

THE BUSINESS CASE FOR LEADERSHIP

Why Leadership is the Key to Engagement and Results

DOES INVESTING IN LEADERSHIP IMPACT BUSINESS RESULTS?

YES!

Research shows that leaders who engage in the **FIVE PRACTICES OF EXEMPLARY LEADERSHIP®** improve employee engagement.

LEADERSHIP WORKS:

LEADERSHIP GETS RESULTS:

A leader's **BEHAVIOR** accounts for up to

37%

OF **ENGAGEMENT** in studies based on over **100,000** leaders.

Practicing **EXEMPLARY LEADERSHIP** resulted in

30-40%

HIGHER ENGAGEMENT

Great Leadership Creates Great Workplaces, Jim Kouzes and Barry Posner, 2013-2015
<http://www.sonomaleadership.com/great-leadership-creates-great-workplaces>

IMPROVE EMPLOYEE ENGAGEMENT

Positively Influences Organizations

DEFINITION OF ENGAGEMENT

A **heightened emotional connection** an employee feels toward their organization that influences them to **apply additional discretionary effort** to their work.



THE IMPACT OF LEADERSHIP DEVELOPMENT

Research shows investing in leadership development results in:



Improved Employee Engagement

Enhanced Talent Management and Succession Planning



Higher Productivity



Greater Customer Satisfaction



Top and Bottom Line Improvement

EMPLOYEE ENGAGEMENT: THE KEY TO REALIZING THE COMPETITIVE EDGE



Improved Employee Engagement

We know there is an engagement crisis that has lasted for some time:

The Corporate Executive Board, in a 2004 study of 50,000 employees, found that only 11% were engaged, while a 2006 DDI study found only 19% engagement. In yet another 2004 study, Towers Perrin found **ONLY 17% OF 35,000 LEADERS WERE ENGAGED**. This trend is likely to continue through the next decade of research unless organizations make a commitment to investing resources in engaging leaders.

“Employees stay with their organizations when they believe it is in their self-interest, but they exert discretionary effort when they believe in the value of their job, their team, or their organization. In fact, emotional commitment is four times as valuable as rational commitment in increasing effort levels.”

(Corporate Executive Board, 2004)

Enhanced Talent Management and Succession Planning



Engagement has lasting impact, and consequences:

When comparing high vs. low engagement teams in a Fortune 100 manufacturing company, DDI found that **TURNOVER AND ABSENTEEISM DROPPED BY UP TO HALF AMONG THE HIGHLY ENGAGED TEAMS**.

However, employees with lower engagement scores are four times more likely to leave their jobs than those who are highly engaged. (Corp. Exec. Board.) In 2006, Gallup found that in a study of 23,910 business units, **THOSE WITH LOWER ENGAGEMENT SCORES AVERAGED UP TO 51% MORE EMPLOYEE TURNOVER**.



Higher Productivity

Engagement is the key to performance, and retention:

Highly committed employees try 57% harder, perform 20% better, and are **87% LESS LIKELY TO LEAVE THAN EMPLOYEES WITH LOW LEVELS OF COMMITMENT**. (CORP. EXEC BOARD.)

“The best leaders elicit 3 times the amount of talent, energy, commitment and motivation from employees compared to their counterparts.”

(Kouzes & Posner: “Great Leadership Creates Great Workplaces, 2013)



Greater Customer Satisfaction

Engagement initiatives improve customer satisfaction:

A UK-based research organization, Melcrum, performed 40 in-depth case histories along with a survey of over 1000 HR practitioners. **MORE THAN 50% OF SURVEY RESPONDENTS AND CASE STUDIES REPORT IMPROVED CUSTOMER RETENTION AND SATISFACTION AS A RESULT OF ENGAGEMENT INITIATIVES**. (DDI)



Top and Bottom Line Improvement

Leadership and Engagement are tied to profitability:

Companies that excel in leadership development experience **2.1 TIMES HIGHER REVENUE GROWTH AND 1.8 TIMES HIGHER PROFIT MARGINS**. (Boston Consulting Group, 2012). Hewitt Associates found that **“EMPLOYEE ENGAGEMENT SCORES WERE 21% HIGHER IN DOUBLE VS. SINGLE DIGIT GROWTH COMPANIES.”** (2004)

In their 2006 study of 23,910 business units that compared top and bottom quartile engagement scores, Gallup found that those in the **TOP QUARTILE AVERAGED 12% HIGHER PROFITABILITY**.

IN SUMMARY: LEADERSHIP IMPACTS THE BOTTOM LINE

Organizations that reported a strong and consistent application of transformational leadership practices, such as **THE FIVE PRACTICES OF EXEMPLARY LEADERSHIP®** reported higher financial performance.

2005 Study Results: Leadership Practices: Adaptive Corporate Culture. Ric Roi, <http://www.sonomaleadership.com/leadership-study>



WHERE DO YOU START?

Implementing a research-based leadership initiative, such as **THE LEADERSHIP CHALLENGE®**, can ensure a more positive, engaged, and productive workplace.

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