



Center for
Creative
Leadership®



BENCHMARKING THE STATE OF LEADERSHIP DEVELOPMENT: Today & Tomorrow

Data to help you benchmark your
spending and design your strategy



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INTRODUCTION

Leadership as a Future-Focused Business Strategy

Developing leaders at all levels is critical to helping your organization survive and thrive in today's global marketplace. As an HR leader, you know your organization needs individuals who can think strategically, revamp business models, get the most out of new digital technologies, and create a culture that embraces change — all while engaging employees and boosting performance. It's a tall order, and one that requires sustained focus.

But how much are you investing to build the team your organization needs? What types of programs do you offer, and to which levels of leaders? Do you know whether you're keeping up with your industry peers?

We recently conducted 3 research studies to help executives benchmark and plan their investments in leadership development. We heard loud and clear that leadership matters — as evidenced by ongoing growth in spending — and uncovered some specific opportunities for improvement, as well.

A 2019 survey by the Conference Board reinforces our findings. It shows that senior executives see effective leaders as a point of differentiation, helping their organizations achieve objectives and weather disruptions in both the marketplace and the economy.

Unfortunately, though, the same survey shows executives are finding it hard both to attract and retain the talent they need. **Fewer than 2 out of 10 believe they have the leadership bench strength they need.**

What's more, less than half think they have the high-quality development programs required to build a stronger team.¹

The benchmark data featured in our report confirms that organizations are responding with a sense of urgency and are taking proactive steps to strengthen their leadership pipelines. Rather than viewing leadership development as a one-time event, they are recognizing it is a career-long process. They're making significant increases in their leadership development spending and are allocating it across all levels of leaders — from individual contributors to top executives. They're taking a clear-eyed view of which approaches to leadership development work, which don't, and how they can better align their programs with marketplace realities.

¹ Source: Conference Board's C-Suite Challenge 2019.



Key Findings

Despite ups and downs in the global economy, leadership development spending is on the rise. Nearly 80% of organizations reported they expect to increase their budgets in the next year.

As organizational revenue increases, so does the budget set aside for leadership development. Organizations with over \$1 billion in annual revenue have a median spend of nearly \$511,000 per year.

Leadership development budgets are spread evenly across all leader levels, with nearly equal amounts spent on developing first-level leaders, middle managers, and senior executives. Organizations do spend more on high-potential talent and leaders with greater responsibilities.

A large percentage of leadership development is outsourced. Very few organizations can deliver all development internally, and so about 50% of spending is with external providers. Budgets for both internally and externally sourced development initiatives are growing at about 10%.

Face-to-face and digital delivery methods are used equally. Leadership development is delivered in many modalities, with nearly equal investments made in both face-to-face and digital formats. But contrary to popular perception, online delivery is not expected to overtake face-to-face delivery, with our respondents reporting about equal growth of 38% for each, in the next 5 years.

The most successful leadership development initiatives prioritize personalization, interaction, and buy-in. Most organizational respondents said that customization, at both the individual and organizational levels, is the key to a truly successful leadership development strategy.



80% of organizations reported they expect to increase their budgets in the next year.



50% of leadership development spending is with external providers.



38% growth in both face-to-face and digital delivery over the next 5 years.



BENCHMARKING LEADERSHIP DEVELOPMENT SPENDING

Spending Is on the Rise

Our benchmark data reveals that nearly 8 out of 10 organizations expect to increase their budgets for leadership development spending over the next year, with an average increase of 10%. Some report they're boosting their investment by 50% or more.

Despite ups and downs in the global economy, leadership development budgets are growing.

Year-Over-Year Budget Increases

Organizations increasing their development budgets **79%**

Organizations with budgets **remaining the same** **12%**

Organizations with **lower** development budgets **9%**

Amount of Budget Increase

Nearly **1/3** of companies are increasing their budget by **+5-10%**

Nearly **25%** are increasing their budget by **+10-25%**

8% are increasing their budget by **+25-50%
or more**

WHO OWNS THE BUDGET? Our benchmark data on leadership development spending found that almost **1/3** of budgets are controlled by a corporate HR function. The remaining percentage is split evenly among other corporate functions, business-line leaders, and business-line HR teams.

Budgets Are Influenced by Organization Size

As you might expect, the greater an organization's annual revenue, the larger its overall budget for leadership development. Companies with over \$1 billion in revenue have a median spend of nearly \$511,000 annually.

Median Budget by Annual Revenue



\$176,900



\$257,700



\$510,900

As organizational revenue increases, so does the median budget for leadership development.

Median Budget by Workforce Size



1,000–5,000

\$223,700



5,001–10,000

\$266,700



10,001–50,000

\$475,000



More than 50,000 employees

\$857,100

Across All Organizations

\$346,200

Median Leadership Development Budget

Spending Spans the Leadership Continuum

To build bench strength, organizations are investing in leaders early in their careers and supporting them as they move up through the ranks.

Leadership development budgets are spread fairly evenly across all leader levels.

