



Peab's Leadership Development Maintains Entrepreneurial Spirit

Peab

Best Advance in Leadership Development

September 2018



Company Background



Headquarters	Forslov, Sweden
Year Founded	1959
Revenue	50.6 billion SEK (\$6.3 billion)
Employees	15,000
Global Scale (Regions that you operate in or provide services to)	Headquartered in Forslov, the group has strategically placed offices in Sweden, Norway and Finland. It is the third-largest construction company in Sweden and the Nordic region.
Customers/Output, etc. (Key customers and services offered)	Peab is a construction and civil engineering company
Industry	Construction
Stock Symbol	PEAB-B, NASDAQ; OMX, Stockholm.
Website	www.peab.com



Budget and Timeframe

Overall budget	\$2 million
Number of (HR, Learning, Talent) employees involved with the implementation?	25
Number of Operations or Subject Matter Expert employees involved with the implementation?	20 plus approximately 420 managers as coaches.
Number of contractors involved with implementation	1
Timeframe to implement	12 month start-up period.
Start date of the program	2014

Business Conditions and Business Needs

2013 was a tough year for Peab. In the wake of the financial crisis, the Nordic market had unstable growth in construction projects. Peab couldn't win the contracts that it wanted and the contracts it did win didn't deliver the right margins and sometimes turned into penalties when the projects didn't finish on time. The entrepreneurial way that worked fine before didn't work now. Something needed to change. To meet shareholder expectations, the CEO had to leave his seat and Peab had to reorganize.

To learn how to improve in business and leadership, a project started where different ways of working got benchmarked; top managers down to construction workers at Peab were interviewed and students at Peab's school (a high school) and interest organizations were listened to. The project found that there was a strong need to raise the level of leadership within Peab and that there was a lot of freedom to make both great and bad decisions — in other words, the current ways of working were straggling.

The role for a manager within Peab was clarified in a leader profile, as did the role of a co-worker. There also was a strong need to increase trust and interaction within Peab to create "One Peab" from all the different divisions, regions and businesses. The inability to cooperate internally and externally made Peab lose some business and lowered margins on projects.

Figure 1: Slides Used to Establish Needs for Development

Sjutton avgörande punkter för effektiv ledarutveckling:

1. Långtidsfokus, ständig pågående process, ej tillfällig händelse (inga genvägar)
2. Medveten process där man vet varför (från individ till organisation) (eföljda trender)
3. Integrerad med organisationens strategiska mål (vision, kärnvärden, affärsplaner, policy)
4. Identifiera rätt personer, vissa har lättare för att bli glömda. (urval som bygger på befattningsbeskrivningar med definierade kompetenser) (sättet vi rekryterar)



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Effektiv ledarutveckling



5. Delat ansvar, högsta ledning bär ansvar, övriga nivåer stöd aktivt (supportande kultur)
6. Tydliga symbolhandlingar i ledningen (våga visa allvar)
7. Anpassats/kräddats för organisationens behov (int. slippa standardlösningar i stan)
8. Nivåanpassning utifrån gemensam grundtanke (gemensam plattform)
9. Tillgodoser individens behov (olika utvecklingsvägar) (deltagare i program/coach

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Effektiv ledarutveckling

10. Organisationen bör ha stort utbud av läroaktiviteter (trainee, arbetsrotation, mentorprogram, mm)
11. Väl genomtänkta, förankrade samt designade program
12. Utveckla ledares förmåga att tänka olika perspektiv (strategisk-operativ)
13. Ledarutveckling i kompetenssamhället är beroende av tydlig koppling till medarutarutveckling



PEAB

Source: Peab

Overview

The leadership development programs were directed to support the reorganization of Peab and change the way of working to win more business and increase margins in projects through more and better cooperation across business areas, higher quality and ability to meet deadlines.

Better cooperation across business internally and the ability to partner with other external organizations would make it possible for Peab to win more business. It would also make it possible to create cost-competitive offerings and increase margins.

A set of KPIs was launched to overview progress of the initiative and direct the actions in the leadership development program. This included:

- Increased satisfaction.
- Enhanced motivation.
- Improved work quality and productivity.
- Enhanced cooperation.
- Strengthened or new staff development channels.

Today, more than 80% of the 2,400 managers who have been through the leadership development program are successful in applying their learning in a way that creates value for Peab. They have improved their leadership performance through a variety of new and more-effective behaviors that lead to benefits for themselves, their direct reports and Peab's business.

