



Europe's Accreditation Body for Coaches and Coach Training Providers

Benefits of Coaching in Business

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INTRODUCTION

This white paper brings together key findings from many reports that have been published in recent years, studying the effects of using coaching within business.

EXECUTIVE SUMMARY

Coaching is now in use in a large number of business organisations. Its usage is growing fast and research to date indicates overwhelming evidence in support of coaching. Benefits are seen both by the individuals receiving the coaching and by the organisation. In particular, benefits are seen in financial performance, retention and development of executives and in communications within organisations.

GROWTH OF COACHING IN BUSINESS

During 2002, the Chartered Management Institute (CMI) published a "Coaching at Work Survey"ⁱ, regarding the extent of coaching in the workplace at that time. They found that of the 280 organisations surveyed, 23% had formal coaching programmes in place and a further 44% were using coaching on an ad-hoc basis.

This survey found that an overwhelming 80% of managers believed they would benefit from more coaching in their place of work. They also found that 93% of managers believe coaching should be available to all employees regardless of seniority.

During April 2004, the Chartered Institute of Personnel and Development (CIPD) issued a survey report, "Training and development 2004"ⁱⁱ which evaluated the growing trend of coaching. Of 531 CIPD member organisations that responded, 78% reported that coaching was in use, and over 90% of respondents agreed with various statements regarding the effectiveness of coaching to deliver tangible benefits and promote learning.

CIPD findings indicated that of all training forms, coaching had seen the largest percentage increase in usage in recent years, higher even than e-learning. Coaching is most often used for improving personal performance and is used mainly by managers and directors.

The CIPD published a subsequent report "Coaching and buying coaching services"ⁱⁱⁱ, in June 2004. This report says that the increased use of coaching has been driven by a number of factors, including:

- ability to adapt to rapid change
- organisational downsizing means newly promoted individuals requiring support
- lifelong learning needs
- costs associates with poor performance
- senior level employees needing someone to confide in
- individual responsibility for development

The report states that HR/training practitioners almost universally believe "...coaching is an effective way of promoting learning, can have an impact on the organisation's bottom line and can deliver tangible benefits to individuals and organisations."

OBJECTIVES OF COACHING IN BUSINESS

According to the CIPD, by far the biggest objective of coaching in business is to improve individual performance. Other common objectives are to tackle under-performance and to improve productivity. Coaching is most often aimed at junior and middle managers.

Typically, coaching is appropriate to:

- develop an individual's potential
- develop an individual's skills in managing, communicating, dealing with conflict
- develop strategic skills
- deal with a change of role

The CIPD concludes that there is a strong business case for coaching.

The CMI survey found that the areas managers required development included:

- personal effectiveness
- emotional intelligence
- assertiveness
- time-management
- communication and listening skills

The Center for Executive Options, a division of Drake Beam Morin, recommends the use of an executive coach in six types of situations^{IV}:

1. **Stretch assignments:** For an executive facing a sudden critical assignment with intense time and budget constraints, or promoted into a new position or back-filling a current opening, a coach can provide a valuable safety net and sounding board.
2. **High-potential executives:** A manager on the fast-track, who's being groomed for leadership positions, might need extra guidance to help him or her advance quickly.
3. **Uneven leadership skills:** When an executive's weakness in interpersonal relationships, decision making or managerial proficiency is causing low morale and internal conflict, a coach may be the best way to help that person recognize his or her problems and figure out how to turn them around.
4. **Specific performance problems:** For the leaders of units and divisions that are behind plan or unlikely to meet business targets, a coach can provide strategic business insights and support.
5. **Beat the competition:** A coach can help executives enhance their leadership and business skills so that their organizations can stay ahead of the competition.
6. **Building teams:** Often used in mergers and acquisitions or turn-around situations, coaching helps an executive team quickly acquire new skills, particularly when time is of the essence.

COACHING AND TRAINING

As early as 1997, a study^v resulted in an often-quoted statistic that: "After training alone, the average increase in productivity was 22.4 percent. When training was augmented by coaching, the average increase in productivity was 88.0 percent." This study examined the effects on productivity of one-on-one executive coaching in a public sector municipal agency in the United States.

The CIPD report 'Training and development 2004' states: "An overwhelming proportion of respondents (over 90%) believe that coaching is an effective mechanism for promoting learning in organisations. A key reason for this appears to be that it is considered to embed external learning from training courses back in the workplace – 93% of respondents agree that this is the case..."