Budget Allocation by Leader Level

LEADER LEVEL	% OF BUDGET
Executives	20%
Senior-Level Leaders	20%
Mid-Level Leaders	21%
First-Level Leaders	21%
Individual Contributors/Professionals	18%

“

We have always invested a lot more time and money in the top level of the organization, but we are starting to work towards a more bottom-up approach, so people are seeing the value in it from the beginning, and as they evolve, we continue to evolve.” –Chief Talent Officer



Budgets Increase with a Leader's Level & Potential

Most individual contributors and first-level supervisors are allocated around \$3,000 or less for leadership development. Individual budgets rise as leaders move up through the ranks.

Annual Dollar Allocation by Leader Level

LEADER LEVEL	AVG SPEND PER LEADER PER YEAR
Executives	\$4,140
Senior-Level Leaders	\$3,930
Mid-Level Leaders	\$3,560
First-Level Leaders	\$3,080
Individual Contributors/Professionals	\$2,610

More than 1 in 3 organizations surveyed were willing to spend 25% more on high-potential employees, while nearly another third would spend as much as 50% more.

Organizations tend to invest significantly more in high-potential talent.

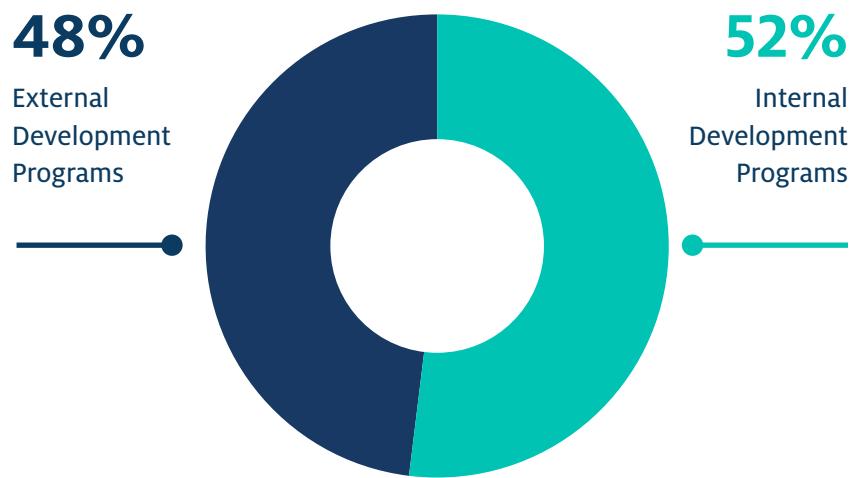
“

Our learning strategy is based on a pyramid. The higher in the organization, the higher the touch, so you are going to have more resources dedicated to you.” –Chief Talent Officer

Budgets for Both Internal & External Development Are Growing

Few organizations have the resources to develop and deliver all their leadership development initiatives internally. As a result, they are turning to external providers to fill the gap about half the time. We found a close to even allocation of budget resources across internal and external leadership development initiatives, with spending for both growing at about 10% over the coming year.

A blend of internal and external spending is found across a broad range of delivery types.



Spending is split almost evenly between internally and externally sourced leadership development, regardless of organization size.

Using External Resources to at Least Some Extent

	Online learning (without moderator)	83%
	Online learning (with moderator)	76%
	Face-to-face workshops/conferences	72%
	Customized, face-to-face programs	69%
	Coaching/mentoring	58%



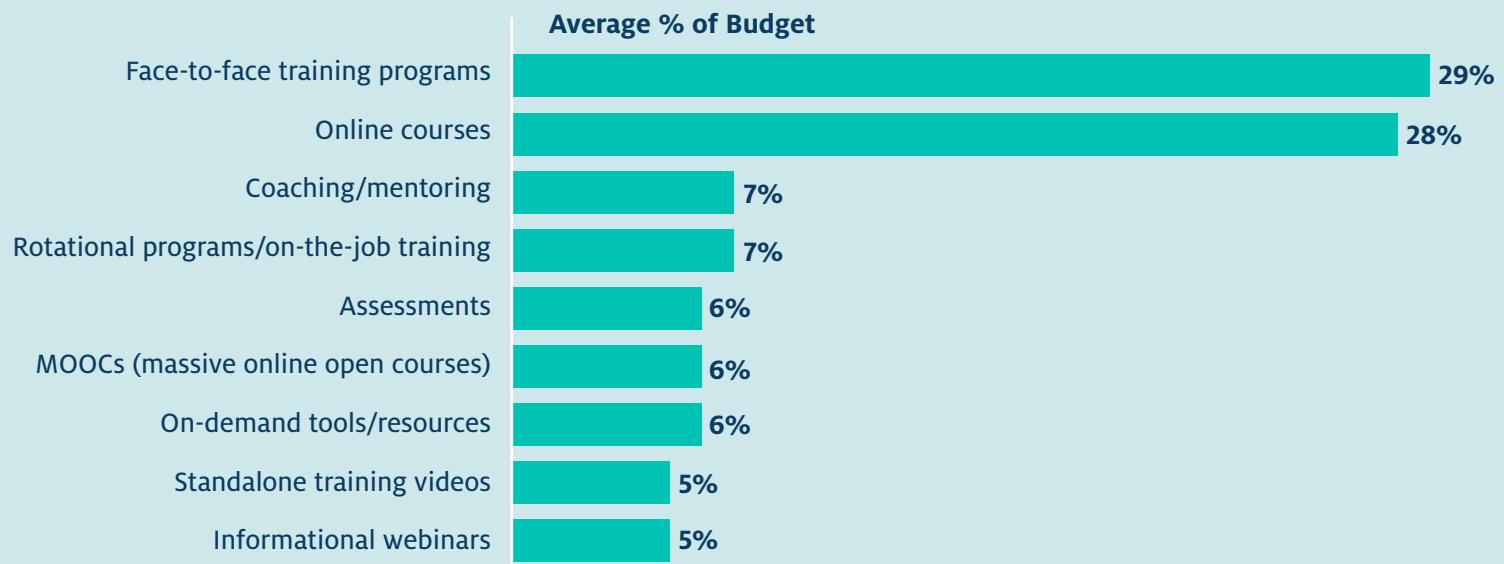
BENCHMARKING LEADERSHIP DEVELOPMENT STRATEGIES

