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HOW THE WORLD'S LEADING CORPORATIONS MANAGE, DEVELOP, AND RETAIN TOP TALENT

EDITED BY

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CHAPTER 10

MICROSOFT CORPORATION

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Leaders Building Leaders—transforming Microsoft's high-potential development experience that integrates assessment, coaching, mentoring, learning circles, action learning, and business conferences.

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INTRODUCTION

The opportunity for ongoing learning and development is a commitment Microsoft makes to all employees. Microsoft invests more than $375 million annually in formal education programs directed at the employee, manager, and leader, offered by the Corporate Learning and Development groups and other profession-specific learning groups throughout the company.

In addition to the development offered to all employees, Microsoft invests in a smaller group of employees who have the potential for, and strong interest in, taking on more senior, critical roles as individual contributors or managers. These individuals are identified and considered for more focused career development, which may include participation in one of several professional development experiences known as high-potential development programs.

In identifying employees as high-potential, it is important to appreciate that natural "gifts" are not sufficient. For an employee, reaching his or her full potential depends on a combination of natural gifts, what he or she does with that talent (hard work, perseverance, courage, etc.), the experiences he or she is given, the support of others along the way, and the context/culture within which he or she operates (McCall & Hollenbeck, 2002; McCall, Lombardo, & Morrison, 1998).

At Microsoft, high-potential development goes beyond traditional management or leadership development. Instead, it focuses on *accelerating* the development of these individuals to advance to the next career stage. The remainder of this chapter will present Microsoft's case for making a significant shift in high-potential development within the Sales Marketing and Services Group (SMSG).

WHAT LED MICROSOFT SMSG TO MAKE THE CHANGE

The Sales Marketing and Services Group is more than 45,000 employees responsible for Microsoft sales, marketing, and service initiatives; customer and partner programs; and product support and consulting services worldwide. Its field sales and marketing professionals delivered $53B in billed revenue in fiscal year 2008 and $34.8B in profit. Additionally, the group is responsible for corporate operations and IT functions that support the work of Microsoft's approximately 91,000 employees around the world.

Recent key accomplishments of the group include:

- Significant increases in customer satisfaction ratings;
- Growing the Windows Client, Server and Tools, Information Worker, Mobility, and Microsoft Business Solutions businesses and winning new customers in a very competitive environment; and
- Building a world-class field infrastructure and streamlining a rhythm-of-the-business, allowing the field to execute in harmony with the business groups on growth planning and the way in which we measure the health of the business.

The organization operates within thirteen geographic "areas" and has more than ten vertical segments, sectors, and functions. In 2004, SMSG had high-potential programs operating in nearly all of them. The individual programs were not aligned to Microsoft's Leadership Career Model and were not easily scalable. Furthermore, consistent criteria for identifying high-potentials did not exist, and areas and segments independently determined the number of "high-potentials" that they wanted to develop. This impacted the larger talent management system and made movement among programs difficult when employees changed areas, segments, sectors, or functions. Given the various objectives of the programs, the experience of high-potentials was inconsistent across SMSG.

To build the pipeline of future leaders, Microsoft SMSG decided to align high-potential development within SMSG to create a consistent experience.

EXPO LEADERS BUILDING LEADERS—THE NEW HIGH-POTENTIAL DEVELOPMENT EXPERIENCE

SMSG began with questions. What is a high-potential? How is high-potential talent identified? How many HiPos are needed to meet future demand? Finally, how is the development of high-potentials accelerated? The answers to these questions led to a new program, ExPo Leaders Building Leaders. ExPo, which stands for "exceptional potential," is a long-term leadership development experience in SMSG for high-potentials. Leaders Building Leaders is a leadership development philosophy that sets up a cascading approach to the investment of time and resources by current leaders into emerging leaders at the next career stage level. Microsoft SMSG would apply this leadership development philosophy across less than 4 percent of the population or more than 1,600 high-potentials in 107 countries. To begin, they needed to identify the high-potentials.

High-Potential Identification

SMSG heavily leveraged the Corporate Leadership Council's 2005 empirical study, "Realizing the Full Potential of Rising Talent." A high-potential at Microsoft is defined as someone with the ability, commitment, and aspiration to advance to and succeed in more senior, critical roles (see Figure 10.1).

These roles include individual contributor, manager, technical and executive leadership. A high-potential differs from a high performer in that a high performer may demonstrate exceptional ability, but may not demonstrate commitment and/or aspiration to advance to more senior roles or to do so in an accelerated timeframe. High-potentials are a subset of high performers and are promotable into the next potential band. In other words, not all strong performers are high-potentials. HiPos must have the ability (skills and competencies), commitment, and aspiration to grow and succeed and be a top performer as a people leader in an accelerated timeframe relative to high performers. The combination of the three is required, and only those employees determined to be highest on all three are selected. As they take on risky jobs, this might

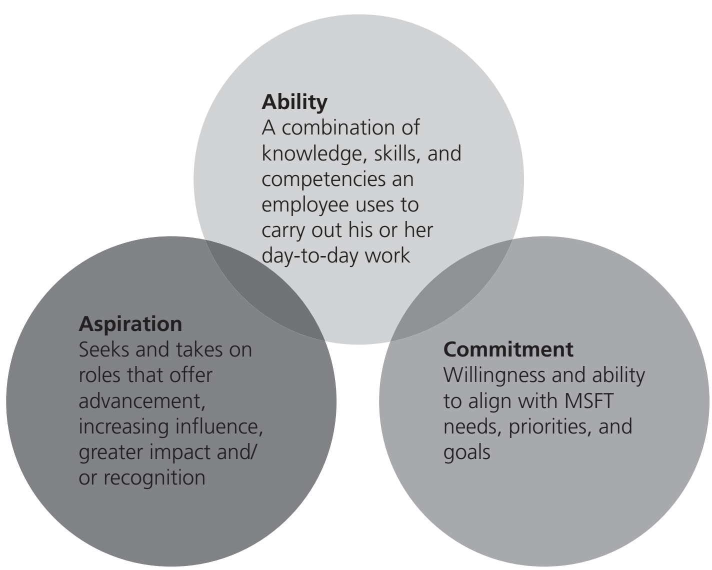

FIGURE 10.1. *High-Potential Criteria*

Source: Adapted from Corporate Leadership Council High-Potential Management Survey, 2005.

slow momentarily as they master new skills, which needs to be accounted for. It is expected that they will catch up and continue on a fast trajectory.

ExPo Tiers

Once the high-potential talent is identified, SMSG sorts them by career stages. Whereas in the former programs, high-potentials were grouped regardless of career stage and received similar development opportunities, ExPo provides differentiated development. ExPo Tiers are the organizing function for offering the development experiences based on the needs of specific career stages. High-potentials are segmented into a three-tier system, as seen in Figure 10.2: junior individual contributors in Tier 3, senior individual contributors and managers in Tier 2, and managers of managers, functional leaders, and business leaders in Tier 1. Each tier has a different focus area based on the unique needs of the particular career stage.

