

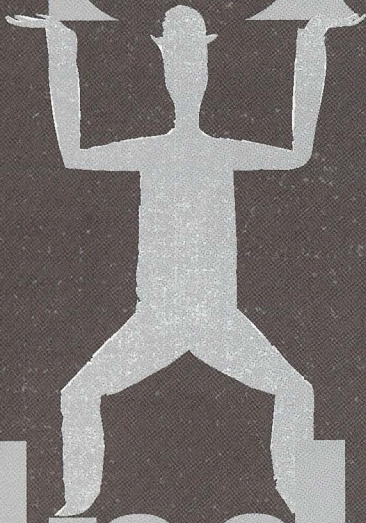
E-Bears or E-Bulls? • Hiring and Managing Virtual Workers
Mastering the Business Meal • Global Teams

Training & Development

March 2001 • \$10.00

Annual

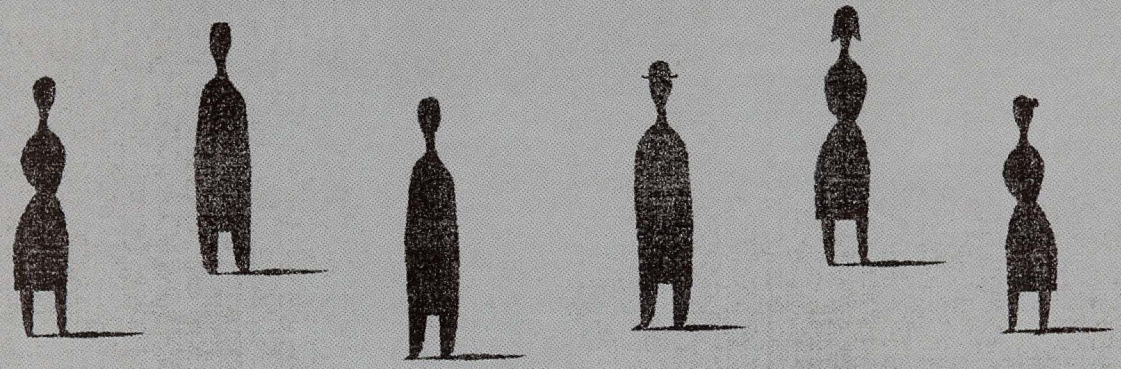
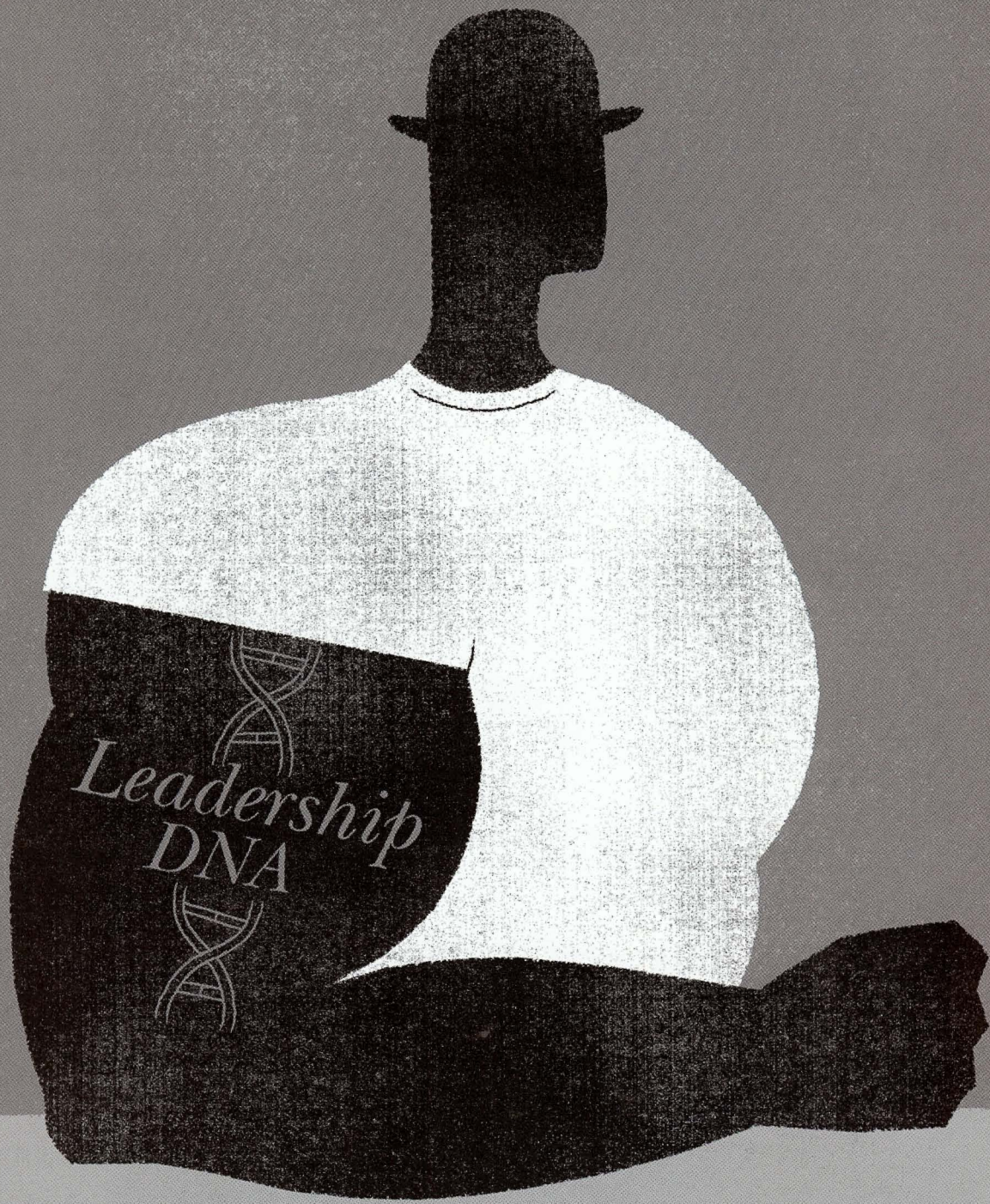
Leadership

