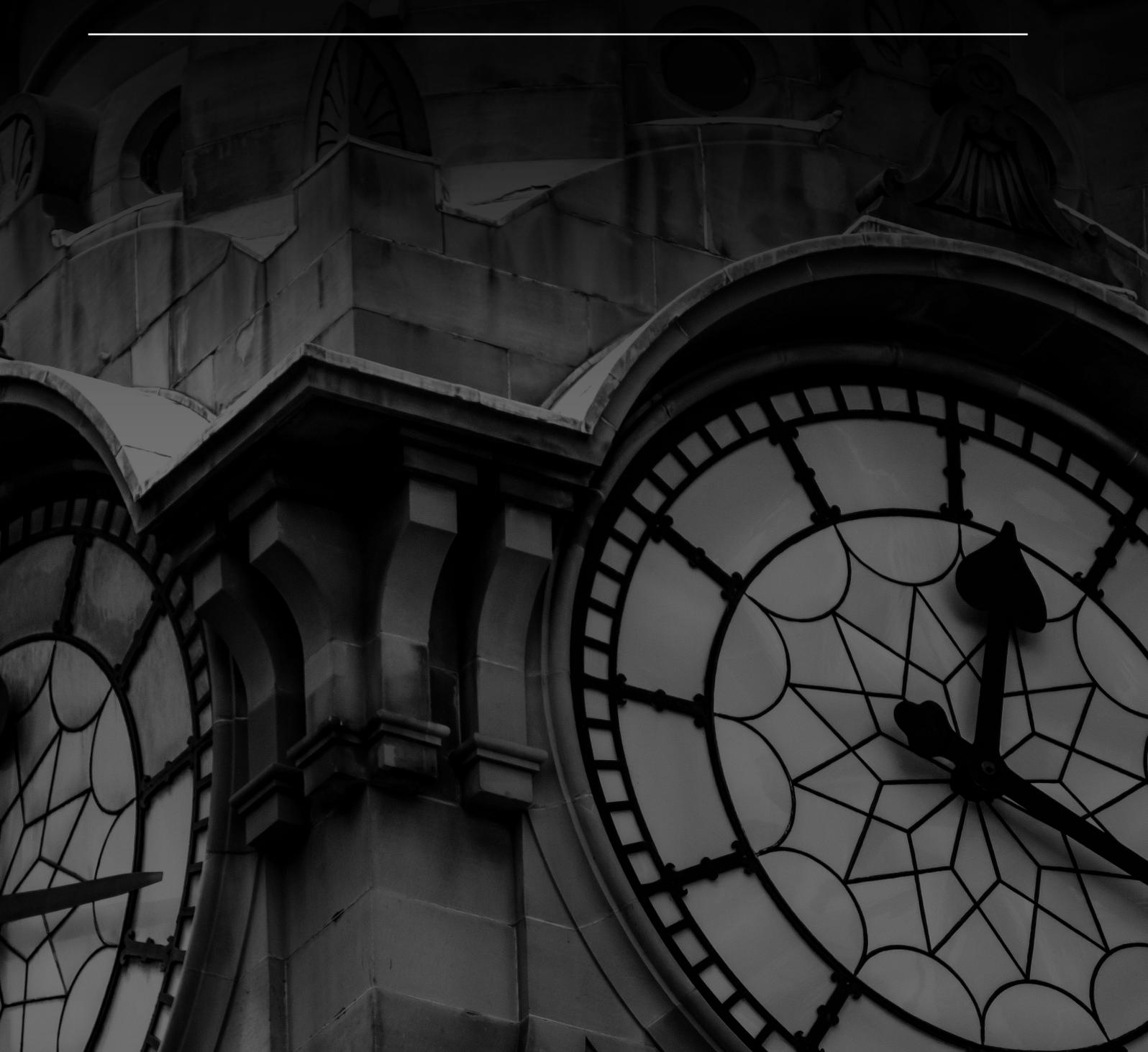


Business Case for Coaching



Introduction

According to the DDI Global Leadership Forecast 2014/2015, two of the most critical skills for leaders in the future are:

- **Managing and successfully introducing change.**
- **Coaching and developing others.**

The DDI study identifies human capital as the top CEO Challenge. Within the top 10 strategies selected for focus by CEOs, four involved leadership capability. Only 27% of leaders felt “very prepared to be the kind of leader that creates an optimal workplace where employees deliver their best”. A mere 9% of HR leaders indicated that their leaders were ‘very ready’ to address the human capital challenge.

So how does coaching help?

