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WHITE PAPER 2020

FIVE STRATEGIES THE TOP GLOBAL COMPANIES ARE USING TO CREATE BUSINESS-CENTRIC LEADERSHIP DEVELOPMENT PROGRAMS

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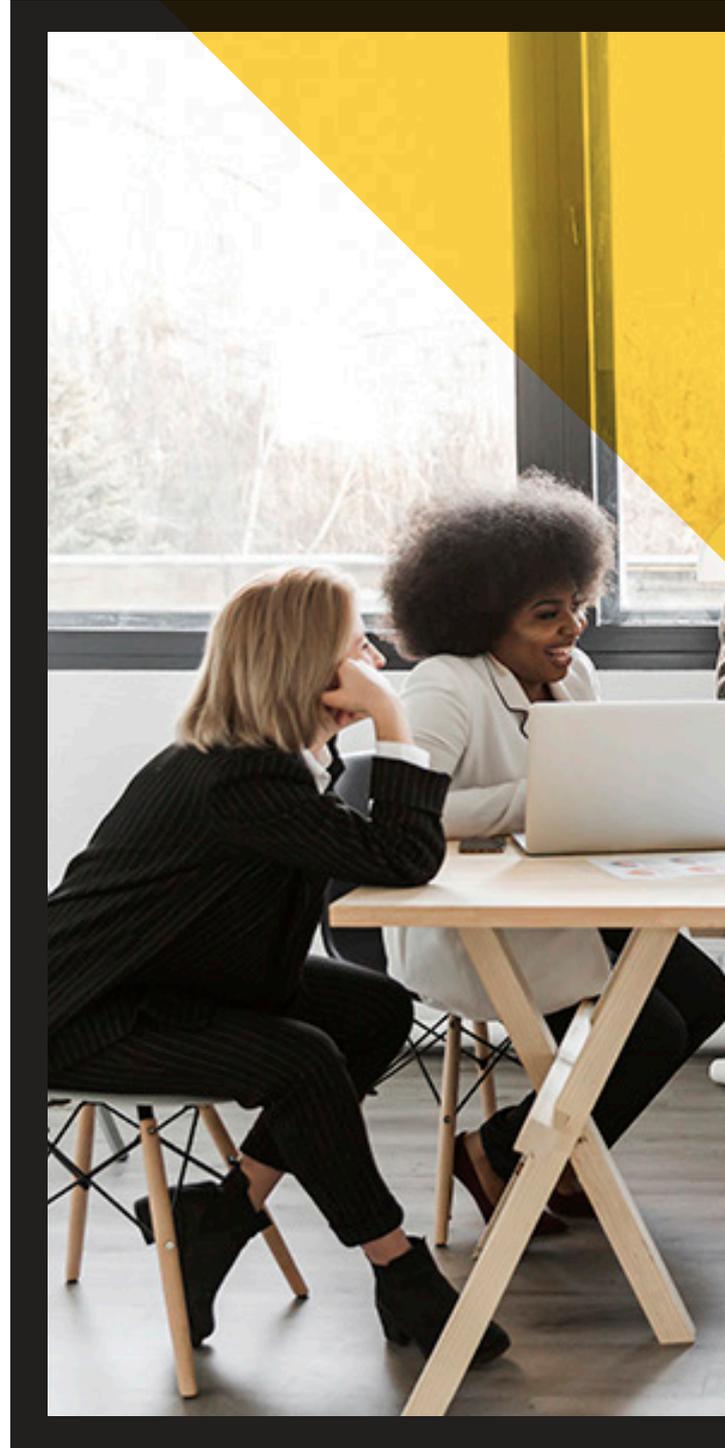
Introduction and Background

Why This White Paper Exists

The requirements and demands on corporations have never been greater. The speed of change and the adoption of new methods and technologies has become almost real-time fast. Additionally, the corporate labor pool is bipolar. A large number of highly experienced workers are readying their departure. As you can guess, I'm referring to the baby boomers. Another equally large, but less-experienced, employee base is entering the workforce and beginning to fill management positions: Generation Y (also called millennials).

As a result of the need for constant change combined with the rapid and deep turnover of personnel, high demands have been placed on workforce management and development. Managing enterprise knowledge retention is critical, and so is managing capability development. While this workforce tsunami is happening, the pressure to rapidly change and adapt to new technologies, strategies, and business methods is causing havoc.

