

Measuring the Return on Investment of Executive Development: It's the Mix that Matters

The Human Capital Institute (HCI) recently conducted new research to determine what methods of executive development an organization can implement to achieve the greatest return on investment. Diverging from traditional executive development—development through singular, individual, classroom-based methods—the new “Hybrid” executive development process leverages traditional methods, along with ongoing experiential learning, peer interactivity, and more frequent participation by leaders.

In this report, HCI analyzed the difference between these Traditional Development Organizations (TDOs) and Hybrid Development Organizations (HDOs).^{*} Their research revealed the following significant findings:

- A positive relationship exists between HDOs and key business metrics: Execution, Alignment, Collaboration, Retention, and Succession.
- Organizations that have adopted a hybrid development model are, as a whole, better positioned to achieve business success than organizations that merely rely on traditional methods alone.



Learn how five key business metrics, **Execution, Alignment, Collaboration, Retention, and Succession**, are positively influenced by a hybrid approach to executive development.

^{*} HDOs rely on traditional methods in conjunction with frequent use (annually or more often) of four or more nontraditional methods, such as peer advisory, coaching, etc.

To receive a copy of the complete research report, email us at insiders@vistage.com.



Execution: Leaders in HDOs have a greater sense of strategic direction

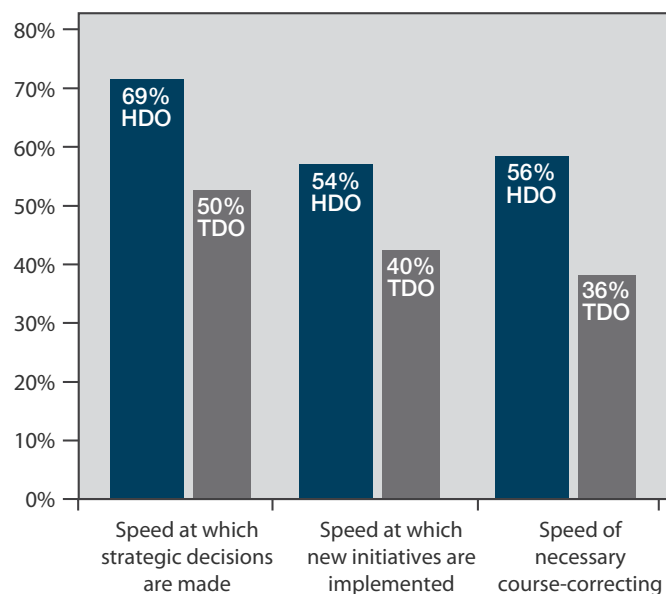
HDO leadership teams were found to be more effective at business execution. Execution components that were measured included collectively establishing a strategic direction, altering strategy and making decisions in a timely and constructive way, relying on assessments to ensure follow-through, and driving optimal financial performance.

Specifically, leaders in HDOs were found to have a **greater sense of ownership** and were better able to develop and execute on **guiding organizational business strategy** in a collective way.



■ Hybrid Development Organizations (HDOs)
■ Traditional Development Organizations (TDOs)

Speed and Agility: HDOs enjoy faster decision making, implementation and course correcting



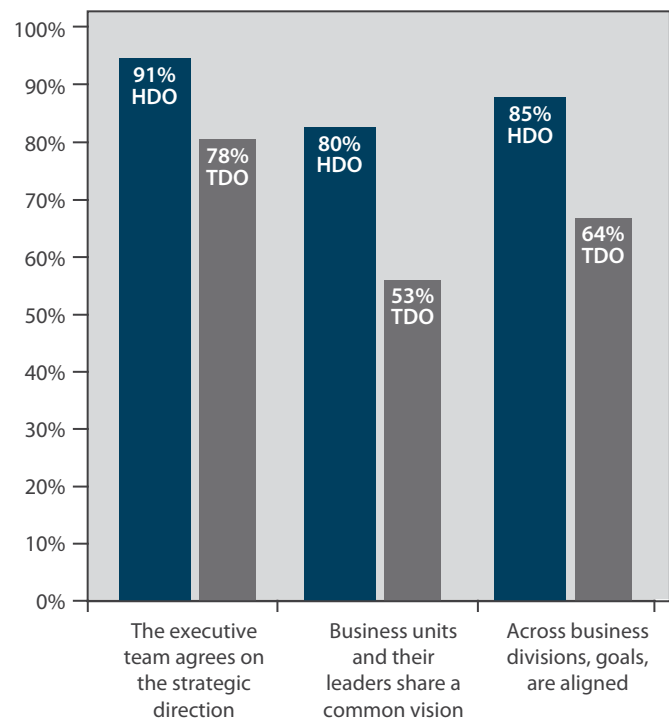
HDO leaders are **19% more likely** to agree that they are able **to effectively increase the speed of decision-making** in comparison to TDOs, and are **20% more able to effectively course-correct** when situations arise.