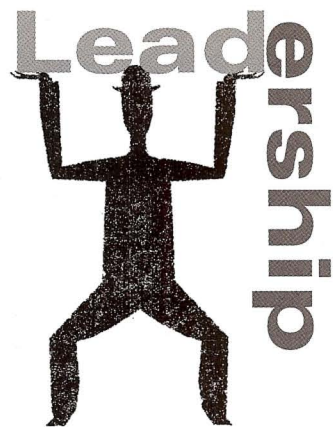


What Is it About
Leadership?

Update

 **ASTD**
Linking People,
Learning & Performance





Leadership DNA: The Ford Motor Story

We live in extraordinary times. Not a day goes by when we don't hear or read about a new discovery, invention, or business initiative that will ultimately affect all of our lives. New media are transforming virtually every aspect of human action. On top of the digital revolution, add new business models, globalization, and new labor market dynamics (such as increased diversity and fresh attitudes about work and one's personal life) and you have a different world than business leaders have ever seen before.

The underlying structure of the global economy is shifting, bringing with it a bewildering array of unprecedented challenges that require a new kind of leadership. Developing the next generation of leaders at a time of momentous change is a monumental task. Yet, those of us in the field of leadership development must continue to ask fundamental questions:

- How can we accelerate the identification of candidates for leadership positions?
- What methods should we use to enable our people to become competitive in the new economy?

By Stewart D. Friedman

Ford Motor Company created transformational leaders to change itself, and possibly to make a difference in the world.

Main Points

- A consumer mindset and environmental and social responsibility require leaders who can make informed business decisions and honor commitments to the world in which we live.
- Ford's leadership programs center around adopting the core principles of transformational mindset, using action learning, leveraging e-tools, integrating work and life, and generating business impact—an approach called "total leadership."
- Success as a leader depends on more than delivering results; it requires an ability to continually strengthen working alliances and a willingness to test new ideas.

