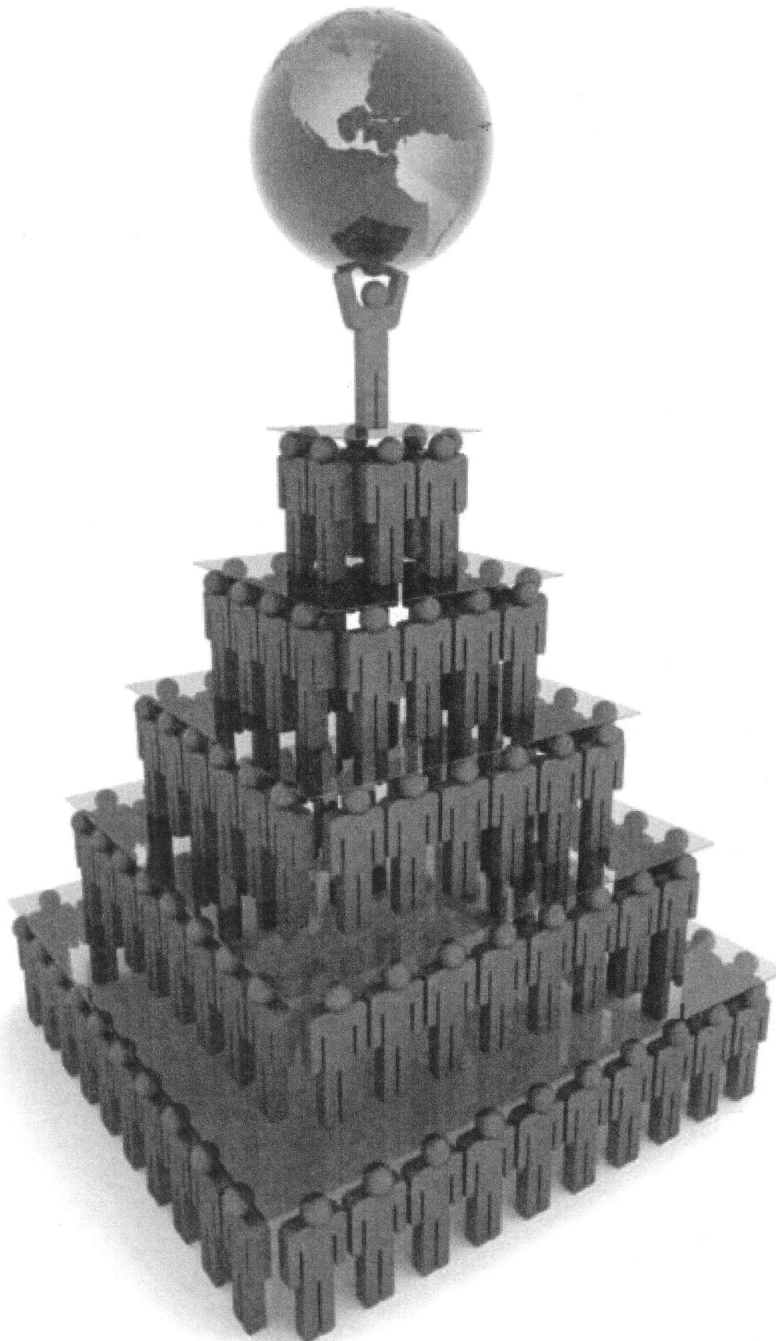


# Developing World Class Leaders:

## *The Rohm and Haas Story*

*Rajiv L. Gupta, formerly with Rohm and Haas  
Karol M. Wasylshyn, Leadership Development Forum*



For nearly 25 years the Rohm and Haas Company, recently acquired by Dow, ran what was one of the longest continuous high-potential development programs in a global company. The manufacturer of chemical and electronic materials focused on its top 70 senior executives and high-potential managers who represented significant geographic, gender and race diversity. Further, an assessment of more than half of these business and functional leaders, conducted by an outside evaluator as part of the Rohm and Haas-Dow transaction, found many of them to be “significantly above the industry benchmark” in terms of customer and marketplace focus. A senior member of this outside evaluation firm described Rohm and Haas as one of the best “CEO schools” he had ever seen.

