

# THE SECRET TO LEADERSHIP TRAINING ROI?



*Solutions for Leadership & Organizational Excellence*

So, you know you need leadership development, but what is the return? How do you prove it? What are you going to show your boss to convince him or her that you will see results?

Probably the single largest reason that companies do not see a Return on Investment (ROI) for leadership development is because they don't measure the ROI for leadership development. And, the largest reason ROI is not measured is because the goals for what is to be achieved and a base-line to compare against is not established. Here are four ways to start measuring your Return on Investment for Leadership Training:

**Reaction** – How participants feel about the program. This is probably the least helpful for your ROI, but if people really did not like the event, chances are you need not bother looking into the ROI.

**Learning** – What did the people learn? Are there specific skills that you want them to develop out of the development process? If so, you will need to have pre and post assessments in order to measure the results.

**Individual Performance** – Is there a noticeable difference in how the person is behaving? Is that new behavior in-line with the performance goals that were set prior to the training? In the case of leadership development, 360 assessments can be used to help identify key areas to be addressed. As a follow-up to the training event, a new assessment should be administered several months later, to see how behaviors and perceptions have changed.

**Results** – What are the direct financial returns on investment? In the case of leadership development and other soft skill training, this is difficult if not impossible to **prove**.

The reason financial proof may be difficult to absolutely prove, are illustrated in the following point: A division is having significant turnover and all indicators point to the divisional manager. After his leadership development process is completed, his 360 assessments improve

and turnover declines. But, at the same time the economy gets worse and there are fewer jobs for people to find outside this company. Could this also be a reason fewer people leave? The point is, there are a number of contributing factors to many of the benefits people hope to gain from leadership development which are affected by outside forces.

However, if you have set the goals for learning and performance expectation, have base-lines to measure against and see positive results from the post assessments, reasonable correlations can be made that the company will see positive financial results.

## **In Conclusion**

Making changes stick, is of course, one of the challenges that is frequently faced when trying to assess the long term effect of leadership development. Research shows that continued involvement and follow-up to meeting goals is critical to reaping long term benefits. Linking development to organizational goals is also a critical component to seeing long term results.

There is great deal of work involved in the process of really measuring results. But, if you need to show tangible benefits from leadership development, some groundwork has to be laid. Leadership Development Partners like Farr Associates help dramatically by having a template that will provide all of the pre and post assessments as well as the structure of how the manager should be involved. When you look to invest in your training be sure that you get what you pay for – results.