



Experitec’s iLead Readies High Potentials, Creates Significant ROI

Experitec

Best Advance in High Potential Development

October 2018



Company Background



Company-at-a-Glance	Experitec thoroughly understands its customers in order to provide solutions to their toughest problems, deliver the greatest value and consistently be a trusted and reliable partner. As a local business partner of Emerson Automation Solutions, Experitec delivers the highest-quality and most-innovative technologies in the process control marketplace. Experitec employees provide no equal performance through their experience, technical expertise, commitment to excellence and service to its customers and principals.
Headquarters	Chesterfield, Missouri
Year Founded	1934
Revenue	\$120 million
Employees	200
Global Scale (Regions that you operate in or provide services to)	Midwest (Missouri, Kansas, northwestern portion of Oklahoma, southeastern portion of Nebraska, southern Illinois, western Tennessee, eastern Arkansas, northern Mississippi and southern Kentucky).
Customers/Output, etc. (Key customers and services offered)	Experitec is a local business partner of Emerson Automation Solutions, representing, distributing and sustaining the latest and most-innovative process control products and services to industrial manufacturing industries. Experitec offers highly reliable final control technologies that regulate, isolate and protect processes. Experitec offers a broad range of measurement and analytical

	technologies for process clarity and insight. Experitec provides systems and software to ensure automation meets safety and performance requirements. Experitec offers a full suite of asset management software, technologies, solutions and services to improve availability, profitability and safety. Experitec also has the expertise and resource to help customers dependably define, execute and support a strategy throughout the lifecycle of their operation. Experitec serves customers such as Monsanto, International Paper, Phillips 66, BASF, etc., in the chemical, power generating, refining, oil and gas, food and beverage, pulp and paper and water industries.
Industry	Process automation
Stock Symbol	N/A
Website	www.experitec.com

Budget and Timeframe

Budget and Timeframe	No budget for development; six-month design and implementation.
Overall budget	Program budget of \$25,000 per year.
Number of (HR, Learning, Talent) employees involved with the implementation?	3
Number of Operations or Subject Matter Expert employees involved with the implementation?	3 (leadership team members)
Timeframe to implement	6 months
Start date of the program	May 2015

Business Conditions and Business Needs

In 2015, Experitec faced significant economic, performance and organizational challenges in the business, emphasizing the need for a strategy to develop high-potential employees in the organization. First, the markets and customers that Experitec serves were changing dramatically in 2014-15 with a significant drop in the price of oil. Many of Experitec's



customers were impacted by this change and they began to reduce their spending on Experitec's products and services. For example, Experitec's largest customer (a petroleum and natural gas company) went from around \$15 million of business to completely out of business in Experitec's territory from 2012 to 2015. In response, Experitec needed to close its oil and gas services business consisting of 45 people, 25 trucks, a building and significant inventory. All personnel were terminated on the same day and all remaining assets managed to close the business entirely within 30 days. As a result of this highly profitable business being shut down so suddenly, Experitec needed to significantly change its budget and staffing model. At the same time, customers from other industries also were reducing their spending or eliminating/terminating key projects altogether. Two major customers opted to close down major manufacturing plants that were part of the financial forecast and consisted of significant project spending which was completely eliminated by their decision. These changes in the marketplace had a significant impact on Experitec's financial health.

At the same time, Experitec faced economic challenges with customers, Emerson (Experitec's Principal) was bringing new businesses, products and services for Experitec to take to market. Most notably, Emerson brought the Reliability consulting, services and products business to Experitec and expected Experitec to lead and successfully sell this new area of products and services. Later, in 2017, Emerson also bought an extremely large valves and controls business and turned over the sales of the newly acquired products within one week of the acquisition close. Both of these new opportunities brought with them a significant need for leadership to ensure their success.

Secondly, due in large part to the economic and market changes, the organization was faced with additional financial performance challenges. In response, Experitec needed to go through two rounds of downsizing — once in 2015 and again in 2016. The 2016 downsizing decision led to the creation of a voluntary incentive program (VIP) offered to employees based upon years of service and age. Due to the VIP, many key leadership individuals (CFO, managers, sales and directors) elected to take the program and exit the organization, leaving a significant gap in terms of leadership. To rebound from the financial challenges, as well as address new business opportunities, the organization needed additional leadership resources and capabilities.

Finally, Experitec faced significant organizational planning challenges related to leadership. Experitec is one of 21 local business partners (LBPs) across North America to Emerson Automation Solutions. In 2013, leaders from the LBP network at a sales and

services conference identified the most-significant limitation on meeting growth goals for the entire network to be a lack of ready leadership. In response, a core team (including the VP of talent management from Experitec) was established to identify best practices for leadership development with processes, tools and resources the entire network could implement, share, and leverage. In 2015, the leadership development process (LDP) team held a leadership development forum for high-level sales and services leadership across all LBP organizations to roll out the process, tools and best practices.

Since Experitec was a part of the core team, Experitec's leadership team was able to implement components of the leadership development process as soon as they were created. These components included: (1) ensuring the plan for leadership development was strategically aligned, (2) conducting leadership needs assessments, (3) identifying investment in training plans and delivery of development, and (4) establishing metrics to ensure evaluation of strategy and accountability to results. Experitec began with a comprehensive evaluation and assessment around the leadership needs of the organization. The leadership team considered four factors for evaluation: (1) the organization's current leadership needs; (2) the organization's current leadership potential; (3) the current leaders' or potential leaders' development needs; and (4) how and in what the organization would invest for leadership development. The leadership team first assessed which key leadership positions would require additional leadership in the future (specifically the next five to 10 years) both due to retirements and the growth of new businesses.

Figure 1: Leadership Steps



Source: Experitec

Figure 2: Key Leadership Roles

Key Leadership Roles:



Source: Experittec

The evaluation next looked at how many ready leaders Experittec had at each level of the Experittec leadership pipeline (see below). They determined, undoubtedly, there was a talent gap between employees ready for promotion or new opportunities and the vacancies created as the organization restructured (due to changes in personnel because of the VIP, downsizing and loss of the oil and gas services organization).

Figure 3: The Leadership Pipeline Types of Leaders



How many will you need in 5 years?

Source: Experittec

The most significant and obvious challenge Experittec faced organizationally was the issue of an aging workforce. After conducting an organizational review, a significant number of leadership positions were identified as needing to be replaced in the subsequent five to 10 years. Most notably, the current president and CEO of Experittec, Larry Tietjen, has been in his role for nearly 30 years and indicated a desired to transition the business to a new leader and retire by the end of the year. Additionally, the senior vice president and COO, Mark Franklin (another 30-year employee), and Tim Mortenson, the CFO, also desired retirement in a similar timeframe. Experittec recognized these three leaders at the “Leading the Organization” level of the leadership pipeline would be extremely difficult to replace due to their depth of experience, time in their roles, experience with Emerson, customers, the industry and their extensive capabilities. In addition to these very senior leaders, many of the organizations key sales leaders at the “Leading the Function” level, business unit leaders at the “Leading Managers” level and managers at the “Leading Others” level also were due for retirement during the same time period. Experittec was facing approximately 15 to 20 retirements of key leadership roles in the organization in the subsequent five to 10 years.

Next, Experittec’s leadership team assessed the organization’s current leadership potential by reviewing the capabilities of both the current leaders in the organization, as well as other high-potential employees. They looked at where each current leader fell in terms of the leadership pipeline (leading self, others, managers, the function and the organization [see below]), the individual’s capabilities with respect to competencies and the anticipated capacity for development or growth of these current leaders. The result of this assessment was a clear gap between what was needed in terms of leadership and the capabilities and capacity for growth of the current leaders (directors, managers, supervisors and leads). Finally, the leadership team made the decision to invest in two different paths with respect to leadership. The first path being a focus on training and development of Experittec’s current leaders to increase the development of their capabilities and improve their performance as leaders in the organization. The second path was to make an investment in a high-potential development program to increase the number of ready leaders for positions in the future.

Figure 4: The Leadership Pipeline



Source: Experittec

As part of the previously mentioned leadership development forum, the core Experitec leadership team conducted a self-evaluation of their current state of leadership development against a set of maturity models provided by the LDP forum team (mentioned previously). Using a three-point scale, the leadership team rated their effectiveness in the areas of: strategy alignment [future-focused needs assessment (3); strategy alignment implementation maturity (2)]; needs assessment [retention risk tracking (2.5); leadership segmentation (1); high-potential talent identification (2); leadership capability audits (1)]; planning and delivery [experiential learning (2); mentorships and social learning (1.5); formal training programs (1); and individual development plans (2)]. Clearly, Experitec identified a gap in terms of what needed to be accomplished to be successful at leadership development and the current state.

Because of the LDP and forum, a focus on leadership development and implementation of a high-potential program was established as a high priority. For Experitec to grow in the future and transition through retirements of key leaders in the organization, Experitec needed additional leadership capabilities. To address the leadership gap, a new program was created to accelerate the development of employees; now that the “why” was outlined, Experitec needed to determine “how.”

