

A SEA CHANGE IN STAFFING AT leapfrog innovations, inc.

*Laurie L. Levesque, Suffolk University
Andrew S. Cheng, Barker Blue Digital Imaging*

Court Chilton listened patiently to Dick Eaton's rundown on the potential staffing options at Leapfrog Innovations, Inc. (LFI), a small, Boston-based firm that Dick had founded ten years earlier to provide training to other companies. They had been friends since college. Dick hoped Court would provide advice on how to manage the imminent exodus of all three of LFI's full-time employees by drawing upon his MBA degree and work experiences as a consultant and a former employee of one of the largest training firms in the U.S. Dick's co-founder, Julia Douglas, had left to start her own consulting firm. The other two full-time employees had also announced their departures, one due to pregnancy and the other to attend graduate school.

Dick was unsure what role to take on partly because the three departing employees had handled oversight of the daily operations and coordination of LFI's training

programs. He had absented himself from most management duties in order to focus on tasks that drew upon his creativity. Because he had worked very hard to build the firm's

brand, he rejected outright the idea of selling LFI. It crossed his mind to run the company virtually and outsource all the work to facilitators and consultants. However, the most

straightforward solution—or so it seemed—required him to get more involved and hire all new employees.

For months, Dick had put off deciding LFI's future and his role and now Court pushed him to address it immediately. He looked at Dick and quietly said, "If you're going to make this thing work, you're going to have to *lean in*."

Dick reflected that this phrase meant devoting his full-time effort to *running* LFI—something his co-founder had always done. He resisted, "I don't want to do that ... that's not my plan."

At least, it hadn't been his plan up to that point. He had always worked off-site, limiting the scope of his role, typically visiting the office only once a week for meetings. Hiring replacement workers into the same three jobs the employees were exiting could keep his role from changing. Alternatively, he could try to take LFI to a new level of growth by taking on more management responsibilities and hiring people into newly designed jobs that complemented his own. He looked to Court as he considered the options.

THE TEAM BUILDING AND LEADERSHIP TRAINING INDUSTRY

In 2004, team building, leadership development, and training programs constituted a \$13.3 billion dollar industry in the U.S.¹ Several hundred thousand firms competed in this market, ranging in size from individual contractors to companies with over ten thousand employees. The amount

of business that firms in this industry secured depended partly upon economic conditions in the industries of their client firms. For example, during the Internet boom years of 1999 and early 2000, many technology firms hired trainers to provide their employees with team-building programs geared toward the developmental needs of rapidly expanding companies. The firms used additional programs as rewards and to reinforce fun and upbeat work environments. When the economy slowed in 2000, tech firms increasingly viewed such programs as extravagances, and cut them from their budgets. The 9/11 attacks accelerated this trend, as firms cut travel to the minimum for several months. As a result, training firms experienced a slowdown in their business in 2001 and 2002, and some laid off employees. Many independent consultants struggled to get clients, and ultimately sought employment in established firms.

LEAPFROG INNOVATIONS, INC.

Dick Eaton and Julia Douglas founded Leapfrog Innovations in 1994 as a teambuilding and leadership-development firm. LFI earned a reputation for delivering high-quality programs ranging from one-time team-building experiences to coaching and consulting for improved firm performance. Julia and Dick worked closely to create a boutique training company with high-energy, high-involvement programs. The firm designed its own programs so that Dick and Julia would have complete creative control over the customization and delivery of its programs and thus its brand. Their first programs

focused largely on culture building, by creating fun learning environments that allowed participants to enhance relationships and improve communication. Julia handpicked facilitators after extensive interviews and participation in numerous LFI programs to help her deliver programs at either a client's firm or off site.

LFI's programs were distinctive because they were developed from scratch. Dick generated the concepts, by brainstorming with Julia. She then converted these into a learning experience by identifying the materials to use, the steps facilitators would follow, and how the debriefing session should unfold. In later years, all of LFI's employees and key facilitators gathered around a conference table with Dick's outline and elaborated on, debated, fleshed out, and tested new ideas until they developed a viable program. They would tweak the core program to tailor it for different clients. LFI's employees saw Dick as a creative genius who came up with complex programs that embedded experiential learning with opportunities for participants to connect with each other. Dick noted, "The programs had an electricity to them. They moved people outside their comfort zones into situations that were too big to get their arms around. It's like real work, even though it's just a metaphor."

