

Measuring Coaching Impact

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- It is a significant investment; what return can we expect?
- How does Coaching relate to our business?
- Are there options for better managing cost?
- How will you make sure that the initiative meets (or exceeds) the expectations of the business leaders?

Estimation of the results of coaching

	Benefit for the company	Benefit for the Coachee
Very successful	42%	63%
Somehow successful	58%	35%
Weak / unsuccessful	0%	2%

Source: Uni Marburg: Studie zum deutschen Coaching-Markt 2008/2009

2130 coaching clients world wide were interviewed.

Out of them:

- 40% indicated that a financial change had occurred
- 19% were unsure
- Only 9% (189 respondents) were able to provide details on both, how much was gained (or lost) and how much they spent on coaching

- **Individual ROI:**

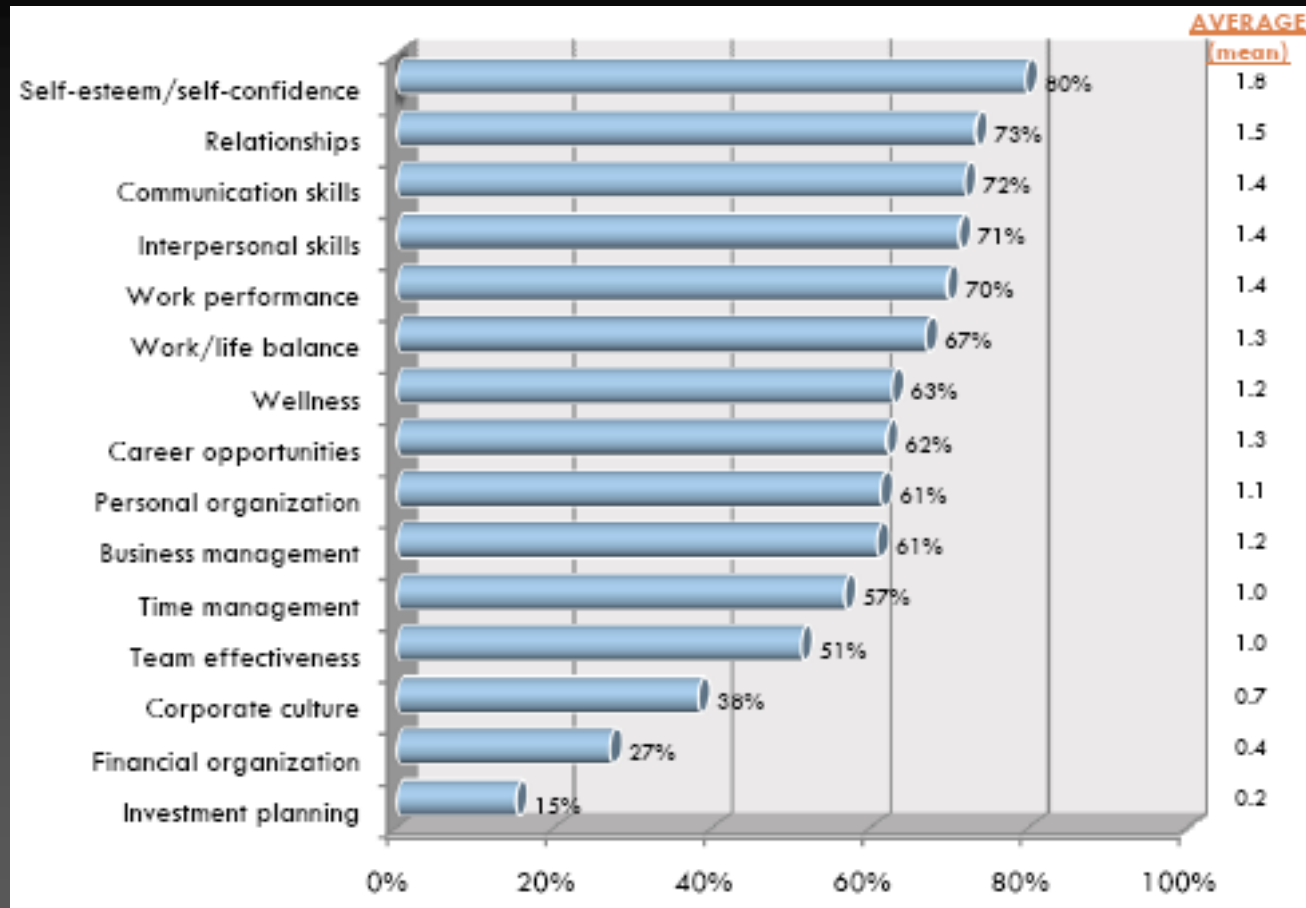
- Just over two thirds (68%) of individuals indicated that they had at least made back their initial investment.
- The median suggests that a client can typically expect an ROI in the range of 344% or 3.44 times the amount spent.

