



How your business could be wasting thousands on business and executive coaching

UK companies are seeing little return from their business and executive coaching - you can turn this around.

We are an Executive Development, Leadership and Interim Executive business focused on delivering real business results to our clients across the UK and Europe. No-one undertakes Executive coaching development or our Leadership practice courses without having a goal in mind.

We all come from the world of business and The Results Centre delivers highly effective interventions with tangible business aims and return on investment in mind. We are proud that the majority of our business comes from recommendations.



Ever wondered what Executive Coaching might do for your business. Could it solve some of your most vexing problems?

Well, FORTUNE Magazine stated: "When asked for a conservative estimate of monetary payoff from the coaching they got... managers described an average return of more than \$100,000, or about six times what the coaching had cost."

You may have doubts, though – most business people do. Even coaches themselves are worried.

In 2009 the Harvard Business Review reported on a survey of 140 coaches. They made some pretty startling comments:

"Coaching exists to help executives find solutions, yet the field of coaching must solve a few problems itself."

"A lack of entry barriers leaves the profession vulnerable to being discredited by charlatans".

The Review also wrote that many coaches felt action was needed to winnow out bad or ineffective coaches."

This scepticism is well-founded, I'm afraid.

A report from the Said business school at Oxford University found that British businesses and public sector organisations are wasting almost £90 million on executive education programmes that are poorly conceived and delivered.

The study went on to say that only 35% of HR Directors and 21% of other executives believed that their current training and development programmes were meeting corporate strategic objectives. The bulk of the money was spent on individually developed courses for senior executives.

How can businesses stop wasting so much money on bad management training and executive coaching?

And how do we know if money spent on executive coaching is money well spent?

How do we know that great investments in executive coaching does indeed lead to positive change in individuals and organisations?

According to Shenkman & Gobarty (2007) Managers can be trained. They can go to Business schools and learn their trade. They can attend a seminar with hundreds of others (at a relatively low cost), read a book and pick up a valuable skill they can take back and implement. Not so with leadership. Leaders, even those who are 'naturals,' are coached into excellence. Coaching can transform the potential leader's self-perspective and self-trust so that risks, new situations, inspirations and the drive to meet seemingly impossible goals become desirable, not obstacles of paralyzing fear.

In great times,
when the Interim is
the answer for all
manner of
improvement
programmes and
efficiency drives,
new initiatives and
the like, everyone in
the recruitment
market had a go

How much would you like the Executive Coaching in your organisation to resonate with the following?

Employers are shocked at how high their ROI numbers are for coaching. He recalls a large employer in the hospitality industry saved between \$30 million and \$60 million by coaching its top 200 executives.

**Accenture, Alastair Robertson,
Manager of worldwide leadership development**

The Manchester survey of 140 companies shows nine in 10 executives believe coaching to be worth their time and dollars. The average return was more than \$5 for each \$1 spent.

The Denver Post

Coaching opens on to territory where the ROI measures not only costs against revenues, but the company's real value to all its stakeholders (Shenkman & Gobarty, 2007).

How many organisations are really embracing Executive Coaching in a way that leads to a positive ROI?

Is yours?


Are you realising a positive return from your investment from Executive Coaching or are you, like many companies in Britain, just ignoring the benefits because you do not have the skills within your organisation to specify and manage effective coaching?

Measurable results from executive coaching

According to research by De Haan & Nieb (2011) clients of coaching are usually satisfied with the service, and why wouldn't they be? Who wouldn't enjoy a chance to be listened to? Who would not relish the chance to go through work-related issues and concerns with an empathetic other? But when it comes to real, measurable improvements that can be directly attributable to their experience of executive coaching, results are much more sporadic although they still indicate significant positive change.

If we are interested in the impact of executive coaching, we would have to measure its effects at the organisational level. This has only been done to a very limited extent. 360-degree assessments by others in the organisation about the client have been used in the past to measure effectiveness of executive coaching. However, in most cases feedback from managers, peers and direct reports was used mainly to measure the impact of executive coaching on the individual client, not on others in the organisation. As far as we know, organisational feedback on the impact of executive coaching on organisations in a wider sense, has not been investigated or analysed.

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So why is the client so confused? It is probably because every temporary agency in the world purports to provide “senior interims”.

The following research was undertaken in 2010 by De Haan & Nieb. They decided to carry out a study into the impact of executive coaching, by asking executives not about the coaching they had themselves undertaken but about changes they had or had not perceived in their peers and which they would ascribe to executive coaching. The core research question was about whether changes through coaching are visible to others in the organisation.

