



Summary Report ROI from Corporate Coaching

Introduction:

The Association for Coaching set about to answer - ***What is the Return on Investment from Corporate Coaching?*** - following a number of requests from the AC members and business people, either purchasing or using the services of a coach. The desire to have more information stems from the growing popularity of coaching in business, as evidenced across many sectors in the United Kingdom, and a lack of clarity as to what the expected returns from coaching could be.

The purpose of the research study was threefold. To:

1. Understand the nature of coaching presently used and the criteria purchasers of coaching use to select a coaching supplier.
2. Initiate the process for establishing a quantitative framework for the Return on Investment (ROI) of corporate coaching.
3. Establish the main benefits that managers of "coachees" (recipients of coaching) see as a result of the coaching.

Methodology:

The responses were gained from a web based survey that ran in Spring 2004. The participants of the survey came from a number of business sectors with the largest number of responses from Pharmaceuticals, Financial Institutions, Consulting and Education. Questions were both open ended, and forced selection, which provided both qualitative and quantitative findings. Responses were sought from purchasers of coaching services, individuals who had been coached and managers of coaches. However, only the findings from the purchasers of coaching services and individuals who had been coached were used, as there were insufficient numbers from the managers of coaches.

Headlines:

From an initial investigation by the AC it appears that there is little genuine measurement of the benefits of coaching currently within organisations. The survey highlights the lack of measurement organisations currently have for measuring the benefits of coaching.

The study did not achieve its full research objectives due to the lack of essential quantitative information some participants were able to provide thereby preventing the calculation of a ROI figure. However, the survey does provide qualitative insights into the benefits of coaching, which provide an indication of the benefits rather than the absolute benefits. As well as key insights into why and how organisations select and match coaches to coaches, and what qualities organisations are looking for from corporate coaches.

Participants:

The survey approached over 600 organisations to take part in the survey. The number of individuals who accessed the survey was 136, however not all these were eligible to participate i.e. they were likely to have been coaches. The final number of participants who completed the survey was 42.

Summary of Findings:

Who receives Coaching and how much coaching do they receive?

The study indicated that Coaching in most organisations was occurring on a small scale, with half of all purchasers indicating that they were employing coaches for 10 or less individuals within their organisation at any one time. Coaching is offered to a variety of levels of organisations, with the largest definable group (19%) being Board Directors. Others are individuals from a cross section of the business. Individuals selected to receive Coaching generally have between 4 and 7, or less coaching sessions, conducted over a 3-6 month period.

Key fact: In the majority of cases coaches received between 4 and 7 Coaching sessions.

Who determines if Coaching is needed?

Line Managers are typically instrumental in determining if an individual needs coaching. Other stakeholders who influence the decision less often include the individual, if sufficiently senior and the purchaser of the Coaching.

Key fact: Line managers determine whether an individual needs coaching in part or fully, in nearly 60% of cases. An individual, if sufficiently senior determines their coaching need in 50% of cases, while the purchaser is part of the decision in 44% of cases.

How are Coaches selected?

Purchasers of coaches select coaches, in the majority of cases, on the basis of proven effectiveness, personal knowledge and recommendation. Cost was a consideration but it came a way down the list, perhaps because costs at an average of between £100 and £300 per hour are considered reasonable.

Key fact: Purchasers of coaching services in 63% of cases indicated that proven effectiveness and personal knowledge are the two most important criteria to selecting a coach.

How are Coaches matched to individuals?

Coaches are matched to individuals on the basis of their business experience and the personal development skills they bring to the relationship. 63% of purchases undertake the matching of coach to coachee, 25% leave it to the coachee, while 41% of matches are a joint effort.

Key fact: Purchasers of Coaching are instrumental in matching individuals to coaches.

How is the Coaching conducted?

In the majority of cases Coaching is conducted on a face-to-face basis with telephone and email support.

Key fact: 88% of coaches coach on a face-to-face basis

What are the primary objectives of Coaching?

The primary objective of Coaching from the perspective of the purchaser of coaching is to develop the individual's business performance. Developing people management skills, personal qualities, and preparing an individual for a new position were also other important reasons to employ a coach. From the coachee's perspective over 60% were seeking to develop their personal performance. Improvements in their confidence and communication skills were also sought.

