

Building Leadership and Organizational Capability at Agilent

AGILENT IMPLEMENTS A COLLECTION OF LEADERSHIP DEVELOPMENT PROGRAMS TO MAINTAIN A STELLAR MANAGEMENT BENCH AND SATISFIED CUSTOMERS.

● ● ● ● ● TERESA ROCHE, VICE PRESIDENT AND CHIEF LEARNING OFFICER ● ● ● ● ●

When measurement matters, engineers, scientists, manufacturers, businesses, researchers, and government agencies rely on Agilent tools and solutions. From home entertainment to homeland security, from food safety to network reliability, and from communicating wirelessly to discovering the genetic basis of disease, Agilent provides the measurement capabilities that make our world more productive and a safer, healthier, more enjoyable place to live.

Simply put, Agilent makes a measurable difference in the lives of people everywhere.

At Agilent (and really at any company), the only way to accomplish our corporate strategy is through our people. The strategic intent of the learning and development team is to accelerate and deepen the development of successful leaders who drive our business strategy and cultural transformation forward. No significant strategy at Agilent has been rolled out without leadership development being a critical plank.

When Bill Sullivan became Agilent Technologies' second CEO, after declaring that our strategic intent was

to be "the world's premier measurement company," he outlined a clear focus on our customers, employees, and shareholders, with very specific measures of success. He immediately began to demonstrate the importance of leadership by declaring that a best-in-class general manager bench was one of his top three priorities. In the four years since that declaration, a systemic set of initiatives has been executed and cascaded through all levels of Agilent leadership, including individual contributors.

Agilent continues to demonstrate that we have a model for value creation regardless of external economics and our approach to leadership development has been critical in making this happen.

First, a focus on general managers

Bill Sullivan believes that general managers are the heart of the company's ability to innovate and execute, and my colleagues felt we needed to take an innovative and systemic approach to achieving the goal of a best-in-class general management bench.

After we solidified Agilent's strategic intent, we established the

"Agilent Leadership Framework" and associated competencies, and specifically reset general managers' expectations, metrics, and rewards, while refreshing the operating model fundamentals through the "General Management Program."

We used this highly customized development program created with TRI Corporation for Bill and his staff to clarify the general manager's role and to deepen their financial acumen and operational excellence. As part of this program, each general manager was required to complete a performance improvement plan to address an area of underperformance in her actual business results. These plans were reviewed and critiqued by their managers and Bill, with actual progress tracked after the program.

A fundamental principle we have established in all of our development programs is accountability-based learning.

In parallel with the rollout of the General Management Program, we helped Bill establish clear metrics and processes to manage accountability for general manager development. While Bill was clear about what the business fundamental metrics needed to be, we needed a change management process to ensure that these metrics became



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institutionalized as levers of accountability and continuous improvement, starting at the top.

As part of our balanced enterprise scorecard, we implemented a quarterly leadership audit as a metric for leadership and culture. Our quarterly leadership audit is a tool to create companywide focus and accountability on the critical few areas of leadership that most need improvement in the next year, based on our business priorities for the year ahead.

We set the leadership audit targets to reflect the external 75th percentile as a way to reinforce the high, externally focused bar that Bill was setting for our general managers. The audit focuses on the critical leadership practices that we know drive business results. For the past two years, our focus areas have been customer orientation, speed and decisiveness, and engagement—three indices that comprise an important construct we call "speed to opportunity."

This fiscal year, we moved to a semiannual leadership audit, and our scores have been steadily increasing. In our balanced scorecard approach, all general managers and executives are now measured on their results versus targets in four key areas: financials, customers, markets, and leadership and culture. The power of this approach is that we measure ourselves from the outside-in, with competitive, external data in each of these areas.

To supplement the quarterly leadership audit as a measure of the critical few leadership practices that need improvement in a given year, we

facilitated discussions with Bill and the executive staff to consciously articulate and codify the new Agilent leadership framework and expectations so these key messages could be reinforced systemically and cascaded through the organization.

We have developed specific competencies for our Agilent leadership framework, and we have scaled them appropriately to each level of leadership. Our Agilent competencies have helped our organization define in behavioral terms what leaders at all levels need to do to produce the results the organization expects, doing so in a way that is consistent with, and builds, a unified culture. These competencies have been integrated into our management practices and human resources systems from selection to performance management.

Inspired by Dave Ulrich and Norm Smallwood's construct of "leadership brand," we built on this foundation by developing a leadership brand—"uncompromising integrity with speed to opportunity"—that creates a competitive advantage for Agilent and differentiates us in the eyes of our customers.

