

4 Ways That Scaling Leadership Development Powers Engagement, Retention, and ROI

CREATING COMPETITIVE LEADERSHIP ADVANTAGE



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Introduction

We live in an era of accelerating disruption. Organizations must be increasingly agile if they are to adapt to constant change. This requires leaders who can inspire others, drive innovation, collaborate across boundaries, and create an environment of psychological safety and inclusion — all in order to cultivate an environment of engagement and productivity. In today's volatile and uncertain business and political landscape, **effective leadership at all levels of the organization is one of the most critical drivers of organizational success.**

Organizations that fail to invest in cultivating exceptional leaders risk losing their most promising employees to rivals.

Leadership capabilities do not simply emerge and spread throughout the organization. It takes focused effort to build and scale capabilities. An intentional and proactive strategy to equip leaders with the right set of values, mindsets, and skillsets needed at each level is crucial for optimizing the leadership talent that will propel the organization into the future. At the Center for Creative Leadership (CCL)[®], we view **competitive leadership advantage** as an organization's ability not only to raise the overall level of

its leadership capacity, but to continually develop and maintain a healthy leadership pipeline. Effective leadership development programs are one proven way to invigorate an organization's competitive leadership advantage.

For those professionals dedicated to the work of developing leaders, there is little doubt that leadership development efforts are worthwhile. A well-designed and -executed development program can not only lead to **direct benefits** (i.e., program-specific outcomes), but can also result in **indirect benefits** — in the form of increased job satisfaction and engagement, greater willingness to stay with their employer, and even making the organization itself more appealing to prospective job candidates. Let's examine each of these benefits in greater detail.

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Direct Benefits of Investing in Development: Tangible Skills and Fulfillment

At their core, leadership development initiatives impart valuable skills that allow participants to become more effective leaders and inspirational role models. From delivering high-impact feedback more effectively to navigating complex challenges, well-thought-out development programs provide a positive learning experience, as well as additional improvements in skillsets and mindsets that transfer to the work environment.

Take this example: using a large-scale study design, one meta analysis set out to examine the impact of leadership development programs, evaluating a total of 335 studies that examined the effectiveness of leadership development programs over a 60-year period. Not surprisingly, leadership development programs, in general, had a consistent and statistically significant positive impact on leaders' experience (i.e., enjoyment of the program), program-related learning, skills transfer to the work environment, and intended impact on the organization.¹

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Indirect Benefits of Investing in Development: Engagement, Retention, Recruitment, and ROI

While leadership development programs directly impart crucial skills, behaviors, and mindsets, they also generate powerful indirect benefits for organizations. According to our researchers, one major secondary benefit is a significant boost in employee **engagement**. Based on data from over 13,000 CCL program participants, after completing leadership training, the area they felt most capable of improving was “team engagement and developing others.” 2 months later, those same leaders estimated achieving a 60% improvement in engagement and employee development, on average.² And companies with higher employee engagement levels experience 21% higher profitability, according to Gallup’s research.

Retention, arising from enhanced job performance and commitment, is another key indirect benefit of development. Well-designed leadership initiatives don’t just build skills, but also elevate participants’ confidence and self-efficacy — that is, an individual’s belief in their ability to succeed in challenging situations. Self-efficacy has been shown to powerfully drive motivation and job performance. Our data from over 5,400 leaders reveals that after completing a program, 81% reported feeling more capable of facing workplace challenges, while 86% saw significant improvements in their overall leadership effectiveness. When leaders develop this resilient self-assurance, they become more successful and committed employees. Moreover, numerous studies have reported a strong link between commitment to the organization and their willingness to stay.^{3,4,5} And this translates to significant cost savings: many analyses estimate that replacing a single departing employee can cost their employer over 2x their annual salary.⁷

81% REPORTED FEELING MORE CAPABLE OF FACING WORKPLACE CHALLENGES, WHILE 86% SAW SIGNIFICANT IMPROVEMENTS IN THEIR OVERALL LEADERSHIP EFFECTIVENESS.

Beyond engagement and retention, leadership development can also serve as a compelling recruitment tool by showcasing an organization’s willingness to invest in its people. Multiple studies highlight the influential role that development and learning opportunities play in individuals’ employment decisions. Gartner researchers analyzed data from 3,000 job candidates and found that an overwhelming majority (77%) placed high importance on working for an organization that provides a chance to gain skills that enhance their employability elsewhere.⁶ This underscores how prospective employees greatly value employers that invest in their professional growth.

Studies across geographies and career stages consistently show that opportunities for professional growth, especially leadership development, can be highly appealing to talented individuals when evaluating potential employers. Companies that prioritize and invest in leaders are sending a clear signal about their commitment to people development, which can serve as a powerful magnet for high-potential talent.

From an **ROI** perspective, the indirect benefits of leadership development, including increased engagement, higher commitment and retention, and stronger organizational branding value for attracting talent, make the value proposition clear.



SCALING LEADERSHIP DEVELOPMENT BY TAKING A SYSTEMS APPROACH

While the value is clear, far too many organizations still take a fragmented, piecemeal approach to leadership development, creating missed opportunities to truly build and optimize their competitive leadership advantage. They may have excellent initiatives for upskilling senior executives, emerging leaders, those who are deemed high-potentials, or a few select teams. But these pockets of development can create inconsistencies across the broader leadership ranks, and gaps in knowledge and values across teams and divisions that can hinder efficient and effective decision-making.

The importance of development “systems,” not just individual development programs, was well summarized by veteran researcher Cindy McCauley, who stated, “Mature leadership development systems are characterized by [a] development of initiatives customized to the needs of different leader segments, [b] the intentional use of multiple methods of leadership development, and [c] an organizational climate for development.”⁸ As this suggests, organizations can achieve remarkable transformation of their leadership capacity and culture through a unified, systemically scaled leadership development strategy that’s aligned across all levels.

