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- Employee Engagement
- Executive and Leadership Development
- Mentoring & Coaching
- Merger/Acquisition Integration
- Organization Capability/Effectiveness
- Organization Design/Transformation
- Talent Management
- Team Building/Effectiveness
- Applying Six Sigma in HR

**SPECIAL EDITION:
Best Global Practices in Internal OD**



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Table of Contents

From the Editor

Best Global Practices in Internal Organization Development 5
Thiet (Ted) K. Nguyen

Articles

The Future of Organization Development: Enabling Sustainable Business Performance Through People 11
Jeana Wirtenberg, Ph.D., David Lipsky, Ph.D., Lilian Abrams, Ph.D., Malcolm Conway, Joan Slepian, Ph.D.

CHANGE MANAGEMENT & CULTURAL INTERVENTION

“Why Change Succeeds”: An Organizational Self-Assessment 25
Bill Cowley

Career Models and Culture Change at Microsoft 31
Carrie Olesen, David White, Iris Lemmer

Building Human Resources Strategic Planning, Process and Measurement Capability: Using Six Sigma as a Foundation 37
Kim Kleasen, Ed.D.

Assessing Culture During an Acquisition 43
Charles Terranova

Healing Emotional Trauma in Organizations: An O.D. Framework and Case Study. 49
Mias de Klerk

Building Internal Change Management Capability at Constellation Energy 57
Stephen B. King, Michael Wright

EXECUTIVE & LEADERSHIP DEVELOPMENT

Johnson & Johnson Canada’s Design, Development and Business Impact of a Local Leadership Development Program 65
Carolynn Cameron

Building Manager Effectiveness by Combining Leadership Training and Organization Development 71
Carol Pledger

If You Build It, They Will Stay: Leadership Development in the American Cancer Society 77
Susan Kirkland

Enhancing Executive Accountability for Behaviours 81
Mary M. Plunkett, Ph.D., Lori Homer, Ph.D., Patti Bellinger

Leader-as-Teacher: A Model for Executive Development Success. 85
Robin B. Hollis

LEARNING, MENTORING & COACHING

Fostering a Continuous-Learning Mindset in a Federal Research Organization 93
Kenneth Elstein, Kathy Driver

A Culture of Coaching: The Challenge of Managing Performance for Long-Term Results 101
David Lindbom

Mentoring Driving Diversity 107
Hilde Willems, Mieke Smet

A Balanced Scorecard for the People Development Function 113
Euan Wu

ORGANIZATION DESIGN & ORGANIZATIONAL EFFECTIVENESS

Linking the Employment Value Proposition (EVP) to Employee Engagement and Business Outcomes:
 Preliminary Findings from a Linkage Research Pilot Study121
Brian Heger

Risk Mitigation Through a Composite Risk Management Process: The U.S. Army Risk Assessment133
Jerry D. VanVactor

Transforming the Pharmaceutical Industry: Human Resources as Global Catalyst.139
Steve John

Employee Engagement: Boosting Productivity in Turbulent Times151
Frank Catteeuw, Eileen Flynn, James Vonderhorst

Winning at “Employee Moments of Truth” Through HR Products and Services.159
Keith E Lawrence

Linking Strategy to Structure: The Power of Systematic Organization Design163
T. Craig Williams, Ph.D., Juliet Rains

Engagement -- Enrolling the Quiet Majority171
Charles J. Corace

TEAM BUILDING & EFFECTIVENESS

What Makes Good Teams Work Better: Research-Based Strategies That Distinguish
 Top-Performing Cross-Functional Drug Development Teams179
Nuala Company, Ruth Dubinsky, Vanessa Urch Druskat, Ph.D., Matthew Mangino, Eileen Flynn

Building and Sustaining a High Performance Internal O.D. Practitioner Team187
Barbara Harrison, Delmarie Tarter

TALENT MANAGEMENT

Performance and Development Planning: A Culture Shift Perspective195
Nina Wortzel-Hoffman, Sarah Boltizar

Global Talent Management at HSBC201
Anika Gakovic, Keith Yardley

The Strategic Importance of Talent Management (TM) at the New Haven Health System:
 Key Factors and Challenges of TM Implementation.207
Michael E. Pepe, Ph.D.

