

Increasing the Return on Investment of Leadership Development Programs

Calhoun W. Wick
Fort Hill Company

Roy V.H. Pollock
Fort Hill Company

James F. Bolt
Executive Development Associates

EXECUTIVE SUMMARY

Leadership Talent can be a true competitive advantage. But high quality leadership is in short supply and increasingly difficult to recruit and retain. A Leadership Development Program can strengthen an organization's talent pool. The challenge in today's business climate is to maximize the efficiency and impact of these programs. We have identified three keys to increasing the return on investment in leadership and executive development: linking development to strategy; beginning with the end in mind; and managing post-course follow-through.

INTRODUCTION

Ralph Larsen, the CEO of Johnson & Johnson, believes that leadership is the most important issue that his company faces and that a shortage of leadership may be the greatest constraint to its growth.

Numerous studies have confirmed that leadership is in short supply and the situation is projected to worsen rather than ease. A recent Future Leadership Roundtable "*Beyond the War for Talent*" sponsored by Intel, IBM, BellSouth, Fidelity Investment, Agilent Technologies and Executive Development Associates concluded that "the current economic downturn in no way negates the forecasted long-term shortage of talent."

The Study of the Emerging Workforce¹ found that "Nearly one in four employees

thinks their bosses are performing below average (9% grade D) or failing (14% grade F) as mentors in helping further their career." People quit their boss, not their company. Therefore, it is a strategic imperative to actively create a pool of talented leaders; it doesn't just happen and companies cannot rely on 'the cream rising to the top.'

"The most important job for the leader who wants to win in the 21st century is to create more leaders, at more levels of the company, than the competition."

- Noel Tichy

Leadership Development needs to be planned, executed and evaluated with the same rigor as other critical business processes. And, more than ever, it needs to produce significant impact and demonstrable return on the resources invested.

KEYS TO IMPROVEMENT

We have identified three keys to maximizing the impact of leadership development:

1. Link the program tightly to strategy
2. Begin with the end in mind
3. Ensure that learning is put into action

1. Link the program to the strategy

Executive Development Associates pioneered the concept that executive/leadership development must directly support the business strategy.

Generic, "one size fits all programs" seem 'cheaper' – that is, they have a lower *initial* cost. But because they do not emphasize the specific organizational needs / strategy, their return is lower than custom programs. They are *more expensive* in terms of useful output.

Maximizing the return on Leadership Development requires a rigorous process to ensure that every aspect of the development program addresses a company's specific marketplace challenges and contributes to achieving the vision, living the values and successfully executing the strategy.

"If you don't know where you are going, you will probably end up somewhere else."

- David Campbell

2. Begin with the end in mind

Too many Leadership Development programs fail to fulfill their full promise because they focus on 'knowing' as opposed to 'doing.' The issue for managers "is not the inertia of indifference or ignorance, but of knowing too much and doing too little."²

The ultimate measure of success for a Leadership Development Program is the extent to which learning is put into action – the degree to which behaviors are changed in ways that lead to meaningful business results.

"The course is not the finish line."

- Cal Wick

For programs to be truly effective, they must be planned from the outset to maximize *application* and *use*. They must address the question: "At the completion of this program, what do we want the attendees to do differently and better?" And then they must be designed to make sure those objectives are achieved.

3. Ensure post-course follow-through

We have discovered that the post classroom follow-through period is one of the most powerful opportunities to enhance the effectiveness of Leadership Development. It is also the most frequently neglected. Billions of dollars are spent on classroom events and next to nothing on application support and follow-through.

Follow-through is critical because leadership skills are complex behaviors, involving what Daniel Goleman has called "emotional intelligence." Mastering new behaviors requires repetition and practice, motivation and feedback.³

Leaders need to put new concepts into practice on something important and relevant quickly, or the lessons are lost. And a course cannot be considered either complete or successful until new leadership skills are used routinely.

Follow-through: the act of continuing a project, plan, scheme or the like to its completion.

-Webster's New Collegiate Dictionary

We believe that follow-through should be an integral part of any program. We use a web-based system called *Friday5s*^{®4} to stimulate and track follow-through, facilitate coaching and encourage collaborative learning.

The system is simple to use but powerful:

- At the conclusion of the classroom portion of a course, participants are asked to set personal development objectives.
- These are collected and entered into a custom website available to members of the Leadership Development Program.
- Over the next two months, participants are reminded of their goals by email and

asked to update their progress as well as review the key learnings of others.

- Progress reports can be forwarded to managers or coaches for feedback and advice and are available to other members of the group to accelerate learning.

Because the system actively encourages follow-through and accountability for continued development, participants in programs that use *Friday5s* make greater progress than when follow-through is left to chance.

THE EVIDENCE

We recently conducted a controlled trial to evaluate the benefits of follow-through. The same 5-day course was presented to four groups of 22 new managers each at a leading corporate university. The two control groups experienced the course as usually offered; the two test (follow-through) groups were presented the same material, but in addition used the *Friday5s* follow-through system for 8 weeks.

