



# RESEARCH RESULTS

## LEADERSHIP DEVELOPMENT

### REALIZATION RESULTS:

Leaders found the training to be valuable and applicable to their jobs.

Leaders improved trained skills by 22–37 percentage points.

Post-training improvements seen in employee productivity, efficiency of operations, morale, and communication.

Coworkers experienced an improvement in their personal productivity; most attributed it to their leaders' participation in the training.

Estimates of human capital ROI indicate a 549 percent return and a benefit of about \$4,521 per leader.

### INDUSTRY

Health Care Services (not-for-profit)

### ORGANIZATION

Providence Health System—Oregon

### DDI PRODUCTS USED

Interaction Management®: Exceptional Leaders . . . Extraordinary Results®

### BUSINESS NEED

Providence Health & Services ([www.providence.org](http://www.providence.org)) serves communities in five states: Alaska, Washington, Montana, Oregon, and California. To realize its mission of caring and commitment, Providence provides a comprehensive array of services, including acute and primary care, outpatient services, transitional care, home and hospice care, substance abuse programs, mental health treatment, outreach programs in prevention and wellness, long-term care, assisted living and housing, and a university and a high school. The health system's four regions are divided into service areas employing approximately 47,000 people. The system is headquartered in Seattle, Washington.

Providence Health System—Oregon operates seven acute care hospitals; long-term care and elder care facilities; a system of clinics, including family practice, internal medicine, rehabilitation, and occupational health; and

extensive home and community services. The system, working closely with its network of physician organizations, sponsors a health plan with approximately 234,000 members in Oregon and southwest Washington.

A rising demand for services, increasing costs, technological advances, and changing government regulations present health care providers with significant challenges. Providence recognizes that maintaining high levels of patient care in the face of these challenges requires strong organizational leadership.

Providence Health System—Oregon has a long history of providing skills-based leadership training for its managers. In 2005 it introduced a new leadership development curriculum after concluding a systemwide vendor selection process. Adopting a systemwide curriculum helped Providence—Oregon realize its goal of supporting managers in living out its mission and core values—that is, demonstrate strong leadership capability, engage staff, build and maintain effective teams, and meet or exceed organizational goals.

### SOLUTION

Providence chose skills-based training from Development Dimensions International (DDI) for its leadership curriculum. The choice to use DDI's training was based on an objective evaluation that considered the training program's fit with the system's mission and core values, customer focus, product quality, learning methods, ability to measure outcomes, post-learning resources, and fit with system strategies. In Oregon, Providence Academy,

a specialized department focused on providing a range of development services for leaders and employees, worked closely with DDI to implement a leadership development program that met assessed leadership development needs. The academy began implementing the new curriculum incrementally in January 2005.

With support from DDI, Providence Academy created, piloted, and implemented a solution that addressed skills related to maximizing employee performance and promoting a supportive leadership environment consistent with Providence's mission and core values. The solution gave Providence Academy leaders an opportunity to do more than evaluate classroom participant satisfaction; they also were able to measure the long-term effectiveness of the curriculum's management training component.

Because the training courses were rolled out gradually, the academy focused evaluation efforts on four training courses that were completed by a significant number of leaders. These courses gave leaders foundational skills in dealing with process and personal issues, setting performance expectations, and addressing employee performance issues by examining the situation and collaboratively identifying solutions. The training targeted in this evaluation study included these DDI courses:

- > IM Essentials (now known as Essentials of Leadership)
- > Coaching for Success
- > Coaching for Improvement
- > Managing Performance Problems

The following DDI courses also are part of the implementation:

- > Resolving Conflict
- > Delegating for Results
- > Leading Change
- > Building an Environment of Trust
- > Rapid Decision Making
- > Leading Successful Meetings

In addition to these training courses, Providence provided its leaders with access to DDI's Online Performance and Learning (OPAL<sup>®</sup>) system to help them build their skills and receive just-in-time support for leadership challenges they might be experiencing.

## RESEARCH DESIGN

Providence wanted measures of its leadership skills training program to evaluate on-the-job skill improvement, behavior change, and return on investment (ROI). A total of 36 first- and mid-level leaders (a 77 percent response rate) and 57 of their managers, coworkers, and direct reports (i.e., observers) provided responses to online post-training surveys. A control group of 52 leaders (a 53 percent response rate) who did not attend the training and 67 observers also completed the survey. All participants provided ratings of behavior change and related variables approximately six months after beginning the leadership training program. On average, training participants had completed three training courses before participating in the evaluation. The ROI calculations were based on estimates of behavior change made only by the supervisors of the trained leaders.