- How can we challenge our leaders to contribute to the transformation of our company?
- How can we accelerate the preparation of our best leaders for senior executive roles?
- How can we drive our company's vision deep into its culture?
- How can we create a new leadership mindset that invests in the developing leader as a whole person, capable of contributing not only at work, but also at home and in the community?

Ford Motor Company is facing those same questions; senior management has set the direction. In our 2000 Corporate Citizenship Report, chairman William Clay Ford Jr. writes:

"We see no conflict between business goals and social and environmental needs. I believe the distinction between a good company and a great one is this: A good company delivers excellent products and services; a great one delivers excellent products and services and strives to make the world a better place."

In the same report, our CEO Jacques Nasser observes:

"The transition from a traditional manufacturer to a 21st-century consumer company is critical for our long-term financial success. It requires a new mindset—one focused on connecting not only with our customers, but also with all of our stakeholders to make it work."

The DNA revolution

Adopting a consumer mindset as well as one of environmental and social responsibility requires leadership. We need leaders who can make informed business decisions that will make our company better able to meet customer needs and increase shareholder value, as well as honor commitments to the world in which we live. Change like that is easy to talk about but difficult to implement. It will take nothing less than a massive shift in culture to create new leadership DNA. Nothing short of revolution will do.

And that is where our Leadership Development Center enters. Our vision is to be the center for the revolution, developing Ford Motor Company leaders to change the world. Our mission is to accelerate transformation to a consumer- and shareholder-driven business, to accelerate the identification and development of leadership talent, and to drive the company's mission, vision, and values deep into its culture.

How can we do that? We've developed a series of leadership programs centered around these core principles:

- Adopt a transformational mindset.
- Use action learning—learning by doing, leading, and teaching.
- Leverage the power of e-tools.
- Integrate work and life, what I call "total leadership."
- Generate business impact.

Let's examine the first two in depth and the others later on.

Adopt a transformational mindset.

The chief way that Ford's Leadership Development Center is fomenting revolution is by creating transformational leaders—men and women who know how to get things done in ways that use the talents of their people for maximum business impact. Our leaders also learn to think "outside of the box" because our programs force them out of their comfort zones in everything from selecting a project to working with new people. Participants return to their positions enthused and ready to look at familiar challenges with fresh eyes and to try new ideas that deliver results.

We nurture the transformational mindset by consistently challenging participants to think of alternative possibilities. That push really begins before participants start the training. The workload of most programs isn't light, and the real work isn't done in the classroom but in the field of real business activity. Participants are expected to do work prior to the classroom phase—mainly, to choose a project and research feasibility. They must devise innovative ways to balance their usual workloads and assume responsibility for meeting program requirements. The challenge is to find ways to eliminate unnecessary tasks and obtain help. Many participants learn to empower their staff and to network with peers to delegate their day-to-day responsibilities. In itself, that is a significant opportunity for leadership lessons.

Transformational leadership at Ford is underscored, as reflected in our expected leadership behaviors, by these values: integrity, flawless execution, and the building of effective relationships with key stakeholders. In other words, while we're asking our people to think and behave differently, we are mindful of our company's culture and respectful of its rich cultural values.

Another aspect of the transformational mindset is the growing need to recognize the triple bottom line of financial success, environmental protection, and social responsibility. Our programs have community service aspects that serve to put our work as a company in the perspective of the larger social context in

which we operate, and to which we must contribute. There is a growing realization that a company such as ours (indeed, most companies for that matter) can't continue with traditional business models into the 21st century. We're actively incorporating renewable resource technologies and developing alternatives to the internal combustion engine, for example. Such bold actions require equally bold leaders to implement them. Success in the new century requires the transformational mindset, one found in our new leadership DNA.

Use action learning. All of our programs feature action learning. Participants work individually or in teams with leaders at all levels on projects that challenge them to expand their creative abilities and refine their critical-thinking and execution skills—all in order to drive for improved business results.

Participants receive extensive feedback from multiple sources that enables them to improve and refine their leadership abilities. In addition, alumni of our programs serve as leader-teachers—a practice that helps participants and the instructor grow and develop new capacities for leadership. It's also a critical feature of our strategy to "spread the word."