The Performance Connection213
Leah Moretti

Driving Business Value from Performance Management at Caterpillar219
Frederick A. Goh, Merrill C. Anderson, Ph.D.

The OD Journal Special Edition Team Bios227

Community Connections

Calendar of Events245

Call for Presentations 37th Annual Informaiton Exchange.246

Call for Presentations 27th Annual O.D. Conference247

O.D. Journal Ad Instructions.248

Subscription Information.252

Letter from the Editor:

Best Global Practices in Internal Organization Development

by Thiet (Ted) K. Nguyen, Director Custom Executive Development, Johnson & Johnson

You are holding the first of a three-volume set of the global Special Edition of the O.D. Journal, which represents the collaborative labor of love (and sweat) of an all-volunteer team of 105 practitioners worldwide who have invested thousands of hours during the last year to bring this publication from concept to reality. This is the first Special Edition of its kind in the 39-year history of the O.D. Institute, and it is our gift to the global O.D. community. None of the individuals who contributed to this effort is a professional editor or proofreader, and all became actively engaged because of their passion and burning commitment to enhance the capabilities and reputation of our profession. Collectively, we share the common goal of advancing the field of organization development by strengthening the internal body of practice literature.

Two distinct and dedicated groups of professionals worked side by side to bring this Special Edition to life. The first group, a Peer Review Board, consisted of Senior Human Resources and Organization Development executives from 70 corporations worldwide who anonymously reviewed the content of submissions with 21 highly credentialed external consultants. Once the Peer Review Board determined that papers were ready for editing, the second group, a Special Edition project team of 14 dedicated O.D. professionals, managed all processes from design to execution. Under challenging circumstances, both teams have done their utmost to create the highest quality publication for you, our professional colleagues, and yet, we must ask that you forgive us for any errors you may discover as you read these articles. It is the spirit of worldwide collaboration that enriches the value of this global Special Edition.

This Special Edition will benefit the H.R./O.D. community in several ways:

1. **Academic community** – The academic community will find the content of these contributions of value to raise its awareness of current best internal practices. Program directors can be informed to strengthen their curriculums and research directions. Graduate students may use this edition as they prepare to enter the O.D. profession and compete for opportunities in the global marketplace.
2. **Current practitioners** – Both internal and external practitioners can use this knowledge to guide their practice areas, enhance their skills, and strengthen their core competencies, by learning from other O.D. professionals.
3. **Our clients and business partners** – Potential and existing clients can be better informed of the capabilities O.D. professional can bring to enhance employee engagement and organizational growth and vitality.

The genesis of this Special Edition was the May 2006 O.D. Institute Annual Conference during which participants discussed the need to encourage internal practitioners to share their stories in the O.D. Journal. During the conference I was extended the “invitation” to serve as Editor of a proposed Special Edition on “Best Internal O.D Practices,” in part because of my role as Past Chair of the Global Committee on the Future of O.D. and as President of the New Jersey O.D. Community since 1998. My existing networks allowed me to quickly reach out to internal practitioners globally.

The results of this outreach effort have been overwhelming. Over the last 12 months we received about 100 manuscripts from internal practitioners on every continent (except Antarctica). This tremendous response led us to conclude the best way to share the breadth and depth of this work would be in three volumes: May, August and November 2007.

As the project team reviewed and edited each manuscript, its respect for diversity and commitment to making this an inclusive effort drove us to preserve the original voice, style, and intent of every author knowing that many are not native English speakers. The power and foundation for this work comes from this commitment to diversity and inclusion, which superceded strict scholarly conformance.

Content like this has never been captured or disseminated because internal practitioners tend not to have the luxury of time to write, and few are professional writers. This is the first time many of these authors took the time to document their work, secure the support of their company to release the information, and share their internal efforts with all who are interested. We applaud all our authors for their trust in us, and their willingness to provide working papers without the benefit of professional editors. What readers will experience in this global Special Edition is truly the authentic voices of internal practitioners worldwide who share their stories from a place of caring and eagerness to advance the field of organization development.

While this series is titled a best internal O.D. practice edition, no one associated with its production has judged or evaluated "a best global practice". Rather, authors were encouraged to share what they perceived to be a best practice within their organization, whether that organization is a start-up company in India, a non-profit organization in the USA, an energy company in Africa, or a hi-tech company in China. We also chose not to judge whether an article fits the definition of organization development, since there are variations among the definitions of O.D. We recognized, too, that O.D. is practiced differently across geographies, countries, sectors, industries, organizations, groups and contexts.

