

COMPANY STATS

Name	The Northern Trust Company
Industry	Financial
Number of Employees	9,500 worldwide; 6,100 in Chicago
Location	Headquartered in Chicago; offices in 12 U.S. States and 5 countries
Product/Service	Personal and private banking, personal fiduciary, asset management, master trust custody, global custody, and treasury management services
Assets	Banking: \$35.1 billion; trust assets under administration: \$1.6 trillion; assets under management: \$327.5 billion
Revenues	\$2.2 billion
Year Founded	1889
Ownership	Multi-bank holding company
Web Address	www.northerntrust.com

Using Training and Development to Build Loyal Long-Term Employees

The Northern Trust Company is the principal subsidiary of Northern Trust Corporation, a multi-bank holding company headquartered in Chicago. Northern has a network of 82 personal financial services offices in 12 states, a master trust and global custody operation with offices in five countries servicing clients from 37 countries, and an investment management organization which ranks among the 20 largest U.S. money managers. Founded in 1889 in a single room in Chicago's Loop, the corporation now employs nearly 10,000 people worldwide, including 6,000 in the Chicago area.

Built on "banking and trust, our two lines of business," Northern Trust is well known for its long-term relationships with clients.

Just as important, senior management believes, are long-term relationships with employees. Northern's regard for its employees is so genuine, explained Michael Herron, Vice President/Management Development Consultant, that "we refer to each other as 'partner' inside the organization, and have for a very long time. It is a term of respect and an equalizer and reminds us that to get the job done we need to be collaborators." To achieve the goal of developing "loyal long-term employees," management considers its primary role to model leadership behavior and to perpetuate "the Northern Trust culture and values."

The execution of the company's business strategy requires attracting and retaining the best people. Northern invests a great deal in building the capabilities of its employees, paying particular attention to grooming "top performers" for leadership positions. "Sixty-six percent of our expenses is invested in our people," explained the president of the company's Worldwide Operations and Technology business unit. Senior management characterize their development efforts less as training and more as "employee enrichment activities," because developing high quality employees requires a broad mix of formal and informal learning activities such as online courses, training workshops, mentoring, peer learning, and management support and feedback.

Learning and Development Opportunities for Employees

In the early 1990's, Northern decentralized its training activities so HR staff could be closer to the "point of need." Northern now offers most training and education activities at the business unit level. Each business unit now has its own training and education manager who oversees activities and reports directly to the unit head. This structure fosters creativity and more employee input. As one HR staff member explained, "Often the employees tell us what is the best way to deliver training."

Northern offers all employees a wide array of company-sponsored, customized training, some delivered online, but most

onsite in classrooms with their peers. The educational activities are grouped by organizational levels.

- ◆ Departmental level training in specific departmental processes and practices
- ◆ Business unit level training, delivered when a number of departments have common learning needs (e.g., writing, presentation, computer skills, team building, project management)
- ◆ Corporate level training to address common learning needs across business units or locations (e.g., professional development, management, diversity training)

HR measures the impact of learning and development activities by examining their effects on business factors. In the operations area, for example, specific measures are established for each new program to indicate what should be improved as a result of the training–client relations, internal processes, and interpersonal development. Specifically, HR can measure when a training initiative results in cost-savings, e.g., installing a new procedure to discover potential "loss due to error" as early as possible in the work process translates into a direct bottom line savings tied to the training event.

For degree programs and credit courses related to current positions or future assignments, Northern reimburses 100 percent of

"Building a real learning organization means not simply developing a series of programmatic responses, but weaving the learning into the fabric of the organization."

*Tim Moen, Executive Vice President,
Human Resources, The Northern
Trust Company*

tuition for undergraduate programs and critical certifications, such as Certified Financial Advisor and Certified Public Accountant, and 80 percent of tuition for master's level programs.

