

The Case for Executive Coaching

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“Perhaps the most important and direct benefit of good executive coaching is the development of high-impact future leaders.”

Alyssa Freas and Don Mankin,
Executive Coaching Helps Companies Achieve Goals,
Wall Street Journal, 12/28/2001.

What Does Executive Coaching Do?

Simply put, coaching grows people who, in turn, achieve better results. Coaching has proven itself to be one of the best investments in growth, training and development available to organizations.

- It engages a client on a one-to-one basis and focuses on achieving the results, challenges, changes or learning most valuable to the individual and the organization.
- It establishes an ongoing, confidential relationship with high levels of accountability that results in the right things getting done.
- It increases awareness of both self and systems
- It cultivates a more strategic view, challenges assumptions, shifts perspectives and supports rapid development.
- It supports individualized learning and growth in key interpersonal, business and leadership competencies that most benefit the individual and the organization.
- It helps eliminate self-deception (what the executive can't, won't or doesn't see).
- It acknowledges leaders and assures that they celebrate their wins and enjoy their success.
- Unlike “one-size-fits-all” or “one-shot” training, the combination of targeted development and ongoing accountability provides the necessary support over time so that new knowledge translates into new behavior.
- It helps executives become more effective. Effective executives create more satisfied employees. Satisfied employees create more satisfied customers. Satisfied, loyal customers create higher profits.

Situations where coaching is valuable:

- As a way to leverage “high potential” emerging leaders
- As part of a blended learning approach to build employee skills
- Teaching and building key leadership competencies.
- Reducing executive isolation, facilitating increased feedback and growth, being a “sounding board” for new ideas.
- Moving out of the urgent tactical issues to hold a more strategic view.
- Building interpersonal skills and developing higher emotional intelligence.
- Supporting integration of 360-degree feedback recommendations.
- Supporting key personnel through change and shifts in culture.
- As a general tool for managers to use with supervisees. A coaching culture helps people shift mindsets and adapt to change and maintain high ethical standards.
- When an individual is demonstrating consistent difficulties in their managerial functioning, or in a particular area of their role
- Increasing productivity and time management.
- Stress reduction and adjusting work/life balance.

- Supporting executives in new positions...helping them plan for unexpected distractions and competing goals.
- Talent retention.
- Increasing job satisfaction.
- Building high performance teamwork.

The Coaching Process

Each coaching engagement will usually last 6 months -1 year. It may be intense at the beginning with gradual decrease in frequency of meetings toward the end of the process.

- Usually includes assessment tools, such as a 360 process
- After assessment and consultation, a written coaching plan
- By involving team members and key stakeholders in the coaching process, the value of the coaching process can be increased exponentially.
- May include regular in-person or telephone meetings, role play, case study, reading, simulation, video feedback, shadowing at work and journal writing and other modes of action learning
- Regular evaluations of the process
- Follow-up

Benefits

Many benefits of coaching have been reported, as noted above. Benefits of coaching are beginning to be measured more carefully, in quantifiable ways. The benefits include satisfaction, improvement, business impact and ROI.

Executives are very satisfied

The evidence suggests that the majority of executives who participate in coaching are highly satisfied with the experience and find it valuable. For example:

- Dell Computer Corporation offered coaching to nearly 400 executives and their internal survey determined that satisfaction rates exceeded 90 percent.

Executives report personal and organizational improvements

Improvements that stem directly from coaching engagements include:

- *Enhanced executive learning.* One study described the increased results of combining coaching with training. They learned that training alone increased productivity by 22 percent, but when training was paired with coaching, the productivity increased by 88 percent.
- *Gains in corporate performance.* One study of 100 executives documented benefits in productivity, quality, organizational strength, customer service, executive retention and profitability.
- *Enhanced relationships.* In the study of 100 executives, the benefits included improved working relationships with direct reports as well as immediate supervisors, peers and clients external to the organization.
- *Increased leadership effectiveness.* Dell Computer Corporation found more promotions among senior staff members who had been coached than those who had not.

Companies find substantial and quantifiable business results

Below are some examples from business impact studies.

- One study asked coachees for a conservative estimate of the financial benefits gained from coaching. The average response indicated a gain of \$100,000. 28% claimed they had learned enough to boost quantifiable job performance -0 whether in sales, productivity or profits – by \$500,000 to \$1 million!
- A large employer in the hospitality industry saved between \$30 million and \$60 million by coaching its top 200 executives.

