

The logo for the 70:20:10 Institute is located in the top right corner. It consists of three overlapping diamond shapes in yellow, orange, and black. The numbers 70, 20, and 10 are placed in the black diamonds, and the word INSTITUTE is in the orange diamond.

70

20

10

INSTITUTE

Experiences that develop












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Experiences that develop

"experience plus reflection is the learning that lasts"

- Charles Handy [1]

Executive Summary

This paper provides an insight into the way leaders and managers learn and develop in a leading-edge, global company.

It examines the importance of learning through experience, and the types of experiences that have the most lasting impact.

A leading European energy company undertook the study to validate its changed strategy to employee development. The company had taken the decision to adopt the 70:20:10 approach in order to improve both the effectiveness and the efficiency of workforce development in a sector that is both highly dynamic and driven by the need to innovate.

Based on empirical data gathered from the company's own leaders and managers, the study provides clear evidence that some development experiences have more lasting impact than others, and that development linked to challenges in the daily flow of work have the greatest, and most lasting, impact of all.

The study also identifies the major barriers to development, including lack of time, lack of development opportunities, and development often seen as not being business critical. It also correlates performance levels across the range of experiences that are reported as being most impactful.

Introduction

This paper is based on the findings from practical research carried out within a leading European energy company. The company's vision is to lead the way in the transformation to a sustainable green energy system. Recently, the company announced that it will no longer generate electricity and heating based on coal by 2023.

The global energy sector is undergoing dramatic change. Over the past decade energy prices have fluctuated widely. The relative profitability of energy generation - non-renewable versus renewable - has also oscillated as the impact of technology and government intervention has been realised.

In this context, the research detailed in this paper is relevant not only to the energy industry but to any industry with the objective of improving workforce performance in a demanding and rapidly changing business environment.

The data presented here was generated as part of the company initiative to optimise its approach to learning and performance. A decision had already been taken to extend the focus of learning support beyond the classroom and other formal approaches by using the guiding principles of the 70:20:10 model. This research was designed to ‘stress test’ the relevance of 70:20:10 in context^[2].

One of the major challenges this initiative was designed to address was the sub-optimal impact observed in terms of workplace performance improvement following training. Business and HR leaders considered that refocusing on learning in the workplace (the ‘70’) and with others (the ‘20’) would lead to delivering better results – high performing people – faster and more effectively.

Drivers for Change

Technological disruptions are taking place that lead the modern worker to be overwhelmed, impatient and with the perception of less time to focus on his/her learning and development. Throughout the working day, people need to be online up to 27 times, to unlock their phones up to nine times every hour, and are interrupted as often as every five minutes (Bersin, Predictions for 2016)^[3]. The demands of the current workplace environment require new, agile development approaches.

At the same time, there is an increasing desire for self-directed learning to help keep pace with the level of change. Employees increasingly take responsibility for their own development and want to improve the way they do their jobs and achieve their objectives.

They understand that “*the learning curve is the earning curve*” (Global Human Capital Trends)^[4]. However, they also expect learning opportunities to be available to them on a daily basis. Research suggests that “availability of learning” highly influences engagement and retention^[5].

Many companies struggle with leadership development. 86 percent of companies state that “gaps in their leadership pipeline” is one of their top concerns (Bersin, Predictions for 2016). Only six percent feel their leadership pipeline is “very ready” (Global Human Capital Trends 2015). In a recent global survey conducted by Deloitte, 40 percent of the respondents expressed that their leadership programmes offer “some” value, and 24 percent reported that the programmes provided “little to no value” (Global Human Capital Trends 2016). Therefore, data shows “...*the leadership development paradigm that many companies around the world follow is simply not delivering what is expected and necessary*”^[6].

Still, investment in leadership development increased ten percent in 2015 and further since then. Companies spent almost \$31 billion on leadership programmes in 2015 (Global Human Capital Trends 2016). Prompting the question, ‘are there more effective ways to develop people than to send them on a leadership programme?’

New Models of Learning

Traditionally, organisations have focused on formal learning through courses and development programmes. As much as 39 percent of formal training now happens through technology (eLearning, online learning and mobile learning).

Despite this focus on structured, formal, learning and development research suggests that up to 75 percent of learning within organisations is informal (Noe, Clarke & Klein 2014, *Learning in the Twenty-First-Century Workplace*)^[7]. Interestingly, most learning takes place outside the structured learning activities while, at the same time, learning on the job has been reported to have three times the impact on performance compared to formal training (Learning Quarterly 2015, Corporate Executive Board Learning & Development Leadership Council).