## RESULTS

### Reactions

*Leaders found the training to be valuable and applicable to their jobs. They also were more loyal and satisfied after receiving training.*

Reactions to the training program were extremely positive (see **Table 1**). All leaders

believed the skills and concepts were valuable for their jobs, and almost all found opportunities to apply the skills. Leaders expressed feelings of personal motivation and confidence after participating in the training. When asked about the impact of training participation on their own levels of satisfaction and loyalty, 68 percent indicated a positive effect.

**Table 1: Leaders' Reactions to the Training**

Agreement*	Item
97%	Since participating in the training, I have had opportunities to apply the trained skills on the job.
94%	The training has increased my confidence in applying the skills or concepts on the job.
100%	I am personally motivated to apply the skills or concepts learned in the training.
100%	The skills and concepts addressed in the training are important for my job.

\* Percent agreeing or strongly agreeing with the statement.

### Behavior Change

*Leaders improved trained skills by 22–37 percentage points.*

**Figure 1** shows the percentage-point improvement that leaders demonstrated after participating in the training program. Both the leaders and their managers agree that the leaders showed a marked improvement in their skills that could be attributed to the training program. Leaders reported their biggest improvement (37 percent) in their use of coaching skills. As for the control group, they experienced some notable improvements, attributable to participation in other training and development programs being implemented at Providence. However, their level of change was not as great as in the trained group, with improvements ranging from 14 to 25 percent.

Participants reported the greatest post-training improvement in the following individual skills:

#### Change

- 45% Establishing clear expectations regarding others' performance.
- 41% Openly sharing feelings and concerns regarding important issues.
- 41% Providing people with performance problems with a clear understanding of what they must do to improve and the consequences of failing to do so.

Managers of the participants reported the greatest post-training improvement in the following individual skills:

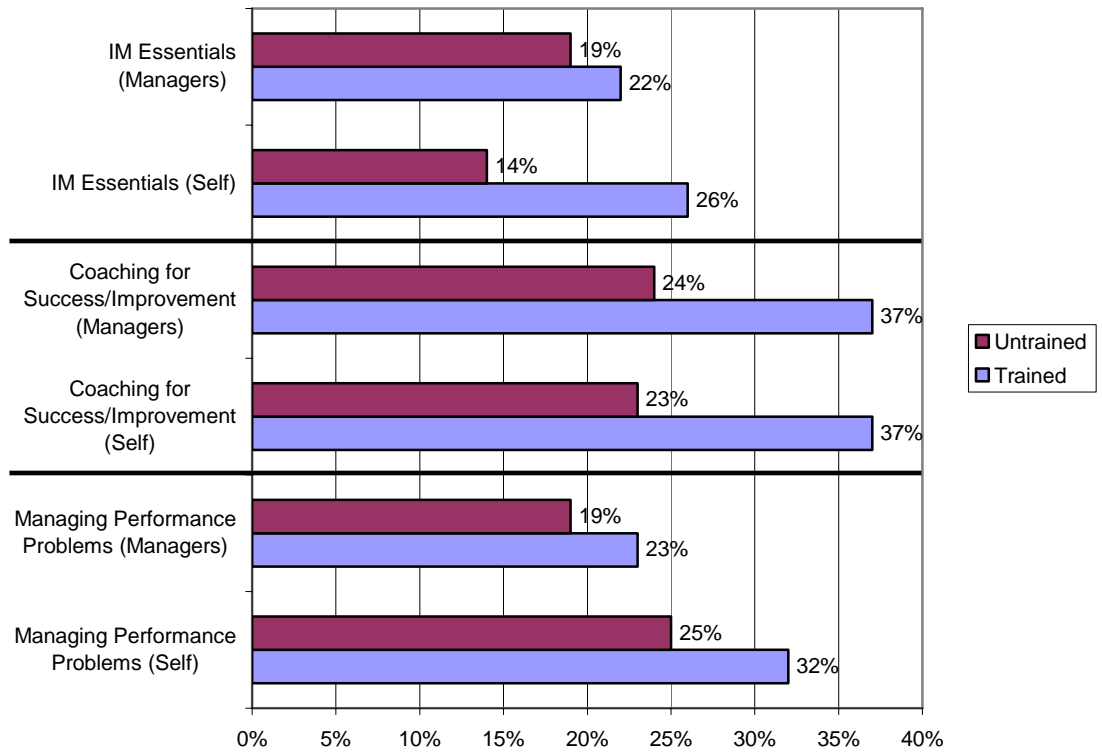
**Change**

48% Helping others determine what they should do differently to achieve performance objectives.

39% Making sure that others establish a clear plan of action for improvement.

