Maximizing Returns on Professional Executive Coaching

- Identifying “Best Fit” Coaches
- Focusing Coaching on Business Needs
- Optimizing Executive–Coach Matching
- Leveraging Senior Manager Participation
- Managing Coaches to Performance Standards
Note to Members on Confidentiality of Findings
This document has been prepared by the Corporate Executive Board for the exclusive use of its members. It contains valuable proprietary information belonging to the Corporate Executive Board and each member should make it available only to those employees and agents who require such access in order to learn from the material provided herein, and who undertake not to disclose it to third parties. In the event that you are unwilling to assume this confidentiality obligation, please return this document and all copies in your possession promptly to the Corporate Executive Board.

© 2003 Corporate Executive Board
Catalog no.: CLC1X8YD2
Table of Contents

“Executive Coaching” Defined • iv
Advisors to Our Work • v
With Sincere Appreciation • vi
Letter to the Membership • vii
Key Findings and Solutions in Brief • viii
Note on Research Applicability • xi

Part I—Member Diagnostic: Evaluating the Returns on Current Coaching Strategy • xii
A series of diagnostic questions helps HR professionals and senior executives assess the likelihood of high returns on their organizations’ current coaching strategy.

Part II—Maximizing Returns on Professional Executive Coaching • 1
Council Essay • 1

Chapter I: Identifying “Best Fit” Coaches • 19
Practice #1: Strategic Coach Sourcing Protocol • 21

Practice #2: Business-Driven Coaching Prioritization • 43

Chapter II: Focusing Coaching on Business Needs • 41

Practice #3: Coach Finder Tool • 59

Chapter III: Optimizing Executive–Coach Matching • 57
Table of Contents (continued)

Chapter III: Optimizing Executive–Coach Matching (continued)

Practice #4: Executive Coach Broker • 73

An executive coach “broker” offers a three-fold, paid-for service package to executives requesting coaching and their businesses. Significantly, a coach broker appraises coaching requests with a view to individual and business needs, screens the coaching pool against rigorous criteria, and matches coaches to clients. Once this has been accomplished, a coach broker maintains close contact throughout the engagement to ensure that the match is successful and conducts a service satisfaction review at the end of each engagement.

Chapter IV: Leveraging Senior Manager Participation • 83

Practice #5: Manager-Led Coaching Engagement • 85

A structured process embeds managerial participation and reinforcement into every element of the coaching value chain. The manager signs off on coaching development goals and provides formal feedback at the coaching engagement’s mid- and end points. In addition, the manager, coach, and individual meet informally to discuss progress against coaching goals.

Practice #6: Mentor-Assisted Coaching Program • 97

A senior-level mentor provides the coached executive with broader organizational visibility and secures appropriate developmental opportunities across the organization.

Chapter V: Managing Coaches to Performance Standards • 107

Practice #7: Coaching Bench Management Strategy • 109

A three-part strategy optimizes the management of a diverse group of external coaches. First, a standardized coaching model governs all coaching engagements in the organization. Second, a lead coach manages the professional coaches as a team, assisting in staffing decisions, monitoring performance, and offering feedback to coaches. Finally, all coaches regularly convene as a group to debrief on coaching progress and development trends within the organization.

“Executive Coaching” Defined

For the purpose of this research, the Council focused on external professional coaching. Further, the Council’s investigation of best practices in this field has focused on coaching geared toward executive skills development and performance enhancement, as opposed to coaching aimed at corrective improvement of poor performance or improvement of technical skills.

Even with this focus, many members have reported that the practices and principles included herein are also very applicable to the management of internal coaches and coaching targeted at other distinct objectives.
Advisors to Our Work

The Corporate Leadership Council expresses its appreciation to all of the individuals and organizations who have so generously contributed their time and expertise to our work. Their contributions have been invaluable, and we extend our sincere thanks to all of these advisors. A partial list of participants is included below.

