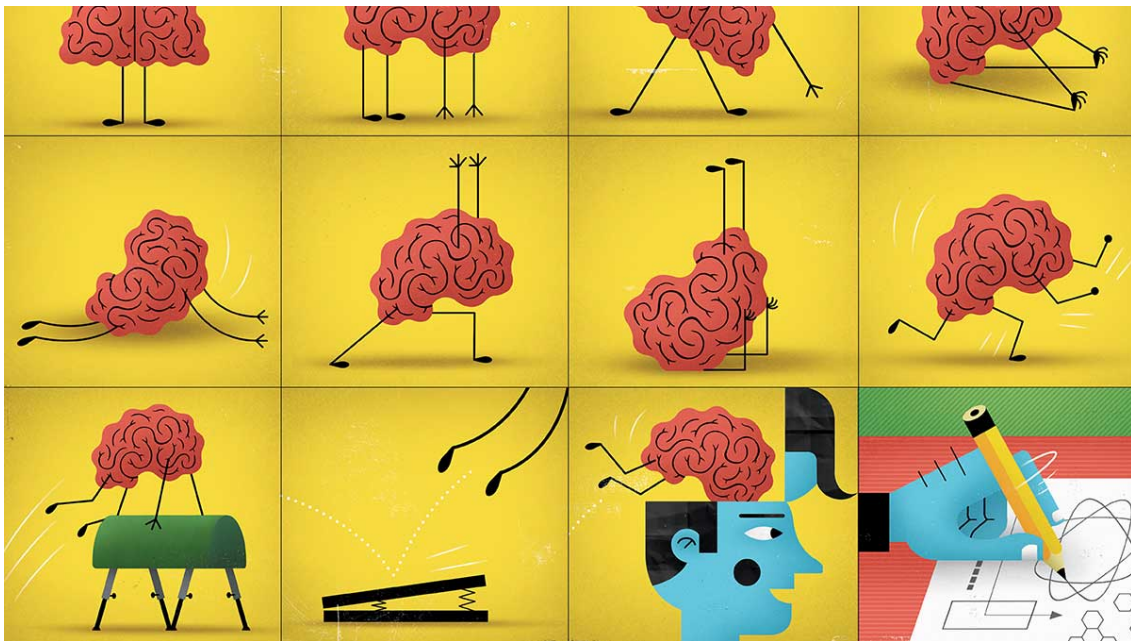**Developing Employees**

How Microsoft Uses a Growth Mindset to Develop Leaders

by Carol Dweck and Kathleen Hogan

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Research shows that managers see far more leadership potential in their employees when their companies adopt a growth mindset — the belief that talent should be developed in everyone, not viewed as a fixed, innate gift that some have and others don't. But what are those organizations doing to nurture their talent?

To explore this question, let's look at Microsoft, which is deliberately creating a growth-mindset culture and, in that context, rethinking its approach to development. As a result, previously unidentified — yet skilled — leaders are rising to levels they might not have in a traditional development model.

The CEO is generally the bellwether of a company's culture, and under Satya Nadella's leadership, Microsoft is emphasizing learning and creativity. Nadella believes this is how leaders are made, and that idea is reflected in several programs, which we'll describe here.

The hackathons. Microsoft's annual hackathon offers employees the chance to step outside their day jobs and develop leadership skills like collaborating across disciplines and advocating for ideas. An employee has an idea with business or societal merit — a hack — and then others who share that interest apply to join the team to develop the business plan, create the prototype, and pitch it company-wide. Winning teams are funded to build their projects.

Sometimes team members move into leadership roles, even if they weren't already on that path. For instance, employees from the hack team that created Learning Tools for OneNote (which helps people improve their reading and writing skills) are now overseeing the product's market expansion.

High-risk projects. We also see new kinds of leaders stepping up when risk-taking is explicitly rewarded. Take Microsoft's HoloLens project, which essentially defined holographic computing. It began as a "moonshot" goal with significant risk of failure. Team members had to welcome that risk and the chance to learn as they joined a cause "to put technology on a more human path." The gamble paid off, and Microsoft responded with recognition and rewards for learning quickly through faster trial and error. And in the process, people who had a clear sense of purpose and an appetite for risk emerged as incredible leaders. In fact, many of the leaders who joined the team progressed more quickly than average to senior-level roles. Microsoft is now working on the next step: ensuring that smart risks are encouraged and rewarded *whether they succeed or not*, as long as they yield insights that propel the business forward.

A redefined talent program. In the traditional approach to talent development, a company identifies a pool of future leaders, typically by zeroing in on and measuring key traits. Here's the idea behind it: If you can find people who have these inherent characteristics, you can guide them into leadership roles. But what happens when you assume that everyone has potential, and that talent is neither predetermined nor static? Now what?

Microsoft didn't cast aside its efforts to identify and nurture "high potentials," but it is supplementing them with a program called Talent Talks. Each year, the CEO and his senior leadership team meet with the heads of each arm of the organization (from engineering to sales to corporate functions) to review their employees, discuss moving people up and across teams, and brainstorm methods of augmenting skills and building experiences. Though the discussions require almost a full week of the CEO's time, they lead to a much broader view of up-and-coming talent and provide a more effective way of detecting and fostering new leaders. This approach allows Microsoft to reap some of the benefits of early talent identification and development while creating opportunities for everyone to grow.

By giving many more people chances to become leaders, these programs are unleashing greater potential across the company, and may well be instrumental in attracting new people. While Microsoft is still in the early phases of adopting a growth mindset throughout the organization, this cultural component can't be overstated. The company is already seeing the benefits in the form of more-innovative ideas and products — and employees are developing leadership skills in unexpected places, at every level.
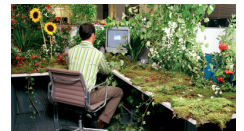
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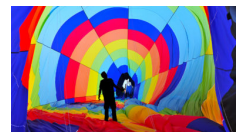
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