

Pursuing steady growth through powerful leadership development

How tailored leadership solutions led to enduring success at Otter Tail Corporation

A VIEW FROM THE TOP



What Did Otter Tail Value?

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- Paul Knutson
Chief Human Resources Officer,
Otter Tail Corporation

THE SITUATION

“Tis the part of a wise man to keep himself today for tomorrow, and not venture all his eggs in one basket.” – From *Don Quixote* by Miguel de Cervantes (1605)

“Don’t put all your eggs in one basket” has long been the diversification advice of financial advisors. It’s a time-tested reminder not to depend on a single factor for one’s success.

Otter Tail Corporation has taken this advice to heart by creating a diversified, publicly traded holding company with electric utility, manufacturing, and plastic segments that achieved record revenue of \$1.46 billion and record net income of \$284 million, after double-digit annual earnings and income increases, by year-end 2022.

While Otter Tail’s business acquisitions laid the groundwork for future success, getting there required top-tier talent, enterprise-wide. That’s why 10+ years ago, Otter Tail partnered with MDA Leadership to develop and implement a diverse array of talent strategy initiatives for its 2,600 employees, according to Paul Knutson, Chief Human Resources Officer.

“When I came on board, my priority was to develop our talent. We had some turnover over the years and knew we had to pay more attention to our talent from a strategic perspective,” he said.

Since Knutson joined Otter Tail in 2012, MDA has become an extension of the company’s human resources department, introducing multiple programs to strengthen the company’s talent. MDA has built leadership competency models for Otter Tail, completed an assessment audit, created a behavioral interviewing program, and built a series of leadership assessment and development programs.



CASE STUDY

Knutson is particularly proud of Otter Tail’s leadership development initiatives. He launched the inaugural program with a business consultant, which was successful, yet once that was completed, Knutson wanted to re-imagine leadership development to take it to the next level. He looked to create a program that appealed to different adult learning styles, leveraging the latest learning approaches across multiple modalities with an increased emphasis on action learning. His ultimate goal was an integrated, sustainable, measurable, multi-level program that delivers a strong leadership pipeline for the enterprise.

THE MDA SOLUTION

“We’ve reimagined leadership development at all levels across the company,” Knutson said. “We’ve recognized leadership development is vitally important not only for business performance, but also from an employee value proposition and retention perspective. It shows we invest in our people and it differentiates us from other companies. We’ve created an open, respectful, and inclusive workplace where important conversations are taking place.”

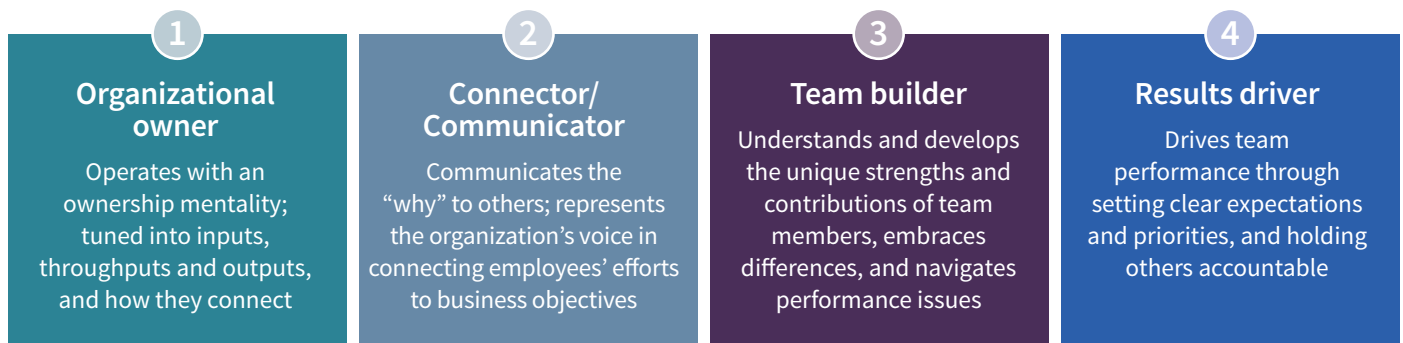
Based on a proven leadership pipeline approach like the one below, Otter Tail first launched a robust **Leading Others** program, then an equally comprehensive **Leading the Enterprise** program. Lastly, Otter Tail addressed the “middle” of its leadership pipeline through a new **Leading Leaders** program.



All of MDA’s leadership development offerings for Otter Tail were customized to reflect the uniqueness of the organization and the autonomy of each of its operating companies. “While all of our companies are part of Otter Tail, we treat them as separate companies,” Knutson said. “We don’t try to do everything the same.”

While Otter Tail’s operating companies are themselves distinct, the **Leading Others** program revealed employee similarities across all companies. MDA interviewed dozens of leaders throughout the corporation, and found multiple commonalities around key roles and responsibilities, challenges, success parameters, and development opportunities. This in turn led to a customized set of four critical roles for leading others that appeared common across Otter Tail:

4 Critical Roles



From these four critical roles, MDA partnered with Otter Tail to design a tailored curriculum based on the organization’s *Leadership Essentials* (competencies) and MDA’s proven Awaken, Align, Accelerate® leadership development methodology shown below. MDA and Otter Tail committed to a highly generative, co-creative, and inclusive process with the aim of purposefully engaging participant stakeholders in reimagining their own development.



