

Excellence in Practice 2018

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GOLD

Valmet and IMD

Forward-looking leadership development

In 2014, Valmet – a new organisation born out of a de-merger in the seemingly unsexy, unwanted industry of capital equipment and services for the pulp, paper and energy industries – sought to make the most of its leadership development programmes. How? By turning the company into a confident, forward-looking technology front-runner where the leaders truly understood how they could execute their part of the strategy with real impact.

Valmet partnered with IMD, a top-ranked business school, to co-create a unique leadership development journey that helped it build capability and confidence at four levels: individual, interpersonal, cohort, and organisational.

The journey exceeded the expectations set out at the beginning, not simply based on impressions and testimonials but in terms of real impact; and, by early 2018 Valmet had outperformed the Helsinki OMX and Global Industrials index by 62% since the end of 2014, and was on its way to reaching its stated 8%–10% EBITA targets by 2020.

The right partner for the job

Despite challenging times in 2014, Valmet's management was committed to developing the company's talent and believed that investing in people was an investment in the future. When the company set out to build its global programmes one thing was clear: whatever set of programmes were created would be unique to Valmet, customised to meet the needs of the organisation and designed for maximum impact. Valmet was a new company with a new company attitude and a lot to prove.

"In the early days the atmosphere at Valmet felt a bit like a start-up company, with everyone continuously improving things and stretching to new heights. However, we had 200 years of history to build on. Looking back, it was a truly special time. We were creating our identity, defining our values,

implementing our strategy and learning what "forward" would mean for us. Finding the right partners for all our global programmes was of utmost importance. Our programmes would shape our culture and deepen our understanding of where we were going and the company we wanted to be," says Julia Macharey, SVP Human Resources, Valmet.

During the selection process Valmet identified four critical areas that needed to be part of the learning journey: a strong link to strategy and the must-wins, clear business ownership of each programme, a variety of learning methods and networking opportunities, and, most importantly, there had to be a significant learning and monetary impact.

"We at IMD took on Valmet's strategy execution design challenge with gusto," reflects James Henderson, Program Director and Professor of Strategy. "We built on Valmet's initial 'meeting points' concept whereby high potentials and senior executives would be able to learn from each other. Together, we created two interweaving programmes, one for senior management (Forward Strategy) and one for the high potentials (Fast Forward), both of which would follow multi-modular journeys simultaneously, with some sessions being run independently and others all together."

Top management involvement was built into the programme. The CEO kicked off every cohort, and at least three Executive Team members came to the final presentations of the business challenges presented by Fast Forward participants. The challenges were all connected to the participant's role and to executing Valmet's strategy and must-wins. Mentoring was used as a source of competitive advantage by personally connecting one senior executive participant with two high potentials.

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Making an impact

Since the programmes began in 2014, about 400 Valmeteers (approximately 3.5% of the total employee base) have participated, while the lessons would potentially cascade to another 20% of the organisation's total population through grassroots-level co-operation on the business challenges. Overall the journey exceeded the expectations set out at the beginning, not simply based on impressions and testimonials but in terms of real impact.

“We set out to create something unique and I feel we've achieved it. I have taken part in the programme as an Executive Team panel member, a mentor and a programme participant and am proud of what we've achieved. In all three roles, I've been inspired. But being inspired isn't enough in today's competitive business environment, we also needed to deliver a return on investment and create a true business impact, both of which have been achieved and measured. I am excited to see what our next step forward will bring,” Macharey continues.

Impact was measured at different points in time along four levels: the individual level through capability development, the

interpersonal level through mentoring; the cohort level through networking; and the organisational level through return on investment.

The results showed that not only were individual capabilities built but also 62% of the mentoring relationships continued well beyond the end of the journey; cohort networks improved by over three times because of the programme and substantial financial impact was achieved (between five and 167 times depending on the definition).

“When we did the first calculation about the business impact I was honestly quite shocked and did several rounds of repetitions to make sure it was correct – the impact was so significant. There were a lot of projects that would not have happened without the programme and many others were accelerated. Not to mention the financial impact to the company. The programme has also impacted our ways of working, we are now running several internal mentoring programmes and have senior managers eagerly signing up because of their positive experience in Forward Strategy,” says Hanna Heikkilä, VP, Talent Management, Valmet.





400

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3x

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A relationship that gets better with age

IMD has had a long-standing relationship with Valmet and Metso dating back to around 1993. It delivered a suite of top-team retreats, area management meetings, as well as senior executive and executive programmes from 2005 up to 2012, just prior to the de-merger.

The Forward Strategy and Fast Forward programmes only worked to deepen the relationship between Valmet and IMD. For Valmet's Executive Team members, the campus feels like a home away from home and it is never difficult to get them (though they have very busy schedules) to sign up. Programme participants are honoured to participate in the business challenge feedback discussions, which leave them feeling energised and inspired. Overall, the more IMD and Valmet have worked together, the more perfect the programmes have become – an illustration of how co-operation creates world-class results.