Training Types Are Broadening

Leadership development is delivered in many modalities, with no one initiative or program taking up the majority of the annual leadership development budget, indicating that organizations employ quite a few different strategies. The most common delivery mechanisms are face-to-face training and online courses, and combined account for almost 60% of development budgets.

Organizations are investing in a wide range of delivery methods for leadership development.

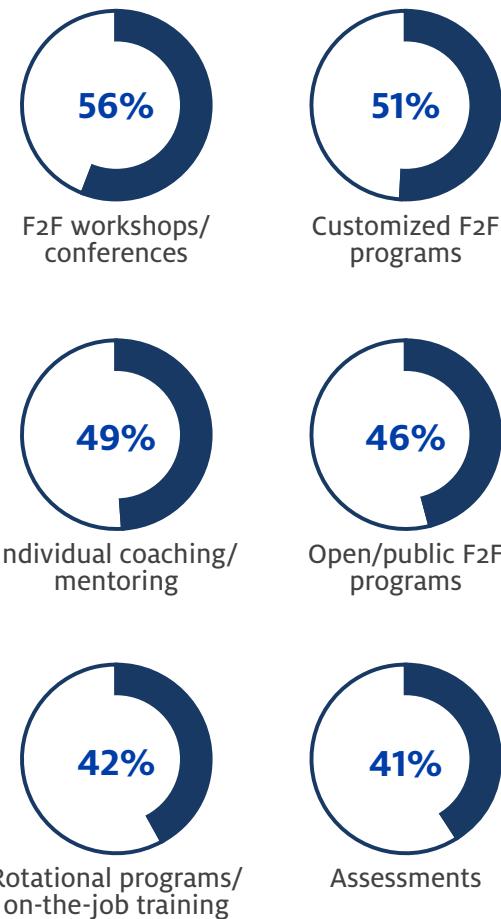
Face-to-Face Training & Online Courses Receive the Bulk of Budgets



Leadership Development Is Delivered Across Multiple Methodologies

The most common delivery mechanisms for face-to-face and digital leadership development activities are as follows:

Face-to-Face (F2F)



Digital



“

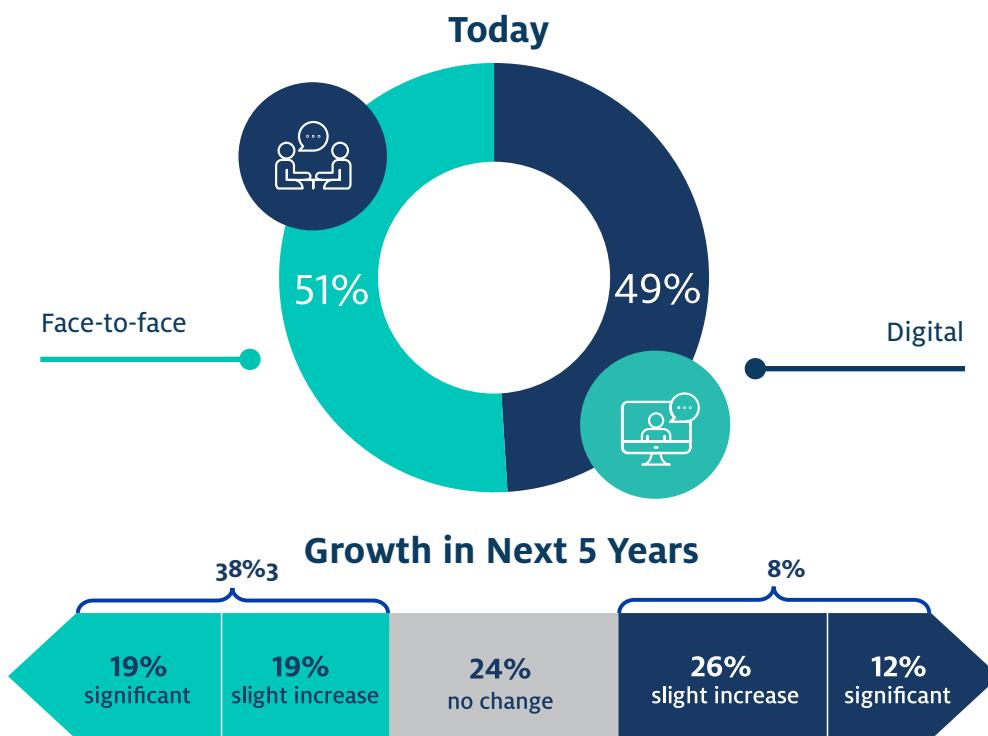
We let anybody take anything, and we have learning maps. So, if someone wants to become a people manager, then these are the things you should be learning in the next 60 days. Our belief is that if you tell the leader what he or she needs to be successful, then it will be upon them to use resources. It places accountability on the learner.”

