

Assessing the Impact of Situational Leadership Training on Leaders' Skills and Business Results

PREPARED BY:



BACKGROUND/PURPOSE

ADVANTIS Research and Consulting (ADVANTIS) has conducted over a dozen research studies across 10 countries representing all major continents (North America, Latin America, Europe and Asia) to evaluate whether Situational Leadership Training improves leaders' skill levels and whether these improved leadership skills impact business results.

Based on the results from hundreds of managers and thousands of their direct reports who completed surveys, we can confidently say that yes indeed leaders' skills improve after completing Situational Leadership training. The typical post training measurement was 6 months after training and 58-91% of direct reports claim their manager improved. These improved skills were also shown to impact business results (e.g., \$332,000 higher sales, 35% greater sales goal attainment, 3% more market share, etc.). While other factors could also impact these results, many outside variables are beyond an organization's control. Appropriate use of Situational Leadership training and follow-up (e.g., the 4 moments of truth) is within a firm's control, so we encourage it's continued use to reap the behavioral and business improvements we discovered.

PROCESS

For all of these studies, a questionnaire was developed by ADVANTIS "operationalizing" the core concepts taught in Situational Leadership:

- Diagnosing
- Adapting
- Communicating
- Advancing

Over 60 individual behaviors were measured across these 4 competencies, asking how well managers were demonstrating these skills on the job, using a 7-point scale where:

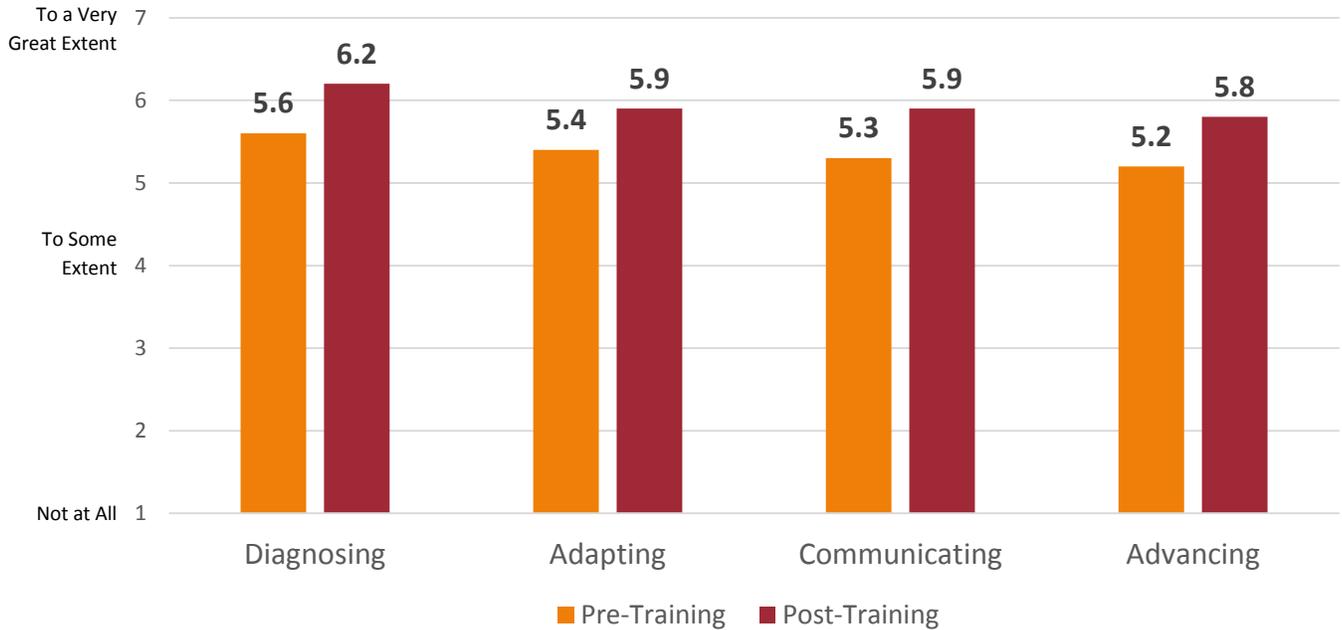
- 1 = Not at All
- 4 = To Some Extent
- 7 = To a Very Great Extent

Some of the studies used a pre-post methodology, to establish a baseline and then a post-training measurement (typically 6 months after course). Typical response rates ranged from 6-9 direct report surveys per participating manager. Statistical significance testing of pre-post differences was completed at the $p < .05$ level, and all findings in this report meet that criterion. This means that there is only a 5% chance that improvements of this magnitude could be explained by random probability. All studies requested that clients provide productivity data for all managers in the study. To ensure consistency across different types of managers, some clients provided performance review ratings or rank (e.g., for an incentive compensation contest). Most studies looked at sales managers, so "bottom-line" metrics were more typically how their sales teams were performing on measures such as:

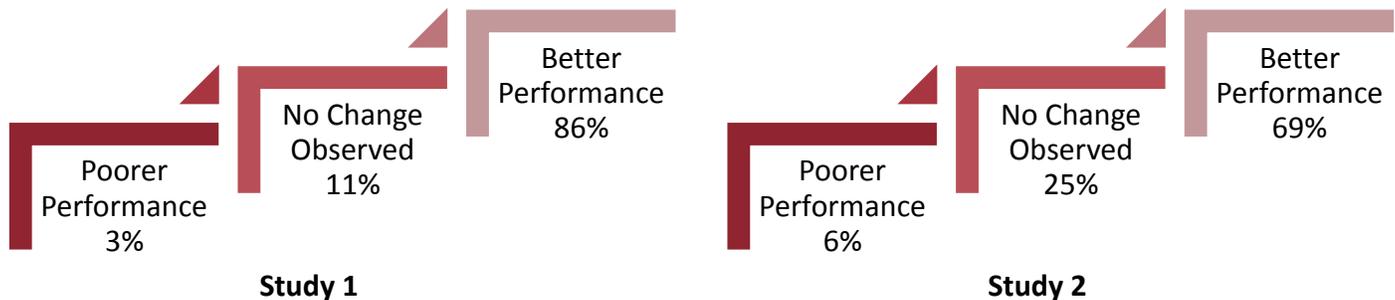
- Market Share
- Market Share Change
- Sales
- Sales Goal Attainment

RESULTS

The first question to answer is does Situational Leadership training improve the skill levels of its participants? Based on our studies, the answer is yes. Here is one example (USA), with all improvements being statistically significant.