- **Company ROI:**

- The vast majority (86%) indicated that their company had at least made their investment back.
- 19% indicated an ROI of at least 50 (5000%) times the initial investment
- 28% saw an ROI of 10 to 49 times the investment.
- The median company return is 700% indicating that typically a company can expect a return of 7 times the initial investment.

ROI	Organization
700%	Professional Services Firm
500%	Telecommunications Company
240%	Heavy Manufacturing Company
70%	U.S. Government Agency
60%	UK-Based Pharmaceutical Company
60%	U.S. Government Agency

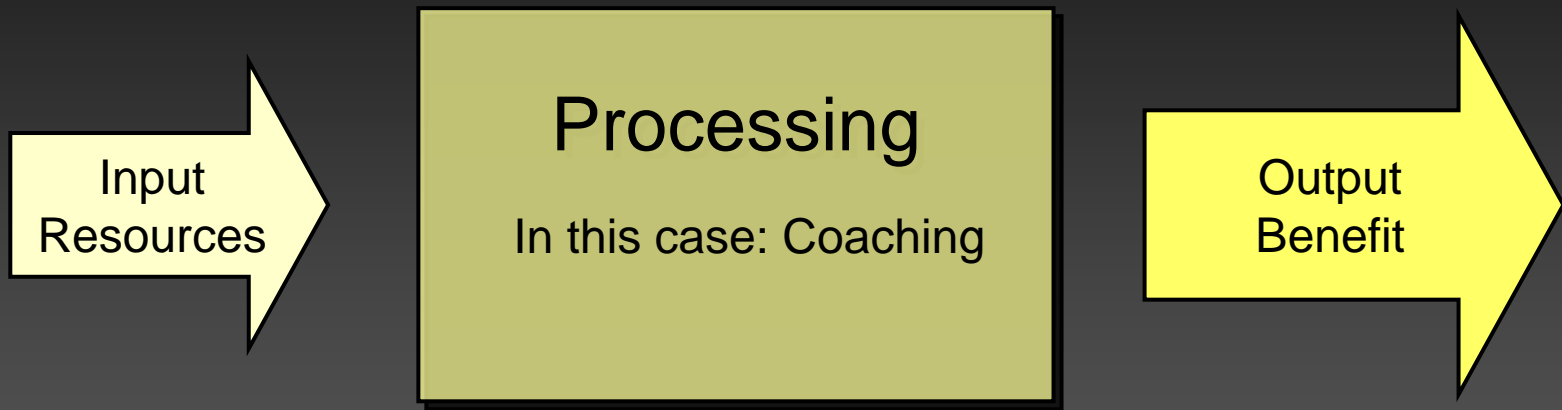
Source: Cylient, 2009 www.cylient.com



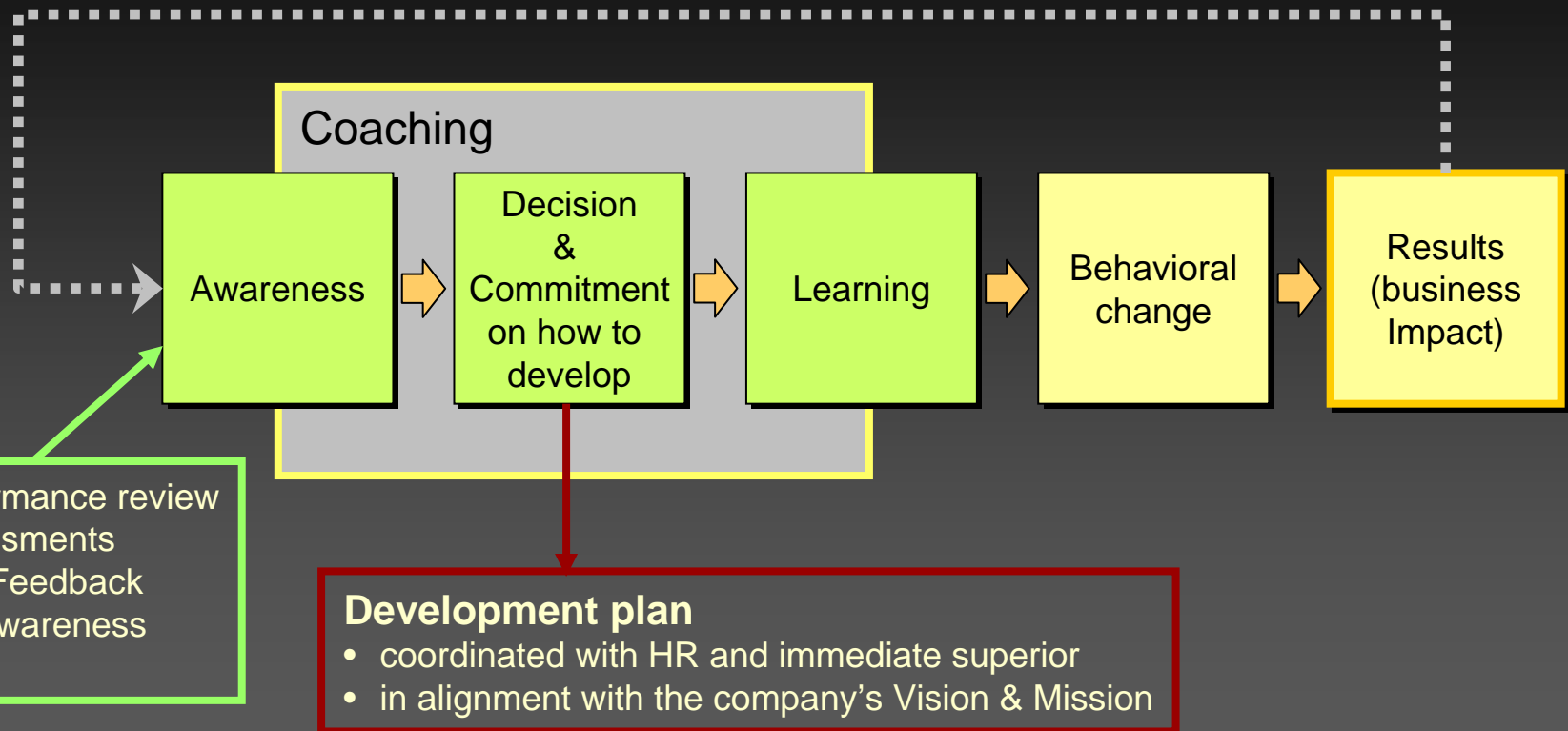
Notes: Percentages represent the portion of respondents awarding a positive rating on a scale of “-3 (much worse)” to “+3 (much better).” N=2130

Source: ICF Client Study 2009

- Reduction in employee turnover
 - Lost know how
 - Training cost
 - Learning curve savings
- Increases in productivity
- General cost reductions
 - Reduction of scrap
 - Improvement of quality
 - Customer satisfaction
- Etc.



Coaching is about supporting people to discover and live their potential, without telling them what to do or doing it for them



Effective coaching is coaching that creates the right behavioral changes that lead to improvement in the client's ability to impact bottom-line business results.

Source: LORE International Institute

- Reactions. What did the coachee think of the engagement?
- Learning. What did the coachee learn during the engagement?
- Behavior. What learning, skills, etc., did the coachee apply on the job?
- Results. What changes in results and productivity have been observed on the job?

