

Justifying Leadership Development During a Recession

Abstract: We all know that leadership development brings countless benefits to organizations. But, in the absence of industry-wide success metrics, many HR and L&D leaders grapple with how to best demonstrate the bottom-line results of their initiatives. This article equips readers with practical ways to measure the effectiveness of their leadership development initiatives — even during an economic downturn — and outlines best practices for designing new programs with ROI in mind.

Leading is easy when times are good, the economy is growing, and employees are engaged and fulfilled. Leadership is tested when times are tough, business is down, the future is uncertain, and employees are frightened. The good news is that you can recession-proof your leadership development initiatives by showing the true business impact of developing stronger leaders as well as aligning future leadership development programs directly with your organization's broader business objectives.

As the world grapples with inflation, geo-political turmoil, and the lasting impacts of the COVID-19 pandemic — including The Great Resignation, The Great Shuffle, and Quiet Quitting — organizations everywhere are taking long hard looks at the bottom line to see how they can reduce costs and increase employee engagement and customer satisfaction.

Ironically, it is at those very times — when money's tight, mission is fuzzy, employees are restless — where we stop supporting our leaders. Leadership development initiatives (along with most training programs) are slashed due to cost cutting and more urgent priorities. In case you don't remember the last recession or weren't in the working world when it happened, check out this [February 2009 article from ATD](#) for some interesting historical context.

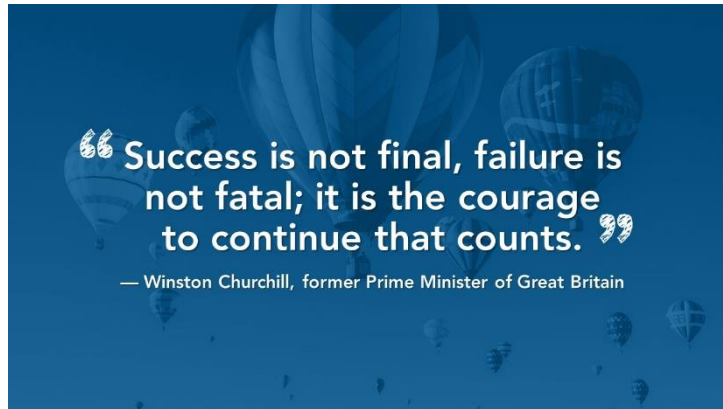


Of course, righting the ship is critical to the long-term (and even short-term) viability of the organization so of course leaders need to spend time leading. But why can't we continue to support them as well?

And, once the crisis has passed, how do we reimagine leadership development from the ground up to ensure that programs are delivering meaningful impact for participants and the broader organization at every step of the way so that they are viewed as indispensable to the organization's long-term success?

Redefine How You Measure Success

According to [LinkedIn's 2022 Workplace Learning Report](#), nearly three-fourths of L&D leaders agree that L&D has become more influential over the past year. In fact, 74% of survey respondents agree that L&D has become more cross-functional and 72% stated that L&D has become a more strategic function at their organization. On top of that, we've also seen L&D incorporate many new, meatier, and loftier



business-critical topics into leadership development programs, including inclusive leadership and DE&I, crisis communication, change management, innovation, resiliency, and agility, among others. At the end of the day, it's important to recognize that the change most organizations are seeking by covering these critical leadership topics is impossible to measure on a per class or even per program basis.

And yet, most L&D teams continue to measure success the same way they always have: qualitative feedback from post-program surveys and quantitative stats from course completion data. All too often we talk about intangible benefits like a strong corporate culture, or an upswing in employee morale that could be the result of any number of factors. Or, we cite program stats like the total number of program participants, or classroom/online training hours logged that sound impressive, but don't truly ladder back to the bottom line.

As a former corporate Talent Development executive, I know how relatively easy it is to measure what we measure and how challenging and messy it is to measure things that actually mean something to the business. But measuring what we can rather than measuring what we should is just going to sell our programs short.

