

THE GOLD STANDARD

CASE STUDY:

The University of Denver, Daniels College of Business and Newmont Mining's partnership to develop the next generation of Newmont leaders.

With a major three-way merger in 2002, Newmont secured its position as one of the world's largest gold producers. But with the company's global reach now across 5 continents and over 15,000 employees, Chairman and CEO Wayne Murdy knew it was critical to prepare his executives to meet the challenges facing today's global business leaders.

"We were putting more demands on our operations managers and we recognized we needed to equip them for these situations," said Wayne Murdy, Chairman/CEO Newmont Mining Corp.

Murdy partnered with the Daniels College of Business for their expertise in developing leadership talent. Combining real-world experience with the best of the academic world, a team of Newmont executives and Daniels faculty examined Newmont's challenges and designed a customized executive development and leadership program. "Daniels leveraged key elements of their Executive MBA program to fit our needs and culture," said Abby Curnow-Chavez, Director of Talent Acquisition, Management and Development at Newmont.

Founded in 1908, the Daniels College of Business is the 8th oldest graduate business school in the U.S. But it was a challenge grant in 1989 from cable pioneer Bill Daniels that defined the Daniels College as we know it today. Concerned by the changing landscape of modern business, Bill Daniels wanted the University to create a business curriculum that would combine a first-rate education with the principals of business ethics and social responsibility. The University rose to the challenge and again in 2006, the Wall Street Journal, named Daniels No. 3 in the world for producing graduates with high ethical standards.

That reputation is one reason Newmont turned to the faculty at Daniels to help train its future leaders. Murdy noted that "the Daniels faculty, curriculum and philosophy was well suited to support our goal of being one of the industry's most trusted, valued and respected organizations."

The Challenge:

"Up until 1992 Newmont was a very straightforward American company," said Scott McLagan, Executive Programs Faculty at Daniels and one of the creators of the Newmont Executive Leadership Program. "You dig a hole in the ground, take out the gold and sell it to the market. Now it's an incredibly complex international company and it was at risk if it didn't have the talent base and depth to run this kind of business."

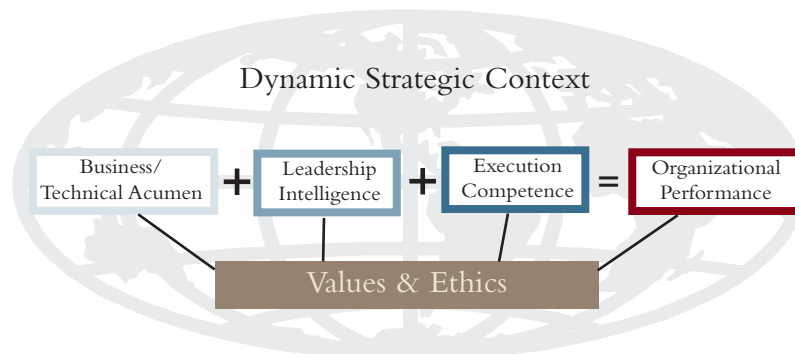
Post merger, operations managers, who once spent 90 percent of their time overseeing domestic Newmont properties now found themselves off-site, negotiating with foreign governments and social organizations.

Often highly educated with advanced scientific degrees, some of the Company's employees needed additional business training to meet the demands the new Newmont required. Yet, Murdy was confident that the best way for his company to look towards the next 90 years of business was to promote from within. Murdy identified 60-80 emerging leaders as Newmont's future and was ready to invest in his people. Murdy wanted to challenge the executives to think beyond "traditional leadership," with the goal of creating a proactive and value-based management team that is prepared to meet the challenges of the global business environment. He insisted on rigorous coursework that would also give his executives a crash-course in Newmont's finances and strategic processes.

"This program is about you as individuals," said Murdy to the participants during his opening remarks. "If you become better people with a better understanding of ethics, leadership, and a little finance, Newmont will become better in the long run."