To share additional insights into their workplaces, many authors have generously provided a one-page reflection outlining their working environment, the benefits of the intervention as described in their paper, and finally, to share their take on the experience. In some articles, the reflection page includes one or two brief testimonials from their business partners, internal clients, and/or others who were directly affected by the interventions.

Look for the next volume of this global Special Edition in August 2007 when we plan to share another 15 papers with you. The November 2007 edition will contain 30 papers. All tolled, you will have the opportunity to read a total of 75 best global practice papers. We hope you will enjoy reading this global Special Edition, and we welcome your feedback (tnguye19@corus.jnj.com). Sharing your input is the most effective way to support our community and to help us continually improve. **Thank you.**

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Career Models and Culture Change at Microsoft

Carrie Olesen, Microsoft Corporation

David White, Microsoft Corporation

Iris Lemmer, Microsoft Corporation

Abstract

This paper asks and answers the question: What are the intervention options for driving culture change in a company that continues to benefit from success, and lacks a burning platform for change? The answer: Focusing on employee motivation in the context of career opportunities while directly linking strategic business changes to employee behavior, provides a basis for integrating culture change with people systems to yield steady, sustainable change that meets future business opportunities. Employee engagement provides a bottoms-up approach, while an integrated approach to leadership development provides a basis for educating leaders.

Introduction

An obsession with technology and competitive drive describes the Microsoft culture that contributed to tremendous company growth during its first 30 years in business. In 2002, as competition increased through movements that included open source programming and software, innovations in Internet search and services, and customer expectations for security, privacy and convenient file sharing of copy write materials increases, shareholders demanded an articulate roadmap for new market development that complemented and augmented the Windows and Office revenue bases. Moreover, the severe competitive landscape for technical talent, and an established market base contributed to the perception of Microsoft as a ‘has been.’

The business strategy focuses on the value proposition of products and services that work well together, from enterprise platform to pocket devices as the user moves across a dynamic work and play lifestyle. Executing such a strategy demanded the culture shift its focus and place higher priority on skillful internal collaboration and a focus on customers and services. To execute this strategy, the company reorganized functional units of product

group, operations group and sales group into business units organized around product portfolios with individual profit and loss statements. This reorganization increased the need for general management talent to run business units. Capitalizing on this shift, the company turned its focus toward building a broader range of leadership talent, and implemented a career model framework that also addressed the underlying culture change needed to execute the business strategy.

Current State Analysis of Career Development and Culture

In order to provide an understanding of the focus areas for developing general managers, a study of the company culture was conducted in 2003.

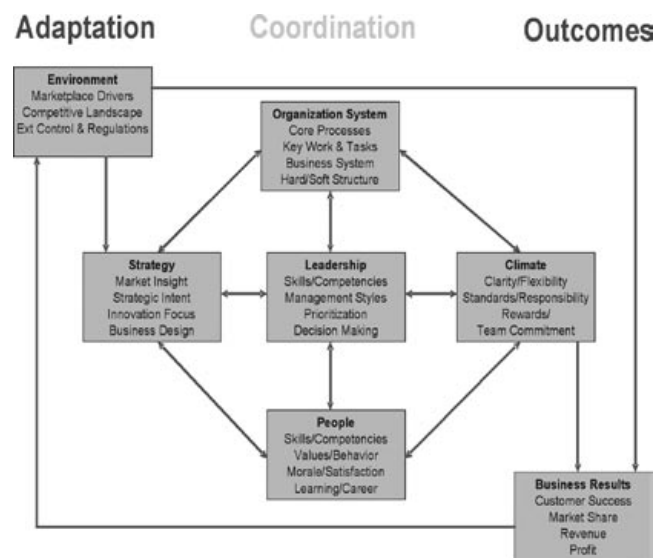


Figure 1. Microsoft systems model.

