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# Organizational DEVELOPMENTS

## Leadership Training Pays Off



*"If you want one year of prosperity, grow grain. If you want 10 years of prosperity, grow trees. If you want 100 years of prosperity, grow people." Chinese proverb*

There is a definite link between Total Shareholder Return (TSR) and high-potential management practices demonstrated over a five-year period according to a survey conducted by Hewitt Associates and reported in the Winter 2004 issue of *Leader to Leader* magazine. TSR measures the change in share price assuming that dividends are reinvested. Human intellectual capital not only enhances shareholder value, but also is becoming increasingly more important than the "bricks and mortar" formulas used in the past to determine value.

Organizations consistently in the 75th percentile or higher in TSR have two main factors that separate them from other companies: they consistently grow top leadership talent through formal, proactive development of high potential man-

agement candidates and they base compensation on performance.

The increased compensation for top performers is usually in the form of stock options, bonuses and other perks. This is advisable because it is much easier to eliminate or lessen these perks than to decrease base pay if the person falls off the high-potential list.

Top performing organizations consistently used formal methods to identify high potential managers, develop employees, and track performance. Most of the high-per-

forming companies also inform valued employees that they are considered to have high potential and then take a dynamic approach to their ongoing development. These companies provide opportunities for their high potential candidates to interact with top executives and board members and involve them in leadership development activities from training to working on special projects and attending strategic planning meetings.

While many companies use formal methods to identify high potential managers, in contrast, most compa-

## Align Training with Key Business Initiatives

A common scene from old war movies is the military brass organizing and reorganizing soldiers, equipment, and supplies on a big table as they plan their strategy. However, warfare is very different today with suicide bombers and sneak attacks. It is essential to always be on the alert and ready for the unexpected.

Business is no different. It's changed a lot since those old war movies were made! Today your competition may come from outside your own industry. Consider that the US Postal Service's main competitor is email.

Alignment of training with key business initiatives is a must in today's challenging world. Employees must learn to think and act on their own when required. In order to do this

effectively, employees must fully understand the overall strategy, goals, and priorities of the organization so they can make those quick decisions as the need arises. And they must be working together to achieve those goals as a team.

For these reasons, team skills and organizational communications are hot topics. In developing teams, the most important factor in their success is to have a shared goal that all are aspiring to achieve. For overall success of the company, that goal should be aligned with the overall company's strategy.

Do your employees know what your organization's strategy is? Have you successfully communicated the company's goals to every manager and employee?

Team building sessions can help communicate this essential information to key personnel and help them coordinate what everyone's role is in achieving their goals. They must know what decisions they can make on their own and which they need to get input or approval from others. They also need to work on communications within the team and external to the team to make sure that the right people are consulted and/or informed of decisions and actions that they take. Finally a team must develop processes and procedures for completing the work.

It's a tall order but you can help your organization win the business wars of today. Call CRD for a team building session to help your team reach top productivity.

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Diane Hanson, President/CEO

### President's Message

Soft skills training, especially management development, is at the top of the priority list for training professionals for the second year in a row according to a recent survey by Training Magazine.

Soft skills training is now recognized as a key business issue, not just "nice to do." In fact the number one item on the "most wanted list" of most employees is the opportunity for training, which they see as vital to their future marketability. The key factor today is not so much if you are employed, but that you are employable with up-to-date skills, knowledge, and experience. Top soft skills topics are management development, interpersonal communications, ethics, teamwork, and customer service.

Skills for all jobs are changing rapidly, increasing the need for regular training to keep employees' skills up to par. Customer service is a perfect example. As companies seek ways to improve profits, they are increasingly training customer service staff to build stronger customer relationships to help maintain their business, to increase the customer service department's ability to meet the customers' needs, and to cross sell other products.

Some employers don't want to spend the money and time to train employees, concerned that employees might take those skills and go elsewhere. Rather, employees actually are more likely to stay with an employer that they feel is helping them to develop their skills and provide them new and challenging opportunities. For this reason and many others, training is an investment that pays off.

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nies in the lower-performing TSR groups do not proactively develop employees, accurately track performance, or tie compensation to performance. They also do not inform high potentials of their status. And while the high TSR companies also have the difficult conversations with employees who have been removed from the list, companies in the lower performing levels never have these difficult conversations. Honest feedback about performance and accountability are usually lacking in these lower-performing companies.

As people move up in an organizational structure, relationship building and other soft skills

become far more important in determining their overall success. Recent studies at PepsiCo demonstrated that leaders around the globe with emotional strengths such as adaptability, self-awareness, and empathy exceeded their targets by 15 to 20 percent. Conversely, those who lacked these qualities underperformed by the same percentage.

This comes as no surprise. Requirements for managerial success are evolving all the time in

today's rapidly changing world. In our global economy managers must be fully aware and empathetic to different cultures. Empathetic and concerned leaders facilitate improved employee performance, increased job satisfaction, and decreased turnover.

And as the business world continues at a frenzied rate, resilience is another key quality that allows people, teams, and organizations to outlast, outmaneuver, and outperform

their competitors. For this reason, resilience training represents one of the most important emerging trends in learning.

If all this isn't challenging

enough, a major leadership vacuum is anticipated as the baby boomers begin to retire. Around 2011, just as the first round of baby boomers turns 65, a major shortage of workers is expected.

For these reasons and more, forward-thinking companies are looking into the future and recognizing the tremendous need to develop management "bench strength" as well as the need to develop people at all levels of the organization.

**As people move up in an organizational structure, relationship building and other soft skills become far more important in determining their overall success.**

## Call CRD for training on any of the following topics:

- The Role of Management
- Communicating expectations and evaluating performance
- Coaching techniques
- Interpersonal skills
- Intercultural communications
- Training others/giving clear directions
- Delegation
- Strategic planning
- Planning/goal setting
- Creating a motivational work environment
- Managing change
- Conducting performance reviews
- Facilitation skills/conducting effective meetings
- Time management and organization
- Managing conflict
- Team leadership
- Management communications
- Problem solving/creativity
- Negotiation skills
- Empowering employees
- Presentation skills
- Meeting the press
- Interviewing skills
- Employment law issues: Sexual harassment, EEP, ADA, hiring/firing issues
- Managing diversity
- Working with diverse personalities
- Project management



### Reply Card

- \_\_\_ Please contact me regarding CRD's services.
- \_\_\_ Please add the names below to your newsletter mailing list.
- \_\_\_ Please correct my name/address as listed below.
- \_\_\_ Please send me your newsletter via e-mail.
- \_\_\_ Please remove my name from the mailing list.

**Email CRD at [information@team-doctor.com](mailto:information@team-doctor.com)**

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City/State/Zip \_\_\_\_\_ Phone \_\_\_\_\_ e-mail \_\_\_\_\_



*In the future, "Organizational Developments" may be available in an electronic format. If you prefer to receive it through e-mail, please email us your electronic address.*