Key fact: In 72% of cases purchasers of coaching use coaches to develop individuals' business performance.

Do coachees address their Coaching objectives?

Coaching capably addresses the most popular Coaching objective, enhanced personal performance. The areas where coaching has been less successful are the areas where individuals have less direct influence, such as effective team working and improved staff management. However coachees developed skills, such as improved communication skills and increased confidence to a greater extent than originally anticipated, which may indirectly help them to address team working and staff management issues.

Key fact: The process of coaching is most effective at increasing confidence, developing strategies for coping with work demands, and enhancing personal performance.

How is the success of Coaching judged at present?

Feedback from the coachee is the predominant coaching evaluation mechanism, followed by feedback from the coachee's manager. Line managers typically provide the insight as to quantitative benefits derived from the coaching.

Key fact: In over 75% of coaching commissions the feedback from coachees and their managers determines the success of the coaching programme.

Is establishing a quantifiable measure of ROI for coaching important?

Despite the lack of quantitative information currently collected by organisations, there is a real appetite to know what the quantitative benefits are. This is likely to increase as organisations are called upon more to account for intangible benefits. In the meantime, organisations will rely on the qualitative benefits where they appear to have a greater ease in identifying.

Key fact: 48% of purchasers of coaching stated having a quantifiable measure of the return on investment from coaching is important

What are the quantifiable benefits from coaching?

There was minimal agreement as to what the measurable benefits from coaching are. However, taking in to account all participants the biggest area of consensus was the benefit of increased productivity. Those who believed there was a quantitative benefit believed they could be at the very least 50% confident that the quantitative result was attributable to coaching.

Key fact: Coaching re-engages individuals and leads to increased productivity, according to 38% of coach purchasers

What are the qualitative benefits from coaching?

There is a disconnect between what purchasers of Coaching services and coachees believe is the primary qualitative benefits of Coaching. However, there is a shared agreement on the second most popular benefit, improved job motivation. The disconnect may occur because the purchasers casts their net wider i.e. they seek feedback from the manager and other staff to establish the qualitative benefits of coaching. While coachees focus directly on what they experience. Coachees could be encouraged to not only rely on their own observations about their performance, but also ask for feedback from their managers, peers and team members. This may highlight other seemingly indirect benefits they had not been conscious of.

Key fact: Purchasers of Coaching stated better people management skills resulted in 58% of coaching programmes and increase job motivation in 53% of coaching programmes. While coachees stated improved work life balance resulted in 48% of coaching programmes and improved job motivation in 42% of coaching programmes.

How successful is coaching?

The majority of participants believed that coaching is an effective development intervention. This is driven in part by the opportunity to specifically focus and address in a one-to-one setting an individual's personal requirements, rather than general skills in a team based environment. Furthermore the one-to-one setting accelerates the rate of learning and development, while the expertise of the coach is readily welcomed.

Key fact: 69% of coaches would be coached again

Conclusions

- Corporate Coaching is beginning to be used as a time-bound intervention to target specific development areas across organisations, and specifically at the senior level of organisations
- Corporate Coaching is regarded as an effective development intervention, and in instances more effective than other interventions
- Qualitative benefits are the main measures used to assess the effectiveness of coaching, although there is an appetite for more quantitative measures
- There are differences in opinions between the stakeholders as to the benefits coaching can bring. This may be due in part to the extent of feedback sought by the coachee.

Research Implications

- There is still a lack of measurement within organisations to get an accurate measure of ROI. This prompts the question for the coaching industry, what can be done?
- The information given from purchasers of coaching and coachees indicates that 60% of decisions are impacted by the line manager but there were insufficient numbers of managers who completed the survey to get their perspective. How can research studies target managers' of coachees to participate?

For further information on this report, please contact research@associationforcoaching.com

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The AC is an independent, non profit organisation with the goal to promote best practice and raise the awareness, standards and professionalism of Coaching while providing value added benefits to its members – whether they are professional Coaches or Organisations involved in Coaching.