

Measuring the Value of Executive Development at The Home Depot

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The Challenge

YOU CAN DO IT. WE CAN HELP.



5 Years



22 Years

Achieving
This Requires
CHANGE



Growing Leaders

YOU CAN DO IT. WE CAN HELP.

Leadership Development Programs

- Business Leadership Program (BLP)
- Merchandising Leadership Program (MLP)
- Store Leadership Program (SLP)
- Leadership Development Rotational Program (LDR)



Effective Leadership Will Be the Common Denominator in Home Depot's Overall Performance...



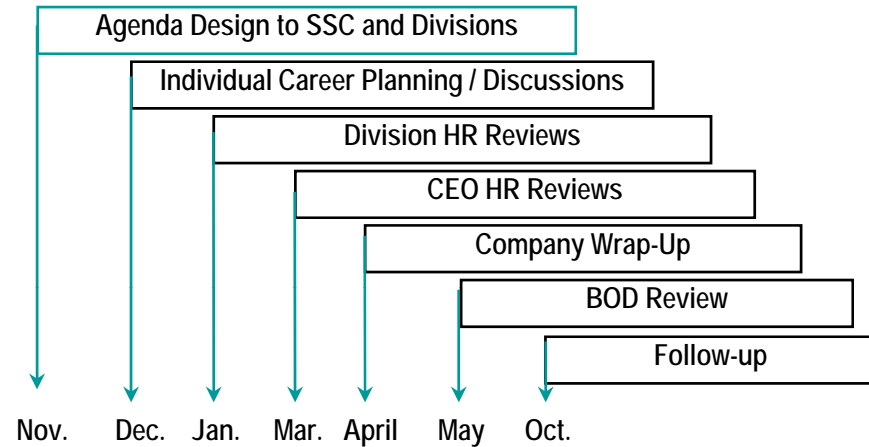
Assessing Talent

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Agenda

- Organization Review
- Leadership Assessment
- Team Assessment
- Succession Planning
- Executive Pipeline
- High Potentials
- Staffing/Retention
- Diversity
- Learning
- Compliance

Schedule

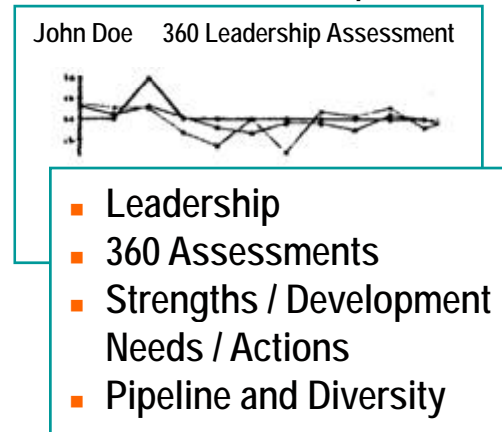


Planning and Development Formats/Tools

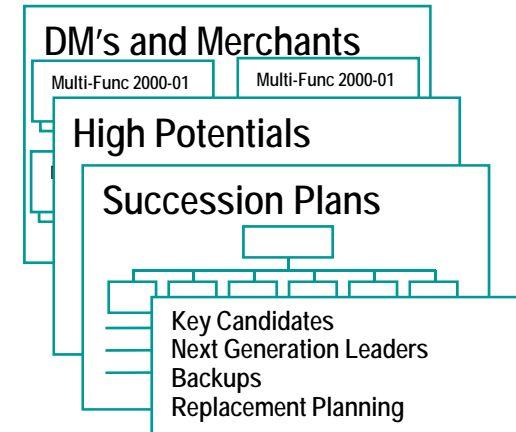
Organization



Leadership



Talent





Investing in the Best

YOU CAN DO IT. WE CAN HELP.

"If I had a buck to spend..."





The Accelerated Leadership Program

YOU CAN DO IT. WE CAN HELP.



ALP | **ACCELERATED
LEADERSHIP
PROGRAM**



Guiding Framework

YOU CAN DO IT. WE CAN HELP.

Objective

- Aggressively accelerate leadership capability in future officer talent

Target Audience

- High-potential Directors, DMs, GPMs, DSMs, DIMs, Subsidiary Vice Presidents

Critical Themes

- Understanding the Business
- Strategic Execution
- Operational Excellence
- Effective Leadership



Key Learning Components

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Assessment

- Leadership Development Assessment Center
- Internal leadership assessors and feedback providers
- Opportunities for ongoing coaching

Development

- World class faculty broaden thinking
- Bob and senior team highly engaged / visible
- Team-teaching approach: External / Internal
- Areas of focus: strategy, operations, leadership
- Business Challenge projects
- Business simulation
- Development planning and follow up



Program Design: Pre-work

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PRE-WORK

- **Kickoff Meeting**
- **Leadership Component**
 - 360°
 - Birkman Profile
 - Leadership Development Assessment Center (LDAC)
 - Feedback sessions
 - Peer Feedback
- **e-Learning**
 - Self-paced financial module
- **Pre-Reading**
 - Assigned by external faculty



Program Design: Content

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<u>WEEK 1</u> Understanding the Business and Strategic Execution	<u>WEEK 2</u> Operational Excellence and Effective Leadership
Major Topics: <ul style="list-style-type: none">■ Leadership Assessment■ Strategy■ Marketing■ Operations■ Corporate Valuation■ Investor Expectations	Major Topics: <ul style="list-style-type: none">■ Merchandising■ Supply Chain and Global Sourcing■ Leadership■ Talent Management■ Leading Change■ Business Ethics
←Business Simulation→	