In studies where no baseline measurements were taken, besides the 1-7 ratings on each behavior, we also asked direct reports how their manager’s demonstration of these leadership competencies changed in the 6 months after training. Two studies’ results (USA) are shown below (percentage of direct reports responding).



Of course these numbers are averages. If you look across all behaviors, the range of “Better” performance was 74-91% in study 1 and 58-77% in study 2. Example behavioral changes are show below.

| Competency | Behavior | Study 1: | Study 2: |
|---------------|---|---|----------|
| | | Better Performance (% Direct Reports Responding) | |
| Diagnosing | Communicates his/her management's expectations to employees. | 85 | 67 |
| | Communicates changes that impact his/her work unit (e.g., marketplace, technology, business strategy) to employees. | 82 | 72 |
| | Consistently tracks how well his/her work unit is performing with regard to goals. | 91 | 77 |
| | Prioritizes tasks by differentiating between more and less important ones. | 74 | 62 |
| | Expresses confidence in others when assigning tasks to them. | 85 | 73 |
| | Accurately understands each employee's situation. | 82 | 66 |
| Adapting | Is directive or takes charge when the situation calls for it. | 80 | 73 |
| | Takes the lead in problem solving and action planning when the situation calls for it. | 79 | 70 |
| | Encourages and facilitates employees' ability to solve their own problems, as needed. | 87 | 70 |
| | Asks employees to take the lead in problem solving and action planning when the situation calls for it. | 89 | 69 |
| | Provides opportunities for employees to share in and celebrate successes, as needed. | 91 | 67 |
| | Recognizes employees' achievements, as needed. | 89 | 67 |
| | Varies his/her leadership style to match the employee's need and situation. | 89 | 58 |
| Communicating | Helps employees keep channels of communication open. | 91 | 63 |
| | Confronts and overcomes excuses and resistance. | 91 | 63 |
| | Empowers employees to achieve high performance. | 78 | 72 |
| Advancing | Encourages employees to take responsibility for developing new ideas. | 89 | 69 |
| | Helps employees systematically develop action plans by considering pros and cons of various options. | 83 | 66 |

The second question to answer is do these improved leadership behaviors “translate” into better business results, and again the answer is a statistically significant “yes.” (USA)

Managers who demonstrate these Situational Leadership Competencies better after training have 23% higher performance appraisal ratings and a 35% improvement in rank.

To “dollarize” these results, we need to look at some of the studies focusing on sales managers.

In all of these studies, we established which behaviors/competencies were correlated strongest (e.g., statistically significant) to outcome/performance measures. Again, this means there is only a 5% chance that this strong of a relationship could be due to random probability. Then, to illustrate the impact of better situational leadership on results, we conducted a “median split” and compared the results of the “above average” managers (e.g., scored higher on the 7-point scale based on direct report ratings) to the average/below average managers. Note: We could have illustrated more dramatic differences by comparing/contrasting the top 10% vs. bottom 10%, but we felt that a more realistic goal is for organizations to try to move “below average” performers to “above average” performers.

Example results are shown below, organized by productivity measure:

- Market Share
- Market Share Change
- Sales
- Sales Goal Attainment

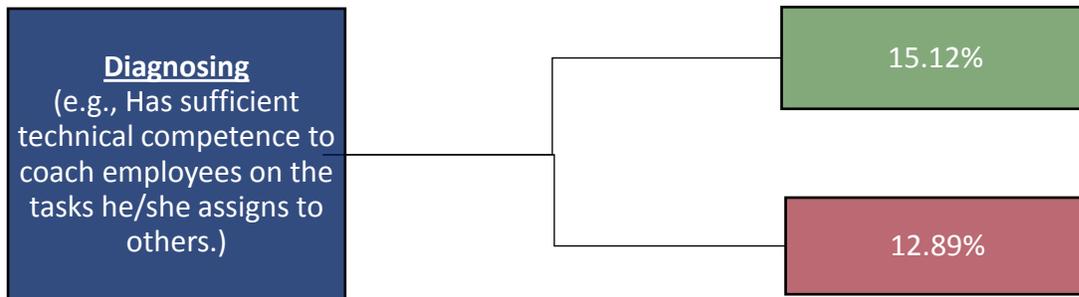
Within each productivity measure “section,” we share results by situational leadership competency:

- Diagnosing
- Adapting
- Communicating
- Advancing

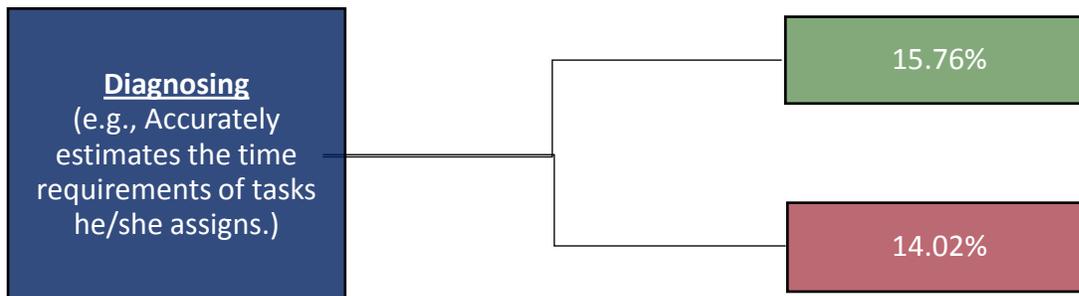
MARKET SHARE

Diagnosing

Managers in Mexico who were above average on Diagnosing Skills had 2.23% greater overall market share than managers who were average or below average.

