

How Hyundai Motor America Is Getting Its Leadership Team Up to Speed

A CLIENT STORY

Hyundai Motor America



About Hyundai Motor America

Hyundai Motor America, based in Fountain Valley, Calif., is a subsidiary of Hyundai Motor Co. of South Korea that employs 68,000 people and has annual sales exceeding \$57 billion. Since entering the U.S. market in 1986, Hyundai has invested more than \$1 billion in its North American operations, with factories in California, Alabama and Michigan and more than 750 dealerships nationwide.

The Hyundai Motor America Way

The U.S. Department of Labor has been frighteningly consistent in its forecasts: the country faces a growing deficit of skilled workers. By some estimates, the United States will have as many as eight million skilled jobs left unfilled by 2012.

The automotive industry certainly isn't immune. Consider, for example, the North American division of Hyundai Motor Co. The company has seen rapid sales growth in the last 10 years or so – which has accelerated not only a demand for skilled workers, but also a need to hire talented leaders.

Over the years, Hyundai had found its leaders in the two usual ways: by bringing them in from other companies or promoting them from within the company. But research has turned up an interesting statistic: of those executives brought in from outside, only 22 percent remained after five years, while 75 percent of those promoted from within remained after the same time period. Therefore, it became obvious that cultivating homegrown leadership was worth paying attention to. But that raised another issue: how should the company go about nurturing and developing its future leaders – especially in an ever-tightening labor market?

As Hyundai continues to grow at a rapid pace, the pressure is on to develop employees who are—or can be—in leadership positions. By using **Impact5: The Business of Leadership Game®** from Paradigm Learning as a cornerstone of its leadership development program, the automaker is preparing itself for the future.

Accelerating Leaders

Hyundai executives realized the imperative to create a comprehensive leadership development program – an intensive course that would focus on growing accountable leaders instead of merely providing an overview of the subject. “We threw away our supervisory skills ‘program in a box’ and decided that despite all those hundreds of leadership and management companies out there, we would design our own from scratch,” says Tom Dell, Hyundai’s manager of training and organizational development.

What Hyundai produced was a program designed for three distinct groups:

- Managers and executives
- Administrators, analysts, field representatives and other “exempt”-level employees
- Hourly (“nonexempt”) employees showing leadership aptitude

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How does Hyundai determine who should participate in its leadership program? Tom Dell says it's a three-step process:

- Figure out who the high-potential people are. Participant selection for leadership training is competitive based on potential for career growth.
- Determine the gap between their current skill levels (Point A) and what those levels need to be (Point B).
- Decide how to get those people from A to B.

Dell describes the Hyundai leadership program as being “just like an MBA program.” It lasts approximately 18 months, with required readings, presentations and team research projects. Participants meet once a month at Hyundai’s Fountain Valley headquarters for a one-day session. Approximately 75 percent of the program is instructor-led learning, with the balance done online – mostly supplemental (background and refresher) material.

A significant part of this program is an innovative training experience called **Impact5: The Business of Leadership Game®**, a business simulation and communication program developed by Paradigm Learning to help participants learn the responsibilities of leadership, understand how their decisions are directly linked to short- and long-term business results, and ultimately embrace their leadership roles.

Using competitive game situations, participants manage a department within a fictitious company. They face the challenge of getting results, struggle with personnel issues, deal with interdepartmental relationships, and balance tactical and strategic decisions. They get blindsided. They regroup. They analyze. They take action. And they learn about being part of a larger leadership team whose individual and collective actions affect employees, customers and the business as a whole.

Impact5 serves as a special kind of educational reinforcement, allowing knowledge and skills



learned throughout the Hyundai leadership program to come vividly to life. “It just ties everything together,” Dell says. “We read books, we give presentations, we talk about what leadership is and how it works, but Impact5 is the way we apply everything we’ve talked about.”

Hyundai’s leadership program helps participants make connections between classroom theory and business-world reality. They are able to answer such questions as:

- What are the top challenges facing my organization, and where do I fit in?
- What challenges do I face in fulfilling my accountabilities?
- What tools can I use to execute my accountabilities?

Effective leaders exhibit the following behaviors and actions:

- They align teamwork and individual work with organizational and departmental objectives.
- They establish and communicate clear goals and outcomes.
- They champion and monitor use of streamlined, disciplined processes.
- They produce measurable results to impact short- and long-term success.
- They ensure high performance from teams and individuals.

What is Impact5 The Business of Leadership Game®?

Impact5 is a fast-paced classroom simulation that puts players in increasingly complex business situations that reflect real-world concerns. Over two simulated years, participants make decisions, take action and experience the consequences of others' actions in such areas as finance, customer retention, loyalty and company organization. Impact5 engages managers with discovery learning techniques that allow them to experience what it feels like to be a leader within their organization and to gain a new perspective on leadership that can stimulate a change in their thinking and behavior.



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Impact5 is effective because it uses an educational methodology known as discovery learning. Discovery learning works by immersing people in situations that mimic the complexities of the real world, challenging them to take risks and make mistakes, without real consequences. "Most of the time when we're learning something, we never actually say, 'Hey, I'm learning!'" says Robb Gomez, president of Paradigm Learning. "That's the secret to discovery learning – it happens when you don't realize it. Over time you become aware that you've actually absorbed the information. Once you create a context for people to tap into their own abilities, like in a game situation, training no longer is something you do to employees, it's something employees do for themselves."

Driving for Perfection

Those who complete the program receive company certification as leaders. Even as the first groups were "graduating," it quickly became apparent that this certification would carry considerable weight within the company. "There's no guarantee of getting a promotion, but we've already got enough people inquiring about future programs to fill them, so the interest definitely is there," Dell says. "We've got some of our executives lining up their top talent to go into the program, which I think is a compliment."

How can companies use Impact5: The Business of Leadership Game®? Consider the following implementations:

- To complement and energize an existing leadership development curriculum
- As a stand-alone half- or full-day program to reinforce leadership accountability concepts
- As an orientation program for new managers
- To build the leadership acumen of "fast-track" managers
- To introduce/reinforce company-specific leadership competency models
- To support the introduction/implementation of an organization-wide initiative

But that doesn't really come as a surprise to Dell, who has previously partnered with Paradigm Learning on other educational programs, including employee financial literacy and business acumen training. Dell says Impact5 has been a perfect fit at Hyundai as part of a larger leadership curriculum. "It works for us as a tool among several in a unified effort to build leadership skills," he says.

About Paradigm Learning

Paradigm Learning (www.paradigmlearning.com) is a privately held company based in Tampa, Florida. Since 1994, Paradigm has worked with more than half of the Fortune 500 companies and has created award-winning business games, simulations and communication tools to address specific business needs. Its flagship program, **Zodiak®: The Game of Business Finance and Strategy**, has been played by more than one million people worldwide. Other products address such issues as leadership, teamwork, project management and organizational change and talent leadership.