

Reflections from the field

Organisational Coaching Outcomes: A comparison of a practitioner survey and key findings from the literature

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Abstract

This paper compares the measurements of organisational outcomes from executive and leadership coaching based on existing studies and research that has been conducted throughout the literature. An overview of executive and leadership coaching is provided and a case study measuring executive and leadership coaching effectiveness is reported. The survey methodology used in this case study was not originally intended for an academic research design, rather it was a customer satisfaction survey. However, the results can provide insights into the value, ROI and impact of executive and leadership coaching.

Keywords: coaching outcomes, executive coaching, survey methodology, ROI

Introduction

The purpose of this paper is to review measurements of organisational outcomes from executive and leadership coaching. The paper provides an overview of executive and leadership coaching outcome research as well as a case study measuring executive and leadership coaching effectiveness. The survey methodology used in this case study was not originally intended for an academic research design: it was a customer satisfaction survey. However, the results can provide insights into the value, ROI and impact of executive and leadership coaching.

Overview of outcome research

Bennett and Bush (2009) confirmed a number of benefits of executive and leadership coaching found in other research (Dexter, Dexter & Irving, 2011; Jackson & McKergow, 2012; Walker-Fraser, 2011) including, improving the ability of leaders to inspire and impact followers, freeing time for strategic thinking and discussion, and more effective delegation. Earlier, Baek-Kyoo (2005) had suggested that coaching can also enhance self-awareness, behavioral change, and executive performance, while Jules (2009) believed that market forces were a key driver for the need for executive coaching which could lead to a number of benefits concluding that:

The market has changed and in order to maintain a competitive advantage, businesses need a cadre of leaders who can set clear direction, mobilize the energies of people throughout the enterprise, foster a performance culture, and most importantly, lead others through times of great uncertainty (p. 8).

Walker-Fraser (2011) confirmed the benefits listed above and added that executive coaching was viewed by human resource professionals as being, “time-bound and focusing on leadership behaviors, specific performance issues, and people development skills” (p. 72). Since then,



Stokes and Jolly (2016) addressed several distinctive elements of executive and leadership coaching. These include goals of improving leadership, assessment of current effectiveness, a strong coaching relationship of challenge and support, and objectives of behavior change and increase in wisdom.

Ultimately, executive coaching is driven by the business needs and preferences of both the executive and the organisation (Stern, 2004). Natale and Diamante (2005) identify numerous positive benefits of coaching for organisations: achievement of personal and professional goals, increased sales, enhanced employee satisfaction, better organisational communication, greater self-knowledge, ability to lead more effectively change, and capacity to make quicker and better decisions. However, many companies “lack a disciplined approach to managing the coaching process and measuring outcomes” (McDermott, 2007, p. 35).

Another complication is the vast variety of reasons that a person hires a coach, making it difficult to report on the outcomes and success of coaching in general. As Greif (2007) points out, “A fundamental difficulty of coaching outcome research is the extreme heterogeneity of issues, problems and goals, which can be picked out as themes in different coaching interventions. Therefore, it is difficult to identify outcome measures which are applicable to the whole range of coaching interventions” (p. 224). Research from the Corporate Leadership Council (2016) indicates that, “coaching can provide a high return-on-investment (ROI) and satisfaction rate” (CLC, 2016). For example, the Council cites a study conducted by Metrix Global, LLC on a Fortune 500 telecommunications firm that reported an ROI of 529%. Other research conducted by Wasylyshyn (2003) indicates the following outcomes of successful coaching: 63% sustained behavior change, 48% increased self-awareness and understanding, and 45% more effective leadership.

In an earlier study aimed at identifying ROI, Phillips (1996) reports that Nations Hotel Corporation (NHC) instituted a formal, structured executive coaching program and then evaluated it among 25 randomly selected participants. The cost of coaching all 25 executives was \$579,800. Based on the total monetary benefits and the cost of the coaching program, NHC developed two ROI calculations. The first is the benefit-cost ratio (BCR), which is the ratio of monetary benefits divided by costs. For every dollar invested, \$3.21 was returned. The ROI for this coaching program was calculated by using earnings divided by investments. For each dollar invested in coaching, the dollar was returned plus \$2.21 was produced.