Industry Research

IECL (Institute of Executive Coaching and Leadership) has compiled a selection of outcome-driven industry research from the last decade to show how coaching impacts leaders and organisations and more specifically what problems coaching and being coached helps leaders to deal with.

- 1. Managing the stress levels of leaders:** Research shows that coaching others and being coached has a positive impact on the psychological health of leaders. BOYATZIS, SMITH AND BLAIZE (2004); GRANT, CURTZYNE AND BURTON (2009).
- 2. Achieving business goals:** Coaching helps individuals set and reach identified goals. GRANT, CURTAYNE AND BURTON (2009); GRANT (2003); GREEN ET AL. (2006); GYLLENSTEN & PALMER (2005); SMITHER, LONDON, FLAUTT, VARGAS, & KUCINE (2003).
- 3. Increasing levels of engagement and retention:** Leaders can work with a coach to develop social intelligence to create positive behaviours and emotions in their employees that lead to engagement and retention. GOLEMAN AND BOYATZIS (2008).
- 4. Increased productivity following training:** Coaching can maximise the benefits from training by 88%. OLIVERO, BANE AND KOPELMAN (1997).
- 5. Increases the benefits of 360 feedback:** Coaching behind feedback enables employees to set more specific goals, seek improvement ideas from their supervisor and receive higher ratings from supervisor and direct reports. SMITHER, LONDON, FLAUTT, VARGAS, AND KUCINE, (2003).
- 6. Maximise the effectiveness of leadership development:** Coaching maximises the investment made in leadership development, particularly in the longer term. Main benefits include more effective leadership, increased speed to market, better interpersonal skills and retention of valued employees. FINN, MASON AND GRIFFIN, (2006); WASYLYSHYN, GRONSKY AND HAAS (2006).
- 7. Improved leadership and business performance:** Different studies show ROI's of 529% to 680% with detailed breakdown on specific areas such as teamwork, accelerated promotion, retention of customers and client satisfaction. ANDERSON, DAUSS, AND MITSCH (2002), MCGOVERN ET.AL. (2001);, ANDERSON (2001).

IECL Research

IECL's ongoing coaching effectiveness research conducted regularly since 2006 shows that coaching builds leadership capability in the following key areas:

- Self awareness and capacity to respond to personal challenges,
- Ability to have difficult conversations, manage performance and influence both up and down,
- Communication of ideas and capacity to give and receive feedback,
- More effective personal work organisation and planning,
- Increased team effectiveness and team building skills,
- Strategic awareness and sensitivity to their business environment, and
- Clarified career interests, direction and vision.

10 Reasons to Encourage a Coaching Culture in Your Organisation

1. Coaching improves staff and customer satisfaction measures,
2. Coaching improves confidence and self-awareness, enabling people to respond to personal challenges,
3. Coaching increases skills in workplace planning and business development
4. Adoption of a coaching style enables achievement of breakthrough development,
5. Organisations that adopt a coaching culture demonstrate superior performance and results,
6. A coaching approach enables difficult conversations and the ability to deal with stressful situations and to manage performance and influence others both up and down,
7. A coaching approach enables the generation of ideas through strategic awareness and sensitivity to the business environment,
8. A coaching approach enables the capacity to offer and receive feedback,
9. Coaching improves team effectiveness and builds high performing teams,
10. Coaching clarifies career interests, direction and vision.

Appendix A

BUSINESS ISSUE	HOW COACHING HELPS	EVIDENCE
<p>1. Managing the stress levels of leaders</p>	<p>1. Coaching others - leaders can increase their own sustainability by coaching others. Coaching involves the exercise of care and compassion, which manifests in positive physiological effects that serve as an antidote to stress.</p> <p>2. Receiving coaching - coaching assists leaders to attain goals, increase their personal resilience and workplace well-being and reduce depression and stress. For example, these impacts were reported in a study of 41 executives in a public health agency who received 360-degree feedback, a half-day leadership workshop, and four individual coaching sessions over 10 weeks.</p>	<p>(BOYATZIS, SMITH, & BLAIZE, 2006) (GRANT, CURTAYNE, & BURTON, 2009)</p>
<p>2. Achieving business goals</p>	<p>Coaching assists individuals to attain indentified goals.</p>	<p>(GRANT, 2003; GRANT, ET AL., 2009; GYLLESTEN & PALMER, 2005; SMITHER, LONDON, FLAUTT, VARGAS, & KUCINE, 2003)</p>
<p>3. Increasing levels of employee engagement and retention</p>	<p>Leaders can work with a coach to develop their social intelligence and foster the neurobiological changes that create positive behaviours and emotions in their employees. For example, after one executive at a Fortune 500 company worked with a coach to improve her behaviour, employee retention and emotional commitment in her unit soared and the unit’s annual sales jumped 6%. Mood contagion stems from neurobiology.</p> <p>Positive behaviours — such as exhibiting empathy — create a chemical connection between a leader’s and his or her followers’ brains. By managing those interconnections leaders can deliver measurable business results.</p>	<p>(GOLEMAN & BOYATZIS, 2008)</p>
<p>4. Increasing productivity following training</p>	<p>Coaching can maximise benefits obtained from training. For example, amongst a group of 31 managers who undertook a leadership training program, productivity increased by 22.4% with the training alone and 88% following 10 weeks of coaching.</p>	<p>(OLIVERO, BANE, & KOPELMAN, 1997)</p>