One particularly effective educational partnership has been with Roosevelt University, which has conducted graduate

and undergraduate programs at a Northern facility. Although some courses still need to be taken at Roosevelt's downtown or suburban campuses, the company has been working steadily with Roosevelt to continue providing degree offerings onsite. According to Ted Perzanowski, Vice President/ Operations and Technology Staff Development Manager, with this arrangement, "Our employees can begin their evening coursework an hour earlier than they would on campus, save driving time to campus, and be home on class evenings at a more reasonable time."

Northern expects all employees to grow and learn, and strongly recommends that they continually participate in training and education activities. This is facilitated by access via their learning management system to online course enrollment and training materials and tools.

Strategic Use of Technology

Central to the education and training efforts is a new Learning Management System (LMS), which provides online enrollment, a career resource library, online access to a catalog of courses, access to all the courseware, chat room capability, and access to supplemental material that supports and reinforces company-sponsored training and workshops. When developing the LMS, Northern's goal was "to place up-to-date information at the fingertips of employees and managers," so they would have more control of their own learning and development.

Using the new LMS, Northern recently implemented a Lotus Notes training program for employees at remote locations. A WebEx webcasting tool delivers the training via the company intranet to offices around the world, enabling employees to follow an instructor-led PowerPoint, Word, or Excel presentation online at their desks. A Chicago-based facilitator leads the sessions, controls the presentations, and directly interacts with participants through

Structuring Informal Learning

a phone meeting hook-up. This blended learning solution delivers the training electronically, yet with the personal resources that only a real-time instructor can provide.

In addition to providing online courses, the LMS provides collateral material online to support the delivery of training, an example of its capability to provide just-in-time information. For example, HR offers classroom-based "Recognition Workshops" for managers, supervisors, and team leaders that include experiential exercises and strategies for creating a climate that honors and recognizes staff and team performance. To support and reinforce the learning of the two-hour workshop, the workshop leader can access an online tool kit that includes all the workshop materials, recognition ideas from Bob Nelson's book, [1001 Ways to Reward Employees](#), templates of award certificates, and links to external resources and vendor programs. These resources have proven invaluable to managers and supervisors who understand the power of positive recognition but do not have the time to search for interesting ways to operationalize their ideas.

While the LMS is still evolving, Human Resource staff has learned many valuable lessons.

- ♦ Moving to a Web-based environment requires a "huge behavioral change" for employees. "Start small, go slow, don't overwhelm. Encourage employees to familiarize themselves with the new system by having them practice by signing up for a class online."
- ♦ Provide ample and ongoing orientation and training for the new system. "It will pay off in the long run."
- ♦ Identify commonly used software early, and make sure software applications are all compatible.

For recent graduates, Northern offers 15-to-24-month Leadership Development Programs that integrate on-the-job training with classroom experiences. The Diamond Program, focused primarily on Corporate and Institutional Services, includes orientation sessions that introduce Northern Trust

"My career development and managerial skills have been improved due to the variety of training subjects and ease of accessing the catalogue and classes, especially online training. I was able to create a self-development training program that focused on specific subjects that I liked and my supervisor recommended for my advancement. I've only been with Northern Trust for one year, but I find the classes have helped enhance my talents, meet partners from other banking areas and expand my knowledge of company services and departments."

*Alice Veal - Teller Services,
Personal Financial Services
The Northern Trust Co.*

and describe the financial services industry, two-to-three-month rotations through five business areas, broad-based technology training, and training by outside and in-house experts in the art of negotiation, executive writing, team building, and presentation. Many of Northern's top managers began their careers with this program. The 18-to-24-month Gold Program in Personal Financial Services/NT Global Investments offers a similar combination of classroom and rotational training, focusing on the personal services side of the business.

The one-year Personal Trust Support Associate Program focuses on learning the "Trust Business" through classroom training and mentoring by a Senior Associate, while providing operational support to Personal Trust Client Relationship Managers. The two-year Portfolio Accounting Analyst Program, focusing on investment accounting, moves participants quickly through classroom theory and accounting team experience to fulfilling the duties of a Portfolio Accounting Analyst with the support of senior team members and continuous training as needed.

