

## 2003 Excellence in Practice Citation

Workplace Learning & Development



---

GM University

### General Motors University

Detroit, Michigan

### *Managing Directors Program*

#### **SUMMARY**

This large international organization recognized the need to develop leaders in key geographic locations capable of delivering outstanding results with increasing speed and urgency. To be successful, this organization had to ensure that its managing directors, who have profit and loss responsibility, were as equally developed as its global functional leaders, around whom most developmental events had been historically designed. The Managing Directors Program was implemented to accelerate the development of these key leaders.

Participants are selected by the CEO and the senior Strategy Board of the company and represent the four regions of the globe. The program consists of two intensive days of interactive case study activity conducted in a classroom setting at its global headquarters.

The program content includes business briefings from key functional Strategy Board members. Presentations are conducted in a case-study style format featuring real time business challenges and strategies. Issues are rigorously debated, since there are no "final solutions," creating tremendous learnings specific to the company's business.

One of the most significant values of the program is the opportunity for its global leaders to study face-to-face as they discover common challenges and best practices. As they debate complex issues, they come to know each other better, understand cultural differences, and build lasting relationships.

In the end, the program creates a powerful global network of leaders anchored in their common understanding of the company and prepares the participants to better deal with the cultural and economic realities of their industry.

## BACKGROUND

In 1999, the company's CEO questioned whether the company was getting maximum value out of its long established practice of sending managers and executives to external university-based programs. The expense incurred generated value for the participants, but, more often than not, did not produce a comparable return for the company.

An analysis of the company's past executive education practice showed that some of those given permission to attend external programs were not viewed as high potential by the company. The content of these external programs was not relevant to the firm's immediate business needs.

The company determined, from a comprehensive benchmark study, that the HRM practices that were being revised to focus on redefined talent requirements could best be supplemented by a customized series of leadership programs. Furthermore, these programs should contain content around the specific business strategies and objectives of the company.

The Managing Directors Program is one of several customized executive development programs that complement one another to address the developmental needs of key executives and build the leadership benchstrength needed to compete in the global marketplace. The objectives of the program are to increase the business acumen of its managing directors, to build the leadership benchstrength necessary to execute the growth plans of the company, and to accelerate the business performance of newly assigned managing directors by reducing their learning curve. The first program was launched in April 2002, and was attended by eight (8) newly appointed managing directors. The managing director position is critical to the business success of the company as well as a vital developmental assignment for high potential executives, as it is a position that provides executives with autonomous P&L responsibility. In a company of over 340,000 employees and 2,500 executives globally, there are approximately 25 managing director positions (roughly 1% of the total executive population). The regional presidents, who are also members of the company's Strategy Board, nominate participants who have been recently assigned into new positions.

The program is taught by the CEO and six selected members of the Strategy Board, who have each been managing directors during their career. A needs analysis surveyed each of four regional presidents and a handful of selected high performing managing directors. All phases of the program's design and delivery are coordinated by the company's corporate university by its executives and a program manager. A second session is planned for January 2004.

Since the program features the exclusive use of senior leaders as teachers, and since the program is conducted in existing meeting space at its corporate office, the actual out of pocket cost per program is approximately \$5,000. This compares extremely favorable to the company's cost of sending its managing directors to the aforementioned external executive programs, which can cost up to \$40,000 per participant based upon 2003/2004 pricing structures.

The Managing Directors Program is an outstanding example of a business needs-based educational experience intended to create immediate superior business results. The content is focused on the key issues and drivers of profit and loss and provides a network of contacts to support the participants well after the event. The commitment of the CEO and key Strategy Board members to teach the program, provides participants not only with insights on current challenges and opportunities but also allows the Strategy Board to demonstrate its alignment around the company's key strategies.

## **DOCUMENTATION**

### **Needs Identification**

- 1. Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

This international company has strong functional expertise, which combined with a global matrix structure, facilitates common global processes resulting in lower costs, diffusion of best practices, and improved allocation of resources. There is limited opportunity in the company, however, for future leaders to get general management and P&L responsibilities early in their careers. Frequently, the managing directors position is the first opportunity for many to be responsible for P&L and broad business issues crossing multiple functions. Furthermore, little had been done historically, to develop a network among the managing directors to share best practices. Consequently, newly-appointed managing directors had to learn the local nuances of business performance drivers and cultural expectations on their own, with minimal assistance from experienced or outgoing managing directors. Managing directors were known to have a predictably long learning curve in their job performance.