There has been a move to exploit and leverage the learning that takes place ‘informally’ outside structured courses and programmes. Analyst company Brandon Hall reported in 2015 that “more than 60 percent of organisations have adopted the 70:20:10 framework in some manner” (Brandon Hall 2015, *The 70:20:10 Framework: Formalizing the Informal*)^[8]. 70:20:10 describes how we learn in a simple way.

Based on research from a range of sources, the 70:20:10 framework is a reference model that describes how around 70 percent of learning and development emerges from experience as part of everyday work, around 20 percent comes from working with others and around 10 percent comes from formal learning. Thus, we learn mainly from our experiences on the job.

For many companies, the challenge of exploiting ‘natural workplace’ learning is that their models are primarily based on separating learning from working. People are sent on training courses when it is decided they need to develop. This ‘away-from-work learning’ creates the additional problem of transferring learning into the workplace. This transfer is difficult and therefore the impact of formal learning on performance is often limited. With this in mind, the question that prompted this research was “how do leaders learn most effectively in the energy sector?”

In answer to this question, a comprehensive research survey was carried out across the company. Summary details of the survey and its findings are recorded here.

Survey Details

The sample for the research was drawn from managers, senior managers, directors, senior directors, vice presidents and senior vice presidents. There was a total of 945 employees at these levels across all the company. The survey was sent to a sample of 223 of these leaders.

In total, 161 leaders and managers completed the survey, 72 percent of the total survey.

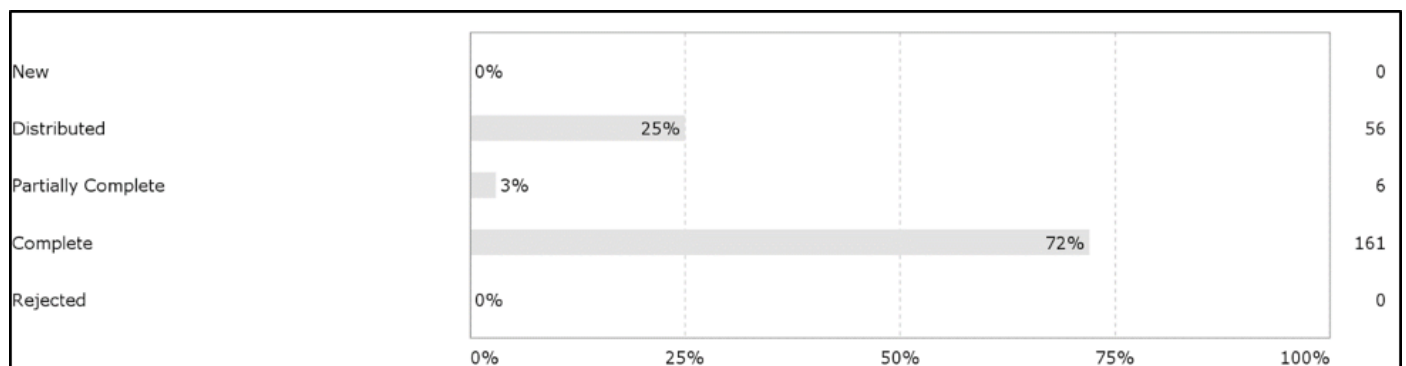


Fig 1. Survey sample data

The probability sample design was more specifically a complex probability sample in order to examine two key parameters; performance (which is a cluster sampling) and organisational level (which is more a stratified sampling).

Furthermore, the respondents were selected to represent the different business units, geography and talent characteristics.

Performance Categorisation of Sample

Only six percent of the survey target group were categorised as low performers from HR data. Therefore, the analysis focuses more closely on the differences between those categorised as good performers (43 percent of the target group) and those categorised as high performers (50 percent of the target group).

