

# Building the business case for leadership development training



While traditional approaches to [leadership development](#) training often focus on modifying behaviors, recent research has highlighted the importance of addressing mindset when looking to drive organizational change.

A study conducted by [McKinsey & Company](#) reports that companies that analyzed and addressed employee mindsets were 4x more likely to achieve their desired change compared to those who neglected this foundational step. What's more, an analysis of these findings showed that "executives at exactly zero companies that disregarded an analysis of employee mindsets during a change program rated the transformation as extremely successful."

While the role of mindset is increasingly acknowledged as the foundation for [leadership development](#) and ongoing change, there's still an ongoing debate about the nature of mindset and the methods by which it can be changed.

Many understandings of mindset focus on an individual's view of their own capacities, motivations, and attitudes. Arbinger, however, has discovered in its work with thousands of clients

over four decades, that it's the shift from a self-focused, inward mindset to the impact-focused, other-orientation of an outward mindset, which consistently enables 4x results. And these outcomes are not limited to any particular industry.

In the following examples, we'll explore real-world cases that showcase the impressive return on investment of applying an outward mindset in the context of leadership development.

## **1. Cut expenses with leadership development training**

Leadership development training is a powerful and often under-utilized cost-saving tool for organizations. Here's how that works: By fostering a shift in mindset among an organization's leadership team, you promote open dialogues concerning resources and priorities that would have never happened without it. From there, companies are more likely to effectively meet cost-cutting objectives when the channels of communication between teams are open.

### **How Raytheon cut expenses and skyrocketed sales**

A big merger (and other major changes) caused chaos in one division of [Raytheon](#). With conflicting loyalties and skepticism about new leadership, tensions were brewing between the 17,000 people that worked there. Raytheon's new leaders had to cut \$100 million in 30 days, and everyone worried about losing their jobs.

Raytheon looked at 40 different companies to help guide the change, and picked Arbinger because they believed that just changing behavior wasn't enough. As it turns out, they were right. By shifting their ways of thinking and having open conversations about resources and priorities, they managed to meet the cost-cutting goal. Even more amazing, they saved

money without letting go of anyone, which they never thought could happen.

As an [outward mindset](#) was adopted by leadership and spread throughout the organization by Arbinger-trained internal facilitators, division leadership **established a unified culture** and identity that enabled the **explosive growth of annual sales from \$1.9 billion to \$5 billion**.

Watch the full story here:



*Because of the way Arbinger helped us work as a team, we were able to double the business when people didn't think it could grow even five percent. It was like magic.*

**LOUISE FRANSCESCONI**

Division President | Raytheon Technologies

## 2. Improve team culture with leadership development training

Leadership development training can significantly [enhance team culture](#) within all types of organizations. By equipping employees with the skills and mindset necessary to foster collaboration, responsiveness, and cross-functional awareness, you can yield remarkable results.

Enhanced communication, empathy, and mutual respect all create an environment that sets you up for success when it comes to collaborating with teammates, achieving organizational objectives, and providing an exceptional experience for customers or clients.

### How Regions Hospital transformed culture to improve patient satisfaction

To be a top 10% provider of patient experience, Regions Hospital knew they would need new levels of responsiveness and collaboration across their complex and interconnected ecosystem.

Before partnering with Arbinger to train employees from administration to the front-line, Regions surveyed their staff to see how well they felt management understood and responded helpfully to their needs and concerns. The programs enabled an

improvement of 43% in one unit, and 26% in another. Additionally, cross-functional awareness increased by an average of 23%. These metrics indicate a cultural transformation that ultimately facilitated an improved patient experience.

In the nationwide completion to increase the patient satisfaction scores that drive hospital reimbursement, every percentage point increase is hard won. In one wing of the hospital, the number of patients who felt that nurses explained things in an understandable way increased by 8%, exceeding the improvement goal established by hospital management. The same intervention resulted in a 5% improvement in the number of patients who felt that nurses listened to them carefully. In another wing of the hospital, the implementation of Arbinger's tools resulted in a 5% increase in patients who felt that their preferences were taken into account. These percentage increases reflect hard won progress that translated into increased revenue and market share.

