

STEEL

Demonstrating the Connection Between Learning and Strategic Business Results

In an industry that's gone through three years of downsizing, CEO Jim Hackett has kept learning as a strategic element. What's going on? A more complex business world requires less rigid leadership and the ability to respond to an ever-changing environment.

STEELCASE

Steelcase began in 1912 as The Metal Office Furniture Company in Grand Rapids, Michigan. In 1914, its first patent was awarded for a steel wastebasket—a major innovation at a time when straw wastebaskets were an office fire hazard. That invention led to a line of metal desks, and the company has led the industry with product and service innovations ever since. From oval desks in the 1930s, the introduction of color in the 1950s, systems concepts in the 1960s and 1970s, to the integration of technology and office space in the 1990s, Steelcase has transformed the ways people work.

Says CEO Jim Hackett, “We’ve made it our business to study how employees innovate and work—and how environment affects efficiency, creativity, and decision making. This passion to learn, understand, and share what we know about work helps us design user-centered architecture, furniture, and advanced technology for improved efficiency and effectiveness in the workplace.”

It is Hackett’s understanding of the value of knowledge in a competitive marketplace—and his vision for a knowledge workforce—that has put the company’s focus on learning.

A strategic asset

Rising through the ranks to be appointed CEO in 1994, Hackett understood that the company needed a learning mindset if it was to compete in a fast-changing business world. In 1999, he and the board of directors demonstrated that mindset by converting a former Steelcase manufacturing facility into a state-of-the-art learning center. That move supported Hackett’s vision for shaping the brightest workforce in the business. It centralized learning and development to eliminate redundancy, reduce costs, ensure consistent processes, and inspire change.

The 63,000 square foot corporate learning center—known as Steelcase University—raises the bar for learning

environments. The design of the facility, which is based on current studies of how people learn, serves as a laboratory to further understand how space influences learning. The result is an environment that’s light-years away from the academic classroom model still prevalent today.

Shortly after the University’s doors opened, Hackett brought in more than 800 Steelcase global leaders for a meeting. He and the senior executive team made clear the vision, strategies, and values exemplified by the world-class setting. Hackett remembers the kick-off with pride because he saw his new facility in action—inspiring the very thinking and sharing he had envisioned. Alignment began at once and continues to this day; the clarity from that meeting and subsequent annual gatherings cascades through the workforce.

As a dynamic learning center, Steelcase University focuses on nurturing access to blended knowledge solutions and linking learning to performance. It functions not as a repository but as a vital access hub. The facility has become the central location for formal classes and an informal business site for employees. On a daily basis, it hums with manufacturing workers participating in Kaizen [a Japanese term meaning “change for the better”] learning sessions, managers holding strategy meetings in one of the high-tech breakout rooms, and senior executives choosing to work in the facility’s wireless environment in lieu of their own workstations at global headquarters, which is just a short walk away.

Executive development

Timing for the University rollout couldn’t have been better. Just as the war for talent was heating up, Steelcase University addressed the threat by developing a centralized modus operandi: a company-wide process to identify and develop executive-level talent. That process created a pipeline of senior leaders to fill demanding top-level positions. In addition, Steelcase University developed an accelerated executive development program shaped to meet the specif-

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ic bench strength requirements of the company. Based on research and benchmarking efforts, the program identified high potential employees; put them through rigorous assessment; and provided participants with individualized, accelerated learning plans, as well as action learning assignments and other developmental experiences.

Key to the success of the executive development program is the hands-on involvement of Jim Hackett and other high-level executives. Hackett heads a seven-member Talent Development Council made up of industrial psychologists, rotating members of the senior executive team, and heads of human resources and the University. The council meets a half day each quarter to review nominations, monitor participant progress, and mandate critical business issue assignments. Leaders selected into the program are “on stage” for 18-20 months, then the process begins again with a new group of high potentials. Management keeps the metrics of success simple and considers participants as first-choice candidates for open leadership positions. Over time, the program exposes the Steelcase senior executive team to many outstanding employees with executive potential.

Leadership development

Steelcase University’s new leadership development program revolves around three distinct curricula of six to eight courses each, covering strategy, strategy operations, and people. Courses rolled out to North American-based leaders in 2004, and the program was launched internationally in early 2005.

The program captures the know-how of top Steelcase executives tapped by Hackett for their proven expertise: Steelcase’s chief financial officer, who is ultimately responsible for corporate strategies, leads the development effort for the strategic planning curriculum; the head of global operations champions the execution of the plan course content; and the chief administrative officer leads the leveraging human capital course efforts. Each curriculum provides a disciplined understanding of how and what one should think and do as a leader within Steelcase. Steelcase knowledge from those top-tier experts is integral to the course content and each of the three executives helps launch the curriculum drawn on his or her area of expertise.

Leading the learning effort by example, CEO Jim Hackett created a course around his own critical thinking model, which he teaches as leaders complete the first curriculum within the program. Hackett assigns a written task to each participant and provides personalized written feedback.