Tier 1's development focus is building leadership capability in priority areas and building a globally diverse network. Tier 2 focuses on building an understanding of the requirements of leadership at Microsoft and broadening the network across time zones. Tier 3 builds commitment and aspiration to leadership through greater self-awareness and understanding of Microsoft SMSG and non-SMSG businesses.

Five Drivers of Accelerated Development for High-Potentials

Once sorted into the appropriate tiers, the high-potentials' development experience begins. Underlying all development are five drivers of accelerated development for high-potentials at Microsoft. The Five Drivers are development activities that *significantly* impact the development of high-potential leaders and are derived from two

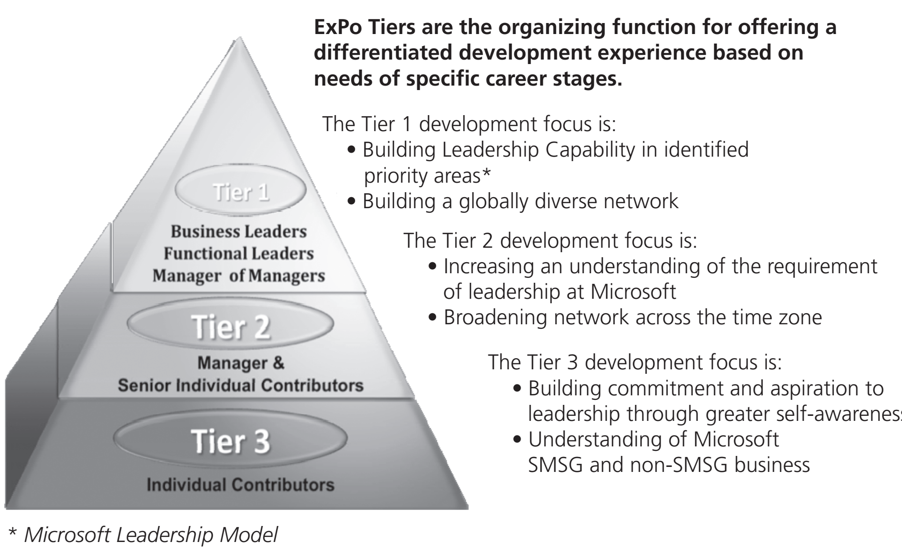

FIGURE 10.2. *Key ExPo Tiers*

primary sources, the Corporate Leadership Council (2005) and Morgan McCall (McCall & Hollenbeck, 2002; McCall, Lombardo, & Morrison, 1998).

Research indicates that five key areas, if executed effectively, have the most significant impact on high-potential development (Corporate Leadership Council, 2005):

- Senior leadership commitment to developing leaders;
- Manager capability and engagement in the development high-potentials;
- A professional network that allows for contacts throughout the business;
- A high-quality, customized stretch development plan with clear objectives; and
- On-the-job experiences.

These five areas were used as design principles in the design of ExPo. We will consider each one separately.

Senior Leadership Commitment to Developing Leaders Executive ownership in high-potential development is critical to the success of any program. Executives and senior leaders play a key role in modeling the behavior expected of all leaders in developing their high-potentials. They are also responsible for holding managers accountable for developing their high-potentials. For high-potentials to accelerate their development, they must have regular interaction with current leaders in order to build their own capability. Observing executives and senior leaders in action and learning from their stories of successes and failures are a foundational aspect of ExPo.

Executives and senior leaders can demonstrate ownership and engagement by committing to and spending time in activities such as

- Being accountable for the success of leadership programs, development of their direct reports, and development of their own leadership capabilities;
- Conducting ongoing reviews of high-potential talent and facilitating cross-company development moves;
- Acting as mentors and coaches;
- Speaking at high-potential conferences, teaching in high-potential program sessions, and sponsoring action learning projects; and
- Spending time with high-potentials in the course of their business travels.

Manager Capability and Engagement in the Development of High-Potentials The research indicates that the most valuable development for any employee is on-the-job learning and key to that learning is the active engagement of the employee's manager (Corporate Leadership Council, 2005).

Partnering with the manager to create access to leadership development opportunities in the current role enables faster development of the high-potential. Managers must be provided with training and coaching on how to develop their high-potentials. In addition to coaching, managers should be made aware of the kinds of experiences that would allow the high-potentials to accelerate their development. When opportunities for those experiences arise, the manager should think first about providing those to their high-potentials.

In addition to being rewarded for business results, managers need to be held accountable through the performance management system for developing their high-potentials. An example would be the inclusion of a measurable objective for developing their high-potentials in their annual performance objectives. It is also necessary to define the accountabilities of the high-potential, the business group, and the organization, as each plays a role in development.

A Professional Network That Allows for Contacts Throughout the Business High-potentials thrive when they have a diverse network of people across the organization that they can draw on to gain access to information, solve complex business problems collaboratively, and achieve business goals. More importantly, the network is most powerful when it consists primarily of other high-potentials. High-potentials develop most quickly when they are managed by high-potentials, participate in a team of high-potentials, and manage high-potentials themselves. Consequently, creating opportunities to build a peer and leadership network across the business is a core aspect of ExPo.

A High-Quality, Customized Stretch Development Plan with Clear Objectives Ensuring each high-potential has a customized, robust, stretch development plan that contains the right mix of learning based on individual development needs is another important aspect of development. A clearly defined career aspiration statement is the most important element of this plan. Without it, the development gap cannot be established, and impactful development activities cannot be selected and executed.

On-the-Job Experiences In ExPo, SMSG has shifted the majority of learning from programmatic to on-the-job development and relationship building. On-the-job development is informed by the experiences that high-potentials have that are related to handling future business challenges and usually includes a cross-business group or international perspective. This type of learning can happen in two ways: placing high-potentials into roles that have been identified as containing key learning experiences or mining current roles for all of the stretch learning opportunities available. Either way, it is critical that learning objectives be defined and that the high-potential is supported in the learning. To gain the most value from development on the job, learning-*from*-the job must be facilitated and made explicit.

In many respects the Five Drivers of Accelerated Development may appear to be common sense. But common sense is not always common practice. For example, it is difficult to ensure that every high-potential reports to a high-potential manager, works on a team of high-potentials, and manages high-potentials. Given that high-potentials represent only 4 percent of the employee population, this is virtually impossible. Thus, ExPo educates high-potentials about the Five Drivers of Accelerated Development and asks them to be conscious about activating them in their development. Additionally, ExPo attempts to simulate the drivers within its development activities. They are imbedded through all aspects of the ExPo experience.

Five Development Components

ExPo allows emerging and experienced leaders to learn from each other through five developmental components that are tied to the five drivers. Each component is executed differently at each tier to provide a unique development experience that builds leader capability over the duration of the ExPo experience. This creates consistency and integrated development for emerging leaders as they move vertically through the ExPo tiers.

