Executive Summary

Leadership is an important element of organizational success. So, it is not surprising that many companies look for ways to extend the benefits of leadership development to more employees. Technology-based learning approaches such as online courses, books and video programs can be used effectively to develop employees at all levels.
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Part I: Introduction to leadership development

Leadership is a crucial element in organizations that experience enduring success, as pointed out in numerous business books and articles. While there is little debate about its value, there is a wide range of ideas on what defines good leadership and how it can be systematically developed within an organization.

One reason that leadership continues to fascinate people is that it involves the complex interplay of so many variables: personality, life experiences and the ability to connect emotionally with others are as important as having a grasp of specific management concepts or industry knowledge. Training can play a role in improving some aspects of leadership ability, but other elements are either innate or difficult to teach. One thing that is clear is that there is no one, single activity that is sufficient to develop leadership in an organization; successful programs are built upon a complex set of activities that focus on various aspects of leadership.

Recent research also shows that the definition of leadership development is evolving from a set of activities focused on developing leadership qualities in selected individuals, to the processes and environments that encourage leadership behaviors throughout an organization. This change of perspective is being driven by a number of business challenges, such as increasing competition, globalization, the need for continuous innovation, as well as the evolving nature of work teams. It also stems from recognition that leadership development focused on a chosen few creates a culture of haves and have-nots, which is not conducive to morale or retention.

Another factor in the evolution of leadership development is the overall trend toward talent management systems, which generally include a strong component of technology-based learning. As more and more companies adopt formal talent management systems, there is a tendency to make training in general, and leadership training specifically, more widely available to more parts of the organization at all levels. Recent research also shows that companies with high ratings for leadership tend to have robust talent management systems. Providing leadership training more widely has the potential to be costly, but is also likely to result in higher employee satisfaction and loyalty, as surveys of managers show that leadership development opportunities are highly valued.

What is the role of technology-based learning within leadership development?

As mentioned above, leadership development involves a complex blend of activities, some of which are not training per se. Classroom teaching is often the centerpiece of leadership training, but in recent years there has been a growing recognition of the value that can be derived from technology-based learning as an element of leadership development. Today the majority of companies use blended programs to deliver leadership training. This paper will examine how e-learning, electronic performance support systems and other online information resources can be used to broaden the reach of leadership development, increase return on investment and extend the positive effects of training over time.

Why is leadership development important?

Leadership development is increasing as a percentage of training delivered in many organizations. Learning professionals also identify leadership development as their most challenging issue, more than succession planning, measuring ROI or talent management. Why do companies give it such a high priority? Leadership development is associated with many positive business benefits, such as:

- Financial return
- Employee satisfaction and retention
- Positive reputation in market place
- Ease of recruiting desirable employees
- Strategic advantage
Leaders are seen as drivers for performance throughout an organization. The higher the leader and the broader the scope of his/her responsibility, the greater the leverage that the individual can exert. So while it is difficult to measure exactly how much leadership development programs may contribute to something like financial return, it is generally accepted that good leaders produce higher performing teams that produce better results.

Demographic shifts are also forcing many companies to re-evaluate their leadership development efforts. With 76 million baby boomers planning to retire in the next 10 years, there will be significant impact on the leadership pipeline, and it can be expected that the cost of recruiting and retaining talented managers is going to increase. Making matters worse, while the number of qualified candidates is decreasing, the number of management jobs is projected to increase by 17 percent. It is little surprise, therefore, that many organizations are willing to increase the resources applied to developing leaders from within.

Part II: What does leadership development look like today and how can it be improved with technology-enabled learning approaches?

Leadership development takes very different forms at different levels in the organization. At lower levels it tends to be focused on developing basic managerial skills, and the delivery method is likely to be a blend of e-learning and classroom. At the top of the pyramid, executive education focuses on a range of strategic business issues, and tends to be heavily weighted toward the classroom. Executive education is reserved for the fewest employees, and entails the highest cost per student. In addition to education activities, leadership development often entails a number of experience-based and relationship-based elements. For instance, “stretch assignments” are used to help employees develop necessary skills that may not fall within the range of their current responsibility. Peer-to-peer coaching, especially at the higher levels, is also an important element of many leadership development programs.