This program, named Leadership 3000, resulted in the development of a highly diverse group of global leaders and ensured a smooth leadership transition at the CEO level. Furthermore, the program helped deepen the self-confidence and preparedness of key business leaders who drove two of the company’s boldest initiatives through the last two decades. The first was the building of its electronic materials business. The second was the expansion of Rohm and Haas’ presence in Asia—ahead of its competitors. By 2008, more than half of the company’s earnings were contributed by electronic materials and business expansion in Asia.

Regarding business growth, in the space of 20 years (1988-2008) Rohm and Haas grew from a mid-sized hybrid chemical company (a combination of commodity and specialty chemicals) to a global leader in specialty chemicals and electronic materials. As measured by growth, profitability and valuation multiples, Rohm and Haas remained among the leaders in its industry. Clearly, both the quality of its business portfolio and leadership talent were recognized by major companies in the industry—including Dow—which purchased the company for a substantial premium.

Over the last decade, total shareholder return (TSR) far exceeded peer companies and overall market performance. During the last five years, Rohm and Haas TSR was at 17.3 percent compared to the S&P 500 of -4.8 percent. Finally, the closing price of \$79.40 per share represented an approximate 30 percent premium above the company’s all-time high of \$62 per share (July 2007).

We cannot yet fully assess how Rohm and Haas executives fared in the move to Dow. However, at this writing, the majority of Leadership-3000-trained executives found comparable or better positions in Dow or other companies. The C-suite executives who were retirement eligible (two) or who had a change of control provision (three) either left the company and retired fully or accepted C-suite roles in other public companies.

## Leadership 3000: The Conceptual Spark

The conceptual spark for Leadership 3000 occurred in 1986 when then-CEO Larry Wilson charged his corporate head of human resources Mark X. Feck with the development of a program that would help groom the next generation of business leaders. At that time, the company’s portfolio was dominated by mature businesses with minimal growth potential so Wilson knew he needed leaders who had stronger strategic focus, creative thinking and business acumen. In addition to these leadership competencies, Feck believed that certain leadership behaviors—including courageous decision making, bias for action, boldness versus hierarchical approval-seeking and deepened self-awareness—also must be increased if Wilson’s objective were to be met.

Given both the competency-based and behavioral focus of this development initiative, Feck chose a clinically trained consulting psychologist (Wasylyshyn) as his program design partner. In expressing the philosophical core

of the effort Feck said, “We need to go inside out. We need to assess the whole person, not just one’s profile of leadership competencies. We need to have real relationships with these people, and they need to know themselves and understand what influences their behavior in good times and bad. Their accurate self awareness is essential for continued learning and personal growth. Continued learning and personal growth are essential for the development of world-class leaders.”

This view of high-potential development led to four principles that guided the creation, implementation and consistency of Leadership 3000:

1. a holistic development model;
2. trust grounded in confidentiality;
3. the power of psychological insight; and
4. the conveyance of executive wisdom.

## Holistic Development Model

While the four-phase model of Leadership 3000 (described below) typically unfolded over a nine- to 12-month timeframe, it was positioned as a boundary-less process versus a contained program. In other words, after participants completed the four phases, they could continue consultative dialogues with anyone in their Leadership 3000 development “brain trust.” This “brain trust” included their boss, and at least one C-suite executive, as well as Feck and the consultant. An unforeseen *retention* benefit of this

boundary-less approach was revealed over time when participants felt comfortable enough to use brain-trust members as sounding boards to discuss the calls they received from executive recruiters.

Given the commitment to understand each participant as a *whole* person, the company provided an optional and confidential “spousal partner” module to those who wanted to explore the work-family integration issue. A number of the company’s recent C-suite executives pioneered this dimension of the program and affirmed its help in managing the relentless tension between career and personal priorities. The authors are unaware of other companies that include this holistic element in high-potential development activities.