WHY COACHING WORKS

The Hay Group published a report about the future of Executive Coaching in 2002^{vi}. They surveyed HR professionals from around the world, whilst they attended the group's annual conference that year. They reported that: "100 per cent of respondents say that they believe that coaching can improve a leader's effectiveness", and "39.6% of organisations can link the use of coaching to better performance". In particular, coaching is used to good effect in developing leadership capability, strengthening interpersonal skills, changing management styles, and building team effectiveness.

The CIPD 2003 research report, "Understanding the People and Performance Link: Unlocking the black box"^{vii}, offers an understanding of how HR activities such as coaching can impact on individual and organisational performance.

The research found that employees' job performance is a function of their ability, their motivation to engage with their work, and the opportunity to deploy their ideas, abilities and knowledge effectively. Coaching contributes to this by offering an opportunity to improve the motivation and skills of employees, and enhance their performance. Coaching can deliver this by:

- ❑ developing employee skills in line with organisational objectives
- ❑ engaging employees' with their work, making them feel valued and fostering commitment to the organisation
- ❑ promoting self-responsibility and initiative, and facilitating adaptation to new challenges and change
- ❑ accommodating and supporting employees' obligations to their home lives so that they are productive and effective while they are at work.

By improving the performance of individuals, coaching should enable the organisation to achieve superior performance in terms of labour productivity, cost-effective investment in HR, quality, innovation and customer satisfaction.

BENEFITS OF COACHING

The CIPD report also provides a list of benefits for the individual and for the organisation, which it states can be used by HR to build a case for using coaching in an organisation.

Benefits for the Individual

- Learn to solve own problems
- Improve managerial and interpersonal skills
- Have better relationships with colleagues
- Learn how to identify and act on development needs
- Have greater confidence
- Become more effective, assertive in dealing with people
- Have a positive impact on performance
- Have greater self-awareness and gain of new perspectives
- Acquire new skills and abilities
- Develop greater adaptability to change
- Improve work–life balance
- Reduce stress levels

Benefits for the Organisation

- Improve productivity, quality, customer service and shareholder value
- Can gain increased employee commitment and satisfaction, which can lead to improved retention
- Demonstrate to employees that an organisation is committed to developing its staff and helping them improve their skills
- Support employees who've been promoted to cope with new responsibilities
- Help employees to sort out personal issues that might otherwise affect performance at work
- Gain a satisfactory process for self-development
- Support other training and development initiatives e.g. reduce 'leakage' from training courses

In the hospitality industry, the Marriott Marquis Hotel in Atlanta demonstrated impressive results after a two year coaching programme^{VIII}. Improvements were seen in customer satisfaction and staff retention, and unity across the diverse workforce was noted.

Fairview Health Services in Minnesota used a coaching programme^{IX} to improve employee satisfaction. They found that coaching improves employee effectiveness and engagement at work. A particular success has been the retention of all 28 of the high potential leaders who received coaching, three years after their received coaching.

During September 2003, a report was issued by CompassPoint^X, detailing many benefits of coaching for executive directors of non-profit organisations. This year-long project provided coaching to 24 executive directors. It concluded that coaching has a profound impact on them and the organisations they lead.



The executive directors saw benefits including improved leadership and management skills, increased confidence, improved delegation and communication skills. Coaching helped them in both their professional and personal development and helped them to cope with fast-paced change and associated challenges.

The organisations saw many benefits, including increased financial stability. Coaching was regarded as an inexpensive, high impact way to develop the leadership skills of executive directors.

ROI FROM COACHING

In November 2001, MetrixGlobal conducted a case study on ROI of executive coaching^{XI}. The conclusion was that: "Coaching produced a 529% return on investment and significant intangible benefits to the business. Including the financial benefits from employee retention boosted the overall ROI to 788%." This study focused on leadership development and concluded that coaching is a very effective developmental tool, especially for decision making, team-performance and the motivation of others. It reports specific financial benefits as a result of coaching, especially related to productivity and to employee satisfaction.

A study^{XII} in October 2001 looked at the impact of coaching in delivering results against key business goals in an organisation. This study was completed by Triad, for Coaching.com, but the client organisation remains confidential. The key findings concluded that ROI was 10:1, at a conservative level, with a long-term return in the millions. They found abundant evidence regarding improved staff retention, creation of a positive work environment and increased revenue.

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