AMERICAN HEART ASSOCIATION

Of the two hundred disease-specific charities, the American Heart Association is second only to American Cancer Society in the amount of money raised annually: one-half billion dollars. Those dollars are used to reduce the incidence of heart disease and stroke through medical research, education (programs in schools, businesses, and the community), public information ("Heart disease is the #1 killer of women and men."), and advocacy (working for heart disease and stroke legislative and policy issues). In 1999 the CEO initiated topgrading, with this belief:

"Topgrading AHA will help save lives."
Cass Wheeler, CEO

AHA launched topgrading in 1999, just before a recession hit and charitable giving declined. Nonetheless, with a higher percentage of A players at the senior levels, better strategy was formulated, and A players in the field improved execution.

When topgrading began, the four main voluntary health organizations had all beaten the AHA in the percent increase in revenue over the prior year. But this soon began to change. By 2002, the AHA's rate of increase was higher than all but one; 2004 produced exceptional results, with fund-raising up 18.5 percent, the AHA's best yearly percentage increase in forty-seven years, far higher than any other leading nonprofit voluntary health organization. In fact, the AHA's five-year campaign has exceeded the growth in any previous five-year period for the past nineteen years.

But the benefits of topgrading extend far beyond revenue generation. In 2004, the AHA had a tremendous year, launching its highly successful "Go Red for Women" campaign, funding advertising initiatives, forming new strategic alliances, and seizing opportunities to aggressively expand existing programs. Such successes increased organizational momentum and effectiveness, setting a course for continued future achievements. Ultimately, the AHA's success will be measured in lives saved, as it advances toward its strategic goal of reducing coronary heart disease, strokes, and the risk of those diseases by 25 percent by 2010. Since 1999, through the leadership of the American Heart Association and others, the death rates from coronary heart disease and stroke have already dropped 9.1 and 6.3 percent, respectively.

The twelve regional organizations (Affiliates), with staffs totaling 2,600, have executives who are hired and managed by volunteer leaders in consultation with Wheeler and the COO of field operations. The National Center of the organization has the power of moral suasion, and Wheeler used it. He distributed copies of *Topgrading* to all the field executives, who discussed it in several meetings. The group, along with National Center department executives, voted to be "topgraded by Brad Smart," and Wheeler decided to go first. He and his corporate team went through the Topgrading, oral 360s, and feedback process with me. Then I Topgrading-assessed and coached the top field and National Center executives. An associate did the same with some midlevel field managers. After discussing my A, B, and C conclusions with Wheeler and agreeing on the appropriate designations, I shared my conclusions and recommendations with each executive. All embraced Individual Development Plans.

A Train-the-Trainer model of spreading topgrading was launched, so that HR conducted Topgrading workshops throughout the United States. Annual talent meetings involve Wheeler, Human Resource VP Bill Achenbach, and COO Field Operations Gordon McCullough, who meet leaders from each region (Affiliate) and the National Center to ensure progress toward all A players. AHA licensed all the topgrading forms, and standard practice is to hire and promote people only with the Topgrading guides.

Of the top 250 managers, in 1998 20 percent were A or A potentials, compared to 60 percent in 2004. The results are impressive, but as Wheeler says, "The topgrading job is a work in progress. We will achieve higher percentages of As and A potentials every year."

Topgrading advice of American Heart Association senior executives is:

- "Use Topgrading results to aggressively sell Topgrading internally. Initially managers felt Topgrading Interviews were too long, but hiring managers and internal recruiters broadcast success stories and published the hiring scorecard, and that convinced the slower adapters to get on board."
- "Hold jobs open longer to hire top talent. The pressure to accept a B now, rather than continue recruiting for an A, was intense. A common mantra was 'I know candidate X isn't the best we can find for that salary, but a B player now can at least get some programs going!'

Others had to work harder for a while, doing two jobs, but it was worth it. When an A would finally start, the hiring managers knew the wait was justified."

- "Topgrade with emphasis on a mission. At the AHA, that mission is saving lives. In another company a mission might be to provide terrific service, or make the highest-quality food product. Sure, managers know their career is going to be more successful when they topgrade, but making tough people decisions is better justified with a bigger purpose."

CLAUDE HANSON TOPGRADES TEKMORE

Can you topgrade even if your company is not supportive? Division President Claude Hanson did it, with Corporate lukewarm on his topgrading initiatives.[34] Many readers of *Topgrading* have launched topgrading in their department and report plenty of interference; their insights and suggestions to minimize corporate interference are presented at the end of this case study.

Late in 2001, after successfully leading a $200 million high-tech manufacturing business and achieving record earnings growth at that company, Claude was given the most challenging assignment of his career. A $550 million revenue company was acquired, and he was promoted to president of the combined global entity, TEKMORE. With $750 million in total revenue, TEKMORE was the largest division in the company. Unfortunately, the company acquired was devastated when the high-tech bubble burst at the turn of the century. Morale was low, efforts to rebound were halfhearted, and management exhibited a "deer in the headlights" complacency. The industry was in turmoil: the high-tech world was in severe decline in the short term, major customers had consolidated and were squeezing their suppliers, and the competitors were cutting prices and losing money, hoping to stay alive. Further complicating the situation, the company acquired was really made up of seven different companies and cultures all over the world, and several had

[34]Hanson left TEKMORE and TEKMORE's CEO interfered with Hanson's disclosing his name and company names, so identifying information (but not anything substantive) has been changed.