This analysis resulted in a current state definition. Leaders were interviewed about the business strategy and asked to define a ‘to be’ (future state) culture that would best enable execution of the business strategy. The cul-

ture study and business strategy alignment was applied using a systems approach that is illustrated in the Microsoft System Model above and complemented by the Career Model which was designed to address the Organization, Leadership and People levers in the system. The Career Model provides a basis for developing general management as well as functional leadership talent, and as part of the 'to be' culture; an updated employee value proposition was outlined to focus on retaining and developing key talent.

In 2004, the company developed people and career management/development materials that included ladder level descriptions, competencies, required training by role, and other tools designed to describe roles and career paths. Significant effort and investment by individual groups or locations produced a range of descriptive employee and career development tools and materials, which, while valuable for individual use, were not immediately believed to offer the scalability, reliability, predictability and integration for large scale use.

Three pilot groups were identified in 2004 to develop and implement the Career Model. Results from those pilots were incorporated into a plan for building the company-wide framework and implementing in two phases over 2005 and 2006. An online application was developed to facilitate the annual Midyear Career Discussion between managers and employees, and results in an online assessment of competencies and career stage, an employee profile including career history and desired career path, and a career development plan that is updated and maintained throughout the year. Disconnected and/or inconsistent processes and standards for managing people were identified and integrated or removed. The culture transformation can be summarized in Table 1.

From:	To:
Leader as brilliant individual contributor	Leader as catalyst for integration
Single product or application focus	Multiple products, services, devices
Product optimization	Customer optimization
Small scale with minimal interdependencies	Global scale with critical interdependencies
Individual excellence	Team excellence

Table 1.

Introduction to the Career Model

Career models are a platform of *common standards* for identifying, assessing, managing and developing people, and enable the following core value propositions to be realized for the company:

(1) **Alignment** between the company's business strategy and employee and leader behavior and new culture expectations. Career models provide the internally benchmarked standards for what constitutes success and integration of people processes that reinforce and sustain broad culture change in the company. Two examples of culture change reinforced in the Career Model are:

- **Integration.** Career models emphasize the desired collaboration across groups to result in an integrated product or service for users.
- **Customer and Partner.** Meeting customer and partner expectations are emphasized and rewarded across all career paths in the company.

(2) **Employee Engagement** models offer the advantage of clarity. They make transparent the criteria for success in that culture to achieve the next developmental level, as they provide clarity on how to move across and navigate a company with challenging career opportunities.

(3) **Discretionary Effort.** Employees who have clear expectations for current results and information about what is required to achieve personal career aspirations are able to make individual decisions about expending discretionary effort. When this discretionary effort is more consistently directed to desired culture change, company results improve.

(4) **Transparency.** Transparency increases trust as information is actively shared and reduces the perception of bureaucracy or bias. Available information can be acted upon at all levels of the organization. Career path options are laid out, describing what success "looks like" across all functions. Transparency increases employees' ability to navigate across business units and geographies and locate individuals with related commitments and scope of responsibility for improved collaboration.

- **Recognition.** Career models provide a meaningful reference for the company to know something about the employee, providing a stable view of the employee in the face of reorganizations. All of this helps the employee internalize that the company knows "I'm here." This acknowledgement can have a profound effect on the employee's sense of belonging to something larger than the local group.

The Career Model includes three components:

1. **Career Stage Profiles (CSPs)** define career paths and key stages along a career path, performance expectations for each stage, and what it takes to get to the next stage.
2. **Competencies** define the behaviors that differentiate outstanding from standard performance and increase the likelihood of success in a career path over time.

3. **Experiences** describe key roles and situations that enable growth in important competencies and serve as a tool to guide career planning.

The Research Approach

At Microsoft, Career Models are built by leaders and employees in a profession using a research methodology and guided by a Career Model consultant. The leadership engagement and employee direct involvement increases buy-in and accelerates adoption. An executive leader is identified to represent and be accountable for aligning and building internal capability on a global basis for a specific professional area of expertise. A leadership team is formed and contracting occurs with the project team to engage and execute the research project. Research begins by interviewing leaders and employees. Working teams of employees are formed to develop the content of the Career Stages and Competencies. Focus Groups and survey methods are used to engage broader sets of employees and provide a research basis for decision making on the final components of the model. The leadership team is actively engaged throughout to understand the input of the working teams, the current state of the profession in terms of capability, and to define the future state to be embedded into the model.