In the spousal partner module, Rohm and Haas used a customized interview protocol with each partner individually. The data were then analyzed and captured in a report provided to the couple as the basis for a facilitated and action-focused conversation with the consultant. Each couple examines the stressors, strains and opportunities of executive-couple life. The outcome—constructive problem solving—proved useful to couples grappling with such issues as expatriate assignments or repatriation.

Finally, the holistic intent and flexibility of Leadership 3000 were evident by efforts to be there for participants when they were faced with difficult personal events. For example, when the father of a French executive died unexpectedly, the consultant arranged for the executive to meet with a bilingual bereavement counselor. On some level, customized efforts such as this contributed to the overall credibility of the program and helped build relationships that deepened over time.

## Trust: Data Confidentiality

In an effort to underscore the developmental (versus evaluative) intent of this work, all the data generated became the property of the participants. This meant they were free to share data with their bosses and/or others but the consultant was not. No reports were written. The traction, momentum and value of Leadership 3000 were maintained through the participants’ presentation during an action planning meeting of their strengths to leverage and their areas for improvement.

In addition, participants created a master action plan (MAP) to guide ongoing development activities. The promise of confidentiality also surrounded all data-gathering and feedback meetings, as well as subsequent discussions and/or ongoing coaching of participants once the core components of the program were completed.

## The Power of Psychological Insight

Rohm and Haas used a number of resources to deliver on the goal of psychological insight or, in Feck’s words, “accurate self-awareness.” In addition to a battery of standardized psychometric tools appropriate to a business setting (See sidebar below.), participants were offered the option of including a projective technique, the Rorschach. Tools like the Rorschach are based on the projective hypothesis that one’s response to an ambiguous stimulus—in this case an inkblot—can reveal deeper facets of the personality. Interestingly, every Leadership 3000 participant elected to include the Rorschach despite how “far out” Feck thought this particular tool would seem to them.

In hindsight, this outcome was influenced by participants’ appetites for holistic experiences, trust in the process, genuine desires for

greater self-awareness and confidence that the consultant would apply the information to their development agendas. Each participant also spent a half-day giving a life history that revealed key thematic material with implications for leadership effectiveness.

## The Conveyance of Executive Wisdom

Each participant was invited to choose a member of Rohm and Haas’ Executive Committee (EC) to be part of his or her development “brain trust” in the action-planning phase. This meant that the CEO or another C-suite executive attended *every* action-planning meeting. The C-suite member joined the participant’s boss (who may or may not have been a member of the EC), the corporate head of HR (initially Feck and then four others after his death in 2000) and the consultant, who facilitated the discussion.

While time consuming for EC members, their active involvement sent an emphatic signal about their commitment to development. Their participation also reinforced the power of conveying wisdom, i.e., that their work experiences, triumphs, mistakes, emotions and other accumulated learning could enrich action planning in inestimable ways.

### Leadership 3000 Data-gathering Sources

#### Leadership Competencies

##### I. Outside-in Perspective

- Market-aware and Customer-driven
- Strategic Focus
- Global Perspective

##### II. Speed to Market

- Bias for Action
- Adaptive to Change
- Creative Problem Solving

##### III. Pursuit of Profitable Growth

- Professional Credibility
- Business Acumen
- Persuasion and Influence
- Safety Performance
- People and Performance Management
- Interpersonal Effectiveness

#### Rohm and Haas Essential Leadership Behaviors

- Courageous Leadership
- Emotional Fortitude
- Enterprise Thinking
- Pragmatic Optimism
- Steel Trap Accountability
- Truth-telling
- Tough on Talent

#### Battery of Psychometrics

- Life History
- Watson-Glaser Critical-thinking Appraisal
- Life Styles Inventory 1
- Revised NEO Personality Inventory (NEO PI-R)
- BarOn Emotional Quotient Inventory (EQi)
- Rorschach

## The Model

This high-potential development model consisted of four distinct phases:

1. data-gathering;
2. feedback;
3. action planning; and
4. follow-up.