So, is it all doom and gloom?





Of course not! As we all know, these changes have been in the works for years. This is actually good news. A few forward-thinking and successful companies saw this coming years ago and started planning accordingly. Luckily, these organizations have had progressive CEOs and executive team members in place that gave HR and training divisions substantial latitude and resources to successfully prepare.

I was lucky enough to work closely with some of these organizations from the start. Through deep partnerships and collaboration, some of the most interesting, thoughtful, and effective employee development strategies and methods evolved. These companies have been utilizing these methods for a number of years now, and the results have been sensational.

This document shares approaches and methods from my experience. They have been demonstrated to effectively bring leaders up to speed in ways that agree with their more modern learning style.



Who Am I?

My name is Bill Hall, and I have been the president of Simulation Studios for more than fifteen years. Though I've worked with many of the biggest companies on earth, I prefer to keep a low profile. My background is in the strategic development and execution of high-tech companies during their turnaround years. I'm a strategy fix-it guy who enjoys solving challenging problems. I'm not theoretical, and gravitate toward cheap, fast, and effective ways to move a company from A to B. Most of my early career was at Apple, where I worked directly with Steve Jobs on products such as iMac, Mac OSX, strategy, and other aspects of software. I got bored, so moved on to AOL and Nortel (too much pension obligations, which is challenging for a tech company). From there, I worked on strategy with the founders of Skype, which was fun, but not particularly emotionally fulfilling.

At one point I had 362 reports rolling up into me. I learned that, as an executive, I could point in a specific strategic direction, but employees wouldn't necessarily "get it." They'd keep running the old business. So I combined my engineering and business backgrounds to create Simulation Studios. SimStudios is a boutique firm that works closely with executives, HR, and training in an effort to accelerate change and knowledge adoption through hands-on experiential learning. I've worked with some of top global companies, including Apple, Boeing, Lockheed Martin, Caterpillar, Express Scripts, and Sephora. It's a deeply emotionally rewarding job. How often do you get to say someone, "I create games that accelerate learning within large corporations"? C'mon, this is just cool stuff!

Three Reasons Why Effective Outcome - Centric Leadership Development Is More Critical Than Ever

Reason 1: The Leadership Chasm Is Growing Fast

As Generation Y continues to rapidly grow within the global workspace, discussions are focused on how age diversity will impact organizations in the coming years. And although there have been some perceived challenges between Gen Y, Gen X, and baby boomers, the three generations account for almost all of today's workforce.

The leadership-gap conversation has always revolved around boomers and Gen Yers, since they have massive numbers in the current global workforce and seem to have healthy differences in approaches and perspectives. The oldest members of the baby boomer generation are approaching retirement age, but many were forced to delay their retirement when the economic crisis began. This meant they had to stay more years in their positions. But this is now shifting rapidly.

The baby boomers take a traditional approach to work. They seem more dedicated to their roles, are ambitious, have clear goals, and don't worry about life-balance issues. They believe that waiting longer for promotion without the need for feedback is how it is supposed to be.

Gen Yers, on the other hand, tend to be time-conscious, are accustomed to more immediate feedback, and count on fast promotion based on their quality of output and not the number of working hours or years they have been with the company. They are also more sensitive to healthy working conditions and favor work flexibility. They tend to want a particular kind of relationship with managers, and seek more professional development, though they are still ready to take any challenges head-on.

The different perspectives of the various generations can create potential risks in a work environment where it is up to the leaders and managers to create opportunities for all workers. The nagging question is how organizations develop and prepare Gen Y for leadership roles during the paradigm shifts.

According to PwC, Gen Y will account for more than 50% of the workforce by the end of 2020. Therefore, enterprises must create a robust strategy to attract, retain, and mentor Gen Y, as well as create a unified environment where they can be developed for future leadership roles. Companies should proactively embark on a quest to recruit talented employees into the entry- and mid-level positions so that they grow and become high-impact, mission-driven leaders in the future.

Bridging the Leadership Gap

Encourage Dialogue and Focus on Experiential Leadership Development

Workers from different generations prefer different modes of communication. Baby boomers feel like all communication should be face to face, Gen Xers prefer in-person and phone conversations, and the tech-savvy Gen Yers prefer emails and texts. This means that management needs to provide employees with both formal and informal communication mediums. Of course, these preferences bleed into training styles and methods as well.