The five developmental components, highlighted in the pinwheel (Figure 10.3), provide a leading-edge development experience that builds leadership capability over time.

Orientation Orientation provides the programmatic component of ExPo. It is designed to address learning needs that high-potentials have in common, such as understanding the business strategy at Microsoft, increasing business acumen, and understanding what it means to be a leader at Microsoft. Core content relevant for a high-potential leader at the targeted career stage is provided in a classroom setting and is not meant to duplicate development found in other management or leadership development courses.

Sessions are conducted in peer groups, such as Tier 1, Tier 2, and Tier 3, and:

- Introduce high-potentials to the core elements of ExPo;

FIGURE 10.3. *ExPo Development Framework*

- Provide expert instruction—classroom-based education in leadership theory and practice;
- Include opportunities to network with executives (both internal and external) and peers;
- Provide a forum for delivering developmental feedback; and
- Set up executive coaching, mentoring, and "learning circles" (peer coaching groups of five to seven people).

Most importantly, Orientation provides opportunities for leaders who have already demonstrated the targeted competencies (Exhibit 10.1, Microsoft Leadership Competencies) and/or are considered high-potential leaders themselves to teach and share key insights. The program includes and initiates several capability-building activities in order to build individual leadership competencies. Other skill-building activities that are completed in and around orientation include:

Assessment—one of three assessments is used.

- A Microsoft sponsored 360-degree assessment tool such as the MS Leader 360 instrument created internally and used to assess the eleven Microsoft leadership competencies; or
- Kouzes and Posner's Leadership Practices Inventory (LPI) 360 instrument, which assesses the leadership behaviors associated with The Five Practices of Exemplary Leaders; or
- Assessment of psychological preferences in how people perceive the world and make decisions via the Myer Briggs Type Indicator (MBTI) psychometric questionnaire; and
- Manager/member contracting sessions (a contract is signed to support participation in ExPo).

EXHIBIT 10.1. Microsoft Leadership Competencies (Subset)

Microsoft Leadership Competencies
Executive Maturity
OneMicrosoft
Impact and Influence
Deep Insight
Create Business Value
Customer Commitment and Foresight

A successful development process is a strong partnership between the high-potentials, their managers, skip-level managers, and HR. The partnership is vital for ensuring a concentrated "high touch" and personalized learning experience for each high-potential member. And it is important to highlight that the high-potential development process is *self-managed by the high-potential member* with approval, collaboration, and encouragement from his or her manager, skip-level manager, HR, and POC team. Although the high-potential development process is managed by the high-potential member, without the above-mentioned people contributing time, thought, and effort, the member may still progress, but not at the accelerated rate. The significant expectations on high-potentials and the people involved in ensuring their success rely on each high-potential's level of committed engagement and the people who are supporting their activities.

The manager/member contract is designed to assist high-potentials and their managers in clarifying the purpose, expectations, roles, responsibilities, and commitments of the high-potential development process between these two parties. To ensure clear understanding of the above-mentioned subjects, a contracting guide and session were created to facilitate a robust conversation between the high-potential, his or her manager, and human resources, which concludes with signed contracts ensuring commitment to the high-potential development process.

The signed contracts between the high-potential and the manager pledge the responsibility of personal and professional development with shared partnership necessary to cultivate the high-potential's skills and abilities.

Leadership Conferences Leadership conferences are business conferences, roundtable discussions, and live meetings that bring executives (both internal and external) and high-potentials together for mutual benefit and learning. Area Leadership Teams—thirteen geographic leadership teams comprised of the area VP and his or her direct reports who set the direction for and manage the business—commit to a two-day leadership conference that connects the senior leaders of the area with local high-potentials. These conferences create a forum for dialogue and learning around the strategic business issues and challenges of leadership at Microsoft.

Conferences are conducted across tiers, usually Tiers 1 and 2, with occasional participation from Tier 3. They are designed to facilitate reflection, build critical relationships from one level to the next, and provide an additional forum for sharing learning *from* the job that is discussed throughout the year in other components (particularly "leadership in action" and "learning circles"). Smaller leadership conferences, such as leader roundtables, are also held within business units or areas as appropriate and provide opportunities for substantial networking.

Most importantly, leadership conferences are designed and led by the area leaders in cooperation with local leadership and organization development consultants. Each area is able to choose a conference design that is appropriate to its cultural needs and business challenges, so there are differences in design and format.

Conferences enable high-potentials to:

- Work collaboratively with peers and leadership teams on strategic business challenges;
- Gain insight into the requirements of being a broad business leader and the transition required from functional expertise;
- Develop relationships and raise their profile as high-potentials with members of their leadership team; and
- Build and extend their networks.

Leadership in Action Research demonstrates that emerging leaders develop new leadership capability when their learning is linked to real business impact. Development that maximizes this type of learning is called "action learning." It develops leadership qualities, analytical skills, and strategic thinking by way of experience-based exercises. By including the Leaders Building Leaders dimension so that all participants—Tiers 1, 2, and 3—are engaged in one integrated experience, Microsoft SMSG created Leadership in Action (LIA), which benefits SMSG by:

- Building and promoting a common leadership culture as exemplified by the leadership competencies;
- Developing leaders for the future, while establishing a strategic link between senior and rising leaders; and
- Identifying recommendations and action plans to address top business challenges.

The LIA practicum provides the opportunity for small groups of high-potentials to work on finding new solutions to real and tough business challenges. At the same time they are encouraged to reflect on their thinking and action to maximize their development as leaders. At the LIA practicum, tough business challenges are presented to each small group by a selected team leader, a Tier 1 member. Projects are real business challenges from Tier 1 team leaders and are rigorously selected as appropriate action learning projects. Each team leader works with his or her group throughout the event on a solution that he or she is expected to use in solving the challenge during the next six months.

While LIA is centered on action-learning projects, the program is integrated to leverage other capability-building activities such as assessment, executive coaching, and career-focused coaching, which benefit high-potentials by:

- Providing the opportunity to practice thinking systemically;
- Developing their mastery of listening and coaching through use of action learning methodology;
- Building deep relationships with peers across Microsoft and extending their senior networks; and
- Increasing their strategic perspectives on Microsoft.

In addition, Tier 1 team leaders gain fresh perspectives on their business challenges from the high-potential population.

Learning Circles Building leadership networks and collaborative working relationships are two of the most significant leadership needs at Microsoft SMSG. Learning circles are small peer-based learning groups designed to connect diverse groups of high-potentials, both functionally and geographically, to mutually support each other in developing themselves as leaders. Comprised of five to seven high-potentials who meet either face-to-face or virtually, learning circles integrate the learning from current role experiences with development priorities to provide a more impactful learning experience.

Members form close, confidential networks in which they feel free to share support, feedback, and materials to help each other address current priorities and to progress in their careers. Utilizing coaching and feedback as the primary developmental tools, high-potentials surface their learning and identify realistic actions to move their development forward between meetings. In addition, the learning circles enable them to reflect on the actions that they took, which in turn cultivates skills in learning how to learn from their own experiences.