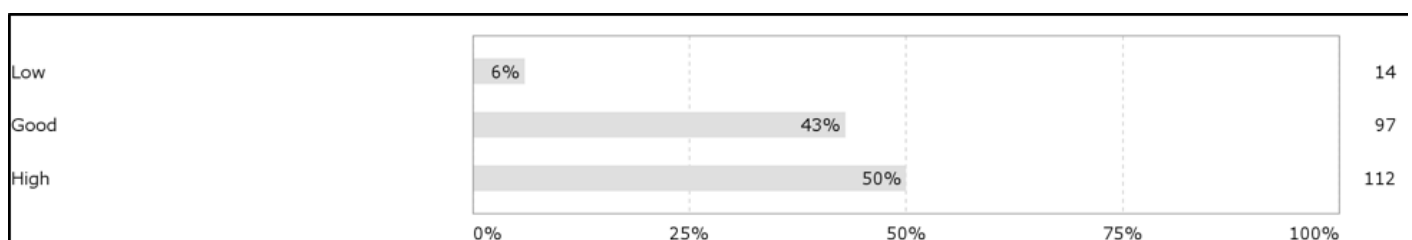


Fig 2. Sample performance data

Organisational level of sample

More than 60 percent of the responses in the sample were from manager and senior manager level. Only 12 percent were from vice presidents and senior vice presidents. This spread is to be expected as the number of roles decreases at higher levels.

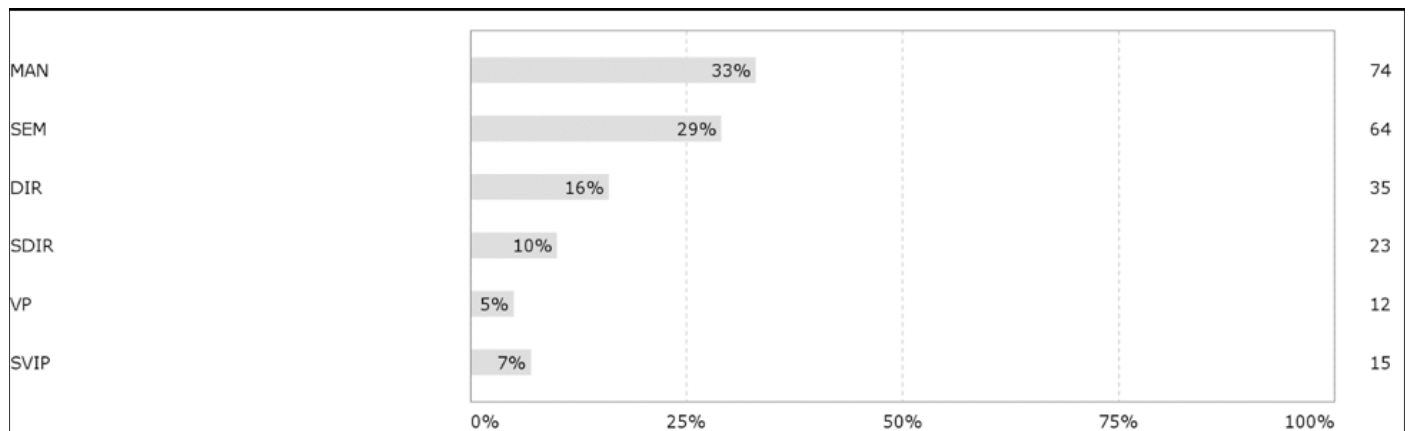


Fig 3. Organisational level

Business Units in the sample

Sampling covered all business units, although focus was particularly on the newer Wind Power unit. The latter is in a growth phase where identification of the best levers for development is likely to have the greatest impact on the company as a whole.