Technology-based training methods and tools can be used to increase the effectiveness of leadership development at all levels. Here are some of the ways that leading companies are using technology-based learning to improve return on their leadership development dollar:

Increasing the reach of leadership training
Leadership training is often confined to employees who can attend a classroom event. This makes it difficult and/or extremely expensive to reach geographically dispersed employees. And with the increasingly mobile and global nature of the work force, this means that many employees may be left out of any kind of leadership training program.

Technology-based learning content such as online courses, books and video can provide basic soft skills training and authoritative information from a wide range of sources to any learner with an Internet connection. However, e-learning is not a complete solution when it comes to leadership. Most training professionals acknowledge that it is more effective when combined with personal forms of instruction, whether that is in a physical classroom or a virtual classroom. Mentoring and coaching should also be used to reinforce the concepts in self-study e-learning. This can also be extended across geographies through the Internet as well. Virtual classroom technology can be used to bring together groups of learners for a more personalized learning experience.

Making leadership ‘systemic’
Companies that want to ensure a consistent approach to leadership often institute a talent management process based on a system of competencies. These often align with specific company objectives or values. When leadership
Extending Reach and Ensuring Effectiveness of Leadership Development

Competencies are identified for all levels and job roles, there can be a systematic process for assessing all employees against the competency model. Appropriate learning programs can be assigned based on the employee’s role and level. Competency management gives organizations better visibility into their leadership strengths and weaknesses, and aids in long term planning. Competencies can also be used to reinforce a culture of leadership at all levels.

Making leadership training faster and more efficient
Leadership training must include “high touch” activities to be effective, but technology-based training can often be used to reach the training goal quicker, and at lower cost. There are numerous models for blended learning that range from very simple, two-part programs to complex programs comprised of a constellation of activities. One of the most common forms is to use e-learning courses as a prerequisite to classroom training. This can shorten overall time needed for the student to complete the learning. It also ensures that all learners arrive at the training event with a common understanding of key terms, ready to take advantage of the unique benefits of being with other students and a live instructor.

Another way that technology-enabled training contributes to efficiency is that it shortens the amount of time that employees are physically away from their jobs to attend a classroom event. Many employees enjoy having the ability to complete learning at their work station, on their schedule. Online learning also offers the opportunity for learners to take classes in their off-hours, if they are so inclined. Skills can be assessed online prior to training, which may allow some learners to test-out of certain parts of the training. Shortening time away from the job can be an especially important benefit in leadership training, which often involves key employees with significant responsibilities. Learning portals are one way that organizations can raise the efficiency of learning to the highest levels, by giving employees quick access to a variety of learning and performance support resources.

Figure 1: Blended learning uses the most effective learning modality to address the development need.
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**Segmenting the Learning Process**

Much of the value of the learning comes from pre-work and follow-up, but most organizations invest disproportionately in the event itself.

![Value of Each Phase](chart1)

<table>
<thead>
<tr>
<th>Pre-Work</th>
<th>Learning Experience</th>
<th>Follow-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>24%</td>
<td>50%</td>
</tr>
</tbody>
</table>

| Investment at Each Phase | 10% | 85% | 5% |

**Figure 2:**
*Investment in learning segments typically does not match value.*

Technology can be used to extend the benefits of training over time.

