

CASE STUDY

KELLOGG'S

LRN's *HOW* — A New Lens course brings new focus to Kellogg's efforts to inspire values-based behavior



COMPANY PROFILE



TYPE OF COMPANY: PUBLIC

TOTAL REVENUE: \$13.55 BILLION

SECTOR: CONSUMER GOODS

SIZE: 34,000 EMPLOYEES

HEADQUARTERS: BATTLE CREEK, MI

KELLOGG COMPANY

For more than 100 years, consumers have counted on Kellogg for great-tasting, high-quality and nutritious foods. Kellogg Company, with 2010 sales of more than \$12 billion, is the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruitflavored snacks, frozen waffles and veggie foods. Kellogg Company's beloved brands, which are manufactured in 18 countries and marketed in more than 180 countries, include Kellogg's®, Keebler®, Pop-Tarts®, Eggo®, Cheez-It®, All-Bran®, Mini-Wheats®, Nutri-Grain®, Rice Krispies®, Special K®, Chips Deluxe®, Famous Amos®, Sandies®, Austin®, Club®, Murray®, Kashi®, Bear Naked®, Morningstar Farms®, Gardenburger® and Stretch Island®. For more information on the Kellogg Company, including our corporate responsibility initiatives, visit www.kelloggcompany.com.

THE CHALLENGE: MAKING PROGRESS ON A NEW JOURNEY

More than 100 years after its founding, Kellogg Company retains many of the same values instilled by its founder, W.K. Kellogg, during the company's early years. Today, the company's K Values™ shape its culture. One of those values, which compels employees to "act with integrity and show respect," also serves as the foundation for the company's Global Code of Ethics by promoting an environment that is respectful and ethical—whether interacting with consumers, communities or each other.

In early 2010, Kellogg determined that it wanted to do more to assure its ethics and compliance training did not become a "check-the-box" exercise focused on merely meeting legal requirements without actual learning and corresponding behaviors. As a starting point for this journey, Kellogg hired a new Ethics & Compliance director, Emeka N. Nwankpah, and selected LRN as its new online ethics training partner.

In its search for a new partner, Kellogg was attracted to LRN's ability to inspire principled behavior across a company's workforce and extended enterprise, as well as LRN's view of education as one step in a journey to strengthen and shape culture for greater competitive advantage. In addition, LRN's broad suite of courses and learning experiences appealed to Kellogg's desire for greater variety, and LRN's ability to provide course customization and translation was a

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— EMEKA N. NWANKPAH,
ETHICS & COMPLIANCE
DIRECTOR KELLOGG'S

significant factor for addressing the needs of Kellogg's diverse employee base. LRN also offered other complementary capabilities that were important to Kellogg, such as knowledge planning, course tracking, and automated e-mail launch services, that ultimately would enable the company to deliver education faster, more consistently and with an eye toward measuring and improving impact.

Developing new curricula was one of Kellogg's early priorities. While Kellogg has long delivered ethics and compliance education, the company wanted to make sure it was truly engaging employees to think through the potential implications of their behavior. In addition, like many companies, Kellogg was concerned about "learning fatigue" and "staleness."



THE SOLUTION: A UNIQUE EDUCATION EXPERIENCE



DRIVING AWARENESS: As Kellogg planned its new education approach, Kellogg's Office of Ethics and Compliance wanted to make sure the company had a solid foundation of awareness before it moved on to specific compliance topics. "I felt the best place to start was to provide all Kellogg employees with a general awareness of business ethics and a reminder why good ethics is good business, so I looked for the right education curricula to support our goals and our employees' needs," Nwankpah said. Accordingly, he paid particular attention to the quality of the learning experience, looking for the most engaging courses LRN had to offer.



MODELING BEHAVIORS: Under Kellogg's Global Code of Ethics, managers have particular responsibility for creating and sustaining a work environment in which all employees and agents know that ethical and legal behavior is expected. Furthermore, the company expects managers to model the highest standards of business conduct and to communicate the code and encourage discussion of implications of business decisions. Nwankpah, therefore, chose to begin with a segmented approach — one education track for the company's managers and executives, and another for non-management employees. "For managers and executives, we wanted something particularly inspirational out of the box; something intellectually stimulating that would make them think about key principles that apply regardless of their roles," Nwankpah says. "That's why we picked the HOW—A New Lens course from LRN." In November 2010, Kellogg launched HOW — A New Lens to company leaders and managers globally.

The course's messages resonated strongly with Kellogg leadership and reflect the type of learning experience the company wants to provide to all employees in the future. Because Kellogg emphasizes a strong, values-based culture, Kellogg's Office of Ethics and Compliance felt this unique LRN learning asset, which talks about the importance of values in a new way, would re-engage participants and re-emphasize the right foundation for achieving the company's goals.





FORMAT AND DELIVERY: Nwankpah also felt the course's format was appropriate for the time constraints of the company's busy executives. "People are more strapped for time than ever, so there is a real premium in being concise—writing by the word and not by the pound," he says. "I particularly like this course because it delivers a lot of value in a short period of time, in a way that is vivid and well produced."

To address the needs of key concentrations of employees within Kellogg's global workforce, LRN translated the course's text-based content into 12 languages, including English, German, European Spanish, Latin American Spanish, European French, Italian, Japanese, Korean, Brazilian Portuguese, Russian and Simplified Chinese. While all managers must be conversational in English, the company wanted to be able to deliver the course in a way that would maximize their comprehension of and comfort with the content. Translations provided employees the option of reading in English or their native tongues.