THE DANIELS DIFFERENCE

The Daniels faculty team, led by Scott McLagan, worked with the Newmont team to identify the key areas the Executive Leadership Program (ELP) needed to address. The company followed the Daniels framework for leadership development: Focus on developing personal business acumen, leadership intelligence, and execution skills as a means toward organizational performance.



Business/Technical Acumen

Accounting and finance concepts as basic as reading financial statements and ratio analysis to the more complex tools such as capital budgeting and hedging were technical business skills that Murdy (himself Newmont's former CFO) wanted to give these rising executives. When it comes to Newmont Finance 101, rather than textbook examples, the Daniels' faculty walks these emerging leaders through the Newmont books. Often high-level financial officers are among the participants and add their expertise to the day's lessons. The goal isn't to create a handful of new financial gurus, but to provide a base understanding—and common language—for this next generation of leaders. "What I've tried to do is point out how their day to day decisions affect the company's finances," said Dave Cox, Associate Professor Reiman School of Finance. "You see the light bulbs going off around the room as they realize their decisions affect the financial valuation."

Leadership Intelligence

The complexity of Newmont's business requires a unique model of leadership, "We don't believe in a one-size-fits-all leadership model. It's about the individual and what is relevant to their strengths, weaknesses, and of course the dynamic context of their industry" says McLagan. Everyone participants in a personal communication assessment called Insights Discovery™ and a 360 feedback process based on Newmont's core competencies.

Execution Competence

Using current initiatives within Newmont, Scott McLagan pulled from his years of experience at Emerson and shared their often benchmarked planning process. "We believe that the ability to execute is one of the most crucial leadership skills and what ultimately bridges the gap between knowledge and practice" says McLagan. Newmont business cases and an Action Leadership Project allow the participants to practice what they have learned and deliver results to the company during the program.

Values & Ethics

At Daniels, we believe that business cannot succeed if it is not grounded in values and ethics. "It's not about marketing ethics or financial ethics," said Dr. Bruce Hutton, Marketing Professor and former Daniels College of Business Dean. "It is simply ethics and it's the foundation of everything we teach here. It all starts with the concept of ethics and corporate responsibility." Hutton and his partner Dr. Dennis Wittmer, Associate Professor Management, often direct the business ethics and social responsibility discussions within ELP cohorts. "Some of it is very subtle," said Murdy. "When faced with an issue that's black and white, it's easier to think through. There is a danger area in the middle and that's where practical guidance is necessary."



The Daniels faculty spent weeks conducting research on the gold industry and interviewing various stakeholders at Newmont so they could consistently tie the curriculum to relevant examples. The diversity of the cohort also allowed them to share and understand the constantly changing reality of Newmont's operations around the globe.

THE PRACTICE FIELD

Along with the Daniels curriculum, the philosophy of carefully engineered cohorts creates an environment of open communication that lasts well beyond the training session.

"The DU course provided an excellent network to other senior people in the organization who are now friends and not just colleagues," said Russell Clark, Regional Group Executive Operations, Newmont Australia. "This results in more regular dialogue to discuss issues and help out if possible. I feel much more comfortable about picking up the phone and talking with senior managers than I did prior to the course."

A key element of building that camaraderie happens while on the waters of the Pacific Ocean. After the first week in the Daniels classroom, participants fly to San Diego for three days of sailing instruction ultimately culminating in a race. Daniels professor Dr. Buie Seawell, chair of the Business Ethics and Legal Studies Department, developed a sailing experience that puts teamwork in play with intense competition—just like in business.

Participants learn to sail 35-foot sailboats under the instruction of Team Sail, a company of seasoned skippers led by Sarah Cavanaugh. Most of them were members of the 1995 America's Cup team, the only women's team to compete in the prestigious sailing race. Participants are divided into teams of 4 or 5 people and learn to sail these massive boats as a team. Each day the team sails under a new skipper, which is similar to working under a new boss. Seawell says the experience works because the participants are forced out of their comfort area and to try something new. Success comes from relying on the other members of their team.

