

Coaching Counts

Research report 2007



Foreword

By Sarah Chiumento, Chief Executive, Chiumento

Our research reveals that organisations in the UK are failing to get the most from coaching, despite a willingness to invest significantly in this leading people development tool. In particular, organisations' reluctance to measure the bottom line impact of coaching is a key cause for concern rendering them unable to prove a clear return on their investment.

With Coaching Counts, conducted in conjunction with Personnel Today, we set out to explore the use of coaching in UK organisations. It is clear that organisations recognise coaching as a powerful tool to boost individual performance and leadership effectiveness. A lack of industry regulation however, has fostered some negative perceptions of coaching that must be challenged if the industry is to flourish and organisations are to reap the benefits.

Undoubtedly, regulating such a diverse and dynamic industry is a tough call but if organisations and practitioners work together to set standards and monitor activity, they will both benefit. Furthermore, decision-makers who are buying coaching have a responsibility to ensure coaching suppliers have the appropriate experience and qualifications. Organisations that view measurement of their investment in coaching and regulation of the industry as "just too difficult", are potentially squandering their talent development budget. Individuals who believe that anecdotal measurement alone is sufficient may find their budget withdrawn, impacting on the value that can be derived from coaching interventions.

Our research also reveals that many organisations expect managerial staff to coach. While this approach can be cost-effective, managers need time set aside to coach their teams, and the skills to coach successfully and confidently. Poor coaching from inadequately trained managers can do more harm than good.

With an increasing focus on HR to provide evidence of value for money – HR can ill-afford to neglect measurement as a way of demonstrating the impact of its investments in development tools, especially coaching.

By Helen McCormick, Acting Features Editor, Personnel Today

Coaching has become a popular people development tool, with many organisations upping their spending year on year. One of the more alarming findings to emerge from the survey however, is that while they seem happy to throw handsome amounts of money at coaching, worryingly few firms measure the bottom line return on this investment. Measurement is widely felt to be difficult, but greater efforts must be made if coaching is to be fully effective. With HR increasingly expected to provide tangible evidence of the value for money of all its decisions, the ROI in relation to coaching can no longer be ignored.

About the research

This research is based on responses from 497 companies with an average of 12,481 employees. The fieldwork was conducted in the week commencing 23 April 2007 by Reed Business Insight among Personnel Today's readership.



Key findings

- The most popular reason for organisations to invest in coaching is to improve individual performance
- Most organisations are spending between £100,000 and £499,999 a year on external coaching. And this is increasing. More than half are using more coaching than a year ago; 55 per cent also anticipate levels of coaching to continue to increase over the next 12 months
- Many respondents however, question regulation of the industry with more than two thirds believing there are too many 'cowboy' operators
- Worryingly, more than two thirds of organisations do not formally measure the return on investment (ROI) of coaching, many because they feel it is hard to get more than anecdotal evidence
- 70 per cent of respondents say their organisation offers coaching. Of these, however, just 26 per cent offer coaching to everyone, while 44 per cent only offer coaching to the senior teams
- 55 per cent of organisations admit that their approach to coaching is ad-hoc.

Exploring the findings

The state of play in the UK

The importance of coaching as a way of improving performance is clearly gaining recognition in British business.

An overwhelming 93 per cent of organisations believe that coaching is now a leading development tool. And coaching is increasingly prevalent in business: two-thirds of organisations (65 per cent) have used coaching for the past five years, while 12 per cent have offered it to staff for more than 10 years. The vast majority use coaching primarily as a tool to improve performance (77 per cent), while 67 per cent use it to develop skills and 63 per cent to train managers in coaching skills.

The responsibility for buying coaching tends to lie with the HR department (56 per cent). Forty-four per cent say that it is part of a strategic approach to how they develop their people. Forty one per cent however, admit that it is left to line managers, which indicates that a substantial number of organisations are not taking a planned, strategic approach to their investment in coaching. So it is unsurprising that the majority (55 per cent) of organisations say their approach to coaching is ad-hoc – that is to say bought reactively rather than as part of a planned development strategy.

