

A Personalized Rotation Program to Develop Future Leaders

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TWO YEARS AGO, General Electric (GE) launched a leadership development program that brings a new approach by combining the strengths of structured rotational programs with customized individual development. In this contribution, we describe the context, the program structure, and the early experiences with the program.

Context

For a long time, job-rotation programs have been a key method for developing employees at GE. In a number of the organization's functional areas, rotational programs for newly hired college and professional school graduates are well regarded and attract a high number of applicants (for example, the company's Financial Management Program). Rotational programs are also used to develop more experienced employees. A primary reason that job rotations are such a central feature of GE's development system is the strong belief across the organization that development comes from experience. These programs are well accepted and supported by management, and they provide an integral part of functional talent pipeline development. About 48 percent of the members of the Corporate Executive Committee, GE's top leadership team, have graduated from a rotational program.

A typical job rotation program design at GE entails a set of defined-length assignments within the given functional area. For example, the Financial Management Program consists of four six-month rotations across different finance jobs and may take place across diverse business units. The goal of these programs is to develop the future leadership pipeline within the given function.

One of the most important experienced-level development programs in the company has been Corporate Audit Staff (CAS), the internal audit function of GE. Employees who join CAS work there two or more years full-time. They participate in four-month audits, both financial and process ones. These assignments spread across the globe and cover all the divisions of GE from the industrial businesses to the financial services arm of the company. The assignments provide an excellent opportunity and a steep learning curve to gain knowledge about the business as well as the organization. High performance is expected from participants; however, it is also enabled by frequent assessment, feedback, and training. Typically, CAS graduates take management positions when they move back to the business and keep rising afterward.

In recent years GE senior management started to recognize an emerging need. CAS has been excellent for growing finance-minded leaders in the company who looked at the business through a strong, financials-driven analytical lens. Over time CAS conducted fewer process audits, and the finance focus was represented more heavily. Senior management recognized that GE also needed an additional pipeline that comes from a different background and would look at business processes from a different perspective. They recognized a need for leaders with deeper domain expertise in technical and business knowledge. Although CAS remains a key leadership pipeline for leaders, a new program, Corporate Leadership Staff (CLS), was created to build a pipeline of business leaders with industry expertise.

The new program was launched with the objective to provide talent with operational, commercial, and technical expertise with opportunities similar to those provided by CAS. Its aim is to accelerate the development of high potential talent in these non-finance-related fields and enable them to lead business units in the future within the company. CLS took over many best practices from the existing programs, but it moves rotational programs to the next level: It combines previously used program elements with a personalized development approach.

Program Design

Similar to other leadership programs, members are carefully selected. Nominations happen through GE's annual succession planning and talent review process. A candidate must have a bachelor's degree (or equivalent) in an engineering, business, or technical field and at least four years of work experience in GE with an exceptional track record of performance that has already demonstrated achievement in the commercial, technical, or operations function.

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The person has to be seen as high potential with demonstrated ability to manage multiple responsibilities, including rigorous assignment, training, and project work. Geographic mobility and willingness to live outside one's home country is also a condition.

Several key design features were built into the program:

1. *Full-time cross-functional assignments.* Although there are other GE full-time, assignment-based rotational programs, most of them operate within a specific function. The specialty of CLS is that, while participants stay in their industry segment (that is, business division), they work in roles in different functions.
2. *Individualized development.* A major novelty of the new program in comparison to the previous ones is that CLS is highly customized to the participants. This recognizes the fact that program members have diverse backgrounds and operate in very different business segments. The high-priority business assignments are selected according to the development needs of the individual, and even the lengths of the rotations are customized. As a consequence, the duration of the program is not the same for everybody. Program members remain on CLS for two to five years, and program completion is dependent on demonstrating leadership capabilities, rather than on spending a certain time in the program or on completing a number of defined length assignments. In effect, the program consists of a series of full-time jobs that develop the program participants and broaden their horizons. The jobs include rotations in multiple functions. For example, one participant with an operations background moved to work in a position in sales and later in product management. Since developing a global mindset is also a key objective, participants go through an international assignment, too, if they have previously missed such an experience.
3. *Capability assessment framework.* The consistency across the program is provided by a capability assessment framework, which focuses on five areas: growth, leadership, operational excellence, capital efficiency, and domain expertise. It includes capabilities in these areas that have been identified as required for successful GE business leaders (see Figure 15.1). For each capability a behavioral definition and a required proficiency level is set. Furthermore, information is provided on possible assignments, projects, and training that can help in developing a selected capability. The same framework is used to assess the skill gaps of the participants as well as evaluating their progress. Finally, it also serves to evaluate if participants are ready to graduate from the program.
4. *Leveraging relationships.* Another important element of the individualized development approach is that, while in the program, each participant is paired with a senior manager who acts as an executive coach. These senior managers have strong track records as leaders as well as talent developers. When the

