



Working Resources

Helping Companies Assess, Select, Coach and Retain Emotionally Intelligent People

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Newsletter

Leadership Coaching for Business Results

“As long as there are human beings doing the work, businesses can profit by creating more fruitful relationships with them.” – Stratford Sherman & Alyssa Freas, *Harvard Business Review*, December, 2004.

Many attempts have been made over the past decade to quantify return on investment of coaching programs for executives in organizations. Some spectacular results have been recorded.

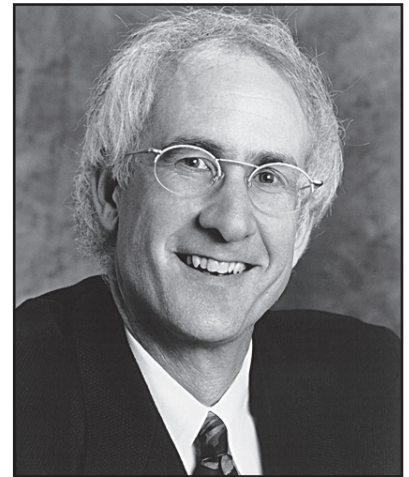
Yet even with the application of ROI standards commonly used for measuring training and development programs, there remain too many variables to establish reliable data. It is difficult to quantify data of a qualitative nature.

In 2003 Anthony M. Grant of the University of Sydney surveyed coaching research and found only 56 studies that met standards of reliable methodology. There were only 131 peer-reviewed studies since 1937. While the outcomes of coaching programs appear to be positive, the quality of research on coaching is extremely poor. There are new studies being conducted currently by academics, but it may be years before there are authoritative guides and best practices for coaching.

ROI may never become a measure of the true success of coaching. One must assess its value with qualitative data. Any time perceived value is used as a measure, the measurement is subjective and less reliable. It is difficult to implement and replicate a program where the outcomes are perceived as “good” or “very good.”

The marketplace is perhaps the most vocal proponent of the use of coaching for executives for leadership development. Top corporations such as GE, IBM, Hewlett-Packard, JP Morgan Chase, and Goldman Sachs are among those that invest heavily in hiring coaches for their executives. Overall, annual spending on coaching in the U.S. is roughly estimated at \$1 billion.

Dr. Maynard Brusman is a consulting psychologist and trusted advisor to the senior leadership team. He is the president of Working Resources, a talent management consulting, training and executive coaching firm. We help companies assess, select, coach and retain top talent. We specialize in executive selection, competency modeling, succession planning, leadership consulting, 360-degree feedback, change management, emotional intelligence, culture surveys, career development and leadership coaching.



Dr. Brusman is a highly sought-after speaker and workshop leader. He facilitates mission, values, and vision retreats.

“Maynard Brusman is one of the foremost coaches in the United States. He utilizes a wide variety of assessments in his work with senior executives and upper level managers, and is adept at helping his clients both develop higher levels of emotional intelligence and achieve breakthrough business results. As a senior leader in the executive coaching field, Dr. Brusman brings an exceptional level of wisdom, energy, and creativity to his work.” — Jeffrey E. Auerbach, Ph.D., President, College of Executive Coaching

He has been chosen as an expert to appear on radio and TV, and in the Wall Street Journal and Fast Company.

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Other companies with smaller budgets are wise to follow this trend. Successful companies don't throw money at programs that don't have a positive impact on their bottom line—or, at least, they don't for very long. Even so, there are some concerns about how much coaching adds to the financial success of the organization.

Improving an executive's well-being can certainly contribute to improving his or her interpersonal skills (and hence the productivity of the team). Unfortunately, some coaching may get an executive to feel better without having a noticeable impact on his or her behaviors. Obviously, this would be a case of incomplete or ineffective coaching.

Getting the Most out of Executive Coaching

Let's look at three studies that are widely accepted as being quality research.