"It brings out the best and the worst in people," said Seawell. "Because in the end they all just want to win the race. It's not just fun and games...it's how you treat people in the heat of competition."

Sailing can bring to mind country clubs and luxury vacations, and initially members of the cohort are skeptical of this course element. Some perceived the trip a luxury boondoggle; others were afraid of getting seasick in front of peers. Ultimately, the learning generated through the competitive and structured sailing exercises were what members of each cohort valued the most.

"I thought that the sailing would be fun and a way of getting to know others, [but] it appeared somewhat extravagant," said Newmont's Clark. "Having done it, it WAS fun but I was very surprised at the similarities in sailing a boat and running a company. The metaphors were very strong."

"The sailing experience was a lot more intense than I had expected," said Alex Morrison, Vice President Operation Services at Newmont. "It highlighted the various leadership styles of our 'shipmates' and revealed a lot about how teams operated under stress."

Which is, of course, exactly what the exercise is meant to do.



"It's not about sailing," said Seawell, "It's about how you relate to people in a challenging and competitive situation."

THE RESULTS

At the close of each cohort session, Newmont executives emerge with more than just a better understanding of the company's books. The course helps them examine their own leadership skills and re-enter the workforce with fortified relationships within the company.

Ultimately, members of each cohort team up for Action Leadership Projects (ALP), long-term group projects examining an area of the business. Each ALP is presented to upper management at the end of the program. At Newmont, one such project was a guide for dealing with corruption that has influenced the company's approach to international business. After participants provided feedback to Murdy and his team, Newmont signed onto the World Economic Forum's Partnering Against Corruption Initiative, agreeing to a zero tolerance policy against corruption.

For Murdy, there are some results from the Newmont/Daniels partnership that are beyond measurement. First, he's providing these emerging leaders with a common language and a shared experience that they can draw upon in their growing roles at Newmont. Secondly, the cohort structure is building long-term relationships organically.


"I don't believe in engineering mentoring relationships," said Murdy. "These things have to happen on their own. People need to find their own mentors." And at Newmont, the time and shared experiences have produced real connections that strengthen the geographically-challenged company every day.

"Relationships built during the program have extended into projects that allow for the acceleration of a 'One Newmont' concept," said Newmont's Morrison. "I believe that the program was a catalyst for the level of cooperation and trust that is now evident between cohort members and that is being extended into other corporate relationships."


The Executive Leadership Programs at Daniels provide the highly targeted training its corporate clients demand.

"The key is people," said Murdy. "This isn't inexpensive, but it's an investment in our people. If we can enable our people to be more creative, to bond with each other and to recognize their own leadership skills, we'll be stronger and ready for any challenges the future holds."

To learn how Daniels can help transform your organization, contact Kelsey Stansbury, Director of Corporate Programs, at 303.871.2370 or kstansbu@du.edu.

 UNIVERSITY OF DENVER
DANIELS
COLLEGE OF BUSINESS

The Daniels College of Business at the University of Denver is nationally recognized as one of the top four schools in the world for producing graduates with high ethical standards and ranks in the top eight for the country's best regional business schools (The Wall Street Journal). As the eighth oldest collegiate school of business in the country, Daniels has built a curriculum of substance designed to match the needs of students and executives who require both breadth and depth in their business education.

 **NEWMONT**[™]

Newmont is a leading gold producer with operations on five continents. Newmont is also engaged in the exploration for and acquisition of gold properties in some of the world's best gold districts. Employing approximately 28,000 employees and contractors worldwide, Newmont operates core assets in North America, South America, Asia, Australia and Indonesia. Newmont is committed to high standards and leadership in the areas of environmental management and health and safety for its employees and neighboring communities. Founded in 1921, Newmont trades on the New York Stock Exchange as well as on the Australian and Toronto stock exchanges. Newmont is headquartered in Denver, Colorado.