Action learning creates business impact. The projects participants choose must have a business benefit in terms of customer satisfaction, cost reduction, or enhanced revenue. One of the most notable examples is the QIP—the Quantum Idea Project. It's the key to our New Business Leader program for first-time supervisors of salaried employees. The QIP, intended to drive revolutionary change at Ford, stretches an individual's capacity to think critically, innovate daringly, evaluate choices strategically, and support business objectives wisely. In the process, a manager begins to develop leadership skills that he or she can use every day.

The QIP process is organized according to key milestones, checkoffs, and evaluation processes inherent to a project. Biweekly, participants undergo a cycle of review that occurs in teams with a peer serving as co-strategist or advisor. Review also happens online on password-protected Websites. During these reviews, participants rate their projects as *green* (good to go), *yellow* (not quite sure), or *red* (stuck). Then, they receive feedback and support on how to maintain momentum and progress towards their goals.

Additionally, our programs instill a sense of accountability. Participants are

evaluated on the outcome of their projects and how well they performed as leaders. For example, how did they interact with their peers? Did they network successfully? Did they learn new ways of doing things?

Success as a leader depends on more than delivering results; it requires an ability to continually strengthen working alliances and a willingness to test new ideas. The feedback participants receive from multiple sources such as peers, clients, and supervisors adds to their sense of accountability. The feedback also becomes instructive in the development of a person's leadership style and capacity.

Four-five punch

At present, the Leadership Development Center at Ford Motor Company offers nine programs—four core and five strategic change initiatives.

The four core programs play a significant role in the identification, selection, and development of Ford's next generation of leaders. For admission, candidates must be rated either as having high potential or recent high performance. The four core programs, targeted for specific leadership levels, are listed in ascending order:

1. *New Business Leader* teaches leadership through the pursuit of innovative ideas designed to transform the business. To date, participants have generated more than 600 QIPs (quantum idea projects), all of which aim for a specific business impact. Participants increase their leadership capacity by building skills in the 12 Ford leadership behaviors as they learn how to take their ideas from conception to implementation.

2. *Leadership for the New Economy* pioneers new ways to work. A primary goal is to enable leaders to deliver strong business results and enrich lives by using new economy tools and by taking what I call a "total leadership" perspective—integrating work, home, community, and self. The lessons emerging from this program are accelerating transformation as participants teach others throughout the company about how they've changed the way work is done.

3. *Experienced Leader Challenge* demonstrates how to deliver improved business results in the form of cost reduction and revenue generation by working in cross-functional teams. Participants improve their leadership capacity by working in an environment that develops new business knowledge and that leverages the strengths of broad, cross-functional

networks for specific results.

4. *Capstone* prepares people moving into positions of senior leadership. Capstone projects are strategic in nature and are designed to expand leadership capacity to the next level. Corporate officers are sponsors for projects, and senior leaders are involved in teaching, coaching, and evaluating participants.

The Leadership Development Center lends its support through strategic change initiatives, which by nature cut across vertical and horizontal boundaries. At present, there are five change initiative programs underway:

1. *Leadership for Consumer-Driven, Six-Sigma* complements the technical training of Black Belt candidates by teaching the leadership skills required for successful execution of Black Belt projects.

2. *Ford/Supplier BLI* fosters collaborative partnerships with Ford's key suppliers to improve understanding, increase efficiency, and lower costs.

3. *BLI 3 Flawless Execution* builds business leadership competencies in vehicle line, cross-functional teams responsible for designing, engineering, and developing new cars and trucks.

4. *New Leader Impact* rapidly integrates newly hired executives by cultivating networks throughout the company and by reinforcing their role as agents of change.

5. *Global Leadership Forum* brings Ford's top 300 executives together on a quarterly basis to focus on key business initiatives and to strengthen connections among the key players in our company.

Those who can, teach

Every program features extensive use of teachers. Graduates of our programs serve as leader-teachers, a practice that helps participants and the instructor grow and develop new capacities for leadership. The concept of leader-teacher isn't unique, but Ford places a high emphasis on teaching. The lesson begins at the top.

