

THE BOTTOM LINE OF EXECUTIVE COACHING

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The word Coaching like that of Counselling is a broad term used to cover a range of different coaching approaches and coaching offerings. The Association for Coaching, one of the fastest growing professional coaching bodies in the UK uses three categories to define the different types of coaching available, Executive/Business Coaching, Life Coaching and Speciality/Niche Coaching.

Executive/Business Coaching

Executive/Business coaching relates to organizations and focuses on improving the performance of the individual or team via one of two routes. *Performance Recovery Coaching* is the term used where the individual requires assistance to regain or develop his or

her effectiveness in a given area. *Coaching for Excellence* relates to those individuals whose performance leaves nothing to be desired and is more akin to coaching world-class athletes ensuring that the individual continues to hone his or her talents and abilities while ensuring that this does not come at too high a personal price as is the case with Burnout.

Executive/Business Coaches usually either already have a corporate background in a given sector or may have a specialism, such as organizational psychology. Organizations tend to keep lists of individual Executive/Business Coaches who they call upon as required. However, such coaching is now increasing offered via specialist coaching providers who employ a team of associate coaches. This way of working has similarities to the traditional EAP provider as the coaching service positions a coach according to experience, training, knowledge and the need of the individual concerned and the associate delivers the contracted coaching

programme in line with the terms and conditions of the coaching provider.

Life/Personal Coaching

Life or as it is increasingly becoming known, Personal Coaching tends to be offered by individuals for individuals and is more akin to that of being in private counselling practice. Life coaches cover a wide range of issues from how to make friends and communicate more effectively to learning to cope with difficult situations.

Life/Personal Coaches come from a variety of backgrounds and while some choose to work generically with many different types of client issues, others limit their work to a smaller number of types of client subject areas.

Speciality/Niche Coaching

Speciality/Niche Coaching is the term used to identify coaches who choose to specialize in one given area such as stress, confidence or relationships. Like Life Coaching, Speciality/Niche Coaches come from a variety of backgrounds.

The Need to Evaluate Return on Investment (ROI)

As Executive Coaching becomes more commonplace, organizations face the challenge of capitalizing on their Return on Investment (ROI) by applying and managing such coaching resources as effectively as possible. If Coaching does not align itself to the company, its culture and talent-management objectives, together with specific developmental objectives it is likely to fail to enhance organizational effectiveness. Without such standards, coaching is likely to become a series of uncoordinated initiatives.

Given that coaching has grown in popularity this means that inevitably, questions arise about whether it is effective. Additional questions about what type of coaching is best for what type of issue and with what type of person also follow. These challenges focus on the design and implementation of research methods that can answer questions of effectiveness and outcomes gained through coaching. Research on coaching outcomes is relatively new.

The challenges that face coaching are similar to those that counselling faces. Some approaches lend themselves more readily to traditional forms of research and data collection than others. For example, Professor Stephen Palmer of City University is currently involved in a number of research projects to evaluate the effectiveness of Cognitive-Behavioural Coaching. Cognitive-Behavioural Coaching like Cognitive-Behavioural Therapy being seen as providing a clearer framework for evaluation than say

Reflective Coaching which is more akin to Person Centred Counselling.

Coaching is growing in popularity because of the value it adds to individuals, staff relationships, team working, as well as individual and organizational productivity. However, no one has yet been able to provide a globally agreed model for evaluating the ROI of coaching and the studies that do exist demonstrate a variety of return figures (Anderson, 2001).

The need to evaluate ROI is driven within organizations by the need to justify the associated expenditure. The average coaching assignment of say six, ninety-minute sessions could cost from £300 to £1,200 per session. Therefore, in total, one coaching assignment could cost anywhere from £1,800 to £7,200. These costs do not take into account any additional materials that may be required such as the use of Psychometric Testing or specialist 360% feedback. As many organizations have multiple coaching

assignments taking place at any given time it is easy to see why justifying such an expense becomes important.

The Challenge of Researching ROI

A recent article by Carole Gaskell in *PersonnelToday.com* (2007) stated that when evaluating coaching, participant feedback proved the most popular method, used by 80%, while appraisal (73%), feedback forms from coaches (70%), and employee engagement surveys (66%) are also considered useful. However, just 34% of the organizations with formal systems in place say they are able to measure the impact of investment in coaching on the bottom line, even though coaching eats up a huge chunk of their annual budget.

Diane Stober, (2005) states that there are a number of challenges to designing and implementing research methods in coaching.

1. Organizational versus Research Needs

Organizational needs and research design can sometimes be at odds with each other. Research control groups can be difficult to set up in an organizational context, which means it can be difficult to form comparisons. Without these traditional research design controls, the most comprehensive study cannot identify fully the outcomes specifically attributable to coaching.

2. Fluctuating Sample Population

Employees leave the organization, transfer to different parts of the business or gain a promotion. In such cases, this means losing participants from the study. Corporate changes in staffing and staff roles can affect data collection, resulting in changes to research procedures that, in turn, affect the standardization process. This

being the case, traditionally designed and controlled research in coaching is difficult and is not often undertaken.

3. Deciding what and how to measure change

Measurement issues also prove to be a challenge to conducting coaching research. Measures that assess observable behaviours are needed but can be time and cost intensive. Reliable and valid measures involved in coaching engagements are lacking.