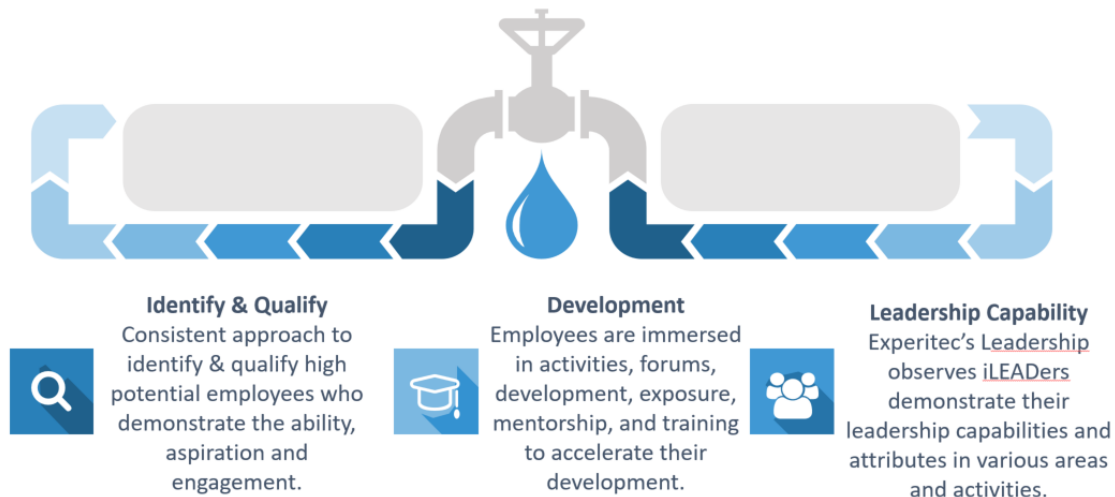
Overview

Experitec’s high-potential development strategy was to invest in creating and implementing a targeted program, internally developed and supported with clear expectations and requirements and active involvement and support of the leadership team. This high-potential program was named iLEAD – Individual Leadership Excellence through Accelerated Development. **The Key Purpose of iLEAD** is to accelerate the development of high-potential employees who exhibit the ability, aspiration and engagement to become a key leader in the organization. iLEAD brings individuals who demonstrate high performance, a high degree of potential and a desire for accelerated growth together to tackle challenges facing the business and develop the skills and experiences needed to progress into more senior roles. To grow the leadership pipeline with the iLEAD program, Experitec included three key components: (1) a consistent approach to identify and qualify high-potential employees who demonstrate the ability, aspiration and engagement; (2) employees immersed in activities, forums, development, exposure, mentorship and training to accelerate their development; and (3) leadership directly observes iLEADers demonstrate their leadership capabilities and attributes.

Figure 5: Growing Leadership Pipeline

Growing our Leadership Pipeline

Key Purpose of iLEAD is to accelerate the development of high potential employees who exhibit the ability, aspiration, and engagement to be a key leader in the organization.

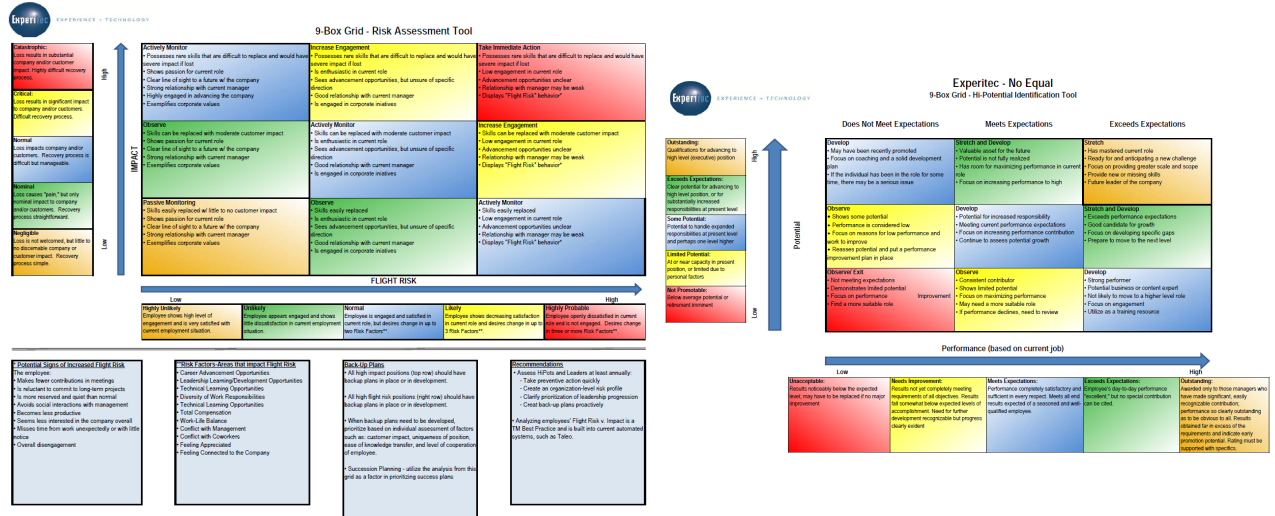


Source: Experittec

Identifying and Selecting High Potentials: Creating a consistent approach to identify and qualify high-potential employees was an important objective for the leadership team. The process and criteria for identifying high potentials occurred during Step Two of the leadership development process — needs assessment: “determining the organizations’ current leadership potential.” The purpose of the selection process was to identify the best high-potential employees to ensure the investment would be successful. To conduct this selection process, Experittec evaluated four components: nine box assessments, an employee’s career development plan, feedback from a talent review and the employee’s interest. The formal selection process only involves the leadership team during a talent review which is held at an off-site location. However, managers can provide relevant information and background in advance of the review to talent management or their leadership team member.

In advance of the talent review session, managers or leadership complete a real-time performance versus future potential nine box and a risk versus impact of departure nine box for all their employees. As a result of the assessment, any employee in the category of “Stretch” or “Stretch and Develop” (green or gold boxes) is included and discussed during the talent review. Additionally, employees who express interest in leadership opportunities by completing a career development plan also are included in the review.

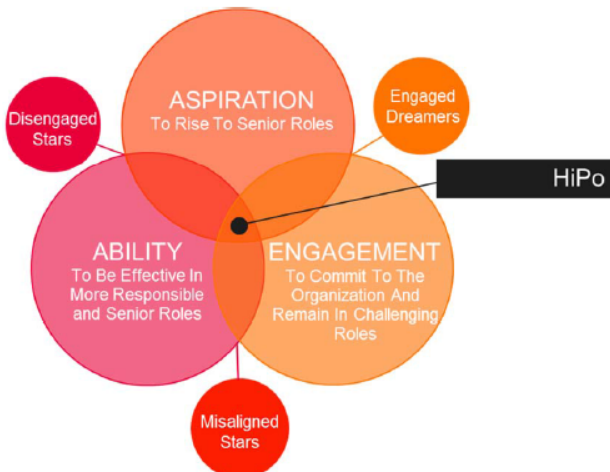
Figure 6: Risk Assessment Tool and Hi-Potential Identification Tool



Source: Experitex

During the talent review, each employee is reviewed and discussed. First, a leadership member provides a backdrop for the employee. Next, talent management provides additional background details (i.e., work history, training, etc.) and the employee's career development plan is reviewed. Then, the team collectively confirms their placement in the nine-box grids, their level on the leadership pipeline, discusses strengths and development opportunities, identifies short and long-term growth goals/positions, creates actions for development and confirms owners for the action plans.

Figure 7: Key Attributes



Source: Experitex

Finally, to determine their participation in the iLEAD program, three key attributes are considered: ability, aspiration and engagement.

- **Ability** to be effective in more-responsible and senior roles; identified as having the potential to move to a selected list of key leadership roles in the organization but were not currently ready to do so without accelerated development.
- **Aspiration** to rise to senior roles, this means these individuals were identified as having the desire to progress and willingness to take on additional activities to do so.
- **Engagement** to commit to the organization and remain in challenging roles; individuals who were selected have indicated a willingness to commit to a long-term career with Experitec.

After this review, a decision is made as to whether an individual will be invited to participate in the iLEAD program, additional discussions are required before invitation, the individual should be considered again in the future or the individual is not a candidate for the program.

Finally, each employee identified is offered the opportunity to participate. A key factor in their participation is the desire and willingness to commit to the additional activities and responsibilities. Experitec's investment in iLEAD is significant, therefore, only those who truly desire, have the ability and are committed to a long-term relationship with Experitec are selected. All employees at Experitec have the opportunity to develop; these employees have demonstrated additional effort, desire and commitment, and therefore, receive additional opportunities for accelerated development.

Communication of the iLEAD Program: Once the process for identifying high potentials was established by the leadership team and the first group was selected, a communication plan was created to communicate to the rest of the organization regarding the iLEAD program. The leadership team received iLEAD talking points to hold these discussions with managers, selected iLEADers and other employees.

Figure 8: Specific Details on How to Handle Employees Not Selected

To Employees who were not selected:

Talking Points

- **Information about iLEAD** including selection criteria, activities or responsibilities of participants, and the purpose of the program is available on Experi-Net
- **All employees receive career development** - The development of all employees at Experittec is crucial to our success.
- **iLEAD Participants are developing for future leadership roles** – What makes this group different
 - accelerated and aimed towards building our leadership pipeline
 - participation will be highly challenging and demand substantial commitment above and beyond current role
- **Participation in the program will change over time.** Just because you weren't selected this time does not mean that you won't be recommended for participation in the future. We expect that individuals involved in the iLEAD will step in and out of the program as necessary as their roles change.
- **Want to get into iLEAD** – look at the requirements and demonstrate you have the ability, aspiration and engagement/commitment such that you should be a new candidate to the group.
- **Just because you weren't selected now doesn't mean you won't be asked to participate later.** We will be regularly evaluating all employees for potential participation in the program and expect that people will be added (and stepping out) as time goes on.

Source: Experittec

The communication plan consisted of three phases of roll-out. Phase One was communication to current managers/leaders about the new program and if they themselves or any of their employees were selected for participation. Managers were provided details of the program, how people were selected for the program and what would be required of their employees in the program. Additionally, all managers were provided a FAQ document so they could speak to the details of the program when asked. The manager communication included: “Why was iLEAD created?”; “What is iLEAD?”; “Who is responsible for iLEAD?”; “What are the iLEAD outcomes/goals?”; “How were iLEADers selected?”; “Why aren't all managers in the group?”; “What is required of the iLEAD group?”; and “What if someone speaks to me and wants to be a part of iLEAD?”. Managers were also provided talking points on how to handle employees who were not selected but interested in the program (details above). Finally, during a manager training event the VP of talent management provided additional details regarding how the leadership team had identified the employees' as potential iLEAD participants. Managers were then encouraged to speak to their respective Leadership member if either they themselves were interested in the iLEAD program or if they thought an employee met the criteria and should be considered.

Figure 9: Phase One Communication Process

What if someone speaks to me and wants to be a part of iLEAD?

The existence of iLEAD is not confidential or secret. This is a new activity to meet our growing business needs by accelerating the development of individuals who met the specified selection criteria. All employees are candidates for the group if they demonstrate the aspiration, ability, and engagement. In fact, we hope to see more employees in the future develop themselves to the point they are ready for the accelerated development. Information regarding iLEAD (as contained in this document) will also be made available on Experi-Net in the near future.

