

Application: Keith Anderson | 6876

Round: Main

| Question | Answer |
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| Category | Division 1 |
| User Name | Keith Anderson |
| Nominee Company | Lowe's Companies, INC |
| Nominee Department/Team | Lowe's Leadership Institute |
| How many employees are in your organization? | 250000.00 |
| How many learners are impacted by your programs in a year? Please include employees and extended enterprise. | 27000.00 |
| Overview: Please summarize your initiative in 50 words or less. Word limit: 50 | The Store Manager Training Program (SMTP) is designed to help the participant grow the capability and confidence necessary to be a Lowe's Store Manager. |

Please describe your business challenges

Word limit: 750

A Time of Change

Following the housing and subsequent economic crises of the preceding years, in 2011 Lowe's found itself at a significant crossroads in the company's history. After years of high growth marked by the opening of hundreds of new stores each year, Lowe's had to switch out of traditional growth mode and redefine its business strategy. Store Managers who had historically been tactical operators during the long period of growth were now being challenged to lead in new and different ways as the company transitioned from a store-centric home improvement retailer to the new vision of an omni-channel home improvement company.

Leaders at every level were faced with significant changes as Lowe's moved to develop solutions across the enterprise that allowed customers a single source to build, maintain, beautify, and enjoy their homes. Every facet of the business and every leader capability was evaluated and revised in order to "deliver seamless, supportive, and inspiring experiences wherever and whenever customers engage."

Prior to 2011, Store Managers were typically trained to execute tasks effectively as the company expanded across the continent. The slowing pace of growth and the changing expectation of customers and employees meant that Store Managers now needed to possess business acumen, enterprise-wide thinking, and an elevated ability to lead teams in a changing environment.

As Lowe's began the transition to an omni-channel home improvement company, departments throughout the organization started to change in order to support the emphasis on enterprise thinking. Customers started to shop using multiple interaction points including mobile technology, social media, online sites, phone, and stores. At the same time, Gen X and Gen Y employees were also changing the face of the organization, looking for increased social responsibility, different methods of communications, and updated tools to improve interactions and performance. Each department within the company needed to evaluate both how it did business as well as how it interacted with other departments in-house.

The change to the ways that departments interacted quickly affected the ways that various departments interacted with and supported stores. As Store Managers identified areas of opportunity specific to their locations, they were encouraged to communicate needs and solutions with relevant departments. Managers were expected to be able to provide a business need for proposed changes and were also expected to be able to support the recommendations with an understanding of the ripple effects caused by proposed changes. At the same time, support departments were also expected to understand the effects to the stores of any changes.

The SMIT Program (Store Manager in Training) prior to 2011 focused on bringing a new Store Manager up to speed by allowing the participant to shadow a successful Store Manager for a period of 11 weeks. One additional week was spent with leaders at the Customer Support Center (CSC). This week allowed each department to spend one to two hours briefing the participants. The learning was tailored to the successes that Lowe's had achieved over decades, reinforcing the tactical, reactive type of leadership that was appropriate during the growth period. As the company moved to position itself

as a progressive, nimble organization, it quickly became obvious that the in-place program did not position new managers to succeed in a changing environment.

What solutions were devised to deal with those issues?

Word limit: 750

Accelerating a New Store Manager's Time to Success

The Store Manager Training Program initiative was launched to impart leadership training to store talent who may one day become Store Managers. The program was designed to empower frontline leaders with the ability to lead stores through the changing shopping environment, be better positioned to service customers and support employees while maximizing store performance. Because of the wide reaching scope of learning combined with the interconnectedness of the support departments, multiple partnerships were brought into the program design and delivery.

The SMTP concept was based around four distinct learning topics: Understanding Your Business, Customers and People; Understanding the Enterprise; Learn, Practice, Perform; Understanding Yourself as a Leader. Each of the high-level topics was designed with the partnership of experts, both in-house and external. These partnerships continued past the design and are currently in place as the program continues to develop new leaders.