What happens once the class is over? No matter how powerful the training event may have been, the knowledge and positive impact tends to fade over time. Research shows that when learning is reinforced before and after the training event, the positive effects are greater and last longer. However, the investment in various parts of the training process does not reflect this: the majority of training dollars are focused on the “event,” and very little goes toward pre-work or follow-up.10

<table>
<thead>
<tr>
<th>Pre-Event</th>
<th>Training Event</th>
<th>Post-Event</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1:</strong> Manager reviews salient objectives with team member.</td>
<td><strong>Step 2:</strong> Choose one principle to highlight for progress.</td>
<td><strong>Step 3:</strong> Team member listens intently for facts relating to key objective.</td>
</tr>
<tr>
<td><strong>Step 4:</strong> Team member reports back on what he/she has learned.</td>
<td><strong>Step 5:</strong> Manager observes team member’s progress.</td>
<td><strong>Step 6:</strong> Manager assesses behavior change and reports back to facilitator.</td>
</tr>
</tbody>
</table>

**Figure 3:**
The critical role of the manager in ensuring training effectiveness.

Managers can use online content to reinforce key points of the training. This takes leadership development from a series of disconnected events to more of a continuous development process. “When the manager makes it clear that there are specific objectives for the training, it helps to focus the employee on what is important,” says Scott Sandberg, learning officer for University of Phoenix. “And after the event, if the manager engages team members in a series of discussions about what was learned, they are far more likely to maintain the positive changes in their behavior.”
Technology can support collaboration and relationship building
Managing global teams across departmental lines is a reality in today’s workplace, and also one of the greatest challenges managers face. Technology such as the virtual classroom can be used to support collaboration of dispersed teams, but what is even more effective is when the manager of the team uses a combination of resources to focus team members on specific leadership issues. For instance, a manager may have identified a specific problem, such as a communication breakdown between engineers and marketing managers. The team leader could direct team members to a Web site where they could view a short video presentation by a leading expert in business communication. In this way a video presentation can be used to spark interaction between team members in a virtual classroom session.

In another example of this, a large technology company uses online content to “seed” discussions at the executive level. The company’s learning consultants help to identify applicable thought-leadership materials such as recently published business books, book summaries and video presentations by leading business gurus. Executives are given an opportunity to review the content in advance of an informal meeting that is much like a book club. The book club meetings are used to discuss how the ideas could be applied within their organization. In subsequent meetings they discuss how effective the new ideas have been in improving their team’s performance. The process is enjoyable for the participants, and helps inject fresh thinking into organization.

Part III:
Technology-based learning at every level
As mentioned earlier, leadership training takes different forms at different levels of the organization. Companies tend to invest most heavily in training new employees and front line managers. A survey by Novations Group of more than 3,000 companies found the following percentage of employees receiving leadership training at each level:

- Entry-level employees— 86.9%
- First-line managers— 90.5%
- Middle-level executives— 81.0%
- Senior-level executives— 70.8%

While overall there is the greatest investment in entry level employees and front line managers, the cost per student tends to rise with the level of the organization. This reflects the different approaches taken to training at different levels. It also reflects the way that technology-based training is used (or not used!) at various levels. Here are some examples of how online learning and performance support tools are being used to meet a variety of leadership challenges:

Executive
Executive education often takes the form of classroom training at a prestigious university. Programs may involve one- or two-week stints on campus with other senior executives, and may extend over the course of several months or years to culminate in a professional certificate. Programs may focus on a specific topic, such as strategy development or corporate governance. Executives favor learning with peers and demand learning from well-known experts.

Benefits
- Executive education programs provide authoritative knowledge from leading sources
- Executives often establish relationships with peers that can support their career development for years to come
- Because executives have the broadest scope of responsibility, improvements in their leadership skills have potentially far-reaching impact

Downsides
- Executive education is costly
- Programs take executives out of the workplace for extended periods
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- It is only available to a small number of employees
- Executives don’t always acknowledge the need for development, and may therefore resist any form of training

How technology can be used to support executive education

Time-starved executives are often resistant to traditional forms of e-learning, such as courses. However, they see great value in having access to business books, summaries and video segments that can provide insight from leading business thinkers.

