

Return on Investment from Corporate Coaching -- a brief overview

Quantitative Data from Sources Internal to the Coaching Profession

How do you know if Coaching works?

The nature of the relationship between coach and client determines, to a large extent, the benefits the client reaps from coaching. Coaching does not come cheap - often consultancy rates tend to apply. Companies are increasingly focused on receiving value for both their money and the executive's time.

As far as we know, up to this point, there are no large studies evaluating the benefits. The quantitative data presented here, from a variety of work environments, attempt to define some key benefits experienced by personnel following executive coaching. The main areas most favorably impacted by coaching prove to be in communication, team building, leadership, interpersonal relationships, customer service, and goal setting.

1. Manchester US-Results of R.O.I. Survey Poll

Survey participants confirmed a conservative average of return of US \$100k or 6 times what Coaching cost the company.

28% reported Increase in job performance from \$500k to 1m (sales, productivity or profitability)

77% reported improved in relationships with direct reports

71% reported improved relationships with managers/boss

63% reported improved relationships with peers

37% reported improved relationships with customers

61% reported Increase in job satisfaction

44% reported Increase in organizational commitment (less likely to leave)

Profile of Survey Participant

- 60% were between 40-49 years of age
- 50% held vice president position or higher
- 33% earned \$200k or more per year

2. The Gallup Organization

Marcus Buckingham from the Gallup Organization and Curt Coffman of Q12 Management Consulting may or may not consider themselves Executive Coaches, but they do believe that you must coach the people around you to perform at a higher level, and that coaching people is the only way to get your people to their highest level of achievement.

Gallup discovered that workgroups exhibiting the highest levels of employee engagement were more likely to have above average:

- Employee Retention (44%)
- Customer Loyalty (55%)
- Safety Records (50%)
- Productivity (50%)
- Profitability (33%)

3. MetrixGlobal, LLC - Pyramid Resource Group & a Fortune 500 company (US)

A Fortune 500 company and Pyramid Resource Group, a coaching services company, recently engaged MetrixGlobal, LLC to determine the business benefits and return on investment for an executive coaching program.

Most significantly impacts:

- Personal or workgroup productivity 50% favorable
- Employee satisfaction (personal as well 50% favorable as being able to increase employee satisfaction of their team members)
- Customer Satisfaction 50% favorable
- Annualized financial benefits 50% of participants

Next most frequently cited significant impacts:

- Work output 30% favorable
- Work quality 40% favorable
- Financial benefits as a result 20% favorable of increased work output

A 529% ROI was produced by the coaching process (excluding the benefits from employee retention).

While those participants who had customer or people responsibilities produced proportionally greater financial benefits, the realization of benefits to the business was fairly widespread throughout the group involved in this study.

4. International Coaching Federation ICF

Reported outcomes from clients as a result of working with a coach

- 67.6% Self awareness
- 62.4% Setting better goals
- 60.5% Better balanced life
- 57.1% Lower stress levels

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5. Manpower Project, Canada

Manpower Project, Canada's largest staffing company, implemented a coaching project for the senior management team.

The initial coaching agreement was for six months of executive coaching. At the end of the six months, the results were tabulated and the agreement was extended to include regional managers across Canada.

The executive coaching was evaluated using a proprietary quality assurance process as well as the 360-degree feedback instrument, which linked to the desired leadership competencies at Manpower Canada. The following chart indicates the level of satisfaction and represents a summary of the quality assurance feedback. Participants were interviewed at mid- and end-points of the initial agreement to determine the level of satisfaction with their progress in eight key areas as follows:

Response Key

- 1 I have not realized any change
- 2 I have realized some changes
- 3 My approach is noticeably different, as noted by me and others
- 4 My approach has dramatically changed
- N/A Not Applicable

Summary of results Percentage reported as improvement

- 1. Communication - Average score 3.2 100%
- 2. Teamwork - Average score 3.5 100%
- 3. Leadership - Average Score 3.2 100%
- 4. Innovation - Average score 3.1 95%
- 5. Customer Service - Average Score 3.1 100%
- 6. Productivity - Average score 2.4 83%
- 7. Goal Setting - Average score 2.9 100%
- 8. Effectiveness - Average Score 3.0 96%

6. The Xerox Corporation

Xerox Corporation carried out several studies, one of which (May 2000) showed that in the absence of follow-up coaching, 87% of the skills change brought about by the program was lost -- 87 cents in the skills dollar. However excellent your skills training programs are in the classroom, unless followed up on the job with follow-up coaching, most of their effectiveness is lost.

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