

## **Study results show leadership has an impact on the bottom line**

John Zenger and Joseph Folkman describe leadership research they conducted in their book, “The Extraordinary Leader: Turning Good Managers into Great Leaders”. They report that:

- Poor leaders have a substantial influence on an organization’s success. They consistently achieve less effective results, create greater turnover, discourage employees, and frustrate customers.
- Good leaders will achieve good results. A good leader will have fewer turnovers, higher profitability, and more employee commitment.
- Incremental improvements in good leaders will not, however, show up in improved bottom line results. The next jump does not occur until the 70<sup>th</sup>, 80<sup>th</sup>, or 90<sup>th</sup> percentile.
- Extraordinary leaders will consistently achieve results that far exceed those of the good leaders. They will create even fewer turnovers, motivate employees to a much higher degree, and satisfy customers to a much higher degree.
- Great leaders possess multiple strengths

These factors dramatically affect net profit. For example, in the study of one organization, Zenger and Folkman found poor leaders actually lost money for the company. Good leaders, on the other hand made a reasonable profit, substantially better than poor leaders. The extraordinary leaders, however, nearly doubled the profit generated by the good leaders. Imagine the impact of helping 10 or 20 percent transition from good to great!

Unfortunately, many organizations are not keeping up with leadership development demands. According to the 2008-09 “Global Leadership Forecast”, a study conducted by Developmental Dimensions International, organizations’ perceptions of and confidence in their leaders are at a 10-year low. “Seventy five percent of executives surveyed identified improving or leveraging talent as a top business priority. Yet despite recognition of its importance, leadership development is going nowhere fast”.

Tough economic times demand that organizational leaders make decisions to invest in the right assets for the right reasons. Emerging Leaders Association specializes in helping high potential leaders realize their promise. We are very proud when our members demonstrate growth in their skills and their careers. When you consider your bottom line, what better investment than making your leaders extraordinary, positioning your company well for the future.



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