Individual and Team Measures

- Pre and post coaching input from stakeholders on client behaviors → e.g. 360° Feedback
- Climate survey results localized to individuals
- Achievements of performance and development plans (e.g., a customized scorecard)
- Achievements on specific accounts, products or objectives
- Improvements in productivity, quality, customer satisfaction

Comparison with a control group

- Rewards (financial and non-financial/political)
- Retention rates
- Promotion rates
- Climate survey results
- Entry into top talent, top performer or top executive pool

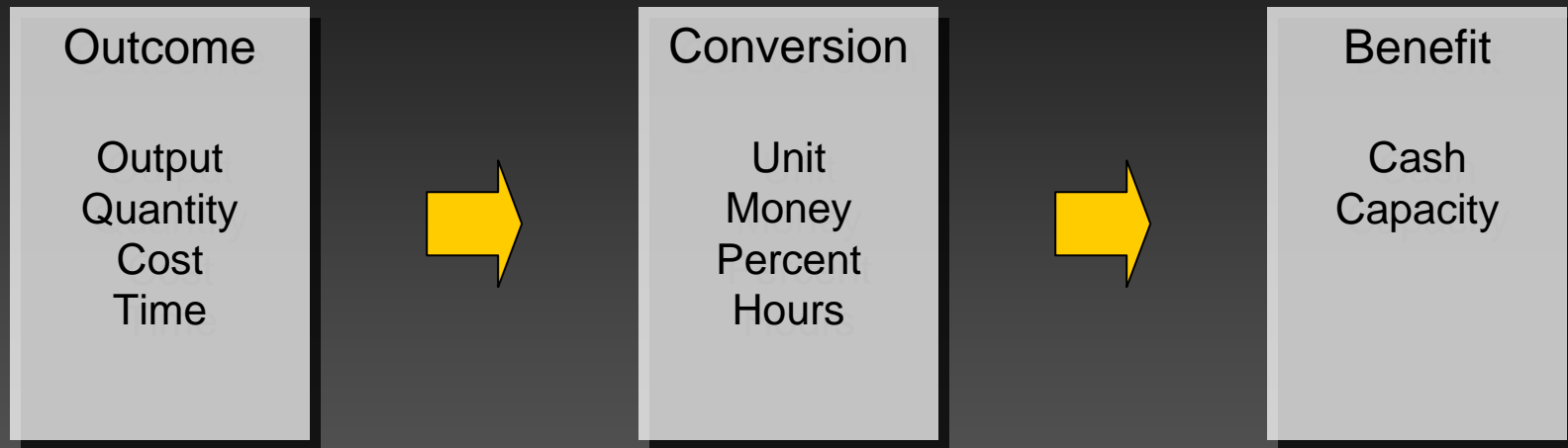
Organisational Measures

- Climate survey results
- Employee engagement and commitment
- External evaluations of company management and leadership

1. Verifying changes in behaviour and results
2. Estimating the financial benefit of these changes
3. Considering the role of coaching in enabling the changes
4. Estimating the total financial benefit attributable to coaching
5. Estimating the cost of providing coaching; and
6. Calculating the return