—Chief Talent Officer



Face-to-Face & Digital Delivery Are Both Important

Though we might have expected digital delivery to overtake face-to-face delivery in the future, that isn't what buyers and learners reported. *Both* face-to-face and digital are expected to grow equally by 38% in the next 5 years. Surprisingly, face-to-face delivery is expected to have a significant growth of 19%, versus digital's growth of 12%.



“

We take a blended approach. There is one live event and one week of live training, e-learning through online courses (both instructor-led and self-led). There is also self-directed homework and assignments that [learners] need to complete on their own.” –*HR Director*

There's an almost equal use of face-to-face and digital delivery for leadership development.



What Leaders Want

Not all leaders are after the same development opportunities. What they want tends to vary by demographic and where they are in their career journey. A few key findings:

First-level managers want to learn to lead and manage teams, become a good coach, and build relationships.

Individual contributors are more interested in developing crisis management skills.

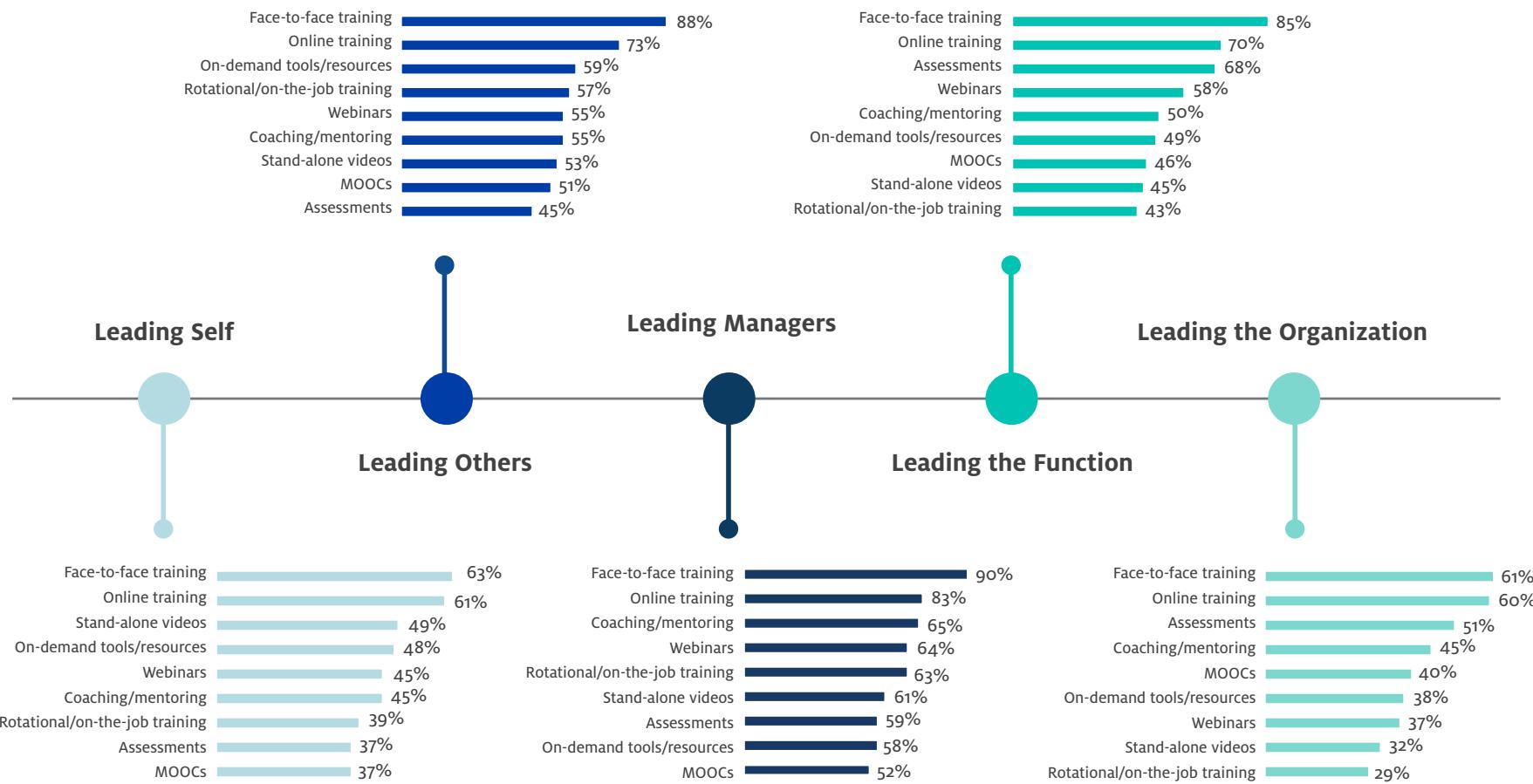
Generation X reports they're focused on developing their self-awareness and mastering their leadership craft.

