

By Victoria Larson

#2606

# Program Challenges Top Executives

By providing a four-week leadership program for its high-potential executives, Knight-Ridder, Inc. is helping the company better manage change.

**T**hey were sinking. Even though they weren't far from dry land, it was obvious that the barrels that kept their makeshift raft afloat were coming untied—and the raft was falling apart. To reach their destination, they knew that they all needed to work together.

But this wasn't a crew with much rafting experience. Rather, it was a group of executives from Miami-based Knight-Ridder, Inc., racing across a swamp in the Florida Keys. The hands-on outdoor experience was helping to create a team environment and establish trust among participants for the remainder of Knight-Ridder's four-week Executive Leadership Program.

Companies across the United States are implementing programs to empower employees at all levels of the organization. But Knight-Ridder's program is different. Now in its sixth year, the Executive Leadership Program is designed specifically for the company's top 150 to 175 managers and executives. By broadening and elevating their executive perspective, the Knight-Ridder program helps participants both to focus on the strategic goals of the organization and to prepare for

corporate change.

In 1988, CEO Jim Batten recognized two issues that would impact the company's future dramatically. First, when Batten and Knight-Ridder president Tony Ridder reviewed their HR planning strategy, they realized that during the next several years there would be more senior-level vacancies than there were individuals prepared to fill them. If Knight-Ridder didn't aggressively develop its key people, it wouldn't have the required leadership to navigate the business into the mid-'90s.

Also, Knight-Ridder's market was evolving. As a global communications company, Knight-Ridder is engaged in newspaper publishing, business news and information services, newsprint manufacturing and cable television. With rumors circulating of the Information Superhighway and online services, Batten knew that the corporation's future success rested on its ability to adapt to the changes.

Batten and Ridder already had taken some preliminary steps toward altering the corporation's business strategy. For example, they sold Knight-Ridder's eight affiliate television stations, allowing them to purchase an online, user-subscribed

database, which wasn't dependent upon advertising revenue. But these preliminary changes weren't enough. Batten and Ridder felt that the company's top executives need to fully understand the changes taking place in the external environment. To best steer the organization through the transition, they decided to offer an executive education program.

**Internal program meets company's needs.** Once Batten and Ridder determined the need for executive education, they could've sent the company's high-potential employees to university courses for executive development. Instead, they gave Rob Reed, Knight-Ridder's director of training and development, the charter to create a program that would best meet the company's needs. Reed led the way in developing a customized internal program for the corporation's high-potential editorial and business personnel. Reed says that his decision to make the program internal was based on two primary concerns. First, the university programs that offered what Knight-Ridder needed cost around \$4,000 weekly per employee and usually lasted five to six weeks.

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Knight-Ridder was interested in taking a less expensive approach. More importantly, the corporation didn't want employees studying what was happening at other companies when they could, through an internal program, focus on critical strategic issues affecting Knight-Ridder itself. "We wanted employees to focus on our history, our culture and our values," Reed says.

Although executive education was an exciting new initiative at Knight-Ridder, the company already had established training as part of its corporate culture. Hundreds of employees in lower levels of the organization were attending multi-day developmental programs each year at the Knight-Ridder Institute of Training in Miami. Likewise, at 30 of Knight-Ridder's companies in North America and Europe, corporate-trained line managers and human resources professionals conducted skill-building programs in marketing, sales, journalism and production techniques. "There has been and will continue to be a culture centered around learning," Reed says.

**The program's goal is to broaden perspectives.** Reed's first step was to find someone to assist him in the design and creation of the program. After much research, he commissioned Executive Knowledge Works, a consulting firm based in Chicago that specializes in the design, development and implementation of executive education programs.

Before it was possible to begin planning the specifics, however, Knight-Ridder needed to further refine the critical business issues defined by the CEO. To accomplish this, Reed and the consultants held informational interviews with corporate officers and potential program participants. The issues identified were:

- Knight-Ridder's customers were

changing, and their needs were shifting. For example, people had less time to read newspapers, and they were looking for other sources of information.

- As a new class of competitors was surfacing, such as online services, the industry was transforming.

- Changes in technology were accelerating the rate of change in the industry.

- There was an underlying, yet powerful, perceived conflict between achieving journalistic excellence and maximizing shareholder value.