LRN also worked closely with Kellogg to integrate the Web-based technology delivering the course, LRN's Legal Compliance and Ethics Center (LCEC), with Kellogg's Information Technology team in order to provide a seamless experience for users. In particular, Nwankpah said the company wanted a single sign-on capability that, in effect, "made things automatic" for users and eliminated the need for separate identification and passwords specific to Ethics & Compliance education.

HOW — A NEW LENS

LRN introduced HOW—A New Lens into its library of online, ready-to-use educational modules in 2010. The course mixes video, narratives with high-quality photography, quizzes, and a game to reinforce this key message: It is no longer merely what you do that sets your organization apart from others, but how you do it. The flood of information and unprecedented transparency reshaping today's business world has dramatically changed the rules of the game. "Whats" are commodities, easily duplicated or reverseengineered. Sustainable advantage and enduring success—for both companies and individuals—now lie in the realm of "how." In this new era, our behavior is the ultimate source of competitive advantage.



INTERNAL COMMUNICATIONS: Prior to introducing the course to managers and executives, Kellogg's Office of Ethics and Compliance used Kellogg's intranet and other communication channels to build anticipation for the education to come. "Our people knew that we were introducing a new educational format and content. While they didn't know exactly what to expect before taking the HOW course and we didn't tell them to get excited, there was some natural interest and curiosity about the new experience," says Nwankpah.



CERTIFICATION: Finally, Kellogg embedded into this initial wave of education a 19-question conflict of interest certification questionnaire, powered by the LCEC, again in 12 languages. Following course completion, employees could click through to the questionnaire to disclose conflicts of interest or violations of the Global Code of Ethics and other company policies.

THE IMPACT: A STRONG START AND POSITIVE MOMENTUM

Following delivery of HOW—A New Lens, Kellogg surveyed managers and executives who completed the course and received overwhelmingly positive feedback—with participants reporting that the content was relevant to their jobs and applicable to real-life situations. More than 90 percent of survey respondents said they "probably" or "definitely" will use what they learned from HOW—A New Lens on the job and apply it to real-life situations.

Participants also provided substantial qualitative comments, complimenting the format, the usefulness and the theme of the course. In the words of one participant: "Too often we become focused on metrics, and the method for achieving those metrics becomes little more than an afterthought. This course was excellent, simply because it pointed out that our business is largely relationship based, and the HOW is more important most times than the WHAT. Great training. I'll use it not only at work, but in my relationships outside of work."

"When you have 50 percent of people respond to an optional survey and provide feedback, that's very telling," says Nwankpah. "Their feedback certainly validates that we are on the right track and that we provide training that is meaningful and impactful. But more importantly, the feedback showed that participants recognize why it is important for Kellogg to pay attention to ethics and behavior, and this is significant because the people assigned to the course are those in supervisory roles."

Since completing the course, managers and executives have requested additional materials and talking points that they can use to lead team discussions. Kellogg plans to introduce the course to non-management employees beginning in 2012. In the meantime, the HOW—A New Lens course established the momentum the company expected—and needed—leading into the next stages of its journey.



PARTICIPANTS SAID:

“I feel that this ethics training forced you to really understand the message instead of just checking boxes.”



“I thought it was outstanding, timely and beneficial. I was able to use it right away with my team. It was one of the best courses I’ve taken with Kellogg.”



“I appreciate the company taking a look at how we do these trainings and developing courses that can help us be better employees and leaders.”



“Great training and extremely relevant for this day and age. Thank you!”



“The themes are very important to guarantee ethical behavior in each of the persons who shape the great family ‘Kellogg.’”





“The course was a HUGE improvement. It was streamlined and relevant.”



“A great reminder of the HOW and the importance of outbehaving as a competitive advantage.”



“The course was great in giving me another way to look at decision making.”



“Overall, a much better experience than prior years. The content was more meaningful and presented in a better way. Getting people to think differently about risk and reward and how to think in different ways is a key to the company’s future success.”



“Thank you for continuing to keep knowledge fresh throughout the organization.”

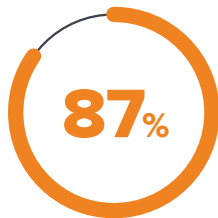
COURSE PARTICIPANTS



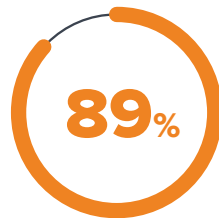
Rate the overall quality
good or excellent



Believe the information
in the course is important
to the company



Believe the information
in the course is relevant
to their job



Believe they have a
better understanding
of the subject because
of the course



Say they probably or
definitely will use what
they learned on the job



Definitely or probably will
be able to apply the learning
to real-life situations

ABOUT LRN

LRN offers education, tools, and advisory services to help organizations develop values-based cultures and leadership, strengthen ethics and compliance efforts, and inspire principled performance. Founded in 1994, LRN is a global company that has educated more than 20 million employees and has worked with more than 700 companies in 100 countries worldwide.

LRN's work is grounded in HOW®, a philosophical framework for individual and organizational behavior in a world that is increasingly complex and interdependent.

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