Next, a focus on all levels of leadership

Once the General Management Program was underway, Bill wanted to assure that the expectations of leadership were clear at every level of the organization. As a result of this commitment and direction to leadership development, we cascaded the new

Agilent leadership objectives, expectations, and business acumen education from the General Manager Program through senior, middle, and first-level management via a robust curriculum we call the Agilent "Leadership Core," which includes the Senior Management Program, the Middle Management Program, and the First-Level Manager Program.

One of our other key principles is leader engagement, and in 2008, 67 percent of our executives were involved in the delivery of our key leadership programs. The learning and leadership team takes a three-phase approach to each program in the curriculum to ensure transfer and application for results.

First, the preparation phase allows learners to meet with their manager and discuss questions to align both the learner and the manager in preparation for the application of learning. Some programs may include webinars or other prereading to assure that participants come prepared to fully engage in the experiential portion of the program. We have a various methods we use in our post-performance support phase for each one of our programs.

The experiential and the follow-up phases of each program are described as follows:

Senior Manager Program. The Senior Manager Program evolved directly from the General Management Program and continues to provide Agilent's new and newly promoted senior managers and general managers an intensive 4.5-day program focused on financial acumen and operational excellence.

Bill begins each of these programs with a discussion of expectations of senior leaders. The participants are then placed in diverse teams that compete in a dynamic business simulation. Each team creates a strategic intent and competes for six quarters to win market share, spur growth, and achieve the highest return on invested capital.

Operational reviews in which experienced senior managers review the competing teams increase the realistic experience for participants.

Participating senior managers create a follow-up action plan to accelerate their business results, which they then report on three months following the program.

Middle Manager Program. Once all the senior managers completed their program and it had moved to what we call “steady state,” we launched the Middle Manager Program. Bill and the senior leadership team provided extensive input to the outcomes and the focus for the program. The dynamic, 3.5-day simulation immersion training focuses on executing business decisions in a competitive environment customized to reflect Agilent’s customer segments. (The program was customized by our partner BTS after 40 interviews with line leaders.) Dialogue and decision skills appropriate to middle managers are interwoven in the program, using practice, scenarios, and challenges. Participants identify a learning partner with whom they meet at least monthly as they progress through a three-month follow-up action plan.

For this program, one of the additional ways we determine if we are causing an impact is by interviewing managers of the participants several months after the program. Here are some comments that have been shared with us:

- “Increased role on his biggest deal opportunity in leading the division and the customer. This has led to greater customer intimacy and more specific knowledge that is leading to better program decisions.”
- “A more explicit plan for process improvement and a fundamental changes roadmap for creating differentiation. Now he is using this to stir up support across functions. He has increased confidence as a result of the program.”

First-Level Manager Program.

The First-Level Manager Program launched last year once 80 percent of our middle managers had completed their program. This development initiative continues the cascading

of leadership capabilities defined for every level of leadership. One day is focused on a BTS-customized business “board game” that allows participants to see how money flows through the organization. The second and third days are spent on leadership skills such as building the customer voice into work, management by objectives, creating winning teams, and dialogue and decision skills.

Participants apply their learning in “pods” using a wiki to keep connected following the program, and a webinar is held with the cohort group to discuss their results 10 to 12 weeks after each session.

Working at Agilent. Working at Agilent, which is for all individual contributors worldwide, will complete the Agilent leadership core, and we begin delivery in summer of 2009. We were looking for the tipping point to start, because we wanted to make sure enough first-level managers had been through their enterprise development program. We have been very intentional about when to begin delivery to each level of leadership at Agilent to ensure that the environment would support what was being taught and that each learner’s manager understood what was expected from him.

The decision to launch a program directed to all individual contributors, during one of the most significant economic downturns Agilent has experienced, was not taken lightly. It demonstrates Bill’s commitment to having best-in-class leadership at every level. Working at Agilent is a one-day program focusing on personal leadership, application of Agilent values, and aligning objectives to Agilent priorities.

We need all of our employees to focus on the critical few customer opportunities in this challenging market environment and act with speed and decisiveness. Participants will apply their learning not only with their manager, but also with learning partners throughout a six-week period.

As a result of this commitment and direction to leadership development, we cascaded the new Agilent leadership objectives, expectations, and business acumen education from the General Manager Program through senior, middle, and first-level management via a robust curriculum we call the Agilent “Leadership Core.”



Closing thoughts

Each of these stages in our development represents a major milestone on our journey to become the world’s premier measurement company in the eyes of our customers, employees, and shareholders.

Each step on this journey “includes and transcends” the steps that preceded it, some of the mindset that the changes we have made are developing individual leaders to develop the leadership bench by

- creating one-size-fits-all development programs to customized accountability-based learning
- measuring satisfaction with development programs to measure leadership behavior in the eyes of followers, plus results versus competitors
- moving from best-in-company versus internal peers, to best-in-class versus external benchmarks. **T+D**

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