Relevant SkillSoft products
- ExecSummaries™, ExecEssentials™ and ExecBlueprints™ from Books24x7®
- Leadership Development Channel™

Middle manager

Training for mid-level managers should be focused on helping them understand the complexities of managing other managers. Bersin Associates found that middle managers are often underserved, with 20 percent of companies surveyed not providing any training specific to their needs. In many organizations training is delivered in a blended program that includes classroom, e-learning, mentoring, etc. Sometimes this is developed internally and sometimes it is outsourced to an external leadership training provider. Key topics for middle managers are team building, managing change and strategic vision. Middle managers are also in the position of delivering training to their manager-employees. They can benefit from using tools such as competency management to assess the skills of their staffs and assign appropriate learning interventions. They may also use a virtual classroom tool to facilitate collaboration and learning.

Benefits
- Investment in middle managers ensures a steady stream of talent flowing into the executive ranks

- Middle managers form a critical link between high level strategy and implementation by front line managers
- Improving middle managers’ skills is likely to increase retention of front line managers and their performance

Downsides
- Time spent at seminars or in training classes takes managers away from their jobs
- Outside seminars and/or “boutique” trainers can be costly
- What’s learned in the classroom does not always translate into better on-the-job performance

How technology can be used to support middle manager education

e-Learning can be used effectively in blended programs to teach new concepts, help learners prepare for classroom experience and reinforce what has been learned after the major training events have been completed. Competency management software can be used to document skill gaps and development needs of managers and their staffs. Virtual classroom technology can be used to facilitate collaboration and learning with geographically dispersed teams.

Relevant SkillSoft products
- ExecSummaries™, ExecBlueprints™ and BusinessPro™ from Books24x7®
- Leadership Development Channel™
- SkillSoft Dialogue™ Virtual Classroom
- Business Impact Series and Challenge Series

Front-line manager

First-time and front-line managers are a critical audience for leadership development training and many companies have programs specifically designed to improve their managerial skills. Surveys have long shown that poor front line management is a leading cause of employee attrition. Legal issues can also arise from poor performance or mistakes of front
line managers. Leadership programs generally consist of a blend of e-learning courses, classroom sessions, simulations, mentoring and performance support with a focus on basic management concepts, communication, conflict resolution, coaching and team building. Front line managers are sometimes placed in the position of training their direct reports and team members, so tools such as a virtual classroom platform can be useful.

**Benefits**
- Retention of managers and their employees
- Morale of individual contributors
- More consistent execution of projects and faster problem solving
- Better communication in both directions

**Downsides**
- Cost of training
- Time away from work

**How technology can be used to support front-line manager education**

Front-line managers benefit from traditional e-learning to teach basic management concepts. Simulations can be used to help managers practice new skills in a risk-free environment. Online mentoring can be used to support the development of various skills. Performance support products (online books, summaries and videos) can be used to learn new ideas, solve problems and inspire discussion with employees. Virtual classroom technology can be used to support collaboration and learning over distances.

**Relevant SkillSoft products**
- Business skills courses
- SkillSims™, Challenge Series and Business Impact Series
- Books24x7® BusinessPro™ Collection
- Leadership Development Channel™

**Individual contributor/professional**

The most effective leaders often rise through the ranks, so companies should not overlook the opportunity to begin leadership training at an early stage in the employee’s career. Some companies seek to identify future managers and leaders (high potentials) and put those employees on a fast track that includes more leadership training opportunities. Other companies offer leadership development more broadly, with the idea that recognizing and encouraging leadership at all levels can lead to more effective problem solving, innovation and ultimately competitive advantage. Surveys show that all employees want training, so it is also a factor in employee engagement and retention. Leadership training at this level often focuses on communications, project management, diversity and team building.

