The Value of Vertical – An interview with Laura Heaton of Penske

Summary

- Describe the complexity of the work and link to the leadership required for each.
- Practice what you preach, walk the hard nine yards yourself.
- Show love and compassion for people on the journey wrestling with real issues.
- Breakthroughs at earlier stages are hard; don't privilege the later forms of mind.
- Gather and disseminate the stories.

Mike: What was the leadership development requirement that you found on arrival? What have you been solving for?

Laura: Like many organisations, we were challenged by significant growth. One of the things unique nowadays about our organisation is it has a strong ethos of taking care of our own, which results in a 'hire to retire' culture. With the exception of some corporate roles, most people started entry level, they learned the business over quite a bit of time and they grew into bigger roles and leadership positions. But, the organisation has continued to grow and grow at an increasing pace and complexity. We had a system that worked well for decades by having people marinate in roles that prepared them for bigger and bigger responsibilities. The challenge we embraced was that the pace of change and business growth was outpacing that model of developing talent. People were now being promoted at much faster rates, having less time to learn an increasingly complex business. As the complexity of the work increased, the amount of time people have been spending in preparatory roles has been decreasing. Given that context and the traditional topics people were being taught in our development programmes, we had a lot of opportunity.

The theme of complexity continues as our industry, which has historically been very stable, now steps across a threshold into which extraordinary disruption lurks. In transportation, you have a tonne of increased technology on the vehicles, electric and other power sources, drones, big data, augmented reality, artificial intelligence and who knows what next. Competitors used to be known logos and personalities but now the biggest threat may be in early stages of play with some kids in a garage with an awesome app. Business models are not typically designed to be part of an ecosystem with that reality. We find ourselves having to compete and win given the rules of today *and* prepare the hearts and minds in our organisation for competing and winning in an increasingly VUCA future. As amazing as the culture at Penske is, one of the things that became pretty clear is that 'one right way' thinking, the way we've always done it, wouldn't be useful in the face of significant complexity. The work is different and the work of leadership is different. So, this perspective on the evolving dynamic complexity of our context brought to mind Elliot Jacques' work and vertical development. It got us thinking that we really need to look at the organisation through those lenses. When you start to see how the leadership work has become more complex you realize that it would be very useful if the mindset of leaders was in that same zip code. We really took our time initially in just understanding the organisation, understanding where the work really was different and will be really different in terms of task complexity and mindset complexity. We created a stratified leadership development framework that serves as our compass. The framework didn't always conveniently fit our organisational hierarchy but looking closely at the work, at different levels of leadership responsibility, was very helpful in getting clear about what the purpose of the work is, as we strive to help the organisation grow systemically and be an even stronger force for good in the world.

In addition to Jacques' work, we were influenced by Bridges' work on transitions, and Noel, Drotter and Charan's work on the leadership pipeline. We also dove into the constructive developmental work of Kegan, Cook-Greuter, Torbert, Loevinger and some of the Integralists like Wilber and Beck. For each of the different levels of leadership we got really specific about

the horizontal and vertical development objectives. We became very intentional about what are we were trying to build. For each of the leadership strata identified, we paid homage to how the work is different and that there is a psychological transition that comes along with it.

This thinking was new and it took us a good year to build this framework while continuing to deliver on a full portfolio. The framework was a skunkworks project for us and it has been invaluable.

The framework established both horizontal and vertical learning objectives for each level of leadership. This guides development programmes, coaching, and even the creation of new roles. We then started to build and design programmes that address the learning objectives established for the different levels of leadership responsibility. We were very lucky to have some cool brand attributes that were structurally similar to the development strands of Think, Be and Do, so we carefully integrated and stratified our brand attributes into the framework.

We were careful about the language used with each of the levels of leadership responsibility. We wanted the language to be reflective of the stage of adult development that we'd identified for each level of leadership responsibility. The framework needed to be very clear about what we were asking of someone. The work of an associate at the 'leading self' level of responsibility is different from someone at the 'leading leaders' level and that is reflected in the language, the tasks and the level of humanness required of the work.

Mike: Does that Charan view inform the backbone of the model? Because earlier you said it didn't necessarily always correspond to organisational hierarchy. So, I was wondering there whether you had maybe some more junior roles where maybe they're not a manager of managers, but the complexity of the work is actually quite higher than someone who is a leader of quite big battalions in a Charan type model but the task is just mobilising a couple of thousand people, but there's not much complexity there?

Laura: Yes, good question. I picture it like a tiered cake cut in half. On one half you have the people leadership

work and on the other half you have the technical-professional work. One of the things we've paid a lot of attention to was the task time horizon of the biggest challenges faced in typical roles at a level… you have to balance the specificity of individual role requirements with generalisability for the model to be useful. Subsequently, we have woven that into some HR systems and processes, such as how we evaluate new jobs.