Each part of Otter Tail’s Leading Others program contained key elements critical for the development and engagement of the company’s front-line leaders. For example, the “Awaken” stage included the launch of “development huddles,” comprised of four to six cross-departmental peers, who would collaboratively act as sounding boards, advisors, coaches, and resources to one another as they progressed in their leadership journey. Each huddle was helmed by a Navigator—a senior leader or executive from the Operating Company.

In “Align,” participants utilized an individualized “Navigation Guide.” Built around the four critical roles, the Navigation Guide served as a playbook for participants to chart their critical experiences, conversations, and relationships related to their development. The “Accelerate” phase saw participants engage in quarterly, cohort-based accelerator sessions targeting leadership competencies, all while “choosing their own adventure” via tools and exercises within their Navigation Guide.

MDA took a similarly collaborative, tailored approach to developing the curriculum for Otter Tail’s 12- to 15-month-long **Leading the Enterprise** program, designed for senior leaders showing potential for executive leadership roles. The program was intentionally designed to emphasize multidirectional impact, with senior leaders acting as teachers, and participants’ site leaders and personnel serving as subject matter experts and co-sponsors.

The goal of Leading the Enterprise at Otter Tail is to help establish leaders who can lead the “Otter Tail Way” at the highest levels of leadership across their Operating Companies. Participants achieved that goal over the course of the program through engaging in the proven action learning methodology. Participants were placed into teams to tackle real, strategic issues facing each of the Operating Companies, including improving budgeting and forecasting methods and aligning real-time KPI dashboard capabilities across the Plastics segment. Participants applied data-based insights into their growth opportunities; connected and built on those insights in virtual, live, and micro-learning sessions; and engaged in a variety of developmental exercises and applications grounded in Otter Tail’s four critical leadership roles.

Otter Tail’s senior leaders were particularly engaged in—and impressed with—MDA’s Leading the Enterprise program. “It was well-received,” Knutson said. “It incorporated new tools and techniques, responded to today’s adult learning needs, and stretched participants beyond where I would have gone on my own, if I had led this. And that’s a good thing!”

In 2023, Otter Tail partnered once more with MDA to reimagine its curriculum at the **Leading Leaders** level of the organization. Through a human-centered discovery process, MDA and Otter Tail dug into the most critical learning and development opportunities needed for leaders of leaders across the Operating Companies. The overwhelming consensus revealed a desire for individualized learning opportunities accompanied by a core foundation of developmental insights. In lieu of a robust cohort-based curriculum, Otter Tail's revamped Leading Leaders program—now simply its Professional Development Program—is being built to include core growth experiences such as receiving 360-degree feedback and assessment insights, building an individual development plan that includes 1-2 growth goals, aligning on that plan with one's manager, and then carrying out the plan in the year to come.

Surrounding each participant will be a host of enabling resources meant to equip and bolster individuals as they execute their development plans. Resources and experiences range from curated LinkedIn Learning courses and videos to more robust, higher education opportunities, stretch assignments, peer learning groups, tuition reimbursement, and coaching. While each Operating Company will have tailored elements of the new program, all are committed to offering participation to every people leader within their organizations—a further testament to Otter Tail's differentiated approach toward leader development: when they say they believe in developing talent, they mean it.

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THE IMPACT

Otter Tail's leadership development programs succeeded in bringing together participants from across Otter Tail's diverse companies, and instilling in them a more distinct enterprise mindset. Graduates of these programs now provide the corporation with a ready-made pool of talent for succession planning across all levels. This is a highly critical need, given that several leaders within Otter Tail's operating companies are nearing retirement.

As a testament to this work, MDA and Otter Tail's Leading the Enterprise program recently won a Silver Award for Best Advance in Leadership Development from the Brandon Hall Group. Through a rigorous judging process, each submission is rated against the following criteria: fit the need, design of the program, functionality, innovation, and overall measurable benefits. Winning organizations demonstrated a people-centric approach while driving superior business results. *(Read more about MDA's award-winning approach to leadership development program measurement in our new white paper.)*

To Knutson, the greatest value of MDA's leadership development efforts for Otter Tail has been the application of “big company” talent thinking on behalf of a modest-sized (and modest-thinking) Midwestern corporation. “We are a smaller company, and simply don't have the resources that many larger companies may have,” he said. “The great thing about working with MDA has been bringing in best practices to help us upgrade our talent systems.”

“Building success isn't a sprint; it's about nurturing for tomorrow,” Knutson reminds us, echoing the timeless insight of Miguel de Cervantes' words. The tale of Otter Tail Corporation's growth exemplifies this principle, demonstrating how strategic diversification in both business and leadership can pave the path to enduring success.