Knight-Ridder determined that it needed to strengthen the executive perspective of current and future organizational leaders to address these issues. Before the late '80s, Reed says that employees were single-focused and saw departments as competitors for the same scarce resources. Knight-Ridder wanted to change that attitude. "We needed our executives to be able to look out over time, over divisions and over issues to embrace the whole organization," Reed says. This became the primary goal of the educational effort.

With the help of Executive KnowledgeWorks, Reed created a four-week program to accomplish this goal. Because Knight-Ridder had found classroom learning to be a successful training method in the past, the bulk of the program is what Reed calls "traditional," incorporating lectures, case work and a variety of interactive discussions. "It's fundamental, cognitive, intellectual pursuit in which a group of people sit down and explore ideas, learn new concepts and apply what they learn to their own situations," Reed says.

To provide the most successful learning environment possible, Knight-Ridder selected its speakers and learners carefully. For each program, consultants from Executive KnowledgeWorks searched its nationwide network for appropriate experts. In general, they were looking

for three qualities in each speaker.

- 1) They needed to be experts in their areas.

- 2) They had to be flexible to Knight-Ridder's program and create the material specifically for the company.

- 3) They needed to be strong discussion facilitators and demand participation from the program class members.

The consultants supplied Reed with in-depth information on four or five candidates. From these, Reed narrowed the selection to three and then interviewed each on the telephone. Knight-Ridder paid the final two candidates to prepare a dry run of their seminars, which they presented in front of a representative group of 12 to 15 executives. Finally, a speaker was selected—but, even then, Reed often asked for a few changes in the presentation to better meet the company's needs.

Knight-Ridder followed these steps in selecting every speaker. The process for each one took approximately two to three months, but Reed says that it was worth it: "When we were done, we had speakers who knew more about our organization and more about the quality of our people."

Since 1988, more than 30 executives have participated in the experience each year. Each class, as the company calls the participant group for each annual session, is selected through Management Development Reviews. Reed says that these reviews (which are similar to management audits that support traditional succession planning) help the corporation identify potential leaders through a written and verbal review process. "Through these reviews, which are conducted at each individual company by corporate and local officers and HR people, we find people who are at the right stage in their careers to be part of the Executive Leadership Program," Reed says.

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Knight-Ridder tries to include executives from a variety of functional areas in each class. Diversity is also a concern: Reed's goal for the program is that each class include at least 10 women and five people from minority groups. "If we hadn't been aggressive as an organization in developing a diverse bench strength, it's possible that we could have ended up with a group of powerful white guys at the upper levels," he says. That hasn't happened, and so far, the company has met Reed's goal with each class.

**The program focuses on change.** Knight-Ridder sets the stage for the classroom experience by sending participants to a two-day Outward Bound session in the Florida Keys. In addition to building and racing rafts, the executives participate in other teamwork and leadership initiatives, such as maneuvering in teams through an obstacle course. Reed says that these outdoor, hands-on activities unify the class members so that they are better able to deal with actual issues during the rest of the program. This is especially important at Knight-Ridder, where participants come from large and small newspapers and information companies throughout the corporation. "It acts as a sort of leveling experience," Reed says. "By the time they finish those two days, the participants clearly have a different sense of one another."

On the third day, the class goes back to Miami for a welcome by Batten. At this meeting, Batten explains the guidelines for participants, which include:

- Thinking independently. The company doesn't encourage the participants to become "corporate clones."
- Asking questions and learning all that they can from the experience.
- Putting the organization behind them for the duration of the program

and investing the time in themselves.

Batten also iterates the program's purpose: "Upon completion of the program, challenge us and help us think about the direction of the company."

For the rest of the first week the class members attend interactive sessions that focus on Knight-Ridder's traditional and emerging values in the context of current and anticipated external pressures. Speakers share insight on such topics as how changes in societal values affect the organization and the relationship between technological changes and society's changing values. In addition, the participants are forced to examine their own leadership styles through a 360 degree review completed before the program by nine colleagues. The start of each day, as well as the last half-day of each week, is reserved for a debriefing facilitated by Executive KnowledgeWorks' President Anthony Fresina. "If there's an idea that came up that didn't get treated richly enough, or somebody has evaded an issue the day before, he'll bring it up," Reed says.

He adds that he wants the executives to leave the first week with their heads swimming. "We want them to be so dissatisfied by what they don't know yet that they can't look with comfort at their environment in the same way as before," he says.