We link language, stage, and work complexity in successive progressions. We've been studying this work for a few years and enjoy the good fortune to have some amazing sherpas in this space to help our thinking.

Mike: This is begging two questions for me. One is perhaps how explicit were you or have you been with the organisation in terms of some of the theoretical underpinnings of this approach? So, we've been peppering all of the go-to theorists. Is that something that's been very overt in the model and in your discourse with the organisation or you've kind of kept that hidden and said, "Here's the framework, here's the product, don't worry it's built on some firm theoretical foundations"?

Laura: Yes, yes, yes. So that has been a journey in itself. Initially, amongst those in our very small tent of Talent Development, this work was in the spotlight and at the same time is a work in process. However, with the organisation, with a few exceptions, it was more of a scaffold behind the scenes… at first.

For a couple of reasons, not the least of which was we really needed to get our sea legs with this work. What has been so interesting is that as we start to roll out more and more methods, we've increased the sophistication of our thinking and practice with this and we see the impact that it's having, in turn we become more confident to talk about it. We recently chose to bring this work into the spotlight for a programme with some of our leaders for the very first time. We started spotlighting it by integrating vertical assessments into the director level programmes. We also worked with a group of VPs and facilitated an entire module just on vertical development. We explained the difference between horizontal and vertical. We walked people

through it, we even provided an opportunity for them to take a sentence stem completion assessment and receive a debrief on it. It is encouraging to see how well the content is being absorbed by people coming to this work from very different stages. It starts to make sense to people about why they have a hard time communicating with some people and adds a new level of self-awareness. When you can help people see it and then provide a few recipes to work with it or ways to enquire with others, pay attention to in yourself, or different ways to reframe things… then it's very practical and they have an opportunity to connect and resonate with people in more profound ways. We were so happy with how well spotlighting the work went that we are looking to spotlight it in new programmes. We have also applied vertical to our coaching practise and development pedagogy. We now unapologetically foster transformation. We try to create an environment and a community within the cohorts that balances intellectual challenge and emotional support required to do this sort of work. This work does not take place within the cosy landscape of people's heads. It extends to throughout the geography of someone's entire being… their head, heart and hands. It illuminates a boundarylessness of the past, present and future. People are encouraged to meet the work with equal amounts of vulnerability and courageousness. We must always be able to create an environment within a cohort and classroom space (in person and virtually) where that kind of work can happen and it takes time. I don't think you can do that if you haven't and aren't engaged in that level of work yourself.

We're really fortunate to be able to invest in developing our talent. Many of our programmes are designed over a year in length with multiple in-person learning events that build upon each other and the work that takes place in-between the residential sessions. We implemented a learning technology platform that has been influenced by vertical development and behavioural science. This technology allows us to continue holding space for participants that fosters courageous vulnerability in-between sessions, keeps them connected on things that matter, helps them explore new perspectives, reflect and integrate insights. At the very end of the yearlong programmes, we ask everyone to share a story of their

development journey. It's a heat experience because we have very senior leaders in the audience listening to their presentations. The most moving and extraordinary stories have been shared. Once we started seeing the impact and the ripple effect of the transformational development we were hooked and wouldn't consider going back to the more traditional stuff because it feels so small in comparison.

Mike: Presumably you had a whole host of short-term deliverables. I mean you weren't able to go into a darkened room and say, "Hey give us six months while we're playing with some models here". There was a whole host of BAU and other stuff you were needing to keep running? Yes, so that short-term, long-term polarity. We're building something but we've still got to earn that right by delivering a whole host of short-term stuff.

Laura: Absolutely. So one of the things that was a little by design and mostly by luck was that we were working in areas that were of the most critical importance to the organisation. As we began evolving our practice and methods, we were working on high profile critical roles. The stakes were high because the work was in the spotlight. The impact was being recognised before the programme was over. Participants were grateful for the support and investment. The stories being told by and of participants were compelling so it didn't take long for there to be a buzz and a spike in demand to do this work with other parts of the business. With those wins on the board a few more resources came our way, as did some political capital, which we continue to spend by taking more risks with what we're trying to do and how we're trying to do it.

Much like the Hollywood maxim that you are only as good as your last movie, we are fully cognisant of the fact we must deliver consistently for the business. If we're doing work that is amusing to us but it isn't having a meaningful impact in the business, it kind of ends there. The evolution of our practice continues and it affords us the opportunity to play in areas that differentially matter to the business.

We had a new person join our team recently and one of the things they were rather gobsmacked by was how

much demand for development support there is from the business. In their previous organisation they had to sell what they could do for the business. We do not have that issue. We were lucky that our first big programme was the single most critical area of the operation and the results were palpable. This in turn created more and more demand and strengthened our confidence that we were on to something very meaningful.

