Calculating the ROI of coaching

Proving return on investment has been a key challenge for the coaching profession for the past decade, but economic uncertainty has added a new urgency to this work. The UK's Stephanie Sparrow reports.

“Inevitably all spending gets reviewed when times are tough,” says Peter Hawkins, chairman of Bath Consultancy Group. “But coaching needs to be seen as an essential, not a discretionary, spend.”

Hawkins emphasises that it is even more crucial that HR directors align coaching strategy to business objectives. They should also set clear ways of evaluating what a shift in leadership culture would look like.

“This has to take in the need for senior leaders to operate effectively, as they are having to manage relationships in the midst of the turbulent change and unpredictability,” he says.

Alignment to objectives

No evaluation exercise is worth its salt unless it can identify the objectives it is attempting to measure against, as Chartered Institute of Personnel and Development (CIPD) learning and development adviser John McGurk points out.

“Any coaching organisation that is not thinking about objectives has been underplaying the value of coaching,” he says.

“Coaching should be alignment [to objectives] par excellence,” he says. “And about delivering change that people can see and feel.”

McGurk, who sees coaching as a strategy to further change management and adaptability, stresses the importance of businesses knowing what hopes it attaches to the coaching.

“Coaching is about return on expectations as well as return on investment,” he says. And as the business environment continues in a state of flux, coaching can be a stabilising influence.

“Coaching is based on awareness, and structured conversations, with goals,” he says. At the Association for Coaching, chairwoman Katherine Tulpa acknowledges that the need for coaching to be more aligned to the business is more relevant than ever before.
Top tips for briefing coaches

Katherine Tulpa, of the Association for Coaching and Wisdom8 Consultancy, advises that external coaches must understand how the business operates and the markets that it is working in. Coaches should be briefed on the following:

- The organisation’s direction
- Current business challenges and market pressures.
- The company’s one, three and five-year plans
- Cultural indicators, such as employee surveys and leadership frameworks
- The link between the business’ objectives and the personal and leadership objectives of the executive – if they are engaged in coaching a senior executive, they must be able to articulate this.

Tulpa, also co-founder of the Wisdom8 consultancy, says: “Clients are looking for executive coaches who are not only performance-driven and have a strong commercial acumen, but who are agile, proactive, and have the ability to work within a fast-paced, increasingly complex environment.”

Personal skills

This is a big ask, and as the business environment becomes more challenging, coaches are required to demonstrate more skills and understanding, not just of the organisation but also on a personal level where they may have to help senior executives deal with ‘blocks’ in their thinking.

“It requires the ability to take multiple perspectives, while maintaining other vital coaching skills such as maintaining the rapport, motivation and focus of your coachee,” says Tulpa.

An anxiety for newer businesses, and for its younger leaders, is that they have a short group memory: they have not worked in such turbulent times before.

“In some industries, such as financial services, there are immense pressures, with new terms for doing business, and new stakeholders,” says Tulpa. “In many cases, there is no collective knowledge or wisdom of what the right path is, as this is new, uncharted territory.”

There are no maps for this new landscape and businesses are taking different routes.

“We work with organisations who, in some cases, occupy the extremes in reaction to the recession,” says Penna’s deputy director of boardroom and executive coaching Sally Baxter.

“One extreme is the organisation that is driving down costs and removing every penny of spend in training and development. At the other extreme is the organisation that is investing in its people through coaching and development to respond to the new order of doing business. With this investment comes that degree of discretionary effort we are all capable of giving and which is so desperately needed during this recession.”
Top tips on alignment

Robin Lineccar, partner at the Praesta Consultancy, has these top tips for aligning and evaluating coaching:

• Align objectives with the business strategy, context and objectives, otherwise coaching will be irrelevant
• The business' strategic and operational objectives are central to any coaching assignment, and the CEO or boss must provide these at the outset
• The business KPIs, which will be both quantitative and qualitative, will be the start. Work up a "balanced scorecard" for the coaching
• Certain measures around ideas generation and creativity and change management become critical for leaders in difficult times as do agenda items such as visibility, listening, communicating regularly and effectively
• Measure teamwork – it becomes more necessary at difficult times and so measures around that are important.

“The emphasis I am hearing from HR and executive clients is less on specific performance or behavioural issues – judging performance in a recession is much harder than in normal times – and more on how to get more done with fewer resources of time, people and money,” he says.

Clutterbuck adds that key outcomes for coaching now include resilience.

“Stepping back and making wise decisions, which save costs without damaging the organisation’s ability to rebound when times become better, is more important than acquiring new skills,” he says.

Emphasis on resilience

At White Water Strategies, partner Francois Moscovici is seeing an emphasis on resilience, particularly for those left behind after redundancies.

“We are being asked to ensure that survivors are fit for purpose,” he says. “We are helping those who have been working hard and who keep working hard to deal with the impact of surviving.

And, perhaps surprisingly, banking is one of the key professions that is mopping up coaching right now. “Bankers are not used to being vilified,” says Moscovici. “And for every [criticised] investment banker there are many hard-working commercial bankers.”

He says that some bankers are under pressure “to generate profits to mop up the mess, it is an interesting, complex situation”.

The other theme among client organisations, says Moscovici, is coaching to manage in bad times.

“The coach can help you rehearse giving bad news, and change your assumptions.”

And coaches can help further a sense of optimism. Clients have told Moscovici that the best advice for business leaders during a recession is to envisage their organisation post-recession.

“A coach can help with this summary,” he says. “And help them to visualise the new business on the other side of the recession.”