<table>
<thead>
<tr>
<th>AmeriCredit Corp.</th>
<th>Grant Thornton International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Computer, Inc.</td>
<td>Gulf States Paper Corporation</td>
</tr>
<tr>
<td>AstraZeneca plc</td>
<td>Hewlett-Packard Company</td>
</tr>
<tr>
<td>AT&amp;T Corporation</td>
<td>Hillenbrand Industries</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>Ingram Micro Inc.</td>
</tr>
<tr>
<td>BellSouth Corporation</td>
<td>Koninklijke Philips Electronics N.V.</td>
</tr>
<tr>
<td>BHP Billiton Limited</td>
<td>Marks &amp; Spencer plc</td>
</tr>
<tr>
<td>Blue Cross Blue Shield of Massachusetts, Inc.</td>
<td>Motorola, Inc.</td>
</tr>
<tr>
<td>The Boeing Company</td>
<td>National Australia Group</td>
</tr>
<tr>
<td>BP p.l.c.</td>
<td>National Grid Transco plc</td>
</tr>
<tr>
<td>Bristol-Myers Squibb Company</td>
<td>Nokia Corporation</td>
</tr>
<tr>
<td>Canadian Pacific Railway</td>
<td>PepsiCo, Inc.</td>
</tr>
<tr>
<td>Capital One Financial</td>
<td>Pfizer, Inc.</td>
</tr>
<tr>
<td>Cargill, Incorporated</td>
<td>QUALCOMM Incorporated</td>
</tr>
<tr>
<td>Dell Computer Corporation</td>
<td>Rock-Tenn Company</td>
</tr>
<tr>
<td>Deutsche Bank AG</td>
<td>Royal Dutch/Shell Group of Companies</td>
</tr>
<tr>
<td>The Dow Chemical Company</td>
<td>Seagate Technology</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>The Southern Company</td>
</tr>
<tr>
<td>Export Development Canada</td>
<td>S.W.I.F.T.</td>
</tr>
<tr>
<td>F. Hoffmann-La Roche Ltd.</td>
<td>Taiwan Semiconductor Manufacturing Company Ltd.</td>
</tr>
<tr>
<td>Ford Motor Company</td>
<td>Telenor AS</td>
</tr>
<tr>
<td>General Mills, Inc.</td>
<td>Yum! Brands, Inc.</td>
</tr>
<tr>
<td>General Motors Corporation</td>
<td></td>
</tr>
</tbody>
</table>
With Sincere Appreciation

---SPECIAL THANKS---

The Corporate Leadership Council would like to express its gratitude to the following individuals who were especially giving of their time and insight in the development of this study.

**Ms. Claire Breeze**  
Relume  
5 Stanton Close  
Witney  
Oxfordshire OX28 5YX  
United Kingdom  
Telephone: +44-(0)1993-700-167  
Facsimile: +44-(0)1993-700-167  
E-mail: karen@relume.co.uk

**Dr. Craigie MacFie**  
cqm consulting  
12/248 Miller Street  
North Sydney  
NSW 2060  
Australia  
Telephone: +61-(0)2-9955-2717  
Facsimile: +61-(0)2-9955-2717  
E-mail: cmacfie@netspace.net.au

**Dr. Marshall Goldsmith**  
A4SL—The Alliance for Strategic Leadership  
P.O. Box 9710  
Rancho Santa Fe, CA 92067  
United States  
Telephone: +(1)-858-759-0950  
Facsimile: +(1)-858-759-0550  
E-mail: Marshall@a4sl.com

**Ms. Christine Miller**  
Kinnoull  
18 Landford Road  
London SW15 1AG  
United Kingdom  
Telephone: +44-(0)20-8789-9381  
Facsimile: +44-(0)870-052-9674  
E-mail: kinnoull@kinnoull.com

**Ms. Anne C. Gray**  
The Gray Partnership  
The Limes  
123 Mortlake High Street  
London SW14 8SN  
United Kingdom  
Telephone: +44-(0)20-8392-9456  
Facsimile: +44-(0)20-8392-1960  
E-mail: annieg@graypartnership.co.uk

**Mr. Stephen Wilson**  
The Centre for Executive Coaching  
1 College Hill  
London EC4R 2RA  
United Kingdom  
Telephone: +44-(0)20-7556-4039  
Facsimile: +44-(0)20-7556-4048  
E-mail: swilson@dbm.com
The Council’s 2001 reports *The Voice of the Leader* and *The Leadership Imperative* began to highlight the challenges associated with one of the fastest growing areas of leadership development: professional executive coaching. Across the past six months, the Council has conducted an in-depth inquiry into how organizations can maximize the returns on their coaching investments. Council research suggests that coaching is an area of significant expense that it is often applied in an uncoordinated and inconsistent manner, failing to guarantee sufficient returns on the organization’s investments.

Specifically, the Council has found that the variable returns on coaching can be attributed to challenges both in guaranteeing a positive engagement between executive and coach and in linking this engagement to business needs and goals.

In addressing these challenges, this study identifies five key imperatives for organizations seeking to guarantee better returns on executive coaching:

- Identifying “Best Fit” Coaches
- Focusing Coaching on Business Needs
- Optimizing Executive–Coach Matching
- Leveraging Senior Manager Participation
- Managing Coaches to Performance Standards

While the practices profiled herein represent some of the most innovative and effective methods discovered in our research, the Council recognizes that they cannot address every obstacle that HR organizations may face in their coaching activities. HR professionals seeking further guidance or alternative approaches to the practices and tools profiled on the following pages are encouraged to contact the Council’s research team for additional research and assistance.