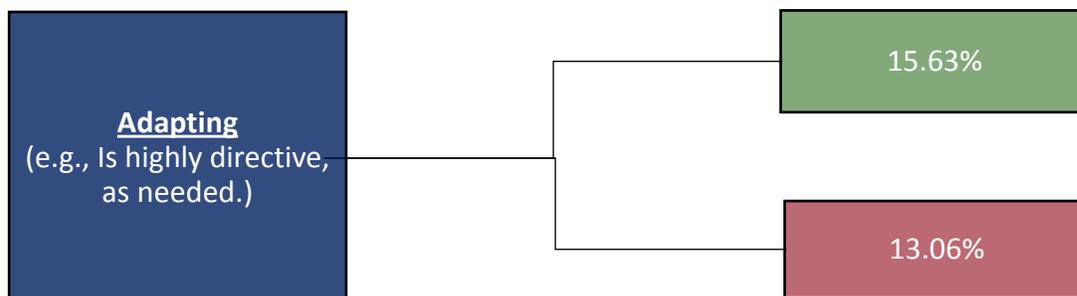


Managers in Brazil that performed higher on Diagnosing Skills had a 1.74% higher market share.



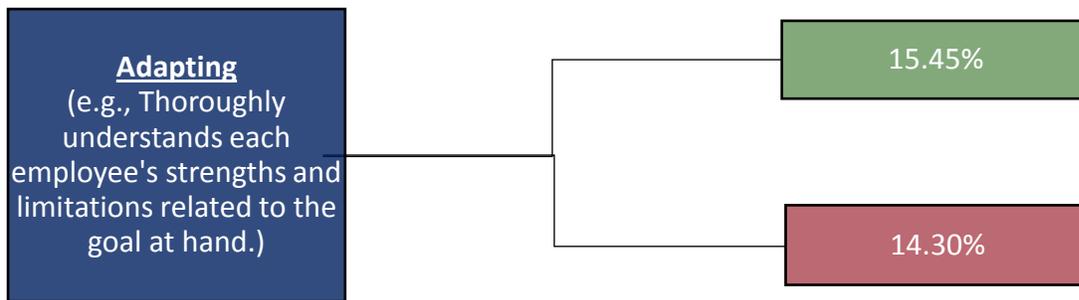
Adapting

Managers in Mexico who were above average on Adapting Skills had 2.57% greater overall market share than managers who were average or below average.



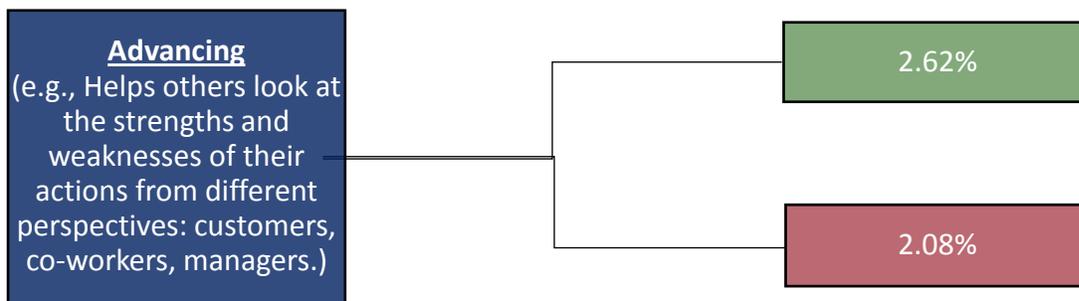
Remember, these are averages for the higher vs. lower performing groups of managers. Individually speaking, the more proficient a manager's Situational Leadership skills, the greater his/her team's market share.

Managers in Brazil that performed higher on Adapting Skills had a 1.15% higher market share.

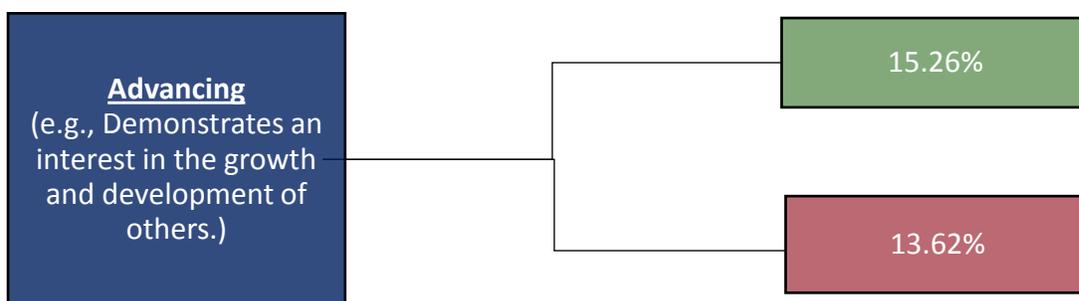


Advancing

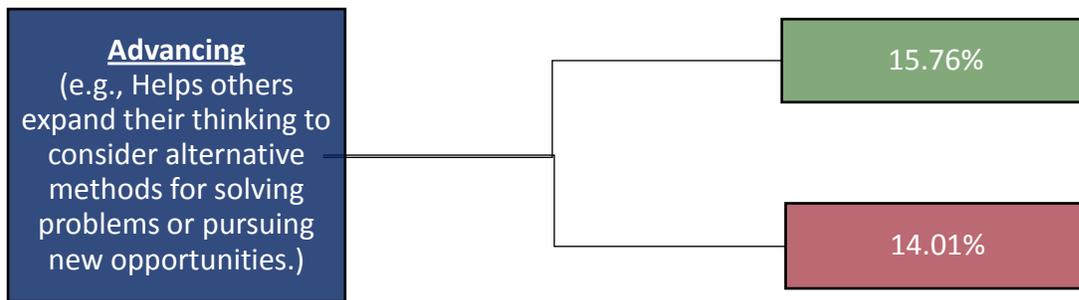
Managers in Chile who scored higher on Advancing Skills managed sales teams with .54% greater market share than managers who were average or below average.