The researchers were particularly interested in changes that are resilient and still observable well after the coaching intervention has ended, as there is so little retrospective data in the literature. 77 participants were asked the following questions: Could they think of an example where they noticed a difference in someone who has worked with an executive coach? The results from the research revealed that the majority were able to recall a moment of change, and that almost all of the changes reported were positive. The researchers found that they noticed changes particularly in the communication and interpersonal skills of the coachees.

The results revealed that stakeholders generally have positive experiences with the outcomes of coaching in their organisation. Changes that affect day-to-day interactions are reported more frequently. Stakeholders thus noticed changes in listening skills and body language and they were aware of the fact that coaching clients had improved their skills of supporting, motivating, appreciating and involving their team in day-to-day interactions. However, there was also much evidence in the research of more profound changes in attitude and cognitive ability. In this piece of research among stakeholders of executive coaching, clear indications were found of specific and positive change through coaching. From this research we can conclude that executive coaching does have the capacity to not only affect the immediate client, but also influence other stakeholders in the organisation.

However, the results above may seem more related to personal change than specifically demonstrating increased ROI. What research evidence exists to demonstrate that Executive coaching results in increased ROI?

Parker-Wilkins (2006) undertook a study focusing on monetary impact of executive coaching amongst a group of executives in a US firm.

The ROI study consisted of a three-step process:

1. Understand the business value expected by the firm's senior leadership.
2. Document what staff have learned from coaching, including impact on building competencies.
3. Explore how staff have applied what they learned from coaching to create intangible and monetary value for the business.

A total of 26 senior leader interviews were conducted in this study. Respondents described specific actions they took as a result of their coaching experience. Recognising that other factors besides coaching may have influenced these actions, the effects of coaching were isolated as follows: The coachees were asked to identify a monetary value for each benefit; coachees were asked to estimate (on a percentage basis) how much of the monetary benefit was attributable to coaching; and the coachees were asked how confident they were in their estimates (on a percentage basis).

The results – close to 700 percent return on investment (ROI)

Monetary benefits were identified by 61 percent of the leaders in seven of the eight business impact areas (Improved team work, Team member satisfaction, Increased retention, Increased productivity, Increased quality of consulting, Accelerated promotions, Increased client satisfaction, Increased diversity).

1. Total monetary benefits \$3,268,325.
2. The four (out of the eight measured) impacted most significantly in terms of annualised benefit to the business are listed below:
 - Improved teamwork (\$981,980)
 - Quality of consulting (\$863,625)
 - Retention (\$626,456)
3. Team member satisfaction (\$541,250)
Total cost of coaching \$414,310
Cost number was fully loaded with costs associated with administering and managing coaching, fees to the coaches, opportunity costs, etc.

The ROI calculation formula is:

$((\$3,268,325 - 414,310) / 414,310) \times 100 \% = 689\%$;

OR in £ Sterling; For every £263K spent on coaching the real monetary benefit could be £1.8m.

Interim candidates have fallen victim to the agency recruiters who have attacked their daily rate because the client “just won’t stretch to that”.

Conclusion

Coachees who were interviewed about their expectations for executive coaching identified eight business impact areas: Improved teamwork, team member satisfaction, increased retention, increased productivity, increased quality of consulting, accelerated promotions, increased client satisfaction and increased diversity.

Coaching produced intangible and monetary benefits for all business impact areas except diversity. ROI of \$3,268,325 (close to 700 percent).

All (100 percent) senior leaders reported they applied what they learned from their coaching experience to make significant strides in self-development. In addition leaders reported being less defensive and more self-confident in how they dealt with others. They asked questions more often and considered more information in making decisions.

Having demonstrated how coaching can lead to increased ROI for businesses we are interested in exploring how companies can make sure that their investment in executive coaching leads to a return on investment.

Large companies are taking on people whose sole purpose in life to make efficient all recruitment. So the baby is drowning in the entire bath at the moment.

How can you ensure you get return on your coaching investment?

As coaching is an unregulated industry, the worrying fact is that anyone can set up their own coaching business with little or no qualifications or relevant business experience.

To get real value from a coaching investment we recommend that you consider the following points before appointing a coach and parting with any money.

The Executive Coaching Checklist:

- Think about what a Return on your Investment in Coaching for yourself or your people would look, sound and feel like and challenge the coach to work through this with you
- Ask for relevant examples of the experience they have both as coaches and prior business experience
- Ask about their professional code of ethics.
- Make sure you clearly state your goals to the coach but also be prepared to have these goals stretched by a great coach
- Look for synergy but also appropriate levels of challenge. Can you imagine your senior leaders working with them? Whilst 'chemistry' is important the delivery of your desired results is really where you want to be
- Are they happy to challenge you or are they more focused on agreeing with you?
- Ask to see evidence of the coach's qualifications
- Check that the coach has a good understanding of leadership, business disciplines, management principles, and organisational politics
- Be willing to perceive coaching not as a quick fix but as an ongoing partnership in order to be a success
- Ask the coach to offer an ROI result

When you have found an executive coach that you think is right for the job, what is it reasonable that he/she should help you achieve?