The Council’s research team sincerely hopes that this brief will garner further member input and interest in this terrain. In this regard, we look forward to receiving your feedback and extend, as always, our continuing appreciation.

Washington, D.C., and London
May 2003
KEY FINDINGS

① A Growing Trend—Organizations around the world indicate a growing excitement about the potential positive impact of coaching as a leadership development intervention.

② A Costly Preference—Council research shows that executives have a strong preference for executive coaching but also that such coaching is very expensive compared to other leadership development activities.

③ Inconsistent Implementation—Despite executives’ preferences and the high cost involved, organizations are rarely managing coaching investments in a coordinated or consistent manner.

④ Inconsistent Returns—Member organizations report significantly variable returns on coaching engagements, and Council research indicates that poorly implemented coaching is unreliable as a driver of improvements in employee or business performance.

⑤ Council Response—The Council has identified five challenges that inhibit the effective management and utilization of executives coaches within organizations. These challenges impede both the development of positive coaching engagements and the linkage of these engagements to business results. The strategic practices identified in this study address the following five problems.

Difficultly Finding “Best Fit” Professional Coaches—An abundance of coaching providers coupled with an absence of coordinated coach recruitment approaches prevents organizations from identifying suitable coaches.

Unfocused Coaching Engagements—Organizations often do not appropriately prioritize coaching engagements, offering coaching based on the merits of an individual request rather than business needs and requirements.

Poor Matching of Coaching Resources to Executive Requirements—High-impact coaching depends on a positive relationship between executive and coach, yet few organizations are able to ensure accurate matching of coaches’ experience and personalities with executives’ needs and requirements.

Disconnect from the Organization—The “behind closed doors” nature of coaching engagements often means that coaching goals do not correspond with business or organizational requirements and coaching fails to generate an ongoing impact for the business.

Inconsistent Delivery and Quality of Coaching—A wide diversity of coaching approaches and styles prevents organizations from effectively implementing and managing a performance standard for coaches across the organization.
## Solutions in Brief

<table>
<thead>
<tr>
<th>Key Coaching Challenges</th>
<th>Critical Responses</th>
<th>Featured Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty finding “best fit” professional coaches</td>
<td>Standardize recruitment efforts</td>
<td>Practice #1: Strategic Coach Sourcing Protocol (Council Composite)</td>
</tr>
<tr>
<td>Unfocused coaching engagements</td>
<td>Prioritize by business requirements</td>
<td>Practice #2: Business-Driven Coaching Prioritization</td>
</tr>
<tr>
<td>Poor matching of coaching resources to executive requirements</td>
<td>Create and deploy matching protocols</td>
<td>Practice #3: Coach Finder Tool</td>
</tr>
<tr>
<td>Disconnect from the organization</td>
<td>Foster line manager involvement and senior manager advocacy</td>
<td>Practice #4: Executive Coach Broker</td>
</tr>
<tr>
<td>Inconsistent delivery and quality of coaching</td>
<td>Create overarching model and knowledge networks</td>
<td>Practice #5: Manager-Led Coaching Engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Practice #6: Mentor-Assisted Coaching Program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Practice #7: Coaching Bench Management Strategy</td>
</tr>
</tbody>
</table>
Note on Research Applicability

“Exportable Insights”

Broad Interest Across the Membership: Lessons from the Best (Not Necessarily the Biggest)
During the Council’s research on strategies for maximizing returns on professional executive coaching, it did not surprise us that a significant number of lessons and practices were offered by large, global organizations. Owing to their size, these organizations have had the opportunity to experiment with professional coaching strategies on a large scale over the past few years. However, the Council has learned from its membership that companies of all sizes are leveraging professional coaches, sometimes working with two or three preferred vendors for a small group of senior executives.

Relevant, Compelling Ideas
The Council is very confident that the insights and practices profiled on the following pages are relevant to all its member organizations irrespective of their size or the scale of their professional coaching efforts. The emphasis of our research findings is on compelling ideas that are easily transferred into different environments and that do not require large investments.

Road-Mapping Applicability
We strive to highlight these “exportable insights” throughout this report, and members may review our assessment of practice applicability and implementation tips on the final pages of each case study.
Member Diagnostic: Evaluating the

The Corporate Leadership Council has developed a brief self-test that may be useful to senior executives seeking to evaluate their organization's professional coaching strategy. This diagnostic assesses the extent to which an organization has addressed the five imperatives that the Council has identified as necessary for maximizing the returns on professional executive coaching.

For each of the questions below, answer either yes or no.