ROI

Calculating the return on investment is a hot topic in contemporary coaching. So far, ROI is a summary statistic reported in studies that look at business impact.

- A landmark study commissioned by Right Management Consultants based in Philadelphia found a return-on-investment of dollars spent on executive coaching of nearly 600%. Executives engaged in coaching reported increases in productivity, improvement in relationships with direct reports and colleagues, and greater job satisfaction (Botch 2001).
- Research conducted by Metrix Global on coaching in Fortune 500 firms found a 529% return on the investment made in coaching in addition to more intangible benefits (Wilson 2004).
- Studies completed by ASTD showed a ROI of five times the cost of coaching.
- Studies by outplacement firm Manchester showed it to be six times the cost of coaching.

Setting the strategic context:

The coaching program should receive visible support from senior management, and be seen as a special developmental option offered to key or high potential personnel. The program should be designed in support of specific strategic outcomes desired by the organization. The following questions are useful guides in this process:

- What challenges is your organization facing currently? In the next two to five years?
- What goals are you trying to achieve?
- What core values best define a common framework for how business results are achieved in your organization?
- Given these challenges, goals and values, what leadership skills, knowledge, and abilities have been critical for success in your organization in the past?
- How relevant do you think they are for success in the New Economy?
- Are any of these attributes different than those that may be critical to success in other organizations?
- How does your organization determine whether you have the leadership bench strength to compete effectively in the future?
- What is your organization's strategy for developing leaders of the future?
- Does your organization have proven methods to attract, develop and retain required talent?

Once this overall context is set, it is useful to set the goals for a particular coaching engagement. This happens either before the coaching starts or as soon as the coach has completed an assessment and is able to participate in the goal setting. This should include:

- Identification of success factors for a specific coaching client (or team)
- Agreement on confidentiality boundaries

- Identification of specific expected business results (i.e., what business results differentiate an adequate performer from a top performer in this particular role?)
- Confirmation that the “chemistry” is right to build trust and rapport
- Definition of clear reporting roles and responsibilities
- Agreement on financial terms

Addressing these and other questions will help to define the organizational and individual expectations and support the business objectives.

The Coaching Plan:

The action plan responds to all of the input the coach has received, including input from direct supervisor, recent performance reviews, the 360 interviews, and the coach’s experience of the client. A typical action plan includes:

- Strengths and why they are important in the executive’s current role
- Development areas
- Action steps required, or proposed interventions needed in areas requiring improvement or further development
- The type of coaching style that will best suit the development process
- Suggestions for active learning or experiential development suggestions
- Ways in which direct reports, boss, peers and others can help
- A process for following up with key stakeholders
- Key milestones.
- Developmental courses or action learning may be recommended to support the coaching process.

Evaluation:

It is important for the coach and client to continually revisit the original success criteria. Having both the client and the coach talk with stakeholders periodically reinforces the process. Repeating the 360 process at the end of coaching and comparing it with the original will give measures of success.

Additionally, assessment of the coach is essential to ensure overall quality. The coaching client can be asked to rate the coach on key variables such as reliability, ability to stay focused on the client’s goals, maintenance of confidentiality, help provided to bring client strengths to bear on achievement of strategic goals of the business, etc. The business leaders who have maintained contact with the coach, usually someone from HR and the coaching client’s boss, will rate the coach on similar criteria.

Choosing Coaches

To assure the maximum return on your coaching investment, make sure that external coaches:

- Are accredited by the International Coach Federation (ICF) or have graduated from an ICF accredited coach training school.
- Are members of the ICF and/or the Greater Pittsburgh Coaches Association (GPCA) and thus bound by a strict code of professional ethics.
- Have extensive experience working, or coaching, in organization.

Ask a potential coach to describe past experiences in coaching executives. The best coaches exhibit:

- a combination of empathy and toughness
- are practical
- are interested in helping people do better
- are sure of who they are as people
- are able to learn a culture quickly and adapt their style to fit it.

Coaching Program Implementation Considerations

- A coordinator should be assigned by the company to coordinate with the coach, to monitor the overall themes of the coaching and to provide periodic check-in with participants to fine tune the coaching (What is working well? What can we do to make this more valuable for you?)
- As coaching is new to most participants, any coaching program should include an overview of how coaching works, a discussion of the typical benefits and an explanation around confidentiality issues. (Participants and their corporate sponsors should know that coach/client conversations are confidential.)
- Coaching should never be forced on anyone.
- Coaching should be aligned to support other organizational training and developmental initiatives.
- Set performance objectives and specific measures for the success of the program.

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