

The ROI of Leadership Development

Executive Summary

Countless qualitative studies have demonstrated that the benefits of leadership development ripple out across the entire organization, but our research set out to demonstrate the financial benefits of leadership development with empirical data.

In other words, we wanted to calculate the concrete ROI of leadership development.

To do so, New Level Work carried out a double-blind survey of 752 U.S., U.K., and Canadian-based professionals responsible for leadership development at their companies (50% of which had more than \$1B in revenue over the last 12 months). Our results show that **every dollar spent on leadership development results in an ROI ranging from \$3 to \$11, or an average ROI of \$7.**

To calculate ROI, we subtracted the mean total program costs from the mean total tangible benefits reported and divided that number by the mean total program cost. The tangible benefits of leadership development include 1) revenue from sales directly attributed to leadership development, 2) savings from retention as a result of leadership development, and 3) savings as a result of promotion from within.

$$\text{ROI} = \frac{\text{Total Tangible Benefits} - \text{Total Program Cost}}{\text{Total Program Cost}}$$

The fact is, leadership development is a profit multiplier. The mean total leadership development program cost was **\$46,993,856.**

On average, the total tangible benefit of leadership development across all companies surveyed came to **\$374,796,036.**

We also found that leadership development directly impacted revenue attributed to sales.

- 42% of respondents observed an increase in revenue attributed to sales as a direct result of leadership development programming.
- 47% of those who observed an increase in revenue attributed to sales credited better performing managers and/or their direct reports for the uptick.

Most companies we surveyed are already calculating the ROI of leadership development, which is perhaps why 84% said that their company still prioritizes investing in leadership development, **even in a downturn market.**

What's more, **99% said they would maintain or increase their leadership development spend over the next 12 months.**

Additional topics covered in the study include the top reasons why companies are investing in leadership development, leadership development investment trends for 2023, the industry's long-term viability, and the significance of program completion rates.