

Client Spotlight

America Online

When America Online executives describe the company's experience over the past several years as "hypergrowth," they aren't exaggerating. In 1994, the Dulles, Virginia based company had about 400 employees, about 1 million users, and about \$100 million in revenue. Only three years later, America Online's employee count had rocketed to about 9,000; membership had grown at a similarly exponential rate, hovering around 9 million. As for corporate revenues, AOL hit the \$2 billion mark in 1997.

Issues

Hypergrowth is exciting, but changes like the ones AOL has experienced can also create tremendous human resources strain. As the company expanded, more and more growing pains appeared: benefit enrollment information was cumbersome and work space was cramped. The company's HR team quickly realized that it needed to devise new ways to manage priorities and take care of immediate needs, while at the same time developing a strategy for future growth and success.

"We don't want to be here just for the short-term," AOL training manager Mary Daffron explained. "We want to be here for the long-term." If AOL was to have a secure future, larger, more organic change would also have to occur. The old small-company culture was strained under the deluge of new employees. It wasn't enough to recruit talented, creative people eager to work in a fast-paced environment. AOL needed to define its values, articulate its business goals, and build a shared mindset that could link together its large and widely dispersed staff. And they needed to start yesterday.

"This is an industry that is fast," Daffron stressed. "You have to be nimble and quick to survive, let alone thrive." In the world of online service providers, the future is just a moment away. When America Online faces challenges like those Daffron described, it looks for partners to help develop and deliver solutions tailored to the company's cutting-edge workplace. AOL's emphasis on speed without sacrificing quality sometimes makes outsourcing risky. Effective partnerships can be difficult to forge.

In 1996, the company was ready to implement another part of its strategy-to build the culture to better meet employee needs-build manager skills. AOL turned to The Ken Blanchard Companies for help. Daffron and Mark Stavish, senior vice president of human resources at America Online, posed two questions to Blanchard's consulting partners Bill Eastman, Kevin Karaffa, and Ray Synder. The first question suggested an exciting opportunity: Could Blanchard help AOL design a training program that would achieve the specific business results the company had identified as its priorities? The second question suggested a staggering risk: Could Blanchard meet an AOL deadline only six weeks away?

CHALLENGE: The organization lacked leadership skills and a formal training plan, and needed to develop people quickly due to fast-paced industry and environment.

SOLUTION: Created a Coaching for Success Leadership curriculum that was delivered to over 7,200 managers and employees. It also created an HR partnership that enabled them to select, train, and develop people better and faster.

RESULTS: Management practices and leadership competencies are in place for all business units.

“It was clear from the conversation,” Eastman recalled, that AOL was asking for “much more than a training program.” Equally clear was that “there was no product that sat on the shelf that could be delivered.” Since accepting AOL’s terms would require an unusually large-scale commitment of resources, Eastman and Karaffa assessed the opportunity carefully. Could they succeed in delivering a high-quality product in record speed-and ensure that the intervention they designed would fully meet AOL’s needs? Before agreeing to the partnership AOL proposed, Blanchard evaluated three key areas.

- **Compatibility.** Were the companies well matched? In terms of core competencies, was Blanchard strong where AOL was underdeveloped? And conversely, was AOL strong where Blanchard was underdeveloped? Could each create new opportunities for the other?
- **Relationships.** Were both AOL and Blanchard capable of the business intimacy the project would require if it was to succeed? Could each learn to trust the other enough to have the “bad days” that mark all real-life partnerships?
- **Vision.** Could the two companies mesh in a way that would produce a shared vision that could drive the necessary organizational changes? Were the resources available on both sides to sustain that vision?

Encouraged by positive answers to these questions, Eastman, Karaffa, and Synder began to build a team that would fit seamlessly into AOL’s dynamic environment.

Solutions

Before contacting Blanchard, America Online had conducted an extensive competency profile. They knew what they wanted to see in place at each level of the organization. In addition, “They had some end results they were looking for in the business place,” Eastman noted. AOL wanted to engage in “insourcing”-tapping into the capability that existed within the company-as well as using outsourcing to external partners. Unlike many other organizations, America Online readily understood the value of its staff; no one

doubted the direct connection between the company’s intellectual capital and its marketplace outcomes. But if managers and line personnel were to contribute fully to the bottom line, they first needed to learn how to set goals, build their skills, and recognize the behaviors the company valued most.

To assist AOL staff in these areas, the Blanchard team abandoned some of the standard approaches to training. Team members set about learning to look like, think like, and talk like their AOL partners. They unbundled and reconfigured the full range of Blanchard’s leadership and training products, matching the core elements of these materials to the competencies and valued behaviors AOL had identified as its priorities.

Program delivery was innovative, as well. Blanchard trainers used AOL’s state-of-the-art corporate facilities and advanced communications systems to provide America Online staff with two- to four-day “Coaching for Success” programs (in the case of managers) and “Responsible, Empowered Performance” sessions (in the case of individual contributors). Through a creative mix of materials and media-videos, posters, cartoons, and group role-playing-Blanchard trainers were able to deliver leadership training and empowerment programs that fit AOL’s “fast, furious, and exciting” company culture.

Decisions about the content and the delivery of training reflected the unique collaboration between the two companies. “Instead of saying ‘This is exactly what we want. This is exactly how we want you to do it,’ [our partners at AOL] gave us guard rails,” Ray Synder recounted. This freedom was both a catalyst for creativity and a key element in Blanchard’s ability to provide quality leadership training to large numbers of personnel in record time.

Results

Effective organizational change is an ongoing process, not a discrete product. Change initiatives take time-and even the best programs are sometimes painful. By learning to identify fully with AOL’s culture, Blanchard trainers were able to introduce new practices as a form of workplace education rather than as a set of “must do” rules and regulations. And, by sharing the same basic information with both managers and individual contributors, team members reduced the potential for conflict, resentment, and misunderstanding at all levels of the organization. There is still much work to be done, but, as Kevin Karaffa stressed, “Attitude is everything.” At AOL, instead of saying “We’ve got big problems,” they say, “We’ve got opportunities.” As the company’s shareholders know, at America Online, such opportunities usually turn out to be golden.