A study by McGovern (2001) on the impact of executive coaching shows both the intangible and tangible results of coaching. The researchers studied 100 executives from 56 organisations of various sizes. The results showed that 43% of the companies were able to identify the return on investment of coaching. “The majority of the 43 participants . . . reported between \$100,000 and \$1 million as the return on investment in executive coaching,” state McGovern (p. 7). Additionally, 75% of the sample rated the value of the coaching as “considerably greater” or “far greater” (p. 7) than the money and time spent. Furthermore, 73% of the study participants indicated they had reached their goals, “very effectively” or “extremely effectively” (p. 8). The rate of results was shown to be higher for intangible impacts (i.e., improved relationships with direct reports at 77%, improved teamwork at 67%, improved job satisfaction at 63%) than for tangible ones (i.e., productivity at 53%, quality at 48%, customer service at 39%). As impressive as these numbers may sound, however, one should keep in mind that this study surveyed the coachees of the consulting firm to which the authors belong, and the outcomes are based on estimates by the coachee. On the other hand, certain factors were put into place to enhance reliability in particular, the data were collected by trained independent contractors, and limits were put on outlier ROI estimates of \$1 million (McGovern, 2001).

Beyond tangible measurements such as cost savings, reduced turnover, and increased productivity, the results of coaching are often based on the intangible. Fillery-Travis and Lane (2006) pointedly asked, “Is it sufficient that the coachee perceives coaching to have enabled

him/her to achieve an identified goal? Or does the output have to percolate down to the bottom-line in terms of a quantifiable performance measure for the organisation?" (p. 29). As previously discussed, Phillips' (1996) report of NHC's coaching program revealed several intangible benefits that were identified through a questionnaire and action plans. Measures that were identified by at least four of the 25 executives as intangible outputs included increased commitment, improved teamwork, increased job satisfaction, improved customer service, and improved communication.

Starting in December 2004, Cambria Consulting began an ongoing study of the effects of executive coaching in large organisations from the perspective of multiple stakeholders (coach, coachee, managers-sponsors, and others). The results indicate that coaches and coachees perceived the coaching engagement to have higher value estimations than did the managers. In fact, over 85% of the 56 responding coaches and 91% of the 51 responding coachees estimated an overall value of \$50,000 during the 18-month coaching process. In contrast, 30% of the 12 responding managers did not observe value from the coaching, 42% estimated less than \$50,000 in value, and 25% estimated more than \$1 million in value.

A study on a smaller scale was conducted by Stevens (2005), who interviewed seven top management executives representing a range of industries (industrial manufacturing, financial services, health care, and academia). The executives also had received coaching. Of the seven participants, three had previously been engaged in a coaching relationship with Stevens. Of those three executives, two had experiences with other executive coaches, and the balance of the seven had had a coach at some time. All the executives had had a coach during their time as a CEO or president of their respective companies. Stevens' study found that the executives view coaching as a, "helping process wherein something is done with them in a way that also enables them to better meet their role obligations and responsibilities" (2005, p. 283).

Schlosser (2006) concurs that the value generated from coaching is not always a tangible measurement when he says, "Value is in the eyes of the beholder" (p. 3). Schlosser indicated that the decision makers within an organisation look for value creation when determining how to proceed with executive coaching. Schlosser pointed out that this value creation is both implicit and explicit, suggesting that costs are not the only factor when evaluating whether executive coaching is the appropriate intervention. Schlosser also stated that ROI is an organisation-specific metric, at least in part. Thus, any metrics should relate to what is important or valued within a given organisation: "This perspective . . . is aligned with the trend toward viewing executive coaching as serving a strategic rather than remedial role" (2006, p. 10). According to Schlosser, organisations that look beyond the financial impact and returns of coaching into value creation will generally take into account the following company issues and needs: (1) competencies (i.e., behaviors and abilities) necessary of leaders and coachees for the execution of business strategy, especially the competencies needed for considerable impact on short- and long-term results; (2) individual leaders who largely need these competencies; and (3) ways in which expert coaching can facilitate building these important competencies with these leaders and coachees, as they are likely to have noteworthy impact on business results.