I. Identifying “Best Fit” Coaches

1. Has your organization developed a set of standardized criteria for screening and selecting professional coaches? Yes No
2. Does your organization incorporate business as well as individual considerations in the recruitment of professional coaches? Yes No
3. Does your organization recruit professional coaches with a particular view to bringing to the organization the full complement of skills and experiences that executives typically require? Yes No
4. Does your organization rigorously interview each professional coach, either on an individual basis or in a group, before approving the coach to work with executives in the organization? Yes No
5. Does your organization contract with each professional coach at the corporate level around service-level expectations and the terms and conditions of employment? Yes No

II. Focusing Coaching on Business Needs

6. Does your organization prioritize professional coaching for key contributors, such as senior executives leading a critical business initiative? Yes No
7. Does your organization consider an executive’s likely ability to execute or over-execute against business goals when allocating professional coaching resources as development opportunities? Yes No
8. Does your organization mandate a clear linkage between business goals and the developmental goals pursued through a professional coaching engagement? Yes No

III. Optimizing Executive–Coach Matching

9. Has your organization identified clear criteria and decision rules for matching professional coaches to executives? Yes No
10. Does your organization consider experience, expertise, and relationship factors when matching professional coaches to executives? Yes No
11. Does your organization monitor the effectiveness of a executive–coach match throughout the coaching engagement and over time? Yes No
12. Does your organization offer guidance for executives on appropriate courses of action if the coaching engagement derails owing to interpersonal dynamics? Yes No
13. Will your organization be aware and able to intervene proactively if coaching engagements derail owing to interpersonal dynamics? Yes No
Returns on Current Coaching Strategy

IV. Leveraging Senior Manager Participation

14. Does your organization position the direct manager or the business as the ultimate customer of a coaching engagement? □ □

15. Does your organization mandate that a coached executive’s manager approves of professional coaching as an appropriate development interaction before coaching is initiated? □ □

16. Does your organization encourage manager involvement in the creation of a “coaching action plan”? □ □

17. Does your organization encourage regular, three-way progress checks between the executive, the coach, and the direct manager? □ □

18. Does your organization provide additional support to coached executives, e.g., through mentors or other senior staff, to ensure that on-the-job development needs identified through the coaching engagement can be properly addressed? □ □

V. Managing Coaches to Performance Standards

19. Has your organization developed an overarching performance standard to which each professional coach must adhere, for example, a timeline of deliverables and outputs across the engagement? □ □

20. Does your organization manage the professional coaches that it employs as a coherent group, e.g., by appointing a manager for the group and bringing the group together for regular meetings? □ □

21. Does your organization leverage the collective knowledge of the professional coaches who work with your senior executives to better assess organization-wide development needs and other trends? □ □

---SCORING SYSTEM---

<table>
<thead>
<tr>
<th>Number of “Yes” Responses</th>
<th>Likelihood of Maximum Returns on Professional Executive Coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 to 21</td>
<td>Excellent</td>
</tr>
<tr>
<td>16 to 18</td>
<td>Good</td>
</tr>
<tr>
<td>12 to 15</td>
<td>Fair; significant improvement needed</td>
</tr>
<tr>
<td>0 to 11</td>
<td>Low; immediate attention, possibly reengineering of strategy, required</td>
</tr>
</tbody>
</table>
Maximizing Returns on Professional Executive Coaching
The challenge of increasingly competitive markets has brought new pressures to bear on organizations’ leaders and has called into question the value of many traditional methods for supporting and developing executives. Many HR professionals, executives, and independent commentators suggest that external coaching is increasingly incorporated into effective leadership development strategies.

“THE NEXT BIG THING?”

*Popular news coverage highlights a recent explosion of interest in executive coaching*

**Representative Newspaper Clippings on Recent Coaching Trends**

*The Economist, 3 August 2002*

**EXECUTIVE COACHING IS HELPING CEOs TO COPE**

“These are stressful times for chief executives. When they are not being blamed for recording poor results, they are being blamed for not recording poor results. Branded failures or cheats, they are looking for a shoulder to cry on. If their spouses’ sympathy is exhausted, they are turning to executive coaching, a one-to-one, high-cost service…that companies increasingly offer their top-tier executives. Executive coaching is growing by about 40 percent a year.”

*Fortune, Vol. 141, No. 4, 21 February 2000*

**SO YOU’RE A PLAYER. DO YOU NEED A COACH?**

“Coaches are everywhere these days. Companies hire them to shore up executives or, in some cases, to ship them out. Division heads hire them as change agents. Workers at all levels of the corporate ladder…are taking matters into their own hands and enlisting coaches for guidance on how to improve their performance, boost their profits, and make better decisions about everything from personnel to strategy.”

*Business Times Singapore, 24 December 2002*

**COACHING FOR RESULTS**

“Executive coaching is a huge growth market. With senior managers under increasing pressure from investors, analysts, and a host of others, and CEO tenure plummeting, executives appear desperate for help. Enter the coach….”