14 Ways to Measure Leadership Development ROI

Since we're often asked about the best ways to measure the success of leadership development programs, we've compiled everything into one place for easy reference. Without further ado, here are 14 business-oriented categories to include in your next leadership development measurement plan, along with specific metrics to track for each bucket:

Leader Assessments

1. **Leader retention and loyalty.** Has retention increased for participating leaders? What recruiting and replacement costs have been avoided by retaining effective leaders?
2. **Leader promotions.** Have promotions increased for leaders who have completed the program? Are they recognized in other ways for increased performance and competencies (possibly additional responsibilities, increased mobility between departments/geographies)?
3. **Skill mastery, transfer, and business impact.** Do the pre- and post-training assessments show an increase in the leader's mastery and on-the-job application of key skills? And, how have those

skills improved quality, increased efficiency, increased compliance/safety, improved employee retention, and increased innovation?

Team Assessments

4. **Employee retention and loyalty.** Has employee turnover decreased on the participating leader's team? Is the leader retaining more high potential employees? What recruiting and onboarding costs has the organization avoided by retaining strong talent?
5. **Employee promotions.** How many employees on the participating leader's team have attained a promotion due to an increase in the leader's performance or effectiveness?
6. **Customer impact.** Have the team's Net Promoter Scores or Customer Experience scores improved? Has the group increased sales or customer satisfaction?
7. **Productivity.** How has Key Performance Indicators (KPIs) and business metrics (Average Handle Time, Quality, Errors, Time to Resolution, etc.) been impacted by application of the skills learned in the training?

Organizational Assessments

8. **Innovation and growth.** Has the leader or the leader's team generated actionable innovations for the company? Have they generated revenue? Has the organization increased its product offerings, geographic footprint, or market share as a result of those innovations?
9. **Awards.** Can you link your leadership development to any awards or recognition the company has achieved?
10. **Bench strength.** Has your company been able to quickly fill open positions internally due to a larger pool of qualified leaders?
11. **Increased engagement.** Has there been an increase in the number of employees who say they are committed to their work and the broader organization as a result of connecting more with their leader and their team?
12. **Mentoring.** Are your leaders mentoring more employees? Is there an increase in mentorship requests? When mentoring thrives, the investment in leadership development is transferred from leader to future leader.
13. **Succession planning.** Does the organization's succession plan include leaders developed through your program?
14. **Prestige and perception.** Are your leadership development programs used to attract desirable leadership candidates, thereby reducing recruiting costs?

For those who prefer a printable version of this list, Entelechy's Measuring the Impact of Leadership Development reference guide can be downloaded here: <https://info.unlockit.com/roi-reference-guide>.

Design with ROI in Mind

It's one thing to more accurately measure the impact of existing leadership development programs, but what if we actually designed courses that focused on what we're measuring? Can you imagine designing a course with the sole intention of getting great feedback from attendees? (I'm sure it would include cake, refreshments, and lots of breaks!) Or a course developed solely to keep participants online as long

as possible? (I'm thinking a program with tons of gamification tactics and engagement incentives.) If our measures indicate what's important, we need to rethink our design.

Here's a suggestion, one straight from a training vendor who relies on ROI for a living. Don't wait until the training is designed, developed, and implemented to consider ROI. Make ROI part of the design process.

	Good designers ask...	GREAT designers then ask...
1.	What's the problem we're addressing?	What do you estimate the cost associated with not addressing the problem? If we were to eliminate or reduce the problem, how much would we save?
2.	What are we trying to achieve?	What might be the monetary impacts if we successfully achieved this?
3.	Who currently performs this skill the best?	How much more are they earning, selling, producing, servicing, retaining, etc. than others?
4.	What's the potential size of the audience?	What is the total potential cost/monetary upside (multiply 1 or 2 with 3 and 4)?
5.	What's your budget?	Here's your potential ROI.

This mindset applies to any L&D initiative, including those that seem squishy like leadership development, which we know will continue to be a high priority for organizations as we all continue to navigate our next normal together.

Additional Resource: Entelechy's Leadership Development ROI Calculator

While this article has been largely focused on demonstrating the effectiveness of a given leadership development program, we all know that ineffective leadership and management can be a huge drain on your organization's bottom line. Consider leveraging [Entelechy's Leadership Development ROI Calculator](#) to help quantify all of the ways training adds value to your organization's bottom line. Our easy-to-use calculator helps you uncover often overlooked benefits and assigns dollar amounts along the way, showing you the total return on training investment.

About the Author

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