Learning circles enable high-potentials to:

- Drive personal development as a future leader by:
  - Enhancing their proficiency at cross-business collaboration;
  - Increasing their learning agility from their current roles;
  - Customizing action and learning plans;
  - Linking formal learning with on-the-job experiences; and
  - Deepening their insight and understanding of the Microsoft business.
- Create greater business impact by:
  - Creating more effective and diverse organizational networks across Microsoft's emerging leadership talent pools;
  - Sharing support and accountability for results;
  - Increasing performance levels against current performance objectives; and
  - Delivering innovation and execution against key strategic business issues.

Coaching and Mentoring In addition to learning circles, Microsoft offers one-to-one partnerships through coaching and mentoring that involve a thought-provoking process that inspires the individual to maximize his or her personal and professional potential. Through individualized follow-up, coaching, and mentoring, they integrate learning from a variety of sources such as assessment feedback, current role experiences, and development priorities to provide a more impactful learning experience.

Coaching and mentoring enable high-potentials to:

- Build skills and close development gaps;
- Develop "big picture" understanding of Microsoft and our industry through cross-boundary and cross-role exposure; and
- Become more accountable for their own development since the coaching and mentoring process is a self-directed one.

Microsoft has a well-developed mentoring program that automatically matches high-potential mentors with high-potential mentees. The coaching process will be described in greater detail later in the chapter.

THE PROCESS OF REDESIGNING THE HIGH-POTENTIAL DEVELOPMENT EXPERIENCE

Creating ExPo was a classic change management project with three phases.

Key Steps and Timeline

First, Microsoft analyzed the current state—understanding what was working and not working, studying the best practices that existed, and reviewing the research related to high-potential development. Next, the Microsoft team envisioned the future state—considering both internal and external best practices, adopting or adapting them, and creating some new ones. Finally, they implemented the changes. Although this initially began in 2004 with a desire to bring more consistency to the high-potential development experience, the majority of the work took place between August 2006 and August 2007 and was mostly completed by a small team of internal leadership development consultants. It is important to highlight this, as it demonstrates that a change of this magnitude can be completed internally when the right resources are applied. The current state analysis and initial research related to the drivers of development were completed between mid-August and mid-October 2006. A high-level vision was then crafted, refined, and socialized between mid-October and mid-December 2006. Once approved, more research was conducted on best practices in leadership development between January and March 2007 and implementation guides were crafted along the way. The detailed design was communicated in April 2007, and program content was built through the summer in preparation for the launch in October 2007.

Research Activities

To develop the ExPo program, Microsoft began by asking the question, "How is the development of a high-potential accelerated?" The team was guided to the Corporate Leadership Council's 2005 empirical study, "Realizing the Full Potential of Rising Talent" (Volume 1), which provided a strong basis for the rationale and drivers underlying ExPo. After analyzing that research and drawing conclusions appropriate for Microsoft's environment, the team looked at additional research by McCall and Hollenbeck (2002) and McCall, Lombardo, and Morrison (1998).

Once the five drivers were established, the team researched the ways to embed them in the development activities. An extensive literature search for best practices in leadership development was conducted. The team mapped these development activities to the drivers and landed on the five primary development components. With this, the team was able to move from a high-level vision to a more detailed vision. Several months were dedicated to crystallizing the detailed vision and writing implementation guides that would enable HR professionals to comprehensively understand the program so that they could effectively communicate it to business leaders in the field.

Team Structure and Thought Leaders

Core to design and implementing ExPo was a diverse group of professionals who enabled the change to take place. The team structure evolved over time. Initially in 2004, it began with a group of eight individuals who worked virtually and volunteered their time to the initiative. (By August 2006, three full-time positions were created, which expanded to four by August 2007.) Known internally as the POC Hippies (People and Organization Capability High-Potential Team—with High-Potential eventually shortened to "HP," which later evolved to "Hippies"), they isolated the five drivers and created the high-level and detailed drafts of the vision. By February 2007, it was clear that, for the change to be implemented globally, more stakeholders would need to be engaged around the world. The team was expanded to approximately twenty members, who represented different segments, sectors, functions, and geographies. As more responsibilities were added, it was clear that the structure to support ExPo also needed to evolve. Today, three teams exist:

POC Hippies: A group of nearly twenty organization development, leadership development, and business professionals who share a passion for high-potential development; contribute to the overall design and development of the ExPo experience; and work closely with the ExPo core design team. They meet monthly via two international conference calls and twice annually face-to-face in April (Microsoft Headquarters) and August (international location).

ExPo Execution Excellence Team: A group of nine program managers who ensure the execution of ExPo in the thirteen areas worldwide. They meet once monthly at a minimum via conference call and once annually face-to-face in June (location to rotate). They meet virtually and frequently during the pre-launch period (August through September).

ExPo Core Design Team: A group of five full-time leadership development consultants responsible for the overall HiPo strategy and experience for Microsoft SMSG and act as the primary thought leaders for the ExPo components. They meet once per year face-to-face in early February and virtually as needed ongoing.

These three teams were the primary owners of the change management plan and transition management activities.

Transition Management Activities

A change of this magnitude requires leadership commitment, stakeholder involvement, and appropriate phasing. It begins with leadership. Kevin Turner, COO of Microsoft, was unwavering in his desire for one consistent program worldwide. When areas and segments suggested that they were unique and somehow exempt from making the change, Turner did not yield. Instead, he continually asked for one program and one name, ExPo, which was symbolic of the change. In addition, Sue Bevington, CVP HR for Microsoft SMSG, and Jeff McHenry, senior POC director at that time, were equally committed to a common approach to high-potential identification and development, globally.

Critical to making the change was the expanded Hippies team, which met for the first time in April 2007 in Tokyo, Japan, to evaluate the viability of the detailed vision and implementation plan and to provide feedback on how to improve both. Energized by the possibility of change, the team contributed many hours to taking the thinking to all potential HR and business leader populations in order to increase their engagement and the probability of implementation success. In addition, sorting the responsibilities of the team and understanding that three primary team roles were required enabled the team to divide and conquer as the program expanded.

Finally, implementation was phased in over a two-year period. Only four of the five development components were introduced in October 2007. Leadership in Action was held until October 2008 to allow more time for research and testing prior to launch. Likewise, new content is introduced annually as each tier progresses through each year of the program.

Although the program is relatively new, the feedback from the business has been substantial and positive. ExPo has been highlighted as an example of what Kevin Turner calls "business excellence," meaning "innovation + operational excellence." The team responsible for the design and implementation has received internal recognition and awards, and the program has been recognized as a best practice by professional associations.

In order to deliver ExPo on the global scale required, partnership with external organizations was critical. As the design and implementation plans were finalized, SMSG began a search for partners who could lend additional subject-matter expertise to a couple of key components, executive coaching and learning circles. More detailed descriptions of the work with these partners, CoachSource and Authenticity Consulting, are provided next.

