

White Paper



Center for  
Creative  
Leadership

# **Driving Performance**

## How Leadership Development Powers Sustained Success

In-depth studies consistently reach the same conclusion:

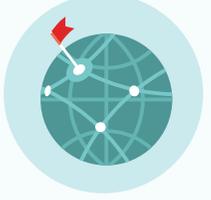
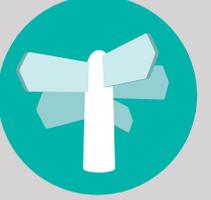
## Substantial investments in leadership development drive performance.

Organizations that are committed to the development of their leaders are more innovative and perform better financially than those that make little or no investment in leadership development. A report by research firm Bersin & Associates summed it up: \_\_\_\_\_



Also, in a 2015 CCL survey of 300 leaders globally, nearly three-quarters of them said that leadership development is very important in creating competitive advantage for their organizations.

Strong evidence shows that investments in leadership development:

 <p>Improve Bottom-Line <b>Financial Performance</b></p>	 <p>Attract, Develop, and <b>Retain Talent</b></p>	 <p>Drive <b>Strategy Execution</b></p>	 <p>Increase Success in <b>Navigating Change</b></p>
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# Improve Bottom-Line Financial Performance

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HR analytics expert McBassi & Company launched a series of investment portfolios to track correlations between companies' stock prices and their levels of investment in training, including leadership development. Their conclusion:

**“Superior human capital management is an extremely powerful predictor of an organization’s ability to outperform its competition.”**

McBassi reports that “human capital management is fast emerging as an essential core competence (possibly the essential core competence) for organizations.”

When Credicorp, the leading banking institution in Peru, decided to aggressively pursue international growth, its top executives needed a leadership strategy that equipped the company to implement its business strategy. CCL became a key partner in the development of Credicorp’s senior talent. Once the company shifted its strategy and pursued the development of human capital, its stock price quickly began to outperform both the Dow Jones and Lima indexes, with annual revenues steadily growing.

*“We know that we must reach our numbers, and we will only reach our numbers through people. Working with CCL, we know which human factors or talent drivers to focus on to strengthen individuals and the organization to meet our challenges.”*

**-Ursula Alvarez**  
Credicorp Director of Talent



## Attract and Retain Talent

A Bersin report on “High-Impact Leadership Development” reports: **“Great leaders attract, hire, and inspire great people. A mediocre manager will never attract or retain high-performing employees.”** Plus, watching talented people walk out the door causes tremendous expense for organizations, from advertising, recruitment, and relocation costs to time spent training new employees.

Companies that excel at leadership development, Bersin has found, spend as much as 60% more on this work than do less sophisticated counterparts. The payoff: employee retention that is **20 times greater** than that of companies with less focus on leadership development.

CCL’s own data shows that organizations that value leadership development are better at developing their leaders and placing the right people in the right roles—which, in turn, drives greater innovation and stronger financial performance.

A 2016 report in *Diversity Executive* magazine documented the impact of effective leadership development on retention and development at global industrial company Ingersoll Rand. As the magazine explained, the company launched a program in 2012 focused on developing high-potential women leaders. Conducted in partnership with CCL, the program leveraged face-to-face, online, and action learning.

The impact, as reported by *Diversity Executive*: **“Since the program’s inception, Ingersoll Rand achieved 90% retention of its 130 participants worldwide, with 67% of participants now in expanded roles or promoted.”**

A study of nearly 2,500 leaders in CCL’s open-enrollment programs offers further proof of the transformative impact of leadership development. Two months after their CCL program, leaders consistently reported greater self-awareness—which translated into improved leadership effectiveness and higher engagement and commitment.

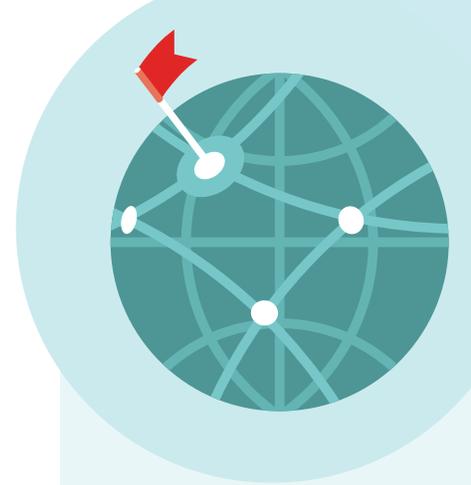
*“Developing, coaching, and promoting people internally is significantly less expensive than the costs typically required to hire someone externally,”* Bersin notes. *“Some studies indicate that 50% of new hires at the executive level last only six to nine months.”*