- **Encourage employees to work on their career development and have a career conversation.** Make sure to pass along their interest to the Leadership Team and include their desire in the career goals section of Taleo. Help employees identify what they need to do in terms of their development to be considered for the iLEAD group. If you are not sure or need input on what to say or what to provide for an employee in terms of development, please contact Talent Management.
- **Encourage employees to seek candid feedback** from their team and across the organization. It's important to have a feedback strategy to get a clear picture of how they are doing. Help them make a plan to get feedback on their work and identify how they could improve their performance to meet the requirements for being selected into the group.

Source: Experittec

Phase Two of the communication plan was to communicate to the individual employees of their selection and the participation requirements of the iLEAD program. During this phase each leadership team member met with their selected iLEAD participants to share their selection and details of participation. Employees were given a few key messages: (1) Participation is above and beyond the requirements of their current role and managers are both aware and supportive of their participation. (2) There is no set length of participation in the program. Employees are reviewed annually on the iLEAD criteria to determine their selection. Employees who are participating may step out of the group or rejoin at intervals based on other responsibilities/personal conflicts and continued demonstration of the selection criteria for the group. (3) Participation is a serious commitment — the organization is making a major investment in their development and if they commit Experittec expects them to take it seriously and maintain consistent participation until making a conscious decision to step out of the program. (4) Participating in iLEAD does not guarantee them a promotion or particular role. iLEAD provides valuable and intense growth experiences to accelerate development to move employees more quickly into leadership positions in the future. However, these positions still must be earned and merely being selected to participate in iLEAD is not confirmation

they will meet the requirement for a position in the future. (5) The iLEAD program will be public, therefore information about it will be provided and Experitec will be transparent about its existence.

Finally, Phase Three of the communication plan was to the remainder of the organization. The decision to communicate the existence of iLEAD and the details around the program was highly controversial. However, ultimately the decision was made that Experitec is historically a very transparent organization and keeping the existence of the program secret would be unhealthy. This communication took place during employee training events around the new Agile performance management program. Employees were then empowered to speak with their manager if they were interested in being considered for the iLEAD program. If approached, this discussion provided managers with the opportunity to discuss with the employee development needs for being considered in the future if the employee did not currently meet the criteria for the program. The result of the decision to publicly communicate about the iLEAD program was extremely well-received. Employees were comforted that the organization was taking steps to address the leadership gap that was apparent to everyone with the downsizing and impending retirements. Additionally, those who were not selected but were interested became active in their development and performance to demonstrate they should be considered in the future. Not only were managers empowered to support employees who wanted to be considered for the iLEAD program, but employees also were encouraged to seek candid feedback from their team and across the organization. Having a feedback strategy is critical to a clear picture of how they are performing. Managers are empowered to help employees craft a plan to receive feedback and identify ways they can improve their capabilities to meet the requirements for selection into the program.

Four Key Goals of the iLEAD program The leadership team identified four goals: (1) to create a strong bench of well-prepared leaders who demonstrate key leadership readiness attributes; (2) to enhance organizational effectiveness through leaders who foster the culture and develop themselves and others to serve the customer; (3) experience opportunities to develop vertically by having disruptive experiences, exposure to new perspectives and opportunities to put it all into context; and (4) achieve the long-term goals of organizational and individual development, retention and engagement.

Figure 10: Goals of iLEAD



Source: Experitec

After three years with the program, Experitec already has seen significant achievement and success with respect to all four goals. First, new leadership positions are filled readily with iLEADers who are demonstrating many, if not all, the key leadership readiness attributes. Specifically, only one key leadership position was filled with an external candidate in the past three years. Secondly, the iLEADers developed their own “standards of excellence,” actively taking ownership of the culture of the organization and developing others to exhibit Experitec’s core values (driven, positive and collaborative), have a customer focused mindset and create high accountability. Third, the program provided opportunities for the iLEADers to expand their capabilities — not just grow their skill sets. Specifically, upon reviewing the program (program assessment survey) iLEADers identified many of the activities (the group calls and forums in particular) created opportunities for their vertical development — heat experiences, understanding new perspectives and reflecting on their growth.

Finally, more individuals (both iLEADers and other employees) are focusing on development. Specifically, the question on Experitec’s engagement survey “There is someone at work who encourages my development” increased from a 3.84 in 2015 to a 4.28 mean score in 2017. Experitec’s retention has stabilized significantly overall and no iLEADers have left the organization. Additionally, Experitec’s engagement scores have increased significantly, going from an overall mean of 3.91 in 2015 to a 4.30 in 2018 and

even more significantly increased within the iLEAD group. Additional details around Experitec's success with retention, engagement, and development are included in the last section around metrics.

Metrics and Assessment: To evaluate the effectiveness of the program, Experitec established a set of metrics to track throughout the program and see how successful the program was in achieving results. At the outset of the program, the president estimated the program would cost approximately \$250,000 per year. The following metrics were the measurements tracked and used around the iLEAD program:

- Number of ready leaders — iLEADers ready to step into a role. (i.e., 2015 goal: to have 10 “ready” leaders by 2016. Ready is defined as high-potential employees who could step in if one of the incumbents in an identified key leadership position left the organization).
- Number of key positions filled by iLEAD participants.
- All iLEAD participants have a development plan and track percent completion.
- Improved engagement scores.
- Improved competency self-assessment scores.
- Improved iLEAD participation/performance level survey scores.
- Leadership evaluation of leadership attributes.
- Total turnover of iLEADers from both the program and the company.
- Number of promotions or growth announcements of iLEADers.
- Success of iLEADers in role after promotion.
- Progression of vertical development in iLEADers.

Design and Delivery of the Model

Experitec's Overall Talent Management Strategy is to have a best-in-class business strategy driven talent management system that aligns talent identification, integration, performance and development with Experitec's vision, mission and goals. Experitec's vision is to be viewed by Experitec's partners (employees, customers and principal, Emerson) as no equal in Experitec's performance. The core purpose of the various talent management strategies is to achieve greater levels of performance and business results.

Figure 11: Experitec Talent Management Framework

EXPERITEC TALENT MANAGEMENT FRAMEWORK

Experitec’s Strategy for each Element of Talent Management



Source: Experitec

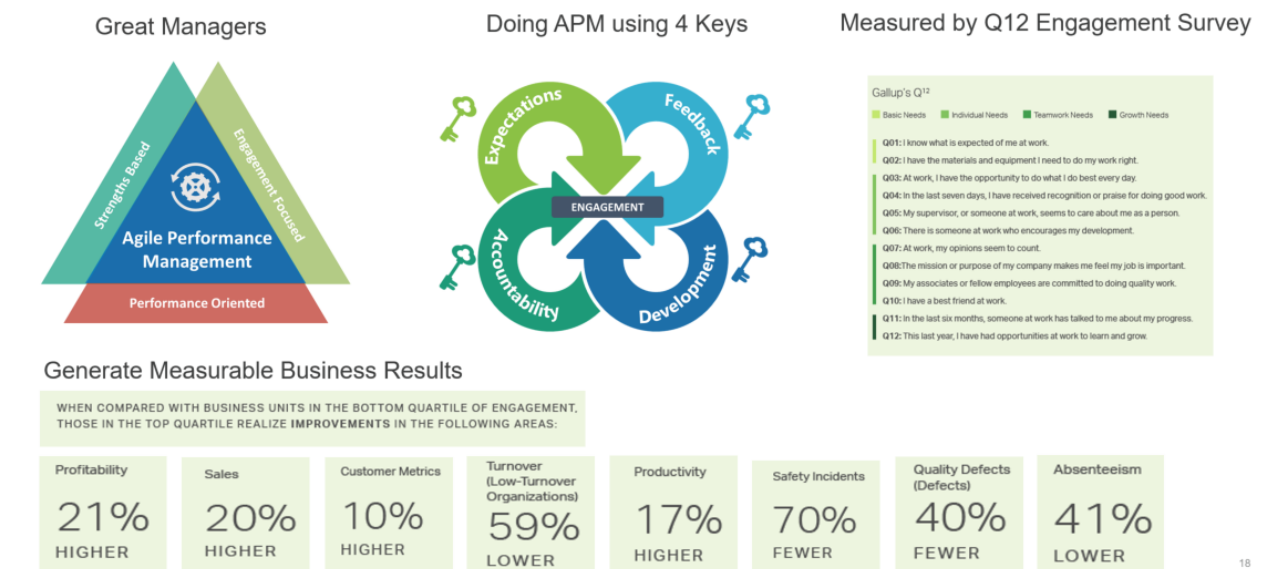
Experitec’s talent acquisition strategy is to identify high-performing employees (no-equal performance) with talents that fit the role, who are driven to serve the customer, remain positive despite adversity and collaborate to deliver high value results. Talent management aligns with Experitec’s vision focusing on hiring the best people (no equal), creating the best employee experience possible (no equal) and ensuring effective no-equal conversations around performance and engagement occur frequently.

In conjunction with the iLEAD program, Experitec implemented a new approach to performance management, Agile performance management (APM). The philosophy of APM is that to achieve measurable business results you need great (no equal) managers (engagement focused, performance oriented and strengths based) doing APM (four keys: set expectations, provide feedback and motivation, use strengths-based development and create accountability). Experitec’s effectiveness at doing APM is measured using Gallup’s Q12 engagement survey (the questions tie directly to the four keys of APM). The **APM strategy** is to inspire and motivate employees with frequent conversations and interaction with managers to achieve higher levels of performance, increase their engagement and grow their capabilities and contributions to the organization. This approach and the processes and tools around APM directly align and support the iLEAD program and the development of participants. The iLEAD program simply enhances APM

and provides additional opportunities for iLEADers to engage in setting expectations, providing feedback, development and accountability. Many of the APM tools and processes are used to support the iLEAD program. The APM strategy requires a high-quality, very interactive and leadership-sponsored high-potential program to create future leaders who are culturally aligned and supportive of effective performance management.

Figure 12: Expectations of Great Managers

Expectations of Great Managers





Q12. This last year, I have had opportunities at work to learn and grow.
Q11. In the last six months, someone at work has talked to me about my progress.

Q10. I have a best friend at work.
Q09. My associates or fellow employees are committed to doing quality work.
Q08. The mission or purpose of my company makes me feel my job is important.
Q07. At work, my opinions seem to count.

Q06. There is someone at work who encourages my development.
Q05. My supervisor, or someone at work, seems to care about me as a person.
Q04. In the last seven days, I have received recognition or praise for doing good work.
Q03. At work, I have the opportunity to do what I do best every day.