1. Gerald Olivero, Denise K. Bane, and Richard E. Kopelman, "Executive Coaching as a Transfer of Training Tool: Effects on Productivity in a Public Agency" appeared in *Public Personnel Management*, vol. 26, no. 4 (1997), pp. 461-469.

Summary: Describes the advantages of one-on-one executive coaching in positively influencing transfer of training. Examines the effects of executive coaching in a local government agency. Thirty-one managers took a management development program followed by eight weeks of one-on-one executive coaching. The study finds that training increased managerial productivity by 22.4 percent, while coaching increased productivity by 88 percent.

2. Andres D. Ellinger, "Antecedents and Consequences of Coaching Behavior," *Performance Improvement Quarterly*, vol. 12, no. 4 (1999), pp. 45-70.

Summary: Discusses the use of coaching to facilitate the development of learning organizations. Presents the results of a study to determine the outcomes of coaching interventions. Finds that managers' commitment to coaching can impact employee, manager, and organizational performance.

3. Carol Patton, "Rating the Returns," *Human Resource Executive*, vol. 15, no. 5 (April 2001), pp. 40-43.

Summary: Outlines a nine-step ROI process that determines the value of executive coaching. Claims that this process must be applied consistently throughout the organization. Includes a list of measurement tools and important ROI measurements.

There are many other studies that show spectacular results from coaching programs. Most do not meet standard guidelines for rigorous measurements. Many are based on anecdotal experiences. Also, the measurement of the perceived value of a benefit is not the same as the measurement of changed behaviors.

Here are a few examples of other studies on coaching:

Research by the Chartered Management Institute and Campaign for Learning - "Coaching at Work". Results issued in a press release dated 16th May 2002:

- 80% of executives say they think they would benefit from coaching at work and dismiss the suggestion that coaching is just another fad.
- Virtually all managers (96%) think coaching should be available to every employee, regardless of seniority.
- 85% of managers say the main value of coaching is in enhancing team morale.
- 80% of managers value coaching for generating responsibility on the part of the learner.

Research by The Lifecoaching Company - "Coaching Today Survey". Research took place at the HRD Show in London in April 2002, respondents all HR professionals.

- 86% held very positive views on coaching.
- 86% of respondents' organizations have offered coaching at one time or another and coaching is currently taking place in over one third (36%) of organizations.
- Respondents feel that coaching achieves the following desired outcomes:
 - A positive impact on other aspects of participants' lives, both at work and outside the workplace (96%)
 - A feeling among participants of ownership of the issues and the outcomes (85%)
 - Evidence of learning being put into practice (71%)
 - Readily-quantifiable and positive results, often demonstrated on the company's "bottom-line" over the long term (62%)

Michigan-based Triad Performance Technologies, Inc., studied and evaluated the effects of a coaching intervention on a group of regional and district sales managers within a large telecom organization. The third party research study cites a 10:1 return on investment in less than one year. The study found that the following business outcomes were directly attributable to the coaching intervention:

Top performing staff, who were considering leaving the organization, were retained, resulting in reduced turnover, increased revenues, and improved customer satisfaction.

A positive work environment was created, focusing on strategic account development and higher sales volume.

Customer revenues and customer satisfaction were improved due to fully staffed and fully functioning territories.

Revenues were increased due to managers improving their performance and exceeding their goals.

Another study conducted by MetrixGlobal for an executive coaching program was impressive. Over 70 executives were coached from a multi-national telecommunications company that included participants in the United States, Canada, Mexico, and Brazil. MetrixGlobal performed an extensive survey of 43 coaching participants that yielded the following results:

Coaching produced a 529% return on investment and significant intangible benefits to the business. Including the financial benefits from employee retention, coaching boosted the overall ROI to 788%. The study provided powerful new insights into how to maximize the business impact from executive coaching. (Merrill Anderson: merrilland@metrixglobal.net)

Selecting Good Coaches

Are there ways to enhance coaching effectiveness? As a profession, it is still sorting out best practices and standards. Even the professional organizations (of which there are too many) do not agree on the core competencies of a coach. Coach certifications can come from any one of several organizations, and the requirements all vary.

