

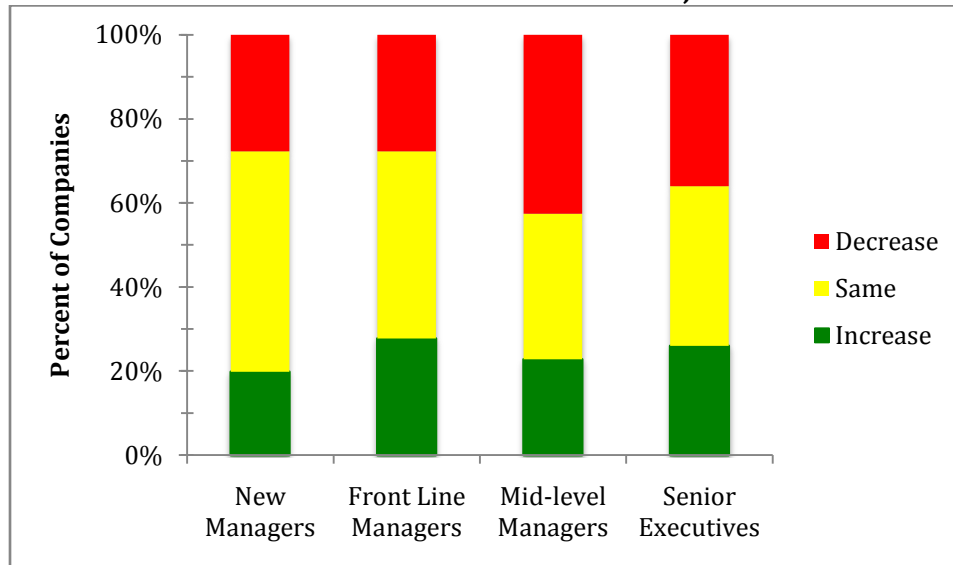
## KEY FINDING #1: Focusing limited resources on the development of key managers

### *New and Front-line Managers*

Even under budget pressure, companies continue to invest in new and front-line managers. As **Figure Three** shows, over 70% of companies are maintaining or increasing budgets for front-line managers and for new managers in 2009. This investment appears to be at the expense of higher-level managers, with 43% of companies decreasing mid-level manager budget, which is more than any other category.

*“It is simply too risky not to continue investing in our new managers.”*

**FIGURE THREE: CHANGE IN BUDGET BY LEVEL, 2008-2009**



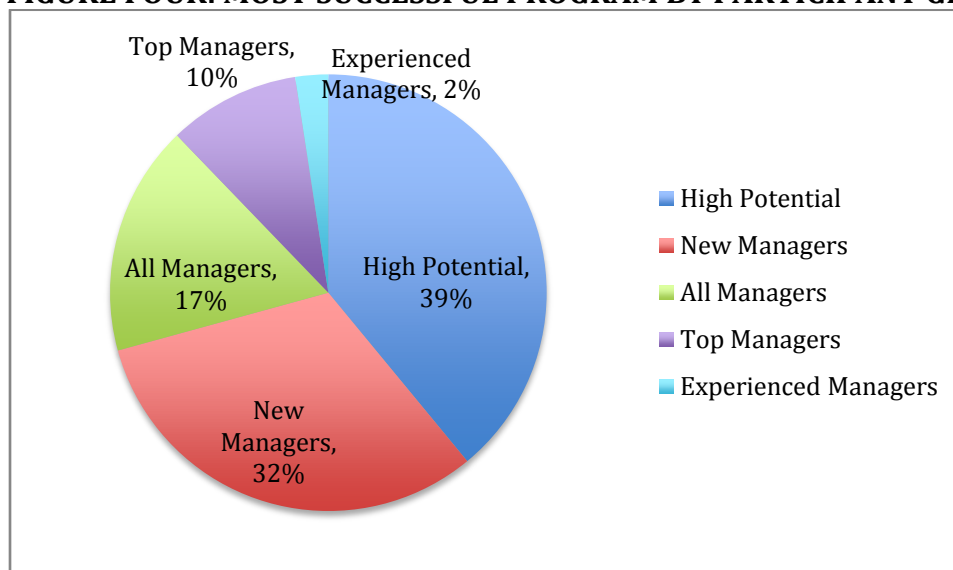
As Bob Sawicki, Vice President of Leadership and Professional Development at The Hartford said, “It is simply too risky not to continue investing in our new managers.” Added the head of Human Resources Development for a global telecommunications company, “Our aim is to professionalize management at the new manager levels. For senior managers, it is on-the-job training.”

This trend of increasing front-line manager development is especially prevalent for customer-facing organizations. Every retailer interviewed is maintaining or increasing store manager development, and every professional services firm is continuing to invest in programs for recently promoted managers. As one professional services firm CLO said, “The promotion to Manager is a huge career step, and an important one for the firm.”

**High Potentials**

Further supporting the shift to investing in only key managers, respondents also noted that their most successful management development programs – that is the one’s they are most likely to keep even in down budget years – are focused on high potentials and on new managers, as shown in **Figure Four**. While 39% of companies said their most successful programs were for High Potentials, only 2% were for experienced managers, and only 10% for top management. Many respondents commented that they would like to continue to provide robust group development opportunities for all seasoned managers but budget pressures dictate that they narrow their focus to high potentials.

**FIGURE FOUR: MOST SUCCESSFUL PROGRAM BY PARTICIPANT GROUP**



As companies continue to focus their investments on the programs with the highest impact, programs for experienced managers and senior managers are likely to continue to come under increased scrutiny, especially those that are not directly tied to a current strategic business initiative.

## Case Study: Intel Corporation

### *INTEL'S HIGH POTENTIAL PROJECTS*

Intel is a unique company in many ways, one of which is how it approaches development of its next generation of leaders. Every year, Intel taps approximately 30 managers who have the potential to rise to the most senior ranks of the company. Intel's CEO Paul Otellini approves the selection of each participant himself. Instead of sending these future leaders to a business school or taking them through an intensive personal assessment of their leadership style, Intel pulls them out of their jobs for three consecutive weeks and asks them to work in small teams on strategic, revenue-generating Action-Learning projects, which are also created with significant input from CEO Otellini and the management committee.

While Intel outsourced the program to a business school in prior years, the former head of Management Development and Corporate Strategy, Brad Benson leads the program with the support from the internal management development team and a small (approximately 5%) dose of external experts. Intel builds the program completely around the Action-Learning projects. Because the projects vary from year to year, so does the program content. Program topics support the projects and are tied to Intel's Senior Executive competency model. Participants are required to hand off their entire day-to-day responsibilities to other managers while they are on the program, which provides growth opportunities for those managers as well.

According to Brad, the program gives managers a unique experience. "Most managers at Intel are functionally-oriented, even at the most senior levels. This program allows them to experience what it is like to be a General Manager and lead at the enterprise level." Brad goes on to say, "It is expensive in terms of time, but not cost. In fact, the program pays for itself with the projects."