Millennials, who are at an earlier point in their careers than Gen X, tend to be more interested in learning to lead others.

Participation Varies by Training Type — *Led by Face-to-Face*

While face-to-face training is the leading delivery method for all levels of leaders, it's followed closely by online training.

Face-to-face training is the top delivery method for every leader level.





Opportunities for Improvement in Program Delivery

HR executives are taking a fresh look at their approach to leadership development.

What HR leaders say *isn't* working well today:



Development programs are inflexible. Synchronous, online courses and other schedule-driven programs fail to accommodate varying workloads and job demands.



Content isn't connected to the business. Too many programs are "one size fits all." They fail to engage employees and to show them how what they are learning applies to their job and influences the organization's success.



Leadership development isn't consistently prioritized. There is a lack of sustainable commitment to learning and little to no follow-through. Many leaders fail to understand that it is a vital part of their jobs.

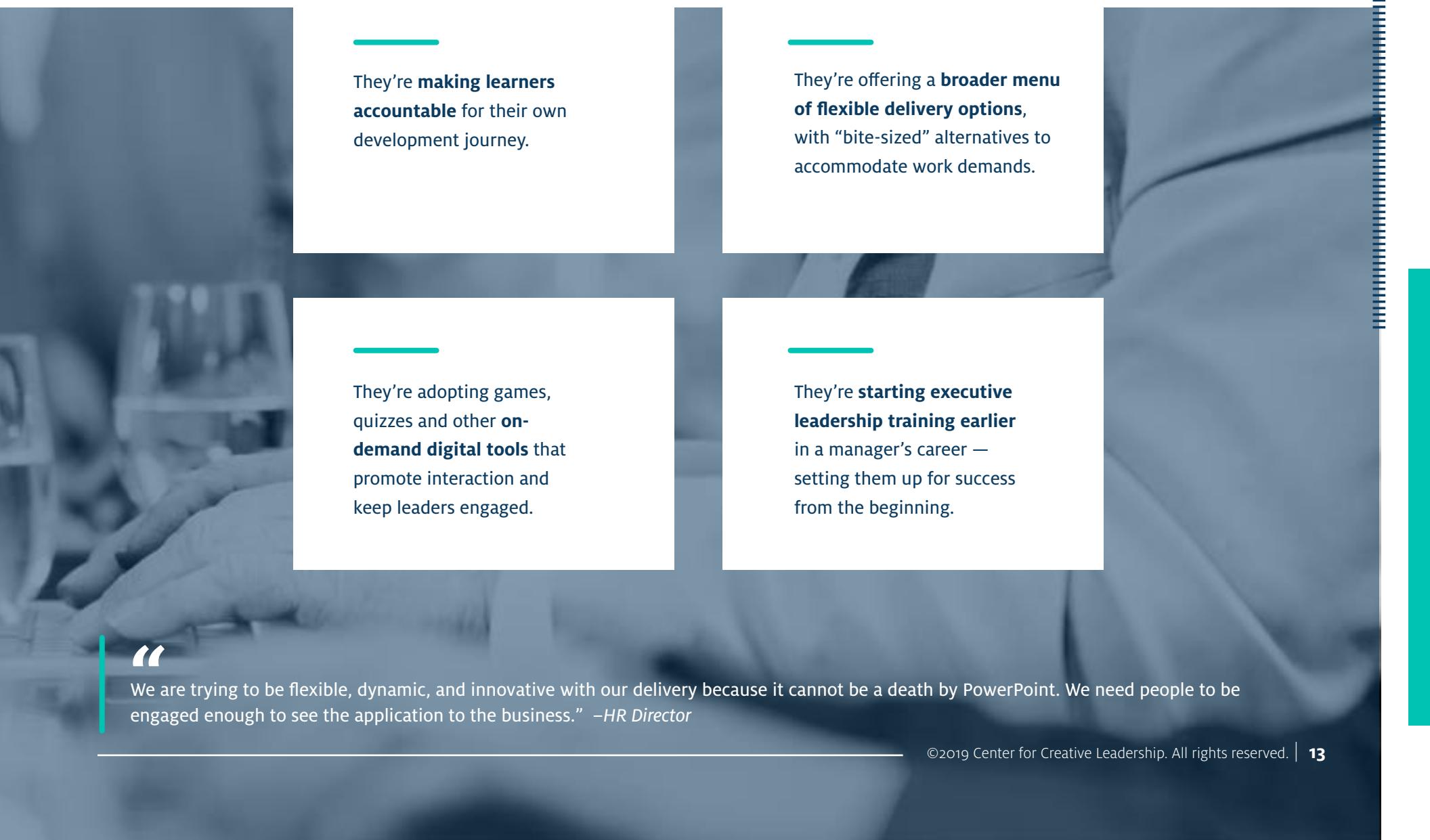


Training for lower-level leaders is too technically focused. Entry-level managers aren't being taught how to think strategically or to develop the leadership skills they will need as they move up.



Training isn't tailored to individual needs. Programs are too structured to address the varying strengths and weaknesses of individual leaders.