Furthermore, the company has significant growth opportunities outside of North American, particularly in Asia Pacific and Eastern Europe. In order to realize the growth in these emerging markets, however, the company would have to have significantly more managing directors with the capability of acting independently and responding to local nuances in various markets. The CEO and Strategy Board recognized the impending shortage of talent.

The Managing Directors Program was created in response to these strategic needs. Extensive interviews were conducted with each regional president, and selected high performing managing directors to ensure that the program contained all areas of critical content. Furthermore, each participant was surveyed prior to the program to gain additional input on content. To enhance the building of a global network, newly-appointed managing directors from every region were selected to participate.

Based on the accelerated business success of the first group of participants, many have already moved on to positions with higher levels of responsibilities. As noted, a second Managing Directors Program is scheduled for January 2004, well ahead of the original plan; in order to support the next group of newly-appointed managing directors in a similar manner.

## Design Values

- 2. Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

A needs analysis is conducted at the Strategy Board level as well as the participant level to determine content requirements.

The following are the benefits of the Managing Directors Program to the organization:

- Increased understanding of the company's total business
- Increased global leadership capability and benchstrength, necessary for execution of the company's strategic plans
- Strategy Board members candidly discuss business challenges
- Increased business performance in the short term and long term
- Best business and cultural practices are systematically shared to accelerate business results.

The following are the benefits of the Managing Directors Program to the employee:

- Participants are exposed to state-of-the-art business thinking
- Participants develop networks with peers and senior leaders making it immediately easier to leverage resources and execute business plans
- Depth and breadth of business acumen critical to current job assignment are increased
- Participants are better prepared for higher levels of responsibility
- Participants enhance their ability to drive business results.

## Alignment

3. *How is this practice in alignment with the performance identified, as described in your answer to question 1?*

The Managing Directors Program content is highly aligned to objectives of the course. The CEO, and regional presidents serve as presenters and focus on the key drivers of business performance within the context of known regional market nuances. Senior functional executives present key functional issues and best practices known to be critical for P&L performance. Senior executives are chosen to present based on their functional expertise and prior experience as a high performing managing director. All content is reviewed and approved by the CEO and the Strategy Board to ensure its thoroughness and intensity.

4. *Please describe how this practice integrates other training, learning, and performance improvement practices, and aligns itself with organizational goals to achieve the desired outcomes.*

The Managing Directors Program is one of several executive development events initiated by the CEO and the Strategy Board in recent years. Each of these of programs is highly aligned to the business strategy of the company and includes instruction from the highest functional and regional executives in the company. Additionally, careful attention is given to ensure that unnecessary duplication of development resources is avoided. These programs are also highly aligned to the matrix structure of the company.

The Managing Directors Program is additionally highly aligned to the organizational goals of the company. The CEO and Strategy Board have identified several key markets outside of North America that the company must develop in order to ensure future success. The attention given to accelerating the development of the managing directors depth of talent and bench strength is the key driver to the program and its content.

5. *What evidence is there of partnerships within and outside the organization (e.g. with senior management, frontline supervisors, unions, external training suppliers, consortia)?*

The creation of the Managing Directors Program has driven internal partnerships at several levels in the organization. First, the CEO and Strategy Board now speak more candidly about the business challenges they face and the capabilities of the leadership bench strength. Secondly, the CEO and Strategy Board have prioritized their personal involvement in the developing of future leaders. Finally, the networking of the participants with the senior leaders and fellow managing directors has developed partnerships and accelerated the speed and quality of critical business decisions.

The Company believes that the development of its people is a competitive advantage, so it shares various programs and products with business partners around the world. The company has also discussed/benchmarked its approach with more than a dozen other global corporations who were interested in its leadership development approach. In addition, information is shared with select broader audiences such as the Conference Board, LearnShare, the Corporate University Exchange and the National Defense University.

The company believes that a program, in which leaders teach about today's real business issues and outcomes, helps build a global network where colleagues can quickly connect and solve problems together based on common understanding.

### **Evaluation Strategy**

*6. How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost phone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*

Program content is heavily reviewed throughout the event. Participants evaluate (Level I) each individual presenter for content applicability and effectiveness throughout each day, using a 5-point Likert scale: 1 being low and 5 being high. Adjustments to content and timing (program emphasis), if needed, are made immediately. Following the program, feedback is prepared and reviewed with each presenter to ensure continuous improvement for future sessions.

The quality measure for the evaluation strategy is based upon responses to two key statements: 1) The learning will help me be more effective on the job, and 2) I would recommend this course to others. Feedback from participants reflects an evaluation of 4.8/5.0 on effectiveness and 4.9/5.0 on recommendation to others.