Companies should encourage workers to move around the office and interact with individuals from another generation. When workers know each other better, it boosts morale and gets rid of negative assumptions. Organizations should also create opportunities for employees to brainstorm together and get acquainted on a personal level, whether in or out of the office.

Mentorships Done Right

Creating cross-generational mentorship programs can encourage employees to foster relationships and understand each other's perspectives. In traditional mentorship programs, only those in top-level positions were required to provide mentorship and coaching. However, when trying to bridge the generation gap, organizations should create bidirectional, conversation-focused mentorship programs, which will benefit everyone involved.

Through this program, Gen Yers and boomers are put together in situations where they can share ideas and interact. **Note: You need to create a way for the two generations to work on real-world business challenges without exposing the enterprise to real-work risks.** This interaction helps dissolve any preconceived notions they might have. Bidirectional mentorship provides baby boomers with the chance to open up and learn more about

the latest technologies. For their part, Gen Y gets expert advice on things such as leadership, career development, and strategic thinking. The primary goal is for all participants to gain new skills and develop new viewpoints, while getting the chance to create meaningful relationships with individuals from a different generation. This is hands-on learning, in which the participants become the teachers. It is accomplished by creating challenging situations where they work together and learn from one another in order to solve real-world problems.



Engage Both Generations Using a Hands-On Business Leadership Simulation Game Solution

Leadership development business simulation games can help create a collaborative learning environment. Leadership development simulations are used within many leadership development programs to enable training participants to learn and practice leadership, business acumen, strategic thinking, and more within an exciting and engaging hands-on experience. Both generations work together as a team and are able to teach each other existing and new approaches to problem solving. All of this is done within an engaging and safe environment. Business training simulations are a great way to engage both generations in a productive and exciting training program for all generations. **Note: These solutions do not need to be expensive and complicated. However, they should be highly focused.**

Implementing a multidirectional mentorship leadership development program, setting expectations for success, and encouraging dialogue can help bridge the generational gap. As a result, you will be able to retain and develop future leaders in an inclusive and homogenous work-based culture.

Reason 2: Business and Strategic Thinking Skills for Leaders Is Critical

The Importance of Strategic Thinking in Leadership

Strategic leadership is all about thinking and planning ahead. Having an understanding of the common challenges of strategic change is extremely valuable. Leaders need to have the knowhow to tactically handle a complex set of challenges-the ones with incomprehensible sources and unconventional solutions. These are the kinds of leaders who can achieve transformation and spur innovation and growth.

Identify opportunities buried within challenges

Strategic thinking examines every challenge a business or team faces, as well as the assumptions surrounding those challenges. Strategic thinkers understand that within the face of risk is an opportunity. They therefore focus on unearthing those opportunities even as they find solutions to whatever ails your productivity, sales, and other performance drivers.

Focused leaders are naturally open to new ideas. They seek new solutions and explore innovations to boost value propositions. An organization that thinks strategically is an organization that can be nimble and value-centric.



Shift focus from maintaining a business to growing it

Strategic thinking and leadership behavior improvement is vital for a business's growth. It's all about making calculated moves. This leadership is future-oriented, and is what will guarantee that your employees will have their jobs next year, or ten years from now. While other leaders get caught up in the day-to-day operations, a strategic leader thinks about the future and what needs to happen in order to create positive change.

An organization that's stuck in survival mode will always have one more fire to put out. It will remain in the same market, incurring the same losses or making the same lackluster profits. On the other hand, there will be no growth limits for a business that's continually adapting and trailblazing under the guide of strategic leaders and employees.

What differentiates strategic from reactionary leaders?

Foresight is the main difference. While reactionary leaders are trying to catch up with the competition or emulate their moves, strategic thinkers think ahead. They analyze the markets and make data-driven decisions to successfully outmaneuver competitors. Having an organization that thinks strategically can create deep resilience and significantly grow organizational value.

Strategic thinking is about being organizationally ready

Purposeful organizations are always prepared for what's coming because they know what's coming. This kind of organization is about knowing the past, present, and future, and seeing everything clearly from a value-adding viewpoint.

