

Consolidating the Business Case For Executive Coaching

Executive Summary Briefing

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**A study of benefits experienced by Executives
in FTSE 100 and Fortune 500 companies.**

Core Findings

This study revealed a traceable link between a coaching engagement and the business performance of an organisation. Return on Investment figures ranged from 3 to 1250 times cost. Good engagement management proved essential to monitor direct and indirect benefit, as well as aid learning about levers of organisational success. Highest "value" was placed on the emotional and reflective aspects of coaching, as it was seen to be key in facilitating optimum leadership focus and effectiveness.

Introduction

Although coaching is increasingly used in corporations, creating a business case for coaching is often hampered by a bewildering amount of differing opinion in the literature and media regarding coaching. The limited amount of return on investment (ROI) data has further fuelled a view that coaching may be an expensive mystic art, rather than a consistently reliable business tool.

Not surprisingly, with corporate coaching fees ranging up to £6000 per day, potential buyers of coaching require tangible data and evidence of business impact before they are willing to engage.

This study sought to investigate what evidence and linkage could be found between coaching an executive and any consequential impact on the organisation and results.

Summary of the literature

A key factor in this study was to consolidate and cut through the confusing array of opinion in the market place on executive coaching, searching not only for evidence of impact, but also what justification there is for using executive coaching in the first place.

This study pulled together threads from the fields of organisational effectiveness, leadership development and coaching itself, providing a combined rationale for coaching and its impact on business.

At the foundation, broad evidence emerges to suggest that skilling leaders to lever the organisation is a worthwhile, and necessary investment. Additionally, coaching is



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considered to provide the tailored, just in time, one-to-one development that expensive 'sheep dip' or 'one-size-fits-all' approaches that the classroom cannot.

When the effectiveness of coaching is debated it is usually focused on the execution, or skill of the "coach" rather than the concept of coaching itself.

There were many personal behaviour and emotional intelligence benefits cited across the literature, and many sources asserting that benefits were much broader and deeper than that of pure financial gains or cost savings.

Assessing coaching benefit is a relatively new field, historically having been centred on client satisfaction surveys rather than actual business impact. However, a few emerging studies indicated that, when done well, executive coaching reaps significant behavioural change, which in turn facilitates organisational effectiveness and a range of returns of between 200% and 500%.

Quilken Field Study

To ensure statistical research validity, 30 qualitative interviews were held with executives in 13 FTSE 100 and Fortune 500 companies across 9 industries.

Quilken consolidated themes from current studies and discovered a pattern of benefits that would suggest a traceable link between coaching and organisational performance. This new model was used to facilitate the research interviews, based on the 3 core themes of benefit discovered -

- Personal Effectiveness
- Organisational Effectiveness
- Performance Benefits

Using this model, the results tracked direct linkages between the "improved executive", leverage of strategy, the leadership team, the organisation and performance improvement, with consequential financial implications.

Within Personal Benefits, 93% of respondents cited Interpersonal Skill benefits, followed jointly by Self-management and Leadership Style benefits at 83%. These, plus other personal improvements directly altered the interactions and strategies taken by the organisation surrounding the executive and leveraged distinct Organisational Benefits - 100% executives citing better Team Effectiveness, 93% citing Stakeholder Cooperation and 90% citing improvements in Work tactics and Strategies.

Finally, Organisational Benefits culminated in the realisation of significant Performance Benefits such as Cost Efficiencies (getting more for less), Direct Cost Savings, and Increased Revenues.

The study confirmed that even with stringent questioning, ROI is not an easy target to track. Many Performance Benefits could not be quantified in terms of Financial Returns because improvements were not traceable through the company management systems or were part of a long-term strategy. However, feedback suggested even in these cases, there was potentially significant return and even the most conservative of estimates more that outweighed the cost of investment.

Where specific returns could be identified, a range of 3 to 1250 times ROI emerged.



Monetary returns were easier to trace and greater in value when they came from engagements lasting longer than 12 months, when the executive had been coached before, or where engagements were “project managed” more systematically.

It was also discovered that HR need to take a longer term view and involvement in the engagement management if the client and organisation are to maximise both performance benefits and also executive retention.

Most emphatic was the feedback that although there is ROI, the “most valuable” aspect of coaching, as perceived by the executive, is not directly financial. Common themes of core value were – understanding of self and ones impact on others, having a confidential and safe space to be human, and time out to work on effectiveness, focus and perspective. All of these benefits were seen as essential to effectively perform in an executive role and complex environments.

The findings in this study are broadly supportive of disparate pieces of evidence in literature, which in itself is valuable in suggesting that there are some synergies emerging from across the studies on coaching impact.

It has clearly emerged that if managed well, it is possible to demonstrate a direct linkage between the coaching intervention, the leaders effectiveness and the organisations performance..... yielding potentially huge financial returns or cost avoidance.

Therefore, it is not a question of whether there is benefit and ROI, but rather a case of whether client and coach are able to track it, and maximise it to its full potential. But be aware – there is much more to it than money!

Catherine Fennell is Managing Director of Quilken Ltd. Quilken consists of a select group of consultants specialising in, Business Transformation, Organisational Effectiveness, and Leadership Development.



Cathy has a broad business background and 15 years experience as an international leadership consultant and executive coach within FTSE and Fortune Corporations. She has an MBA from Henley Management College and is trained in NLP, TQM, Leadership Effectiveness, Organisational Consultancy, Coaching and Change Facilitation.

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There is a significant amount of specific information within the full research project of interest to companies, clients and coaches themselves.

Please contact Catherine Fennell via Cathy@quilken.com if you would like to arrange a presentation tailored to your specific needs.

Additional information within the research findings

A compilation of current research and data in the coaching market place -	Quilken research Results
<ul style="list-style-type: none"> • The premise of Leadership Impact <ul style="list-style-type: none"> ▪ Leadership and the bottom Line ▪ The cost of derailment and integration ▪ Emotional Intelligence in executives • Advantages of the coaching intervention • The benefits and dangers debate <ul style="list-style-type: none"> ▪ Value-added impact and reported coaching benefits ▪ Requisite skills of coaches ▪ Critical success factors of coaching • Return on Investment <ul style="list-style-type: none"> ▪ Should we measure ROI? ▪ Measurement methods currently used • Quilken Research Model, that tracks linkages of coaching impact 	<ul style="list-style-type: none"> • Summary patterns • Coaching engagement methods & goal setting • Cost and funding trends • The link between Personal and Organisational Benefit <ul style="list-style-type: none"> ▪ Interpersonal Skills and impact on the organisation ▪ Leadership Style leveraging team performance ▪ Congruent Stakeholder influence ▪ Dealing with conflict ▪ Staying Focussed ▪ Coaching the whole person • Business Performance Benefits • Return on Investment results • Critical Success Factors and Most valuable aspects of coaching • Repeat users of coaching show different focus and benefits • Length of Engagement impacts benefits • Cost of coaches - links to quality of coaching or benefits? • Managing the engagement creates value