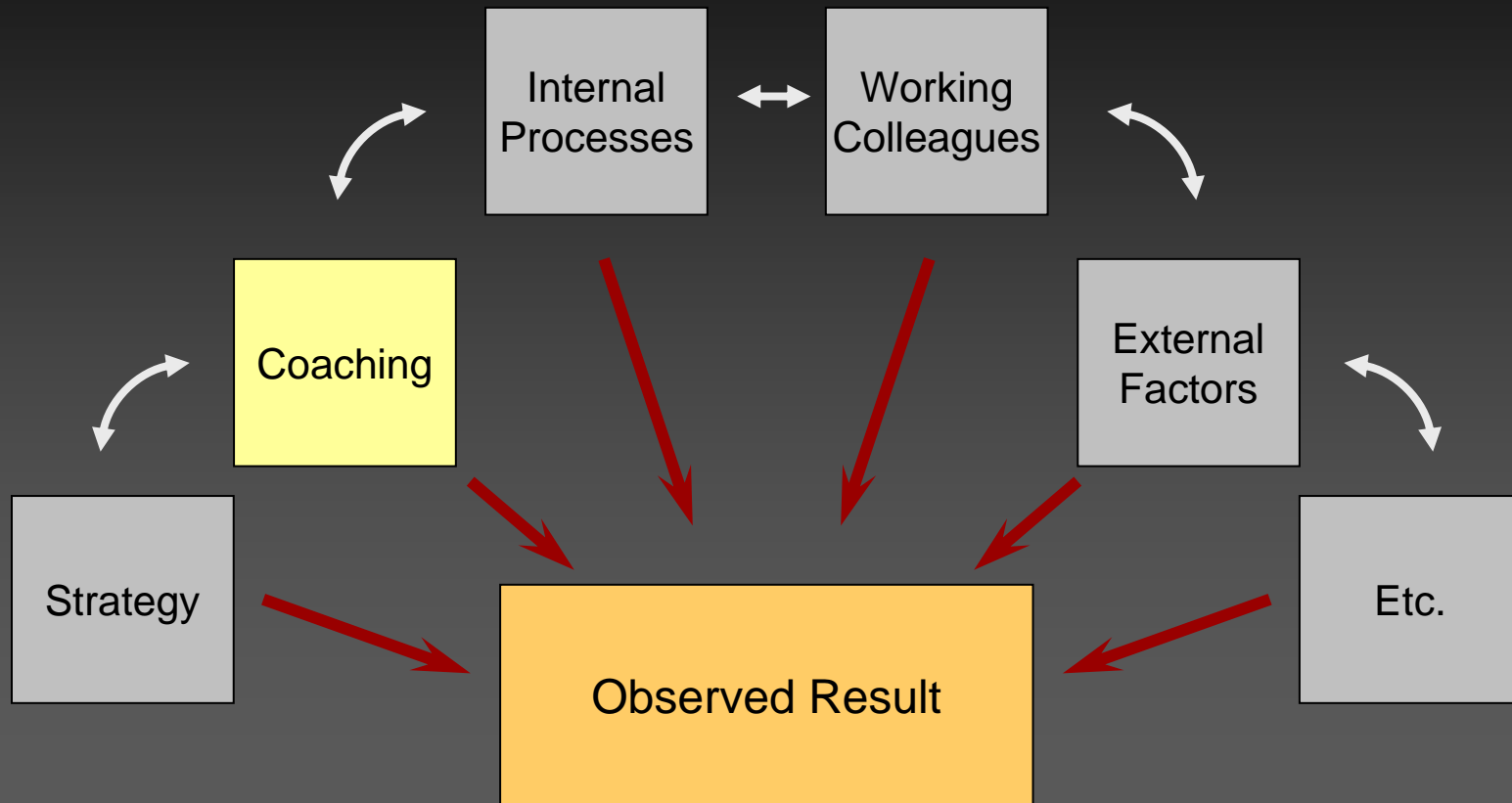
Is that really so easy?

- How do you know that it was a good coaching?
 - What does good Coaching really mean?
 - How can you assure good results?
- Coaching works mostly with intangible aspects
 - How do you quantify a change in mindset?
 - If people are more happy after the coaching: how much worth is that happiness?
- Coaching is not an isolated intervention
 - There are other factors, despite of the quality of coaching, that drive Coaching Impact



- What intangible business outcomes are expected?
- What tangible outcomes are expected?
- How will participants apply what they gained from the initiative to impact these outcomes?
- How can this impact be estimated in terms of monetary value? → Ask these questions:
 - What is the business impact of that?
 - What might be the financial benefit?
 - What can be measured?
 - Assign a financial value to that

It constantly influences and is being influenced by other factors



To ask for a precise figure (ROI) regarding coaching impact is like asking what is the ROI of the wings of an commercial airplane

1. Determine the Financial Benefit
2. Estimate how much is “Due to Coaching” (%)
3. How certain are you about this? (%)
4. Real Coaching Benefit =

$$\text{Financial Benefit} * \text{Due to coaching} * \text{Certainty}$$

Of course this is an approximation, but it is much better to be approximately right than precisely wrong!!!

Source: Merrill C. Anderson, PhD - Metrix Global, LLC

How do I as a coach and the HR Development department assure good Coaching Results?