*The Sunday Telegraph, 16 March 2003*

**GETTING THE MOST FROM YOUR GURU: EXECUTIVE COACHING IS BEING HAILED AS THE NEXT BIG THING**

“One of the great things about coaching is the power it has to help the participant reflect on any barriers to achievement in an entirely new way. There are many reasons for this: the opportunity to work with an outsider; the ‘thinking space’ a good coach can provide for the individual; the luxury of a non-directive approach that avoids the trap of going for the seemingly obvious solution; and gaining the commitment of the individual to the process by open and honest discussion at the very beginning.”

Source: Corporate Leadership Council research.
In line with this trend, many of the Council’s member organizations around the world have created professional coaching programs designed to support executives in managing business challenges and changing leadership behaviors.

A Global Trend

Organizations around the world are leveraging professional coaching to support executives’ performance and development

Coaching Initiatives Worldwide, Circa 2002

- **Pharmaceutical company** provides professional coaches to facilitate achievement of individual development plans.
- **Energy company** provides professional coaches to support executives through business challenges.
- **Telecommunications company** hires professional coaches to support development of a coaching culture.
- **Consumer goods company** works with professional coaching organization to embed new leadership behaviors and deliver 360-degree feedback.
- **Financial services company** recruits professional coaches to support organizational culture change and development of new coaching culture.
- **Health care provider** leverages professional coaching to enable high-performing executives to outperform against business goals.
- **Manufacturing company** offers professional coaching as part of formal leadership development program.
- **High-tech company** works with two professional coaches to deliver 360-degree feedback and develop leadership development plans.
- **Financial services company** leverages professional coaches to provide executives with broad business and functional perspectives.

Source: Corporate Leadership Council research.
The great flexibility and customization of coaching comes at a high price; external professional coaching is possibly the most expensive option among the portfolio of organizations’ leadership development interventions. Based on the average cost of a single engagement, companies are likely to spend thousands of dollars on executive coaching every year. As these costs increase, HR departments report an increasing pressure to justify the expenditure.

A High Price

With expenditures on coaching running high...

Case in Point: A Sample Company Coaching Invoice

<table>
<thead>
<tr>
<th>Company A: Coaching Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Number of Coached Executives</strong></td>
</tr>
<tr>
<td>Coaching for...</td>
</tr>
<tr>
<td>CEO</td>
</tr>
<tr>
<td>COO</td>
</tr>
<tr>
<td>Senior management team building</td>
</tr>
<tr>
<td>Senior line executive</td>
</tr>
<tr>
<td>Three senior executives</td>
</tr>
<tr>
<td><strong>TOTAL COST:</strong></td>
</tr>
<tr>
<td>Cost per Individual:</td>
</tr>
</tbody>
</table>

...organizations are asking hard questions about the return on their investment

In Search of the ROI

“We spent several hundred thousand Euros on professional coaching for our executives last year, and although the coached executives believe that it was effective, we can’t show any hard-and-fast impact. Now we’re under pressure to come up with some kind of ROI—or reduce the scale of our coaching program.”

HR Director
European Financial Services Company

Source: Corporate Leadership Council illustrative.
In view of organizational concerns about the high costs and uncertainty surrounding the ROI on coaching, Council research suggests that the increase in executive coaching is being directly driven by strong demand from executives. Senior executives highly value professional coaching, ranking executive coaching among the top five leadership development interventions and as the preferred method among formal leadership development methods.

**Executives’ Preferred Option**

*Council research highlights that executives greatly value coaching as a development intervention*

Rank-Order of Development Programs by Importance Score

<table>
<thead>
<tr>
<th>Development Program</th>
<th>Overall Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of decision-making authority</td>
<td>1</td>
</tr>
<tr>
<td>Creating leadership development plan</td>
<td>2</td>
</tr>
<tr>
<td>Interacting with peers</td>
<td>3</td>
</tr>
<tr>
<td>Meeting with an executive coach</td>
<td>4</td>
</tr>
<tr>
<td>Meeting with a mentor</td>
<td>5</td>
</tr>
<tr>
<td>Feedback</td>
<td>6</td>
</tr>
<tr>
<td>Turning around a struggling business</td>
<td>7</td>
</tr>
<tr>
<td>People-management skills courses</td>
<td>8</td>
</tr>
<tr>
<td>Working in new functional areas</td>
<td>9</td>
</tr>
<tr>
<td>Working in foreign countries</td>
<td>10</td>
</tr>
<tr>
<td>Working in new lines of business</td>
<td>11</td>
</tr>
<tr>
<td>Launching a new business</td>
<td>12</td>
</tr>
<tr>
<td>Number of direct reports</td>
<td>13</td>
</tr>
<tr>
<td>Quality of direct reports</td>
<td>14</td>
</tr>
<tr>
<td>Off-site seminars in business skills</td>
<td>15</td>
</tr>
<tr>
<td>Technical skills courses</td>
<td>16</td>
</tr>
<tr>
<td>Business skills courses</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Corporate Leadership Council 2001 Leadership Survey.
Despite leaders’ strong preference for professional coaching, organizations are largely ineffective at providing executives with this type of intervention. Council research shows that executive coaching ranks among the two least leveraged leadership development options.

