

Success Through Executive Coaching

Proven Benefits and Extraordinary Results



Executive Coaching and Mentoring

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“I knew I had to do it. It was an order from the coach.”

- Charlotte Smith, U.S. College Basketball Player

The effectiveness of executive coaching has been verified in a number of independent studies.

This white paper describes the proven benefits a company can expect from external executive coaching, and it shows conclusively that executive coaching delivers vital advantages to organisations of all sizes and in all industries.

1. Introduction: What Is Executive Coaching?

Executive coaching is a technique for the personal and professional development of managers and supervisors that can deliver positive results to an entire organisation.

Behavioural health expert and executive coach Dr. Jeffrey Auerbach points out that executive coaching is an expanding industry: in 2001 just 4 percent of small businesses in the U.K. used executive coaching as part of their growth strategies, but by 2005 that number had exploded to 20 percent. In 2005, 58 percent of organisations surveyed had recently increased their use of coaching. Moreover, 79 percent of medium and large businesses in the U.K. reported using executive coaches (Auerbach, 2005).

In the U.K, executive coaching was used by:

- *4 percent of small businesses in 2001*
- *20 percent of small business by 2005*
- *58 percent of organisations surveyed in 2005 (increased usage)*
- *79 percent of medium and large businesses in 2005*

Table 1. Use of Executive Coaching among Business in the U.K.

The use of coaching as a means of improvement dates from prehistoric times when hunting and gathering techniques were taught to children by their elders.

By the 1830s the word “coach” was common among Oxford University students as the slang term for a tutor who carried (as if in a horse-drawn conveyance) a student through an exam—and this

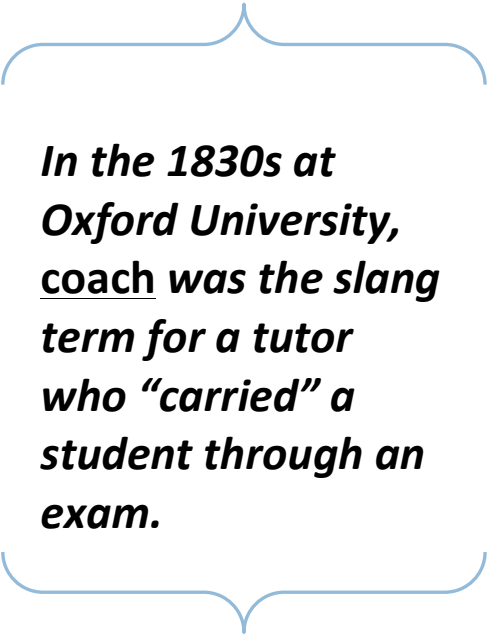
definition of “coach” predates the athletic meaning of the word. (“Coach,” 2010b).

Coaching in general and executive coaching in particular are twentieth- and twenty-first-century phenomena.

Coaching in some form was prevalent in the U.S., the U.K., and elsewhere by the late 1930s, and it gained impetus from about 1940 through 1970 as management personnel increasingly acted as coaches

for their internal subordinates (“Coaching,” 2010).

As Dr. Patrick Williams—psychologist, author, and American coaching pioneer—notes, “Coaching and mentoring have been common terms in the corporate environment for decades. Executive coaching has always been accepted as a perk or desirable form of consultation and support for high level management” (2007).



In the 1830s at Oxford University, coach was the slang term for a tutor who “carried” a student through an exam.

Since 1990, executive coaching has increasingly been used by organisations in the public and private sectors to achieve specific and focused results. Although coaching is often used on a personal level by goal-oriented individuals seeking to increase their motivation and improve their lives, the most prevalent use of coaching is still found in the corporate environment (“Coaching,” 2010; Williams, 2010).

Coaches are often consulted and brought in when businesses are struggling; however, healthy businesses, too, appreciate the benefits of executive coaching (“Coaching,” 2010). Indeed, coaches typically work with companies and individuals who are already successful and who wish to build upon that success and move to higher levels of performance (Williams, 2010).

Coaching may exist side-by-side with teaching or mentoring, but it is not the same. Both teaching and mentoring involve the interaction between an individual who is an experienced expert in a particular field and a less experienced client or student. A coach’s expertise, however, is in monitoring the client’s progress, helping the client recognise and overcome obstacles, and identifying new ways for the client to meet specific goals. An executive coach may thus provide quality coaching without being experienced or knowledgeable in the same field as his or her client (“Coaching,” 2010).