1. Figure out if Coaching is really the right thing to do
2. Create an Individual development plan
 1. in agreement with direct superior and HR,
 2. aligned with the organization's goals,
 3. if possible with quantifiable success measures (SMART Goals), and
 4. with reasonable expectations
3. Constantly monitor progress and adjust the process

The Coachability Factor

C0	Not coachable at present	Identified psychological issues
C1	Extremely low coachability	Narcissistic personality
C2	Very low coachability	Resists or defies feedback
C3	Fair coachability	Is complacent/unmotivated to change
C4	Good coachability	Assessment comes as a wake-up call
C5	Very good coachability	Shows an earnest desire to improve
C6	Excellent coachability	Has an intrinsic need to grow

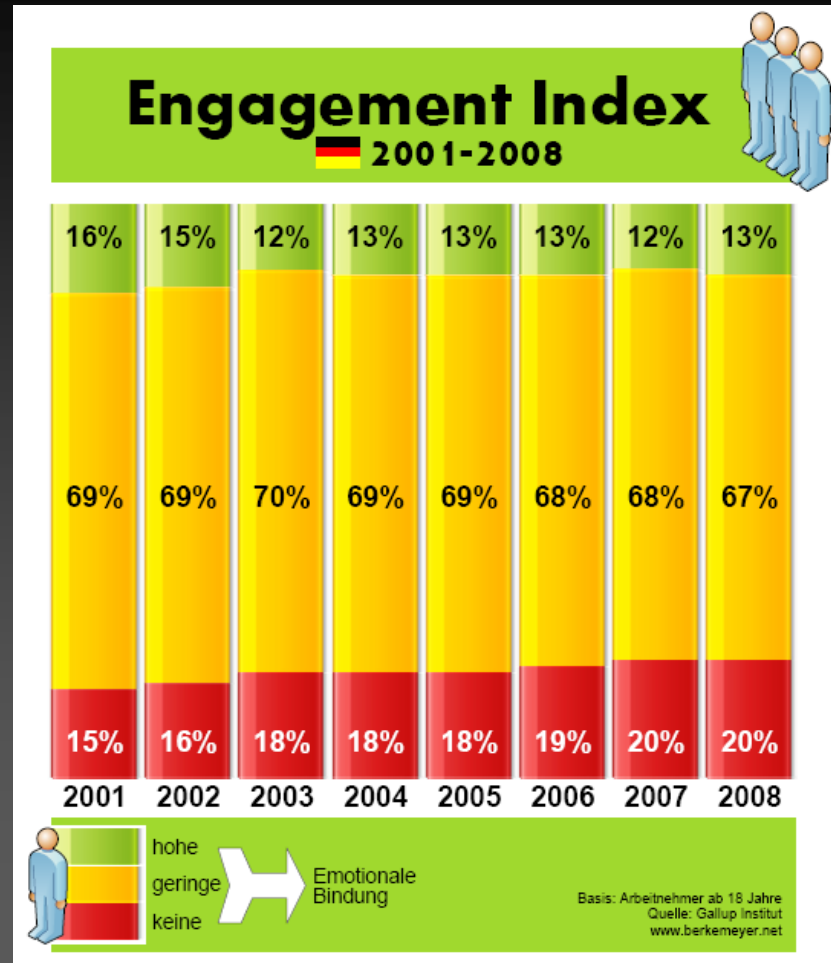
Source: LORE International Institute

Leadership develops according to a fundamental evolutionary process:

- 1. Finding focus and creating the space to make change**
- 2. Building stronger partnerships or strengthening peer relationships**
- 3. Creating alignment between intentions and actions**
- 4. Taking bold and original action to make positive change in their organizations**

Source: Merrill C. Anderson, PhD - Metrix Global, LLC

The Gallup Work Engagement Study



"How long an employee stays at a company and how productive she is there, is determined by her relationship with her immediate supervisor." *Gallop, March 1999*

"40% of employees who rated their bosses' performance as POOR said they were likely to look for a new job" *1999, Spherion & Lou Harris Assoc.*

"Only 11% of employees who rated their bosses' performance as EXCELLENT said they were likely to look for a new job" *1999, Spherion & Lou Harris Assoc*



Employees resign to their immediate superior not to the company