

## Is Leadership Training Money Well Spent?

When budgets tighten during economic downturns historically training and development are among the first to see funding reduced. The implications of not developing the individuals that are responsible for carrying out the company's mission are better understood today. Poor decision making, lack of accountability, greed, and lapses in business ethics, it could be argued, have contributed to much of our economic melt-down of late. Possibly leadership training could have allayed some of these issues.

The debate surrounding leadership training may well hinge on different opinions on what leadership training contains. Leadership training can be whatever an organization needs it to be. A company's mission and goals will drive the contents of leadership training.

Are skills-based components such as financial performance, talent development, organizational visioning and coaching skills part of an effective leadership program or it is simply about creating a performance culture? Can both contribute positively to an organization's financial performance?

Leadership training is for all levels of an organization - not just the executives. Arguably some would say that precious money that might be available for leadership training be spent on the front line leaders. Focus on top performers some would say. Make leadership development a continuous process. Leadership training focus depends upon each company's performance objective or goal that is to be achieved.



It is challenging to evaluate the impact of leadership training. The Center for Creative Leadership's research shows multiple outcomes in terms of organizational success. They are financial performance, increased organizational agility, talent retention, and development of a performance culture.

### **Financial Performance**

Studies show compelling evidence that organizations that invest in leadership training have stronger bottom lines.

There is strong data suggesting that leadership training is an investment that pays in a higher performing, financially stronger, and a more desirable place to work.

Notably a 2007 study in *Harvard Business Review* showed a strong link between leadership skills and the financial bottom line. It looked at public companies with high scores for their investment in leaders. These companies showed five times higher stock market returns than those of companies with less emphasis on developing their human capital.

### **Increased organizational agility**

Bersin & Associates looked at the ability of companies to respond rapidly when faced with changes in the business environment.

It was discovered that 86% of companies with leadership programs responded rapidly to changing conditions compared with 52% of companies with less mature or non-existent programs.

### **Talent retention**

Human capital is a company's greatest asset. Without the performers there is no company. Employees are more apt to stay with a company that invests in their growth. Retention is less expensive than hiring from the outside.

### **Performance Culture**

Leadership development is a magnet for top performers which helps to drive a performance culture.