According to a study conducted by de Hann et. al (2016), coaching effectiveness was measured based on the perceived outcomes as reported by the coach and separately by the coachee, using the averaged score to these four questions: (a) "successful in creating reflective space"; (b) "successful in creating new insights"; (c) "successfully engaged in new action or behavior"; and (d) "overall coaching outcome". The results of this study showed that the longer the coaching relationship, the greater the coaching effectiveness, the stronger the working alliance, and the stronger the self-efficacy of the coachee.

Case Study

The numerous studies highlighted above have explored the benefits and outcomes of executive and leadership coaching. We continued to see a need to expand this investigation. Given that the International Coach Federation's (ICF) projects an increased need for coaches and continued growth in the industry (Axmith, 2004) the importance of accurately assessing the impact of coaching and justifying coaching investments will continue to be important. The data outlined and analysed in this section comes from a customer satisfaction survey that has been administered since 2009 at an organisation that receives coaching from a California based coaching organisation. Several of the survey results are offered, in summary, as a case study example of 'real-world' coaching outcomes and effectiveness.

Survey Methodology

Coaching clients (coachees) were questioned via a Survey Monkey inquiry as well as selected, structured phone interviews in an effort to determine their satisfaction with coaching, coaching best practices, gaps in the coaching process and methodology, and to determine the coaching return on investment (ROI). Response rates have ranged from a high of 78% to a low of 66%. On average, the survey garnered a 73% response rate. The number of participants of the survey has ranged from 23 to over 100 depending on the level of coaching activity i.e., coaching contracts. While the same population is surveyed each year, the individual participants vary given the cyclical nature of coaching relationships.

Reasons for Coaching

Coachees articulated a variety of reasons for seeking executive and leadership coaching. Many of these echo the results of the previously outlined studies. Some of the reasons included assistance with change management, organisational and team development, managing career transitions and on-boarding. In addition, survey respondents highlighted that they sought coaching assistance to explore stakeholder and relationship management as well as strategic thinking and planning.

Coaching Methodology

Determining the executive and leadership coaching approach that was used by the various coaches was difficult in this survey because of the range of client needs and the strengths of the individual coaches. What was similar throughout the coaching process were the following 'phases.' Coaching began with a client/coach matching process conducted by the coaching organisation. Once the client had selected a coach the work was defined in three phases. The first phase was for *assessment*. In this phase, self-assessments as well as qualitative, multi-rater, 360 degree, feedback were implemented. The intent of this coaching phase was to enhance the client's awareness of how their leadership and personal preferences were experienced by those working around them. The results from these assessments were reviewed with the client and leveraged to begin the second phase which was *development planning*. In this phase, developmental goals were identified and agreed upon by the coach and client. Finally, the formal *coaching* phase began which included regular coaching sessions either in person or via phone conference.

Overall, all coaches for the firm lean toward on a Solutions Focused Coach Approach. The Solutions Focus process is a powerful, practical, and proven approach to positive change with people, teams, and organisations (Cavenagh & Grant, 2016). With this approach, the search for the causes of problems is sidestepped. The focus is on solutions, strengths and on what is going well. This approach has been shown to lead to a positive and pragmatic way of making progress (Axmith, 2004).



Coaching Success Metrics

In the conducted surveys, a variety of ROI metrics for coaching success are evaluated. Table 1 represents a sample of some of the intangible metrics:

Table 1 Coaching Success Metrics

Retention of key executives
Enhance cross-functional collaboration and cooperation
Executive Coach serves as trusted advisor/counsel
Enhanced team performance and productivity
Faster decision making and effective conflict resolution
Alignment and influence with key stakeholders (peers, upper management)
Development of a strategic/systemic perspective
Strategies for developing high performers/succession plan
Increased decisiveness for addressing poor performers
Foster a culture of learning and engagement
Encourage a 'shared vision' across teams
Improved executive presence (confidence, poise under pressure, presentation skills, engaging others).