The participants in all four groups *and their managers* were surveyed 2-3 months after the course. They were asked to rate the course's effectiveness in improving managerial skills, the amount of post-course effort exerted and the amount of discussion between participants and their managers.

KEY FINDINGS AND CONCLUSIONS

1. Both participants and their managers rated the course as effective in improving managerial performance.

A well-designed and executed program makes a measurable difference in leadership ability.

2. The degree of improvement was greater in the *Friday5s* group as judged by both the participants and their managers.

A follow-through system increases the effectiveness of Leadership Development.

3. Managers rated 12% of the participants who used *Friday5s* 'markedly improved' (highest category). In contrast, none of the managers rated any of the control group as markedly improved.

This study confirms Goldsmith's research. He concluded that: "The degree of perceived change in leadership effectiveness was clearly related to the degree of follow-up."⁵

4. Fewer than half the managers in the control group were aware of their direct reports' developmental goals. In contrast, 100% of the managers with direct reports in the follow-through group were aware of their subordinates' specific development goals.

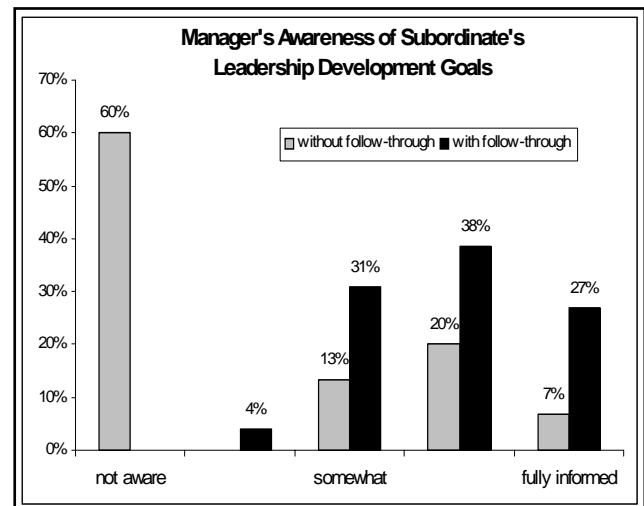


Fig. 1: *Friday5s* follow-through system increased the managers' awareness of participants' goals

Managers and participants in the follow-through group also reported discussing the course much more often.

Increased knowledge of participants' goals and increased interaction of managers with their subordinates increased coaching opportunities and contributed to the greater progress achieved.

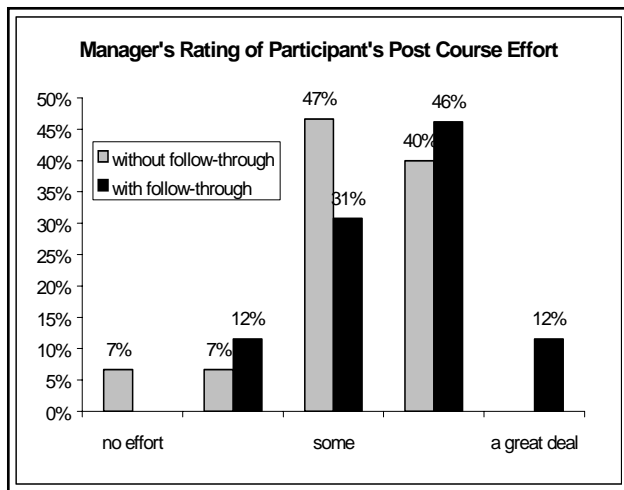


Fig. 2: Friday5s follow-through increased the amount of effort participants made to continue their development following the course

- Managers observed a noticeably greater amount of post-course effort to improve among the Friday5s group than the control group.

The expectation of follow-through, reminders and accountability increased post-course effort. The greater effort contributed to the greater results; all meaningful development requires effort.

- Participants' updates documented many examples of positive business impact from the course and follow-through.

"The team has tightened up their goals and resulting activities, allowing us to focus on the most important tasks and deliverables."

"I have been able to free up over 2 hours a week by delegating several tasks to my direct reports"

"I am able to communicate more effectively with others, listen and absorb difference opinions, respond and act on them."

"Providing more timely feedback has made a marked improvement in the overall energy and enthusiasm of the group"

"Staff members are demonstrating excellent techniques in setting SMART goals. ... this is helping them set realistic goals that will benefit their development at work."

CONCLUSIONS

We have demonstrated in this study and in a variety of other companies and learning formats that follow-through can significantly extend and increase the value of Leadership Development Programs.

The return can be calculated in terms of improved managerial effectiveness and reduced employee turnover. By any calculation, the increase in effort, coaching, and amount of improvement returned many times the cost.

The three steps we have outlined – linking development to strategy; clearly defining outcomes, and building follow-through into programs – will result in a quantum leap in effectiveness and return.

NEXT STEPS

Executive Development Associates and the Fort Hill Company are working together to extend the benefits of strategic fit and follow-through to their clients.

To learn how you can improve the return on your development investment, contact:

- Cal Wick at Fort Hill (320-651-9223)
- Jim Bolt at EDA (858-793-5093)
- or visit www.ifollowthrough.com

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