Q02. I have the materials and equipment I need to do my work right.
Q01. I know what is expected of me at work.

Source: Experittec

Experittec’s organizational planning strategy is to apply a consistent and regular process for evaluating the needs of the organization and the opportunities for employees to fill those needs with growth and development. The leadership development strategy is to regularly apply the leadership development process with strategy alignment, needs assessments, planning and delivery of development and assessment and accountability to results. The iLEAD program and its participants are identified as a direct result of applying the leadership development process and conducting organizational planning or talent review sessions that identify skill gaps and development needs. For Experittec to grow in the future and transition through retirements of key leaders, it needed additional leadership capabilities beyond its current resources.

Program Design: To design an effective high-potential program, Experittec’s talent management team wanted to ensure the program addressed all methods of development and increased the pressure on participants in order to ensure not just development but accelerated development. A key component of iLEAD is the focus of on not just incorporating horizontal development but also incorporating vertical development opportunities. Horizontal development refers to the adding of additional knowledge, skills and competencies. Horizontal development is about what you know, which can be measured through 360-degree feedback. Vertical development refers to the

advancement in a person's thinking capability. The outcome of vertical development is the ability to think in more complex, systemic, strategic and independent ways. It is about how you think, which can be measured through stage development interviews and surveys. In other words, horizontal development fills a cup with water whereas vertical development increases the size of the cup and the amount of water it can hold. The intent of iLEAD is to assist in progressing an individual from a dependent/conformer level to an interdependent/collaborator level in terms of their vertical development.

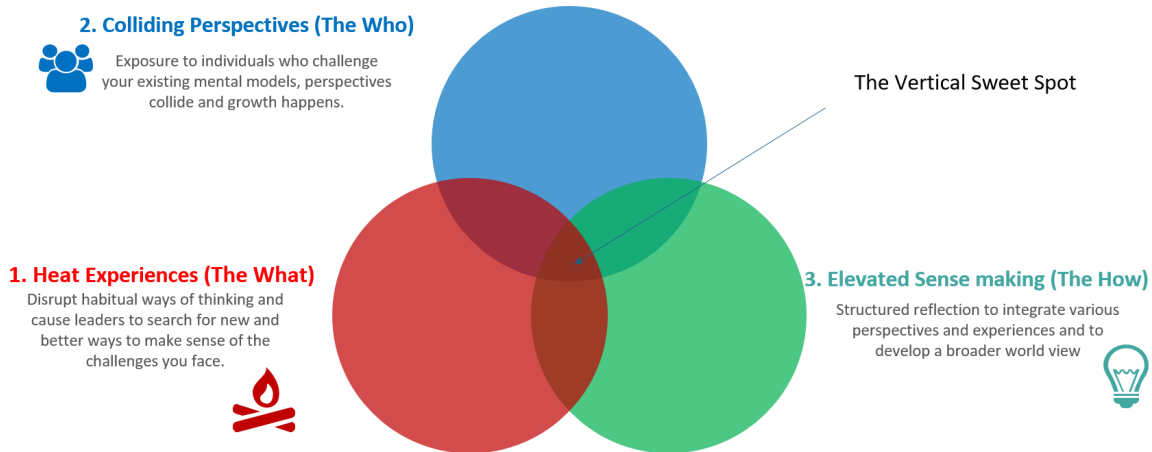
Key Elements and Design of the Program: In developing the iLEAD program, Experitec considered and incorporated the three key elements that create the "how to" of vertical development:

- **Heat Experiences (The What)** — Disrupt habitual ways of thinking and cause iLEADers to search for new and better ways to make sense of the challenges they face.
- **Colliding Perspectives (The Who)** — Exposure to individuals who challenge their existing mental models, so perspectives collide and growth happens.
- **Elevated Sense Making (The How)** — Structured reflection to integrate various perspectives and experiences and to develop a broader world view.

Each of the elements or components of the iLEAD program incorporates one or all of these three elements to ensure both horizontal and vertical development are taking place. This philosophy ensures employees' development is accelerated in every way possible.

Figure 13: The “How To” of Vertical Development

The “How To” of Vertical Development



Source: Experitec

In addition to the types of development, Experitec also incorporated a variety of activities and requirements into the program to ensure the iLEADers experienced the pressure and challenges of competing interests, limited time and limited resources so commonly faced by leadership, therefore, accelerating their development. Another element of the design was the need for leadership team members to gain visibility to iLEAD employees demonstrating their leadership capabilities. Therefore, the program needed not only to provide opportunities for learning but also opportunities to experience learning and demonstrate the results of what was learned. This key component was critical to ensuring more informed decisions around promotion and growth opportunities occurred in the organization and all leadership members were supportive of the new leader assuming greater responsibility.

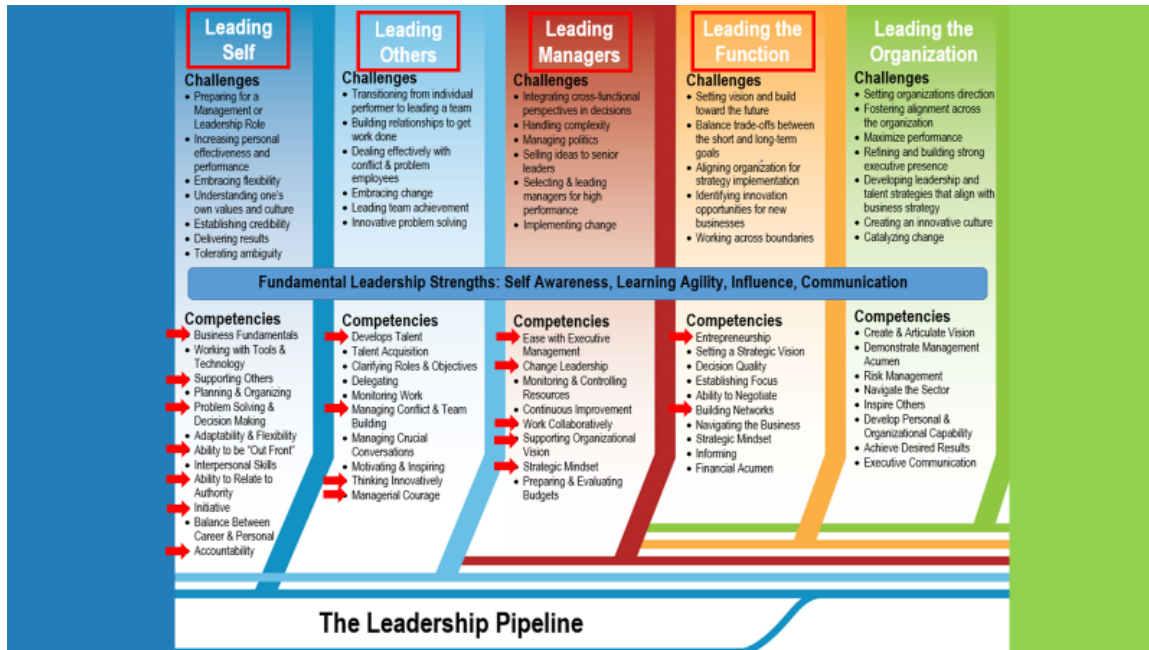
In designing and developing the program three leadership team members (VP of TM, VP of devices and VP of PSG) assumed primary responsibility for the development of the program content and expectations. These three leadership members were the three leaders who were to remain on the leadership team after the transition of the President/CEO, VP/COO and the CFO. Therefore, they each had an interest not only in developing the future leaders of the organization but also in developing a relationship with those future leaders. They each wanted to be confident in the leaders they added to their teams in the future to support the retirements and transitions. Furthermore, the

leadership team wanted these high potentials to develop relationships with and get comfortable with the future leaders of the organization who would remain after the three retirements. Finally, the president wanted these three leaders to gain their own experiential learning by having to train, develop, coach and interact with these high-potential employees and help them grow into more senior roles.

Key Leadership Readiness Attributes: With respect to leadership capabilities, the three leadership team members identified which competencies and attributes were necessary for iLEADers to demonstrate they were accelerating their development. These were named “key leadership readiness” attributes and include the following:

- **Knowledge** — What people know: Agile performance management, situational leadership, sales/services/operations/finance, technical knowledge, communication skills, understand internal process, productivity enhancements, understand Experitec’s and Emerson’s structure, strategic business focus, leadership styles and ways of thinking.
- **Experience** —What people have done: successfully mentored another employee, demonstrated leadership of a team, can develop and execute strategy, set clear expectations, recognized by peers as a leader, builds effective teams.
- **Personal Attributes** – Who people are: Culturally aligned, committed to the organization, interpersonal skills, high emotional intelligence, engagement, accountability, initiative.
- **Competencies** – What people can do: Managerial courage, ease with executive management, strategic mindset, work collaboratively, ability to be “out front,” managing conflict and team-building, thinking innovatively, develops talent, supporting others, supporting organization vision, entrepreneurship, ability to relate to authority, building networks, problem solving and decision making, business fundamentals and financial acumen, change leadership.

Figure 14: The Leadership Pipeline Program Challenges and Competencies



Source: Experitec

Expectations of the Program: Foundationally, iLEADers are expected to make an additional time investment in the program beyond their core responsibilities. Participation in iLEAD is expected to be above and beyond requirements of an employee's current role. Participants are expected to balance their workload with iLEAD program activities while still ensuring all business needs are being met. The iLEAD program has four phases based upon demonstrated capability development rather than a designated period of time (discussed in detail below) including: (1) Introduction to the iLEAD program; (2) mastering individual leadership capabilities; (3) Expand to big potential; and (4) ends with the iLEADER becoming a successful leader. The iLEAD program also has many required expectations of iLEAD participants, including: individual development plans, quarterly forums, monthly group discussions/presentations, training events, action learning projects, assessments, peer to peer coaches, and mentorships.