More than three years ago, CEO Jacques Nasser inaugurated the Business Leadership Initiative concept with himself as teacher. Now, thousands of man-

agers are teaching other managers about everything from the basics of supervision to the intricacies of Six Sigma. Nowhere is the concept of leader-teacher more prevalent than in the *New Business Leader* program. The active participation of senior leaders in the Quantum Idea Project process is essential. Each QIP must have a senior leader sponsor who serves as a project mentor. The sponsor not only shepherds the project, but he or she also nurtures the leadership capacity of participants.

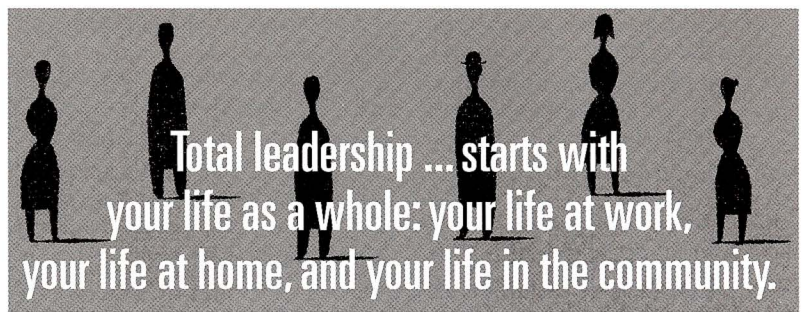
Another way that leader-teachers contribute is through feedback. Participants in all of our core programs receive extensive feedback from multiple sources to enable them to improve and refine their leadership abilities. The feedback is a two-way street; leader-teachers receive feedback on how they teach. That input is extremely valuable and gives them something to take back to the workplace.

Leader-teachers also create synergy throughout all of the action-learning programs. Graduates become teachers, sponsors, and mentors of participants. That creates cohesion in a spirit of revolutionary change and helps accelerate the transformational process that we're all engaged in.

The power of e-tools

If we're expecting people to work in the new economy, we need to give them tools to work more effectively. The global 24/7 reality makes working face-to-face often impossible; time zones and distance preclude it. Yet, we need people to work together. Thankfully, technology is making it possible.

The Internet and email are the starting points; virtual collaboration is the next step. For example, in our *Leadership for the New Economy* program, participants work in virtual spaces called "e-rooms" six weeks prior to commencement of the first residential (classroom) session. They also begin working collaboratively in the e-room, using an online tool dedicated to their program sessions and monitored by faculty made up of Ford executives and



outside faculty drawn from leading universities and consulting firms. Interestingly, the team set the standard in virtual collaboration as the program was designed and delivered by people who functioned as a virtual team during most of the development.

Taking e-tools to the next step—as a learning exercise as well as a way to have fun—participants took part in an online auction conducted by AutoX-change (later Covisint), bidding on the opportunity to meet individually with outside experts from joint-venture partners and other companies that could offer useful insight and information on specific projects. Not only did the bidding process teach participants lessons about online auctions, but it also enabled them to expand their network of information and resources.

In using e-tools, participants invest time and energy trying out new ways of working that leverage synergies among work, home, and community, thus taking a total leadership approach. That might involve experimenting with telecommuting, flexible schedules, reduced face-time for internal meetings (while making more intelligent use of face-time for customers and other external stakeholders), and other new models for leadership.

To augment our e-leadership mindset, we launched a Website devoted to leadership, with the intention to make it all things to all people at Ford who are interested in leadership. We consider it our virtual community for Ford leadership. Anyone at Ford can visit the site and learn how to gain insight into leadership best practices and get access to leadership materials, including self-nomination forms for admission to our programs. In addition, each program has e-rooms where participants can work independently or cooperatively on their projects.

Integrating work and life

We at Ford are pioneering a new dimension of leadership that seeks to integrate all aspects of a person's life. We call it "total leadership." Total leadership is similar to most leadership approaches in that it aims to achieve superior results. It's different from many prior leadership models because it starts with your life as a whole: your life at work, your life at home, and your life in the community. Total leadership recognizes that the stakeholder expectations in each of those domains can and do affect each other. Therefore, total leadership is

about being a leader in all aspects of one's life.