Developing a strategy for coaching would help organisations truly maximise and harness the impact of coaching.

Of the various models used in coaching, three dominate the marketplace. The most common is the GROW model (41 per cent), followed by solution focused coaching at 38 per cent and NLP at 19 per cent. This confirms that despite the ever increasing number of coaching models emerging from sports, psychology, academia and other areas, there is a continued focus on using the tried and tested models that have been practiced now for some years and which deliver results.

The majority of organisations use both internal and external coaches, although two out of 10 solely rely on line managers to coach teams and 16 per cent use only external coaches.

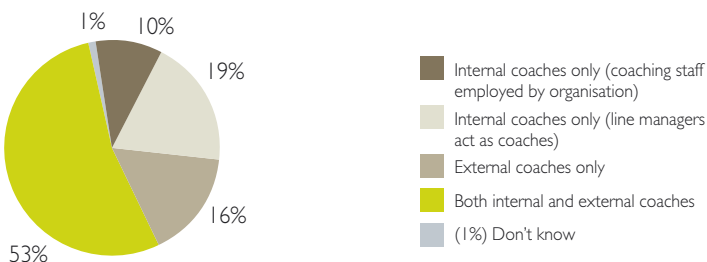
Does your organisation offer coaching?



If yes, only to certain job levels in the organisation:

Board level	49%
Senior Management	75%
Other managerial	54%
Other	19%

Does your organisation employ internal and/or external coaches?



The benefits of coaching

Encouragingly, 96 per cent of organisations claim to have seen individual performance improve since coaching was introduced. Nearly as many (92 per cent) have also seen improvements to leadership and management effectiveness. Of these, 45 per cent and 39 per cent respectively have seen significant or major improvements.

When the public and private sectors are compared however, there is a marked difference between the two. The public sector trails behind the private sector on all benefits since introducing coaching.

This is despite spending more money overall on coaching than the private sector, and despite 60 per cent of public sector organisations now using more coaching than a year ago. The public sector also anticipates its use of coaching will rise over the next 12 months.

Why do organisations invest in coaching?



Regulation, regulation, regulation

Concerns about regulation and accreditation have encouraged some negative perceptions about the coaching industry. Worryingly, 69 per cent of respondents believe that there are too many cowboys in the coaching industry.

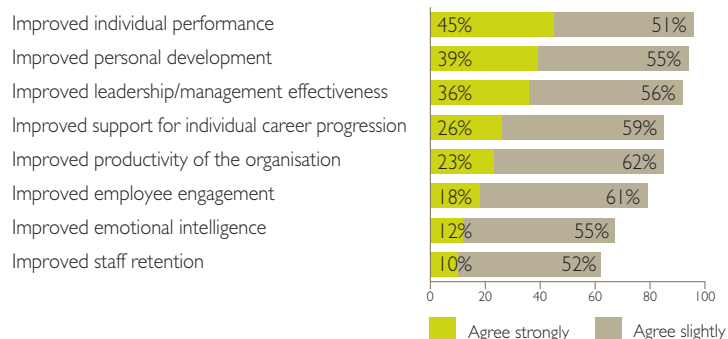
An overwhelming 83 per cent believe the industry would benefit from more regulation so it is encouraging to see that some coaching organisations such as the European Mentoring & Coaching Council (EMCC) are making inroads here.

The EMCC's Chair of European Standards Committee, Marina Dieck explains, "Through collaboration and research the EMCC has developed a set of standards and competencies to work towards establishing excellence in coaching and

mentoring in Europe. These standards are proving to be of practical value to organisations, training providers and practitioners in identifying what 'good coaching' looks like".

With no one awarding body for coaching qualifications however, standards can, and do, vary considerably. There is also no governing body for coaches, and none is planned in the foreseeable future. Clearly, there are coaches in the marketplace who may not have sufficient experience and/or training, nor relevant knowledge. This is borne out by the finding that three-quarters of respondents believe it is difficult to find high-quality coaches.

What improvements have occurred in organisations since coaching was introduced?