All program costs are routinely tracked. Since the program exclusively features senior executives as teachers, the program costs are minimal relative to other executive programs.

The bottom line evaluation of the program, however, is in the observable increased performance of the participants in their jobs. The CEO and Strategy Board monitor this confidentially, and their commitment to the second offering of this program speaks for itself.

## Results

- 7. What specific participant behaviors are observed as a result of this practice, and how do these behaviors contribute to the goals of the practice? Are the impacts of these behaviors short-term or long-term? How do these behaviors differ from the results of previous practices?*

There are three observable behaviors as a result of this program. First, participants immediately formed a network of peers and senior leaders that have facilitated superior business decisions. Secondly, the group expressed an interest in continued learning among themselves following the course. They now share experiences, particularly cultural best practices, which have improved their ability to drive business results in their country. Finally, the group is demonstrating an improved ability to respond to rapidly changing economic environments through an improved understanding of the key business drivers in their country and is beginning to leverage cross-regional business capabilities with greater frequency and speed.

- 8. What was the impact of the practice on your organization? Are the impacts of these behaviors short-term or long-term?*

The Managing Directors Program is producing both short and long-term impact. In the short term, newly-appointed managing directors are acclimating to the local business and cultural climate with increased speed enabling them to create superior results more quickly. Additionally, the increased networking is creating more opportunities to leverage business capabilities and best practices, again, leading to an increase in business performance. The company's business performance in Asia Pacific is growing significantly each quarter.

In the long term, the Managing Directors Program enables the company to fully execute its growth strategy in key international markets, in particular, Asia Pacific. It serves as a critical tool to be used by the CEO and Strategy Board to increase the company's leadership benchstrength by increasing both the number and experience of its managing directors.

## Shared Learning

- 9. What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and external to your organization.*

Following the inaugural session of the Managing Directors Program, an extensive review of continuous improvement suggestions was completed. A number of lessons were learned and applied to the design of the second session scheduled for January 2004.

Learning from one another – Although the content of the program received high marks, participants discovered that they learned a tremendous amount from each other during breaks, lunch, and evening time. This learning will be applied to the second session in the form of increased number and length of breaks, and earlier evening ending times. This learning has also been shared with the development team managing the two other executive development programs, mentioned earlier, to ensure a similar balance of classroom and “free” time.

Learning by internal case study – Each presenting executive was given a set of presentation guidelines that outlined the recommended use of the discussion of real time internal case studies as a teaching methodology. Specifically, it was recommended that presenters allocate 2/3 of their presentation time to case study discussion. The participant response was overwhelming, since it placed the participants at the “decision” table of strategic decisions often prior to the announcement of the strategy. There were two subsequent applications of this learning. First, this teaching methodology has been leveraged with the other executive development programs and will be shared with two additional leadership development programs that are under development and scheduled to launch in 2004. Secondly, the use of this methodology revealed the value of interactive dialogue around real time issues among senior leaders and managing directors. In the next session, the recommended allocation of case study discussion to presentation time is 4/5.

Value to the Strategy Board - Through their individual involvement as teachers, selected Strategy Board members glean a broader perspective on the company’s opportunities and challenges. This perspective is then shared with other Strategy Board members in the due course of their decision-making. Additionally, their involvement in the program serves as a communication platform for which the Strategy Board can demonstrate its alignment around key business objectives and cultural imperatives. The chief executive officer and other top leaders, like the chief financial officer and regional presidents, personally teach portions of the Managing Directors Program collectively sharing more than 130 years of experience on five continents. The Strategy Board members are actively engaged with the class to detail the company’s direction and invite healthy discussion and debate on the best courses of action for the future. In this setting, the learning is clearly two-way where leaders teach and

also learn for themselves how participating leaders see the next steps in creating competitive advantage. One of the most frequent level I feedback messages noted was how impressive it was to hear such a consistent and aligned strategic message from the entire senior leadership team of presenters.

Emphasis on Turnaround Operations – Although the program content included extensive dialogue around business acumen and key business performance drivers, future programs will expand the business dialogue to include best practices for turnaround operations. Recent economic conditions have challenged the company's managing directors to more radically adjust business plans and allocation of resources. This learning will be shared with other executive programs as well.

## **Contacts**

Vicky Jones  
Dean, College of Leadership  
General Motors University  
Phone: 313.667.5128  
[victoria.e.jones@gm.com](mailto:victoria.e.jones@gm.com)

Mark Hefner  
Manager, Executive Development  
General Motors University  
Phone: 313.667.5866  
[mark.a.hefner@gm.com](mailto:mark.a.hefner@gm.com)