For the second week the participants journey to Johnson Space Center in Houston to study NASA. Reed says that Knight-Ridder isn't using NASA as an example, but rather using it as a mirror to examine how another organization, also driven by values, has managed technological and societal changes. "The people who started NASA were driven by the strategic mission of putting [people] into space," he says. "Even today, they're so focused and single-minded, they remind us a lot

of newspaper people." To provide insight to the organization, five or six NASA staff members, including astronauts, ground controllers and technicians, join the group for the full week. A tour of Johnson Space Center and small group discussions with the divisional directors also facilitate learning. In addition to this living case study, leading experts provide conceptual models and guide participants through an exploration of major sources of, and responses to, global, industry and organizational change. Participants examine how organizations' responses to the societal and industrial forces of change determine failure or continued success.

During the third week, participants examine how Knight-Ridder most effectively can leverage its internal capabilities—marketing, finance and human resources—to create a competitive advantage. Leading content experts hired by Reed facilitate the examination, which includes a session on how Knight-Ridder is perceived on Wall Street. This week's program is held at a different location each year. The goal is to take participants away from their usual business environments so they can look at issues from a different perspective. Last year, they went to a conference center outside of Washington, D.C. "By changing locations, people more easily adjust to a different mindset," Reed says. By the end of the content-driven week, he says that participants have a clearer sense of what constitutes a sustainable competitive advantage.

By the final week, participants have spent 22 days together exploring values, change and the strategic deployment of Knight-Ridder's resources. To put their experience to the test, they spend two days working on a custom-made, case-driven computer simulation of a media marketplace. The program

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requires the executives, working in teams of five, to take on the role of CEO. The team members begin by establishing a strategic mission for their media properties, then they collaboratively make decisions when the computer presents them with situations. For example, they may be asked if they want to purchase a media product. Their decision should rest on what they have established as their strategic mission. As in actual business, their decisions affect future options. "The situations test their values, their learning and their ability to respond to ambiguity," Reed says. He adds that the program also brings out their competitiveness: "While the simulation isn't intended to be competitive, it takes about 15 minutes before they're looking over their shoulders wondering how the other teams are doing."

To end the program, the participants spend one full day with the company's top three executives—Batten, Ridder and Jack Fontaine, executive vice president responsible for Knight-Ridder's Business Information Services division. Through open, informal discussion, everyone exchanges ideas and examines vulnerabilities and opportunities that could drive Knight-Ridder's future. Angus Robertson, a participant in last year's class, says that because the CEO gives participants support from day one, they know that their recommendations are valued. "When we started the program, Batten told us, 'You are the future of the company. My charge to you is when we get back together on the last day, tell me and the other top officers what we need to do and not do.' That was our mission," says Robertson, executive editor of Washington, D.C.-based Knight-Ridder Financial News.

**Top management continues to support the program, despite its costs.** Reed says that the entire

program—including transportation and setup costs approximately \$14,000 per participant for four weeks, or \$3,500 a week. When Knight-Ridder began this executive education, the newspaper industry was thriving. Just one year later, however, the retail industry began restructuring, centralizing and slimming down radically. As a result, retailers purchased less advertising space, causing the newspaper industry and its related businesses to suffer.

Despite this down economy, senior management continues to invest in the Executive Leadership Program. Why? The answer lies in the program's impact on the organization and on the executives who participate.

The program isn't supposed to provide answers or teach new skills. Instead, it focuses the organization on critical issues, provides multiple perspectives on those issues, gives participants opportunities to process the information as a group and enables the group to make its own recommendations on how to lead Knight-Ridder into the 21st century. Reed says that top management credits the program with examining and even driving Knight-Ridder's key business issues.

As Batten and Ridder search for new revenue sources, the Executive Leadership Program helps focus, align and mobilize the company round core issues. "The result is an invaluable partnership between key executives and senior officers that allows Knight-Ridder to more intensely embrace change," Reed says.

Initially, the partnership took the form of a corporate task force, made up of former participants, that focused on strategic issues and examined changes in readers, markets and technologies. Since that time, the task force has evolved to different groups and studies that

continue to examine the changing information marketplace. "It was the beginning of looking strong and hard into the future and facing change," Reed says.