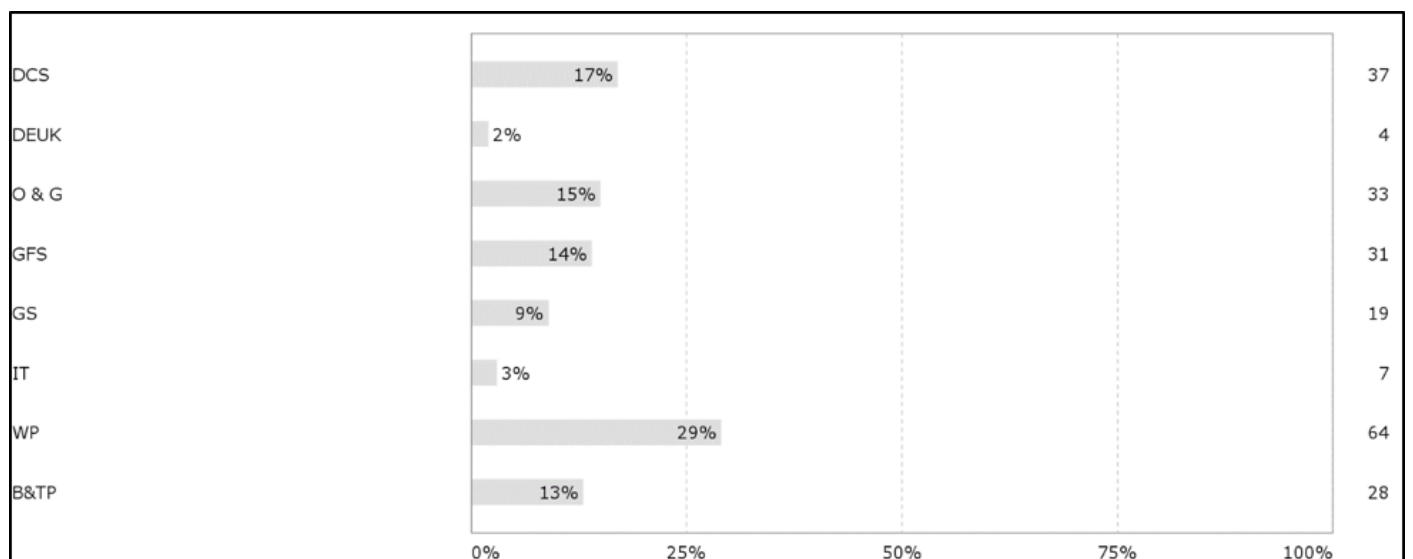


Fig 4. Sample returns by Business Unit

Which Experiences Have the Greatest Impact?

The survey asked respondents to select the two or three key events or experiences which had the most lasting impact on the development as a leader. They were provided with a list of 10 types of experiences from which to select. They were also permitted to add development events or experiences that didn't appear in the list.

The experiences listed were:

| | | |
|---------------------------------|--------------------------------|--|
| New Initiatives | Increase in Job Scope | Horizontal Moves |
| Role Models | Coaching and Feedback | Business or Professional Mistakes |
| Early Experiences | Coursework and Training | Organisational Reform |
| Fix It & Turnarounds | | |

Fig 5. Development experiences

The overall responses to this question are shown in Figure 6.

The three experiences with the highest ratings were:

- [a] increases in job scope (65 percent);
- [b] new initiatives (52 percent); and
- [c] role model (35 percent)