Managers in Mexico who were above average on Advancing Skills had 1.64% greater overall market share than managers who were average or below average.

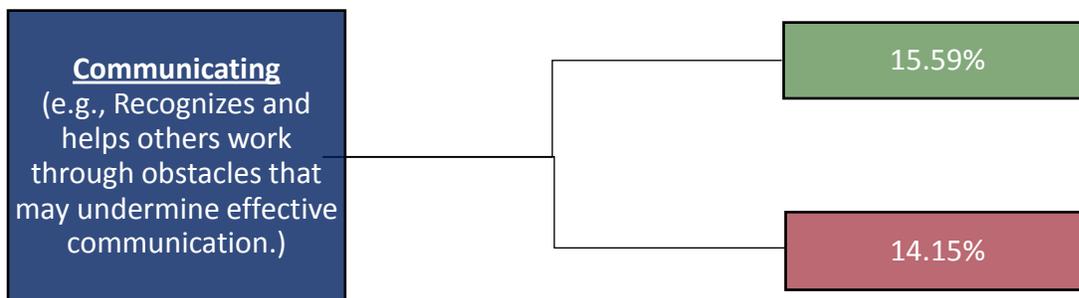


Managers in Brazil that performed higher on Advancing Skills had a 1.75% higher market share.

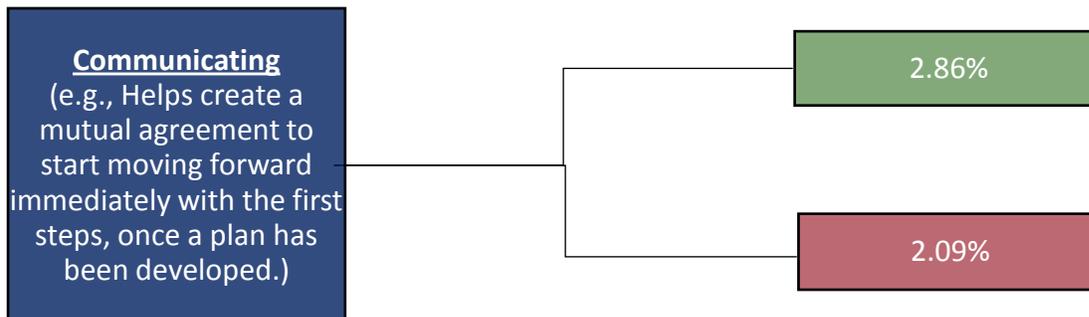


Communicating

Managers in Brazil that performed higher on Communicating Skills had a 1.44% higher market share.



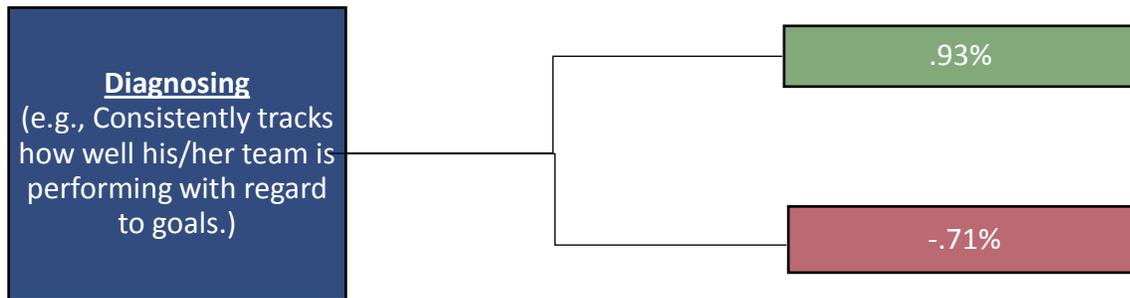
Managers in Chile who were above average on Communicating Skills managed sales teams with .77% greater market share than managers who were average or below average.



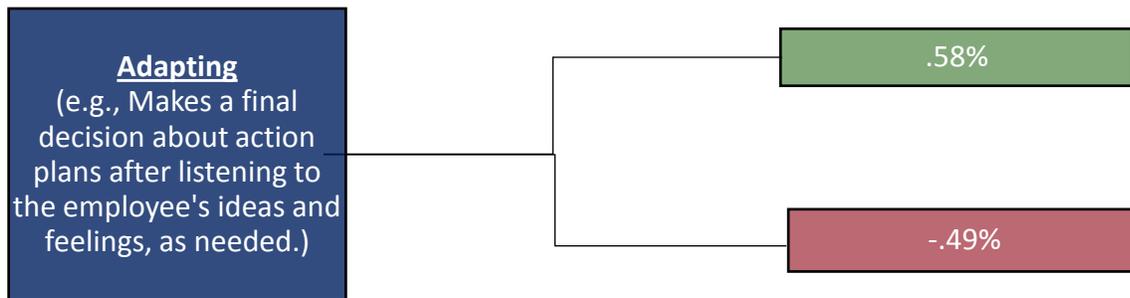
Recall that these findings are illustrating statistically significant relationships. Therefore, for every improvement in the situational leadership behaviors, a corresponding market share increase will be evident.