The Knight-Ridder Executive Leadership Program also benefits individuals. In the past six years, 80% of the company's officers and 90% of the publishers and presidents have attended the program. Before participating in the educational effort, most executives tend to have one of two interests: journalistic excellence or business accountability. The program broadens these biases and, more importantly, develops in executives a new, shared perspective. "We have a tendency within the news industry to feel that we're different from other types of businesses. But when you look at it from an elevated perspective, you see that although there are some unique aspects to our business, we're operating in the same environment as other businesses," says Robertson. He says that this new perspective helps executives realize for themselves the consequences of not adjusting to organizational, industry and global change. This also helps individuals realize that they're responsible for the organization's success.

This realization helps executives lead Knight-Ridder into new ventures and alliances. For example, the corporation recently created an alliance with Wilmington, Delaware-based Bell Atlantic, one of the most profitable regional Bell operating systems in the United States—a company that's five times larger than Knight-Ridder. "We started out by telling our executives, 'Folks, there are non-traditional competitors out there of which we need to be aware,'" Reed says. "We've gone from just identifying them to joining with them." In addition, the company has created a design-research lab, located in Boulder, Colorado, which partners with Silicon Valley hardware and

## Sliding in Slime Promotes Trust and Teamwork

Six years ago, Knight-Ridder Inc. recognized that the communications industry was changing. With the emergence of such technological advances as online services and discussions of the Information Super highway, Knight-Ridder knew it needed to adapt in order to survive. To help the company make the transition, the Miami-based communications company decided to offer an education program to its high potential employees.

Angus Robertson, executive editor of Knight-Ridder Financial News, was one such employee. Last year, he was selected to be a participant of the Executive Leadership Program. For three-and-a-half weeks, he and about 30 other Knight-Ridder executives studied the implications of change and how it affected the organization. But before they were able to grapple with these issues, Knight-Ridder wanted to help them know and trust one another. The company accomplished this through a two-day Outward Bound program. Here, Robertson discusses the experience, what he learned from it and how it set the stage for the rest of the four-week program

### Can you describe the Outward Bound experience?

"We did some sailing and some team-building and trust-building exercises, the last one of which ended up with a lot of us sliding around in the slime of the Florida Keys. We all came back on the bus to the hotel and had showers for about six hours each. Other people are going to go through the experi-

ence, and [the facilitators] don't like participants to know too much about the program, so I probably shouldn't go into too much detail."

### What did you learn?

"It built team spirit among people and bonded the group together. Also, it made us ask questions about ourselves by putting us into various situations, some of which were slightly intimidating, others of which required us to have a lot of trust in other people and belief in ourselves. Having talked to all the people who were in the program, I know that everyone kind of dreaded the Outward Bound experience, but came out of it upbeat. For me personally, it was such a powerful experience that I've gone back and done another Outward Bound program on my own. I took a group of teenagers on an Outward Bound weekend, in which I also participated. I felt that it was such a good experience for me—and really for anybody—that I carried over into my [personal] life."

### How does Knight-Ridder benefit from the program?

"It really brings together a group of people who don't know each other, and who are going to be spending a lot of time with one another [during the next three-and-a-half weeks]. It very quickly breaks down barriers. In the Outward Bound program, you have to work with people; you have to trust them. They have to trust

you, too, or you're going to fall over or slip into the slime, or whatever. So, you end up with a focused and bonded-together group, which really sets people up well for the intellectual and work-related activities in the rest of the program."

### Is the program designed to promote competition among the participants?

"It absolutely isn't a test where it's survival of the fittest and they want to see who has the right stuff and who hasn't. It wasn't like that at all. There was some competition between teams, but it wasn't a toughness contest. It was exactly the opposite. You needed to have some internal courage, but we didn't do anything truly dangerous, and nobody was required to do anything that they didn't feel comfortable doing."

### Can you describe in some more detail how the activities promote teamwork?

"You need to get your team from here to there, and you can't leave anyone behind. To do so, you have to get over obstacles-intellectual and physical. It's not like a contest to see who will get there first. You have to get your whole team from A to B. When you think about it, it's really a lot like the work environment, or at least the way a work environment should be. You've got to lead the whole team or motivate the whole group to get to an end."

—Shannon Peters

software companies to design new ways of distributing news. One project in the works consists of a portable media device the size of a legal pad. By touching the screen, users could access any page of the newspaper.

The individuals within Knight-Ridder who develop these types of

initiatives need support for their ideas. Reed says that more often than not, that support comes from people who've been through the program and have studied the implications of change. He says: "Now we're equipped for understanding more clearly what impacts Knight-Ridder's world and for creating a greater

range of business responses to our challenges."

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