The nine- to 12-month timeframe for the model to unfold gave participants sufficient time to “work” their master action plans (MAPs) and to be ready to probe for further development guidance from their “brain trust” in the follow-up phase. On the surface this model appears similar to high-potential development initiatives in other companies. However, as indicated in the previous four principles, there were distinctive differences in the nature of the data gathering, action planning, follow-up and activities beyond the actual program. It was through these differences that participants experienced the “going inside-out” that Feck believed essential for sustained learning to occur.

The multifaceted nature of the data gathering (See sidebar on previous page.) surfaced a rich tapestry of biographical, psychological, leadership-competency and behavioral information. While companies can spend considerable time and other resources identifying their leadership competencies, it is worth noting that CEO Wilson identified the first competencies used for 360 data-gathering saying, “We don’t need to spend any more time on this—these are the fundamental competencies our leaders need to have so let’s get started.”

These were:

1. the ability to earn trust and support among superiors, colleagues and subordinates;
2. the ability to form realistic vision for the organization;
3. the ability to communicate vision and inspire commitment/quality performance;
4. toughness and drive to overcome obstacles;
5. the ability to size up opportunities/problems and take effective action; and
6. managerial and administrative competence.

**TABLE 1: STRENGTHS TO LEVERAGE**

Top 5 Leadership Strengths to Leverage	Number of Participants: 1986-1999	Number of Participants: 2000-2008
Bias for action	7	12
Strategic focus	5	11
Creative thinking	2	10
Business acumen	5	8
Courageous leadership	4	8

When Gupta became CEO in 1999, these competencies were amplified and the Rohm and Haas Essential Leadership Behaviors were added to the data gathering as indicated in the sidebar on the previous page.

These data were woven together in the feedback phase that concluded with the identification of specific strengths to leverage and improvement areas. Unlike other high-potential development programs—where action planning can be left to the individual in concert with an HR professional and/or coach—this action planning was enriched by the active participation of C-suite executives.

These same executives, i.e., members of a participant’s “brain trust,” also attended the follow-up meetings. During these meetings, several months after the action planning event, participants presented annotated versions of their original action plans that indicated progress made and areas in need of further guidance. The follow-up phase also allowed considerations of next roles, including potential expatriate assignments.

## Findings—Strengths to Leverage

As the due diligence in the Dow transaction found, this Rohm and Haas high-potential group possessed leadership competencies and behaviors on a par with talented leaders in other companies. What is more significant about these findings is the variance represented between Wave 1 (1986-99) and Wave 2 participants (2000-2008) as indicated in Table 1 above.

In terms of leadership competencies and behaviors—as first articulated by Wilson and Feck—Wave 2 participants showed considerable progress. No doubt many factors contributed to this variance, and it is difficult to pinpoint with precision which factors were most significant. However, based on anecdotal data, the following factors merit

mention:

- the increased and active participation of the CEO and other C-suite executives in the action planning phase;
- the learning and experiences of Wave 1 participants—as transmitted to Wave 2 participants;
- the intensified scrutiny of potential Leadership 3000 participants;
- the use of Leadership 3000 as an assimilation tool for external C-suite hires; and
- a more rigorous corporate talent-management process informed by a steady set of leadership competencies and behaviors.

For this article, we have focused primarily on the Wave 2 (2000-2008) participants. This group demonstrated these traits:

1. bias for action (high energy, boldness, and accountability);
2. strategic focus (high impact on business unit success and strategic thinking);
3. creative problem solving (analytical skill/problem-solving and strong innate capacity);
4. business acumen (industry knowledge, financial skill and legal expertise); and
5. courageous leadership (creating/leading energized teams and standing up to senior management).

As compared to Wave 1, there were significant increases in the number of participants in each of these strengths to leverage.