### **3. Increase profits with leadership development training**

Investing in a leadership training program isn't just a strategic decision for improving [corporate culture](#), it can boost profits too. Mindset-focused training enables leaders to shift their mindsets and think outside the box—which is often just what's needed when it comes to navigating business challenges and coming out on top. As leaders embrace a forward-thinking approach, like a [ripple effect](#), they inspire their teams to do the same.

### **How Tubular steel increased profits in a declining market**

Tubular Steel faced a dire situation, plagued by internal

conflicts, political maneuvering, and internal strife that led to significant inefficiencies. Despite enlisting the services of a highly renowned change management consultant, the company was witnessing a troubling exodus of talent and declining profits, with the looming specter of bankruptcy. Conventional attempts to address these issues had proven ineffective. Therefore, Tubular Steel sought assistance from Arbinger to facilitate a profound transformation at the fundamental level--a shift in mindset.

Through a comprehensive approach involving group training, hands-on consulting, and executive coaching, the company's leaders began to recognize their own contributions to the very conflicts they aimed to resolve. The CEO's executive assistant, who later became the company's president, devoted full attention to embedding an outward mindset throughout the organization, shedding his other responsibilities. The results achieved were nothing short of remarkable. Tubular Steel saw its revenue soar from \$30 million to over \$100 million, and its profit more than quadrupled. This impressive return on investment is all the more extraordinary when considering the concurrent drop in market demand for steel products, from 10 million to 6 million tons.





*As a result of our work with Arbinger, we doubled and tripled the ROI of our nearest competitors and created camaraderie to an extent unprecedented in my career.*

**LARRY HEITZ**

CEO & President | Tubular Steel, Inc.

## **4. Enable efficiency with leadership development training**

Leadership training programs enhance efficiency by equipping leaders with the knowledge, skills, and mindset needed to make effective decisions, delegate tasks, and resolve conflicts—which are all crucial for more streamlined and productive operations within an organization. By effectively training leaders on your team, you'll find that everything from communication to problem solving get smoother.

### **How the United States Navy enabled unprecedented efficiency**

When the USS Missouri arrived at Pearl Harbor Naval Shipyard for an extensive maintenance overhaul, Commander George Howell understood that elevating this advanced submarine would demand a significant investment in time, resources, and expertise. However, as Howell observed, it didn't take long before he noticed "numerous signs of declining crew morale, accountability, and performance." These challenges among the personnel proved resistant to conventional solutions and hindered the critical mission of ensuring military readiness. To instill a mission-focused mindset and achieve crucial milestones, the leadership of the USS Missouri decided to adopt Arbinger's outward mindset approach.



They initiated the process with a workshop for the ship's leaders, followed by training for the entire 140-member crew. The transformations within the crew captured the interest of the shipyard project superintendent, a civilian, who later participated in outward mindset training along with 50 of his own leaders. As the outward mindset gained ground, performance across teams improved, and progress accelerated. Instances of misconduct and "critiqueable events" decreased by an impressive 70%. In the months preceding the implementation of the mindset shift, the overhaul consistently lagged behind schedule by an average of 25 days at each milestone. Nevertheless, the project was ultimately completed five days ahead of schedule and came in an astounding \$28.5 million under budget. These remarkable achievements, made possible by the enhanced collaboration and accountability fostered by the outward mindset, were realized even in the midst of uncertainty, restrictions, and the general turbulence of the Covid-19 pandemic.

*Shifting mindset created huge dividends in the time to focus on mission, an understanding of the big picture, and a culture where day-to-day business is executed with the understanding of "how" it serves the mission.<sup>1</sup>*

**GEORGE HOWELL**  
Commander | United States Navy

<sup>1</sup>Improving Readiness: Preventive Maintenance of the Human Operating System that Drives Readiness and Lethality, Military Medicine, Volume 185, Issue Supplement 3, September-October 2020, Pages 12-16



## Conclusion

More and more, research and practical experience show us the far-reaching benefits of leadership development, especially when you take mindset in account in addition to behaviors and skillsets. Beyond improving team dynamics, it influences virtually every area of your business—from cutting costs to reaching new levels of efficiency.

**Ready to take your organization's leadership to the next level? Download our guide: [The Leadership Gold Standard: A](#)**

## Blueprint to Culture Transformation from the Top Down.