What HR Decision Makers Are Beginning to Do Differently...



They're **making learners accountable** for their own development journey.

They're offering a **broader menu of flexible delivery options**, with "bite-sized" alternatives to accommodate work demands.

They're adopting games, quizzes and other **on-demand digital tools** that promote interaction and keep leaders engaged.

They're **starting executive leadership training earlier** in a manager's career — setting them up for success from the beginning.

“

We are trying to be flexible, dynamic, and innovative with our delivery because it cannot be a death by PowerPoint. We need people to be engaged enough to see the application to the business.” *—HR Director*



Successful Development Strategies Share 5 Characteristics

The most successful leadership development initiatives prioritize personalization, engagement, and buy-in.



Blended Approaches. One size doesn't fit all — organizations are benefitting from the time and cost efficiencies of e-learning while remaining firmly committed to face-to-face delivery, whether in person or via videoconferencing.



Full Organizational Buy-In. They're expressing top-down, organization-wide support for learning across all levels and making it clear that learning is a part of every leader's job.



Workplace Linkages. They are adopting interactive, experiential techniques, with team-based learning and scenarios that connect leadership development to real situations encountered on the job.



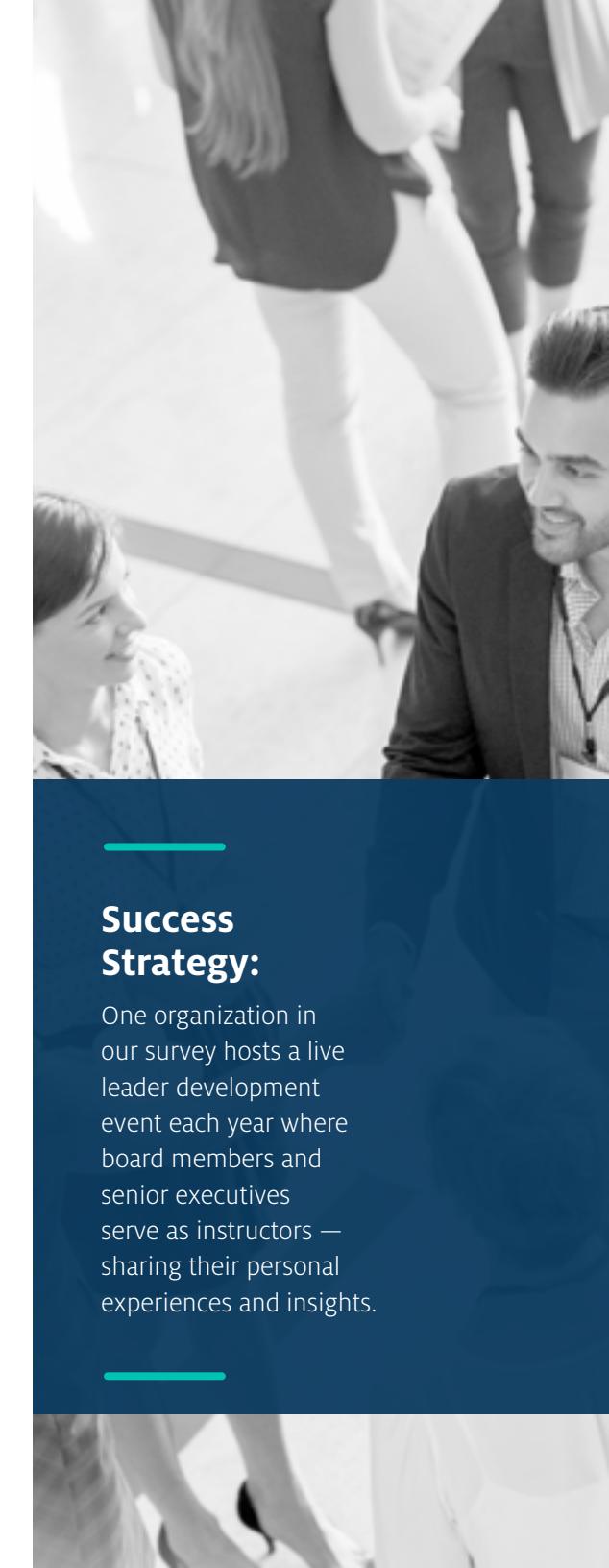
Interaction & Engagement. They are going beyond static lectures. Both in-person and online learning now incorporate interactive games, Q&A sessions, videos, and other techniques that keep learners interested and engaged.



Tools & Assessments. They are personalizing and focusing each leader's development journey, using assessments to identify existing strengths and areas where improvement is needed.



Regardless of whether it's through a screen or face-to-face, it's not going to be effective if you can't stop and ask questions. Interaction is very important. —Chief Talent Officer



Success Strategy:

One organization in our survey hosts a live leader development event each year where board members and senior executives serve as instructors — sharing their personal experiences and insights.

4 Overarching Trends Driving the Future of Leadership Development

Top 4 Learning Trends in Our Survey

In the future, we can expect to see even more:

1

Multi-method learning that incorporates new technologies, new delivery methods, and new content — making learning more dynamic and innovative. Face-to-face sessions dominate, but incorporate more digital, online, and virtual tools.

2

Just-in-time, bite-sized learning delivered in short bursts that make development easier to accommodate and absorb.