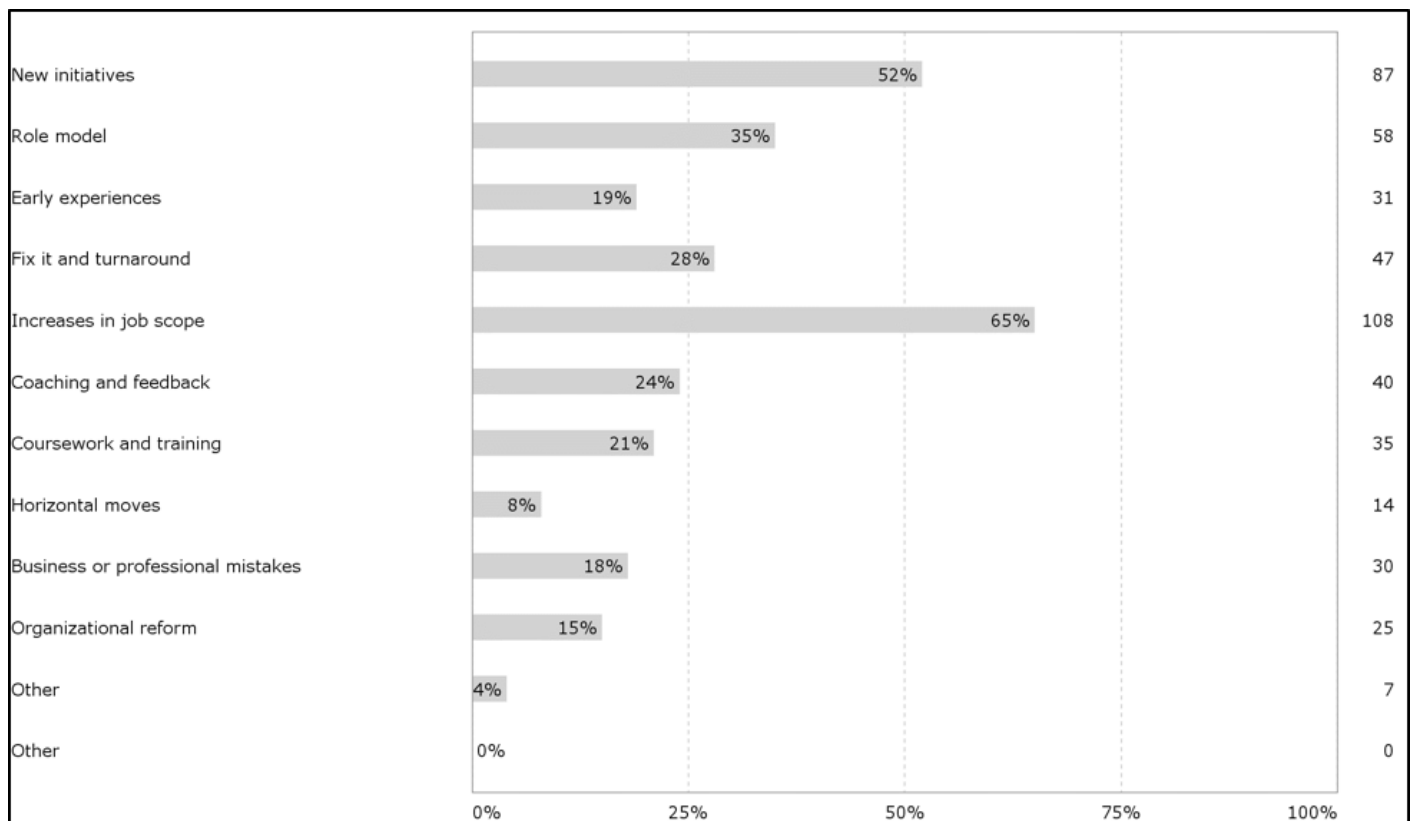


Fig 6. Experiences with the most lasting impact.

Overall, on-the-job development experiences (the '70' within the 70:20:10 framework) were reported to be the most impactful.

The two specific development experiences reported as most impactful and lasting, increases in job scope and involvement in new initiatives, stood head-and-shoulders above the rest.

Respondents also rated learning with others (the '20' within the 70:20:10 framework) as influencing their development as leaders. The most significant social experiences were reported to be exposure to "role models" (35 percent) and "coaching and feedback" (24 percent).

Only 21 percent of respondents rated "coursework and training" as a key event or experience and consequently, formal learning (the "10" within the 70:20:10 framework) was not in top five of the most important sources of development.

The role of the immediate manager

Survey respondents were encouraged to provide additional free-text comments regarding specific experiences which led them to their selections. The critical role of the immediate manager as an agent of development was highlighted in a number of cases:

- *“I have had one particular manager several years ago who is now my benchmark for feedback and coaching”*
- *...“to have a manager that supports and believe in you makes all the different” ...*
- *“the best way of learning is by dialog with my manager and sparring with fellow managers” ...*

Learning from experiences

The free-text comments also provided insight into the capabilities managers had developed from these experiences. Responses included insights such as:

- *“I learned how to manage in troubled water and stay focused, and how to bring my team with me in the same direction”*
- *“I have learned how to tackle and deal with low performers, and that it is extremely difficult to push a team towards joint high performance if you have a few dragging down the others”*

Leadership, self-awareness and performance

The free-text survey questions surfaced three themes in terms of what managers had learned from these experiences.

[a] leadership – the importance of managers in the development of employees and teams;

[b] self-awareness – the importance of trust and of being yourself;

[c] performance – the importance of delivering results – turning learning into action.

These themes reinforce the hypothesis of the 70:20:10 model that we primarily develop through challenging tasks and together with others. Here the immediate manager plays a critical role in the development of their people. Other studies suggest that leaders’ impact employee performance as high as 39 percent (Corporate Executive Board, 2005) and leaders that are effective at developing their teams can increase performance by up to 25 percent (Corporate Executive Council, 2003). It is clear that development cannot be delegated.

Most effective development methods

The most effective learning methods reported in our survey are shown in Figure 7.

Respondents were asked to rate, on a scale of 5 (the most effective) to 1 (the least effective), the activities they viewed as having been effective for learning what they needed to do in their daily jobs.

The ‘70’ set of activities or learning/development experiences were clearly seen as being the most effective.

