

Executive Development

By Mike Czarnowsky *An ASTD Research Report*

Companies provide notable insight into what makes their executive development programs go.

Executive Development Definition

To distinguish “executive development” programs from the more broadly used “leadership development,” the following definition was used in the study:

“Executive Development is an ongoing systematic process that assesses, develops, and enhances one’s ability to carry out top-level roles in the organization.”

Executive development is a multibillion-dollar business endeavor and a critical component to an organization’s long-term growth and survival. Organizations invest significant resources to develop today’s leaders into tomorrow’s executives, often with little information on what other organizations have found to be successful (or unsuccessful).

A new study by the American Society for Training & Development, sponsored by Booz Allen Hamilton, examined how organizations handle executive development—how much they spend on the programs, who is involved, how participants are selected, what makes these programs most effective, success stories, and lessons learned.

The following sections demonstrate key findings.

Larger organizations are much more likely to have an executive development program

Roughly one-quarter (27 percent) of organizations with annual revenues less than \$10 million have an executive development program that is either currently active or activated on an “as-needed” basis. However, 88 percent of organizations with revenue of \$10 billion or more have such a program. In addition, global firms are much more likely to have an active or as-needed program (72 percent) compared with firms that are national in scope (52 percent).

Executive development programs are typically highly selective

Two-thirds (66 percent) of organizations with a currently active or as-needed executive development program

include 2 percent or less of their workforce in the programs. Organizations use a variety of methods to identify and screen program participants, including (in decreasing degree of use)

- identification of high-potential employees by managers
- job performance reviews
- inclusion in succession planning
- multirater or 360-degree assessment
- competency self-assessment
- objective competency assessment
- interviews
- personality assessment
- use of an assessment center.

It bears noting that the first three screening methods, which are generally lower cost and typically part of existing HR systems, were used by more than half of organizations (57 percent or more). There was a significant drop in usage for the remainder (39 percent or less, using any given method), which are more formal in nature and tend to have higher associated costs.

Executive development program expenses include a significant amount of outsourcing

Perhaps due to the unique nature of the program and its participants, organizations spend nearly half (48 percent) of their funds on outsourced activities. Another 14 percent is spent on tuition reimbursement.

A variety of delivery methods are used with heavy reliance on interpersonal methods

As noted in the sidebar on delivery methods, organizations

use a wide variety of delivery methods in their executive development programs, and most use a combination or blend of multiple methods.

Executive development programs are typically significantly more expensive than other learning programs

Half (50 percent) of organizations with an executive development program spend more than \$7,000 per participant in the program. This is dramatically higher than the average overall learning expenditure per employee of \$1,040 as noted in the *2007 ASTD State of the Industry Report*.

In addition, one quarter (26 percent) spend more than \$15,000 per participant, and 13 percent spend more than \$25,000 per participant. On the lower extreme, one quarter (25 percent) spend less than \$2,000 per participant, and one in six organizations (16 percent) spend less than \$1,000 per program participant.

It bears noting that the first three screening methods, which are generally lower cost and typically part of existing HR systems, were used by more than half of organizations.

C-level support is considered critical to the success of executive development programs, and most programs receive it

In interviews and surveys, responding organizations stressed the importance of C-level support. One respondent noted, "Having active C-suite involvement in the program is essential to the success. This not only achieves the buy-in but it exposes them to the high-potentials in a learning environment so they can learn together. [There is] much stronger impact than was originally thought." Given the high importance of C-level support, it is encouraging to find that 71 percent of responding organizations have a high or very high degree of such support. **T+D**

For more in-depth and expanded findings on the state of executive development, including best practices and actionable recommendations from ASTD and responding organizations please be sure to read the full ASTD/Booz Allen Hamilton Executive Development Study, available September 2008. The study includes survey responses from 397 organizations and in-depth interviews with 18 senior learning executives. ICF International assisted with the study interviews. This study is part of the newly expanded ASTD Research program.

Mike Czarnowsky is director of research business operations for ASTD; mczarnowsky@astd.org.

WHAT DO YOU THINK?

T+D welcomes your comments. If you would like to respond to this article, or any article that appears in T+D, please send your feedback to mailbox@astd.org. Responses sent to the mailbox are considered available for publication and may be edited for length and clarity.

DELIVERY METHOD	ORGANIZATIONS USING METHOD TO A "HIGH" OR "VERY HIGH" DEGREE
Classroom-based learning: Participant attends instructor-led training based on needs, priorities, and level-specific roles.	65 percent
Coaching: Participant works with an internal or external coach who helps establish and monitor progress toward goals.	61 percent
Action learning: Participants work alone or with cohorts on a real business challenge while reflecting on and discussing progress and lessons learned.	56 percent
360 degree feedback: Participant receives feedback (collected by a third party to remove attribution) from subordinates, peers, managers, and clients.	54 percent
Experiential learning: Learning through experience, either in a real situation, such as in the workplace, or in role play.	53 percent
Off-site retreat-type sessions: Participant travels to a destination (often a resort) with colleagues for team-building, self discovery, and learning activities.	50 percent
Mentoring: Participant works with a more experienced mentor who provides advice and shares experiences.	49 percent
Stretch assignments: Participant engages in an assignment that is beyond his current level to learn new skills.	43 percent
Self-study or virtual learning programs: Participants utilize technology such as online programs, CDs, and podcasts to develop skills in a self-paced manner.	33 percent
Simulations: Participant engages in real world situations in a practice setting.	29 percent
Job Rotations: Lateral transfer of participants among many different positions and tasks within jobs where each requires different skills and responsibilities.	26 percent
Communities of practice: Participants with a common interest in a subject or problem collaborate over an extended period to share ideas, find solutions, and build innovations.	24 percent
Assessment centers: Participants undergo a standardized evaluation of behavior based on multiple methods of assessment (for example, job-related simulations, interviews, and psychological tests) to evaluate behaviors relevant to critical aspects of a job.	23 percent
Shadowing or on-the-job training: Participant learns from individuals performing the job or modeling the skills to be acquired.	15 percent



LISTEN TO THIS FEATURE
at www.astd.org/TD/TDpodcasts.htm



YES!

I want to subscribe for only \$99, (\$165 Outside the U.S.) to T+D magazine—12 monthly issues that keep me at the forefront of workplace learning and performance.

TD0833

Order Information

Name: _____

Title: _____ Company: _____

Address: _____ City: _____

State/Province: _____ Zip/Postal Code: _____

Country: _____ Email: _____

Phone: _____ Fax: _____

Check One: [] \$99 (USA) [] \$165 (Outside the US) [] VISA [] MasterCard [] Amex [] Discover [] Check (USD) (Payable to T+D)

Card Number: _____ Expiration Date _____

Signature: _____

Fax this form to 1.703.683.9591 OR Mail to: T+D, P.O. Box 1567; Merrifield, Virginia, 22116-9812, USA

Order online at store.astd.org
Phone: 1.800.628.2783 (1.703.683.8100 outside the US)

Orders processed within three business days.
If you have questions, please contact subscriberservice@astd.org

Prices valid through 12/31/2008. If you should wish to cancel your subscription for any reason, you will receive a refund on all unmailed issues. Your subscription to T+D may be a tax deductible business expense. Please allow 6 to 8 weeks to receive your first issue.

T+D is published by the American Society for Training and Development (ASTD)

010859.63250