Development Plans: First, with respect to development plans, iLEADers are expected to focus on a set of key leadership readiness attributes which outlines the requirements to develop experience as a leader and be prepared for more senior leadership roles. This component is focused around horizontal development and a commitment to their own individual development goals. The iLEADER evaluates their capabilities against the key leadership readiness attributes by completing a "progression checklist." The development

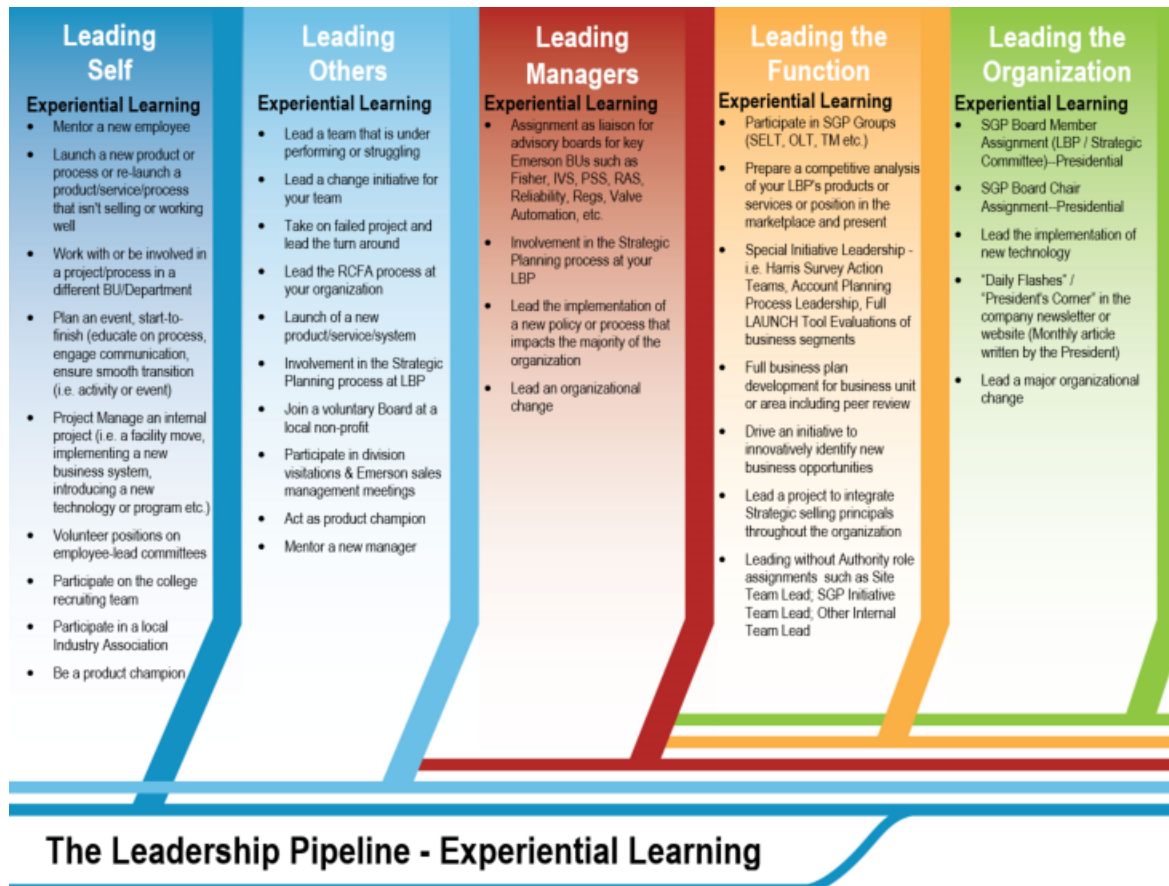
plan is completed and must include all three elements of adult learning: experience, education, and exposure. Each iLEADer selects their goal or objective based upon their own individual development requirements. Then the iLEADer completes their development plan by identifying what education/training they will get, what exposure opportunities they will leverage and what experiential opportunities they will have (see “Experiential Learning Pipeline” below). They must complete the chart with specific activities, timeframe, outcomes and feedback plan for each area. After completing their development plan, iLEADers share and discuss with a peer coach, share them with their managers and have a one-on-one discussion with the VP of talent management to review and confirm their plan. Phase One iLEADers (phases of iLEAD participants to be explained below) are required to provide copies of their plans and discuss them regularly. Phase Two iLEADers are required submit their plans but only to need discuss them with their mentor or manager. Phase Three iLEADers will be provided coaching conversations on-going around their development plans.

Figure 15: Development Plans

Type of Learning	Activities for Development	Skills/Competencies	Timeframe	Desired Outcome	Feedback Plan
Experiential Learning (Learning by Doing)					
Exposure (Learning from Others)					
Educational Learning (Learning by Listening or Reading)					

Source: Experittec

Figure 16: The Leadership Pipeline Experiential Learning



Source: Experittec

Forums: The iLEAD program also hosts iLEAD Forums each year where iLEADers come together to focus on a variety of topics around leadership skill training, understanding the whole business, strategic business thinking, team building and discussion and reflection. In advance of each Forum, iLEADers are given pre-work they are responsible for completing and might include assessments, reading assignments, research, etc. Leadership skill-training focuses on developing a particular leadership skill (i.e., communicating effectively, situational leadership, emotional intelligence, etc.). Understanding the whole business is learning about an area of the organization and the value it brings to the broader organization (i.e., overview of the organization's financial department, sales organization's strategy and approach, etc.). Strategic business training is focused on how you think strategically in the business context (i.e., business planning: vision, mission, values, goals, initiatives). Team building includes activities to help foster

relationships and allow individuals to understand various perspectives or ways of thinking. Discussion and reflection is focused on what you have learned and will take action on. Time at the end of each forum is reserved for individuals to reflect on their experiences throughout the day, what they learned and what they will take away. All five key areas are included in every forum in order to thoroughly and consistently develop the group. The forum key topic areas also provide opportunities for individuals to experience all three types of vertical development – Heat experiences (strategic thinking), colliding perspectives (team building) and elevated sense making (leadership skills, understanding the business, discussion/reflection).

During forums, each iLEADer is expected to actively participate in discussions, activities and, on occasion, is even tasked with presenting on a designated topic. The forum occurs over two days — the first day is dedicated to Phase One iLEADers only and the second day includes Phase Two iLEADers. Phase Three iLEADers may participate if they bring a topic to present or are collaborating with others on a topic but are not regular participants in forums. Phase One iLEADers are required to participate and attend all the forums (barring a conflict with a customer commitment), whereas Phase Two iLEADers can choose whether to attend or not depending upon their development plans and current responsibilities. At a minimum, two leadership team members always are present and participating in each forum event.

Group Calls: As part of the program, iLEADers are put into small group teams selected to include a cross section of iLEAD participants from across the offices, business units, functional units and from different departments. The small groups are meant to provide an opportunity to hear different perspectives, get to know others in the organization and provide a new network of individuals to discuss issues and get feedback. As part of the small group, they must present and lead one discussion on a topic of their choosing with the entire iLEAD group and leadership on a phone call/WebEx. Participants must select issues or discuss relevant business topics. The selection of the topic could be an action learning project, a productivity improvement or a request for more information on an area of the business from the iLEAD group. The team is responsible for scheduling and facilitating the topic for discussion. Team members are expected to record the discussion points, key concepts and action items captured. These group calls are a critical component of the iLEADers vertical development and provide a strong heat experience, opportunity for colliding perspectives (hearing other opinions and perspectives on new topics) and time for sense making by reflecting on new topics or points of view. These group calls are an opportunity for participants to feel ambiguity (lack of a clear topic), uncertainty (what

is expected or what they should be doing) and confusion as to how they should work together to create these messages. One consequence of the intentional ambiguity is the feedback the facilitators receive that the explanations are too vague or not providing enough direction. This response is evidence the activity is providing the type of development and growth that is intended. Phase One iLEADers are required to participate and Phase Two iLEADers are optional participants depending on their development plans. These groups are also used during forums for team building or assessment activities and the groups may meet outside of forums to discuss critical business challenges.

Action Learning Project: An advanced step in the program for only Phase Two iLEADers is the action learning project. Action learning is an approach to solving real problems that involves taking action and reflecting upon the results, learning from ones' experiences and from each other, which helps improve the problem solving process, as well as the solutions developed by the team. The objective of the action learning project is to have experiences that will support the development of additional leadership skills by participating in a short-term (less than 12 month) project with the potential to provide significant impact on the business. Participants must identify a current activity tied to Experitec's business key imperatives, strategy or defining objectives that would create business impact or result. This activity may be part of their role or function already or may be an additional stretch assignment to grow their capabilities. After completion, iLEADers are expected to present to the broader iLEAD group and leadership team the results of their project. This activity is a major heat experience for iLEADers in the program — it is a first-time experience, the results matter, there is a chance of success or failure, leadership members are watching and it is meant to make them extremely uncomfortable. This represents a significant opportunity for iLEAD participants to demonstrate real growth in capabilities, vertical development.

Assessments: Another component of the iLEAD program is the use of assessments to help gain better insight into their personal preferences and performance. Assessments provide the opportunity to discover where a person's true talents, interests, values and abilities lie. Having this information can be essential to determining a satisfying career path and is also helpful when creating goals. Completing regular self-assessments can assist in determining whether one is meeting personal or professional goals. Each iLEAD participant will take a variety of assessments for this purpose. For example, they take values assessments, interests sorts, Myers Briggs, Gallup Strengths Finder, competency self-assessment and emotional intelligence assessment. These assessments provide the opportunity for self-reflection and understanding one's own capabilities and how best

they can be applied toward growth and development. Specifically iLEADers have completed the following assessments:

- **Myers Briggs (MBTI)** — Online Assessment. Personality is the purpose of this assessment; it includes the behaviors, traits and characters of an individual. Personality types define ones innate urge to grow and part of one’s growth comes from understanding how one operates in the world. There are 16 Myers Briggs personality types and once yours is determined, you will have a better understanding of the best ways to approach work, manage your time, problem solve, make decisions and deal with stress.
- **Strengths Finder 2.0** — Online Assessment. Because your most powerful talents represent the best of your natural self, they are your best opportunities to perform at levels of excellence through strength. Do you have the opportunity to do what you do best every day? Too often one devotes more time to fixing one’s shortcomings than to developing one’s strengths. It’s possible that your natural talents are going untapped. The only way to know for sure is to raise your self-awareness of your strengths and talents through StrengthsFinder 2.0.
- **Competency Self-Assessment** — Assessment in Taleo. You will use this assessment to rate yourself openly and honestly against the definition of each competency that was determined important for iLEADers to develop. Completing this self-assessment will give you a sense of your strengths and weaknesses and help you determine which competencies you should focus on in your development plan.
- **Values and Interests Assessments** — Assessments on Experi-Net. “Invest in your values” is a way for you to define what you consider most important. This assessment will help you determine if your job aligns with your values to better set long-term goals. “Interest sort” is a way to assess your level of enjoyment in your job through your personal interests. When one is doing things that one enjoys one is more focused and excited about the day to day tasks one performs.