In addition to the success indicators above, 'harder' metrics that explored ROI have also been explored. A question that was revealing regarding the economic impact of coaching was:

Using the categories below, what is your estimation of the total economic impact of the individual and organisational benefits from your coaching?

1. \$1 Million annually (15 + times investment)
2. \$500K-\$1M annually (8-15 times investment)
3. \$200K-\$500K annually (4-8 times investment)
4. \$100K-\$200K annually (2-4 times investment)
5. Less than \$100K annually (1-2 times investment)
6. No Response (i.e., I don't know how much the coaching engagement costs to make an accurate determination)

Key findings

Since 2009, 100% of respondents indicated complete satisfaction with the coaching. In addition, 100% of respondents were confident of a positive return on investment from the coaching engagement. A majority of respondents estimated total ROI/Economic Benefits of rough \$200,000 to \$500,000. The respondents determined this metric in a wide variety of ways including calculating what it would cost to replace an executive, costs related to loss of productivity, and gains realized through higher employee engagement. Respondents identified a variety of intangible metrics of success which have, consistently, included the following:

- Executive coach serves as a trusted advisor/counsel
- Improved executive presence (i.e., confidence, poise under pressure, presentation skills, engaging others)
- Alignment and influence with key stakeholders



- Enhanced cross-functional collaboration and cooperation
- Development of a strategic/systemic perspective

One of the benefits of this survey design was the ability to read, and hear, how clients experience executive and leadership coaching. This narrative provided a 'story' of the impact coaching has had on their development and growth as leaders. How clients' experience coaching, and its benefits, have been described by the clients in the following quotations:

- "The coaching experience has empowered me to contribute even more. My coach has been a trusted advisor who has been my confidant and sounding board when tough decisions need to be made."
- "The Organization has coaches that are highly engaged which is unique. They take the time to understand you, what is going on in your life and how that impacts your ability to perform on the job. They are fully plugged into the entire person. They are not just leadership coaches but look at all parts of the person's life and help you make balanced decisions. If we did not have this sort of support, we would feel inadequate in various areas of our lives."
- "It has accelerated both the cultivation of healthy and effective management techniques and my ability to self-assess my management and leadership qualities and behaviors. Furthermore, I have a better set of tools by which I can assess and influence the performance of my team."
- "Part of what I get in my engagement with my coach is confidence in myself and what I do. This reinforcement is helpful for me and my confidence continues to grow. I look to do more in the organisation because of this and want, and have, a greater leadership presence. I am more engaged with the organisation because of coaching."

Limitations

This exploration sought to highlight coaching outcomes and measures of coaching success as reported by coachees. This approach was a potential limitation because self-report survey designs could be subject to respondent bias. Respondents, "may intentionally misrepresent the facts in order to present a more favorable impression" (Leedy & Ormrod, 2005, p. 184). Essentially, the respondents may provide answers that the researcher wants to hear (Joseph, Berry, & Deshpande, 2009; Robson, 2002). This bias can impact the validity of the results.

Another challenge was that this investigation was conducted as a customer satisfaction inquiry at a single organisation. With any research that focuses on a specific population, the ability to generalize the research findings to other populations may be challenging (Gay, et al., 2006). In essence, this specific population may not be representative of the coaching experienced by coaches in other organisations.

Conclusion

The purpose of this paper was to review executive and leadership coaching literature about the measurement and attainment of organisational coaching outcomes. This paper provided an overview of executive and leadership coaching and insight on measuring organisational coaching effectiveness. Finally, a summary and analysis of actual research conducted in part by one of the authors was addressed. In conclusion, coaching outcomes are indicators of coaching success when they are well aligned with the reason for the coaching intervention as well as the goals and values of the organisation.

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