Today there is a strong company culture that allows Peab to work horizontally and vertically within the organization, as well as partnering with external vendors. The

entrepreneurial mindset still is in play but is more stabilized, making creativity possible with a system to support it. This has had a big effect on how business is done.

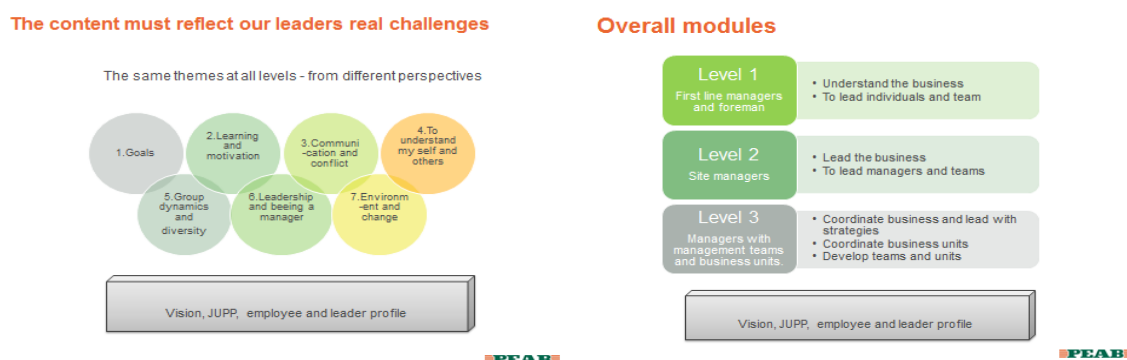
Today there is a way to affect the way Peab works to reach business results. Previously, it was more about the numbers; now it is all about how Peab works and what it does to create the numbers — a more holistic view that allows for sustainable and stable business.

Design and Delivery of the Program

Experts at a Swedish university were involved as a reference to what was needed to create the desired impact. The experts clarified that to get business impact, the level of learning transfer should be considered and mentioned the most important theories for success, such as creating engagement and accountability for both managers and co-workers, making sure that training is applied, planning for on-the-job training, stretching programs as learning journeys, having a before/during/after approach, etc.

Peab could not develop this initiative on its own and needed a training company to partner with. After meeting with a range of training suppliers, there was only one who truly worked with this desired approach and had the methods and technology to meet the demands on involving managers and prompting application, delivering on Kirkpatrick Level 3 and 4 (behavior and result). Together, Peab and Mindset started to plan how to be successful. To create the same leadership language within the organization, the same training company was used for all levels of leadership and the basic leadership content in each program also the same, establishing a common base for all leadership discussions at all levels.