It is not enough for the three people in the executive suite to have this characteristic; to achieve real transformation and growth, all your employees will need to be intelligent leaders in their own domains. Your whole team can benefit greatly from strategic thinking and leadership behavior training and seminars.

Empowered employees are highly productive and motivated

Strategic thinking can help to optimize the collective intelligence of the organization. While managers and supervisors may have their plates full and be overwhelmed with responsibilities, some junior staff members may be craving additional responsibilities and autonomy.

Strategic organizations share responsibilities and push power upward. They continually train and cultivate leadership skills throughout the entire organization. The result is that their juniors feel confident about making decisions; they feel motivated and even push for more proficiency on their own accord. As that happens, top leaders find the time to plan, test, and implement new business approaches.

The modern business succeeds by cultivating and training a strategically thinking employee base. This creates a highly adaptable and knowledgeable organization that continually builds customer and shareholder value.



Reason 3: Corporate Resilience Is More Important Than Ever

Today's corporate leaders are faced with a wide array of new challenges, owing to the dynamic nature of the modern working environment. The rate at which companies can fail is alarming, and is often due to the adoption of cutting-edge technology. It all boils down to a company's ability to foresee challenges, brace themselves for impact, and bounce back beaming with optimism, focus, and a practiced ability to execute the change.

Change is inevitable. Leaders who are prepared for and accustomed to change will benefit the company, the workforce, and the customer. Being flexible and adaptable is a trait a leader should have up their sleeves at all times, because change may knock when you are least prepared.

Gen Y is gradually enrolling in leadership training, acing their studies and eyeing leadership positions. They are a unique generation, with an insatiable appetite for all things modern, trendy, and techy. Unlike their predecessors Generation X and baby boomers, they are used to receiving everything quickly, grew up with immediate feedback, and are far better hands-on learners (especially in a digital medium).

Gen Y learns quickly and is hungry for a challenge. The price of this is that they sometimes aren't aware of their own lack of knowledge. This is not a criticism; it is normal for every generation. The difference is that more is going to be asked of Gen Y because they are a smaller group. Gen Y needs to be more exposed to deeply complicated situations and become more comfortable with failing, learning, and bouncing back.

Thankfully, there are contemporary leadership training strategies and methods that can help tomorrow's leaders learn and practice resilience. These methods help trainees recognize the rigors of running a company, involve colleagues in decision making, understand how the company makes money and devise ways of meeting and exceeding expectations in times of volatility, uncertainty, complexity, and ambiguity.



The core of this strategy is based on the hands-on running of the business as a team of emerging leaders. This is not an easy task, but learning through experience has proven time and again to be the best way to teach corporate resilience. Business simulations are by far the most popular method within successful organizations, but they are by no means the only way. Results can also be achieved through effective case study development with careful attention paid to real-world corporate strategy, financials, behavior, and impact. That being said, leadership development business simulations have clearly taken root. Business simulations offer trainees a platform to enact their leadership skills, run their own simulated firms, make decisions, see how their decisions impact their organization, and have a chance to rectify their mishaps and make better decisions. The core of this can be achieved with well-thought-out paper-based case studies.

No matter the form, this process is risk-free to the enterprise and helps participants learn by experiencing the emotional aspects of working through times of great change. Simple practice in a safe environment humbles most emerging (and current) leaders. In most cases, participants are challenged for a day of constant change.

A leader must be flexible and adaptable to new developments, trends, and challenges. This is mandatory. There is no place for rigidity in corporate leadership, and leaders should be readily available to embrace change and development, and know which fights are worth the struggle. Above all, adapting to the various workforce and customers' needs should be paramount, as this is the path to success as a company. Leaders must focus on bottom-line profits at all times as part of learning to adapt to change. The result is a practiced experience of working through times of change in an effort to normalize change when it happens in the real world. This creates tomorrow's resilient managers today without introducing unnecessary risk.

Modern Leadership-Development Methods Address This and More

A modern leadership development program must bridge the leadership chasm, cultivate a strategically thinking employee base, and grow organizational resilience. Of course, the big question is how this gets done and how the other successful companies are addressing these three needs.

In the next section, we'll look at other successful approaches and provide tips, tricks, and insights into how to accomplish this.



