

DBA THESIS (2010)

The ‘Moon Shots’ of 21st Century Talent

**Comparative Corporate Training and Leadership
Development at General Electric and Toyota**

Executive Summary



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Companies often fail because of their reluctance to let go of the past and move beyond the tried and true methods created by previous success, even after these have been rendered obsolete by changes in the business environment. So as the organization, systems, and employees become dependent on antiquated activities that are no longer effective, it becomes increasingly difficult to abandon outmoded practices, learn new ways, and cope with change. In time, this slows the development of performance-enhancing capability, driving down competitiveness and condemning its victims to a downward spiral of gradual corporate decline. To avoid obsolescence, companies have to internally recalibrate activities and develop the ‘Moon Shot’ talent that pushes the limits of superior and sustainable company growth by cultivating the capability in organizations and in people to manage the uncertainties of a volatile 21st century.

This comparative study on General Electric and Toyota looks at how employee training and leadership development align the organization to embrace change and develop performance-enhancing capability. Specifically, the comparative focuses on the discrete training and development practice in each firm that embody the following ideal ‘Moon Shots’ of 21st century talent:

- Erecting the infrastructure to pick out diamonds (i.e. people) from the rough, polish them to a sparkle, make them shine, and keep their luster from fading.
- Outfitting people with the practices, methods, and tools needed to make change happen.
- Developing leaders who champion change by observing, listening, and learning alongside others.
- Cultivating the mindset of performing cooperatively and collaboratively, with respect and trust.

Analyzing the impact of corporate training and leadership development on capability requires understanding how structural, cultural, and social factors constrain learning and growth. Consequently, the following concepts were developed specifically for this comparative study based on learning and organizational development theory:

- *The Two-sided Organization*. A model describing how organizations are composed of two sides, one *structured* and the other *flexible*, that together

determine the capability potential of the organizational whole. Emphasizing just one side makes it larger than the other, causing the organization to develop lopsidedly and spin out of control. Both sides have to be emphasized equally in order to align the organization to embrace change and develop new capability.

- *The Four Organizational Layers*. This concept states that organizations are composed of four layers where capability develops: *Corporate Culture, Leadership, Instruments for Change, and Talent Management*.
- *The Model of Capability Accretion*. A theoretical construct that operationalizes how *restraint* from operational rigidity, organizational inertia, and socio-cultural norms curbs learning, knowledge creation, and ultimately, the development of capability. This model explains the ‘diminishing returns’ of learning and performance: why many years at the same company can be equivalent to just a few years because people stop learning and instead re-experience repackaged variations of old experiences.
- *The Capability Booster Framework*. A three-block template linked to the model of capability accretion that shows how capability increases by capitalizing on individual and organizational experience, leveraging it to overcome the restraint to change that slowly calcifies inside organizations, in operational systems, and in employees, over time degrading acceptance to capability-imparting change.
- *The ‘Ecology’ of Capability Accretion*. The learning environment in an organization where the development process is dynamically reinvigorated and enriched, overcoming the ‘diminishing returns’ of learning by embracing the change that boosts capability.

This study has seven chapters, summarized below, and is based on over 30 structured and in-depth interviews with current and former senior-, mid-, and entry-level managers and training personnel as well as site visits to corporate training centers at General Electric and Toyota.

Chapter 1 introduces the concepts of talent ‘Moon Shots,’ the two-sided organization, the four organizational layers, and the capability booster framework. The chapter also highlights the issues concerning employee training and the criteria for selecting General

Electric and Toyota for the comparative, including a description of their divergent practices with respect to workforce diversity, promotional path, and succession planning, among others.

Chapter 2 develops the model of capability accretion, grounding it in epistemological, organizational systems, and socio-psychological theory, and characterizes the factors influencing capability development. This chapter also describes the capability booster framework and the ‘ecology’ of capability accretion, linking both to the four layers where capability develops in an organization.

The next four chapters focus on the layers where capability develops in General Electric and Toyota, beginning with a description in Chapter 3 of their talent management infrastructures that develop people over the long-term by blending formal instruction with experience-building job rotations to support growth at every career stage. Chapter 4 looks at the instruments at both companies that transform uncertainty and opposing demand into concrete and implementable solutions that stimulate change and fuel growth. Chapter 5 explains the leadership company-specific traits to drive change through observation, listening, and learning. Chapter 6 looks at the corporate cultures in each firm that foster a common and shared understanding of unique company values and philosophies.

The study concludes in Chapter 7, where the layer-specific capability booster frameworks developed in Chapters 3 to 6 are unified to characterize the distinct ‘ecologies’ of capability accretion in General Electric and Toyota. This chapter also summarizes the pitfalls that slow or restrain capability development in each company, before describing the new set of talent development ‘Moon Shots’ implied from the comparative. The chapter closes with the following three lessons to develop capability in firms:

- Restraint is the single biggest hurdle in the way of institutionalizing change.
- Flexible change is difficult to sustain, much less pioneer.
- Abandoning talent-building endeavors in response to unexpected change lowers long-term performance.

These lessons are reminiscent of Benjamin Franklin’s notion that mankind is divided into three classes: those who are *immovable*, those who are *movable*, and those who *move*. Rephrased in this study’s parlance of capability accretion, these classes represent restraint,

change, and capability, respectively: people are immovable because *restraint* glues them in place, people are movable because they embrace *change*, and people continue to move because their *capability* spirals to higher and higher levels of performance. The ‘Moon Shots’ of 21st century talent represent the ingredients to transform the *immovable* potential of the organization, systems, and people into *moving* performance.