MARKET SHARE CHANGE

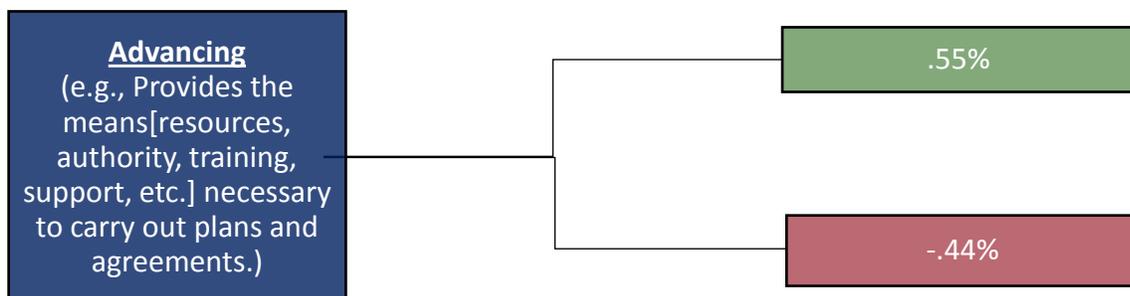
Managers in Brazil that performed higher on Diagnosing Skills were 1.64% ahead of their lower performing counterparts for change in average market share, over a 6-month period post training.



Managers in Brazil that performed higher on Adapting Skills were 1.07% ahead of their lower performing counterparts for change in average market share, over a 6-month period post training.



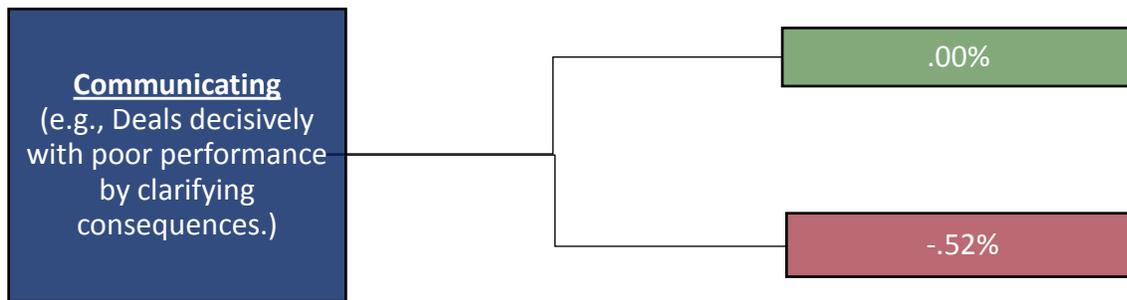
Managers in Brazil that performed higher on Advancing Skills were .99% ahead of their lower performing counterparts for change in average market share, over a 6-month period post training.



While these market share changes may not seem dramatic, recall that they are only over a 6 month period. Extrapolating these numbers over a longer timeframe should yield larger "deltas."

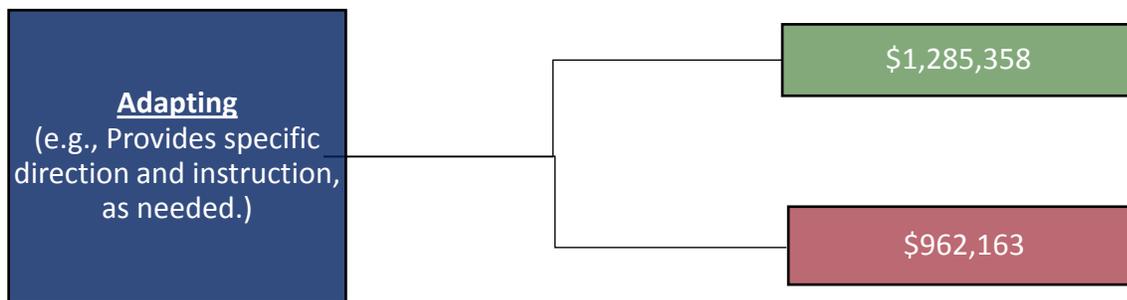
Moreover, those sales managers who perform the Situational Leadership behaviors better are seeing positive market share changes (e.g., growth), while those sales managers performing the behaviors less well are actually losing market share over time.

Managers in Brazil that performed higher on Communicating Skills were .52% ahead of their lower performing counterparts for change in average market share, over a 6-month period post training.



SALES

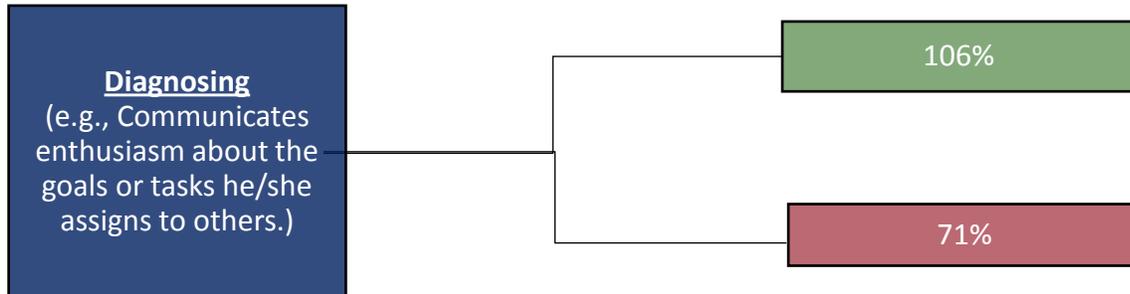
Managers in Taiwan who were above average on Adapting Skills had \$332,195 more sales than managers who performed below average on Adapting Skills.



