Organizations with the Best Leadership Development Programs Have a Technology-Driven Solution

HRO Today Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and further discussion among industry practitioners and thought leaders.

This report examines the current state of organizations' leadership development programs, the factors presenting the greatest challenges when managing programs, and the expected outcomes.

This report was sponsored by **Sounding Board.**

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Methodology

Between May 11 and June 3, 2022, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters inviting them to take part in an online study. Study respondents were senior HR practitioners from companies with active leadership development programs. Respondents were screened to ensure they were knowledgeable about the leadership development programs in their organizations. The total number of usable surveys was 60 and respondents were from North America.

Introduction

Developing new leaders is a top challenge facing organizations nationwide. In fact, only 41% of 1,000 recently surveyed C-suite leaders believe that their organization's leadership development programs are of high or very high quality.[1]

The amount organizations are spending on leadership development programs each year is staggering. U.S. training expenditures, of which leadership development is a part, rose nearly 12% from the prior year to $92.3 billion in 2020–2021. Of that total number, annual spending on external vendors and consultants, including all products, services, technologies, consulting services, and off-the-shelf and custom content, was $8.1 billion.[2]

But what makes a leadership development training program successful, and what are the biggest challenges to managing one effectively? What are the expectations for the program? This report offers insight into those areas.

Conclusions

Few organizations feel they have exceptional leadership development programs. Less than two-thirds (61%) rate their leadership development program as good or excellent, and only 10% rate them as excellent. This suggests there is considerable room for improvement.

Organizations with the best leadership development programs have a technology-driven solution. This solution is one that enables, scales, and measures leadership program outcomes. Nearly all (95%) organizations with tech-driven solutions consider their programs to be excellent or good, two-thirds (64%) of organizations don't integrate technology, and just over one-quarter only have informal programs.

Organizations with tech-driven leadership development programs have less difficulty managing their programs. Competing business priorities, for example, is a struggle for 71% of those with informal programs but only 50% of those with technology-driven solutions.

Despite the heavy investment in leadership development programs, the programs themselves vary greatly in structure and formality. Less than one-quarter (23%) of organizations have a technology-driven solution that measures program outcomes, while 28% have an informal program that has only loosely defined goals and metrics. There is a strong relationship between how tightly defined a program is and program satisfaction that many of these programs aren't getting.

Competing business priorities is the most common challenge leaders face when managing leadership programs. Two-thirds (66%) of respondents rated it as extremely difficult or difficult. Some 60% of respondents indicated that reinforcing lessons learned upon program completion was one of their greatest challenges.

Increased employee retention is the outcome most expected from leadership development programs, according to nearly nine-in-ten (87%) respondents. Improved succession planning was the second most expected outcome, as indicated by 83% of respondents.

The most frequently used metric to evaluate the success of leadership development programs is participant behavioral change, used by 83% of respondents. Participant engagement is the metric used second most often, as indicated by 81%.

Participants in leadership development programs have a wide range of seniority. While mid-level managers are the group most often involved (80%), and senior managers/directors the second most (70%), nearly one-half (48%) of organizations also include senior directors/vice presidents in their development efforts.

DETAILED FINDINGS:

Classification of Program Status

Which statement below best describes your leadership development program?

Study participants were screened to ensure that their organization had a formal leadership development program. They were then asked to select the statement that best described the status of their program. Nearly one-half (49%) indicated that while their program was not technology-driven, it did have formal parameters and

measures of success. The remaining responses were roughly evenly split between having a technology-driven solution that enables, scales, and measures leadership program outcomes (23%), and having an informal program that has only loosely defined goals and metrics (28%).

Going forward in this report, these classifications will be used in analyzing exactly how respondents view their programs.

Classification of Program Status

We have a technology-driven solution that enables, scales, and measures leadership program outcomes	23%
Our program is not technology-driven but does have formal parameters and measures of success	49%
We have an informal program that has only loosely defined goals and metrics	28%
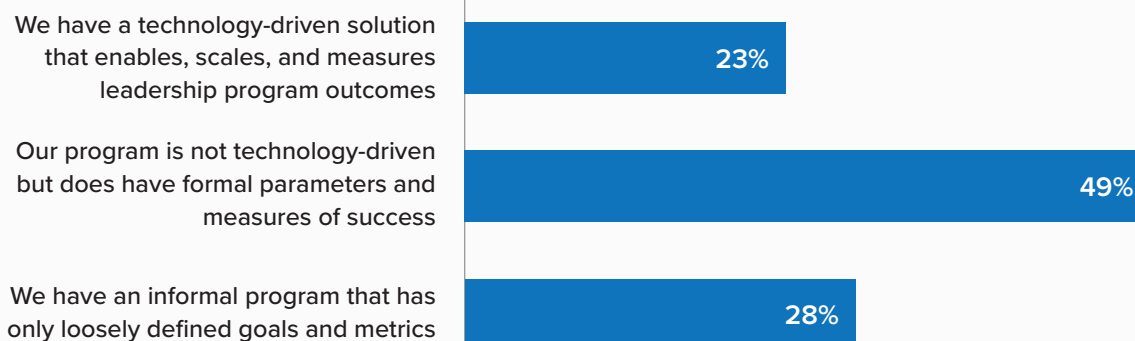
Rating of Leadership Development Program