Corporate coaching may be provided internally (by coaches who work for the company) and externally (by coaches hired either by the company or the managers themselves) (Williams, 2007). However, organisations typically prefer external coaches because they are removed from corporate politics and can provide objective viewpoints; in addition, as American entrepreneur Sean Burke notes, the results achieved by external coaching are more likely to be long lasting (2010).

Executive coaching services may be delivered:

- *In face-to-face meetings*
- *Via telephone*
- *Online (chat, e-mail, webcam)*

Table 2. Executive Coaching Delivery Methods

Executive coaching services may be provided in a variety of delivery methods, including though face-to-face meetings, by telephone, and online via chat, e-mail, Web cam, etc. (Hartin, 2010) (Table 2).

Whether the coaching services are pre-designed or customised, the coach and client typically work together to create a structured, strategic plan to achieve agreed-upon goals (“Coaching,” 2010).

2. Problems Addressed by Executive Coaching:

Productivity, Quality Control, Morale, Customer Service, Revenue, and Survival

Successful organisations are continually seeking ways to enhance their effectiveness. Whether they are large, small, local, or global, regardless of their industries, and irrespective of whether they operate in the public or private sectors, companies face challenges in the areas of productivity, quality control, morale, and customer service. Concerns such as these can impact revenues and profitability, and they can undermine the organisation's very ability to survive in an increasingly competitive business environment.

Fortunately, however, such issues can be addressed effectively via coaching; indeed, external executive coaching is one of the best ways to correct these deficiencies.

Executive coaching is used because:

- *Managers welcome outside support*
- *Coaching is time-effective*
- *Coaching delivers on a "just-in-time" basis*
- *Coaching programs can be individualised*
- *A coach provides confidential and in-depth support*

Table 3. Reasons for Executive Coaching

According to Dr. Jeffrey Auerbach (2005) (Table 3), coaching is increasingly being utilised because:

- Managers welcome the support and challenges of coaching and leadership development from someone outside the work environment.
- Courses related to leadership development, stress management, and other issues strain can strain a manager's busy schedule and can involve significant travel expenses. Executive coaching sessions can be conducted via telephone or online, or person-to-person through onsite visits by a coach, and they can thus be arranged to accommodate a manager's important work commitments.
- Because there is a constant shortage of time in most organisations, immediate and on-demand assistance are critical to success. Executive coaching can deliver "just-in-time" assistance and support.
- Managers can differ in their levels of stress, motivation, adaptability, foresight, etc. Executive coaching programs can be customised and tailored to individual managers and disciplines.
- Coaching provides an individual mentor or "thought partner" to help the executive or manager think through important decisions confidentially and in-depth.

3. Proven Effectiveness of Executive Coaching

The effectiveness of coaching was firmly established in a landmark research project published in *The Manchester Review*. (Prior to that study and even since, literature executive coaching effectiveness tended toward the anecdotal [Brookes, 2009].)

In the *Manchester Review* study, a team of researchers led by Dr. Joy McGovern (2001) evaluated and quantified the effects of executive coaching programs. Participating in the study were 100 Caucasian, African American, Hispanic, and Asian executives from 56 organisations of all sizes, large and small, in the U.S. All participants were coached in programs ranging from six to twelve months in length between 1996 and 2000; 66 of the 100 were male and 34 were female; all were between the ages of 30 and 59. The title of vice president or above was held by 50 percent, and the other 50 percent were at a management level below vice president.

The subjects had taken part in customised executive coaching programs that addressed individual needs. The programs were change-oriented (intended to supplement and refocus skills), growth-oriented (intended to accelerate the learning curve for talented and/or or newly promoted executives), or both.

One subject in the study, a senior manager, said that 50 percent of the improvements in her on-the-job performance were due to the

“The company obtained 5.45 times its investment in coaching.”

coaching process. She said the other 50 percent of her improvements were due to her own commitment to the coaching process. Moreover, she estimated a \$215,000 return on investment (ROI) for the executive coaching. Based on this information, the researchers, using the metrics of the study, determined the ROI

percentage for coaching in this instance was 545 percent.

“Thus,” researchers concluded, “the executive’s company obtained 5.45 times its investment in coaching” (McGovern et al, 2001, p. 3).