Units of Measure: Profession, Discipline, Career Stage

The common language of the Career Model enables employees to identify related roles across business units and geographies, furthering collaboration and navigating career opportunities. The career model relies on an underlying taxonomy with three levels – *Profession*, *Discipline*, and *Career Stage*. A Profession is characterized by common functional areas (i.e. product management and product marketing), common success differentiators (competencies), portability of career paths (i.e. movement between disciplines), and commonly recognized externally, e.g. “Sales,” “Marketing,” “Engineering”. A Discipline is aligned to a profession to sub-categorize talent, and is characterized by discrete functional areas or job families with common performance expectations, individual Contributor and management career paths spanning at least three career stages, and common compensation data (i.e. jobs within a discipline can be priced against common market data). A Career Stage describes output of the work at a common scope of impact and responsibility, such as entry level, intermediate, expert. Inflections or “shifts” along a career path that distinguish one Career Stage from the next by marked differences in scope, impact, complexity, etc.

Integrating people processes to drive culture change

Integrating the Career Model components into a talent

management system provides for continuous reinforcement and behavior change to achieve culture change objectives.

Disconnected talent processes act as an insidious drag on the company’s ability to grow and adapt to challenges because they create (or perpetuate) barriers to effective change. The Career Model provides a comprehensive, integrated and self-sustaining system that expresses what the company values and needs from its workforce in order to succeed, and reinforces how these values and needs are achieved through the standards and practices by which it collectively manages and develops people. There are three primary people processes where Career Models are integrated – *Performance Review*, *Mid Year Career Discussion*, and *People Review*.

Performance Review

The primary activities in the Performance Review are to evaluate performance and potential, distribute rewards, and set business commitments for the following year. CSPs and competencies play a role in two of these activities – setting commitments and evaluating performance and potential. Promotion Readiness is determined by using the CSP performance expectations. The CSPs help determine appropriate commitments for a particular level or stage, or guide a multi-discipline manager not as familiar with a particular discipline on appropriate expectations. The career stage provides a global compensation reference by discipline that allows common expectations to be established worldwide while allowing for local compensation variation based on local market conditions.

Midyear Career Discussion (MYCD)

The career model forms the basis for the developmental discussion and action between employee and manager:

- a) The employee and manager individually conduct developmental assessments of the employee against the CSP and competencies.
- b) The system provides a gap value between the manager’s assessment and the standard values in the career stage, providing a basis to discuss focus areas. The employee also completes the Career Plan, which references the appropriate Experiences and documents possible next job moves and career path options based on the employee’s career interests.
- c) The employee then builds a development plan by referencing learning activities specific to the career stage or directed toward preparation for next job moves. The manager and employee discuss the assessment and agree on the development plan, which can be updated throughout the year.

d) Data for People Review application can be mined and aggregated from the MYCD for use in People Review and Succession Planning.

People Review

Each business unit is responsible for a top-down review of talent each year. The Career Model provides a common language from which to discuss, evaluate and compare individuals and determine appropriate leadership development and succession plans for those individuals. Macro-analysis uses the CSP and competency assessment data to determine the learning and development agenda for a group or profession, understanding gaps and strengths on the aggregate and identifying other patterns or opportunities to build workforce capability.

Measures of Change

Implementation of Career Models began with leaders in 2004, and was followed by a rolling implementation with employees over 2005 and 2006 Mid-year Career Discussions. Some early indicators of progress on the culture change agenda include:

- A 'Culture Index' was added to the annual employee survey (MS Poll) in 2006 to measure progress against specific culture change goals.
- Annual Microsoft employee survey results (MS Poll) indicate improvement in career development related questions in the Professions where Career Models have been introduced, contributing to achieving the employee value proposition.
- Performance Management changes were introduced in May 2006 to eliminate curve based performance criteria, and reduced individual competition. The Commitment Setting or annual goal setting process was aligned to career stage profiles. Employees are measured against individual achievement of their goals against a standard and not relative to one another.
- Macro analysis of competency assessments and gap analysis will provide year over year indicators of improvement in development and capability, as well as focusing investments on high return areas.
- Macro analysis of CSP assessment will provide a basis for forecasting the rate of mastery of stages and upward movement (velocity) across professions and disciplines. Shortages can be predicted.
- Improvement in competencies and CSP results tied directly to desired behavior change in the new culture can be analyzed, in addition to evaluating employee survey results.
- Key executive hires have been informed by application of the leadership competencies in a behavioral events interview. Leaders have been identified and moved to

key positions as a result of the succession planning discussion and profile of experiences and development areas. Other leadership restructuring, including attrition or demotion have been informed by the assessment data, providing an important reinforcement to what is valued in the new culture.