How would you rate your leadership development program today?

Respondents were asked to rate their leadership development program on a scale of very poor to excellent. While most (61%) rated their leadership development program as good or excellent, only 10% rated it as excellent. This suggests there is considerable room for improvement.

The level of maturity of an organization's leadership development program is a major bellwether for how successfully the program will be perceived by HR. When segmenting the responses by level of program maturity, a pattern emerged. Nearly all (95%) respondents who describe their programs as a technology-driven solution that enables, scales, and measures leadership program outcomes considered their program excellent or good.

But that percentage declined to 64% of those with programs that are not technology-driven but still have formal parameters and measures of success. Going further, only about one-quarter (27%) of those with an informal program that has only loosely defined goals and metrics considered the program as excellent or good.

There is a clear positive relationship between the sophistication of the leadership development program and program satisfaction.

Rating of Leadership Development Program
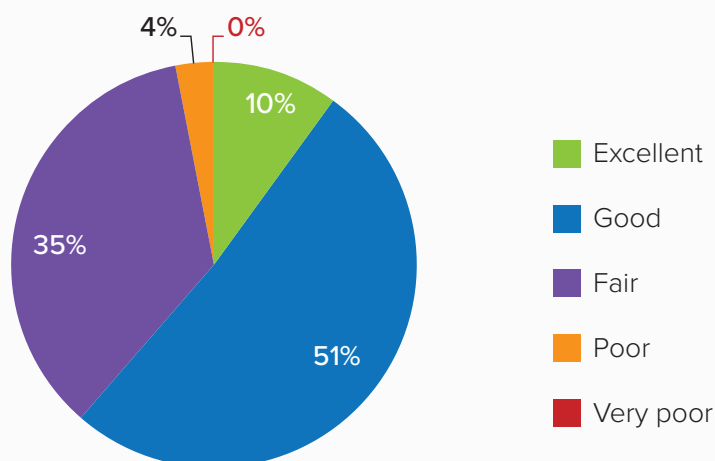
Rating of Leadership Development Program By Program Maturity — Excellent/Good (net)

We have a technology-driven solution that enables, scales, and measures leadership program outcomes	Our program is not technology-driven but does have formal parameters and measures of success	We have an informal program that has only loosely defined goals and metrics
95%	64%	27%

Extent of Difficulty in Factors Related to Managing Leadership Development Program