3

Learner accountability for their own leadership development, supported by digital content or learning management systems.

4

Personalized learning that incorporates diagnostic tools, assessments, and psychometrics. Learners choose the delivery methods that accommodate their work schedules, learning styles, and more.

Over the past 3 to 5 years, leadership development has become more flexible, dynamic, and innovative. There is a much greater emphasis on personalized learning and on blended approaches to content delivery.

HR leaders in our benchmark survey expect these shifts to continue and to strengthen over time. They say it is easy to imagine a future where learning incorporates artificial intelligence tools, virtual and augmented reality, and learning delivered over personal electronic devices.

Organizations are emphasizing personalized learning and blended approaches to delivery.

“

The way people are learning now is in short snippets versus a dedicated day. Everything needs to be an hour or less for people to pay attention and manage the time commitment.

—Senior HR Operations Manager



Design a Winning Leadership Development Strategy

What would you do differently if you had an opportunity to redesign your leadership development strategy? We found most organizations would make their leadership development more customizable, at both the individual and organizational levels.

Personalization, a blended approach, and learner accountability are key to a successful strategy.

Top Changes Recommended

- Offer a range of delivery options (virtual, instructor-led, blended, etc.).
- Customize content, offerings, and delivery.
- Don't go it alone — supplement internal training with external providers.
- Link learning to each leader's career trajectory.
- Let learners select from a variety of program delivery options.
- Delegate the responsibility for completing leader development programs to each leader.
- Incorporate experiential learning and live projects.
- Balance formal, scheduled programs and informal, off-the-cuff or on-the-job learning.

CONCLUSION

Key Recommendations for HR Leaders

Your talent is a vital asset, fundamental to current and future success for your organization. It's important to consistently invest in the development of your people, through both good times and bad. Leadership development is critical to building the capabilities of your workforce and helping your organization achieve strategic goals, like:

- Decreasing turnover;
- Developing succession planning;
- Improving the customer experience;
- Fostering strengths and talents;
- Supporting the company culture; and
- Boosting employee engagement.

So our recommendation, based on research, is to **allocate your development spending across all leadership levels** — from your individual contributors to middle managers to top executives. You'll be strengthening your leadership pipeline for the future, engaging and retaining your high potentials, and preparing individuals for new challenges they will encounter as they move up the ranks.

When it comes to leadership development delivery mechanisms, **offer multiple delivery options that let leaders choose** how they want to learn and at what pace. Clearly **link leadership development to workplace responsibilities** — showing your leaders how what they are learning applies to their job and supports the broader success of your organization. Go beyond static lectures. Adopt both in-person and online learning programs that **incorporate interactivity** like games, Q&A sessions, videos, and other techniques that keep learners interested and engaged.

Finally, **promote top-down, organization-wide support for learning at all levels**, and empower learners to take charge of their own development journey. **Arm them with assessment data, feedback, and roadmaps** that can help them set priorities and target the capabilities they most need to develop.

By investing in development and providing the right offerings at the right time, you can bring your strategic vision to life and **build the leadership team you need** to guide your organization in the future.

RESEARCH METHODOLOGY

The data and conclusions in this report are based on 3 research studies we conducted on current and future leadership development spending and programs:

Leader-Level Spending Study

Purpose: To understand how HR decision makers think about and manage their budgets, investment allocations, and spending for leadership development. We also wanted to assess the attitudes and behaviors influencing investments in leadership development across 5 leader levels: executives, senior-level leaders, mid-level leaders, first-level leaders, and individual contributors/professional staff.

Methodology: An online survey was conducted with mid- and senior-level HR professionals between November of 2018 and January of 2019.

- Respondents included 268 HR executives and learners from a variety of industries.
- 64% worked for companies based in the U.S. and Canada.
- 36% worked for global companies.

Leader-Level Spending Study Update

Purpose: To continue to monitor how HR decision makers think about and manage their budgets, investment allocations, and spending for leadership development.

Methodology: An online survey was conducted with mid- and senior-level HR professionals between September and October of 2019.

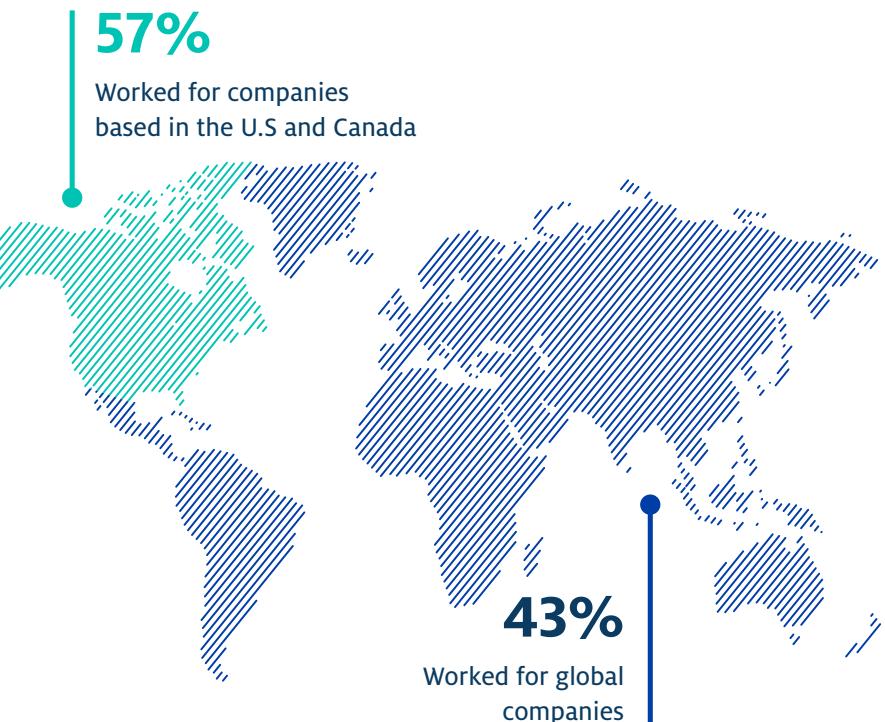
- Respondents included 300 mid- and senior-level HR executives from a variety of industries.
- 50% worked for companies based in the U.S. and Canada.
- 50% worked for global companies.

