Career development in best-practice organizations: critical success factors

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One of the ways progressive employers have sought to make improvements in their people management is through benchmarking their practices against the progress of other firms. Benchmarking embodies the idea that it is possible to examine the best practices of other organizations and then implement changes based on these observations. Fitz-Enz, the guru of benchmarking, formally defines benchmarking as a “continuous systematic process for evaluating business practice and organizations that are recognized as examples of best-in-class through organizational comparison.” He views it as an iterative, investigative process that seeks out high performers to learn how they have achieved exceptional results. This article presents some of the conclusions drawn from the study which benchmarked the human resources (HR) practices of a number of organizations considered to be on the leading edge of career development. The objectives of the benchmarking study were to allow federal policy makers to:

- reflect on their own career development practices;
- identify, define and refine a set of career development processes and practices that will contribute to organizational success and employee growth; and
- implement changes based on these reflections and observations.

This article will first provide a description of the methodology used to conduct the study. This is followed by a short discussion of the reasons private sector organizations are interested in career development. The rest of the article is devoted to summarizing the major lessons learned and the critical success factors for effective career development identified by the best-practice organizations.

Methodology

Fourteen organizations were identified and in-depth interviews were held with individuals responsible for career management and career development programs in each organization. The employers featured in this study were
selected on the basis of their outstanding reputations in the Canadian career management arena. The organizations were chosen on the basis of having been profiled or identified as “best-in-class,” progressive organizations (e.g., one of Financial Post’s 100 best companies to work for in Canada, or a government department with a reputation for innovative career development programs).

The interviews were conducted by one researcher to ensure consistency. Information was obtained through these in-depth interviews, written policy summaries, guidelines and other material provided by those who were interviewed. Although a structured, 26-question script was prepared for each interview, the perspectives of these organizations proved so diverse that it was decided that more insights could be obtained if the researcher did not limit the respondents to particular topics but instead encouraged them to explore what they deemed to be critical. On average, each interview lasted at least three hours. Many of the organizations were very generous with their time. For some organizations, several individuals responsible for different aspects of the career development system were interviewed, each spending on average two to three hours with the researcher. Not only were the participants cooperative, they were also candid and informative, and their responses were comprehensive and provided extensive documentation for reference purposes.

Of the 14 organizations, one was a Crown corporation: Business Development Bank of Canada; five were public sector organizations: Health Canada, National Research Council, Statistics Canada, Treasury Board of Canada and the Ontario Public Service; and eight were private sector companies:

- Alcan Aluminum
- Bank of Montreal
- Bell Canada
- Hewlett-Packard Canada
- IBM Canada
- Pratt & Whitney Canada
- Royal Bank of Canada
- Xerox Canada.

This article will highlight the lessons to be learned from these organizations and the critical success factors, with particular focus on the private sector companies.

Why are private sector companies interested in career development?

The development of people has taken centre stage as a crucial business strategy in the 1990s for many organizations. Many companies have realized that in the global economy, leveraging their workforces’ talents and skills is the chief means of staying competitive. Since staying ahead of the technological game is very transient, the quality, innovativeness and commitment of its human resources are what make the difference in terms of a competitive edge. There is recognition that “people development” must necessarily be closely aligned with the strategic business needs of the organization. Employees’ career plans and their developmental needs must be consciously linked with the organization’s workforce needs as well its strategic direction. “In today’s ‘lean and mean’ business climate, development is a necessary survival strategy: it helps companies position themselves so they can adjust to rapid changes in their environment. ... Development processes enable companies to meet such challenges quickly and effectively. ... Organizational career development [is] a strategic process in which maximizing individuals’ career potential is a way of enhancing the success of the organization as a whole.”2 Many companies have come to realize that developing people is central to organizational effectiveness. It is also a key factor as organizations compete for human resources that are skilled and scarce. This is clearly reflected in the comments of one person interviewed:

One of the key differentiators for an organization to become an employer of choice now and in the future ... is the amount of avant-garde strategic development you do so that people will be learning the newest things that need to be learned in whatever field. ... This is the value that people are looking for in terms of ... corporate development or institutional development in any organization. ... Offering career resiliency and offering opportunity to learn the best will be the attraction for people coming into the job market. That’s what they are looking for. They’re looking for companies that will give them career resiliency.
Lessons learned and critical success factors

From the in-depth interviews and the company documentation provided, it is obvious that while the career development strategies and programs vary extensively across the organizations in this study, there were also common threads in philosophy, objectives and practices among the participating organizations. The following will highlight the critical success factors identified by the participating companies.