These findings also closely mirror the Centre for Creative Leadership research published as *Grooming Top Leaders*^[9] (2016) which found the five most vital development experiences were “bosses and superiors”, “turnarounds”, “increases in scope”, “horizontal move” and “new initiatives”.

| Top 10 most effective learning methods (with rating) | Mapping to 70:20:10 model |
|---|-------------------------------------|
| Take on new responsibilities and challenges in new role (4.6) | Learning through experiences ("70") |
| Take on new responsibilities and challenges in current role (4.4) | Learning through experiences ("70") |
| Working in collaboration with team members and others (4.3) | Learning through experiences ("70") |
| Support from my immediate manager (4.2) | Learning through experiences ("70") |
| Taking time to reflect alone or with colleagues (4.1) | Learning through experiences ("70") |
| Mentoring and coaching (internal and external) (4.1) | Learning with others ("20") |
| Meetings and general conversations (3.9) | Learning with others ("20") |
| Classroom courses (3.9) | Formal learning ("10") |
| Internal networks and communities of practice (3.9) | Learning with others ("20") |
| External professional networks and communities of practice (3.7) | Learning with others ("20") |

Fig 7. The 10 most important learning methods.

Which Experiences Most Impact Performance?

As well as analysing respondent-reported data about experiences that develop, the research mapped the rating of each of the experiences in Figure 6 against performance management data.

This element of the research was designed to answer the question *‘what is it that high performers do, which others don’t do (or don’t rate so highly)?’*

This analysis found the following:

- High performance rating correlates with increases in job scope, but is less reliant on coaching and feedback. 76 percent of high performers report “increases in job scope” as a key event or experience compared to 53 percent of good performers (see Figure 8)

Development experience compared with performance rating



Figure 8: Correlation of performance against type of experience[10]

- High performance correlates with taking on new responsibilities and challenges in new roles (see Figure 9), but correlation was also observed for current role.

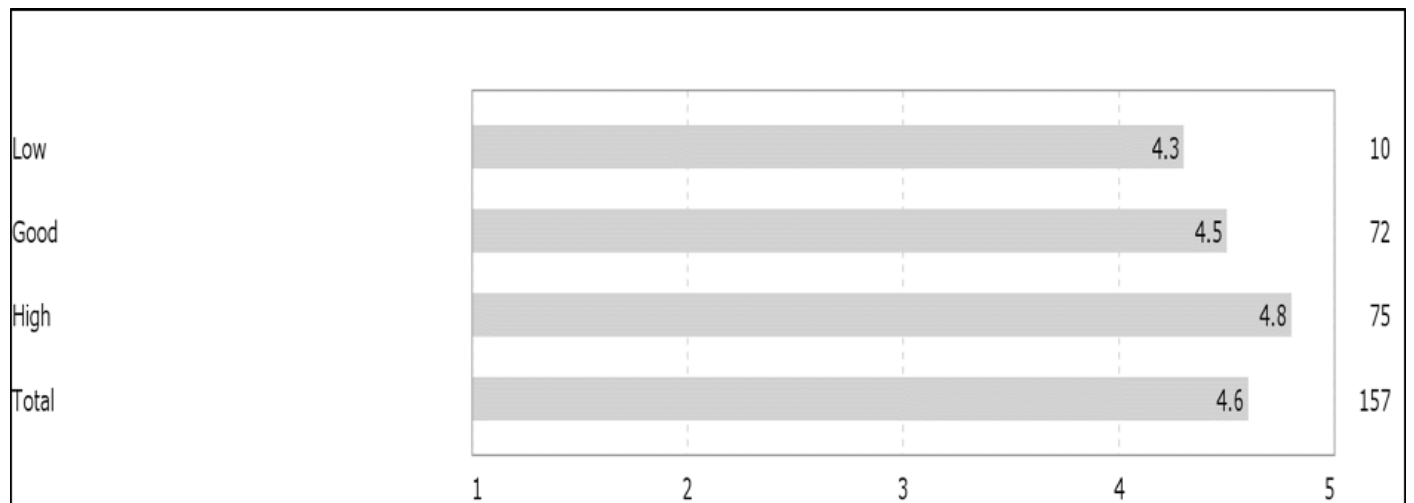


Figure 9: Correlation of performance against new responsibilities and challenges.

Other correlations with high performers

The data also exposed other correlations with high performance such as:

- With reflection on day-to-day experiences and the learning and development outcomes flowing from this reflection.
- With the experiences of mentoring and coaching as part of work culture.
- With using meetings and general conversations as development opportunities.

Barriers to Development

The survey identified some major barriers to development. These were factors that were perceived to inhibit individuals' opportunities for learning and development (see Figure 10).

The over-riding perceived barrier was lack of time. This was identified as a factor by 71 percent of respondents.

The lack of development opportunities was the next most-frequently reported barrier. It was identified by 36 percent of respondents.

The third most frequently reported barrier (34 percent of respondents) was that learning and development was not seen as business critical.