Participants typically estimated the ROI for coaching as being between \$100,000 and \$1 million.

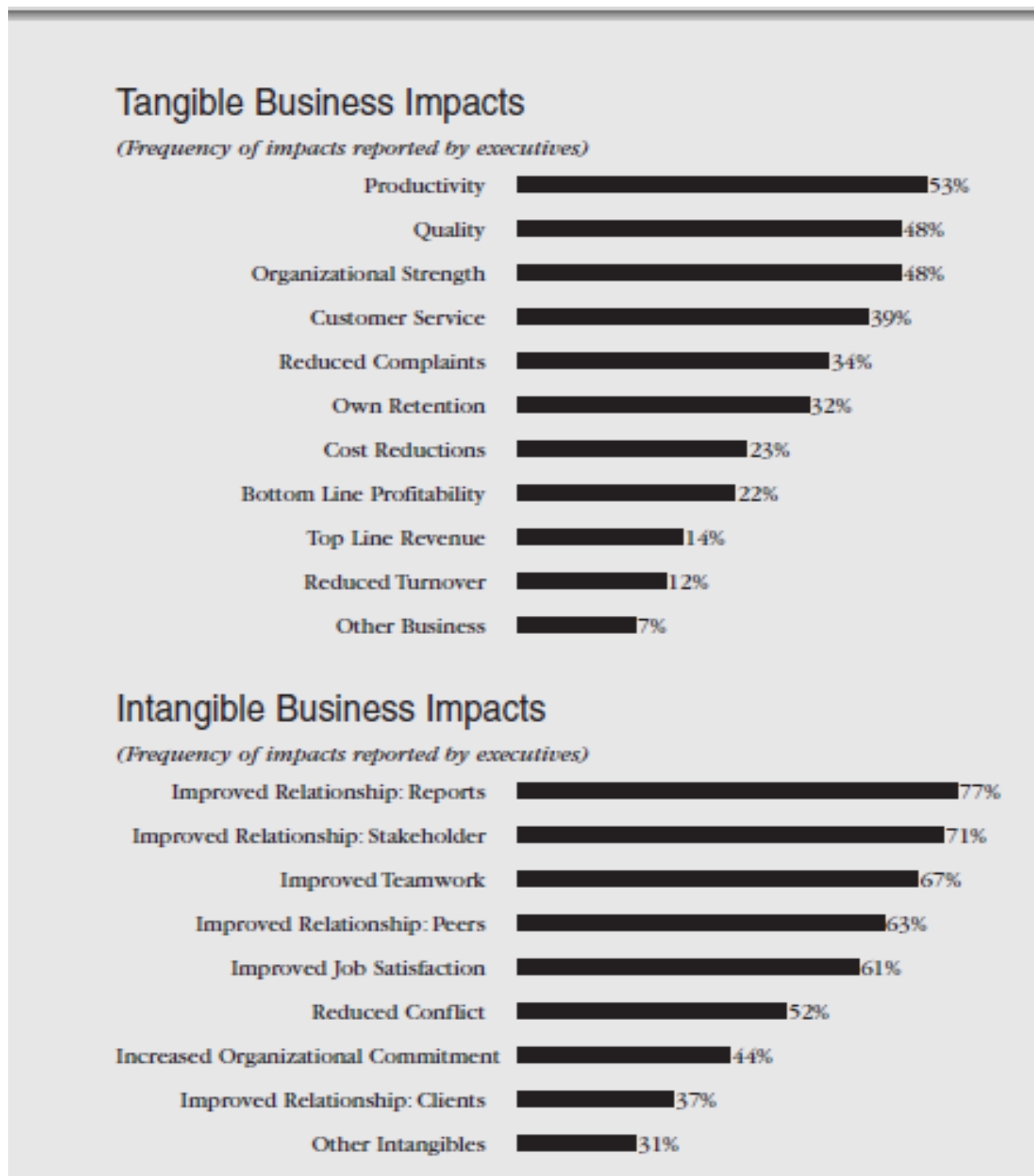


Figure 1. Tangible Business Impacts and Intangible Business Impacts of Coaching. *Note.* From McGovern, J., Lindemann, M., Vergara, M., Murphy, S., Barker, L., & Warrenfeltz, R. (2001). Maximizing the impact of executive coaching: Behavioral change, organizational outcomes, and return on investment. *The Manchester Review*, 6(1), 1-7. Retrieved from

<http://www.coachfederation.org/includes/docs/049ManchesterReviewMaximizingImpactofExecCoaching2.pdf>

The McGovern study was one of the first in which researchers were able to quantify the effectiveness of executive coaching. The frequency of tangible business impacts resulting from coaching, as reported by the executives interviewed in the study, is shown in Figure 1.