Figure 2: Different Perspectives for Each Managerial Level

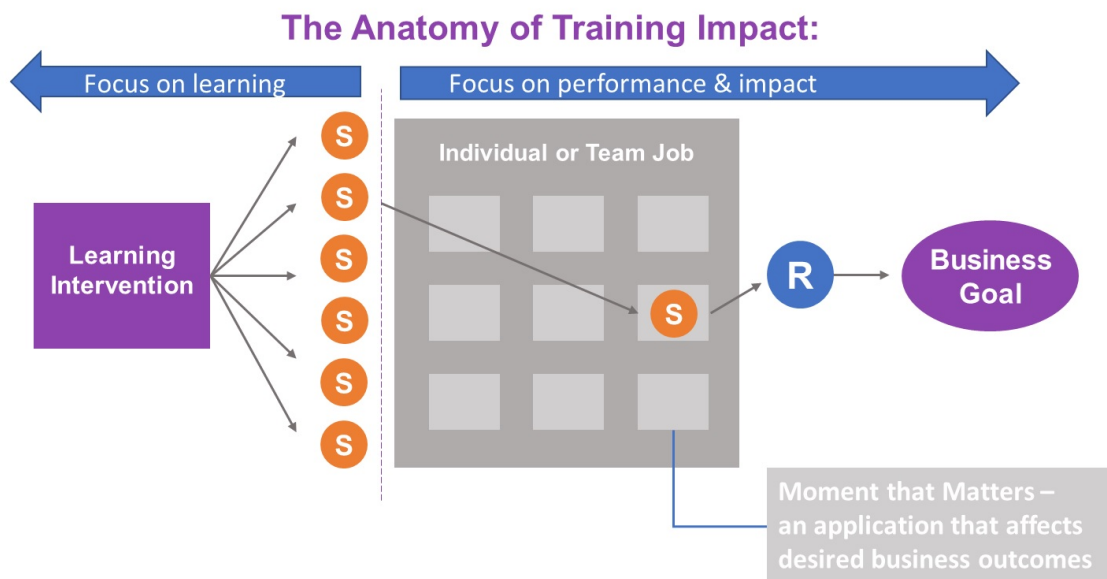


Source: Peab

After conducting a pre-study, Mindset started to design the training programs for four levels in close collaboration with key personnel at Peab. The four leadership programs had a structured approach with multiple steps that meets the criteria for high-performance learning journeys and engages both participants and their managers for success.

The specific behaviors that participants develop in each program relates to the program performance path (impact map for each specific program). The program performance path shows the chain of evidence, creating a clear path from the “critical on-the-Job actions” leading toward the desired results. “Prompted applications” in every training program guide the participant to specific applications where desired behaviors could be applied in the workplace. Each participant is prompted to apply their learnings in “Moments that Matter,” reflect and learn from the different situations that they act in. Their experiences are shared with their peers (social learning) and “performance barriers” are identified to be managed.

Figure 3: Anatomy of Training Impact



Source: Peab

All “Moments that Matter” are clearly aligned with best practices to drive the desired outcomes. This means that every successful completion in an application drives business

in the intended way. Applications are prompted and validated by the participants' manager in the learning transfer platform Promote.

Managers are involved throughout the learning journey to set the right conditions and to confirm success in the different applications of desired behaviors. Managers are prompted through Promote to engage themselves when their direct report has completed a task. The support system also provides the managers with some coaching and support in doing this just-in-time.

Main components in the design are:

- **Social learning** — Guided social learning is an engine for behavioral change that creates engagement and accountability through positive peer pressure.
- **Effective training** — By amplifying the application environment and tie coaching and feedback to the behavioral application of the training program (connecting the 70/20 to the 10). Effective training is created that links to the desired performance.
- **Management Involvement** — Support for managers on how to interact with their participating direct reports and prompt them when their involvement is needed, keeping them efficiently engaged in driving business outcomes and reducing performance obstacles.
- **Impact measurement and evaluation** — Key performance indicators for progress and evaluation of success are seamlessly built in to the programs and ensure that the learning journeys are on track and that the program delivers desired outcomes.

The picture below is a screenshot from the learning transfer system Promote, where the progress for each participant in a program is constantly updated. Blue indicates completed applications, yellow that the application is completed but awaits manager approval/validation and red that it is not completed and is overdue.



Figure 4: Participant Progress



Source: Peab

Follow-up on each program and each participant as shown above has made it possible to be very precise in developing and prompting the right application of leadership. Meetings supported by progress reports from Promote make it easy to interact with participants and managers who show lower engagement, finding out how their involvement and/or application could increase.

During the pilot programs, every part of the training was scrutinized to find possibilities for improvement in the program or in Peab to reduce performance barriers for training success. Today, there is a meeting once every six months to overview progress and discuss improvements.

Adoption of the Program

In the beginning, this initiative was viewed exactly as previous initiatives for leadership development that had been much more directed to personal development needs and not focusing on business needs. Senior leadership and strong informal leaders thought it was a waste of time and money. After a few months, people who they trusted had been through the leadership development program and could tell their own story on how it improved their business and how hands-on it was. There now is full support for the initiative throughout all levels of management.

In the beginning, there also were a lot of calls from managers to HR saying that it was not their job to develop their employees and that the employees didn't have time to support their managers in developing. After having been involved in the programs and being participants in programs themselves, that has changed; today they take full responsibility for the development of their managers — realizing that it is good for business development.

As a result of the above, the first six months was a struggle for manager involvement in the programs — at some point as low as 30%. That improved when a video of the CEO was distributed in the beginning of the program and Peab started to make kick-off sessions to onboard managers, setting the expectations on them. The level of management engagement is about 90% today.

Measurable Benefits

The following benefits have been achieved:

- Increased satisfaction.
- Enhanced motivation.
- Improved work quality and productivity.
- Enhanced cooperation.

Success and progress in application of desired behaviors are shared and followed up on in the learning transfer platform Promote. Here, participants in the different leadership programs share their success stories.

