AAA Northern California, Nevada & Utah Insurance Exchange, the insurance provider for AAA clubs in 23 states and Washington, D.C., is a $2.7 billion company with more than 3,500 employees. Now one of the largest personal lines insurance companies in the United States, the California-based company wanted to ensure it could sharpen its competitive edge. And solid metrics from employee engagement surveys and organizational assessment analytics convinced senior-level executives of the need for a proactive strategy to develop a stronger leadership pipeline.

**Determine the need**

According to chief administrative officer Marie Andel, “Like many companies, we were doing all types of leadership training programs, using a variety of models, but not getting much organizational punch. While some of the individual components were valuable, it wasn’t well-integrated. And I had employees say, ‘I loved it, but my boss didn’t really get it; my learning didn’t seem supported by the organization.’ The time had come to create a systemic approach that would make a significant impact on the organization as well as on individuals and teams.”

The company’s aspiration—to be the number one insurer in AAA member households across the markets it serves—became a lynchpin that tied all operating strategies for the Leadership Institute together and shaped the blueprint for how the institute and Executive Development Program would be structured.

It also defined a framework that links the company’s mission, vision, and values to the institute’s role: to deepen the capacity for leadership throughout the organization to create and sustain a high-performance culture.

“From my own personal experience and feedback from employees, it was clear our new initiative had to be more than a one-time event,” Andel observes. “We needed an ongoing process that was very experiential and would lead to a high degree of self-awareness. And we wanted the entire experience to have broad impact, mixing up the cohort groups to bring together participants across functions, different
lines of the business, and up and down the leadership ladder.”

Program design
With a strong base of champions across the organization, the design of the program began in earnest, spearheaded by Lamont Gilbert, program director of the Leadership Institute. “We needed to create a common language of leadership,” he said. “So I began by defining a core operating definition that focuses on building the skills our leaders need to effectively confront and resolve tensions, release the energy of people, create a community of purpose, and amplify leaders’ impact. Together, these competencies will help us simultaneously create performance alignment, psychological alignment, and the capacity for learning and change.”

Ultimately, the Executive Development Program’s final design included five distinct modules: personal assessment and orientation, leadership reflection, ground school, flight school, and action learning. Working with this foundation, Gilbert and others went in search of solid, evidence-based programs and tools that had proved to help leaders motivate and empower a high-performance workforce. Alignment with other components of the program also was essential.

When it came time to build the Leadership Reflection module, Gilbert remembered attending a workshop where he first learned about The Five Practices of Exemplary Leadership model, created from the international bestselling works of James M. Kouzes and Barry Z. Posner. The authors’ fundamental approach—that leadership is an observable, teachable set of behaviors that anyone can learn—resonated.

A quick comparison of The Five Practices (model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart) with the institute’s operating definition of leadership (confront and resolve tensions, release the energy of people, create a community of purpose, and amplify leaders’ impact) produced an ideal match. The 360-degree feedback tool, the Leadership Practices Inventory (LPI), was a must-have. And the customizable delivery options made available by Sonoma Leadership Systems, a provider of The Leadership Challenge Workshop, completed the package.

“I knew right from the start that The Leadership Challenge would be a great fit for the program,” Gilbert recalls. “Everything about The Five Practices model—how flexible and simple, yet powerful, it is—has provided the perfect link to all other components in the program. The two-day, integrated approach was really significant in our choice and, of course, how aligned the practices and behaviors are with our core values and beliefs.”

The experience
The two-day Leadership Reflection module brings together cross-functional groups of 20 to 25 high-potential leaders for The Leadership Challenge Workshop and the transformative experience of the LPI 360. Presentations, group discussions, exercises, and experiential activities engage participants in learning about The Five Practices of Exemplary Leadership, the research behind the model, and ways to apply The Five Practices as they progress through case study analysis, action learning projects, small business simulations, and when they are back on the job.

Through coaching and analysis of the LPI 360 results, participants focus on behavioral development areas that will expand their leadership capacity, and integrate into their development plan the action steps they will take to ensure that effective leadership behaviors are intentionally leveraged as strengths.

During their leadership reflection experience, learners also choose a peer with whom they share the rest of their journey. As they move through the remaining modules of the program, participants continue to apply The Five Practices to their ongoing learning.

In ground school, they analyze a business case built around an actual situation the organization is facing. Leveraging insights from their LPI 360 feedback, The Five Practices model, and the program’s operating definition of leadership, they’re tasked with assessing the various factors at play, including leadership behaviors depicted in the study.

Flight school continues this hands-on application of leadership competencies through a business simulation that takes participants into a deeper exploration of external business forces, internal market choices, and strategic decision making. And the final module, a personal action learning project, puts learners in the driver’s seat to develop and execute a plan that makes actionable all that they have learned throughout their Executive Development Program experience.

Delivering results
In 2012, the Executive Development Program ranked among Leadership Excellence magazine’s Top 100 Leadership Development Programs (among large organizations). With more than 100 graduates now bringing their learning and experiences back into the workplace, the program has begun to gain traction.

“We are extremely proud of the positive contributions The Five Practices model has made to the institute’s overall success,” says Lisa Shannon, associate publisher of Pfeiffer, publisher of The Leadership Challenge training materials and LPI assessments.

The organization already is seeing improvement in the degree of alignment with goals and internal promotions, according to Andel. And as Gilbert notes, “Program graduates are leveraging leadership skills and program content with operational teams, creating a common language of leadership across the company that is showing up in feedback surveys from employees at all levels.”

Terri Armstrong Welch is an independent writer and editor, and president of Armstrong Welch Ltd.; booksmatter@comcast.net.
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