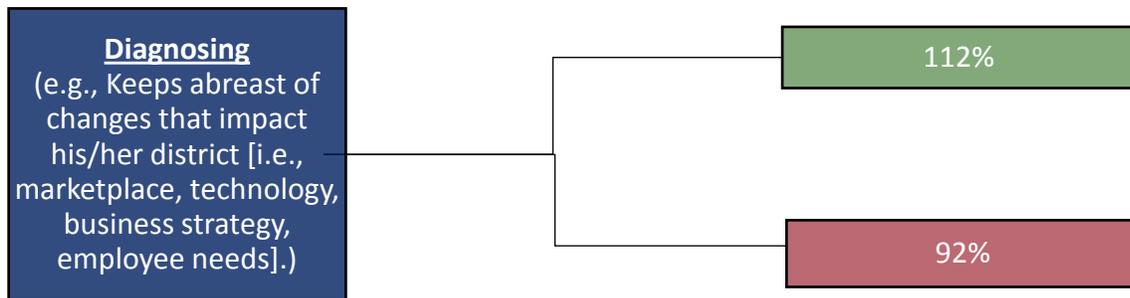
SALES GOAL ATTAINMENT

Diagnosing

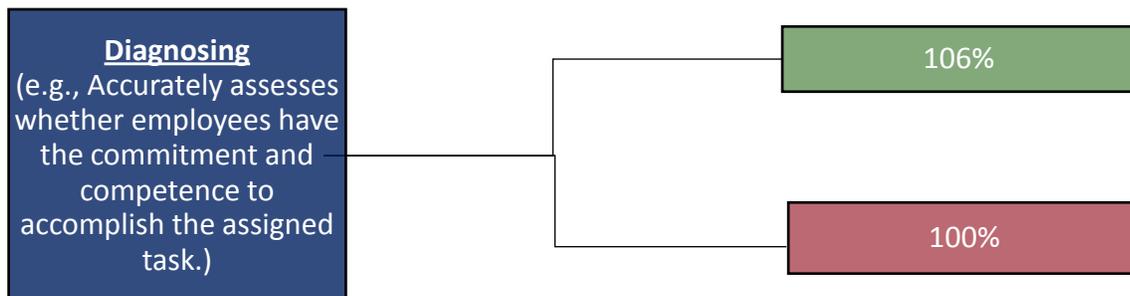
Managers in the Philippines who performed higher on Diagnosing Skills had 35% greater sales goal attainment than managers who performed below average.



Managers in Argentina who were rated higher than their counterparts on Diagnosing Skills had 20% greater sales goal attainment.

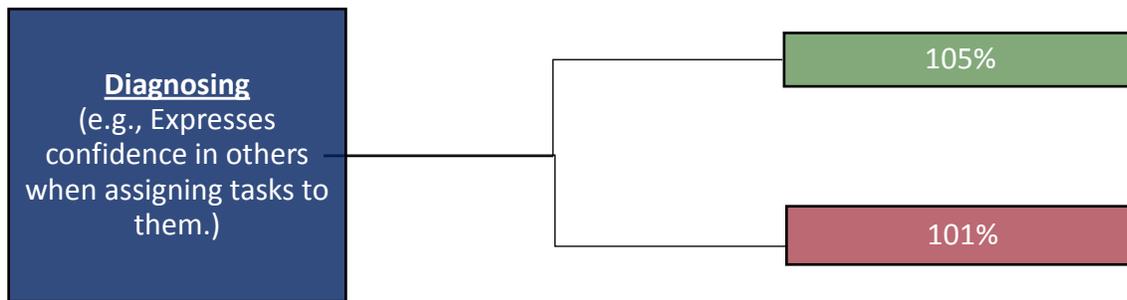


Managers in Taiwan who were above average on Diagnosing Skills had 6% greater sales goal attainment than managers who were average or below average.

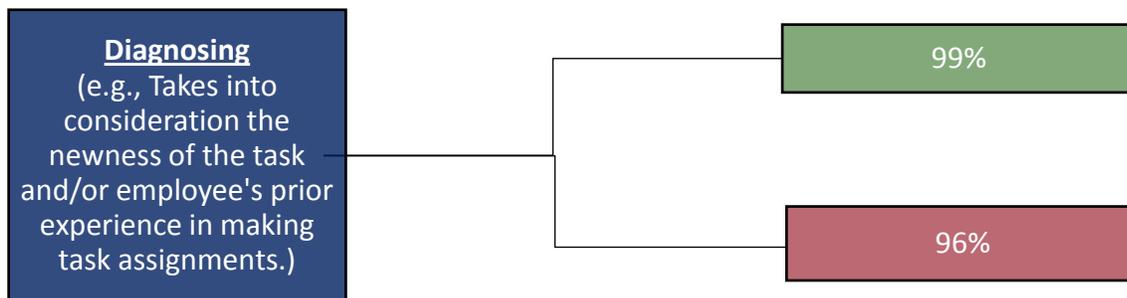


Most of these examples are from the pharmaceuticals industry, which is known for its precision in setting sales goals accurately. Therefore, even a 1% difference is notable, and anything that can explain a +100% sales team vs. a below 100% sales team should be paid close attention to!

Managers from CEER (Central and Eastern Europe) who were above average on Diagnosing Skills had 4% greater sales goal attainment than their lower performing counterparts.

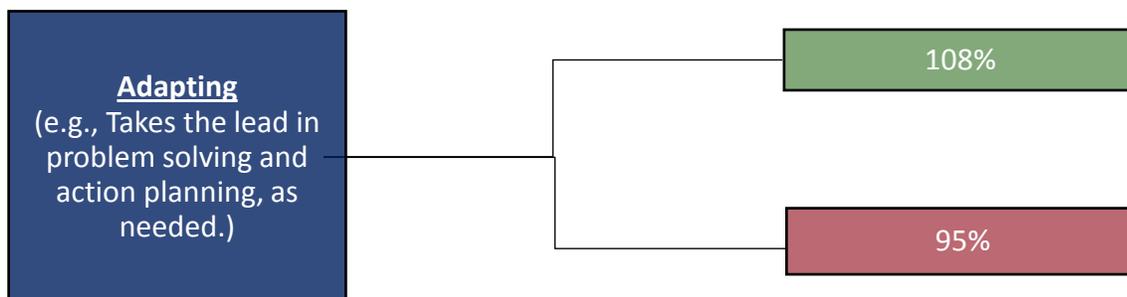


Managers in Belgium who were above average on Diagnosing Skills had 3% greater overall sales goal attainment than managers who were average or below average.