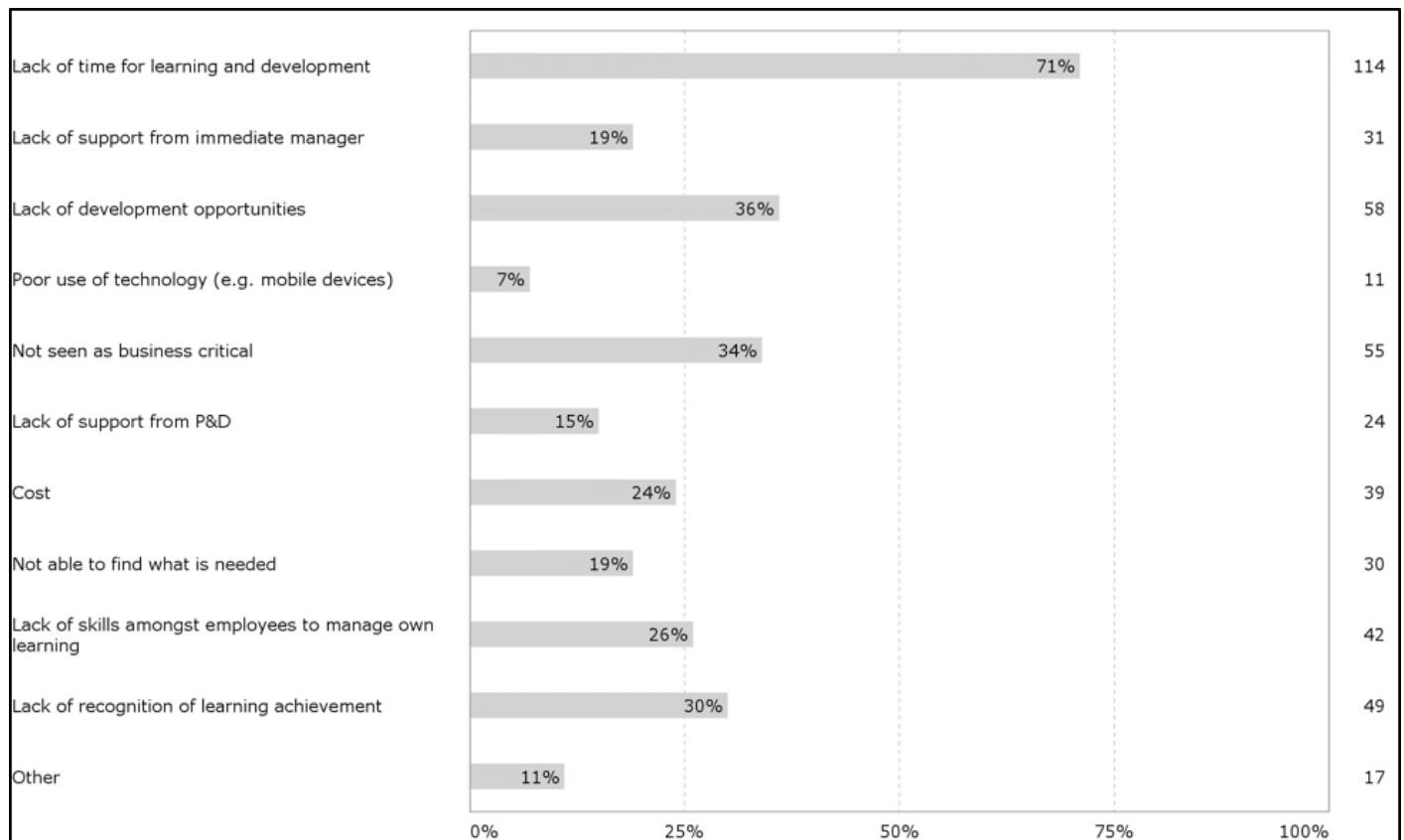


Fig 10. Barriers to development.

The study did not explore the basis of the responses, but together these three most frequently cited barriers indicate a perception that employee development is either not seen as a vital part of managers' responsibilities or that managers lack the skill or the time to identify or create development opportunities, or possibly both.

Lack of business criticality has been identified as a major factor for these issues elsewhere. Often managers are not rewarded for developing their people as they are for achieving other business objectives. This challenge has been identified in the 'Both/And Leadership Paradox'^[11] where managers grapple with sets of opposing goals, or goals that are seen as being opposing. Do we manage for today or tomorrow? Do we focus on creating value for shareholders or a wider set of stakeholders?