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# Drive Strategy Execution

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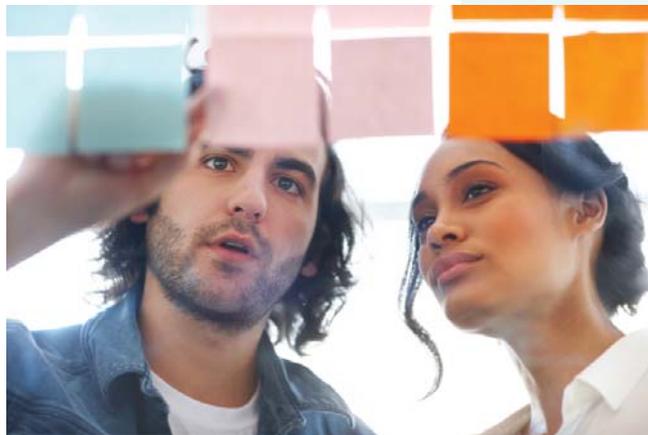


The Conference Board’s study on “The Business Value of Leadership Development” reviewed best practices at some of the world’s best-known and most influential organizations, including Bayer, BP, Colgate-Palmolive, and Astra Zeneca. Its conclusion:

**“Leadership development has enormous power in both shaping and changing the culture and strategy of business. It gives senior management powerful leverage to align executive behavior with business values and objectives in the quest for superior financial performance in global markets.”**

In uncertain times, organizations can no longer afford development for development’s sake. They need a leadership strategy that closely connects with the business strategy—and equips employees with the leadership skills need to implement it.

And when it is done right, leadership development unquestionably delivers impact. A CCL analysis of more than 1,000 alumni of our flagship Leadership Development Program (LDP)<sup>®</sup> found that 99% reported success in strengthening the leadership skills most important to their work performance—communication, influencing across the organization, self-awareness, and implementing change. Meanwhile, 98% reported strong positive impact on their overall organization in areas critical to strategy execution, including cross-boundary collaboration, organizational management and openness to diverse perspectives.



Leading financial services provider Barclaycard found itself facing regulatory changes and competitive pressures in a volatile global economy. The company had previously offered leadership development programs that were segmented within business units. In a changing business climate, it saw the need for a better coordinated, more comprehensive approach to leadership development.

**“We needed a leadership strategy that was connected to the larger vision and business strategy,”** said James Prior, Barclaycard’s head of leadership. “We needed leaders across the business to have a full and shared perspective on our direction and our challenges. At the same time, we had to strengthen key leadership capabilities so our people could implement the strategy, cope in uncertain times and flex to meet changing conditions and needs.” The company partnered with CCL on Barclaycard Academy and moved toward a consistent leadership model that bolstered overall strategy and execution.



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## Increase Success in Navigating Change

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### When facing an unpredictable business environment:



86% of companies with strategic leadership development programs are able to respond rapidly



Compared with 52% of companies with less mature leadership programs

This is not surprising.

CCL's own data shows that 88% of the colleagues of leaders who attended the Leadership Development Program saw real improvement in leaders' ability to lead change.

Sophisticated leadership development programs develop a deeper, richer pipeline of talent, which is why organizations today are seeking to unlock the full potential of their talent pools at all levels. In fact, Bersin research shows that companies are investing just 22% of their leadership development funds on senior leaders. That's a lower proportion than in prior years, as more funding is steered toward up-and-coming talent.

As it expanded rapidly into new markets, services, and product categories, Essilor of America—a global leader in corrective lenses—identified a crucial key to success: finding a scalable way to develop the leadership skills of its front-line supervisors. Since launching in 2012, its EDGE Leadership Program, co-developed with CCL, has been offered to thousands of first-line leaders and is making a noticeable impact.



“We feel confident it is creating the foundation we need, and one we can build on, as individuals move from basic supervision through to global leadership positions.”

### **Matt Jones**

Vice President, Talent Management  
Essilor of America

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## Conclusion

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Studies show that organizations' confidence in the leadership capabilities of their people remains low. A Bersin report found that only 30% of organizations rate their first-line leaders as highly capable. Just 49% believe their mid-level leaders are highly capable. And their faith in senior leaders is lacking as well.

It doesn't have to be that way. Leadership development can, and does, power sustained success for organizations around the world. But only when it's done the right way.





## Center for Creative Leadership®

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world's Top 5 providers of executive education by the *Financial Times* and in the Top 10 by *Bloomberg Businessweek*, CCL has offices in Greensboro, NC; Colorado Springs, CO; San Diego, CA; Brussels, Belgium; Moscow, Russia; Addis Ababa, Ethiopia; Johannesburg, South Africa; Singapore; Gurgaon, India; and Shanghai, China.

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