Please indicate the degree of difficulty when managing your leadership development program for each of the areas below.
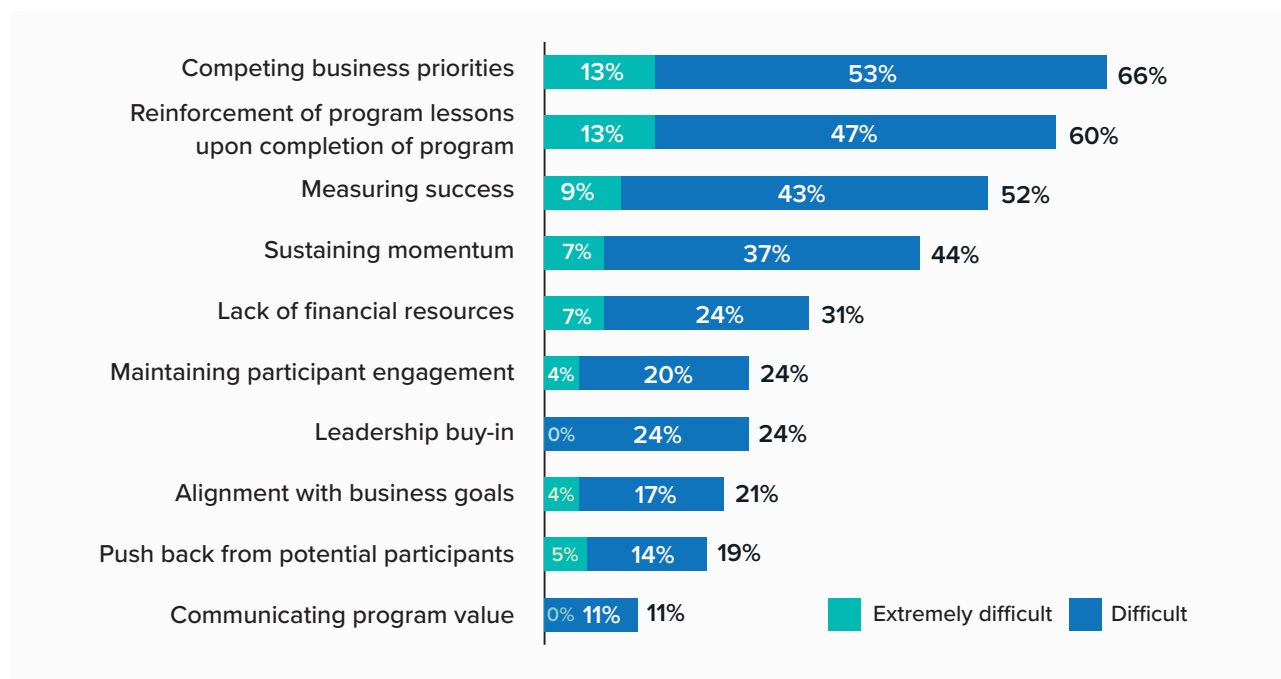
Study participants were asked to rate the degree of difficulty in 10 different areas when managing leadership programs. The most difficult area was juggling competing business priorities, with two-thirds (66%) of respondents rating it as extremely difficult or difficult. Education and training gain the most traction as a business priority within highly visible organizational change and development efforts championed by senior leaders,[3] who set the rules for how priorities are made and how training is to be balanced with other organizational priorities.

The second biggest challenge is reinforcement of program lessons upon completion of the program,

as indicated by 60% of respondents. After a training program is finished, day-to-day responsibilities become an employee's main focus, making lessons without immediate applicability problematic to incorporate.

The other area that just over one-half (52%) of respondents find difficult is measuring program success. Measuring success can be done by using formalized assessments and combining them with feedback from participants and those who report to them. Additional metrics include looking at the success of the leader's entire department by measuring whether the department has reached its business goals and, in the longer term, determining how many of the leader's employees have made progress in their careers and have stayed with the organization.[4]

Extent of Difficulty — Extremely Difficult/Difficult Net

Factor	Extremely difficult	Difficult	Net
Competing business priorities	13%	53%	66%
Reinforcement of program lessons upon completion of program	13%	47%	60%
Measuring success	9%	43%	52%
Sustaining momentum	7%	37%	44%
Lack of financial resources	7%	24%	31%
Maintaining participant engagement	4%	20%	24%
Leadership buy-in	0%	24%	24%
Alignment with business goals	4%	17%	21%
Push back from potential participants	5%	14%	19%
Communicating program value	0%	11%	11%

When looking at results segmented by the respondents self-assessment of their program, the same pattern emerges. Overall, those with technology-driven leadership development programs have less difficulty managing their programs than those with either no technology or informal programs.

Competing business priorities is a difficulty for 71% of those with informal programs, compared to only 50% of those with technology-driven solutions. And while both reinforcement of program lessons and measuring success were problematic for 57% of those with informal programs, fewer than one half with technology-driven solutions found either of them extremely difficult or difficult.

Extent of Difficulty — Extremely Difficult/Difficult Net; Segmented by Program Assessment

	TECHNOLOGY-DRIVEN SOLUTION	PROGRAM IS NOT TECHNOLOGY-DRIVEN	INFORMAL PROGRAM
Competing business priorities	50%	70%	71%
Reinforcement of program lessons upon completion of program	23%	77%	57%
Measuring success	22%	61%	57%
Sustaining momentum	33%	43%	50%
Lack of financial resources	10%	30%	43%
Maintaining participant engagement	11%	26%	31%
Leadership buy-in	0%	22%	43%
Alignment with business goals	0%	17%	43%
Pushback from potential participants	11%	9%	36%
Communicating program value	0%	13%	14%

Expected Outcomes for Leadership Development Programs

What outcomes do you expect to achieve with your leadership development program?