Who's coaching the coaches?

The most common factor for choosing an individual coach is their coaching experience – nearly eight out of 10 respondents claim to take this into consideration. Only 17 per cent believe that supervision should be taken into account when making a decision, yet supervision is a crucial factor in ensuring good practice in coaching and to act as a release valve for coaches dealing with difficult yet confidential situations. Supervision may also become a central method of regulating coaching. As the CIPD's Coaching Supervision (2006) report states, if you fail "to provide supervision for internal coaches and manager coaches, the sustainability and return on investment of your coaching initiative is in jeopardy." So it is concerning that this is overlooked by so many

organisations when choosing a coach – and this could be one reason why our results suggest that 69 per cent of organisations question the quality of their coaching providers.

The top factor when choosing a coaching supplier rather than an individual coach is the quality of coaches, cited by 71 per cent as the reason behind a decision. This is followed by recommendation (49 per cent) and price (48 per cent). Clearly, the power of word of mouth in the decision-making process should not be ignored, but in the absence of recommendation serious review of supervision and qualifications is a must.

The cost of coaching

While 41 per cent of organisations spend less than £50,000 a year on coaching, 44 per cent spend between £100,000 to £499,999, rising to 51 per cent of organisations in the public sector.

The average spend on coaching by organisations is £83,250. It is clear that coaching represents a significant amount of an organisation's budget. The majority of organisations' coaching budgets are spent on one-on-one executive coaching.

HR is most likely to control the coaching budget in an organisation, but two out of 10 line managers have the final say - another indicator of the ad hoc nature of coaching in many organisations.

The consequence can be a variety of coaches and inconsistent standards – which in turn limits the opportunity to measure the value of coaching.



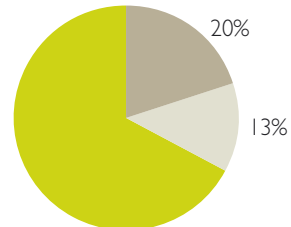
The ROI of coaching

Just under half (44 per cent) believe it is impossible to measure the ROI of coaching. This partly explains why a significant 67 per cent of organisations do not formally measure the return on their investment in coaching. This decreases slightly for public sector organisations (64 per cent). Yet, if coaching is not managed properly, it has the potential to be a waste of money. Coupled with the fact that over two-thirds of businesses believe there are too many cowboys in coaching, due to a lack of industry regulation and confusion over accreditation, these findings pose some concerning questions about how buyers can know what their organisation gets for its investment.

Only 13 per cent of respondents claim they take the time to calculate what they are actually getting for their money when they buy coaching services. The most popular method cited for measuring

ROI is participant feedback (80 per cent), a qualitative way of tracking investment. This suggests that even those organisations that do measure ROI of coaching are not necessarily doing this effectively. Achievement of a participant's objectives, arguably a more rigorous way of measuring ROI, is cited by only 59 per cent. Surprisingly, slightly more than half of respondents believe that it is impossible to get anything more than anecdotal evidence about the effectiveness of coaching, which is perhaps why they neglect to measure its ROI altogether.

Is ROI of coaching formally measured in your organisation?



67% said return on investment of coaching is not formally measured within their organisations.



How is ROI of coaching measured?

Participant feedback	80%
Appraisal	73%
Feedback forms from coaches	70%
Employee engagement surveys	66%
Employee feedback	61%
Achievement of objectives	59%
Improvement in work quality	50%
360 feedback	48%
Employee retention	45%
Productivity	45%
Anecdotal evidence	41%
Use of coaching goals	39%
Impact on bottom line	34%
External indicators	32%
Customer feedback	25%
Money saved on recruitment costs	25%