Figure 15.1. Capability Matrix



CAPABILITY		DEVELOPMENT ASSIGNMENTS			TRAINING	PROJECTS
		PROD. MGMT	SALES/MKTG	OPERATIONS		
GROWTH	Go to Market	✓	✓		✓	
	Strategy and Innovation	✓	✓		✓	✓
	Technology	✓			✓	
OPERATIONAL EXCELLENCE	Processes and Quality Systems	✓		✓	✓	
	Supply Chain	✓		✓	✓	
	Financial Performance	✓		✓	✓	✓
	Risk Management			✓	✓	
CAPITAL EFFICIENCY	Capital Allocation	✓	✓	✓	✓	
	Cash Generation	✓	✓	✓	✓	✓
	Inorganic Growth	✓	✓	✓	✓	
LEADERSHIP	Growth Values	✓	✓	✓	✓	
	Managing People			✓	✓	
	Managing the Matrix	✓	✓		✓	
	Communication	✓	✓	✓	✓	✓
	Change Management	✓	✓	✓	✓	
	Project Management	✓	✓	✓	✓	

program starts, they go through a joint workshop with the participants. The senior managers are trained in coaching, and the program participants have the opportunity to establish a relationship with their coaches. At the same event the executive coach helps the participant build an individual development plan—including assignment and project options—based on the capability gaps and the career interest of the participant. Following the kick-off workshop, the pairs keep frequent contact (many of them talk every two weeks) to discuss challenges, learning, and progress. Regular feedback and assessments are an integral part of the program and happen both in connection with the individual assignments as well as the program seminars. The individual development plans are continually reviewed and adjusted in the light of this feedback.

Integrated with the Business

Launching a new assignment-based leadership development program is not easy. If it is not supported by the key stakeholders and the overall organization, it is doomed to fail. Although CLS is managed by corporate resources, it is designed as a program that happens in a given business and it was created to serve the needs of that business. In order to integrate CLS from the beginning with the organization, the program has been developed and

managed together with a group of business stakeholders. From each of the six GE businesses there have been business champions as well as program managers appointed. They, together with the corporate team, shape and manage CLS. The idea is to accomplish a balance between business ownership and corporate program management.

Although program participants belong to a corporate program, they maintain a strong alignment to their business units. They are nominated and sponsored by their businesses while on program. They do their rotations in their businesses, and that is also where they are expected to move into their first off-program job to take a senior position. On the other hand, all of them participate in the same program structure and are part of the program participant network and online community. Furthermore, they attend the joint program seminars twice a year. Based on the participants' feedback, this peer network is one of the most valuable elements of the program. The members utilize the cross-functional and cross-business expertise of this highly capable group and they leverage each other when they face challenges or need help in a new functional area during their assignments. As a result of this embedded approach, CLS participants benefit from the support and interaction with corporate leadership, an extensive peer network, business assignment managers, business champions, business program managers, and dedicated business coaches.

Initial Insights

Although the program has been running only for a short time relative to the time that is required to make full impact, some lessons have already been learned from it.

First, because the CLS program was new, there wasn't an IT system to provide a platform to manage it. In fact, there is a doubt to what extent there could be. In a certain sense the CLS program philosophy goes against the current industry trend of standardizing (and so automating) talent management processes. The program has to be highly individualized. The participants come with different backgrounds, they operate in different domains, and they have different development needs. The underlying philosophy is that individualization of the learning experience brings the highest impact. This poses a significant challenge for program administration. As a program manager put it, "It is like running a mini-college program with individuals taking individual tracks."

Although the processes are difficult to standardize and they remain labor-intensive, the program management saw an opportunity to automate the development plans and have therefore developed a tool to track the individual assignments, training, and projects. That said, the emphasis remains on ensuring the appropriate return on the effort by keeping the program very selective and focusing on the quality of the candidates, the support provided, and the assignments.

Second, the program has been launched globally and based on a global participant pool. This pool is very diverse and includes participants from different functions, industries, and geographies. Although the capabilities framework has proven to be effective for creating a

standard approach to capability building, there is an emerging need to accommodate the specificities of different market contexts. The challenge is particularly visible in growth markets. In those regions, such as China, India, Latin America, and Middle East, the market realities are completely different. The rotation opportunities are different, the business challenges are different, and candidates have different profiles compared to the more developed markets. To bring full benefits for the local business organizations, the program needs to reflect this diversity. It needs to do more than merely adjust the profile of the candidates or the management of the assignments. It must also help participants develop some market-specific leadership skills. Even a strong alignment with an industry may not be enough. In some cases the exposure has to be more regional and not limited to one industry in order to enable building the desired skill set or career path.

This raises the point that certain experiences may be more important for participants, depending on which market they are coming from. To give an example, in China the company operates through many joint ventures. Effectively managing a joint venture is key for future leaders in China, while it has little importance in other markets. In fact, in this market it is a *must-have* skill. The current capability model already recognizes the mix of leadership skills that future leaders need, depending on whether they operate in a growth, stable, or shrinking market. However, the regional specificities are not yet reflected to the desired level. If the program fails to build the market-specific capabilities, it may undermine its future success.

To date, more than 120 high potentials have participated in the program. Their experience with the program is very positive. They feel that it is highly developmental and that it opens new perspectives for them. As one expressed, “The program moves me into areas I would have never thought of.” Of course, participant feedback is just one aspect of program assessment. The ultimate results will show over time as program participants take on, and succeed in, senior management positions.

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