Respondents selected the outcomes they expected to achieve with their leadership development programs from a list of seven options. The outcome most often expected is increased employee retention, selected by 87%. Given the current work environment, companies are working harder than ever to retain employees. In 2021, more than 40 million people left their jobs. Workers realized that they could find better ways to earn a living with higher pay, stable hours, and flexibility. Employees started to expect more from their employers, and appear to be getting it, at least though the first half of 2022.[5]

Improved succession planning was the second most expected outcome, as indicated by 83% of respondents. One of the primary motivations for a leadership development program is to prepare the next generation of company leaders. Given the high resignation rates experienced by many companies in 2022, this is even more imperative than it has been historically. Although it may not necessarily be senior leaders leaving, companies need to maintain bench strength to fill those roles when they do open.

Behavior change was selected by nearly three-quarters (74%) of respondents. Focusing on interventions that help individuals become more developed in their skills, and ultimately better at their jobs, is key to lasting, impactful change.[6] Most significant changes result from a shift in mindset and challenging the belief systems that drive employees' behaviors and actions. Behavioral change is more likely when development activities are highly relevant to the employee's specific situation, provide them with significant control and choice over the leadership areas they choose to work on, and offer flexibility in their approach to some of the development activities.[7]

Expected Outcomes for Leadership Development Programs

Metrics Used to Evaluate Success of Leadership Development Programs

What metrics do you use to evaluate the success of your leadership development program?

Study participants indicated the metrics they use to evaluate the success of their leadership development programs. The most frequently used metric was participant behavioral change, used by 83% of respondents. The objective of behavioral change measurement is to understand whether training was, in fact, transferred to on-the-job behaviors. It is designed to measure learner competency and the extent of improvement in behavior.

The best way to conduct this kind of assessment is through the administration of multi-rater pulse surveys provided to a leader's direct reports. The accumulated results of a multi-rater questionnaire provide an excellent source of data for determining behavioral learning outcomes. It is an objective assessment of program participants and their improvement (or lack thereof) in leadership behaviors according to those who matter most: their direct reports.
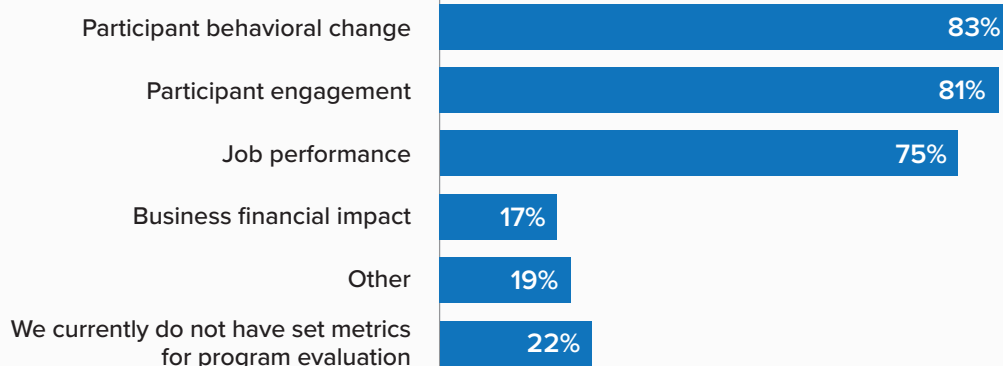
Participant engagement is the metric used second most often, as indicated by 81% of respondents. Tracking participation rates can reveal a lot about employees' overall engagement with the training program. Another metric that can help business leaders assess course design is the pass rate. Program participants may be consuming course content and completing the course but failing at the assessment phase.

One of the best ways to track the true impact of a training program is through the performance of employees themselves. Development courses should be tied to overall organizational performance.[8] In fact, the survey found that job performance was the only other metric frequently used (75%) to evaluate the success of the training program. Meeting business objectives like improved customer satisfaction or sales, employee attrition and retention, employee productivity, and employee surveys and assessments are all useful ways to measure job performance.[9]

Remarkably, nearly one-quarter (22%) of organizations do not have a set metric for program evaluation. There is no return on investment on a program without metrics, and no way to optimize the program to make it the most successful it can be without having a system to evaluate its success.

