

## Chapter 30

# Building an Integrated Architecture for Leadership Assessment and Development at PepsiCo

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### ABSTRACT

*This reflective case history discusses the introduction of a fully integrated, evidence-based assessment and development process called the Leadership Assessment and Development (LeAD) program that focuses on identifying the best and brightest talent in PepsiCo and ensuring they achieve their full leadership potential. The author describes and critically reflects upon the program development journey with an emphasis on key challenges and learnings as well as results obtained on the capability, culture, and talent in the organization.*

### INTRODUCTION

Over the last several years, PepsiCo, one of the world's leading food and beverage companies with over \$63 billion in revenue, has been involved in an organizational change effort to enhance the level of objectivity, consistency, rigor, and impact of its talent management processes at a total systems level (Trudell & Church, 2016). This effort has resulted in a number of significant changes and a fundamental realignment of the HR function to enable growth and development across the employee life-cycle. One key component of this shift has been the introduction of a fully integrated, evidence-based assessment and development process designed to identify and build the leadership pipeline of the future, while informing the organization's talent decision making and succession planning efforts of today. This process, called the Leadership Assessment and Development (LeAD) program, is based on the latest thinking on leadership potential in the field of Industrial-Organizational (I-O) Psychology (e.g., Church & Silzer, 2014; Silzer & Church, 2009), and leverages a best in class multitrait multimethod (MTMM) design.

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More than just a new set of assessment tools and development practices, the LeAD program represented a major cultural shift as well. In short, it represented the introduction of a new comprehensive and predictive data-driven process for evaluating talent. While the organization has a long history of using feedback methods for its core individual and organization development (OD) processes, with the rollout of LeAD, we focused on using new forms of data to: (a) ‘level the playing field’ for talent when it comes to identifying future leadership potential (not just reinforcing leadership competencies as in the past), (b) drive the digitization and integration of assessment data into our core HR talent management systems to be used as an input into talent discussions on demand, and (c) build new capabilities with managers and HR professionals on how to interpret and maximize the value of the feedback for both individual development and organizational decision-making. Although the journey has taken more than 5 years since the program was launched, the timing was necessary to ensure we had the key components in place required for success. These included (1) the measurement rigor and validity needed for using data-based tools in talent decision-making (Scott & Reynolds, 2010), and (2) the critical mass and positive impact from the first waves of participants which created significant pull for more. Over time we have seen a major change in the way the organization has embraced the new approach to assessment and development as a result of the change effort.

The purpose of this reflective case history is to provide an overview of the LeAD program and the results obtained at the individual and organizational levels. Following a brief overview of the background and design of the program, metrics from several different sources are presented demonstrating its impact, followed by a summary of key lessons learned during the change process. The discussion concludes with a summary of where the program is headed in the future.

## **Organizational Context**

Since the 1980s PepsiCo has had a deep history and focus on organization and leadership development at multiple levels (Church & Wacławski, 2010). In fact, the firm has been a pioneer in many HR and OD practice areas:

- Implementing the ‘leaders developing leaders’ concept (Tichy & DeRose, 1996)
- developing custom career development tools and processes (Alziari, 2001; Church, Haime & Johnson, 2012)
- driving diversity and inclusion efforts through culture change and integrated OD processes (e.g., Church, Rotolo, Shull & Tuller, 2014; Thomas & Creary, 2009)
- demonstrating the power of survey action planning (Church & Oliver, 2006)
- implementing new methods of performance management such as dual ratings for business and people and launching one of the first annual upward feedback tools designed to inform ‘people ratings’ (Bracken & Church, 2013).

In the late 2000s, as with many organizations (Church & Rotolo, 2013), there was a growing interest in finding ways to identify those individuals at different levels in the organization (from early career professionals to senior executives) with the capabilities needed to lead the business in the future. Rather than rely on unique processes by business sector, idiosyncratic decision-making using different implicit models of potential, or purely managerial and HR judgement in identifying talent for the future, we

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