vice presidents.

   The Strategic Learning sessions are organized in “flights.” Each flight has 10 2- to 3-hour sessions, lasting about 6 months. Every director-level leader is scheduled on a specific flight.

Sample topics include: the organization’s strategies for success; marketing and sales approaches; the care delivery vision; managing information; financial and budgeting systems; law, policy and regulation; and corporate positioning.

**Lessons learned**

President Mary Brainerd and Senior Vice President Nancy McClure describe four factors as critical to the success of leadership development at HealthPartners and the HealthPartners Medical Group. First, for leadership development to be effective, it needs to *reach the front line leaders*. In the Medical Group and Clinics this has occurred through the “Group of 120,” which includes all physician and administrative leaders.

Second, HealthPartners has a leadership structure in which physicians and administrators *work as a team* for the success of the whole organization. Through this team approach, HealthPartners is moving away from silos toward leadership for the common good.

Third, through the strategic learning series and other initiatives, leaders gain a *strategic understanding of the whole organization* and of the broad organizational strategy.

Fourth, leadership development is part of a broader, *systematic approach* to the human dimension of organizational transformation. In addition to the four dimensions of leadership described previously, this system also includes staff learning, growth, and alignment. Related initiatives address culture, the work environment, and human resources fundamentals. Communication is the “linchpin” between the staff and leadership parts of this system.

Leadership development challenges at HealthPartners include:

- Developing coaching and mentoring skills, including feedback
- Management of cultural change
- Accountability
- Logistical difficulties related to the small number of staff members who are full-time
- Making leadership development a higher priority in a production-oriented environment
Leadership development results at HealthPartners

HealthPartners Medical Group assesses the effectiveness of this system by measuring results, including:
- Key measures, such as turnover and results of staff and physician surveys
- 360-degree performance reviews for leaders
- An enterprise-wide balanced scorecard that includes measures across all aspects of the business

In addition, HealthPartners evaluates the components of its specific leadership development programs. For example, a survey of participants in HealthPartners People Connection revealed that 84 percent of attendees rated this program as very valuable and informative. One director stated, “It’s an excellent way to network and learn about other parts of the organization. I’ve made some very productive contacts, and we have been able to highlight some areas that need better cross-organizational participation.”

In the future, HealthPartners plans to expand its evaluation of leadership development through more regular feedback from employees. Employee surveys will solicit information about leaders’ abilities to create: (1) “line of sight” to corporate mission and vision, (2) an integrated view of the organization, and (3) an environment where employees know how they contribute to HealthPartners and feel valued for their work. In addition there will be more regular employee feedback about leaders’ abilities to support and develop staff.

Conclusion

Although there are many approaches to leadership development, there is no question about its importance in today’s challenging marketplace. When leadership development becomes an ongoing system embedded in the organization, when it is championed by top management and the individual, and when it nurtures a rich array of challenging developmental experiences, then we open up the possibility that Goethe so eloquently presents:

“Treat people as if they were what they ought to be, and you help them to become what they are capable of being.”

REFERENCES