Metrics Used to Evaluate Success of Leadership Development Programs

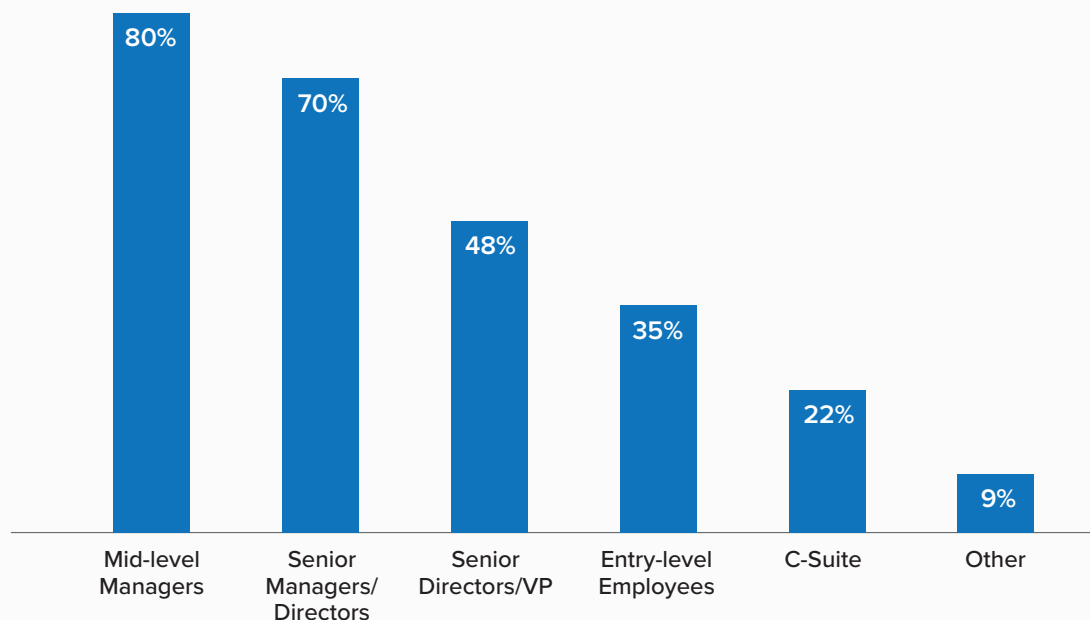| Metric	Percentage
Participant behavioral change	83%
Participant engagement	81%
Job performance	75%
Business financial impact	17%
Other	19%
We currently do not have set metrics for program evaluation	22%

Participation in Leadership Development Programs by Organizational Levels

What levels of seniority within your organization currently participate in your leadership development program?

Respondents indicated the level of seniority at which their organization allows employees to participate in their leadership development programs. There are two groups that at least 50% of organizations include in their programs: mid-level managers (80%) and senior managers or directors (70%). Nearly one-half (48%) of organizations indicated senior directors and vice presidents are also included, so there is a wide range of seniority that is under consideration for a leadership development program.

Given the range in seniority of program participants, how are they selected? Business leaders want the people chosen to grow in their careers and progress through the organization. Effective leadership development programs provide the opportunity and guidance for employees, especially those in leadership positions, to develop the skills they need to manage their careers, lead others to success, and contribute great work to the organization. Those people can include those recently promoted to management positions, those with new leadership responsibility, people facing new challenges managing staff, and aspiring leaders who demonstrate potential to be fast-tracked to a management role.[10]

Participation in Leadership Programs by Organizational Levels

Bar chart: Mid-level Managers 80%; Senior Managers/Directors 70%; Senior Directors/VP 48%; Entry-level Employees 35%; C-Suite 22%; Other 9%.

Ideal Behavior Change

Describe the ideal behavior change you would like to see because of participation in your leadership development program.

Study participants were asked to describe the ideal behavior change they would like to see after participation in their leadership development program.

There were many insightful comments left, often with great passion and excitement for the programs being offered. A selection of a few of those comments can be found below.

Among the most common themes in the comments were change in behavior, building leaders, increased engagement, retention, and improved performance. ■

Participant Comments:

> "All of the fundamental behaviors for producing strong interpersonal skills plus the significant mindset shift from an individual contributor to a manager/leader that produces collective results. Also, behavior that helps individuals and organizations build and develop greater capacity."

> "Better retention, improved morale, improved succession planning, and better employee engagement."

> "Improved performance and career coaching of direct reports, greater insight into business operations, cross-functional collaboration, and problem solving."

> "Highly engaged employees who not only maximize their performance but are also more ready for the next career level."

> "Successful change management, successful coaching, experts in feedback, understand performance management, positive 360 results."

> "More effective communication by our leaders at every level and in every direction. Improved emotional intelligence—all aspects of it in how our leaders interact with their teams and one another. Shift in attitude toward learning and development as a priority versus something that is done when they have time, both for the leaders themselves and for their employees. More strategic-level thinking."

> "The objective of the program is to build and enhance leadership skills and traits of our current leaders. Behavior change is expected, which we believe will lead to greater engagement, inclusion, and profitability."

Notes

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