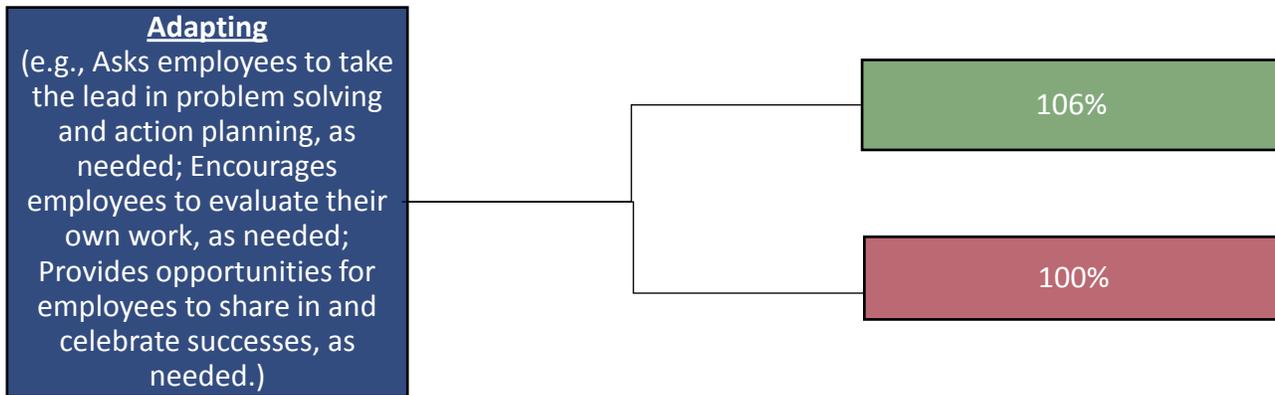


Adapting

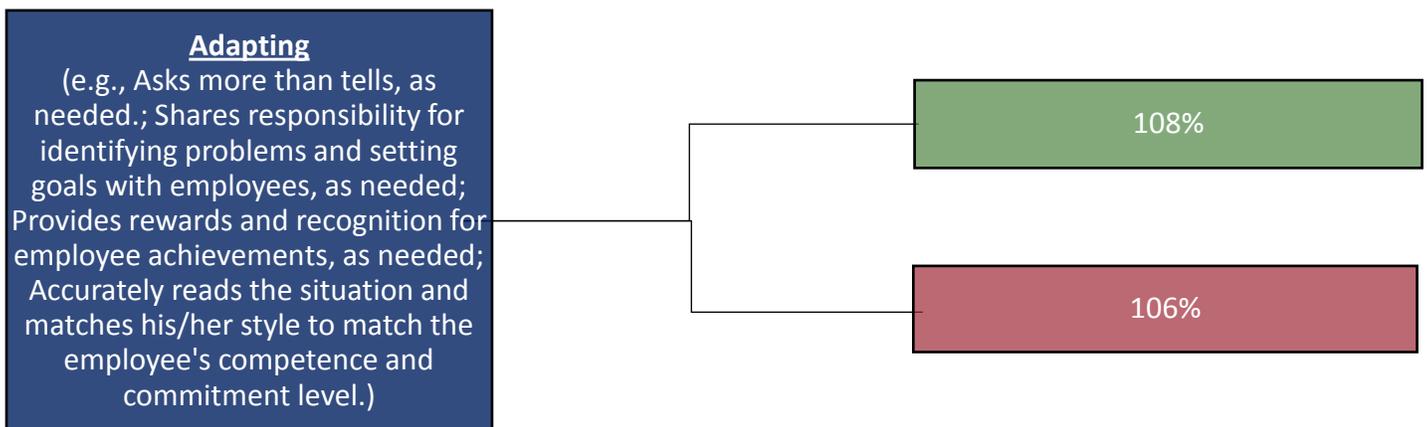
Managers in Taiwan who were above average on Adapting Skills had 13% greater sales goal attainment than managers who scored below average.



Managers from CEER who performed higher on Adapting Skills had 6% greater sales goal attainment than their lower performing counterparts.

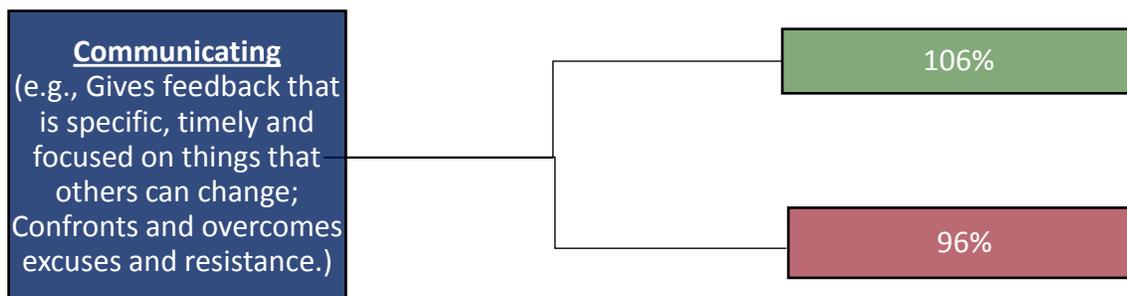


Managers from Turkey who were rated above average on Adapting Skills achieved 2% greater overall sales goal attainment than managers who were average or below average.