COACHING AS A PRIMARY DEVELOPMENT COMPONENT FOR HIPO DEVELOPMENT IN SMSG

Executive coaching is offered to Tier 1 ExPo participants (managers of managers, functional leaders, and business leaders) in the first year of their ExPo experience. Microsoft initially met with CoachSource as the potential executive coaching partner because of numerous references to the firm noted in their study of best practices.

They selected CoachSource for the availability and quality of their global coaching pool, use of technology to support the coaching process, and the flexibility they demonstrated in meeting Microsoft's needs. In the first year, approximately 214 of 250 leaders took advantage of the executive coaching program via CoachSource.

Why executive coaching? Microsoft believes that executive coaching provides the most effective ongoing behavioral development for leaders. Participants receive regular, individualized follow-up to help drive behavioral change over time. A coach offers a third-party, objective support for the leader's improvement efforts.

The definition of executive coaching adopted is the "one-to-one development of an organizational leader" (Underhill, McAnally, & Koriath, 2007). While there are different approaches to coaching, ExPo's focus was around the development of leaders in the organizational context. Coaching is focused on changing leadership behavior in the workplace.

Coaching Process The coaching design allows for approximately two sessions per month, mostly via telephone (or all via telephone if participant and coach are not co-located). The coaching timeline is provided in Table 10.1. Coaching sessions are focused on feedback from the Microsoft 360-degree assessment, associated Microsoft leadership competencies, other relevant data points, and the Coaching Action Plan (CAP) crafted from the results of this assessment. (A sample is provided in Exhibit 10.8.)

This coaching process requires clearly defined goals to be created, which are outlined in the Coaching Action Plan. After the plan is created, it is shared with the program managers, allowing an additional audit that *tangible goals* are the central thrust to the coaching work. Goals have to be clearly identifiable and behavioral in nature to allow for the use of metrics to measure improvement at the conclusion of the assignment (see "Measuring Results").

Following the "feed-forward" process (coined by Marshall Goldsmith), participants are encouraged to share their development objectives with their key stakeholders. Thus these stakeholders become involved in the participant's growth by being made aware of the development objectives and are able to offer future-focused suggestions related to these areas for development. Stakeholders are then surveyed at the conclusion to measure progress over time.

Coaching is ten hours spread over a maximum six-month period. After this time, unused coaching hours are lost. This is done purposefully to encourage participants to stay active with their coaches and keep momentum alive. Leaders at Microsoft are often pulled toward multiple priorities simultaneously. Enforcing a coaching deadline, as well as cancellation and no-show policies, actually helps drive greater (and more efficient) use of the service.

All coaching activity is tracked via an online web-based database. Coaches log dates of sessions, time elapsed, and any general notes to the database. Program administrators can then easily monitor progress of the pool and provide monthly reporting.

Participant/Coach Matching While matching is accomplished through a "full choice" process, it is also designed to operate quite efficiently. Leaders need the element of choice, which research shows increases participant satisfaction and reduces the possibility

TABLE 10.1. Coaching Timeline

Coaching Month	Suggested Coaching Hours, Format, and Topics	Coaching/Meeting Hours
1	**Session 1 (telephone):** Debrief 360° assessment, goal setting, and action planning	1.5
	Session 2 (in person): Finalize action plan, meet with manager to gain support for action plan	0.5
2	**Session 3 (telephone):** Coaching on goals and action plans	1.0
	Session 4 (telephone): Coaching on goals and action plans	1.0
3	**Session 5 (telephone):** Coaching on goals and action plans	1.5
	Session 6 (telephone or in person): Review post-coaching development plan, meet with manager to gain support for post-coaching development	0.5
4	**Session 7 (telephone):** Coaching on goals and action plans	1.0
	Session 8 (telephone): Coaching on goals and action plans	1.0
5	**Session 9 (telephone):** Coaching on goals and action plans	1.0
	Session 10 (telephone): Coaching on goals and action plans	1.0
	Total Coaching Hours	10.0

of mismatches. Prior to program start, all ExPo coaches indicate which of the MS leadership expectations are their "sweet spots" (coaches are allowed to select up to four of the eleven leadership competencies). Simultaneously, the development needs of the ExPo participants are gathered. Each leader is then matched with two potential coaches based on regional location, development needs, and language requirements (in that order). An automated email is sent to the participant with coach biographies attached.

Participants are encouraged to review biographies and telephone interview the first coach of interest. If this seems like a match, the participant commences with that coach. If not, he or she interviews the second coach. (And if that doesn't work, additional choices are provided, along with a website of all coach bios authorized for ExPo.)

The selection deadline date is enforced, and participants are reminded that coach availability fills up (which it often does). This seems to encourage leaders to make their selections quickly. Nearly all the matching for 214 leaders was complete within about six weeks.

Measuring Results Two key metrics are employed during the ExPo coaching engagement. First, a coach satisfaction survey measures participant satisfaction with their coach. Secondly—and much more importantly—a "mini-survey" measures impact. This coach satisfaction survey is automatically run after four and a half hours of coaching is logged (see Figure 10.4).

The five questions asked are:

"How satisfied are you with your coach in the following areas:

Q1: Identifies clear priorities for my growth and development

Q2: Genuinely listens to me

Q3: Provides specific, actionable suggestions/advice

Q4: Communicates in a direct and concise manner

Q5: Overall satisfaction with your coaching experience"

This graph shows high satisfaction ratings among the five questions surveyed (N = 39). These data are shared with the individual coaches and adjustments/reassignments are made for any poor feedback.

The mini survey measures improvement over time in the eyes of key stakeholders working with the executive. This is the best "impact back on the job" metric currently available. Results can be aggregated over a set of participants to show leadership impact over time. The mini uses a 7-point "less effective" (−3) to "more effective" (+3) scale (Figure 10.5).

In the first year of ExPo, 22 percent of raters felt the participants had improved at a +3 level; 59 percent noted improvement at a +2 or +3 level; and an impressive 89 percent of raters observed improvement to some degree with the participants (+1, +2, +3 levels).

