



OPINIONPAPER

IS THERE A BUSINESS CASE FOR EXECUTIVE COACHING?

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WE CREATE MOMENTUM

A SURPRISING FACT

Relentless business pressure, the continuous and ever accelerating pace of change, managers expected to do more with shrinking resources, and so on, are all part of the current reality for senior leaders.

It's a picture we know all too well. Today's executive has to deal with all of these factors and, if that's not enough, they are also expected to lead, innovate and develop their people.

And to put the cap on it, the pressures increase even more in a downturn, even if it's only a temporary one. So what is being done to help?

Notwithstanding the fact that much business/ executive coaching on offer in the marketplace remains sub-standard in terms of its expected business outcomes; coaching at all levels in organisations is becoming more prevalent, because, more and more, it is starting to deliver measurable results for both the person being coached and also for the company. The surprising fact is that executive coaching is on the increase, despite its relatively high cost to organisations, even in these tricky, increasingly dislocated times. But why?

THE RISE OF EXECUTIVE COACHING

Case Studies of successful companies investing in executive coaching programmes are growing every day – Ford, 3M, IBM, Motorola, Unilever, to name but a few. The Hay Group estimated a few years ago that between 25% and 40% of all Fortune 500 companies already used executive coaches. And here in the Australia, more and more companies are taking the idea of executive coaching on board.

But not surprisingly many are demanding to see a full business justification before they will be convinced. Astute businesses should only invest in executive coaching if a compelling business case can be presented.

BUILDING A BUSINESS CASE

So what are the benefits of executive coaching?

Research tells us that many people who have been coached say that they enjoyed the experience, found it positive and motivating and that they got something personal from it – somewhat similar to the less than satisfactory responses found on

training happy sheets. When asked how the company benefited, the answers are often less clear. Very clearly responses along the lines of these are not likely to win over commercially astute leadership development decision makers.

For it to be successful, executive coaching must primarily focus on delivering better results for the business, otherwise the business case falls.

A properly tailored executive coaching programme will include looking at business skills, interpersonal skills and behaviours. It will also consider the business environment and culture within which the executive is expected to perform. Finally, it should seek to deliver a sustainable improvement in personal and business performance that can be measured.

But isn't that the same case that has been argued for Training and Development, year after year, and never quite convinced anyone?

A SLIGHT DIVERSION

Our observations and experience shows the struggle organisations have with making a cast iron business case for L&D. Many of the programmes put in place were successful at a personal level at least for the period of time immediately following the course or activity. What was less clear was how much the business gained as a direct result of the L&D programmes.

The business is looking for is sustainable improvement in performance and that cannot easily be delivered by Training and Development programmes in isolation.

In fact, commercial outcomes-focused coaching is the key.

The Xerox Corporation carried out several studies, one of which showed that in the absence on follow-up coaching, 87% of the skills change brought about by training or development programme was lost. However good your skills training in the classroom, unless it's followed up on the job, most of its effectiveness is lost.

And with executives, even if they can spare the time to attend a traditional training programme – and many can't or don't – the cost of not sustaining any skills improvement is magnified.

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Executive coaching can certainly bridge this gap following attendance on a training programme but more interestingly, it can replace the need, in many cases, for the programmes themselves.

A useful option when time is a precious commodity to stretched executives.

So far so good, but the business needs 'killer facts' to support a watertight business case. And for something like executive coaching, the facts need to be knockout.

EXECUTIVE COACHING YIELDS A ROI OF ALMOST SIX TIMES ITS COST

In one of the first major studies to quantify the business impact of executive coaching - published a few years ago - it was concluded that *coaching programmes deliver an average return on investment 5.7 times the initial investment in a typical coaching assignment*, according to executives who estimated the monetary value of the results achieved through coaching.

Among the measurable benefits to the business were: improved productivity; quality; customer service; cost reductions; retention of executives who received coaching; bottom-line productivity.

Among the benefits to the executives who received coaching were: improved working relationships with direct reports and immediate boss; job satisfaction; conflict handling; commitment.

Since these findings, there is an overwhelming and growing amount of evidence that commercially outcomes-focused executive coaching delivers tangible commercial outcomes, where the following combination of 'success' input elements are purposely brought together:

- the right senior candidate is selected for coaching support
- the right coach is selected to match the senior coachee
- personal goals are closely linked to hard business outcomes

A COMPELLING BUSINESS CASE

So, there is a business case for executive coaching and it is one that more and more successful companies are recognising. The key outputs of successful executive coaching are:

- Sustainable improvement in performance
- Ability to maximise talent and potential
- New, innovative business solutions
- A healthy return on investment
- Positive effect on the bottom line

AND IF THAT'S NOT ENOUGH

Even with a compelling business case presented to them, some companies are still reluctant to take the plunge and invest in executive coaching. Often the HR executive will see it as their responsibility to 'sell in' the idea to the business managers and Board.

Three ideas that might help:

- the first is to recognise that coaching is not necessarily an HR purchase – more likely a business purchase;
- the second is to say to purchasers of coaching, (eg. business leadership or HR executives), 'try coaching for yourself'. There is nothing better than a personal recommendation when selling the value of a new service.
- the third is to take advantage of TPP's offer of a free 'taster' coaching session for potential coachees, before taking the plunge and buying coaching support on their behalf.

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For more information on any of the above or to understand how TPP can add value to your organisation please contact Pip Furlong, TPP General Manager – pip.furlong@turningpointpartners.com.au | 07 3838 1388