

Developing the right leaders is *always* a sound investment - even on a tight budget

Nic Tsangarakis & Russel Horwitz, HR Voice, June 2008

In BC HRMA's recent survey of HR practitioners:

- 60% indicated turnover and recruitment were among their top three challenges
- 40% felt a lack of leadership capacity would impact their organization significantly
- HR is becoming more complex, with issues such as measurement and metrics (35%) being added to the agenda

Despite these priorities, 72% said budget would stay the same or even decline

So how do we address these challenges?

No challenge is an island

There is no surprise that these trends are highly interrelated. Recruitment needs are directly impacted by turnover, high turnover is typically caused by low engagement, and engagement depends on leadership. Organizations expect to see measurable returns on their investments in leadership. It is metrics that will help HR's secure the budget it needs. The only logical response to these challenges is to tackle these factors holistically.

Get the biggest bang for your buck

Start with leadership. Strong leadership improves retention and there's plenty of empirical evidence to prove the value of leaders to business. An organization recently wanted to improve specific engagement survey items. Working with their leaders (from senior to first level), they had conversations that asked focused questions like, "Which survey items can you significantly impact?" Leader after leader said "most of them."

You don't need to break the bank

Surprisingly, you can build leadership capacity on a small budget. Here are some ideas:

Be selective. Many organizations are unable to put all their leaders through a development program. You can provide all your leaders with development opportunities, but handpick those who can impact business results the most to undergo a more extensive experience.

Bring it in-house. Instead of putting leaders through external and discrete developmental opportunities, bring leadership "in-house" by putting groups of them through a program. Since the cost of most development activities (e.g. a workshop) are fixed, put as many leaders as possible through a program to achieve economies of scale. Twenty people tends to be a good number.

Make it a process. Avoid one-off experiences – they're ineffective. Stretch leadership development activity over six to eight months. This yields greater value by increasing the likelihood of real behaviour change.

Use experience. Adults learn best by doing. Create “assignments” that stretch leaders, such as action learning and cross-functional rotations, and ask the leader to mentor someone. All of this can be implemented at little or no cost.

Use peer coaching triads. While professional coaching is one of the most powerful development tools, it does drive cost significantly. Show participants how to implement self-directed peer coaching triads, and combine this with some professional coaching to create a powerful experience at greatly reduced cost.

But you do need to make an investment

How much would you expect to pay for a leadership development program that is tailored to your organization and includes core elements such as a custom 360-degree assessment, personalized leadership development plans, two to three skills training workshops, action learning, peer coaching, and ongoing feedback and measurement?

You might be surprised. A comprehensive program such as the one outlined above is not necessarily going to cost you an arm and a leg and the return on the investment to your organization far outweighs the cost.

The cost of a comprehensive leadership program delivered in-house typically runs in the range of \$800 to \$1,200 per participant, roughly one fifth of the cost of a similar institutional program.

So how do you know your money is well spent?

Measurement is key. Without robust measurement it is hard to determine whether your investment has been a sound one. An effective program should incorporate on-going measurement of both participant and overall results. Together these measures will give you an excellent view of the impact your program has had. In a developmental initiative that we’ve been involved in recently at Dominion Construction, every participant was confidentially rated by observers on changes the participant had made over time in their targeted leadership area. Ninety per cent were observed to be more effective.

In conclusion ...

Be sure to approach leadership development strategically, be smart in your design to achieve cost savings and measure well to convince decision makers that you’re onto something.

About the Authors:



Nic Tsangarakis and Russel Horwitz are Principals of Kwela Leadership and Talent Management. Kwela is a consulting company that specializes in Leadership Development, Team Development, Talent Management and Leadership Training.

Visit us at www.kwelaleadership.com to learn more about our approach to leadership.