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How's Your Development ROI?

Shedding light on our leadership development crisis

 By Sara Canaday



Here's the very-expensive problem. According to DDI's [Global Leadership Forecast](#), organizations worldwide spend \$50 billion per year on professional development, but only 37% of leaders describe their development programs as “effective.” Ouch. For the record, that low approval rating isn't a fluke; it's been flat for seven years. I'd say that qualifies as a crisis.

In any other area of a corporation, that kind of return on investment would be unacceptable. Professional development seems to be the exception. This could explain why the World Economic Forum's [Global Outlook](#) ranked lack of leadership as the third largest challenge for organizations over the next 12-18 months.

What's behind this costly development disconnect?

A number of factors could be contributing. Sometimes training programs are fragmented or outdated. Off-the-shelf or one-size-fits-all systems don't always translate across industries and borders. Inconsistent investment is also to blame—wild variations from year to year or focusing solely on development for one level of leadership.

In my work with hundreds of corporate leaders, I've repeatedly observed another factor that undermines development progress. Most training courses are designed to help participants build action-item skills: *how to “do” something better*. Curriculum often includes improving time management, mastering finance for non-financial managers,



enhancing teamwork, resolving conflicts, managing change, or analyzing performance metrics. All of these skills are important, but they do skip over the essential foundation: how to “be” something better. I’m talking about the skills related to self-awareness, like understanding our emotions and motivations.

I totally understand why training program designers might tend to sweep those intangible skill courses under the rug. They probably won’t sell as well for results-focused decision makers and time-crunched participants. But if we’re repeatedly spending \$50 billion to accomplish a goal that is less than 40% successful, it’s time to rethink how we approach this problem.

Why is self-awareness so critical?

A *Forbes* article titled [“Return on Self-Awareness”](#) documents the research used to confirm the value of this practice. Leaders who have developed their self-awareness and make internal reflection a daily operating procedure tend to be more successful. Think about how that translates to the workplace on a daily basis.

- Leaders who build strong teams understand how their natural tendencies, moods, and behaviors impact the people around them, and they act accordingly.
- Leaders who command respect and confidence know how to make stakeholders feel valued for their input while moving forward with the best decisions for the company (even if those aren’t the most popular decisions).
- Leaders who garner trust know how to be appropriately transparent, share their feelings, and tactfully explain the rationale behind their decisions.
- Leaders who listen and empathize are better coaches than those who just advise and instruct.
- Leaders who leverage collective wisdom and diverse thinking recognize their own knowledge gaps and appreciate the value of others’ experiences and perspectives.
- Leaders with real influence know how to inspire and persuade without forcing.

Researchers with the Korn/Ferry Institute tested this concept by analyzing 6,977 self-assessments from professionals at 486 publicly traded companies. They also tracked the stock performance for those organizations over 30 months (July 2010—January 2013). The [findings were reported by analysts David Zes and Dana Landis](#):

“Self-awareness...appears to correlate with overall company financial performance. Companies with the greatest percentage of self-aware employees consistently outperformed those with a lower percentage.”

This study is just the tip of the iceberg. Scientists and researchers around the globe continue to prove this powerful link, and new reports that validate these findings seem to pop up every month.

How can we improve the ROI of our leadership development?

From a corporate standpoint, don’t overlook development programs that aren’t specifically related to action items with tangible results. Helping leaders develop and expand their self-awareness is an investment that will pay off. It’s a proven fact.

Second, identify the behaviors that create your company culture: define how work gets done, how people treat each other, how they approach change, how they handle uncertainty and adversity. With that knowledge, you can begin giving your leaders the tools to make positive changes in the culture, beginning with their own thoughts and behaviors. When those changes trickle down to every level of the company, bottom-line impact is the inevitable result.

An excellent starting point for this different approach to development is using psychometrics that help leaders understand their personalities and communication styles. In particular, 360 assessments can reveal their strengths and weaknesses relative to optimal leadership competencies and behaviors.

To sustain this mindset long-term, create an ecosystem that supports self-development. Beyond offering related training programs, encourage peer coaching and accountability partners. Provide access to leadership coaches who can help professionals explore some of the blind spots that could be holding them back. This is an extremely valuable exercise for leaders (and high-potential leaders), whether they gather regular feedback as part of a corporate initiative or on their own. Discovering strengths to leverage and problems to correct has the dual benefit of accelerating careers *and* corporate performance.

Why is this an urgent matter?

Failing to incorporate self-awareness training will further contribute to what the Center for Creative Leadership calls “our current leadership deficit.” After studying thousands of professionals worldwide, the organization concluded in a [2015 White Paper](#) that today’s leaders lack the skills they need to be effective across all 20 leadership competencies they measured (things like compassion, composure, relationship-building, putting people at ease, and inspiring commitment). Those poor results were consistent across different organizational levels, industries and countries.

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This staggering skill gap despite billions of training dollars spent every year clearly indicates a leadership development crisis. As more and more studies document the financial benefits of leaders with greater self-awareness, companies that choose to elevate this as a development priority are poised for greater success in the years ahead. **LE**



Sara Canaday is a nationally recognized leadership expert, keynote speaker and owner of Sara Canaday & Associates, a consulting firm based in Austin, Texas. Sara is the author of the business book, “You—According To Them: Uncovering the blind spots that impact your reputation and your career”. Visit www.SaraCanaday.com
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