**Ineffective Provision of Coaching**

*Council research suggests that companies struggle to provide effective coaching*

Findings from the Corporate Leadership Council’s *Voice of the Leader* Survey*

Although meeting with an executive coach is among the top five preferred development interventions, companies are ineffective at providing it as a development option.

---

*Company performance is measured by leaders’ assessment of the effectiveness with which their companies implement leadership development programs. Importance is based on leaders’ importance scores, which measure the relative importance leaders place on each program for the development of their leadership skills.*

*Source: Corporate Leadership Council 2001 Leadership Survey.*
In addition, Council research suggests that current coaching engagements may not always achieve the expected positive outcome. In particular, the Council’s examination of coaching performance highlights that the presence of coaching does not guarantee performance improvement and shows variable returns on coaching at the individual level.

**Low Returns on Coaching Efforts**

*Council survey ranks coaching as an unreliable driver of performance*

Findings from the Council’s *Building the High-Performance Workforce Survey*:

On aggregate, executive coaching does not produce a significant impact on executive performance. However, at an individual level, results show a wide range of experience, including up to a 54 percent positive impact on performance.

* Each bar presents a statistical estimate of the maximum total impact on employee performance each strategy will produce. The total impact includes the strategy’s direct impact on performance as well as any indirect impact it may have through employee attitudes. The maximum total impact is calculated by comparing two statistical estimates: the predicted performance level for an employee who scores “high” on the strategy and the predicted performance level for an employee who scores “low” on the strategy. The impact of each strategy is modeled separately. A strategy that fails to achieve traditional levels of statistical significance is denoted with a white bar (t < 2.0).

Council members report a series of barriers to providing effective executive coaching and maximizing the organization’s returns on its coaching engagements. The variability of coaching outcomes is attributed to the presence of poor coaches, unfocused engagements, ineffective matching of coaches and executives, poor integration between coaching and other organizational development efforts, and inconsistent delivery of coaching across the organization.

**Unpacking the Coaching Challenge**

*Barriers to Effective Provision of Professional Coaching*

- **#1—Difficulty finding “best fit” professional coaches**
- **#2—Unfocused coaching engagements**
- **#3—Poor matching of coaching resources to executive requirements**
- **#4—Disconnect from the organization**
- **#5—Inconsistent delivery and quality of coaching**

*Source: Corporate Leadership Council research.*
Challenge #1: Difficulty Finding “Best Fit” Professional Coaches

Organizations’ difficulty finding suitable coaches stems from two underlying problems. First, the coaching market is unregulated, with thousands of providers operating without clearly defined professional standards or accreditation. Second, organizations frequently locate and recruit coaches on a case-by-case basis, duplicating selection efforts and preventing consistent and rigorous scrutiny of coach credentials.

A Needle in a Haystack

Given the size and diversity of the professional coaching market, the typical coach recruitment process is ill-equipped to locate the most suitable coaches for an executive’s request.

Typical Recruitment Process

- Request for Coaching
  - Corporate HR
  - Executive Development Consultant
  - Line Manager
  - Line HR Manager

The Coaching Market

- Large variety of approaches include psychological and business-focused learning models.
- Delivery includes in-person and phone meetings.
- An estimated 40,000+ professionals offer coaching advice and services.
- Backgrounds range from business to academic.
- Some coaches have formal qualifications and accreditations.
- Some coaches are affiliated with voluntary regulatory organizations.

Major Coach Recruitment Obstacles

Council research identifies three critical obstacles that prevent the effective and successful recruitment of professional coaches.

- Duplication of efforts and waste of resources
- Lack of standardized recruitment criteria
- Inability to evaluate and compare coaches’ service offerings

Source: Corporate Leadership Council research.
Challenge #2: Unfocused Coaching Engagements

Although there is a general recognition that coaching should be business driven, most organizations do not appropriately prioritize coaching engagements. Often coaching is provided as a development tool for executives, without consideration as to whether such engagements are aligned with business need.

Spread Too Far and Wide

While coaching is generally focused on HIPOs and senior executives...