Transforming learning into performance

Course designers set up all of Steelcase University’s

centralized processes and training and development capabilities to help drive performance and lead strategic change for the company. The University looks not only at supporting what’s going on today to improve results and meet enterprise goals, but also at identifying how behaviors need to change to align with new performance standards and future directions. Getting knowledge out to the right people at the right time is paramount.

Just as the enterprise strives to understand and provide solutions for each client’s critical business needs, Steelcase University bonds with its internal customers on a consulting and problem-solving level. The purpose of that bonding is to identify the best learning solutions and tie them to business strategy. A cadre of learning consultants serves as extended team members in key functional groups across the company. The learning consultant gets to know the business challenges of the function and identifies the required business results; thus, where applicable, the right learning solutions can support behavior gaps.

Consultants look for a balance between skills and knowledge, management commitment, and work environment. If any of the three is missing, performance improvement won’t be evident. The learning consultants are trained with a consistent process that includes applications of the Gilbert’s Performance Grid, Dana and Jim Robinson’s performance consulting practices, and Robert Brinkerhoff’s impact mapping.

The University’s consultants serve as liaisons between the business unit and a small team of project managers, instructional designers, and tech developers to communicate learning needs. The team may identify an off-the-shelf course that provides the right solution, or, more often than not, create a learning solution specific to the needs of the employees within the function.

Due to the relatively small size of the internal development team, Steelcase University relies on an outtasking model that allows contractors to assist. Trainers and facilitators are drawn from the University’s trainers, outtasked trainers, and a cadre of Steelcase employees—content experts—who have become qualified trainers.

Measurement

Currently in the pilot stages, Level 3 measures are applied to learning activities in two ways. At 60 or 90 days following the completion of a course, an electronic feedback form goes out to both the participant and his or her respective manager regarding the application of learning objectives. That follow-through and the resulting percentage readings help function-

al area leaders or course developers make adjustments necessary to impact performance.

On the employee development side, several standardized processes support the overall management of Steelcase human capital. Competency management criteria are applied within Steelcase job families to identify top performers in both leader and non-leader job families. Steelcase leadership reviews the criteria on a three-year cycle to ensure that they accurately reflect changing knowledge requirements.

A six-step employee development process is used to help improve performance gaps. The process includes both a self-assessment and a management assessment to identify areas for improvement, and establish and track a learning plan. Functioning as a one-stop talent tracking system, a global employee resume repository features built-in resumes, career aspirations, hobbies, interests, capabilities, work history, performance appraisals, and more. The result: Steelcase leaders and HR professionals can readily access up-to-date talent data to assist in decision making.

Centralization, consistency, and the LMS

While the Steelcase University facility visibly symbolizes the centralization of learning processes at Steelcase, it's the University's comprehensive learning management system that works behind the scenes to integrate all of the talent processes into one Steelcase-specific database, ensuring consistency. Operated by an infrastructure support team that not only coordinates the extensive course and curricula offerings but also keeps the University Website functioning, the LMS manages all training and development activities. The system saves hours of labor and corrals a massive amount of development-related data that is invaluable in dispersing and tracking talent across geographies and organizational levels.

Gauging progress

Steelcase University makes self-measurement a priority. Taking a balanced scorecard approach, the University monitors progress against its fiscal year business plan. The scorecard focuses on four key areas: financials, customer results, internal processes, and people. Each area contains two to four measures that are outcrops of the University's business planning process. All internal functional groups within the University, as well as individual performance plans required of all Steelcase employees, align to the balanced scorecard measures. That alignment paints an accurate picture of where the University stands against strategic plans at any given time.

The University's new virtual classroom capability has demonstrated an immediate and direct-to-

bottom line return-on-investment. The VC can link up to 150 people anywhere in the world, allowing instructors and employees to participate in two-way visual and two-way audio interaction. In three months alone, Steelcase saw a savings of \$635,000 with that capability.

In early spring 2005, Steelcase University unveiled two global online courses required of employees worldwide. One enables employees to understand compliance concerns and the other targets new hires. Both new programs establish consistency by communicating how Steelcase does business as a company and how it positions itself within markets.

Those courses, along with all of the learning initiatives launched by Steelcase University during the past four years, exemplify management's commitment to knowledge and put learning value front and center. It's making a difference. A growing number of managers, directors, and executives have, for the first time, put knowledge at the forefront of their priorities. As a result of Hackett's vision and efforts, leader behavior is changing at Steelcase.

Those priorities are driving a culture shift that support performance change through learning. The infrastructure is in place, the learning is happening, and performance results will help move Steelcase forward. **TD**

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Executive Development Program Metrics

- Percentage of program participants retained by the company
- Percentage of program participants promoted (next level job family) vs. percentage of nonprogram participants
- Bench strength rating—the ability to maintain the right number of high potentials in each job family accelerated pool