Mike: You've been experimenting now for three years, you're making it more explicit, you've created the licence and the demand. What, looking back from this vantage point, have been perhaps some of the major learnings?

Laura: We have to go first as practitioners. This is work that cannot be led from your head just because you read it in a book or you saw it at a workshop. You have to feel it in your very fibres. Until you have explored the stories you've made up and held as true, until you have taken perspective on that which has kept you stuck in ruts that no longer serve you and tether your development, then you can't appreciate what you are asking people to do. You need to experience the liberation of severing a developmental tether and feeling what that unlocks for you. You need to be able to stand peacefully and humbly in the face of the ambiguity and the lack of single truths and until you've been there and you hold that in your being you can't completely appreciate what we're asking people to do. This is why this work isn't for everyone. This work is not for people who enjoy showing others how much they know or relish being the sage on the stage. This work isn't comfortable and predictable. This is work for people who privilege the journey, who privilege the inherent humanness with all its light and dark shadows. It is a different approach to the work, and we have to go first. When you do this kind of deep development work it unlocks a new level of compassion for the people we work with, and for all people. You know here in the States we're a country quite divided right now and battle lines are being drawn in places they have never been drawn to this extreme. This work allows us to hold these extremes with love and compassion. It is a shame that love isn't consciously woven into the fabric of organisations because it disarms the fear and anxiety often held consciously or unconsciously. I was

processing the topic of love and compassion in organisations with someone recently and shared that one of the things that I personally struggle with is navigating all of the roles that we have to play. One of those is being a female in a world, that as a rule, doesn't talk about compassion, love and kindness in an organisational setting, perhaps because of a false assumption that it doesn't involve strength. It dawned on me that I was subscribing to that story but realised that weakness comes from fear, fracture and division but love and compassion is the antidote. Easily said, but it takes courage, strength and the ability to dance with the inherent power of emotion, which is probably why it is so scary and too often marginalised. People are hungry for it. We have seen people with toxic leadership behaviours change with extraordinary speed when you meet them where they are as human beings, really hear them, see them and genuinely hold compassionate space with them. The toxic behaviours melt as they no longer feel the need to protect themselves. When you take away the threat people grow in ways you won't believe.

If you realise that there is a level of anxiousness and you know that love and support is what can disarm it for people, then there is a lot of power in that and it's the kind of power that feels really good and expansive for all. That's pretty ethereal, but it's one of those things we didn't know before this work and it has really opened new space, not only me personally but I think for our group. Experiencing the impact it has had on leaders is pretty nourishing. There have been so many lessons so far. This work is complex, you must be able to meet people where they are, everyone's journey is profoundly unique and developmental tethers are very old. The other thing is that none of us are a stage, we wander in and out of so many of stages, falling through trapdoors and rabbit holes on some things and on others taking rather expansive perspective. That's not convenient because it takes some effort to understand. The complex leadership work in organisations is very well served by some of the later action logics, however; we need to appreciate that there is beauty and energy in all of the different perspectives. If we overly privilege the later stages it is difficult to meet people where they are and if you can't meet people where they are your

chances of helping them grow are limited. In Ken Wilber's book Trump and a Post-Truth World, there is a useful framing of societal dynamics through an adult development lens. In a nutshell, it is important to transcend and include. As a society we have been transcending but then we're marginalising earlier stage views and so we haven't fully developed and integrated all of the gifts at earlier stages. We must transcend and include!   So, for example, let's say a group has an early post-conventional perspective around valuing diversity. In this perspective all voices are equal and valued and they feel very righteous about that to the point where somebody who doesn't hold that perspective is marginalised or demonised. The irony is that if all perspectives have merit, that includes those who don't think all voices have merit. It takes significant emotional development to hold with compassion all that is involved in that. This kind of compassion is necessary to meet people where they are.

Mike: How have you gone about including that building in the majority that would be operating from say an Achiever or depending on your model a Socialised form of mind and given the respect I guess to those forms of mind or action logics depending on your parlance, whilst at the same time sort of signposting actually our framework of the work is becoming more complex and these later forms of mind or action logics would actually be more helpful there?

Laura: So one of the methods that we are working on is 'one click bigger'. We attend to the language people use rather closely. If they're talking about something that's very task, task, task, efficiency, efficiency, efficiency, then we'll enquire and reframe it one click bigger around 'effectiveness'. If someone is focused on a goal, we will enquire and reframe around the outcome that the goal is in service of. If they are talking about outcome, we will engage in enquiry around purpose. One click bigger expands a person's frame of thinking. What has really started to take my breath away has been those people who come from pretty early stages and through their development start to take the Achiever level perspective and how completely huge that is. It can be easy to overlook the rich development journey they have had

amidst the shiny stardust of the people who take on later stage perspectives and tell very moving stories of their transformation. The new Achievers have gone through extraordinary transformations to get from say early Expert, to flirting with an Achiever mindset, in the course of a couple of years. That's a big deal to them and their teams.