<table>
<thead>
<tr>
<th>Percentage of Responses to the Question: In your organization, what group of individuals typically receives professional coaching?*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Leadership Team</td>
</tr>
<tr>
<td>Emerging Executive Talent (HIPOs or “Pre-Executives”)</td>
</tr>
<tr>
<td>Senior Managers</td>
</tr>
<tr>
<td>Executives Who Are Newly Promoted into Their Positions</td>
</tr>
<tr>
<td>Middle Managers</td>
</tr>
<tr>
<td>No One</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Executives Who Are New to the Organization</td>
</tr>
<tr>
<td>Percentage of Responses</td>
</tr>
<tr>
<td>65%</td>
</tr>
<tr>
<td>58%</td>
</tr>
<tr>
<td>48%</td>
</tr>
<tr>
<td>29%</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td>13%</td>
</tr>
<tr>
<td>10%</td>
</tr>
</tbody>
</table>

N = 31.
* Respondents provided multiple answers.

...a failure to consider the requirements of the business...

Questions Typically Not Considered in Coaching Decisions

• How critical is the development need to the success of the business?
• How critical is the individual to the success of the business?
• Is coaching a suitable channel for generating the desired change?
• What is the individual’s previous development history? Is coaching really necessary?

...can result in significant waste of resources

Squandered Dollars: Case in Point

Consumer products company provided coaching to a large number of executives at different levels in the organization.

An effectiveness audit after two years showed that more than 50 percent of the executives who had received professional coaching were low performers who had since left the organization.

The effectiveness survey further revealed an absence of demonstrable business impact because coaching was not linked to business priorities.

The company concluded that more than half of the coaching dollars were wasted on low-return talent segments, while the remaining investment showed no returns due to a lack of focus.

Source: Corporate Leadership Council research.
Challenge #3: Poor Matching of Coaching Resources to Executive Requirements

Council members indicate that the relationship between executive and coach is a critical variable governing the success or failure of the coaching engagement. However, this relationship is impacted by many variables, including the executive’s predisposition to coaching and the coach’s preferred coaching style. As a result, the effective matching of coaches and executives presents one of the greatest coaching challenges for HR.

A Crucial (Mis)Match

Evidence highlights the importance of relationship factors to successful outcomes...

Key Factors Affecting Client Outcomes

- Relationship Factors
- Model and Technique Factors
- Attention Factors (“Expectancy/Placebo Factors”)
- Client Factors (Openness, Motivation)

Of Vital Importance

- The establishment of a meaningful relationship between client and practitioner (coach) is critical to a successful outcome.
- Relationship factors include the client’s perception that the practitioner offers empathy and respect and a shared understanding of the goal of the intervention.

...but HR (understandably) struggles to create effective matches

Sample Matching Variables

- Coach availability
- Sensitivity
- Openness to change
- Development need
- Coach expertise
- Location
- Empathy
- Language and cultural factors
- Coach background
- Personality
- Executive preferences for style and background
- Coach’s business experience
- Coach’s industry experience
- Sense of humor
- Seniority

Gut Decision

“Matching executives to coaches is intrinsically hard. You’d think it’s quite simple to select a coach for a specific need, but there are so many variables....At the end of the day, often it comes down to a gut decision.”

SVP HR, Technology Company

**Challenge #4: Disconnect from the Organization**

With the high degree of confidentiality of coaching sessions, coaching engagements run the risk of diverging from business need. While the content of coaching sessions must remain confidential, many organizations believe that the absence of managerial reinforcement or other third-party support for the objectives pursued in coaching can limit the effectiveness and success of coaching engagements.

---

**ISOLATED EXECUTION, INEFFECTIVE OUTCOMES**

Confidentiality requirements may prevent other organizational actors from delivering key inputs to the coaching engagement...

Dynamics of the Traditional Coaching Engagement

...and isolated coaching is fraught with problems and risks...

Coaching Without “Outside” Inputs

- **Problem #1** — Non value-add coaching goals
  - Manager not involved in evaluating coaching request.
  - Manager not involved in setting coaching goals.

- **Problem #2** — Absence of organizational reinforcement of coaching goals
  - Manager or other third-party ceases to “own” executive’s development during the coaching engagement.
  - Manager not gathering feedback on behavioral change observed by peers and subordinates.

...that can significantly undermine the effectiveness of a coaching engagement

---

**Case in Point: Derailed Coaching Engagement at Merkirk Company**

*Merkirk Company* is a global manufacturing company with 90,000 employees.

- In 2000, a senior business leader based in the United States takes charge of Merkirk’s operations in France and hires a professional coach to help him adjust his leadership style to the new culture.
- The leader’s manager approves the coaching request but does not become involved in the configuration of the coaching engagement and does not monitor coaching progress.
- Six months later, the business leader leaves the organization. Under the guidance of the coach, the leader had acquired behaviors that precluded successful management in the French environment and led to a significant performance drop in the leader’s team.

* Pseudonym.