In addition to the more structured education and training opportunities, Northern offers many informal learning activities to challenge its employees and acquaint them with other facets of the business.

- ♦ Brown bag lunch discussions on work-related issues
- ♦ Cross-training in other job functions
- ♦ Guest programs at which a business unit hosts employees from other units to familiarize them with its work and people
- ♦ Informal book discussions

- ♦ "Dramatic Diversity," a series of one-hour theatrical workshop programs, sponsored by Northern's Diversity Council
- ♦ A mentoring program

The mentoring program has been especially important at Northern. Through a series of focus groups, the firm learned that employees want to better understand how to rise within the company and to meet other people, especially managers. In response, the company restructured its mentoring program to help employees share ideas and strategies on professional career advancement and to create an environment that supports continuous learning.

The program is totally voluntary, but participants must commit to it for at least 10 months. Mentors and "mentees" are matched by a committee. Participants must attend a kick-off workshop to help establish the relationship and lay out clear expectations. Employees spoke of how they value these relationships. "It is an outstanding way to pass on the culture." "It put a face on other departments." Currently there are over 130 ongoing mentoring relationships.

Building a Supply of Leaders

COMPANY SNAPSHOT

STRATEGY USED	PARTICIPANTS			
	Management/ Supervisors	Technical/ Professional	Frontline Workers	Part-time Workers
Tuition assistance	☒	☒	☒	
On-site workshops and training	☒	☒	☒	☒
Financial support for attending off-site classes, seminars, workshops and conferences	☒	☒	☒	
Training/education on company time (on- or off-site)	☒	☒	☒	☒
Online learning	☒	☒	☒	☒
Individual Development Plans linked to performance evaluations	☒	☒	☒	☒
Career counseling	☒	☒	☒	
Formal mentoring	☒	☒	☒	☒
Job shadowing	☒	☒	☒	☒

- ♦ A Toastmaster Club where employees can practice communication and presentation techniques
- ♦ A team environment, which according to one employee, "teaches us in more ways than one."
- ♦ Manager feedback about performance and career development

In addition to development opportunities for all of its employees, Northern places a high value on identifying and promoting exemplary staff who display leadership potential, especially women and minorities. Senior managers from the five business units identify employees who are emerging as top performers to Northern's Board of Directors.

The managers then work with HR and Training staff to customize personal development plans for these employees. HR continues to improve the character and quality of these plans. In-house experts conduct much of the formal leadership training so they can customize the curriculum and instill the Northern Trust's core values and expectations.

Top performers also engage in less structured, informal activities so they can learn from others and learn by doing. They are coached and mentored by managers, provided 360-degree performance feedback evaluations, work on special projects, lead task forces, rotate jobs across departments, and perform community service.

Up to 25 percent of managers' annual incentive and merit pay is tied to their success in developing and managing their staff. "As managers, we ask ourselves continually, how should I work to help others succeed? Many of us have been promoted by our peers and subordinates. At Northern, you rise and fall by your ability to help others advance."

An indicator of Northern's success in retaining employees is the company's turnover rate, 13 percent, among the lowest in this industry. Most department managers have been groomed from within, as have

most senior managers. Recently the firm has been recognized with the following awards:

- ♦ Listed as one of the "100 Best Companies to Work For" by *Fortune* magazine (Jan 2000)
- ♦ Catalyst Award recognizing the company's outstanding initiatives to advance women in the profession (2000)
- ♦ *Working Mothers* magazine recognized Northern (10 out of the last 11 years) as one of the "100 Best Companies For Working Mothers"
- ♦ *Computer World* recognized Northern as having one of the top 100 Information Technology challenging and rewarding work environments (1999)

"At The Northern Trust," said one employee, "managers really stress the need to keep learning. This helps us to grow personally, but also serves the corporation, the business unit, down to our department. The atmosphere has the feel of a 'wise' firm that has been around for over a century."

Michael Herron
Vice President/Management
Development Consultant

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