The Role of Key Performance Indicators (KPIs)

As Kirstie Redford said in her article in 'Training and Coaching Today' (2007), "Measuring the return on investment (ROI) on hard

skills training is hard enough, but what about calculating the ROI on communications training and other softer skills?”

The initial place for any organization to begin is by identifying the key activities that have to happen to ensure successful achievement of the measure. Therefore, for each activity, there will be a competency required and by identifying these competencies the organization as well as the individual understands what skill(s) need to be assessed.

For example, if you are in the retail or service industries, the KPI might be a customer retention measure. Here, one aspect might be the way in which staff deal with customer complaints. Ensuring the customer’s complaint is dealt with effectively may mean the difference between retaining and losing that customer. As each customer will have his or her own way of complaining this could

mean developing skills to deal with customer frustration and anger. It would therefore be possible for the organization to introduce coaching as a way of departing the skills required. This being the case it would be possible to measure customer losses before and after the coaching intervention. Once these figures are available, it is then possible to calculate the associated savings and compare these to the cost of the coaching.

Many organizations use targets of one sort or another and, where this is the case, these targets lend themselves effectively to pre and post measurements.

When individual competencies and organizational KPIs are brought together, it becomes far easier to identify what needs to be done, with whom and how to evaluate the success of the intervention.

Behavioural Contracting and Evaluation

Working in an organisational coaching context means that contracting has to take into account the needs of the organisation as well as of the individual coaching client. The sponsoring organisation is paying and, understandably, wants to know that the coaching work will add to the productivity and profitability of both the individual and organisation (Caplan, J, 2003).

Those who use a Behavioural Contract do so because of the conviction that it is in the best interests of all parties to ensure the desired coaching outcomes are agreed at the beginning of the coaching process.

Once the contract has been agreed the coach and client design the journey to be taken to reach the agreed outcomes. Transparency is

the key to this part of the process as the more explicit the outcomes the less likely the chances of disappointment for the client.

The first part of the process is to agree the overall objectives of the coaching programme with both the organisational sponsor as well as the coaching client. A *coaching objective* is an overall statement or goal and is characterised with general statements such as, “*I would like to be more effective with my communication*” or, “*I would like to feel more assertive*”. This part of the discussion gains information about the overall perspective of the client and his or her situation.

The next step is to help the client to identify those specific behavioural changes that need to take place to achieve the overall objective.

The coach might use questions such as “*You said you would like to be a better communicator – if you were what would you be doing differently*”.

In behavioural contracting, the key is to get clearly identifiable outcomes, as “*be a better communicator*” could mean anything from getting better at email correspondence to being more assertive with people. It is here that those coaches used to the SMART goal-setting model will see similarities. A behavioural model sets out to turn all general objectives into *measurable outcomes*.

For those who work in a behavioural way all objectives can be turned into specific outcomes as even the most subjectively emotional terminology such as “*I want to feel happier*” can be turned into a measurable outcome with questions like “*if you were happier what would you be doing, feeling or thinking that is different to now?*”

It is crucial to get this part of the process right, as it is these outcomes that are measured at the end of the coaching programme. If the organisation has linked the coaching programme to its KPIs then all parties will be looking at whether there has been a tangible outcome.

There will always be instances where additional information comes to the fore later in the coaching process that has an impact on the overall outcome. No method of working can provide a one hundred per cent hit rate and, in such cases, the contract can be modified.

If the contract has to be amended then the amendments also need to be agreed by all parties. Having said that, it is more likely that any changes will be in addition to rather than in place of what has been agreed.

A behavioural contract aims to ensure that everyone involved in the coaching process is clear about expectations, outcomes and delivery. Many coaches find behavioural contracting a challenge and this may be due more to a lack of practice than through any fault of the process itself.

Competencies in Coaching – the Role of Accreditation

Another factor that affects the ‘bottom line’ in coaching is the quality of the coaches used. Given that coaching is time limited and people are complex, the more experienced and well equipped a coach is the more likely it is that a positive outcome will result.

Accreditation is now being looked to more and more by individuals as well as organizations as a way of ‘kite-marking’ competence. The Counselling world has heard all the arguments for and against accreditation for many years. However, in the

absence of nationally agreed standards in coaching, Accreditation is stepping in to fill the gap.

The Association for Coaching and the International Coaching Federation both run Coach Accreditation Schemes. A newcomer to the scene is APECs (Association for Professional and Executive Coaches) although this latter organization focuses more on psychological coaching competencies. Each of these organizations has compiled a list of coach competencies and each requires the applicant to demonstrate that he or she has a coherent philosophy and associated coaching methodology, a set number of coaching client hours, training and coach supervision amongst other things.

Existing Research

The Coaching world has embraced the challenge to secure research to evaluate its success. Two major studies often quoted are that of The Manchester Review and the MetrixGlobal study. The Manchester Review based on 43 executives working with coaches during 1996-2000 in developmental engagements saw a return of 5.7 times the financial investment. The MetrixGlobal study considered a Leadership development programme consisting of coaching, 360 feedback and development planning reported a return of 529% (not including benefits estimated from retention attributed to coaching).

From an organizational perspective there is no doubt that coaching does bring an ROI with it. The challenge is not whether there is a

return but how much it is and how to design research studies in the most effective way.

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