Source: Corporate Leadership Council research.
Challenge #5: Inconsistent Delivery and Quality of Coaching

Finally, organizations often struggle with monitoring the performance of external coaches who work with senior executives. The diversity of coaching approaches can create variable outcomes across the organization.

**Inconsistent Returns on Coaching Efforts**

*Observed variability of outcomes of different types of coaching experiences...*

**Progress of Sample Coaching Engagements**

<table>
<thead>
<tr>
<th>Illustrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
</tr>
<tr>
<td>6 months</td>
</tr>
<tr>
<td>9 months</td>
</tr>
<tr>
<td>12 months</td>
</tr>
</tbody>
</table>

**Engagement A**
- Events-based approach
- Meetings by phone every month
- Informal coaching agreement

**Engagement B**
- Holistic approach
- In-person meetings every month
- Formal coaching agreement

**Engagement C**
- Reflective approach
- Biweekly phone meetings
- Formal coaching agreement

**...stems from common coach management challenges**

**Key Barriers to Effective Coaching Management**
- Absence of standardized objective setting and performance expectations for coaches
- Absence of defined timelines for coaching progress
- Absence of ongoing evaluative framework
- Absence of “peer benchmarking” among coaches

**Hard-to-Manage Coaches**

“Our biggest problem is managing the external coaches. Their diversity of approaches is a key attraction—and a serious challenge. How can we expect consistent outcomes if coaches work to different timelines, with different meeting frequencies, and different types of coaching agreements?”

VP HR  
Financial Services Company

Source: Corporate Leadership Council research.
As organizations continue to develop their professional coaching strategies and begin to realize the full range of possibilities that such coaching offers, HR professionals are presented with the mandate of bringing consistency and rigor to coaching interventions in order to maximize returns on such investments. The Council has identified a series of imperatives responding to the five primary coaching problems; together, these imperatives can help organizations implement and leverage a new coaching standard.

## A NEW COACHING STANDARD

<table>
<thead>
<tr>
<th>Central Challenge</th>
<th>New Imperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty finding “best fit” professional coaches</td>
<td><strong>Standardize recruitment efforts</strong>—Centralized coach recruitment employing standardized tools and templates.</td>
</tr>
<tr>
<td>Unfocused coaching engagements</td>
<td><strong>Prioritize by business requirements</strong>—Coaching needs identification based on analysis of business needs and priorities.</td>
</tr>
<tr>
<td>Poor matching of coaching resources to executive requirements</td>
<td><strong>Create overarching coaching model and knowledge networks</strong>—Standard models structure all coaching interventions toward progression to specific milestones and timelines and enable coach debrief and knowledge exchange.</td>
</tr>
<tr>
<td>Disconnect from the organization</td>
<td><strong>Foster line manager involvement and senior manager advocacy</strong>—Manager participation embedded at every point of the coaching process, while third-party mentor provides advocacy to support development beyond coaching.</td>
</tr>
<tr>
<td>Inconsistent delivery and quality of coaching</td>
<td><strong>Create and deploy matching protocols</strong>—Inventory of matching decisions facilitates informed matching, enhances coach deployment, and offers framework for ongoing monitoring of match effectiveness.</td>
</tr>
</tbody>
</table>

Source: Corporate Leadership Council research.
Maximizing Returns on Professional Executive Coaching

I
IDENTIFYING “BEST FIT” COACHES

Practice #1: Strategic Coach Sourcing Protocol

II
FOCUSING COACHING ON BUSINESS NEEDS

Practice #2: Business-Driven Coaching Prioritization

HILLENBRAND INDUSTRIES

Executives’ coaching needs are prioritized based on an assessment of resources required to ensure the achievement of business-level strategic initiatives.

Five key strategies support the successful evaluation, recruitment, and deployment of a panel of professional coaches approved to serve the organization’s executives.
III
Optimizing Executive–Coach Matching

Practice #3: Coach Finder Tool

Embedded in an online tool, a set of decision rules provides an objective framework for effectively matching executives to coaches on a pre-approved list.

Practice #4: Executive Coach Broker

Executive coach “broker” offers a three-fold, paid-for service package to executives requesting coaching, including appraisal of coaching requests, screening of coaching pool, and matching of coaches to clients.

IV
Leveraging Senior Manager Participation

Practice #5: Manager-Led Coaching Engagement

A structured process embeds managerial participation and reinforcement into every element of the coaching value chain.

Practice #6: Mentor-Assisted Coaching Program

Senior-level mentor provides the coached executive with broader organizational visibility and secures appropriate developmental opportunities across the organization.

V
Managing Coaches to Performance Standards

Practice #7: Coaching Bench Management Strategy

A three-part strategy optimizes the management of a diverse group of external coaches.

Source: Corporate Leadership Council research.