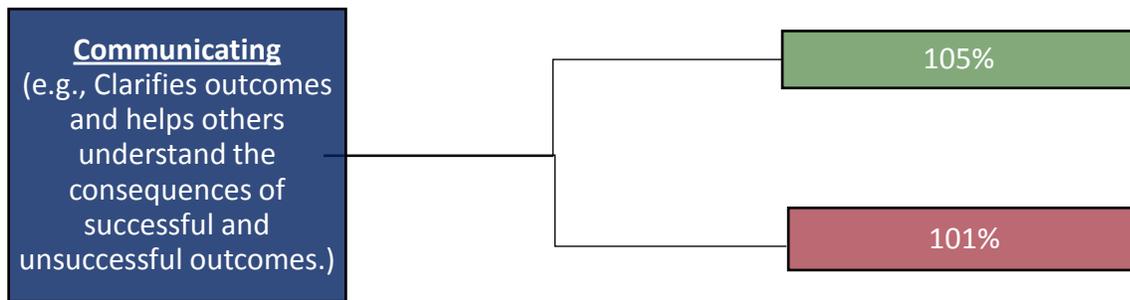


Communicating

Managers in Taiwan who were above average on Communicating Skills had 10% greater sales goal attainment than managers who scored below average.

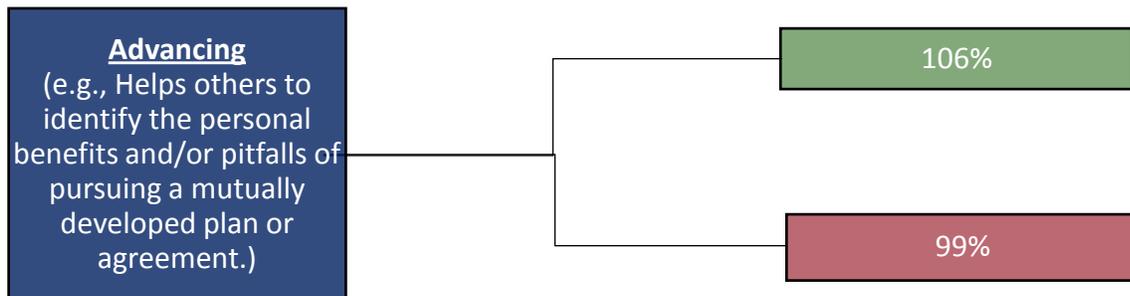


Managers from CEER who performed higher on Communicating Skills had 4% greater sales goal attainment than their lower performing counterparts.

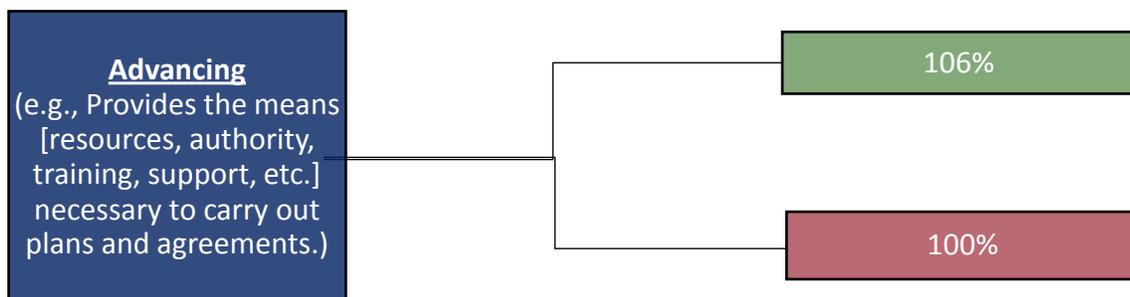


Advancing

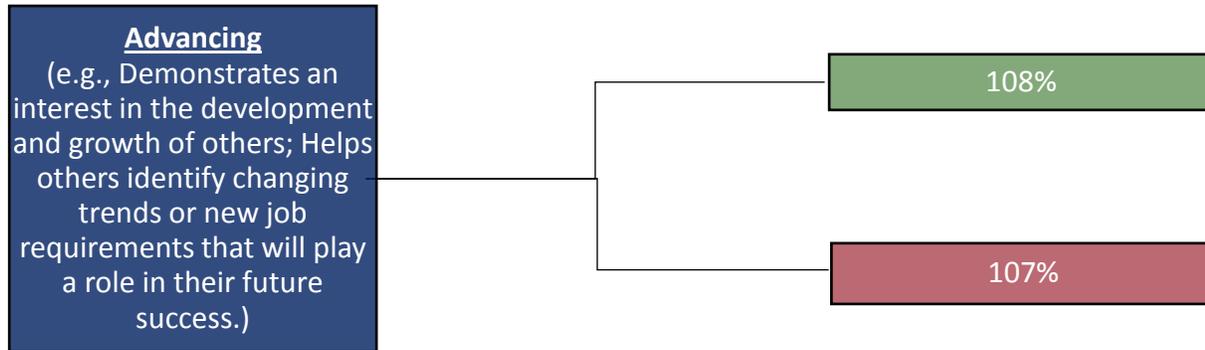
Managers in Taiwan who were above average on Advancing Skills had 7% greater sales goal attainment than managers who scored below average.



Managers from CEER who performed higher on Advancing Skills had 6% greater sales goal attainment than their lower performing counterparts.



Managers from Turkey who were rated above average on Advancing Skills had 1% greater overall sales goal attainment than managers who were average or below average.



SUMMARY

All four situational leadership competencies can be improved through training, and all four can have a significant impact on business results (e.g., 35% greater sales goal attainment, \$332,000 more sales, 3% greater market share, etc.). Continued use (or initiation of) situational leadership training is merited due to the measurable personal, team and business benefits.

| Situational Leadership Competency | Improvement Post-Training | Productivity Impact of Improved Competency |
|-----------------------------------|---------------------------|--|
| Diagnosing | ✓ (up to 91%) | ✓ |
| Adapting | ✓ (up to 89%) | ✓ |
| Communicating | ✓ (up to 91%) | ✓ |
| Advancing | ✓ (up to 89%) | ✓ |