Alignment: HDOs achieve greater success with shared goals and a common vision

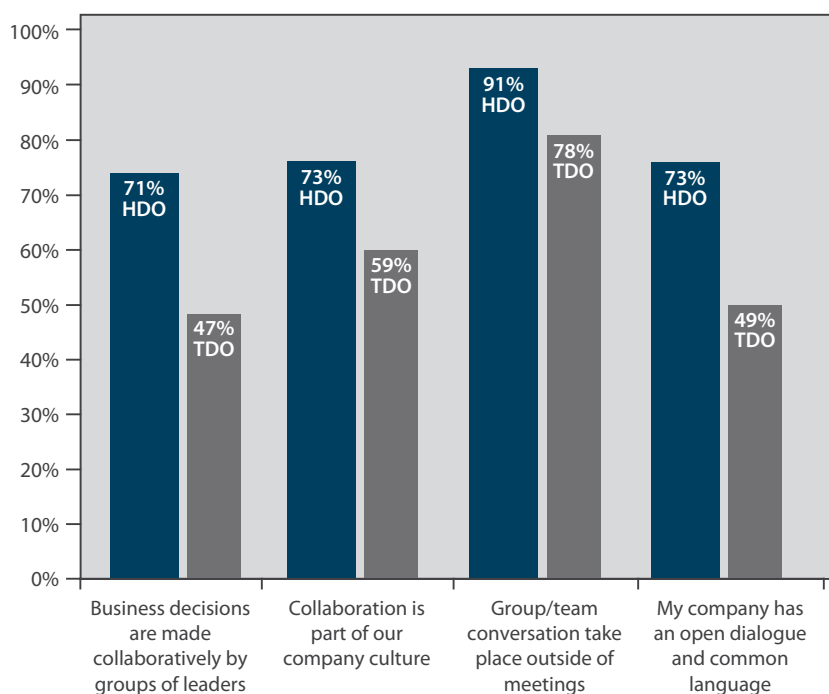
Establishing and supporting alignment among the executive team of an organization is critical to achieving success.

As HCI's data demonstrates, nearly:

- 15% more HDO respondents agree that their executives are aligned on a strategic direction
- 30% more respondents in HDOs agree that their executives share information, work together, and have a similar vision for the company than their TDO counterparts.
- 20% more HDO respondents agree that goals are aligned throughout different departments.



Collaboration: HDOs are more effective at working as a team



A key element of collaboration is **uninhibited communication** among colleagues, and the idea that every person within an organization has something meaningful to contribute. Leaders set this kind of tone, and among HDOs, leaders report exercising such behaviors more than their TDO counterparts. As HCI's research data illustrates, HDOs outperform TDOs in many facets of collaboration.

Succession planning has changed in light of this new, more collaborative model of business and the arrival of a knowledge economy

HCI research demonstrated many key distinctions between HDOs and TDOs, including:

- HDOs are better able to identify the bench strength necessary to support their business, and are 20% more likely to use their internal high potential population to do so.
- HDO respondents are three times more likely to agree that their organizations have ready replacements for key positions than TDOs.
- HDO respondents are two times more likely to report having a structured program to educate and grow upcoming talent in the organization.

The collective research clearly demonstrates that HDOs are better equipped, as a whole, to manage an internal succession plan for future leaders in the company.

The Benefit: by focusing on the development of their executives, HDOs have successfully leveraged the power of their executive leaders to positively affect the ROI of key metrics such as Execution, Alignment, Collaboration, Retention and Succession—all contributing to stronger growth overall.

The Payoff: HDOs are better positioned for business success. By implementing collaborative, peer-based executive development solutions, these organizations are able to reinforce behaviors learned through traditional methods. As research showed, revenue growth and net profit are slightly higher for organizations that use a hybrid approach to executive development. Most notably, 4% more HDOs report having a growth rate of 10% or higher in the last fiscal year and significantly fewer realized flat or negative growth.

To receive a copy of the complete research report, email us at insiders@vistage.com

A Multifaceted Executive Development Program

Vistage Inside is a comprehensive executive development program that combines the top methods organizations are most satisfied with in one comprehensive program:

- Internal peer group/cross-functional meetings
- Expert speaker workshops
- Executive coaching/mentoring

Peer groups rely on inherently interactive methods, honing alignment and teamwork while participants work on actual, strategic business challenges. Vistage Inside is ongoing, iterative and tailored to the strategic needs of an organization and leverages the same methods that have proven effective in some of today's top organizations.

To learn more about Vistage Inside, go to **www.vistage.com/inside**