**Benefits**
- Employee engagement and retention
- Improved project management
- More cohesive teams and higher morale
- Faster problem solving and more agile response to change

**Downsides**
- Employee turn-over reduces return on investment
- Costs and time away from work must be balanced with benefits

**How technology can be used to train professionals**

E-Learning is an excellent way to deliver management training to large numbers of employees. Simulations allow employees to gain experience and practice skills. Topical learning portals can be used to direct professionals to the most relevant material for their learning needs. Online books, summaries, articles and videos can be used as performance support on a daily basis.
Relevant SkillSoft products
- Business skills courseware
- SkillSims™, Challenge Series and Business Impact Series
- KnowledgeCenters™
- BusinessPro™ Collection by Books24x7
- Leadership Development Channel

Summary
Leadership development involves a complex set of activities that range from informal coaching to executive education at the university level. Technology-based learning (e-learning courses, online books, simulations and videos) is often not the primary means of developing leadership skills, but it can be used effectively within a blended learning program. The benefit of using technology is that organizations can extend reach to more employees (wherever they are), the training can progress more rapidly, and the positive results can be extended over a longer period. Given the enormous amount many organizations spend to develop future leaders, being able to achieve a measurable improvement in the reach and effectiveness of leadership development more than justifies the investment in technology-based learning.

Footnotes
1 “Leadership Development: Past, Present and Future, Gina Hernez-Broome,” Richard L. Hughes, Center for Creative Leadership
2 “Workforce Intelligence Report,” Jac Fitz-Enz, Workforce Intelligence Institute, July 2006
3 “Release, Retain, Recruit,” Lee Hecht Harrison, 2004
5 Business Intelligence Industry Report, Chief Learning Officer magazine, 2006
6 Business Intelligence Industry Report, Chief Learning Officer magazine, 2005
7 An Aging Workforce’s Effect on U.S. Employers, Scott Reeves, Forbes.com, September 29, 2005
9 “Leadership Development: Past, Present and Future,” Gina Hernez-Broome, Richard L. Hughes, Center for Creative Leadership
Case study: PNM Resources

At PNM Resources, an energy holding company based in New Mexico, the “Leadership Development Wheel” is literally and figuratively the hub of its efforts to develop future leaders. The company began constructing the system of competencies that make up the wheel when the management of PNM decided that good leadership was not a luxury, but a strategic imperative. “The Leadership Development Wheel is more than just a model,” says Karen Salazar, manager of enterprise capabilities. “It’s a strategic path to attract, retain and develop the best talent. We see this as critically important as we enter a time of a more diverse talent pool and labor shortages.”

The wheel was developed over the course of several years and serves as the construct for everything from setting expectations to evaluation. It aligns a number of different organizational development initiatives. Initially, senior level executives developed nine core competencies internally. Subsequently the company worked with Center for Creative Leadership to adopt a 360-degree assessment model, which led to the innermost ring of the model—Leading the Business, Leading Others and Leading by Personal Example.

The competencies are aligned with the company’s performance management and development system. Learning and development initiatives include educational, experiential and relationship-based components that address the individual’s needs with a holistic approach. “We recognized that it isn’t enough that people know how to do their jobs. They need to think about how their actions affect other people,” Salazar explains.

“The phrase we use here is: Performance = Results + Behaviors. It’s led to a real shift in our culture.”

On the education side, PNM used technology-based learning to create education opportunities that are tailored to the needs of individual employees. One of the more innovative approaches it used is a Leadership KnowledgeCenter that is built around the concepts of the Leadership Development Wheel. The KnowledgeCenter acts as a portal to a wide variety of leadership resources, including internal documents and presentations, online books and rich-media simulations that allow learners to test their skills in real world scenarios. The KnowledgeCenter also gives a direct path into the three areas of the Leadership Development Wheel, helping employees understand the learning and development activities needed at each step.

“It’s more important than ever for companies to have an ongoing program for leadership development,” Salazar stresses. “Leaders aren’t developed in a month or even a year. It takes a set of complex activities that goes beyond learning skills to creating more effective relationships.”
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**Figure 5:** Entry to Leadership Development Wheel KnowledgeCenter

**Figure 6:** Learning Roadmaps help employees understand the learning activities needed and available for each competency area.