**Top management commitment and support is key**

There is almost uniform consensus that perhaps the most important factor contributing to the success of any career management and career development system is top management’s commitment and support — “It is the absolute No. 1 factor.” Without the driving force from the very top, the best processes and tools will not work or provide the benefits they are capable of delivering. The organizations we studied indicate that most senior executives set the tone for the culture. They use various processes and mechanisms to cascade the commitment and the significance of people development for organizational success and personal growth down to every level of management. As was noted by one respondent: “If top management espouses it, it filters down.” For example, when Alcan launched its Succession Management and Leadership Development process around the globe, the CEO visibly endorsed it. At Royal Bank, John Cleghorn, Chairman and CEO, demonstrates his commitment to people and leadership development by spending time with high potential managers and executives in special courses designed for their development.

The organizations we studied also indicate that senior executives and leaders are “champions” for career development in best-practice organizations. As one respondent noted:

Capability is entrenched in our people managers at senior levels and it becomes part of our modelling behaviour … throughout the organization.

**Best-practice organizations invest in career development**

Best-practice organizations are also willing to invest in the career development process: to back up their vision of a career-resilient workforce that is committed to the organization’s success with actual commitment in financial, human and technical resources. IBM, for example, was willing to invest $1 million to get the Career Vitality Centre (now called CareerNet) in operation in January 1997 to bring together almost all of the vital services and information that employees need for assistance in career management (e.g., self-assessment tools; career counselling; workshops; library of books, audios, videos, job news, competency profiles, etc.). In the same year, IBM invested $22 million in employee development (with $12 million on training alone).

There are other examples:

- Xerox Canada has a $10-million training budget; an additional $500,000 is allocated to self-directed learning;
- Bank of Montreal, with 40,000 employees, spent $65 million on their training and development in 1997;
- In 1998, Royal Bank invested $132 million in employee development, averaging approximately $2,245 per employee. In its Systems and Technology Unit with only 2,300 employees, $4.3 million was invested in their non-technical training, $3.8 million of which was spent on career enrichment.

The organizations interviewed were quick to note that the commitment is relative to what the organization can afford. Not every organization is big enough or has enough slack to afford generous investments, but every organization can back up its commitment according to its means. Investments of money, time and technology communicate the importance of career development to the employees and reinforce the idea that employees are valued resources. The following quote typifies this attitude:

Our chairman, our president and our senior corporate management committee see the value in human capital — and having seen the capital — create the opportunity for the corporate human resources function to come forward with some best-in-class practices. I would be shocked if an HR function could be considered best-in-class in a number of things if they didn’t have a corporate executive committee that thinks that human capital is pretty important.
In best-practice organizations career development is aligned with personal goals as well as corporate objectives

There is consensus among the organizations which participated in this study that career development must be aligned with personal goals and corporate objectives. These organizations consider it to be of utmost importance to link career goals with business strategies, directions and needs. In other words, people development must be aligned with business performance for both parties to win. At Hewlett-Packard, for example, career development flows out of the business plan and business objectives. Employees’ performance and development objectives are grounded in the broad parameters set by top management as well as by the business units, and developed with a view toward aligning work and results that will contribute to the organization’s objectives.

Best-practice organizations have a culture which values, supports and rewards learning

Successful career development systems thrive within a culture that supports and rewards learning and participation. In all the organizations interviewed, there is emphasis on employees to value continuous learning and for the organization to strive to be a “learning organization.” Unlike Hewlett-Packard, not all organizations have nurtured a culture from its beginnings that facilitates, supports and rewards career development and learning. Many organizations have had to change their cultures because of necessity and the changing landscape of competition.

It is reassuring to note that cultural change, while often slow and painful, is possible. The results of the study suggest that top management’s vision and support is critical to cultural change. In addition, having top management’s support is sometimes all that is needed to move an entire organization into a state or culture that is more in tune with the realities of today’s workforce.

Best-practice companies also recognize the importance of having a supportive manager to sustain cultural change:

You should never send a changed person back to an unchanged environment. If the manager’s not involved, the environment may not change and you get no benefit from your career development activities.