Program Design: Follow-up

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POST CURRICULUM / FOLLOW UP

Wrap-up Leadership Component

Participant, Supervisor and HRVP meet to discuss the following:

- Program experience
- Lessons learned and takeaways
- Future development focus
- Crafting an Individual Development Plan (IDP)



Expected Outcomes

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Strengthen Leadership Competencies

- Delivers Results
- Acts Strategically
- Drives Excellence
- Excels in Customer Service
- Lives Integrity
- Builds Relationships
- Creates Inclusion
- Inspires Achievement

Reinforce Growth Strategy

- Enhance the Core
- Extend the Business
- Expand the Market

Create Competitive Advantage

- Plan for the Future
- Execute our Strategy
- Drive Transformational Change



ROI: Measuring the Value of ALP

YOU CAN DO IT. WE CAN HELP.

"This is a must for all talented leaders. This was the most comprehensive and effective learning/training class that I have been involved with in my entire career at Home Depot."

"What an unbelievable experience!!! Relationships have been forged that will last forever."

"I came to ALP to broaden my mind, thinking, business skills and leadership. It worked!"

"The program was nothing less than fantastic! It has provided me with clarity on Home Depot's strategy and concrete tools to accelerate achieving it."

"I believe this program has helped me be a much stronger leader for the organization. I will be able to make better financial decisions with more confidence and I believe I will do a far better job of leading change."



The Home Depot ROI Research Study



Peter Topping, Emory University
Jennifer Stanhouse, The Home Depot

Project Overview

- Identification of appropriate and meaningful measures of ROI as related to executive development initiatives;
- Apply these measures to the Home Depot's 2002 Accelerated Leadership Programs
- Provide The Home Depot with a substantive framework for on-going ROI analysis of the Accelerated Leadership Program;
- Share the findings on metrics within the executive education industry at the 2004 Spring UNICON conference and in a white paper format for executive development professionals interested in ROI (pending permission from The Home Depot)

Research Methodology

Quasi-experimental research design

- ***Experimental Group***: All (remaining) ALP 2002 participants ('n' = 55; two classes)
- ***Control group***: officer candidates from HR Review process, identified for ALP future sessions ('n' = 33)
- Stratified random sample of ALP 2002 for more in-depth analysis ('n' = 12)
- Will run ANOVA/ANCOVA analyses on data to test null hypothesis: “no significant differences between treatment and control groups”

Data Collection Methodology

Secondary data (experimental & control)

- 360-degree feedback pre/post
- Performance review ratings pre/post
- Promotion & retention
- Initial program evaluations (exp. only)
- Friday-Five's results

Data Collection Methodology

Primary data

- Survey of all ALP participants
- Interview random sample (12)
- Survey of sample population's Managers/HR partners
- Outcomes from business challenge projects
- Interview selected senior executives

Key Financial Data Points

- Cost per participant
- Cost to the Company for recruiting an Officer-level executive
- Cost to the Company for recruiting a Director-level manager
- Revenue growth from ALP experience
- Cost savings from ALP experience

Staffing Resources

Goizueta Business School team

- Peter Topping, Project manager
- Lara Klondar, Assistant project manager
- Research assistants
 - ◆ 3 MBA students
 - ◆ 1 MEMBA student

Staffing Resources

The Home Depot team

- Jennifer Stanhouse, Project leader
- Tim Crow, VP for Performance Systems, Project sponsor
- Jennifer Williams, Director of Talent Management, Project support
- Dennis Donovan, EVP of Human Resources, Senior sponsor
- Clerical support from administrative assistants

Preliminary Findings

- 360° degree pre/post data show nsd E=C
- Performance review pre/post data show nsd (some negative results)
C>E
- Retention data show nsd E=C
- Promotion data show E>C, especially promotion to Officer level (14:0)
- ALP alumni very positive about the program and its impact on them and their work units

Preliminary Findings

Content that was most impactful to the participants

- Strategy/strategic thinking
- Finance (particularly analysts' perspectives)
- Leadership

Program components most impactful to the participants

- Network created within each class
- Opportunity to interact with senior executives
- Learning about best practices/best current thinking from experts

Preliminary Findings

Program components most impactful to the Company

- Business Challenge Projects
- Network established within the ALP classes
- Strategy & Finance content
- Motivation to pursue next college degree by ALP participants (at their expense)

Preliminary Findings

Program outcomes most impactful to the participants

- New way of conceptualizing their business
- New way of conceptualizing their leadership
- Ability to implement improved processes in work unit
- Inspiration from enhancing revenue growth from improved business practices
- Motivation/Desire to continue learning
- Promotion/attention within the Company
- Powerful internal network

Preliminary Findings

Program outcomes most impactful to the Company

- Cost savings differential of promotion from within for Officers
- Revenue growth from new business concepts
- Cost savings from improved processes
- Confidence level raised
- Turbo boost to key projects/challenges
- Key component in corporate transformation process

Balanced Scorecard Analysis

<p style="text-align: center;"><u>Financial</u></p> <p>Revenue growth Cost savings – operations Cost savings – recruiting/replacing</p>	<p style="text-align: center;"><u>Strategic</u></p> <p>Strategic orientation Revenue growth/new business Corporate transformation process Impact on senior executive team</p>
<p style="text-align: center;"><u>Operational</u></p> <p>Improved business processes Work unit level productivity Labor savings from network</p>	<p style="text-align: center;"><u>Leadership</u></p> <p>Promotion/Retention 360/performance appraisals Network power Interest in continuing education</p>