

The Business Case for Executive Coaching

Just because executives are at the top does not mean they have reached their highest potential. Executive Coaching is a vehicle that expands a leader's unrealized aptitude for their personal benefit and for the organization's gain.

This case highlights the results of current independent research on the monetary and non-quantifiable impacts of Executive Coaching on the individual and the organization. The purpose is to take the wishy-washiness out of misconceptions about the value of coaching and clearly substantiate that coaching consistently delivers business value to organizations.

- A 2004 study evaluated the business impact of Leadership Coaching at a Professional Services Firm¹ and **determined the ROI was 689%** (factoring in the fully loaded cost of the coaching including opportunity cost associated with the time leaders spent being coached).
 - The main competencies that coaching assisted leaders to develop included:
 - Leadership behavior (82%)
 - Building teams (41%)
 - Developing staff (36%)
 - The leaders were very satisfied with their coaching experiences:
 - 95% are doing things differently as a result of coaching, and
 - 95% would recommend coaching to other company staff.
- A 2001 study on the impact of coaching in a Fortune 500 firm² found an **ROI of five to seven times the initial investment in an executive coaching program.**
 - Coaching produced a 529% return on investment and significant intangible benefits to the business.
 - Including the financial benefits from employee retention boosted ROI to 788%.
- A 2001 landmark study commissioned by Right Management Consultants of Philadelphia³ found an **ROI of nearly 600% on dollars spent on executive coaching.**
 - Executives engaged in coaching reported productivity increases, improvement in relationships with direct reports and colleagues, and greater job satisfaction.
- A study of 100 executives⁴ coached for 6-12 months in duration documented an **ROI of 570% on the initial investment in the coaching program.**
 - Tangible impacts on business included increases in productivity, quality, organizational strength, and customer service.
 - Executives and their organizations also obtained intangible benefits including improved relationships with direct reports, peers, and stakeholders, as well as improved teamwork, increased job satisfaction, and reduced conflict.

- Sales Executive Council research⁵ found that effective coaching directly increases sales performance; on average, **coaching core sales representatives results in an 8% performance increase.**

Coaching enables managers to translate personal learning and insight into **improved effectiveness, which improves retention and increases the effectiveness of the links between self development, management development and organizational effectiveness.**⁶

Coaching helps organizations get the most from other Development tools

- A study on executive coaching as a tool for transferring training⁷ noted that training with managers increased manager productivity by 22%, and adding a one-to-one (8-week) coaching intervention after the training **pushed productivity to 88%.**
- Multiple studies⁸ have found that when 360-degree feedback processes are combined with coaching rather than done alone, significant improvements occur in manager and employee satisfaction, commitment, retention, and overall firm performance.

Personal Benefits

- Studies⁹ have found that **coaching reduced executives' stress an average of 18% after 8-10 coaching conversations**, while some participants experienced a reduction in stress level as high as 47%. The primary stress relieving competencies that coaching assisted leaders to develop included:
 - Tools and perspectives to better tackle stress (74%)
 - Better prioritizing of time (72%)
 - Improved ability to make decisions aligned with what is truly important to them (79%)
 - Deeper understanding of the thoughts and actions that stand in their way (81%).
 - 85% said that the coaching made a significant impact on them and has helped them make various necessary changes in their day-to-day lives (85%).
- Numerous studies have found that the process of coaching benefits the individual and organization by increasing the coachee's confidence, developing strategies for coping with work demands, and enhancing personal performance.¹⁰

Bottom Line

Executive Coaching has emerged in recent years as a popular way to develop leaders because it makes sense for organizations focused on the bottom line.



Conduit Coaching

TURN BARRIERS INTO BRIDGES

¹ *MetrixGlobal LLC (2004): “The Business Impact of Leadership Coaching at a Professional Services Firm”*

² *MetrixGlobal LLC (2001): “Executive Briefing: Case Study on the Return on Investment of Executive Coaching”*

³ *Matt Bolch, Proactive Coaching. Training, 2001, 38(5), 58–64*

⁴ *The Manchester Review (2001, vol 6, no. 1): “Maximizing the Impact of Executive Coaching: Behavioral Change, Organizational Outcomes, and Return on Investment”*

⁵ *Sales Executive Council, 2005.*

⁶ *Wales, 2003*

⁷ *Olivero, Bane, and Kopelman, Public Personnel Management, 1997*

⁸ *Thach 2002; Luthans and Peterson 2003.*

⁹ *J. Ramsøy and S. Stover Kjeldsen in cooperation with the Norwegian University of Life Sciences: “Can Coaching Reduce the Incidence of Stress-Related Absenteeism?”, 2002*

¹⁰ *Association for Coaching, Research Study “What is the Return on Investment from Corporate Coaching?”, 2004*

Copies of all reports cited are available upon request from Conduit Coaching.