Figure 5: Examples of Success Stories

<p>To consider how behaviors may be interpreted before acting.</p>	<p>A production manager assumed everyone had the same experience and knowledge he did and was prone to miscommunications — sometimes construction components were even made against the wrong mold. His team’s error rate has decreased since making communication changes from the training.</p>
<p>To encourage input and involvement of direct reports.</p>	<p>A construction manager now proactively seeks opinions and suggestions from direct reports and then uses positive feedback to encourage their involvement. A previously underperforming employee now contributes ideas, cooperates more and is inspired to pursue a leadership role.</p>
<p>To shift to a more-collaborative and less-directive communication style.</p>	<p>An engineering manager now communicates the “why” behind decisions. With this enhanced clarity, instead of rejecting his team’s proposals, they are “tabled” if they are appropriate for the future. Since the training, there has been an increase in new contracts received by the department.</p>
<p>To better navigate difficult conversations and situations.</p>	<p>A project manager has the confidence and ability to independently and proactively resolve conflicts with contractors — something that her coach said was a challenge before the training. Now, issues are addressed earlier and project timelines have improved and budget variances have been reduced.</p>
<p>To prioritize coaching and development efforts.</p>	<p>A construction manager uses the training to inform succession planning processes and better select people for teams based on work styles and strengths. Customer and employee satisfaction have increased and the manager predicts better retention and promotion of top talent — an important issue for his team in a competitive market.</p>

Source: Peab

Development programs for senior leadership had, of course, the greatest impact as their decision affects the whole company. Senior leaders were tasked by the board of directors to drive the development of joint synergies primarily within business technology and logistics; this resulted in business planning and redistribution of mandates and resources.

A decision was formed to align how business results should be measured and rewarded to support the desired way of working and for cross-business collaboration.

Validation

Brinkerhoff Evaluation Institute was contracted to conduct a success case method study to evaluate objectively the impact of the training programs at Peab in 2015 and in 2017, including over 420 participants and their managers. The data and the findings were consistent over the years.

The BEI study showed that more than 50% of the participants achieve very high impact from the leadership training programs. These participants regularly use their learning in ways that improve performance and produce important business results.

There were multiple questions on the participant and coach survey regarding perceived impact from use of Peab's leadership training. The evaluators assessed and combined responses to these questions to compute a single impact score. The highest impact group was defined as regular use of the training, significantly improved performance since taking the training and production of at least one or several important business results from using the learning.

1. How Many of the Participants Turn Learning into Increased Performance

For traditional leadership trainings, 10% to 20% of the participants use their learnings from a program in a way that adds value to the business. In Peab's case, 86% of the participants have created business impact (highest and moderate impact) from the training. The remaining 14% have applied their learnings but with low/no business impact to be recognized so far.

2. How Sustainable the Behaviors Are Three to Six Months After the Training Program

Sustainable performance increase for 97% of the participants — where it will stay indefinitely for 23% and be sustained at a higher level of performance in most of their work for 74%.

3. Level of Engagement from Participants and Managers

Overall, very high levels of engagement and commitment to apply were reported. 74% of the participants felt highly engaged to learn and apply, 17% felt somewhat engaged and 9% felt neither motivated/nor unmotivated.



Managers had a consistent high degree of engagement in their participants. During the training program 83% of the participants discussed expectations for performance with their managers.

4. Level of Accountability from Participants

87% felt very accountable to apply their learning, 13% felt moderately accountable to apply their learning and 0% didn't feel accountable.

Overall

One thing learned that wasn't expected when starting this initiative is that when following the process of high-performance learning journeys, managers assume ownership for developing their direct reports. This creates a learning organization and that's a big win going forward. This training initiative has been a kick in the butt needed to make that leap.

To use the same training provider for all levels of leadership has proven to be a strength. This has created a common language and framework for cooperation within Peab and it has made leadership manageable instead of complex. It has directed the focus on activities and actions and it has increased the level of accountability in each manager.

Communication in the organization between managers and managers to employees has accelerated. Behaviors that drive profit or loss and what people *do* to create business are discussed and there is a strong will to cooperate that has not been part of the culture before. The culture is stronger, clearer and supports the business Peab wants to have.

Leaders in a leadership development program can tell what they *do* differently to make an impact on business, not reciting theories about what could be done.

Peab now needs to strengthen business acumen, as well as the ability to plan and execute successful projects. The same method for training will be used going forward as there are great expectations for a higher pace than before on absorbing new ways of working and leveraging on management involvement.



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