## Findings—Improvement Areas

The improvement areas also tracked with experiences of other global companies com-



mitted to high-potential development. Again, what was most significant about the Rohm and Haas findings related to the variance between Wave 1 and Wave 2 participants as indicated in Table 2.

Specifically, the top five improvements areas were:

1. emotional fortitude (included a host of behaviors related to the four core dimensions of emotional intelligence—self-awareness,

managing emotions, especially anger and frustration, attunement to/empathy for others, and quality of relationships—transactional versus meaningful, listening and stress management;

2. persuasion and influence (clarity of objectives and communication skill);
3. people development/performance management (focus on career development, teamwork, motivation and dealing with performance issues efficiently;

4. courageous leadership (impact and boldness as a leader); and

5. strategic focus (developing a business vision, need for greater external perspective and customer focus).

As compared to Wave 1 participants, there were considerably fewer in Wave 2 with courageous leadership as an area for improvement. There was a notable decrease in the number of individuals who had some aspect

## Excerpts from a Leadership 3000 Master Action Plan (MAP)

### Strengths to Leverage

- Leadership Impact
- Business Acumen
- Strategic Focus

#### > Leadership Impact

- Shift my leader focus from micro to macro—promote the “we.”
- Commit more time to coaching high-potential talent (e.g., quarterly 1:1 meetings focused exclusively on specific developmental activities and direct reports’ career aspirations).
- Export talent to other parts of the company.
- Make necessary personnel changes, i.e., get right people in right roles and ensure conditions for them to be successful.
- Manage my “brand” more proactively, i.e., convey to all stakeholder groups the what and why of my key objectives more clearly.
- Schedule quarterly lunch/dinner times in effort to get to know and explore potential synergies with other (non-U.S.) business unit and functional leaders.

#### > Business Acumen—Deepen financial knowledge, increase understanding of financial strategy at corporate level.

- Establish quarterly informal mentoring meetings with company CFO.
- Lead new business unit turnaround (relocation to Europe).
- Enroll in Wharton Advanced Management Program (Q4).

#### > Strategic Focus

- Step up meetings with external customers and prospects.
- Leverage experiences in Asia especially in terms of supporting peers’ relationship-building with key stakeholders in this priority-growth region.
- Temper tendency to push my strategic growth agenda too aggressively at both the customer and supplier levels. Repair two strained customer relationships.

### Development Areas

- Boldness
- Impatience
- Political Savvy
- Work-family Integration

#### > Boldness—“My leadership metamorphosis”

- Do not be held back by process; use and trust my gut more on out-of-the-box staff appointments and on how my organization needs to be structured to support recent realignment of strategic priorities.
- Set and actively follow up on bolder stretch development objectives for each member of my leadership team (LT).
- Step up the quality and candor of this year’s performance reviews; make certain each LT member is clear regarding how I see his/her respective strengths and weaknesses. Ensure focused development plans are in place.
- Challenge corporate barriers and/or organization totems (e.g., the sales incentive plan).

#### > Impatience—The “dark side” of my bias for action

- Keep things in perspective with reality-testing questions like, “What must be done now? What can wait? How long can certain things wait?”
- Delegate realistically versus putting people in unnecessary overload.
- Stay close to individual team members—especially during high-stress periods. Be attuned to their needs and display empathy.
- Intensify alignment on key objectives by ensuring monthly team and scheduled 1:1 meetings.
- Take a “burn-out audit” of my team in an attempt to understand where everyone’s limit is—and then be responsive to those limits by not piling work on people who are already in overload.

#### > Political Savvy

- Have direct conversations with key peers and members of my leadership team to ensure that they understand what’s motivating me versus the perception that it is all about my career ambition.
- Deepen relationships with one or two confidants in the company with whom I can close the door, hear what I need to hear about how I’m perceived and vent my frustrations when venting is what I need to do.

#### > Work-Family Integration

- Participate in Leadership 3000 Spousal Module—use this as a springboard for planning of upcoming family relocation to Europe.

of emotional fortitude as a development focus. Nearly one-third fewer Wave 2 participants had persuasion and influence issues compared to Wave 1. There was a small decrease in Wave 2 participants who had strategic focus as an improvement area.

