

The Impact of Leadership on the Bottom Line

For years, leadership training and development have been recognised as a vital investment for driving organisational success. Now, industry research is showing the quantifiable bottom-line impact of effective organisational leadership initiatives.

For nearly four decades, Blanchard® has conducted its own and collected corroborating research that measured the impact of training individuals to be effective, inspirational leaders whom others want to follow. The data shows that through effective leadership, organisations increase productivity and maximise the performance potential of the company.

Setting the Stage for Success

In today's competitive marketplace, few organisations believe that they are capitalising upon the full potential of their people. Although developing talented people to their potential is the goal of all organisations, accomplishing it remains elusive for most.

In reality, employees cannot be Self-Reliant Achievers the day they walk in the door. Only a small percentage of employees reach their potential after joining an organisation. Most develop average performance, while some do not perform well at all or even quit after being on the job for a short time. This results in lost productivity and an increased cost in recruiting, hiring, and training new employees.

Blanchard has found that a common need in these organisations is the means to develop people. Only over a period of time, supported with the appropriate coaching, performance management, and leadership style, will employees reach the levels of confidence and competence that enable them to increase productivity and effectiveness, and thus become peak performers.

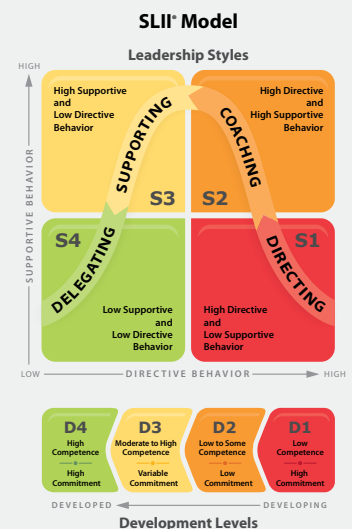
The Economic Impact of Leading Employees through the Development Levels

Every organisation has learners—both new employees and employees taking on new tasks whose development level (competence and commitment for a task) is either low or variable (D1–D2; see explanation of SLII® in sidebar). These employees require an investment of time and leadership, and in the beginning usually cost the organisation more in time, training, equipment, and related expenses than can be offset during their initial low levels of productivity.

As employees become more capable and confident, they become more productive and require a less substantial investment of time and money. Over time, with appropriate leadership and coaching, they become Self-Reliant Achievers (D4) and their financial impact and productivity improve exponentially. It is the role and responsibility of the leader to help employees evolve quickly and efficiently through the predictable stages of development. But most leaders are not equipped to handle this task.

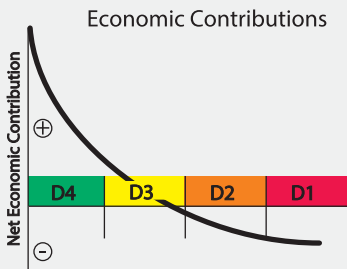
Is your organisation maximising the potential of each employee?

Are your leaders equipped to assist their people in becoming peak performers?



The SLII® Model is the most widely used and practical system in the world for developing leaders who develop self-reliant, peak performers.

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- We estimate that in most organisations without a solid leadership development strategy, only about half of the employees have been developed to D3.
- Organisations we have worked with estimate that at D3, overall productivity and performance plateaus at about 60–65%.
- When the majority of employees in an organisation develops to D3 and D4, productivity is maximised.
- We have found that after leadership training occurs, most organisations realize significant improvements in the number of employees moving from D3 to D4 on critical tasks.
- This illustrates the tremendous margin for improvement in performance and effectiveness in order to drive overall organisational productivity, and in the importance of solid leadership to support employee development.

SLII: The Key to Accelerating the Development Process

In order to maximise employee performance, it is critical to have leaders who can assist employees in moving quickly through the development levels to peak performance. SLII is a key ingredient in raising development levels, and thus profitability.

DEVELOPMENT LEVEL / PROFITABILITY

Development Level	Investment Level	Productivity Level	Economic Level
D1	High	Low	Negative
D2	High	Low to Moderate	Negative/Breakeven
D3	Medium	Moderate to High	Breakeven
D4	Low	High	Positive

Without the application of appropriate leadership styles, employees can stagnate or even regress in their development and performance. According to Blanchard research, most leaders are not able to flexibly use the appropriate leadership style for the situation.

- 54% of leaders typically use only one leadership style
- 34% use two leadership styles
- 11% use three leadership styles and only 1% use all four leadership styles

As the most comprehensive and widely used leadership development model in the world, SLII offers a simple, practical method for developing and managing people, time, and resources effectively. It demonstrates the way for leaders to help their direct reports become Self-Reliant Achievers. SLII also provides a strategy for aligning individual goals with organisational goals.

Since individuals can migrate across the four development levels depending on the newness of the tasks they are juggling, or their familiarity with them, the leader must use the matching leadership style to maximise productivity, increase morale, and produce long-term results.

As performance and development levels increase, individuals begin to contribute more directly and substantially to the bottom line—this contribution increases exponentially as employees reach D4 (Self-Reliant Achiever) on critical tasks in the organisation. The result is an organisation in which people feel empowered and therefore are more willing to contribute their ideas and energy.