- The executive coach should be able to help managers/leaders empower their staff and maximise their own potential.
- They should encourage you to be realistic, coaching won't change someone's personality but it does have the potential to help leaders adopt different ways of thinking that will empower them to make positive behaviour changes.
- They should be able to form a strong connection with the client
- They should help clients work towards a shared goal or vision
- They can help the Executive develop the core skills and characteristics needed to be highly effective leaders
- They can help to create a thinking environment where planning is stronger and more thorough, mistakes are less likely to happen and more likely to be learnt from
- They can help Executives be more creative and take more responsibility for their actions.

When you have appointed an executive coach you need to be able to recognise if she/he is achieving the objectives that you agreed at the start.

Indeed considering this last point, above, when McKinsey (The War for talent, 2001) surveyed managers on what fueled their development through their careers, it was not training; it was job experiences. This may not come as a surprise, what was more surprising was the high degree of importance they assigned to coaching, feedback and mentoring.

According to the McKinsey report, in addition to challenging assignments people must be given feedback and coaching about their strengths and weaknesses. People need to be told how well they are performing, what specific things they are excelling at, and what they should do to improve their performance. Not telling people these things robs them of the opportunity to take charge of their development and their careers. Lack of feedback often plays a role in the derailment of highly talented people. Self-awareness is critical to their continued growth.

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Top mistakes businesses should avoid when appointing an Executive Coach

1. Lack of Challenge - businesses employ a coach who is not prepared to challenge the coachee, their assumptions, their actions and their way of 'being' within their organisation
2. Lack of Professional Qualifications - choosing a coach with no coach-specific training
3. Lack of Business Experience - choosing a coach who has insufficient and relevant business experience
4. Poor alignment to Business Goals both tactical and strategic - not bothering to align coaching interventions with business goals
5. Lack of Clear Coaching Objectives and Desired Results - not setting clear objectives for the coaching intervention

Things to look out for:

The coach will ask lots of questions about the client's business drivers, values and goals and how they measure success

The coach is prepared to challenge the client and is clearly acting as a strategic partner rather than just a supplier keen to get your business and be paid by the hour

The coach has set up clear reporting and confidentiality guidelines

The sponsor and client feel confident in what is happening and know what to expect from the coach

There will be clear success criteria so that the coaching is set up to meet expectations and can be measured in terms of how successful it has been

Ability to give feedback that grows the individual coachee and your business whilst not being attached to their own popularity

The levels of support on offer at clearly busy or business critical times and projects

Yet only 35% of people feel their company tells them openly and candidly about where they stand. How well do you give the people you work with candid, helpful feedback and coaching?

Why isn't there more coaching and straightforward feedback?

For most of us, giving honest feedback is uncomfortable. It's hard to do. It takes precious time. Many people don't know how to do it well because they have never experienced it themselves. Organisations don't normally explicitly value feedback or hold people accountable for delivering it.

Part of the problem may lie in the word straightforward. This is not mean-spirited criticism, nor is it exclusively negative feedback. Frankness is an open, respectful dialogue about an individual's achievements, coupled with an insightful acknowledgement of challenges, or even failures, that stand between the individual and the next success. It's an appropriate mix of constructive criticism and positive feedback. Underpinning it should be genuine caring for the individual's growth and development.

Most managers gloss over or omit the constructive criticism. They know it can be a start of a sometimes uncomfortable dialogue. When delivered with a genuine dose of caring, though, it can be received more openly. You can't go soft on coaching and feedback, but you can intend and deliver it empathetically.

To ensure return on investment coaching needs to deliver recognisable results, such as an increase in profitability, performance and productivity as well as a decrease in internal conflicts and problems. No matter what the company's size, executive coaching does have its place if planned and procured correctly. It has the ability to provide Executives with the skills to be successful leaders and return on investment for the business that ultimately will drive business success.

The author

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About The Results Centre: Driving Amazing Outcomes

Since 1996, The Results Centre has helped successful senior executives around the world produce amazing results in their businesses.

We turn stars into superstars.

We objectively look at your business situation and help you with strategies designed to achieve your goals. Our support is practical, based on achieving business success. That's why our name is unpretentious – we just focus on getting you results.

And once you've achieved some results with us, the real work will begin. Because we'll inspire you to go a lot further, with new goals and outcomes that you'd consider amazing if we told you what they'll be before you start working with us.

For more information,
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