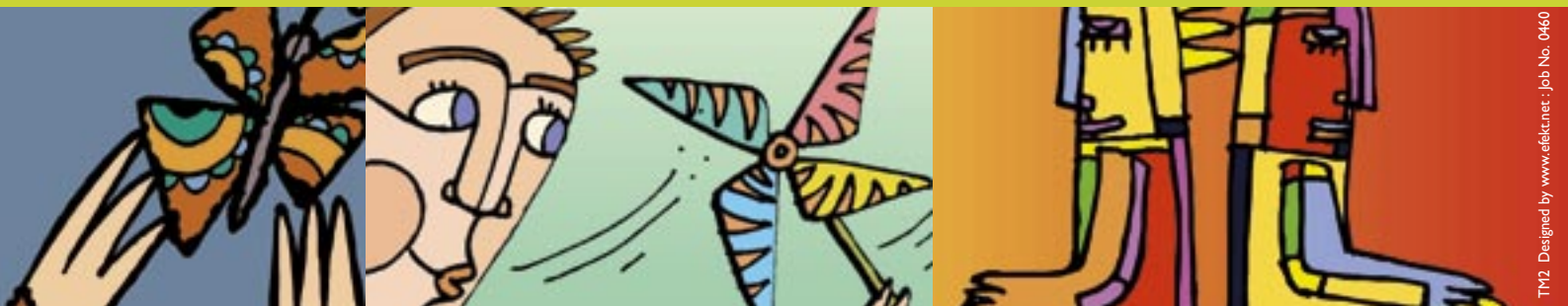
It's not all bad news. Chiumento advises taking a few simple steps to demonstrate the value of coaching in your organisation.

Top tips

- Ensure that you discuss and agree the outcomes you want from coaching at the outset with the coach, coachee and their manager or sponsor - the person who has oversight for the coaching assignment. This could be someone from the HR department or a line manager
- Make sure the outcomes are realistic and specific enough to avoid misunderstanding and they are genuinely relevant to the individual's professional development and the business
- Record these outcomes as part of a 'coaching contract' so that you have a basis for determining what has been achieved. Review them at an end of assignment review meeting with the coach, coachee and sponsor
- Try to develop some measures so that you know it when you see it! For example if the outcome for the coachee is 'more confidence in the board room' you might want to see them speaking up more frequently, voicing their opinions more often, more conviction in what they say and fighting his or her corner
- While protecting confidentiality get feedback at regular intervals on progress. This can be gathered as part of the coaching assignment from a range of colleagues and other staff
- A mid way review with the coach and coachee can be a very useful way of focusing attention on what is different and it also allows for adjustment if things are off track
- Create a coaching budget and track the costs and hours of coaching against it and the arrangements you have with each coach. Manage the coaches in your organisation and be clear about those that deliver quality and those that don't
- Make coaching part of an integrated approach to developing your people – link it to other initiatives such as succession planning and performance management
- Involve business leaders in evaluating the business impact of coaching. Measures such as reduced staff turnover and better retention are a good start but may well understate the real benefits to the business. For example tangible outcomes might be better time to market or improved forecasting. Both would have significant measurable business impact.

Looking forward

- Set a strategy for coaching and get buy-in from the senior team. Don't just invest in coaching as a knee-jerk reaction when needed. It should be a long-term people development tool related to business needs
- Position coaching as a positive intervention that is an investment in development. Don't allow it to become a remedial intervention only offered to those in the company whose performance is below par
- Establish if the coach is accredited. Are they a member of a body such as the International Coaching Federation or the EMCC? Such memberships provide reassurance around the quality and ethics of coaching
- When selecting coaches, ask about the results the coach has achieved in the past and the extent of their training. Get references and talk to people they have worked with. Consider working with an organisation that has a coordinated approach to coaching, is clear about its measure of quality and supervision provision and can help you identify the most appropriate measures of the ROI for your particular needs and business
- If you expect line managers to deliver coaching, give them proper training and the time and skills to do this. Careful evaluation of the cost/benefit of internal delivery helps identify if this is the best approach. Managers need to realise that delivering coaching can help them get the best out of their teams
- Price will undoubtedly influence the decision-making process, but other factors such as quality are equally important. Remember the saying – if you pay peanuts, you get monkeys. Regrettably there are cowboys out there who give the coaching industry a bad name
- Involve the business leaders in determining the measurement of coaching's ROI, not just the HR department.



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The individual approach to HR

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