35% Taking appropriate action to address ongoing performance and work habit problems or serious misconduct.

**Figure 1: Change in Leaders' Use of Trained Skills**



**Manager Comments—Examples of Change**

- > *“I feel she has gone from a black-and-white approach with staff to a better listener who takes more into consideration but is still clear with expectations.”*
- > *“I see her confronting direct reports more candidly and in a more constructive way. I see her opening up to more group input and reaching out to other departments to find compromise and solutions.”*
- > *“She has listened to her employees and has met with them on a continuous basis to get feedback and communicate with them.”*
- > *“She seems more concrete about her own goals and objectives as they relate to the outcomes we are trying to achieve. She has demonstrated the ability to ‘take heat’ from a tough group, collectively, while still maintaining a professional demeanor.”*
- > *“She has become much clearer with her team on the shared vision, needs and expectations. She has brought home to them the direct consequences of their action and put more force behind her statements.”*

**Work Environment**

*Leaders and their managers saw post-training improvements in employee productivity, efficiency of operations, morale, and communication.*

The training improved leaders’ skills and, by their applying those skills, they had positive effects on the work environment. Leaders and their managers were asked to indicate

improvements in a variety of work outcomes that might be attributed to the training intervention. Both groups noted specific improvements in the work environment, and nearly four-fifths of these improvements were attributed to the training program. Specifically, a large proportion of leaders (55 percent) and managers (65 percent, not shown) saw improvements in morale and the openness of communication (see **Table 2**).

**Table 2: Participants’ Ratings of Training Impact**

Outcome	Percent Indicating Improvement	Percent Indicating That Training Produced the Improvement
Employee productivity	42%	89%
Efficiency of operations	59%	70%
Employee morale	50%	63%
Communication among employees	68%	90%
<b>Average</b>	<b>55%</b>	<b>78%</b>

**CONTACT INFORMATION**

WORLD HEADQUARTERS  
412.257.0600

E-MAIL [INFO@DDIWORLD.COM](mailto:INFO@DDIWORLD.COM)

[WWW.DDIWORLD.COM/LOCATIONS](http://WWW.DDIWORLD.COM/LOCATIONS)

**Impact on Coworkers**

***Coworkers experienced a 23 percent improvement in their personal productivity, and most (63 percent) attributed it to their leaders' participation in the training.***

When asked about their own job performance, coworkers and direct reports' responses indicated a 23 percent increase in the past year. While productivity improvements can be attributed to many factors, almost two-thirds of the observers (63 percent) believed their improvements were influenced (to a moderate or large degree) by changes in the behaviors of training participants.

**Return on Investment (ROI)**

***Estimates of human capital ROI indicate a 549 percent return and a benefit of about \$4,521 per leader.***

Calculating a return on investment requires converting observed improvements into dollar values. Using this method, gains observed from the training intervention (such as behavior change) are converted into monetary values and compared with the program's cost. Leaders whose behavior in critical skills has changed become more valuable to the organization (i.e., they are an improvement in human capital). One way to determine the value of an employee is to use the person's overall salary—employees should return to the organization a level of value in proportion to what they are paid. When employees improve their skills, their value increases in proportion to their salaries.

We took the observers' behavior change ratings and converted them into dollar values based on salary. Then, we subtracted program costs and computed a percentage return on investment:

- > Total Return (per participant based on behavior change and salary): \$4,521
- > Fully Loaded Costs (per participant): \$697

In its first year, net benefits for the program were \$179,736 (total benefits minus total costs). This calculation yielded a first-year ROI of 549 percent, or a \$5.49 return for each dollar invested in the program. It is important to note that these calculations describe a "human capital ROI," meaning that the participating leaders have become more valuable assets for Providence and, thus, have a greater capability to make stronger contributions. The organization can leverage this human capital improvement to help it achieve its strategic business goals.

**CONCLUSIONS**

The program represents only one of the many interventions being supported by Providence Academy, but it has effectively addressed leaders' needs to improve their coaching skills, management of employee performance, and interaction skills. Program participants valued the training and changed their behaviors. Also, the changes experienced by the training participants were greater than the improvements experienced by the control group.

The return-on-investment analyses in this study shows that the high positive human capital return more than justifies the money spent to achieve the benefits. This ROI will translate into long-term business success as long as Providence continues to build a sense of accountability and support in leaders and their coworkers for applying the skills on the job.

By taking the time to analyze leader needs and developing a comprehensive program for development, Providence has taken an important step in strengthening its core value of "Excellence—Continually improving all that we do." With continued reinforcement, Providence can expect to continue to realize positive results in the future.