Five Strategies of the Top Companies

This section is going to be high level in an effort to expose you to ideas and strategies. As much as I wish I could write exceedingly detailed steps, this is not recommended, because every company is different and keeping topics general is of more value. If you want to get into more detail regarding a specific topic, give me a call at 888-908-SIMS (7467) or email me at ContactUs@SimStudios.com. Put “For Bill Hall” in the topic and it will get to me. I am always happy to brainstorm ideas, methods, and approaches.

Strategy 1: Avoid Theory Only

Today’s learners don’t want theory. They need real-world application. Introducing theory should adhere to the following model:

Theory > Real World Example > Hands-On Practice > Reflection > Application

Following this simple model has a positive impact on learners. Let’s look at an example:

Topic: The importance of the Dupont model of finance.

Method: Spend one-eighth of the time introducing the theory of the model, one-eighth of the time presenting real-world examples of the advantages of this method, and half of the time giving participants real-world team-based exercises. In this stage, they should be forced to practice using the model (example here would be a case study and Excel templates) in a team setting. This should be followed by one-eighth of the time where teams come back together to share/reflect on their experiences. **NOTE:** This is where extremely rich learning happens: Trainees become the trainers! The remaining eighth of the time should be spent applying this knowledge to their jobs. In this step, I traditionally recommend spending half of the time talking about how it applies to the company and the remaining portion on how it applies to individual jobs.

It is my experience that steps two to four (Real World Example > Hands-On Practice > Reflection > Application) need to be repeated two more times, for a total of three rounds of practice and application. The point here is that simply exposing participants to the concept and then sharing a few real-world (or, worse, theoretical) reasons why the concept is important will not create the necessary retention, and the concepts will certainly not be applied. Theory, practice, reflection, and application is the optimal way to go. Again, this does not need to be complicated. Well-thought-out case studies with the right technology support tools will probably work just fine.



Strategy 2: Leadership Development Includes Real-Life Leaders

We all know that professional facilitators are often exceptionally engaging. We also know there is an element of convenience. The challenge is that today's learners distrust teachers who have never experienced the real thing. Today's learners understand that there is a place for professional facilitation, but they want to be taught by people who have done this themselves. It's simply a matter of credibility.

Having training partially led by leaders can help ensure training isn't all theory. There is an organic training that happens when leaders teach: Deep discussion of applicability can organically bubble up through stories and sharing. **Note: Empowering leaders to develop future leaders encourages learning through stories, experiences, and real-world discussion.**

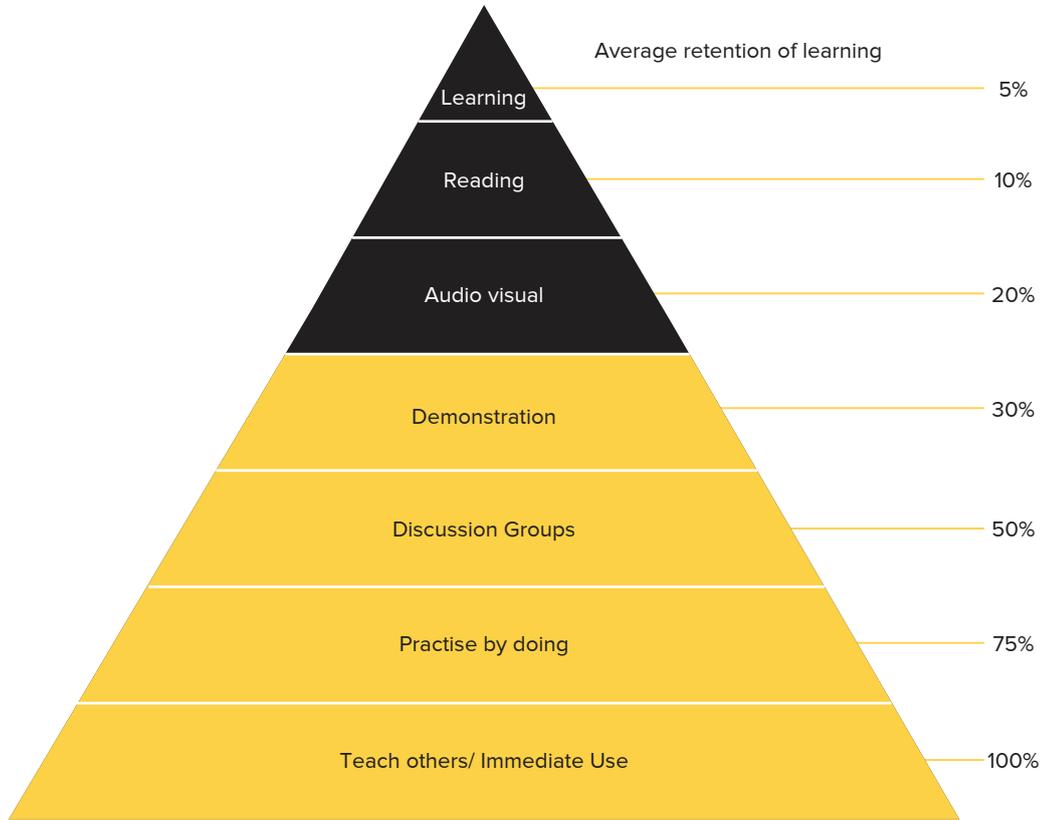
Most of the top companies I work with have done a sensational job of utilizing former real-world leaders within their leadership development programs. In many instances, these are current internal leaders within their own company. In other instances, they are past corporate leaders who have chosen to work part time as consultants. In almost all cases, there is a blend of three facilitators: internal corporate facilitators (non-leader), internal existing leaders, and external past business leaders.