Additional Training: On occasion, additional training activities (beyond forums) also are required. For example, all iLEAD participants must participate in an “Oratium” communication and messaging training put on by a third party. Any company-wide internal training events are expected to be attended by iLEADers and they are expected to demonstrate leadership in those events.

Peer-to-Peer Coaching/Mentorship: The last element or component of the iLEAD program is peer-to-peer coaching and/or mentorship. These elements are included to establish collaborative relationships (colliding perspectives of vertical development) which will challenge iLEADers to learn and understand different perspectives. Initially, all iLEADers are provided the opportunity to interact with a peer-to-peer coach where they can learn more about someone in a different part of the organization and share perspectives and experiences. The core purpose of peer-to-peer coaching is to provide support in the program, solicit feedback, input and perspectives from someone you would not usually interact with. Additionally, peer-to-peer coaching provides an opportunity to practice coaching and mentorship skills. Peer-to-peer coaches discuss their backgrounds/role, leadership development goals/progress, their strengths and experience, feedback and their experiences in the forum.

Once iLEADers enter Phase Two of iLEAD they are then given the opportunity to be mentored by a leadership team member. This mentorship relationship is meant to provide the iLEADER with the opportunity for exposure and awareness as to how other leaders have developed skills, handle situations and approach challenges. iLEAD participants are expected to identify, select and ask an individual to be their mentor. Talent management provides resources, details around mentorship, establishing a successful and useful mentorship, activities to build the relationship and the steps/discussions suggested or required are provided to iLEADers. Additionally, the selected mentor is provided with a “iLEAD — Information for Mentor: Mentorship Overview” document that outlines the background behind iLEAD, the purpose of the mentorship, the development plan, the expectations for the mentor and the mentee and suggestions for the mentor. iLEADers are expected to get the most out of these relationships without additional oversight beyond the information provided at the outset.

Length of the Program: The iLEAD program does not have an established start and end time or particular length of time for participation. Rather, participation and advancement from one phase to the next is contingent upon the iLEADers’ demonstration of their leadership readiness attributes and development. Since iLEADers are placed into the program for a variety of reasons (i.e., from middle manager to director, from individual contributor to manager or from managing the function to managing the organization). Each individual’s development needs vary dramatically, therefore, assigning a particular time period or end date would serve only to hurt or limit iLEADers rather than support them. Experitec desires iLEADers to always be developing, learning and applying their strengths as leaders every day. However, the program does break down participation into

a series of phases each requiring a different set of activities, as well as requirements for staying in the program or for advancement to the next phase of the program. If an iLEAD participant does not meet the necessary criteria for advancement, they may roll out of the program without successfully completing the material.

Five Phases of iLEAD: Although participation in the various activities is highly encouraged, the greater focus in terms of progression of a participant through the program is on how they are progressing in terms of their demonstration of performance and growth in capabilities. Therefore, the program is broken into five phases that each have a particular goal, set of activities, and requirements for progressing to the next phase of development. Phases are based upon demonstrated capability development rather than a specified period of time.

Figure 17: Phases of iLEAD



Source: Experittec

Selection into iLEAD (Identify and Commit): Employees are identified based upon their ability, aspiration and engagement and asked to commit to participation in the program. This Phase qualifies potential participants into the program.

Phase One – Introduction to the iLEAD Program (Expand Your Understanding): Goal: To create awareness and understanding of leadership capabilities and development opportunities through training and experiences interacting with peers and leadership.

Activities include: competency self-assessment, attend forums required, active group calls/demonstrate leadership, peer-to-peer coaching and development plan based on leadership readiness attributes. Criteria for advancement: trained on most knowledge topics (readiness attributes), demonstrating at least some personal attributes and progression in development of competencies.

Phase Two – Mastering Individual Leadership Capabilities (Be a Star Performer): Goal: To focus on advancing individual leadership development capabilities with increased opportunities for experience to further grow by demonstrating leadership. Activities include: competency and capabilities self-assessment, attend forums (participate as appropriate), participate in group goals (as appropriate), mentorship with a leader (VP or director) and complete an action learning project in their role or team. Criteria for advancement: demonstrates all personal attributes, trained on all knowledge topics, demonstrated experience areas (mentored another employee, lead a team, strategy develop/execute, expectations and builds teams) and recognized as a leader by their peers.

Phase Three – Expand to Big Potential (Create a Star Performer System): Goal: To create an organizational system of authentic positive influencers who support, reinforce and develop others. Leveraging and increasing the success of everyone to create a stronger organization. Activities include: final assessment on competencies, capabilities, and vertical development, create “big potential” development plan, return to forum to present on a topic and a leadership debrief (review session, sharing progress, and observed capabilities). Criteria for advancement: Completed development of all leadership readiness attributes, demonstrated ability to develop others into high-potential employees and 75% of the competencies are “above average” in terms of performance.

Phase Four — Graduation – Successful Leader (Continue to Develop and Grow): Goal: to maintain consistent levels of performance and development demonstrating all leadership capabilities and continuing to grow the organization’s capabilities by identifying high-potentials for development and supporting them. Activities Include: actively developing employees in Experitec, identifying other high-potential employees, training others on topics and skillsets learned during iLEAD and demonstrating leadership on key organizational projects and initiatives. These leaders’ ongoing opportunity for development is to focus on leading managers, the organization and the function.

Figure 18: Phased iLEAD Approach



Source: Experitex

Successful Completion of iLEAD: To successfully complete the program, an iLEADer needs to demonstrate they are capable of being a successful independent leader in the organization such that they can maintain consistent levels of performance and development demonstrating all leadership capabilities (key leadership attributes) and continue to grow the organization's capabilities by identifying other high-potential employees for development and supporting their development.

Participation

Those involved in the program included the entire leadership team, talent management team, managers and iLEAD participants. First, a subset of the leadership team (two VPs of the business and the VP of talent management [TM]) had an interest and desire to consider adding a program around high-potential employees to grow leadership. This small team worked together to identify what they believed was necessary to persuade the rest of the team. The VP of TM then conducted research on best practices and crafted the iLEAD program, message and plan for implementation. Next, the leadership team, which includes the president, senior VP and COO, VP of talent management, VP of process solutions group, VP of devices, VP of services and director of finance, collectively made the decision to support the program and approved the roll out and communication plan.

Each leadership team member was expected to support and assist in communication with new iLEADers and Managers.

Leadership Sub-Team: Once again, the team of three (subset of the leadership team) took on primary responsibility for leading the iLEAD program, developing content and providing facilitation and direction. The VP of TM was primarily responsible for forums (putting together agendas, planning out training and topics to be included, coordinating events, and sending out email notifications for pre and post forum workouts) and has overall responsibility for the program. The VP of TM also was responsible for ongoing communications regarding expectations, training on mentorship, training on the program and training on APM, engagement, reality-based leadership and preferences assessments (strengths and Myers Briggs). Both VPs of the business assisted in leading other topics including strategic business planning, communicating effectively, situational leadership and emotional intelligence. These VPs primarily were responsible for developing their own content and presentations for the forums. They also actively participated in all aspects of the forums and group calls so they could truly evaluate the development of all iLEAD participants. Initially this group met periodically to plan iLEAD-related activities and support the program. Over time, the VP of TM took on more of this responsibility with the VPs focusing more on participation and presentation of their material. The VP of talent management's current role is to facilitate but also to create strategic direction for the program and, ultimately, oversee the program in its entirety.

The President/Leadership Team is an active participant in each and every forum event. The team leader not only attends every forum but also provides content for topics and at a minimum is engaged in discussion and activities related to iLEAD. The other leadership team members' role is to provide support of the program by giving some content and occasionally participating in a forum and being a program champion. Managers of the organization are asked to support iLEADers' development and help identify potential participants by having discussions regarding their interest in the program and facilitating employee development.

TM Generalists: Two additional TM resources (TM generalists) are also critical to the success of the iLEAD program. Each of these individuals provide support including coordinating the forums, providing content for the forums, coordinating other activities around iLEAD and developing workbooks and materials for the iLEADers. They also maintain responsibility for tracking development plans, training participation, training development, mentorship participation and action learning project progress. iLEADers

often rely on these individuals to support their development and answer questions between forums.

iLEADers: A significant amount of responsibility (as described in the expectations) of the iLEAD program is placed upon the iLEADers themselves. They are responsible for completing their own development plans, scheduling review sessions, identifying peer coaches/mentors and holding those discussions, meeting in small groups and preparing content for group calls, developing content or topics for forum discussion, attending forums, completing assessments (competency, strengths, Myers Briggs, etc.) and completing pre-work or interim work as requested. Additionally, iLEADers are tasked with identifying other development opportunities outside of the program such as rotation assignments, special projects and key initiatives in which they can play a larger role. When these opportunities become available and iLEADers request to participate they are almost always leveraged and given an opportunity to experience significant development. For example, Experitec had a major business system change which included a number of Experitec's iLEADers taking leadership roles in that migration. In another example, two key iLEADers participated in and worked on Experitec's sales average model in conjunction with a project to complete a migration to a new sales coverage model.

These development opportunities often are identified in leadership organizational planning sessions and decisions are made about who in the iLEAD group might be a potential candidate for this type of development opportunity. For example, the leadership team identified a need to do a parts competitive analysis (How was Experitec performing in this area of the business?) and identified an individual contributor who could benefit from doing this project, gaining greater customer interaction, understanding competitive analysis and presenting the results to the leadership team and the pressure that ensues. (This individual completed the project successfully, progressed through iLEAD and was ultimately promoted into a key sales positions.) These types of opportunities occur because the leadership team constantly is aware of the iLEADers' capabilities and can match those with key business needs. Experitec describes these opportunities in terms of Experitec's "Career Rock Wall" (see below), which includes opportunities for vertical, lateral, exploratory, enrichment, realignment and relocation.