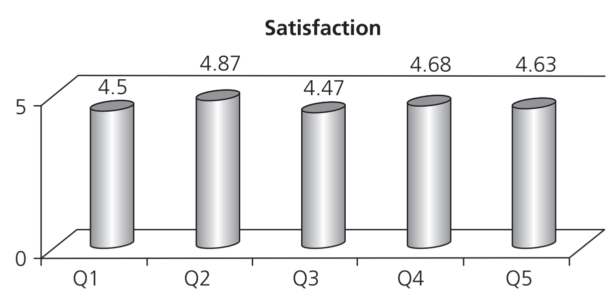

FIGURE 10.4. *Coaching Satisfaction Survey Results*

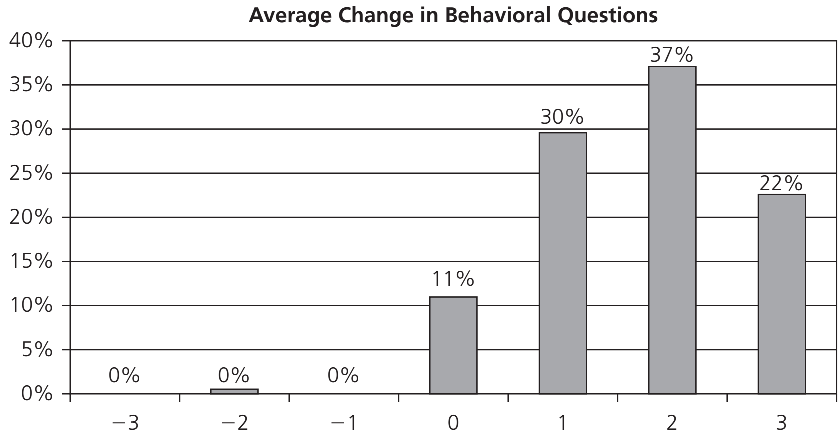

FIGURE 10.5. *Leadership Effectiveness Improvement*

Roles and Responsibilities The participant's boss is an important part of the process. In fact, two of the ten coaching hours are three-way sessions with the participant, his or her manager, and the coach. Managers participate in follow-up metrics to measure improvement over time. Table 10.2 defines the role of the boss (as well as the other key stakeholders).

Roles are clearly delineated for each of the key stakeholders in the coaching process (Table 10.2). Clear responsibilities are defined for not just the participant, coach, and program manager but also for the participant's boss, skip-level boss, and human resources.

Coach Selection and Orientation After a fair amount of research into coach qualifications, the general criteria for ExPo coaches include the following:

- **Business/corporate experience:** Does the coach have specific business or corporate experience and/or background? Has he or she coached executives in organizations of similar size, complexity, industry, etc.?
- **Coach-specific training:** Has the coach had training in a coach-specific process and skill set? How much?
- **Experience in giving feedback on 360-degree or other assessments:** Has the coach had training and/or experience in providing feedback and developing action plans around assessments that will be used?
- **Educational background:** Does the coach have a degree, and in what area?
- **Coach credentials and/or base number of accrued coaching hours:** How long has the coach been coaching? How many accrued coaching hours does the coach have?

TABLE 10.2. Key Stakeholder Roles for HiPo Coaching Program at Microsoft

Stakeholder	Role Description
Human Resources	Program approval and general oversight Approval of all communication drafts before they are sent to other stakeholders Approve and sign invoices
Coaching Program Manager (SMSG Program Office)	Decide on coach selection criteria Source interested and qualified coaches Interview and select coaches Manage external coach-client match process Obtain contractual agreements with coaches Train coaches in MS leadership development process and external coaching process Manage and communicate with coaches throughout coaching process Assure surveys (for measurements) are designed, completed, and results reported Assure invoicing and payment to coaches Track themes that surface from clients to coaches and provide updates to HR
Participant's Manager	Meet with coach and client twice during external coaching process: once at the beginning of the engagement, once at the end of the engagement Approve and support client's action plan and post-coaching development plan Provide ongoing support throughout external coaching process (meet monthly with client and include action plan as an agenda item) Look for opportunities to acknowledge and support client Understand confidential nature of coach-client relationship
Participant's Manager's Manager	Hold client's manager responsible to the client's development
Participant ("The Coaching Client")	Review biographies of three coaches and call best-fit coach to make a selection by date indicated Take primary responsibility for the coaching experience, goals, and progress, including all meeting agendas, action plans, and post-coaching development plans

	Schedule/reschedule meetings with coach and manager as appropriate Attend and prepare for all coaching sessions Request manager's ongoing support throughout coaching process Complete co-designed fieldwork between coaching sessions Contact program manager if there is any dissatisfaction with the coaching relationship
External Coach	Coach notifies program office when selected by a client and requests they complete an agreement Coach client in feedback of 360-degree assessment Coach client in qualifying and documenting goals and action plan steps, and in post-coaching development plan Support and hold client accountable in movement toward and achievement of goals in progressive sessions Co-design appropriate goal-oriented fieldwork for completion between sessions; hold client accountable for completing fieldwork Be responsive to client between meetings as needed via telephone or e-mail Attend two meetings with client and client's manager Hold client information and meetings in the strictest of confidence Contact HR or client's manager if client is not attending meetings or is unresponsive to contact to set up meetings (aside from a suspected law being broken, this is the only reason that the coach would contact others regarding the client) Collect themes and patterns of issues that Microsoft may need to be aware of (examples: special needs or additional training that may be helpful for group)

- **Willingness to subscribe to International Coach Federation Code of Ethics** (an ethical code in which the coach aspires to conduct him- or herself in a manner that reflects positively on the coaching profession, is respectful of different approaches to coaching, and recognizes that he or she is also bound by applicable laws and regulations): Does the coach subscribe to a code of ethics? If not, would he or she be willing to sign a contract subscribing to the ICF Code of Ethics?
- **Willingness to sign a contract for services:** Is the coach willing to sign a contract or agreement (with all of its organizational specifics) for the coaching?

- **Availability/capacity to take on new clients:** How much space does the coach have in his or her schedule to take on the number of new clients you need to have coached?
- **Specific language requirements:** Is the coach fluent in a specific language needed to coach participants?
- **Location of coach and participant:** Is the coach located in a specific time zone? Although most coaching can be done over the telephone, time-zone proximity will make scheduling easier.

Using the number of ExPo participants and their regions, a forecast is made on how many coaches are needed in each region (based on a 4:1 or 5:1 ratio). In the Americas, a group of Microsoft coaches already met these criteria, and a majority of those were invited to return to ExPo. Outside of the Americas, the worldwide resources of CoachSource were brought to bear to screen and bring this talent on board. CoachSource screened the coaches according to Microsoft's criteria and brought the international coaches into the pool. Local Microsoft human resources professionals reviewed these biographies and selected coaches for the pool.

Approved coaches then indicated their maximum capacity for ExPo leaders, so SMSG wouldn't overload them. In the end, the ExPo pool numbered fifty-three coaches in thirteen countries, capable of coaching in thirteen languages.

Coaches then attended two virtual teleconference orientations of two hours length, the first focusing on Microsoft and the SMSG business, the second specifically highlighting the details of the ExPo program (coach expectations, the process and timeline, coach-participant matching, manager engagement, coaching success measures, and invoicing process). Coaches already working with Microsoft were exempt from the first orientation, but all coaches were required to join the second session. Microsoft's own LiveMeeting technology was used for these sessions.

International Coaching Forum One of the most rewarding endeavors was the Coaching Forum, held in Microsoft's headquarters in Redmond, Washington. All coaches were invited for the two-day forum. It began the night before the two days with a welcome reception. Day one included presentations by Microsoft executives and coach round-table discussions. The day wrapped up with a special dinner at the Seattle Space Needle. Day two began with joint time between coaches and Microsoft HR, presentations from several executive coaching thought leaders, a tour of the exclusive Home/Office of the Future demo, followed by a visit (and discounts) to the company store.