I understand that this might be common sense. But you would be amazed by how many leadership development leaders are aware of this, yet led leadership development programs utilizing lifelong trainers who have had little to no real-world leadership experience. This is almost entirely due to convenience and keeping staff "calm." The successful companies still use staff but have augmented it with internal leaders or outside leaders.

If you bring in a firm from the outside, you must ensure the facilitator(s) can demonstrate their real-world leadership experience. Be careful of the old switcheroo in which your account manager might have past experience, and might even facilitate a few programs, but then brings on a less-experienced underling. "Junior" might be great onstage, but will often have next to no real-world experience. Beware of "Junior"! In summary, it is important to ensure that somewhere you involve leaders at strategic times within the leadership development program. An occasional speech here and there helps, but in my experience is not nearly as effective as having them integrated within the leadership development program. If you do need to utilize outside resources, ensure they don't assign "Junior." I would say this is worse than utilizing your own internal staff. The ultimate goal is to create a learning culture of credibility and applicability. Utilizing leaders can create spontaneous and organic learning that is real-world and highly applicable.

Strategy 3: Participants Need to Experience and Practice the Positive Results of the Training Content

Real-world, hands-on experiential learning is hard to beat. Research has shown high knowledge retention rates generated by hands-on experience, as indicated in the following graphic:



The Learning Pyramid by Jeanne Meister

By effectively creating a hands-on learning experience where participants can do, learn, apply, and teach others, you can creating up to 100% learning retention (Source: Corporate Universities by Jeanne Meister).

Moving beyond its exceedingly effective knowledge-retention capabilities, this is simply how today’s learner has been taught to learn. When I went to school, most of our learning was done sitting at a desk looking at chalkboards (we transitioned to whiteboards during my grade-school days) and being asked to memorize. This is not how tomorrow’s leaders learned. Tomorrow’s leaders learned in small-group-based activities where they tried, learned, and applied. Many of tomorrow’s leaders learn through failure. This is the norm to them.

It has become almost mandatory to create hands-on training programs where participants experience the positive results of your leadership development content. This is important: You need to let participants gain first-hand experience of how your leadership development training will positively impact their jobs and the company. The old model of “Trust us, this is good” simply will not fly anymore.

I'm not going to pretend that this isn't a huge challenge; it certainly is. Unfortunately, you and your team are going to have to dig deep on this. I do this for a living and when I partner with companies, it is rarely an easy process. It requires a solid understanding of business strategy, finance, leader behavior, and ways to mathematically model all the components.

Here are five steps to achieving a successful leadership development program:

- 1** Interview business leaders to learn where **80%** of corporate revenue is generated
- 2** Map business decisions to revenue generating outcomes
- 3** Align leadership behavior expectations to business performance capabilities
- 4** Build training curriculum that aligns to the corporate strategy, business outcomes, and leadership behavior expectations
- 5** Create hands-on activities such as computer supported case study and scoring tools that enable scenario setup, input tools, very basic modeling, and reporting

All the successful companies I've seen have implemented hands-on learning where the activity directly demonstrates the positive impact the leadership development behavior has on business outcomes. Simply put, real-world results create a deeply applicable leadership development program.