The answer to these paradoxes is that managers need to meet conflicting demands and navigate their way through in ways that often involve embracing alternatives that are interdependent. When looked at carefully, operational excellence is the tactical goal that can best be achieved by focusing on strategic goals such as people development.

This point was reflected in some participant responses to the question “If we should change anything regarding more effective learning and development, what should it be?”:

- *“First of all, it needs to be seen as one of the most important ways to be business-led. Secondly, it needs to be properly seen as important to have all employees and managers take time to develop and learn. There must be a strategic plan for all departments heading towards a common goal, but it must be owned and driven from the managers - not HR...”*
- *“Set KPIs and reward line managers on how effective they are to develop their employees...”*

The Impact of Culture

This research also explored cultural elements with respect to learning and development within the organisation.

Respondents were asked to rate 15 statements about learning culture in the organisation on five-point rater scale (5 - strongly agree; 4- agree; 3- neither agree nor disagree; 2- disagree; 1-strongly disagree).

These statements included the level of support from managers, access to resources and tools, the use of social networks and learning, fitness for tomorrow’s business challenges and other aspects of organisational culture.

The three main characteristics of current learning culture identified by respondents were:

1. That managers take responsibility for helping the development of their employees
2. That managers are encouraged to support learning through job experience
3. That people are encouraged to reflect on, and learn from, their day-to-day experiences

The bottom two characteristics were:

14. That managers are rewarded for developing their people
15. That people actively use social learning tools in their daily work

These responses suggest some mixed messages when compared with other data from the survey. They suggest a culture where managers take responsibility for developing their people and support on-the-job learning and reflection. All the behaviours an organisation would strive to embed are evident. However, responses also suggest the current culture does not seem to be supported through reward and recognition.

Other research^[12] stresses the need to create a learning culture that does not “*force employees to learn, but creates a context in which they will want to learn*”. In other words, organisations should reward and recognise managers who are great at developing their people.

Summary / Recommendations

In conclusion, this research has found that high performers primarily develop through challenging assignments. This is possibly why they are high performers, simply because they have undertaken one or more difficult tasks which have enabled them to learn and develop more effectively than their counterpart good and poor performers.

High performers also appear more likely to reflect on their experiences. Mentoring and coaching is also a larger part of their work culture. It may be that high performers are high performers also because their approach to effective learning reflects the 70:20:10 model. They look to learn through work experiences, through reflective practice, and through enrolling the help of others in mentoring and coaching relationships.

Leaders who are high performers do some things differently with it comes to their approach to learning. This research suggests they apply '70' and '20' learning to a greater extent than others.

Some recommendations

If organisations are to build on this research and support a learning culture where leaders develop on the job there are several immediate actions worthy of consideration:

- Increase the use of challenging assignments. The survey data suggest that increases in responsibilities and new challenges have the greatest impact on leadership development.
- Use project assignments or task forces across the different business units, or temporary assignments, to accelerate learning and break down silos.
- Encourage horizontal moves as they can significantly improve leadership bench strength. If the current culture does not support lateral moves it may be necessary to challenge linear career path approaches.
- Centralise or co-ordinate spending on learning and development across business units to make sure that money is spent strategically and in the most effective way.
- Rethink measurement of learning. Satisfaction scores are not sufficient. Measure outcomes.
- Maintain a strong focus on workforce development. This is a critical task for senior management since they have an important role in creating a culture of continuous development. They define what "business critical" is through their behaviours.
- Support all structured learning events before and after learning activity. This is a critical task for managers and team leaders. It has been shown to facilitate transfer of training and increase its impact. Many managers find supporting even formal training difficult.

- Hold leaders accountable for workforce development. Currently, many leaders do not feel they are rewarded for developing their people. We know from research that this is one of the most frequent barriers to learning for leaders (Noe et al, 2014). It is important that the different performance processes encourage and recognise leaders for developing their people.
- Develop effective tools to support learning and development on the job. Availability of learning is key and there is a need for 70:20:10 tools to support employees in their self-directed learning. Time is a strong barrier for development in the organisation and therefore it is vital to provide the leaders with the most effective learning methods to optimise time spend on learning and ensure that what time is spent results in increasing performance.
- Encourage teams to reflect on, and learn from, their experiences. Start every meeting by sharing one learning experience, *“much of development is a matter of attention. If people can learn to keep learning in mind, more of it can happen”* (McCall, 2010).^[13]

It is necessary to re-think development and to “return learning to perhaps its most natural location – to the workplace” (Raelin).^[14]

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