Appendix A

BUSINESS ISSUE	HOW COACHING HELPS	EVIDENCE
<p>5. Maximising effects of multi-source (i.e. 360° feedback)</p>	<p>Coaching maximises the benefits obtained from multi-source (i.e. 360 degree) feedback. For example, in a study of 1361 managers in a large global corporation, the 404 managers who received external coaching in addition to their feedback report (versus receiving feedback alone) demonstrated the following effects:</p> <ol style="list-style-type: none"> 1. they set more specific goals from their feedback (versus vague or general goals); 2. shared their feedback and sought improvement ideas from their supervisor; and 3. received higher ratings from their supervisor and direct reports. 	<p>(SMITHER, ET AL., 2003)</p>
<p>6. Maximising effectiveness of leadership development</p>	<p>Coaching maximises the investment made in leadership development, particularly in the longer term. For example in a study of 23 senior managers in a large public sector organisation who participated in a 12 month leadership program, those who received coaching from the program outset reported higher results on these scales:</p> <ol style="list-style-type: none"> 1. levels of self-efficacy (self-belief); 2. feelings of being supported in their development, 3. openness to new behaviours and 4. approaches to development planning. <p>Ratings increased over time as items iii and iv were even higher six months after completion of the program as compared to program end.</p> <p>In a study of 33 high potential employees in a global company who wanted to improve their emotional competence, coaching resulted in sustained learning and behaviour change over an extended period as reported by participants, current and former managers and HR partners.</p> <p>In addition, participants reported benefits to the company including: becoming more effective leaders; improved interpersonal skills (enhanced listening, achieving more buy-in and alignment, ability to relate to a more diverse group of people); increased commitment to the company; increased performance management skill (providing more timely feedback, earlier identification of potential “derailment factors”); increased productivity, and positive impact on the company’s bottom line (better negotiating ability in high stress situations).</p> <p>Benefits cited by managers and HR partners included: more effective leadership; increased focus resulting in speed to market; better interpersonal skills; and the retention of valued employees. Further, over 70% of the high potential employees advanced their careers in the company.</p>	<p>(FINN, 2007) (WASYLYSHYN, GRONSKY, & HAAS, 2006)</p>

Appendix A

BUSINESS ISSUE	HOW COACHING HELPS	EVIDENCE
<p>7. Improving leadership and business performance</p>	<p>Coaching assists the development of future leaders. For example, in this ROI study, financial benefits from the coaching were reported as follows: (1) nearly \$1 million in increased work output; (2) sales increased by 14%, (3) retention of customers increased 29%; (4) productivity gained 12%; and (5) costs were reduced by 3%. The intangible benefits were documented by significant improvements in employee and customer satisfaction, decision making was improved, and interpersonal relationships and collaboration were enhanced.</p> <p>In a ROI study of 100 leaders from 56 organisations, the return from coaching was estimated at 5.45 times the initial investment in coaching.</p> <p>In a ROI study of 43 leadership development participants in a Fortune 500 firm, coaching produced a 529% return on investment and significant intangible benefits to the business.</p> <p>In a ROI study of leaders in a professional services firm, coaching produced a 689% return on investment. In addition, senior leaders identified that coaching had impacted at least half of the leaders who were coached in the areas of teamwork (58%) and team member satisfaction (54%). Three other areas were selected by 31% of the leaders as having been impacted: quality of consulting, retention and productivity. (Anderson 2001b). Accelerating promotions (19%) and increasing client satisfaction (12%) were cited to a lesser degree.</p>	<p>(M.C. ANDERSON, DAUSS, C. & MITSCH, B. 2002) (MCGOVERN ET AL, 2001) (M. ANDERSON, 2001) (M. ANDERSON, 2004) (TOOTH, J. NEILSON, S. & ARMSTRONG, H. 2013)</p>

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