Because strategic focus is one of the most challenging leadership competencies, we were not surprised to see it persist as an improvement area. However, given the significant increase in Wave 2 participants with strategy as a strength, a common action step was to pair participants in informal peer mentoring relationships that helped individuals capitalize on their respective strengths.

There was no change between Waves 1 and 2 on the competency of people development/performance management—one of the perennial and most challenging of high-potential development areas. A host of issues continued to thwart and probably intensify the lack of progress in this area. These included the accelerated pace of business challenges, demanding economic conditions, work overload, cultural differences (particularly as related to providing sound performance feedback to people in other geographic regions) and the lack of user-friendly performance-management systems. For the most part, actions related to the people development/performance-management competency involved ongoing coaching by the boss and/or external consultant.

## Action Planning

Rigorous adherence to creating targeted, realistic and robust master action plans (MAPS) as the tangible outcome of Leadership 3000 continued as an overarching priority. A wide array of development resources was represented in these MAPS—some familiar and others less so. In the broadest terms these resources included:

1. job rotations;
2. assignments in other cultures;
3. executive seminars (both brief and residential in world-class business schools);
4. specific courseware in areas such as strategic thinking and innovation management;
5. formal communications skill training;
6. company-based courses in functional areas such as finance and information technology;

**TABLE 2: IMPROVEMENT AREAS**

Top 5 Leadership Strengths to Leverage	Number of Participants: 1986-1999	Number of Participants: 2000-2008
Emotional fortitude	27	16
Persuasion and influence	17	12
Developing people/ Performance management	11	11
Courageous leadership	22	10
Strategic focus	10	9

7. short-term mentoring relationships;
8. participation in community-based non-profit organizations to build leadership skills;
9. the orchestration of for-profit board appointments;
10. mindfulness meditation; and
11. coaching in emotional intelligence.

While participants benefitted from working their MAPs, we believe the sustainability and impact of Leadership 3000 tracked back to the interaction of its four guiding principles—holistic approach, trust grounded in confidentiality, the power of psychological insight and conveyance of executive wisdom. From the moment of invitation, participants were made to feel honored, respected and safe. This ignited an attitude of discovery and sustained learning. For some, this had cascading effects for their spouses and families. See Sidebar B for excerpts from the MAP of one of the company's most gifted business unit directors. Of note is his inclusion of the Spousal Module.

## Some Final Thoughts

As the global business environment continues to evolve in its complexity and Darwinian challenges, the demands of its leaders will intensify exponentially. Surely the economic disruptions of 2008-2009 had significant adverse effects on most industries, including chemicals and electronic materials. This economic volatility has yet to settle and, in tandem with efforts to manage the immediacy of this issue, business leaders will have to deal with increased regulations, other government and political influences and geo-political conflicts.

Given these relentless pressures, the most effective business leaders will continue to leverage their strategic, financial, operational

and people-management capabilities—people management especially as it relates to the empowerment of their most talented employees. These leaders also will value the power of continuous learning, and they will be rewarded by the significant time they spend deepening their global networks and ensuring the authenticity of the relationships within these networks. Furthermore, they will be distinguished by their ability to integrate and apply intellectual (cognitive) and emotional (behavioral) intelligence.

Finally, these leaders will ensure that sufficient resources and time—including their own—are allocated for the development of the next talent wave. Talent management, with leadership development as a critical dimension, persists as a “burning platform” issue in emerging markets, as well as in the United States. Fully talented leaders are in dangerously short supply. So while there are specific lessons that might be taken from our work at Rohm and Haas in developing world-class leaders in the end, it is as simple—albeit as demanding—as creating a robust leadership development model and staying with it. **P&S**

**Rajiv L. Gupta** is former chairman and CEO, Rohm and Haas Company.

**Karol M. Wasylyshyn, Psy.D.**, is president of Leadership Development Forum in Philadelphia, Pennsylvania.