In best-practice organizations responsibility for career development is shared

In all the best-practice companies examined, responsibility for career development rests with three parties: the individual, the manager and the organization. As one participant noted:

The primary onus is on the individual. The individual needs to take responsibility for his or her own career and career development. The manager needs to be supportive and needs to provide coaching in terms of identifying the right gap … and then how it may be closed. The organization should be responsible for … creating an environment where learning and continuous learning is valued. From a financial sense, providing support as warranted; and from an organizational sense as well, making sure that there is sufficient flexibility in the system that people have time for it … and providing the tools and incentive to do it.

Without question, the traditional, more paternalistic views of career development (i.e., organizations will manage employees’ careers for them, people join an organization for life and the organization will take care of them) is no longer valid. In every organization we examined, the message is clear: career development is employee owned, manager facilitated and organization supported.

In best-practice companies there is accountability for career development

Most best-practice companies have accountability built into their career development processes (i.e., accountability is highlighted and institutionalized). Who is held accountable, however, varies from organization to organization.
While some organizations feel that all three parties are responsible:

... the organization is really accountable to its shareholders to develop people all the time; the individuals are accountable to themselves and to the organization in terms of how they develop....

Others feel that the accountability of managers is crucial. The organizations we studied illustrate that managers in best-practice companies play a pivotal role in coaching employees. They assess not only performance but gaps in skills and developmental needs. To ensure managers recognize the importance of these activities, systems are in place in best-practice organizations to hold managers accountable for the development of their employees.

Some organizations have gone as far as making career development of employees an integral part of their managers' performance evaluations, with weakness in this area impacting on performance ratings and the outcomes attached to them. In these organizations, managers are accountable not only for financial performance, or performance in product or service delivery, but also for people management (best-practice organizations consider career development to be an essential component of people management). For example, beginning in 1999, 25 percent of the compensation of people managers in the Systems & Technology unit of Royal Bank is contingent on their HR management. At Alcan, to support and underscore the idea that their Succession Management and Leadership Development process is a priority, managers are evaluated and rewarded for their efforts to develop talent. Performance bonuses are contingent on assisting with career planning, and a basic criterion used in promotion decisions is whether or not the managers developed their people well.

Best-practice organizations also publicize and publicly reward those managers who have been exemplary in career development. When Royal Bank recently awarded (through its company-side Star Performance Program) a manager for her excellence in people management (she won a cruise!), the message could not be clearer to employees that what is valued is not only "good work in customer orientation or support, or saving the Bank a lot of money, or some high-tech solution – it’s good people management." The adage rings true: “What is measured gets done; what is rewarded gets attention.”

Best-practice organizations give managers training on how to help employees with career development

Best-practice organizations recognize that for managers to be competent and comfortable in their career development activities, they need to be trained in activities such as how to be an effective coach, how to give performance feedback, etc. Some organizations have not provided training systematically and now feel the need to develop this critical skill in their people. Others have moved forward to provide the tools and training necessary for both the coach and the coached. For example, Royal Bank has developed a six-step coaching model called the Royal Coaching Journey which provides managers with a road map to any coaching session, regardless of its nature. Workshops, a leader’s guide, a self-study guide, a Coaching Resource Kit video, a two-hour online interactive course, and a CD-ROM on “Advanced Coaching Skills” have all been developed to enhance the managers’ coaching skills, including active listening, asking effective questions, and giving and receiving feedback. IBM, in addition to offering courses on coaching skills, has developed audio-cassette tapes on effective coaching for its managers to listen and learn at their convenience.

Best-practice organizations give employees the processes, information, tools and resources they need to develop their careers

Best-practice companies recognize that if they are placing part of the onus for career planning and development on the individual, then the individual must have the processes, information, tools and resources in place to proceed. This is the “support” that is required of the organization. The organizations we examined indicate that best-practice organizations have indeed provided extensive support to their employees in this regard. All of the best-practice organizations considered in our study provide a host of information and resources to facilitate individual career planning and development (i.e., self-assessment tools; clear and visible competency profiles and performance requirements against which employees can
map their own progress and aspirations; guides to personal/career development plans; and catalogues of internal and external training options and educational opportunities, workshops, and resources in career and personal planning such as books and videos). The key to the usefulness of these resources appears to lie not in how they are offered (i.e., on-line technology versus less sophisticated means) but rather in their accessibility, timeliness and perceived relevance.