Future of Leadership Development Study

Purpose: To explore both the current and future state of leadership development training across a variety of industries, as well as leader behaviors and needs.

Methodology: Data was collected from key audiences during October and November of 2018:

- An online survey was completed by 112 learners, aged 21–45.
- In-depth phone interviews were conducted with 10 HR leaders.



Your Leadership Development Planning Resource Guide

YEAR-OVER-YEAR SPENDING: How does the size of your organization's leadership development budget compare to benchmark data?

In the Last Year...	Benchmark Findings	Vs. At Your Organization
Development Budgets Increased	At 79% of organizations	
Development Budgets Decreased	At 12% of organizations	
Development Budgets Remained the Same	At 9% of organizations	

Looking Ahead to Next Year...	Benchmark Findings	Vs. At Your Organization
Development Budgets Will Increase by 5–10%	At 1 in 3 organizations	
Development Budgets Will Increase by 10–25%	At 1 in 4 organizations	
Development Budgets Will Increase by 25–50%	At 1 in 12 organizations	

MEDIAN BUDGET BY REVENUE SIZE: How does your investment in development compare to your organization's overall revenue?

Organization's Annual Revenue	Investment in Leadership Development	
	Benchmark Findings	Vs. At Your Organization
\$100 Million to \$500 Million	\$176,900	Your annual revenue: Your investment in leadership development:
\$500 Million to \$1 Billion	\$257,700	
Over \$1 Billion	\$510,900	

**DEVELOPMENT BUDGET SPEND BY LEADER LEVEL:** As talent moves up through the ranks, how is spending allocated by leader level?

Leader Level	% of Development Budget Spent	
	Benchmark Findings	Vs. At Your Organization
Individual Contributors	18%	
First-Level Leaders	21%	
Mid-Level Managers	21%	
Senior-Level Leaders	20%	
Executive Team	20%	

DEVELOPMENT BUDGET SPEND FOR HIGH-POTENTIAL TALENT: How much of the development budget is spent on high-potential talent?

Setting Aside Budget to Develop High Potentials	Benchmark Findings	Vs. At Your Organization
25% More Spent on High Potentials	At 1 in 3 organizations	
50% More Spent on High Potentials	At 1 in 4 organizations	Your investment in high potentials:

BENCHMARKS FOR INTERNAL VS. EXTERNAL SOURCING:

Typically, **52%** of development budgets are used for internal delivery; **48%** is put towards external providers.

YOUR INTERNAL VS. EXTERNAL SOURCING:

___% of our development initiatives are delivered internally; ___% are by an external provider.

BENCHMARKS FOR TRAINING TYPES & DELIVERY MECHANISMS:

Benchmark data found that **51%** of development initiatives are delivered face-to-face and **49%** are delivered virtually.

YOUR TRAINING TYPES & DELIVERY MECHANISMS:

___% of our trainings are delivered face-to-face; ___% are delivered virtually or in a blended format.

HOW CCL CAN HELP

Are you ready to design your own winning leadership development strategy? CCL is ready to help.

If you're like many organizations, you may be unable to offer all leadership development internally to leaders at all levels of your organization. If you're seeking an outside partner to assist, we offer a wide range of solutions and services you can use to align with the industry trends and benchmarks in our report:

- **Face-to-face training:** Use our [in-person leadership development programs](#) to provide personalized, face-to-face development for individuals at each leader level. Or, learn [how to strengthen conversations and scale culture change](#) across your entire organization.
- **Customized, face-to-face training:** Partner with our experts to create a winning leadership development strategy for your organization with [customized leadership development solutions](#) that drive better business outcomes.
- **Coaching/mentoring:** Use our [leadership coaching services](#) to provide personalized support to both individuals and teams.
- **Online learning:** Adopt our scalable [digital learning offerings](#) for the flexible, on-demand delivery learners want.
- **On-demand tools/resources:** Support your [in-house development by licensing our content and programs](#) for delivery by your own team, or explore our other [Lead-It-Yourself](#) solutions.
- **Webinars:** Take advantage of our complimentary [live and on-demand webinars](#) on an array of leadership development topics.

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