Understanding Your Business, Customers, and People

Week one of SMTP takes place at the University of North Carolina's Kenan-Flagler Business School. While at UNC, school faculty takes the SMTP participant through sessions focusing on the fundamentals of retail industry, consumer behavior, and best practices in sales leadership. The content was developed by the faculty in partnership with Lowe's executives, allowing the material to be tailored to the current and future needs of a Store Manager. Participants learn topics such as how stock markets evaluate retailers and how the inventory performance of one store can affect the value of the entire organization. These sessions are designed to give the participant a foundation in business acumen that can then be applied to the interactions throughout the enterprise.

Understanding the Enterprise

Week two of the program takes the participants to the Lowe's CSC, where they spend one week working with leaders and executives throughout the organization. Twenty sessions during the week give the participant the opportunity to interact with leaders across the company, including Marketing, Legal, Human Resources, Logistics, Planning, and others. Multiple off-site visits take place, further expanding the enterprise understanding of areas including Contact Centers and Distribution Centers. Each of these modules was designed by the hosting department with the partnership and guidance of the Learning and Development (L&D) team. This partnership allows each department to provide real and relevant materials in a format that is in alignment with L&D standards and adult learning theory. This format also allows the department to update and modify the materials in a timely manner, keeping the content fresh without requiring a system wide update. These discussions are designed to broaden the knowledge base of the store leaders as well as to raise their thinking from task level leadership to enterprise level thinking, ensuring alignment across the organization.

Learn, Practice, Perform

Weeks three, four, and five of SMTP are designed to give the participant the opportunity to practice recently acquired skills as well as to build partnerships in the field. Participants travel to regional training stores where they work with a Store Manager mentor. This mentor focuses on the ways that a Store Manager differs from an ASM. Topic specific e-learning modules are available to allow the participant to hone skills in department and task specific areas. The participant also spends time with Market and Area support staff, learning how these individuals support the new Store Manager and how the manager can better interact with these teams. Position-specific Coaching Guides were developed with the support staffs and are used to structure the field conversations.

Understanding Yourself as a Leader

During week six, the SMTP participants return to the CSC where they work with additional departments, The Ken Blanchard Company, and faculty from UNC. This week focuses specifically on leadership, with an emphasis on understanding self and applying that knowledge to leading teams. Participants learn about themselves through a 360 survey and the results of their personal DiSC assessment. The faculty guides each participant to understand how he/she reacts to certain situations and how that can affect individuals within the store. The program culminates with a focused session around consolidating all six weeks into a package that the new manager can use to be successful in a new store and position.

What actions were taken?

Word limit: 750

Design Implementation and Updates

SMTP was piloted in mid-2010. After the initial run through, the L&D Field Leadership team spent several months analyzing the results of the pilot. Once the data was properly processed, L&D members, UNC staff, and CSC leaders adjusted the program to best meet the needs of the participants. Decisions were finalized regarding content, structure, modalities, and class size. Additional expectations were developed in partnership with HR business partners around ideal bench size, maximum time on bench, and number of classes per year.

Throughout the development and implementation stages, measurement plans and expectations were also being developed with both UNC and the Human Capital Analytics team. Short and long-term plans were designed to measure participant satisfaction, content retention, material relevancy, and performance change. Many of these measurements were available in-program or immediately post-program, allowing content to be modified immediately if needed. Longer term measurements were designed to take place at pre-determined intervals post program. In addition, results measurements were put in place to evaluate store performance for participants that have been placed as Store Managers post-graduation.

A program review in early fall 2013 identified multiple instances where program drift had occurred. Several modules were not aligned with nearby content, making the program appear disjointed and

disorganized. A series of interviews of 12-18 month graduates also identified additional areas of opportunity for new content. Based on the review, SMTP underwent a full re-organization, resulting in an updated version (V2) released in March 2014.

SMTP V2 focused on several opportunities including reinforced linkages (forward and backward looking), updated content, restructured agenda, and the addition of new content. The changes were all designed to make SMTP a program, not just a series of modules. Each department was asked to review content and update as appropriate. Each department was then asked to participate in a full dry run, giving them the opportunity to see the content from other teams. This allowed each team to link and reference content across the program. The new program provides a more seamless learning experience, allowing the learner to carry themes throughout the six weeks.