Many of the best-practice companies have in-house training facilities in addition to utilizing external resources for the training and development of their employees. For example, Bank of Montreal has an Institute for Learning in Toronto which offers more than 70 individual courses in four major areas. Hewlett-Packard has four corporate education departments responsible for core management development for first and middle level managers, as well as leadership development for senior management. Xerox has training centres in Montreal, Toronto and Calgary. IBM has an Education and Training Centre in Markham, Ontario, responsible for “education” and “technical training.” At IBM the Management Development Group is tasked with identifying and providing learning activities for all IBM leaders below the executive ranks. For the executive cadre, IBM Canada makes use of the Global Executive Program run out of the IBM Learning Centre in Armonk, New York.

It is clear that the best-practice organizations understand that development comes in many forms, and are attentive to the variety of resources that should be made available to their different groups of employees with different needs at different stages of their careers. They have also developed and are continually developing tools to help employees as well as managers to be better career planners and people developers.

**Best-practice organizations are good at communicating with employees**

Communication of key career development information and initiatives is considered by all best-practice organizations to be a critical success factor. They know that new career development tools and initiatives, no matter how good, are useless if not utilized. For example, about two years ago, Bank of Montreal launched a campaign of “cascading communication” or information roll-out, to ensure that employees were aware of what tools were available within the Bank to support career development and what the Bank expected from them concerning career development requirements. Workshops of one- to two-days’ duration, over a four-month period, were organized across the country to introduce the materials. A group of facilitators across the country were trained to deliver them in a consistent manner.

Many best-practice organizations also make strategic use of their career development systems to communicate with employees. For example, many use their job posting system not only as a means to advertise openings in the organization but also as a strategic tool to communicate to employees what’s happening in the organization, and to provide them with a better appreciation of the opportunities available. Some organizations will even post jobs that have been filled. To illustrate this, IBM’s CareerNet maintains a history of jobs posted in JOBNEWS (the on-line job posting tool) so individuals can determine the types of jobs and skills that have been in high demand in the past. It also provides ongoing, current information on IBM Professional Profiles against which employees can compare their own personal profiles.

**Best-practice organizations offer their employees a number of development options**

Best-practice organizations offer and make available to their employees a range of development options including but not limited to:

- formal courses
- seminars
- workshops
- action learning
- conferences
- mentoring.
There is also a move toward self-directed, self-paced learning (i.e., “any time – any place learning”). IBM, for example, has converted many of its courses to on-line versions not only to contain costs but also to allow for self-paced learning. Xerox has invested heavily in self-directed learning, supporting it with extensive on-line capabilities.

**Best-practice companies emphasize experiential learning**

While these organizations do offer many developmental options, most best-practice companies will consider “learning from experience” to be the most important developmental strategy including:

- on-the-job learning
- rotations
- assignments
- projects
- task forces
- “flow-through” or developmental positions (e.g., Xerox).

All of the organizations underscore the value of learning as an ongoing process rather than as a one-shot event, and the importance of practice, reinforcement and follow-up. The cost effectiveness of the approach also needs to be considered. It is important that while we learn, we are also contributing to the organization.

The attitude of Royal Bank concerning the importance of experience is fairly typical of the organizations in the study – experience is considered the first and foremost means of executive development/leadership development. As opposed to an external or an internal training program, the Bank concentrates on providing employees with a variety of experiential assignments (usually two to three years in duration) during their careers:

We will take people who have been in a particular role and potentially give them a role that is totally foreign to them – it may be geography, the type of work, or a variety of parameters.

The aim of the assignments is to develop in the executives and non-executives a much broader feel for the organization, so that they are allied or aligned with the organization as opposed to a particular unit. Career moves are discussed in terms of what they do, not only for the organization, but also for the individual.

**Best-practice companies integrate career management processes into other key human resources processes**

In all best-practice organizations examined in this research, the career management and development processes are integrated with and supported by other HR processes such as performance management, succession management, HR planning, and in many instances, recruitment and staffing. As noted earlier, some best-practice organizations even link career development to the compensation and reward system. Good HR practices recognize the interrelationships among the various processes and integrate them in a well-connected system.