This is particularly unfortunate for the person charged with finding good coaches for his or her organization. There are no standard criteria for judging a coach's value or worth. Perhaps the most reliable indication would be past performance with other clients and organizations.

The problem is confounded by the fact that coaching borrows methods from a diverse background of academics and industries ranging from psychology, business, organizational development, human resources, and even sports. Some excellent Ph.D. level professionals trained in psychology may be suitable for some clients. A retired CEO or entrepreneur-turned-coach may be more suitable for others.

Choosing a coach should not be left to intuition, but many times it is. The interview process should center on previous experience and results. No

matter what the coach's background, he or she should have a high degree of self-awareness and an ability to work well with different personality styles while keeping an eye on behavioral changes and business results. The process of designing an effective coaching program does not end with the selection of a qualified coach who is a good fit with the corporate culture.

Three Key Elements in the Coaching Relationship

A survey of the current literature and of experienced executive coaches reveals the importance of a three-level qualification process to ensure effective coaching.

Coaching is a three-way partnership between:

1. The organization hiring the coach.
2. The executive to be coached.
3. The coach.

All involved must agree on specific goals and parameters. The organization needs to have a clear purpose for the coaching program. There must be top-level support with visible links to business imperatives.

The executive has to be willing to accept the process of coaching, including listening to feedback, examining assumptions and beliefs, and practicing behavioral changes.

The coach must be committed to being candid while fostering a supportive environment. The coach must have a sense of the executive's world from a personal, business, and social perspective and hold out a mirror to foster behavioral changes. At the same time, the coach must maintain trust and navigate sensitive political issues within the organization.

As in any triangular relationship, the key is defining and clarifying goals, roles, and accountability. For coaching to produce results, the goals should be measurable. Many times this involves using 360-degree assessments before and after coaching.

Executive coaching is not for everyone, While the results may be difficult to measure directly in dollars, there is no company that can't benefit from more candor, better communications, and more conscious awareness of how its leaders interact with people to maximize talent and resources.

Are You Ready to Hire a Coach?

A recent *Harvard Business Review* article (December 2004) asks this question: Is executive coaching at U.S. companies destined to play the role occupied by psychoanalysis in some Neil Simon version of Hollywood: A virtual prerequisite for anyone who aspires to be anyone?

Companies should not jump on the coaching bandwagon expecting stellar results simply because other fast track organizations are doing it. In spite of its apparently robust potential, the very act of hiring a coach will not get the results needed unless there is sufficient preparation and planning. Coaching is effective for executives who can say, "I want to get over there, but I'm not sure how to do it."

Here are some questions to ask in order to enhance the return on the investment in a coaching program:

- As an organization, are you committed to coaching as a process rather than just an event?
- Is the coachee's immediate supervisor committed to the coaching process?
- What are the types of changes that you hope will result?
- Have you established internal measurements to identify when you have achieved success?
- Do you have benchmarks on those measures to identify the baseline?
- Do you have a control group identified?
- Are you using the right period of time (at least 18 to 24 months) to properly achieve the results you are looking for?
- Have you considered indirect measures such as employee satisfaction or turnover?
- Are you measuring the coach on the results that the coach achieves or the time that the coach spends?
- Have you ensured that one of the measurements is perceived improvement, as viewed by those who work with the coachee on a frequent basis?
- Based on everything that you know about the coachee, is there a reasonable probability that the coachee will change?

Recommended Reading:

Morgan, H., Harkins, P., & Goldsmith, M. (Eds.). (2005). *The Art and Practice of Leadership Coaching*. John Wiley & Sons, Inc.

Sherman, S. & Freas, A. (November 2004) "The Wild West of Executive Coaching." *Harvard Business Review*.

Michelman, P. (December 2004) "Do You Need an Executive Coach?" *Harvard Business Review*.



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