New technologies, specifically the e-tools, permit us to integrate stakeholder domains and even create synergies among them. No longer is business leadership confined to the work domain. Boundaries between diverse domains of life are becoming more permeable and flexible, and leadership now must account for that emerging reality. Leaders will have to leverage resources—financial and human capital, technology, new business models, and so forth—to gain synergies across diverse stakeholder domains: work, home, community, and self.

The total leadership perspective allows for a faster, more agile means to achieve superior business results in the 24/7, global, anytime-anywhere economy. More specifically, because it de-emphasizes face-time and focuses on results both within and across domains, the total leadership perspective offers the potential for reduced workload and better results, in all aspects of life.

Business results increase in the short term because of

- increased motivation and commitment
- greater efficiencies in work processes
- reduced cycle times
- lower costs (from less travel, for example)
- enhanced customer focus through explicit emphasis on performance impact across the value chain
- more active engagement by business leaders in home and community life.

With employees having greater control in arranging their life circumstances, long-term business benefits accrue—including greater attraction and retention of top talent in the new labor market, less burnout and stress (potentially related to health-care costs), and decreased downtime from poorly managed connections between work and other aspects of life.

That's the good news, the opportunity. As pioneers facing the frontier of a new economy, the challenge for us is to develop the total leadership capacity necessary to bring the opportunity to reality. It requires understanding more about how to leverage the resources inherent in new-economy tools and models. That means learning how to

- capture synergies across domains of life so that total achievement in life is greater than just the sum of efforts applied at work, at home, in the communi-

ty, and for one's self

- make more conscious and strategic choices about allocation of time and energy towards valued goals
- rethink the means by which work gets done in ways that force a results-driven focus
- reduce reliance on traditional work methods—face-time and co-location of resources—and use them more wisely
- innovate to better meet performance expectations of key stakeholders at work, at home, in the community, and those you hold for yourself
- aggressively cultivate networks and partnerships that provide the support needed for flexibility and agility in and across domains.

We believe our programs need to continue to develop total leadership capacity further to stay ahead of the curve in the rapidly evolving economic and social environments of business in the 21st century. It isn't a stretch to say that without a total leadership perspective, our company will not be able to compete successfully in the future. Total leadership is essential to Ford's new leadership DNA.

Generating business impact

All of the programs significantly impact business in two ways: financially and organizationally. Financially, each individual or team project must contribute to customer satisfaction, reduced costs, or increased incremental revenue. And we have some impressive statistics.

Participants in QIP programs have generated more than 600 projects, some with significant business impact such as tire recycling, vehicle customization, and new vehicle servicing models.

A recent *Ford Supplier/Business Leadership Initiative* program identified \$300 in cost-reductions per vehicle, which is now in development. Three hundred dollars may not seem like much at first, but when you multiple it by thousands of vehicles, the savings is substantial.

Projects in the *Experienced Leader Challenge* program have identified more than \$100 million in cost-savings and another \$100 million in incremental revenue. Over the next three to five years, those numbers will likely climb to the billions in savings and earnings.

You can accurately declare that our leadership programs pay for themselves many times over. But that's only part of the story. The second business impact is the effect our programs are having on the organization. We're

accelerating the process of creating leaders at every level by having emerging and experienced leaders work individually as well as collaboratively on projects of significant merit. We create synergies further among the programs that, in turn, further facilitate learning and speed the development of leadership capacities.

Bottom line: We are creating transformational leaders, men and women who know how to get things done in ways that use the talents of their people for maximum business impact. For that reason, I believe it's no exaggeration to say that the return on this organizational contribution is exponential. And in the new economy in which we face escalating customer demands, fluid market conditions, and global scale, exponential return is what is required.

Leadership development is an evolutionary process that changes as the needs of an organization change. Core principles, such as action learning or leader-teachers, may remain. But the what, why, and how of a program should change in response to emerging issues. As one who has taught leadership in an academic and now a corporate setting, I suggest these guidelines when creating a leadership development program:

Create a sense of urgency for leadership development. Leadership is not a nice-to-have; it's a must do. Success in the new economy, or any economy, will require men and women to adopt a transformational mindset that enables them to anticipate change, develop strategies to meet new demands, and continue to maximize growth opportunities. In a nutshell, all of that requires leadership.