In best-practice organizations, career development is an essential part of the performance management process. With performance assessment comes the identification of skills gaps and developmental activities which will enable better performance and a higher level of growth and career aspiration.

**Best-practice organizations identify and give special attention to high potential employees**

Almost all of the organizations in our study identify high potential employees and target them for systematic and more extensive development and exposure, and planned career moves. Best-practice organizations:

- identify promising employees at an early age and at an early stage of their career
- “reach deeper into the organization” to identify high potential employees and not just in the upper ranks of the organization.

Most of the organizations have fairly well-established processes in place to identify such people. Pratt & Whitney
Canada, for example, has three teams, each responsible for identifying individuals who can be brought forward as candidates that can be assessed, developed and eventually placed in different levels and positions. Team 1 focuses on those destined for executive ranks. Team 2 is a leadership development team, made up of junior executives, with representation from all areas of the company, whose role is to review and create a pool of candidates who can be evaluated, developed and appointed. Team 2 receives input from six teams which are the Team 3s, whose members come from the six sectors/functional areas of the company. Team 3s' responsibility is to identify junior potential people with less than five years in the company for assessment and development. As such, the process allows managers at different levels of the organization to “keep tabs” on those whom the organization believes are “investable for future management/leadership requirements.”

Alcan, as another example, uses a “people review process” which is facilitated through a “skills group” structure. At every level, managers get together (with a sponsor from senior management) and share with their peers information on their subordinates’ performance. Through this process, high potential employees are brought to the attention of every level, up to the CEO. It is the intention of the organization to identify high potential employees as early as possible (at entry level), and to have as wide a pool of candidates as possible to develop and promote into leadership positions. (The last two out of three chief executive officers of the company were identified in their late 20s or very early 30s and were promoted to very senior level jobs in their early 40s.)

Interestingly, IBM has indicated that it is now identifying “high technical potentials” as well as “high women potentials.”

Best-practice organizations focus on identifying leadership throughout the organization

Best-practice organizations also recognize that focusing on high potential employees is not enough – it is also important to pay attention to the “solid citizens,” the good contributors who may not be the “high potential employees” or the “high flyers” but whose motivation and contribution are critical to the success of the organization. Such organizations focus on developing leadership throughout the organization. As one participant commented:

There is a lot more power and capacity for individual and organizational transformation when development is available for most or all employees, not just the high flyers.

Best-practice organizations regularly evaluate their career development system

Evaluations of the effectiveness of the career development system and programs are done with varying degrees of sophistication in best-practice organizations. While some track usage of programs, most track satisfaction with training. Almost all best-practice companies will have data on the costs associated with training and development. Few, however, are able to quantify the benefits. Many best-practice organizations engage in career development programs because they believe in the importance of people.

We cannot quantify it … it is something that we know that when we don't do it, our people are not thinking globally, their mind set is not correct, they do not understand the strategy … they don't have the network. … The company cannot quantify it, but the payback is there.

Gender representation at the top is still an issue

A consistent but disturbing finding is that despite all the “best-in-class” career development systems and practices in the companies interviewed, the percentage of women in senior level positions is still very low. Organizations may have identified high women potentials in the lower ranks (some even have a higher percentage of women than men) but somewhere along the way up the hierarchy, their representation dwindles. Organizations acknowledge that there could be a variety of reasons for the phenomenon and agree that closer study and subsequent action is necessary.
Of particular interest is the fact that many of the competencies in the competency-based systems now in place in many organizations may be characterized as more “female” in nature (e.g., teamwork and cooperation; sharing information and communicating effectively; listening, understanding and responding, etc.). If these competencies are “objective” and are “supposed to get you somewhere,” why are the women not “there”? Organizations appear to be quite conscious of the need to accelerate the development of women. Similarly, they are aware that serious assessment of the causes and related issues is warranted.

Caveat

There are many lessons to be drawn from best-practice organizations. While there are many similarities, there are also many differences in the processes and strategies used among them. Not all of the processes and strategies will work in every organization. Much depends on culture. What works in one culture may not necessarily work in another. Organizations need to look at their own culture and their commitment, evaluate which of the above success factors will work within their own environments and adapt strategies to meet their own needs and circumstances.

Endnotes


4. Xerox, for example, tracks among other things the level of learning activity and the number of self-directed programs being ordered.