Additional Implementation Challenges in a Global Environment

- Management versus individual contributor career paths – some cultures place a high value on the attainment of a management position as a symbol of status within the society. The Career Model provides a dual focus on both management and individual contributor career paths as an important aspect of the employee value proposition and providing a range of options, particularly for attracting and retaining engineering talent. Positioning this value proposition and business imperative has been important to aligning with and respecting the cultural value of management as a status within a society.
- Transparency – some cultures expect management to withhold information about decision making from employees. Introducing additional transparency company-wide has increased expectations on managers to be able to explain sensitive information regarding compensation, promotions, and rewards, when many were not required to provide explanatory context previously. Additional manager training was required.
- Objective versus Subjective standards – the absence of a standard and lack of transparency enabled inconsistent decisions intended to retain and reward key people. As Career Models were applied as a new standard, a wide variation in compensation, job titling, and responsibilities existed in some locations. An exception process and timeline to align to the standard was provided. Additional education and management team facilitation was required to adjust to the emphasis on objective measures and more transparent decision making.

Conclusion

The challenge of developing broadly skilled business leaders to participate in the deliberate creation of a company culture were combined and addressed through employee engagement in career development. As a platform for talent management, Microsoft career models provide an integrated architecture that aligns people systems and business processes with business strategy. The Microsoft career model provides a powerful lever to drive sustainable culture change in a non-threatening approach tied to the employee value proposition. Broadly skilled business leaders are developed using the chal-

lenging career opportunities available at Microsoft through structured career planning. New behaviors are rewarded and reinforced through an integrated approach to talent management.

Authors' Reflection

This article was written by two leaders in the Career Development department, which is part of the People and Organization Capability (POC) function within the Microsoft Corporation. POC is what Microsoft refers to as O.D., and is a function within Human Resources.

The development and implementation of the Career models has been a multi-year change initiative and has been a very challenging and tremendous learning opportunity for the Career Development team, as well as for the entire POC and Human Resources organizations. This change was particularly challenging given that we were driving a consistent enterprise-wide model. This meant that several professions had to be willing to relinquish their profession-specific content and allow it to be integrated into the Career Model framework.

As change agents, we worked hard to communicate why the career model and the integrated talent management framework, which it enables, was important to the organization. This was accomplished through an intensive client engagement process. A "tipping point" eventually occurred that shifted the change from "push" to "pull". This shift happened when end-users of the first professions began utilizing their Career Models and started telling others in the organization about the benefits they were experiencing from its use. The professions that had previously been in a "wait and see" mode were now hungry to develop their Career Models. The biggest benefit that employees recognized was the focused time and energy Microsoft was putting toward building Career models. This emphasis showed that Microsoft recognizes and values what each profession brings to the table. This also validated the importance of each individual's unique contribution in the organization.

Implementing a worldwide and leader-led approach was also a significant challenge given that we had to create a structure for delivering profession specific content in each geographical region. Momentum for the implementation continued to build as we engaged more people in the world-wide implementation process.

We utilized external consultants throughout the process to aid us in the research and validation of Career Model content with "subject-matter expert" Discipline Teams. During the research phase, external consultants interviewed subject-matter experts, assisted in the facilitation of Discipline team meetings, and gathered feedback during the validation process. We learned early on that this

external help was required to sustain momentum due to the large amount of feedback and input that needed to be processed, especially at the peak of the development cycle. We also utilized external consultants to assist in the worldwide implementation when we realized we needed additional project management expertise to help the team during this time.

The success of the program is best described through the feedback of its users:

The Career Models are great. For the first time, I'm able to see all the career stages across all professions and disciplines within Microsoft and I understand the many paths for growth available to me.

The Career Model has driven the most robust career conversation I've ever had in my 12-year career history at Microsoft. I applaud this effort.

I now understand how one profession relates to another and can chart the ultimate development path for achieving my career aspiration.

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