Our CEO, Jacques Nasser, is brilliant at conveying urgency. Despite years of record earnings, Nasser has been galvanizing Ford to transform itself as quickly as possible in an effort to become a 21st-century company capable of meeting escalating demands and adapting to the rules of the new economy.

Develop a brand for your leadership-development strategy. Every successful consumer product has a readily identifiable brand. Same goes for services. Brand, put simply, is the sum of the attributes, aspirations, and perceptions associated with a product or service. At the heart of successful brands is a sense of trust between the provider and the consumer. That's the kind of trust we're trying to foster with Ford employees whom we encourage to

join our programs. Therefore, it makes good sense to develop a strong brand image around the kind of transformational leadership we're trying to create.

Our brand image revolves around creating a new leadership DNA. We even developed a logo (a double helix) and gradually began attributing to it positive characteristics of leadership at Ford. Over time, we believe our brand will become synonymous with the kind of transformational mindset Ford is creating.

Communicate the results of leadership-development activities. Communication is central to leadership, so why would it be any different for a leadership-development program? Tom Grant, program leader for *New Business Leader*, often talks about the time in the not-too-distant future when applicants to the program will exceed its capacity to deliver. Grant is no glutton for excess work, but he understands that when more people want to participate, we'll have achieved a measure of success.

Demand is tied directly to communications, so it's important to use all available means to communicate about your programs: Website, email, video, print materials. Be certain you also communicate your brand in everything you do. Make the logo and its associated images ubiquitous. But a word to the wise: Keep senior leadership in the loop. Invite them to teach, and send them regular updates on what's going on in the programs. Solicit their feedback. Their active support is essential to the long-term health of your programs. Indeed, the Leadership Development Center at Ford isn't an HR initiative; it's owned by senior line management.

Celebrate achievements. Leadership programs should be targeted to achieve business results. When they do, publicize them. Let others in the organization know how the programs are affecting the bottom line. In this way, you can shift the perception of leadership development from a "cost" to a "revenue enhancer." More important, you will demonstrate that leadership development isn't something nice to have but a must-have that not only pays for itself, but also facilitates a mindset and culture that seek to build the business. Frankly, you can't put a price tag on that.

Promote your alumni as leaders of tomorrow. The ultimate measure of any leadership-development program is how well the alumni do. If graduates are

moving up in the organization, it's an indication that the lessons of the leadership-development program are effective. As more graduates move up through our organization, the leadership message and example will become part of the culture and transformation process.

A leadership-development program can help its alumni achieve success in the organization in two ways. One, alumni make terrific teachers. Keep bringing them back to your programs. They'll not only help your current participants, but they will also hone their own leadership skills. Two, create an alumni association (similar to what universities do) to help grads of the leadership development programs network with each other and senior leaders.

The success of a program depends on its alumni. The more you can do for them, the better you will do for your leadership development efforts and the organization as a whole.

Make no mistake: The Leadership Development Center is no charm school. It's more like an obstacle course devised by the Marines to bring out the best in Ford's leadership talent by pushing, prodding, and stretching for results.

David Murphy, our vice president of human resources, says, "We aim to be seen by Wall Street as the best-led company in the world, with leaders at all levels, building leadership capacity faster than any other corporation.

"We must become a company where leadership represents intellectual capital at such a level that it will out learn, out compete, and out lead all of the competition to ensure ongoing increases in shareholder value throughout the foreseeable future."

People who graduate from the Leadership Development Center gain improved customer focus, a renewed commitment to business results, and a greater understanding of their role in generating shareholder value. They become transformational leaders—ready, willing, and able to lead Ford Motor Company to meet future challenges. Perhaps the truest measure of our impact will be in the marketplace for talent when Ford is seen as *the* company to go to for the best leadership talent in the business world. □

Stewart D. Friedman is the director of the Leadership Development Center at Ford Motor Company and co-author of *Work and Family: Allies or Enemies?* (Oxford University Press, 2000).