Coaches were paid a small stipend, and their expenses were covered once they arrived in Seattle. They were not compensated for airfare or professional fees for the two days. Despite this limitation, 70 percent of the pool attended, including coaches from as far away as China, Ireland, England, Peru, and Australia. Feedback from the two days was overwhelmingly positive: the wealth of best-practice sharing, networking, and overall goodwill generated by the event made it worthwhile for all. A sample action plan is shown in Exhibit 10.2 on page 200.

LEARNING CIRCLES AS A PRIMARY DEVELOPMENT COMPONENT FOR HIPO DEVELOPMENT IN SMSG

Circles Process Mirrors How Today's Leaders Work and Learn

As with executive coaching, Microsoft selected a leader in the field of peer learning experiences when it was ready to launch learning circles. Authenticity Consulting demonstrated the expertise necessary to make this component viable and sustainable on a global basis. According to Carter McNamara, co-founder of Authenticity Consulting:

> *"The world of today's typical business leader is very chaotic. In an environment as complex as what Microsoft presents, day-to-day leadership challenges are seldom addressed by carefully chosen, well-structured and highly rational approaches to problem solving. Leaders often don't have time to do that kind of planning for each challenge. Instead, leaders often resort to highly intuitive, real-time approaches that are based on the leaders' learning from their past experiences and on help from others in the organization.*
>
> *"The most effective leaders have 'learned how to learn,' that is, they've developed the ability to closely examine their own perceptions, conclusions, and actions. They've used that insight to more fully understand their current day-to-day challenges, including what works and what doesn't work to address those challenges. Circles are based on the adult learning and problem-solving process called action learning that very closely matches the real world of today's leaders. As a result, the 'circles' process helps members develop and practice leadership and problem-solving skills that can very quickly be applied in the workplace." (McNamara, 2007)*

Learning for a "circle" member does not occur only when that member is getting help from other circle members. It occurs during the entire meeting when thinking about other members' coaching goals and actions. It occurs when realizing the many interests and challenges of other members in the workplace. Also, it occurs between meetings when taking actions and reflecting on the results of those actions.

Unique Principles of Learning Behind Learning Circles

The circles process is in close conformance with these state-of-the-art principles of adult learning:

- **People learn best when they apply new information to current challenges**. The urgency of current challenges often causes people to be far more interested in using recent learning to address those challenges and, thus, to be far more involved in understanding and benefiting from that learning.
- **People often learn best when they share ongoing feedback with peers**. People often place more value in the help they receive from others in similar situations than from "outside" experts. Continual dependence on outside experts can sometimes cultivate passivity and dependency in people, minimizing their own capabilities.

EXHIBIT 10.2. Coaching Action Plan

FY09 ExPo Program: Coaching Action Plan

The purpose of this document is to provide high-potential employees a coaching action plan, agreed on with their managers, which can complement the ExPo development experience.

1. Complete the action plan.

Identify one to three Leadership Competencies you will work on (from your 360-degree results or other feedback items). Full leadership competency descriptions are available on HR Web at http://hrweb/US/CareerModel/Find/Competencies/leadership-comp.htm for assistance with mapping leadership competencies and manager or profession competencies; email "expcoach."

Goals: Identify one to three goals that you are most passionate about working on.	Measures: How will each goal be measured (can be quantitative or qualitative)?	What specific action steps can you take in support of this goal?	Potential Business Impact: What is the value to you and the business if you do not achieve your goal?

What is the value to you and the business if you do?	Target Date: Set a target date for each goal.

2. Schedule the coaching action plan contracting conversation with your manager.

Contracting Conversation: Set up some time to review this document with your manager and coach, ensuring a meaningful conversation and agreement regarding your development plan. Contracting is another form of commitment—commitment to working in a partnership as manager and ExPo member. Think of it as a commitment to maximize your potential; which was identified during nomination; and ensure continued strengthening of the criteria on which a high-potential employee is identified: aspiration, ability, and commitment.

3. Prepare questions that will be used to verify coaching effectiveness.
At the end of coaching, a "mini survey" will be conducted with your stakeholders. List two or three questions that reflect the leadership behaviors you are working on with your coach.

Questions

1) Has this person shared with you in the past six months what she is working on?
2) Do you feel this person has become more effective or less effective as a leader in the past six months?
3) The following improvement area(s) have been specifically selected by this leader. Please rate the extent to which this individual has increased/decreased in effectiveness in the following areas of development in the past six months.
    - Being less specifically directive during project work, versus being inclusive with others ideas and contributions
    - Ability to give feedback in a manner that is genuinely heard and seriously considered by others
    - Able to effectively work with conflict, remaining engaged, without attempting to avoid it or dissolve it at all costs
4) What has this person done in the past six months that you have found particularly effective?
5) What can this person do to become more effective as a leader in the areas of development noted above?

4. ExPo Learning Commitment:
Signoff:
Member:

Manager:

Please take appropriate steps to update and then periodically review your commitments in the Performance @ Microsoft tool and track resulting development activities in your development plan in Career Compass.

- **The person with the problem is the expert on the problem**. The problem presenter is most closely involved in the problem and, therefore, can have the most ability and influence to understand and solve the problem. Quite often, the solution to the problem has to start with that person.
- **Finding the right problem is as important as solving it**. Often, people only see the symptoms of a recurring problem, rather than its real cause. Thus, the problem tends to recur. It is frequently caused more by how the person perceives it versus missing a specific piece of new information. Understanding one's own perceptions and conclusions can enable better learning.
- **Learning involves the whole person**. People cannot learn unless they are ready to learn. Therefore, learning environments must provide opportunities for learners to be involved in that learning. They must be able to fully question new information and materials, to try them out, and to reflect on how that learning best suits how they learn.

Learning Circles Compared to Traditional Forms of Training

Table 10.3 compares traditional training with action learning-based learning circles. The contents of the table do not suggest that one form is always best. Often, both forms together make for very powerful learning and development.

Life of a Circle

Circle Kickoff The "core" circle process, which is common to all tiers, is introduced early in the ExPo experience. Each circle starts with a one-day kickoff session at orientation, during which members learn about the circle process, including the circle agenda and how to select the most appropriate coaching goals to work on in their

TABLE 10.3. Traditional Learning vs. Learning Circles

Traditional Training	Learning Circles
Students are taught by expert instructors.	Learners develop from the inside out.
Students are expected to master subject matter.	Learners focus on actions and learning from those actions.
Instructors pose questions to lead students to discover the existing correct answer.	Learners share questions to increase understanding and develop action plans.
Instructors use simulated exercises to help students master information.	Learners focus on real-life problems to get things done and learn at the same time.
Instructors reinforce the correct answers.	Learners encourage each other to explore their thinking and actions.

meetings. They learn how to coach and receive coaching, how to identify appropriate actions to take between meetings, and how to capture learning during the life of the circle. Members also learn how to self-facilitate their circle meetings.