Below, we outline 4 compelling reasons for scaling leadership development:

1. Facilitate organizational alignment.
2. Enhance the organization’s change readiness.
3. Promote equity, diversity, and inclusion (EDI).
4. Strengthen leadership pipelines.





1. FACILITATE ORGANIZATIONAL ALIGNMENT

Leadership exists in an interdependent system. One extreme consequence of developing leaders haphazardly is that their behaviors, mindsets, and priorities can become misaligned and potentially lead to dysfunction. For example, Kodak was once a dominant player in the photographic film industry, but failed to adapt to the shift to digital photography technology. A key factor in Kodak’s demise was the lack of organizational alignment and unified leadership around a digital strategy.⁹

In contrast, **a systems approach ensures leadership development efforts reinforce a unified vision and set of values, from the C-suite to frontline supervisors.** This cultural consistency enhances efficiency by reducing process losses that can occur when units operate with distinct sets of priorities. What once may have been siloed leadership development fragmented across disparate cohorts become a powerful, unified force — a rising tide that lifts performance, engagement, and a shared sense of purpose organization-wide.





2. ENHANCE THE ORGANIZATION'S CHANGE READINESS

Scaling leadership development across an entire organization is crucial for enabling the organizational agility and responsiveness required to pivot strategies and operations quickly in the face of unexpected disruption. **A cohesive, unified leadership system acts as an accelerant for change readiness.**

As highlighted by Carlos Ghosn's dramatic turnaround of Nissan, developing leaders through a systematized, scaled curriculum focused on developing common skills, knowledge, and perspectives creates the vital strategic alignment needed for fast, synchronized shifts.

Ghosn implemented his dramatic renewal plan with remarkable pace and cohesion across all levels by using a comprehensive leadership development plan.¹⁰ In so doing, he was able to pull off one of the greatest turnarounds in the automobile industry's history.

By scaling leadership development as an enterprise-wide capability steeped in common purpose and principles, organizations can build the muscular resiliency and change-responsiveness required to stay ahead of accelerating industry disruption. A leadership system developed cohesively positions a company to pivot with reflexive speed and surgical precision when market conditions demand a new strategic course.



3. PROMOTE EQUITY, DIVERSITY & INCLUSION (EDI)

A systemic approach to cultivating leaders also helps open pathways for underrepresented and historically underestimated groups, while cultivating and reinforcing an organizational culture of acceptance and belonging.

When leadership development only targets specific levels, people, or parts of an organization, it can inadvertently perpetuate existing demographic disparities and inequities. Instead, democratizing access to a suite of leadership development opportunities through enterprise-wide initiatives helps level the playing field. It provides more equitable opportunities for employees across demographic dimensions like gender, race, age, tenure, and geography to gain both crucial and evolving skills, as well as visibility.

For underrepresented talent, these inclusive leadership development experiences serve as springboards. The training, mentorship, and expanded professional networks create support systems and provide valuable experiences, helping to propel advancement. As members of historically marginalized groups ascend through the leadership ranks enabled by these programs, they contribute essential perspectives and lived experiences and serve as role models and champions for others. Their elevated presence helps promote a greater sense of inclusion for all.

In addition, from a diversity perspective, systematically developing leaders organization-wide on respecting neurodiversity, demonstrating emotional intelligence, mitigating bias, creating psychological safety, and building cultural fluency helps implant EDI principles and mindsets as corporate cornerstones. Moreover, creating leadership development cohorts that include colleagues from all backgrounds facilitates relationship-building that transcends traditional insular networks. This cross-pollination promotes mutual understanding, while the shared learning experiences create rapport and offer an opportunity for bonding.



4. STRENGTHEN LEADERSHIP PIPELINES

All companies require a continuous influx of new leadership talent to drive growth, navigate disruption, and facilitate succession pipelines. When leadership development efforts are fragmented, it creates gaps and bottlenecks in that leadership “supply chain.” Scaling comprehensive leadership programs organization-wide helps establish robust talent pipelines, while simultaneously mitigating risks of talent shortages.

At the earliest career stages, enterprise-wide development programs open doors for emerging leaders to gain vital skills, exposure, and growth opportunities. As an example, McDonald’s has invested heavily in scaling leadership training through initiatives like its Archways to Leadership series. Nurturing employee potential from the ground up allows the company to build a robust bench of future leaders who are steeped in organizational values.

For more tenured employees, scaled leadership development provides clear pathways and inspiration for pursuing their leadership aspirations. The visibility of these opportunities increases organizational commitment and retention of mission-critical talent. Moreover, a carefully selected and unified leadership competency model that’s implemented through systemic development efforts help organizations identify and promote leaders more seamlessly across roles and divisions.



Conclusion: Scaling Leadership Development Creates Lasting Leadership Advantage

In sum, in today's volatile landscape, **scaling leadership development programs organization-wide is not just a luxury — it's a strategic imperative** for driving sustainable success. By taking a unified, systemic approach to developing leaders at all levels, companies foster the vital organizational alignment, agility, and diversity needed to successfully navigate through unforeseen disruptions.

A cohesive leadership development strategy lays the foundation for common vision, behaviors, and decision-making principles that enhance execution. It accelerates positive change readiness while nurturing an equitable pipeline of future

leaders. Most critically, prioritizing scaled leadership development unlocks compounding effects — heightened employee engagement, stronger retention of top talent, greater diversity of thought, and elevated financial performance — that are essential in an era of perpetual transformation and change. Scaling leadership development is key to ensuring organizations create and maintain lasting **competitive leadership advantage**.

READY TO TAKE THE NEXT STEP?

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