Experitec also approaches development from a "strengths-based" perspective. Strengths-based development focuses on each person's strengths and manages around weaknesses whereas the conventional approach focuses on maintaining each person's strengths and working on fixing weaknesses. All iLEADers have taken the Clifton Strengths finder

assessment and received reports on their top five talent themes. They were all trained in how to apply their strengths to their development plans in order to be more successful in their development.

Figure 19: Experittec's Career Wall



Source: Experittec

Communication of Expectations: iLEADers get regular updates in each forum on any changes to the program or to their expectations. Additionally, they are provided refreshers on what is required to advance or progress within the program or the organization. Each iLEADER is made aware through one-on-one reviews with talent management of where they are today and of what is required to continue to be successful in completing the program. Additionally, iLEADers are regularly getting feedback from

their mentors on how they are progressing in the program and in the organization in terms of their development. They are also responsible for providing each other feedback so they can continue to grow their awareness and understanding of how they are viewed by their peers. During each forum, iLEADers are given time to review their development plans with their small groups and discuss the progress that has been made. In between forums, iLEADers meet with peer coaches and discuss how they are progressing on their development plans.

Transition

Transitions in the Program: As an iLEADER transitions from one phase of the program to another, they must be meeting and demonstrating key leadership readiness attributes. Before making the decision to transition an iLEADER to the next phase, a review of the iLEADER against these attributes occurs by the leadership team. This ensures iLEAD development takes place in the context of the required criteria to progress in addition to the iLEADER continuing to focus on their development in the areas needed.

Discussion of Transitions: Throughout the iLEAD program, when an iLEADER is identified as ready for their next career opportunity, the leadership team discusses these organizational moves and plans the transition. The leadership team has organizational planning conversations during each meeting to discuss any organizational moves that are proposed. During these meetings, first a discussion on the readiness of the individual occurs. This discussion can identify potential areas of weakness or strength that an iLEADER needs to have awareness about as part of a transition. Additionally, the team identifies critical actions necessary before transitioning an individual to a new role.

Transition Activities: When an iLEADER transitions they are already more prepared than most other transitions, given all of the accelerated development they already have received in the program. However, Experitec recognizes they are still new to their role and need continued development, coaching, mentoring and support. Therefore, a few activities occur to ensure they are successful in their new role.

No-Equal Conversations: As part of APM, managers are encouraged to have regular, timely and specific conversations with employees creating in many opportunities for iLEADers to discuss challenges as they have transitioned into new roles. As an iLEADER transitioning from one role to another, two critical conversations must take place at the outset: a no-equal performance conversation and a no-equal development conversation. A performance conversation ensures clarity on the expectations of the new role. This

conversation can include the completion of an outcomes, responsibilities and goals document which confirms in writing the expectations for the new role. This conversation and tool ensures iLEADers know what is expected in terms of their performance and they know where to focus or apply their time and efforts. A development conversation also is necessary to ensure iLEADers are clear on where they need to focus to continue to develop and grow. In this conversation, they receive the feedback from the leadership team and are responsible for updating their development plan to identify which areas they must focus on to be successful. Transitioned iLEADers will continue to have development plans they work on with their managers as part of their development. Development plans involve activities around specific areas of focus, as well as competencies in the “leading others,” “leading managers” or “leading the function” categories.

Leadership Sponsor: Each iLEADER also maintains a leadership sponsor (or their former mentor) who serves as a point of contact for challenges, development and ongoing dialogue. This relationship ensures iLEADers continue to have a resource to help make their transition successful and continue to get guidance. Additionally, many who transition are directly mentored by Leadership or other senior leaders within the organization either formally or informally. Furthermore, some remain participants in the iLEAD program to continue to spend time with other high-potential employees and still gain valuable insight and information from leadership presentations and group activities.

Additional Training: Another way Experittec supports iLEADers is by providing additional training. New managers and supervisors (anyone who moves into a role with employees reporting to them) participate in a new manager training program. This training is designed to be workshop style and take place over the course of a year in two-day sessions every few months. These trainings cover all the necessary topics a new manager needs to know about their expectations as a manager (outcomes, responsibilities and goals). These workshops span over the course of a year because each workshop addresses a key of APM (expectations, feedback, development and accountability). Participants complete various activities and roll-plays to gain practice with the materials and tools and learn how they can apply the material to everyday interactions with their employees and teams.

The first training session covers an overview of Experittec’s performance management system (Agile performance management [APM]) including an overview of the four keys of great managers (expectations, feedback, development and accountability) and a focus on

expectations and engagement. The training on expectations includes how to create clarity of expectations with employee using ORGs (outcomes, responsibilities and goals documents), aligning their role to the organization and using RACI (responsibility, accountability, consulting, and informing) charts. The first training also covers employee engagement including the basic concepts, the importance of engagement, a review of their survey results, how to hold engagement team sessions and how to discuss engagement with employees individually. The first training also covers the following topics: Compensation philosophy and program (how to hold a compensation conversation), hiring process and tools, company policies and business systems, tuition reimbursement, time and expense approval and employee benefits and well-being.

The second training covers the feedback and motivation key of APM and includes providing recognition, understanding employee preferences, learning more about your employees and providing valuable feedback. This session also serves as an opportunity for a checkpoint with other managers to ask questions, share experiences and gain insight from each other. The third training session covers strengths-based development and how to have effective development and career conversations with your employees. They also learn how to assist employees in creating development plans, identify experiential learning opportunities and how to discuss career moves. The fourth training session covers accountability and how to call your employees to be personally accountable for their results. In addition to new manager training, all Experitec managers get trained on an annual basis, which provides yet another opportunity to hear the perspectives of others, learn from others' experiences and learn leadership capabilities.

Finally, as iLEADers transition to new roles, the leadership team continues to review their progress periodically during talent reviews and identify development actions and owners of those actions to support the individual's continued development. The leadership team wants to ensure they continue to develop and grow their capabilities in their new roles so they can continue to progress in terms of their leadership responsibilities.

Overall

As a result of establishing the iLEAD program, Experitec has seen a significant impact on the performance of the organization, the engagement of both iLEADers and the organization, as well as the mindset of iLEADers and employees. Tracking the metrics created at the beginning of the program allowed Experitec to easily evaluate the



effectiveness of the program. However, a number of non-measurable benefits of the iLEAD program also materialized as the program progressed.

Figure 20: Growth Announcement



Source: Experittec

Ready Leaders: The primary and most important goal or metric of the iLEAD program was to increase the number of ready leaders to fill leadership positions (number of ready leaders — iLEADers ready to step into a role and number of key positions filled by iLEADer participants. For example, 2015’s goal was to have 10 “ready” leaders by 2016. Ready is defined as high-potential employees who could step in if one of the incumbents in an identified high-impact key position left the organization). The iLEAD program has an incredibly high success rate of moving people into key leadership positions. Out of a total of 24 iLEAD participants (two groups 2015 and 2017), 17 of them have received growth announcements. Growth announcements are the method Experittec uses to recognize those who are gaining additional responsibility, share how their performance has led to this growth opportunity and announce this change to the broader organization. Eight iLEAD participants have even progressed more than once into roles with more senior responsibility. These moves have included participants moving from individual contributor to manager, to strategic account manager, to director (of sales, services and

business units) and to operations leaders. Experitec successfully met its goal of having 10 ready leaders by 2016 and was able to fill most leadership roles with internally developed iLEAD participants. In fact, only one key leadership role has been filled by an external resource.

Engagement Scores: The most significant benefit of the iLEAD program has been the level of commitment, engagement and effort demonstrated by the selected iLEAD participants. iLEADers set their own “standards of excellence” that they hold themselves responsible for adhering to on a regular basis. Phase Two iLEADers are responsible for training new iLEADers on these standards. As a result of these standards, the iLEADers regularly communicated with others helping to provide clarity around the organization’s direction. They focused on increasing the opportunities for learning. They provided leadership and each other with honest communication and increased the recognition taking place in the organization. They also held each other accountable to the commitments being made and to participating actively in the program and the organization. The iLEADers assessed halfway through the program their effectiveness at living out these standards and the following percentages of iLEADers felt they were living this out well or very well.

- Promoting clarity in the organization (exemplify Experitec’s core values) — 92.86%.
- Discuss what Experitec no-equal means — 78.57%.
- Reference and explain Experitec’s corporate strategy — 64.29%.
- Enjoying Light-Hearted Learning (make learning fun) — 78.57%.
- Make learning positive — 85.72%.
- Make learning enjoyable — 85.72%.
- In promoting open and honest communication (provide positive and constructive feedback) — 85.72%.
- Utilize recognition tools — 28.57%.
- Build trust and relationships — 78.57%.
- In personal and team accountability (be coaches to one another) — 85.72%.
- Meet commitments — 85.72%.
- Actively participate in group activities — 71.43%.

This assessment will take place again in July of 2018 and Experitec anticipates the scores to increase further.

Figure 21: Standards of Excellence



Source: Experitec

Experitec measures employee engagement with Gallup's Q12 survey on a bi-annual basis. Near the beginning of the program (six months into the program) the first iLEAD group engagement scores had a mean of 4.35 (2015). The score continued to increase as iLEADers were in the program from a 4.41 (2016), to a 4.41 (2017) and to a 4.58 (2018). The second iLEAD group engagement scores started at a 4.05 (2016), to a 4.22 (2017) and to a 4.48 (2018). These dramatic increases in engagement demonstrate the level of success in identifying iLEADers, investing in and accelerating their development. The effect of these scores are apparent in the iLEADer's behavior, attitude, commitment and performance. The iLEADers not only are highly engaged but they are breeding greater engagement in the broader organization which has gone from a 3.91 mean score (first engagement survey conducted 2015) to a 4.30 (most recent survey). In fact, the engagement score of iLEADers who either were managers or became a manager out of the program are some of the most significantly increased engagement scores. For example, one iLEADer after becoming a manager took their team's score from a 3.61 (or the 21st percentile based on Gallup's database) to a 4.47 (the 78th percentile) within one year. The iLEAD group overall compared to the company has an extremely high level of



engagement, which is a testament to the effectiveness of the program. See trending scores below.

Figure 22: Phase One and Phase Two Combined Q12 Mean



Source: Experitec

Success of iLEADers in New Role: To date, all iLEADers have been successful in their new role after promotion. Furthermore, all those who have moved into leadership roles have done so successfully and continue to bring tremendous value to the organization. As mentioned earlier, eight iLEADers were so successful after their first promotion they were promoted a second time into an even more senior role. The iLEAD managers have demonstrated significant increases in terms of engagement scores for their teams. For example, the changes in scores for iLEAD managers have been significant (see below). Additionally, iLEADers who have progressed into strategic roles without management (i.e., business development and area sales director) have demonstrated their value through increased sales, business and growth of Experitec’s customer relationships.