The kickoff meetings help circle members to be comfortable with the process, develop trust and commitment within the circle, be open to other members, and create a self-facilitated, long-lasting team.

Circle Meetings The power in circle meetings is in their simplicity. Each circle includes five to seven members, ideally six. Members are encouraged to meet four to eight times a year. Circles for Tiers 2 and 3 are self-scheduled, self-facilitated, and usually conducted virtually via teleconference. Circles for Tier 1 might include a mix of externally facilitated and self-facilitated meetings. Meetings are from an hour and a half to three hours long, depending on the number of members per circle and how often members can schedule their meetings. Circles function more effectively when they have frequent and short meetings (for example, eight hour-and-a-half meetings) versus infrequent and longer meetings (for example, only four three-hour meetings). In the meetings, each member addresses a current, real-world priority called a coaching goal that exists in the member's workplace or career. Each member receives equal time in the meeting to get help from other members to address priorities and to identify relevant and realistic actions to take between meetings. Each member learns from the coaching and feedback from the other members and from the reflections on his or her ongoing actions between meetings. Brief, practical evaluations ensure high quality and continuous improvement of the circle process. Ground rules, especially confidentiality, are stressed during each meeting.

Coaching Goals

Each circle member chooses a coaching goal to address in each circle meeting. The goal is considered appropriate if it is in regard to a current, real, and important priority for the member. Usually goals are in regard to matters in the workplace. However, occasionally, a member might take advantage of the trust and confidentiality in the circle to share somewhat personal struggles regarding the goal.

For ExPo Tier 2, members are encouraged to select coaching goals related to enhancing their leadership capabilities in Microsoft. For ExPo Tier 3, members are encouraged to select coaching goals related to learning more about the Microsoft business and/or choosing a career in leadership in Microsoft.

Here are some examples of coaching goals used by members of circles:

1. "I'm really excited about the goals in my career plan. There are so many, I'm not sure where to start."
2. "I don't know how to delegate. All my tasks are in my head. How can I get started?"
3. "I need to manage my time more effectively. I've taken time management courses, but they didn't seem to be helpful."

4. “I’m supposed to convey my department’s vision to my employees. What is a logical next step?”
5. “There’s a big gap between our five-year vision and what we’re doing now. How can I bridge that gap?”
6. “I want to go to the next level of leadership. I’m not sure how to do that.”

Actions Between Meetings

During meetings, each member identifies relevant and realistic actions to take to address the coaching goal. Between meetings, the member conducts those actions and records any learnings from those applications. In the next meeting, members choose to report the results of their actions and/or introduce a new coaching goal to work on. Between circle meetings, it’s common for members to contact each other to update each other on their actions and learning, to share materials, or to see how others are doing and whether they need any help.

Circle Termination and Renewal

After a full year cycle, circles are formally closed, although circle members may continue their circles on an informal basis. Microsoft does not provide facilities and resources to support the circles continuing beyond one year. Instead, high-potentials join a new circle, with new members, at the beginning of each year in order to expand their network.

How Circles Are Organized

Circles can be used for a variety of results, for example, to solve problems, achieve goals, cultivate close networks and collaborations, deepen and enrich development programs, teach coaching skills, or even provide support groups. Circles are organized differently depending on the desired results. Microsoft uses circles primarily for networking, collaboration, and learning, although the other results are often achieved as well. Therefore, circles are organized according to the following guidelines:

Members with Similar Interests and Responsibilities It’s important that members of each circle have somewhat similar interests and levels of responsibility so that they can quickly understand each other’s coaching goals and quickly share help and materials that are highly relevant and quickly understood. This guideline ensures that members feel they have enough in common to form a strong team. For example, in ExPo, some Tier 2 circles are comprised of managers and/or senior individual contributors (many of whom have been managers) interested in enhancing a particular management competency in Microsoft.

Members with Somewhat Different Personalities Next, sufficient diversity in the nature of the members of a circle enhances the experience. Diversity of perspectives, ways of learning, and decision-making styles often results in more robust coaching and problem solving among members of the circle. It also expands each member's ability to understand and work with different people in the workplace.

Members with Different Functional Roles Finally, members of each circle should represent different business areas so that members can learn more about all of the other areas and activities within Microsoft. The diversity of roles creates a rich environment for networking and collaboration.

Results and Benefits for Circle Members

Circle members have reported multiple benefits of circle participation, including:

- Substantial cost savings as members share coaching, feedback, and materials;
- Confidential network of peers who respond to a call for help;
- Individualized attention to their needs;
- Leadership skills—skills in establishing priorities and in motivating themselves and others to address those priorities;
- Numerous interpersonal skills, including communicating, consulting, facilitating, and problem solving;
- Resolved real-world issues from using real-world advice and materials; and
- Time to stand back and reflect.

A sample of quotes from circle members follows:

- Accountability—"I feel like I'm letting my circle down when I don't take my actions or help other members."
- Coaching, consulting, mentoring skills—"I've learned to better understand my people's needs and how to help support their own learning."
- Information, materials, and tools—"Additionally, handouts and resources made available on request or in response to a goal have been very good and helpful, targeted and appropriate."
- Knowledge—"I got a fair amount of substantive knowledge about management planning; my other stuff ends up on a bookshelf somewhere."
- Motivation—"What has been most useful is the motivating 'kick in the butt.'"
- Networking—"It is difficult to establish friends and colleagues among organizations who are competitive. This forum allows collegiality to flourish."
- Problem resolution—"I've gotten through several tough issues, even in the first months, with my group."
- Productivity—"The group has spurred me on to getting a lot done."

- Professional development—"This has made a huge difference in my ability to see my role in perspective and my take on leadership; my work, and my comfort with my work have improved considerably from this experience."
- Renewal—"This is the best burnout prevention I can imagine."
- Safe environments—"I can say things here that I can't say anywhere else; I feel safe."
- Self-development—"I am seeing my own experience in a different light and am seeing common issues handled in different ways that I can use—at work and as a volunteer."
- Support—"[I continue to receive a] lot of good support from my circle members."

CONCLUSION

Microsoft has a strong commitment to building leaders at all levels. The ExPo Leaders Building Leaders program is an integrated and comprehensive high-potential development program encompassing multiple learning methodologies, tailored to each leader's level in the organization. The research-based design includes elements of assessment, coaching, mentoring, learning circles, action learning, and business conferences.

As the program progresses into its fourth year, initial ExPo participants are now participating as conference instructors and mentors for new participants. In this way, participants are learning that they are part of a community that continues to grow and develop itself beyond the initial experience. The expectation is that participants will give back to the program over time.

Meanwhile, as the economy continues to challenge the company, Microsoft's investment in ExPo continues unabated. In July 2008, COO Kevin Turner said, "Developing future leaders in the company is one of the most important things we can do as a leadership team." Thus ExPo will continue without any cutbacks, given the critical nature of this development in Microsoft's future.

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