Strategy 4: Directly Connect Leadership Development Content to Corporate Performance

Every intelligent person knows that effective leadership generates corporate value. But here's the challenge: Today's learners want to know where and how. This strategy is in close alignment with Strategy 3: Experience the positive impact. I have chosen to underline this one because in most leadership development training programs, the leadership behavior component requires the greatest leap of faith.

Telling a group of tomorrow's leaders, "Trust us, this is important" is what most companies still do today. But the most successful companies give participants the ability to experience first-hand what happens when a company demonstrates poor leadership. To make matters more three dimensional, this needs to be achieved on a relative basis.

Here's an example. Company A is competing with Company B. If everything is equal inside both companies, in theory, they should both have 50% of the market share with exactly equal financial results. Now, let's assume everything is equal except that Company B has better leadership. The results are tectonic: They can hire better talent; their products/services get to market faster; they have better eSAT scores, which means they have better cSAT scores, which means they might be able to hire better talent at a lower cost and charge customers a premium. Whoa! All this from better leadership!

Demonstrating to participants how leadership impacts their job, their performance, and the company is critical. Furthermore, all of this needs to be hands-on. Otherwise, the leadership development program is still in theoretical mode (like my example above). It is up to you to demonstrate the positive impact.

This can be done in many ways. I've worked with companies such as Korn Ferry International to develop ways to do this that don't require a deep investment in technology. Simple, well-thought-out paper-based case studies can go a long way. In many instances, advanced technology can get in the way. In other instances, where I've worked with companies such as Boeing or Lockheed Martin, the complexity of the requirements dictated the use of advanced technological solutions. Again, this is not needed and you should always recognize that lower tech tends to be better.

Again, as noted above, you and your team will need to get creative on ways to implement this using well-thought-out case studies augmented with some basic off-the-shelf technology. If you're stuck, call me. I can talk about this stuff forever and I love sharing ideas and brainstorming. I'm crazy good at removing unnecessary complexity. Call 888-908-SIMS (7467) or email ContactUs@SimStudios and put "For Bill Hall" in the subject).



Strategy 5: Participants Get Their Behinds Kicked a Couple of Times

Training managers are way too nice. I mean this as a compliment. But you're going to need to kick your leadership development training participants' behinds! I promise you, they'll love it! Quick story: I built a leadership development training course for a Fortune 10 company. It was the first time they'd used a tool like this. In the pilot, we brought in twenty-five VPs. They all came in rolling their eyes because they expected to be bored for the next day or so. One particular participant approached the simulation with an attitude of, "This is going to be some lame toy." After about two minutes, he was at the edge of his chair raising his hand. I walked over and he was in a panic because he knew he was in for a day of shellacking. He looked up at me with a huge grin and said, "This is hard." He was thrilled!

You can do this. Don't try to please your participants: Beat them into a mode of learning submission. They need to understand that they are currently rookies at what they are about to learn and that they too are going to get a learning bruising in order to teach them how to be effective at the training content.

A little participant ass-kicking will open the doors of learning, build substantial program credibility, and create a waitlist for your training program: It will build buzz. Don't be scared to deeply challenge participants. This is how they most effectively learn.

In many cases, we advise clients to bring in leaders at the end of the shellacking so the leaders can share how they've been shellacking over their careers and how they learned more from their failures than from their successes. Everyone knows this, but few have the strength to "not be nice." **This is important: Your job is not to please. Your job is to prepare tomorrow's leaders.**

Give your leadership development training program participants a real run for their money. Anyone can do this and you absolutely don't need any advanced technology or an outside consulting firm. You don't even need to dig deep on this one. You know the content. Create exercises that are above the capabilities of the participants but are achievable by the end of the training program. I promise you nothing but good will come from this! Participants will learn more, they will respect the program, and they will tell others. Give participants a good kick in the rear. They'll thank you!

Contact me!

I hope this has been helpful. Feel free to contact me if you want to brainstorm ideas. I don't sell. Simulation Studios doesn't even have any sales or marketing staff, and we have no quotas. If you visit my LinkedIn page, you'll see people love working with me and I with them. You're safe, so feel free to reach out anytime.



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