Figure 23: iLEAD Manage Score Comparison

iLEAD Manager 1 st Score	iLEAD Current Manager Score
3.92	4.40
4.08	4.21
4.03	4.35
3.61	4.47
4.13	4.66
4.16	4.35
4.77	4.93
3.68	4.43
4.06	4.21
2.84	3.44

Source: Experittec

Figure 24: Manager’s Most Recent Trending Engagement Scores (Q12 Mean).

manager_status - Manager



Source: Experittec

Business Climate Impact: The engagement scores also reflect the state of the business as Experittec navigated the many economic and business challenges faced in 2015 and 2016. As Experittec downsized certain parts of the business, it required iLEADers to take on additional responsibilities without adding resources to support these activities. Essentially, everyone was asked to do more work with less resources. Then due to poor financial performance, Experittec was unable to provide bonuses at all in 2015, very limited bonuses were paid in 2016 and in 2017 bonuses still were only partially funded. Despite these challenges, Experittec maintained and even grew its employee engagement scores and managed through the same level of business activity but with less resources.



Furthermore, when Emerson acquired a new business in 2017 and turned over sales and services responsibility to Experitec with limited notice and time for preparation, Experitec had the internal leadership capabilities to step in and make the new business successful.

In looking at the other metrics of the program, Experitec has been able to continue to demonstrate the effectiveness of the program.

- **Development Plans and Completion:** All iLEADers have written development plans and have progressed through those plans, many even completing and creating new development plans.
- **Competency Assessment:** The iLEAD participants' self-assessment scores have continued to progress as they have gained additional skillsets and capabilities.
- **Leadership Assessment:** The leadership team is due to conduct an evaluation of the iLEAD participants in April of 2018 and determine which phase of the program they are currently at in terms of their development. Many iLEADers have been identified as being ready to progress out of the program as they are truly successful leaders operating as such in the organization.
- **Turnover iLEAD/Organization:** Twenty-four iLEADers have been selected and agreed to participate in the program. Only two iLEADers have opted to leave the program prior to progressing through the phases (both due to personal and family challenges that made participation difficult). However, neither of these individuals have left Experitec and both are strong contributors in their roles. No other iLEADers have left the organization or the program without progressing through the phases in terms of their development.
- **Participation and Performance Survey:** The iLEADers also provided feedback on their own participation and engagement in the program itself. This survey was conducted at a midway point in the program (set to repeat summer 2018) and included a review on the participation levels of the iLEAD group in various activities with the following results:
 - 78.57% in group calls was high or very high.
 - 92.86% in quarterly forums was high or very high.
 - 78.57% in focus outside of group functions (preparation, research, etc.) was high or very high.
 - 78.57% level as leadership within the organization was high or very high.

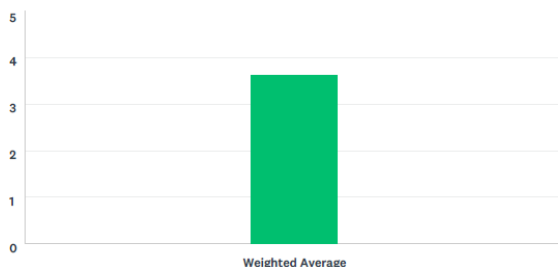


Figure 25: iLEAD Performance Survey

iLEAD Performance Survey

Q20 How would you rate your overall progress in the iLEAD program and development as a leader? (5 = very high, 1 = very low)

Answered: 14 Skipped: 0



ANSWER CHOICES	RESPONSES	
1 (1)	0.00%	0
2 (2)	0.00%	0
3 (3)	35.71%	5
4 (4)	64.29%	9
5 (5)	0.00%	0
TOTAL		14

BASIC STATISTICS				
Minimum	Maximum	Median	Mean	Standard Deviation
3.00	4.00	4.00	3.64	0.48

Source: Experitec

Finally, the activities in the iLEAD program led to a few additional valuable outcome. First, additional insight into the organization and the employee perspective. As part of the program, the iLEAD forums tackle challenging business issues the leadership team is facing and gets the iLEAD participants' perspectives on these key issues. For example, each year during the annual strategic planning process iLEAD is given the opportunity to think through the process and comment on the business plan created by the leadership team for the next year. They are also key players in providing updates on how they are contributing to and progressing the business plan each year and provide updates during monthly all company meetings. Secondly, as Experitec has been considering significant changes (i.e., a change in logo, new compensation program and sales coverage model change) the iLEADers were given the opportunity preview the changes, provide comment, discuss, and ultimately tasked with supporting the initiative in the organization. This dialogue provided two benefits: the leadership team got more input on what they were considering and could make changes to reflect that input; and iLEADers were aware of changes and could support them in the organization.

Third, as Experitec created new training and programs in the organization (accountability, change your mindset, Agile performance management, Strengths-based development and preferences workshops) iLEADers were provided this training first and given the opportunity to then participate with the rest of the organization as sponsors and leaders in those training sessions. Since they were provided the information in advance, they were more knowledgeable and empowered to provide leadership to the rest of the organization. Having all this information resulted in leadership sponsorship of key training, initiatives and trainings, which dramatically and positively impacted the ease of the changes on the organization.

Finally, another valuable outcome of the program was the progress made around key business challenges or issues. During forums, on group calls or as part of action learning projects, a number of critical business issues were discussed and action plans were created. For example, one group focused on how to improve the customer experience. As a result of these discussions, a customer-focus moment was added to each monthly all-company meeting to provide suggestions on how to improve the customer experience. Another group addressed inside sales quotation turn around challenges and what would be required to make an impact on this very significant issue. This group's work resulted in a decision to focus on evaluating a CPQ system to improve quote turnaround. Another topic addressed providing effective feedback and how to more effectively, consistently and frequently provide feedback in the organization. In one forum, the topic of silos was raised to discuss challenges that would occur after a sales coverage model change (a completely new model rolled out in 2017) and what actions could be taken to reduce the effect. These are just a few examples of the many topics that have been addressed by iLEAD with successful action and outcomes on the overall business.

Calculated Value: The program has brought such tremendous value quantifying this value in terms of dollars is difficult. However, even if Experitec takes a conservative approach to quantifying this value it has saved a substantial amount of money by creating the iLEAD program. At the beginning of the program, Experitec estimated the investment in the iLEAD program would be approximately \$250,000 based upon the administrative time investment, pulling resources out of their roles for the forums and the leadership team's time investment. By comparing the cost to fill these leadership positions with external leaders, Experitec was able to gain a basic understanding of its savings.

Experitec's industry is technical and a very specialized field (process control sales and services), therefore, recruitment of leadership talent with the experience, capability and

knowledge Experitec requires is incredibly difficult. Historically, Experitec has typically required the use of an external recruiter to acquire this talent with a typical cost of 20 to 35% of compensation. If Experitec uses the 20% recruitment fee on an average salary of \$100,000 for these leadership/management positions, Experitec would save \$20,000 per position. Considering 17 positions filled by iLEADers, the savings is \$340,000. Experitec also can look at the dollar value of employee retention (no turnover). If the average salary is \$70,000 and the cost of employee turnover is 50% of the employee's annual salary (According to *The Wall Street Journal*, some are estimated as high as 150%), then the dollar value of one lost employee is \$35,000. At a minimum, if iLEAD prevented the organization from losing only three of the 24 high-potential employees there is a savings of \$105,000. Considering only recruitment fees and turnover costs, Experitec is looking at an ROI of \$195,000.

These numbers don't take into consideration the cost of on-boarding, training, and developing an external resource into these leadership roles. Not to mention, the salaries of these internal promotions are much less than that of an external candidate. Additionally, the time to fill these positions while they were left unfilled would have been a minimum of two months up to as much as over a year. Furthermore, these numbers don't address the sales, profitability and productivity increases that came out of the increased engagement scores. At a minimum, Experitec was able to operate the same volume of business with significantly less resources, dramatically increasing the profitability of the business.

Finally, the new business opportunities being led by iLEAD participants already are showing significant growth. The reliability business, a BU lead by an iLEAD participant, is currently over 200% of goal for FY18 and the new equipment business, also being supported by iLEAD participants, is on track to grow more than double of last year. Despite challenges financially, the impact of this program has led to a significantly increased financial position and dramatically reduced the potential costs to the organization.

Lessons and Future Outlook: The biggest lesson learned has been to continue the investment in the iLEAD program. For a short period, the program was suspended and Experitec immediately saw a negative impact on engagement, the business and the iLEAD participants. Another major lesson is the importance of leadership interaction during forums, calls and mentorship. This involvement is arguably the greatest contributor to commitment, engagement, awareness and support of key initiatives and business



activities. Another lesson is the importance of iLEADers experiencing discomfort and lack of direction for every activity/task. The group calls received a lot of negative feedback because participants were not provided direction on topics or what to do during the calls. They asked for more direction, more clarity, etc., but were not provided this direction. However, after reflection, many iLEAD participants felt the ambiguity in the group calls and working with a cross-functional team to prepare for those calls was one of the biggest ways they grew from participating in the program. The VP of TM noted the temptation is to provide all the structure, resources and information rather than allow the participants to have to struggle through those challenges on their own. Being a leader is challenging and burdensome including preparing messages, tight schedules, a lack of time for things that are important but not urgent, many competing demands and gaining understanding — all while planning and executing the business. Allowing participants to experience as many of these challenges as possible is critical to their accelerated development. The basic training/learning does little to develop their capabilities in comparison to their need to experience challenging situations and use those skills regularly.

The outlook for the future of the iLEAD program is to evaluate the current 22 iLEADers and determine who is ready to move onto the next phase. Those moving into Phase Four of the program will experience for the first time a new set of activities to complete as mentioned previously. In the summer of 2018, the leadership team was expected to evaluate the organization for additional high-potential candidates, which will lead to the start of new group of participants in place by the fall of 2018. The iLEAD program will continue to accelerate the development of high-potential candidates into key positions, breed broader organizational engagement and provide a venue for discussing and solving challenging business problems.



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