LFI helped client firms identify their needs (e.g., desire to renew employees' energy, create more effective working relationships, increase self-awareness, etc.) and then tailored a program specifically to meet those goals. LFI offered three types of programs (see **Appendix 1**). Corporate

culture programs created closer workplace relationships through fun, dynamic team bonding events. An example was The Mad, Mad, Mad, Mad Hunt™, a fast-paced urban scavenger hunt for teams. Leadership development simulations and experiential learning initiatives focused around a client firm's objectives, e.g., improving the quality of supervision. An example was Novotran™, which had teams work on complex problems (e.g., designing and building a race car out of PVC piping). The debriefing focused on the emergent strategies, teamwork, and leadership behaviors. The third type of program, Total Team Performance Solutions™ (TTPS), led to soft-skill development (e.g., communication, decision-making, meeting management). Julia worked closely with clients during the TTPS program design to develop one- or two-day workshops that combined individual assessments, team development improvement initiatives, and the teaching of models and skills. She worked with clients to roll out TTPS programs incrementally in order to create real, sustainable changes in workplace behavior. After each coaching session or workshop, clients applied the learning to actual challenges they faced. Intensive follow-up meetings insured that changes were implemented effectively over time. (See Appendix 2 for a partial model of how LFI's service model worked.)

Successful program delivery required extensive logistical preparations prior to the actual event: sites were identified, travel reservations made, support staff hired, facilitator outlines developed, participant

materials assembled, and a debriefing presentation was built around the client firm's needs. While reusable program materials were stored at LFI (e.g., markers, plungers, rubber chickens, balls, etc.), supplemental materials had to be purchased for large clients. Nearly half of LFI's programs were delivered outside of New England, which necessitated shipping these materials to arrive on-site before the facilitator. LFI hired energetic and socially adept facilitators to run its programs and debriefings. They represented LFI to the client firm's participants, as did the temporary staff that assisted on-site.

Similar to its competition, LFI experienced a decline in business in 2002, but weathered it in part because of its strong reputation in the market for original programs and superior customer relations. LFI ran a lean business, with inexpensive office space and training done at client-arranged sites. Employees received low base pay and a significant percentage of the profit-sharing. Dick shared a tip he had learned from his father: "We attended to cash flow." LFI's competition billed clients after delivery of a program and then waited for reimbursement, while LFI billed 50–75% of the fee in advance so as not to carry a balance for the purchase of materials and travel, and the hiring of facilitators and support staff. Clients accepted this arrangement because of the reputation LFI had developed for high-quality programs. Also, LFI had earned the right for the arrangement because of the time they invested developing the business relationship and demonstrating the value of the

program to be delivered. At times, LFI provided deep discounts in order to stay within a client's budget.

LFI had an edge when it came to the training products they offered to clients: they custom designed programs for each client firm to meet company-specific learning goals and then "executed them nearly flawlessly," according to Dick. "I told potential clients, 'I hate team building. And I didn't like it when I worked at Proctor & Gamble, either. I represent the introverts at your firm. Julia represents the outgoing employees. We design programs that engage both groups.'" Dick and Julia drew on their own corporate experience when designing programs. They spent a lot of time talking with the clients to determine what employees needed to learn or change. Dick further explained that by starting with the learning goals, LFI worked backwards to design the correct sequence of activities and discussions that would ultimately make up the training program in order to get at "the heart of the outcomes [the executives] wanted from the training program." Leapfrog was first to market with many new program ideas. Rather than tweak programs from the public domain (e.g., ropes courses) that everyone else was using, they deconstructed why such programs were effective or fun. Taking insights about these fundamental components, Dick dreamed up never-seen-before programs, such as having employees build a miniature golf course to learn team and leadership skills, an experience that achieved the same, if not better, results as other programs. Julia noted that LFI sold clients on the idea that