Vale

Positioning an Iconic Company for Global Growth

In Brazil, Companhia Vale do Rio Doce (Vale) is a legend, a powerhouse, and a household name—and rightly so. Launched in 1942 as a state-owned company, it grew steadily over the latter half of the 20th century to become the largest diversified mining company in the Americas. During that evolution, the company made the transition from public to private ownership and diversified widely, branching out into the electric power and aluminium industries. Vale now has international operations on five continents.

But prodigious growth presents prodigious challenges. At the cusp of the two centuries, company leadership realized it had to align its infrastructure, which had become an ever-mushrooming amalgam of acquisitions and global offices. To build Vale into one of the three leading global firms in the mining industry, its leaders would have to unify the company’s management tier with a shared vision and cohesive practices.

To their credit, Vale leaders were not afraid to be introspective. They assessed company strengths and, among them, found a loyal and talented labor force. They realized, however, that these core managers would need new knowledge and skills to support the company’s ambitious mission.

Because Vale relies so heavily on leading edge technology, its senior management team felt that a leading edge business school would be the ideal partner—made all the more ideal if that B-school was at one of the world’s top technology institutions. “We needed to think hard how to lead the business as a whole and oversee its strategic transition from a state-based company to a private, globally-focused company,” says Marco Dalpozzo, Vale’s Human Resources and Organizational Development Director. “In MIT Sloan, we found great people totally committed to our transformation.”

MIT Sloan worked closely with Vale to design two programs for the company’s key managers—the Senior Management Program for Vale’s top 100 managers and the Transformational Leadership Program for the next 150 leaders. Now, several years later, the programs are vital to the company’s powerful management culture.

Each program takes place over six months, including a six- to eight-day academic term at MIT, followed by teamwork on Vale-focused action learning projects, and concluding with the project teams’ presentation of
actionable recommendations to MIT faculty and Vale sponsors. Teams also build upon projects from previous cadres, resulting in the speedy integration of innovations.

Early in the relationship, MIT faculty teaching in the program customized the content to fit Vale. Professors Rick Locke and Gabriel Bitran visited the company to understand its history, internal dynamics, and short- and long-term goals. They incorporated what they learned into a curriculum designed to meet the needs of Vale’s leaders and wrote a Vale-specific case study for use in the course.

With a strong emphasis on putting knowledge into practice, the custom curriculum comprises three major learning streams: strategic global thinking, results-based decision-making, and interpersonal leadership in a diverse environment. Vale managers build global perspectives, and the knowledge necessary to compete productively on an international scale. They learn customized frameworks to assess the impact of risks and decisions, and they learn to lead change and manage across cultures.

Bitran reports that Vale’s progress has been exciting for MIT Sloan faculty to track. “The program has energized the company and its managers, generating new ideas and a higher level of investment in the direction and future of the company. Senior executives are now advancing new projects with a sense of ownership and motivation.”

Dalpozzo agrees. “Our continuous investment in improving the company’s managers is yielding tangible results. Ninety percent of Vale’s management vacancies worldwide are being filled by internal candidates who have participated in the program.”

Vale is also reaping broader organizational benefits as a result of its ongoing, collaborative relationship with MIT Sloan. “This partnership generates increasing value over time,” says Dalpozzo. “The company and the school know and trust each other well. As a result, we have been able to adapt and reshape the program easily in response to emerging needs.”

This proved invaluable when Vale acquired Canadian-based global mining and metals company Inco in 2006. Dalpozzo needed a new management-training program in short order. He and his colleagues at MIT Sloan designed a revised model that focused less on internal transformation and more on integration of Inco’s top tier managers into Vale’s new global management culture.

Dalpozzo is confident that Vale and MIT Sloan are delivering on the company’s commitment to develop its managers into global strategists. The challenge going forward, he believes, is for MIT Sloan to continue to develop innovation models that will prepare the company for the next century. “As a natural resources company, we must take a very long view of what is to come. MIT’s culture of innovation is very important to us. We keep pushing them to innovate and, in return, we become a laboratory for new ideas. Together we are helping to create each other’s futures.”

Marco Dalpozzo
Human Resources and Organizational Development
Director
Vale

“In MIT Sloan, we found great people—good friends—totally committed to our transformation. MIT people are committed to solving problems. We realized we could tap their exceptional resources to set up processes and systems essential to making us a world class corporation.”

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