Participant Enrollment

SMTP participants are selected from all 50 states plus Canada. Each class is a mix of internal (ASM) and external applicants. The applicant applies for the program, completes a virtual job assessment, and then is interviewed for the program. Each of 14 Regions selects up to five participants, based on the current Store Manager bench. Approximately 1 in 30 applicants makes it through the process and is selected into SMTP. On average, six participants in each class are new to Lowe's, coming into the program with multiple years in high-volume retail management experience.

Four Year Summary

SMTP has completed 25 classes as of July, 2014, with 878 graduates. Classes range from a low of 26 participants to a max of 36. Currently, approximately 35% of all Store Managers are SMTP graduates. The average graduate currently is on the bench for 92 days before accepting a Store Manager position, and there are 94 graduates waiting for promotion.

What was the ultimate impact on the learning function and/or overall enterprise? (Please include relevant evidence to support this)

Word limit: 750

The SMTP experience includes multiple opportunities for measurement and validation, both in-program and post-program. Measurement methods include module surveys, location surveys, and multiple post-program surveys. In addition, multiple analytics are used to measure post-program performance across multiple indicators including employee engagement and leadership agility.

Surveys

In an effort to keep content fresh and relevant, the SMTP team surveys the class multiple times throughout the six week program. These surveys are simple measurements of the perceived value of individual modules. Participants are asked questions regarding content, engagement, relevance, and value to a future Store Manager. The results from this gives the presenter immediate feedback that can be used to adjust content or interactions for the next class as appropriate. In an effort to avoid survey fatigue, surveys rotate across different cohorts, typically surveying no more than fifteen of the thirty one modules each class.

The first post-program survey is provided to participants 90 days after graduation. This analysis is designed to understand whether SMTP grads feel ready to become Store Managers and whether the supervising managers of the participants perceive any differences in their behaviors. These results consistently show the grads continue to show value in the training three months after the program ends. The SMTP grads also have a significantly higher level of confidence as a Store Manager when compared to a control group of Store Managers that did not participate in the program.

Analytic Measurements

Approximately 89% of SMTP graduates have been promoted to Store Manager. Ninety eight of these have managed stores for at least one year and were considered for the next analysis. These store managers were compared against those that were not graduates from SMTP but have managed the store anywhere between one year and two and a half years. This yielded a sample size of 193. This analysis provides a comparable group, allowing a real evaluation across similar tenure.

The first analysis of SMTP graduates was based around the engagement of the store management teams and associates across the two groups. Engagement level is a key performance indicator because extensive research in service-profit chain has shown that engagement is directly correlated to customer satisfaction, citizenship levels, and higher profits. The second set of measurements is based around leadership agility. These metrics evaluate the ability of leaders to communicate, follow through with employees, make decisions consistent with company values, give consistent direction, and offer support.

The engagement results of management teams and employees showed significant improvement from SMTP stores to non-SMTP stores. The engagement level of store management where SMTP grads are the manager is 4% higher than the stores where the Store Manager is not a grad. In addition, the engagement level of employees in SMTP stores is 6% higher than the other stores. The increase in engagement is operationally significant in that prior analysis has shown that an increase in engagement significantly increases the opportunity that stores will exceed sales projections and profitability goals. In addition, highly engaged stores average 16% fewer customer complaints than other stores. The finding that SMTP grads significantly affect the engagement level of the stores is a positive indicator of future financial performance.

A review of the leadership agility scores showed that associates working in SMTP graduate stores had a 9% higher perception of the leadership agility of the management team than those in other stores. This is a significant increase as Lowe's rapidly changes to meet future customer needs.

A final value indicator evaluated ties the investment in SMTP to the long-term ROI. Many retailers are reticent to invest heavily in leaders because of anticipated turnover. The management teams in SMTP stores are 4% more likely to self-identify as being more likely to stay with the company compared to managers in non-SMTP stores. Contrary to popular belief, the investment in management training

could lead to a decrease in turnover as is suggested by this analysis.

Summary

Many retailers hold back on investing in frontline managers because they believe that such an investment will not yield sufficient return because these employees have a high turnover rate. Lowe's has made the decision to act counter to this popular belief by investing millions of dollars into leadership training for frontline leaders. The survey results completed around the SMTP program shows that managers and employees are more likely to stay with the company when the Store Manager is an SMTP graduate. This increase in engagement and decrease in turnover should result in an increase in sales and profitability as well as operational performance.

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