Mike: I think that's beautiful because we can privilege and I know I'm often guilty of privileging the later forms of mind or later action logics, but to realise actually how hard it is to make those transitions and really valuing that. I can feel the love and compassion that you have for those people who've really invested that energy.

Laura: Getting glimpses of the ripple effect of this work is so rewarding. We hear heart-warming stories of what the development experiences have done to family systems, direct reports and individual's identity.

Mike: I guess many people who might be reading this article they're going to be similar to you, they're going to be in corporate systems, organisational systems where there will be… I mean I often find this partly annoying and it's a necessity that we need to prove the value and utility of the work rather than just have religion or be evangelical about it. So what have been some of the noticeable business benefits from the work, the more sort of tangible things that you could point to?

Laura: Yes, so we take a blended approach. We do a lot of the leadership self-awareness and vertical work while addressing real meaningful business issues. We are constantly curating important business challenges that get turned into projects during programmes and teams of participants become consultants to the business. Action learning is a real core competence at Penske. It keeps us grounded on the business and focused on working where it is most important. This way the results are meaningful and learning is at the heart of it all.

We ask people to put together a very short presentation at the end of the yearlong programmes and those presentations fall into one of three buckets. The first bucket is for those who tell a story of what they learned

in the programme. The second bucket is for stories about what they learned, how they applied the learning and the results achieved. Traditionally, we would have been doing the happy dance because people learned something, they applied it, and achieved meaningful business results. We aim for the third bucket. The third bucket is for those who tell a story about how they fundamentally see themselves and the world differently, because of this new perspective this is what they've done, these are the results they've achieved and they usually get really choked up telling the story. Those stories have been inspiring and moving to all who have the privilege of witnessing them

An unintended outcome of the programme presentations is that the stories of transformation and impact have been so compelling that it serves the need for an ROI of the program.

Mike: Even for your most hardened data rational person, hand on the purse strings?

Laura: Absolutely. The results are out there in compelling stories and the business is growing. We tell a few of the stories, but mostly we listen with awe to what is going on out there. I've seen some of those most data orientated people read messages of appreciation and instinctively lower their head and put hand on their heart. The power of stories on the system reminds us to echo some of them back into the organisation, further preparing it for growth. Early on we found that there were many redefiners in hiding. People who make meaning at an early post conventional level, but don't show up that way because it isn't the norm. Initially they were reluctant to lead in a relational way because that hadn't been what success typically looked like in the past. Given the importance of culture, we became intentional about what stories we'd feed into the organisation's culture and narrative. We are an organisation that likes to win, do the right thing for the customer, take care of our own, and we have a brand position that is structurally developmental so we have the perfect organisation for this type of work.

Mike: For someone who might be reading this and thinking about wow this sounds good I'm just starting out, what final words of advice would you give them?

Laura: It's getting easier now because now there are many online development offerings you can take, workshops to go on and books to read. I'd suggest starting off with an assessment (LDF, GLP, or MAP) and a debrief. I think that is very useful to start doing your own work, start building some connections within the vertical community and attend every workshop your schedule permits and read everything for which you have energy. It can be a bit confusing at first because different authors have different naming conventions for the stages but they are pretty much talking about the same thing. Then get an advanced practitioner or consultant in your orbit. Make connections with people who are doing this work so that you have someone to bounce ideas off of and someone that can keep pointing to new ideas. You don't have to go it alone this community, it's full of wise and wonderful human beings so you wouldn't be alone for very long after diving in. If you can find someone that can help you reframe things in one click bigger, help you take perspective on the way you are thinking and feeling, it will make all the difference. At the end of the day you are the instrument of change and much is involved in keeping that instrument tuned.

Mike: Thank you for giving graciously your time. It's been really heartening to just hear a bit more about your story and the work that you're doing. So thank you.

Laura: It's a treat to talk with you and it was wonderful to meet you. There are a couple of comments from participants to leave you with, one from a leader with a huge high pressure job who said, "My job just seems so much slower now." Another one from a leader with a similar job who said, "This has changed my life, you should come interview my wife and children so that you can really understand the difference it's made in our relationship and for our family."

Laura Heaton is Vice President of Talent Development at Penske Truck Leasing, a US transportation logistics company based in Reading, Pennsylvania. I met Laura at a seminar hosted by Harthill Consulting, and her amazing story seemed too important to keep hidden.