These impacts included the following benefits:

- Enhanced productivity (53 percent)
- Improved customer service (39 percent)
- Increased retention of executives (32 percent)
- Reduced costs (23 percent)
- Increased bottom-line profitability (22 percent)

86 percent of participants were “very satisfied” or “extremely satisfied” with the coaching experience.

Moreover, participants reported the following intangible benefits of executive coaching:

- Improved relationships with peers, subordinates, supervisors, human resources personnel, and clients
- Enhanced teamwork
- Increased job satisfaction and organisational commitment
- Reduced on-the-job conflicts

Satisfaction with coaching was high among the subjects and stakeholders in the McGovern study.

Indeed, 86 percent of participants and 74 percent of participants' immediate supervisors or human resources (HR) personnel indicated that they were "very satisfied" or "extremely satisfied" with the coaching experience.

Feedback about the executive coaching experience from participants and stakeholders (supervisors and HR personnel) in the McGovern study included the following comments:

- "It was great working with someone who was very savvy and had experience around senior people."
- "When this started, my new boss was ready to fire me. Now he's promoted me."
- "The coach learned the language of the organisation very quickly and very well [and] was flexible and understanding of schedule changes."
- "He [the coach] understood what I needed and offered support strategies. . . . The opportunity to immediately utilise the service was great."
- "My coach was absolutely impartial, had no biases, no preconceived notions. . . . She was flexible and open-minded." (McGovern et al, 2001, pgs. 4, 6, and 8).

The researchers concluded:

This study produced strong evidence of the effectiveness of executive coaching. Effectiveness was demonstrated across all five levels of evaluation. . . . Seventy-three percent of participants considered that they had achieved their goals “very effectively” or “extremely effectively,” as did 54 percent of stakeholders. . . . Most exciting of all were the estimates of return on investment. . . .

Some estimates of the ROI of coaching were as high as \$1 million, \$5 million, or even \$25 million.

When estimated in the most conservative manner, ROI averaged nearly \$100,000 for the sample, or 5.7 times the initial estimate. Some estimates were as high as \$1 million, \$5 million, or even \$25 million. (McGovern et al, 2001, p. 8)

The findings of the McGovern team are well-supported in other coaching literature. Brookes (2009) points out that managerial and leadership-development programs are effective in increasing knowledge, expertise, and system outcomes, and coaching programs are enhanced by the inclusion of electronic communications tools such as e-conferencing.

In analysing seven studies of coaching, researchers Kampa-Kokesch & Anderson (2001, cited in Brookes, 2009) found the following several benefits of executive coaching mentioned in empirical and practice-based literature, including:

- Executive coach provides advantages to both individual executives and the organisation as a whole
- Executive coaching results in increased learning
- Executive coaching leads to positive behavioural change

The benefits of executive coaching are particularly well established in the area of workplace-related stress.

Executive coaching is proven to be beneficial in reducing workplace-related stress.

Workplace stress on the rise, and work-related stress, depression, and anxiety account for the loss of approximately thirteen million working days per year in Great Britain alone (Palmer, Thomas, & Clarke, 2003, and Health & Safety Executive, 2003/2004, cited in Gyllensten & Palmer, 2005, Autumn).

With these facts in mind, Kristina Gyllensten and Stephen Palmer, two U.K. researchers from City University, London, analysed the effectiveness of executive coaching in reducing stress in the workplace (2005, Autumn).

A British organisation in the financial industry with more than 3,500 employees participated in the Gyllensten-Palmer study. During an eight-month period, employees in the coaching group at one of the company's four locations were provided with access to coaching. Employees in the control group at the same location received no coaching during the study and had received no previous coaching. Only coaching was offered; no stress management training or counselling was provided to either group.

Researchers hypothesised that after coaching, the coaching group would experience lower levels of depression, anxiety, and stress than the control group. Figure 2 shows how, based on the researchers stress-measurement metrics, stress scores fell dramatically for the group that received coaching.

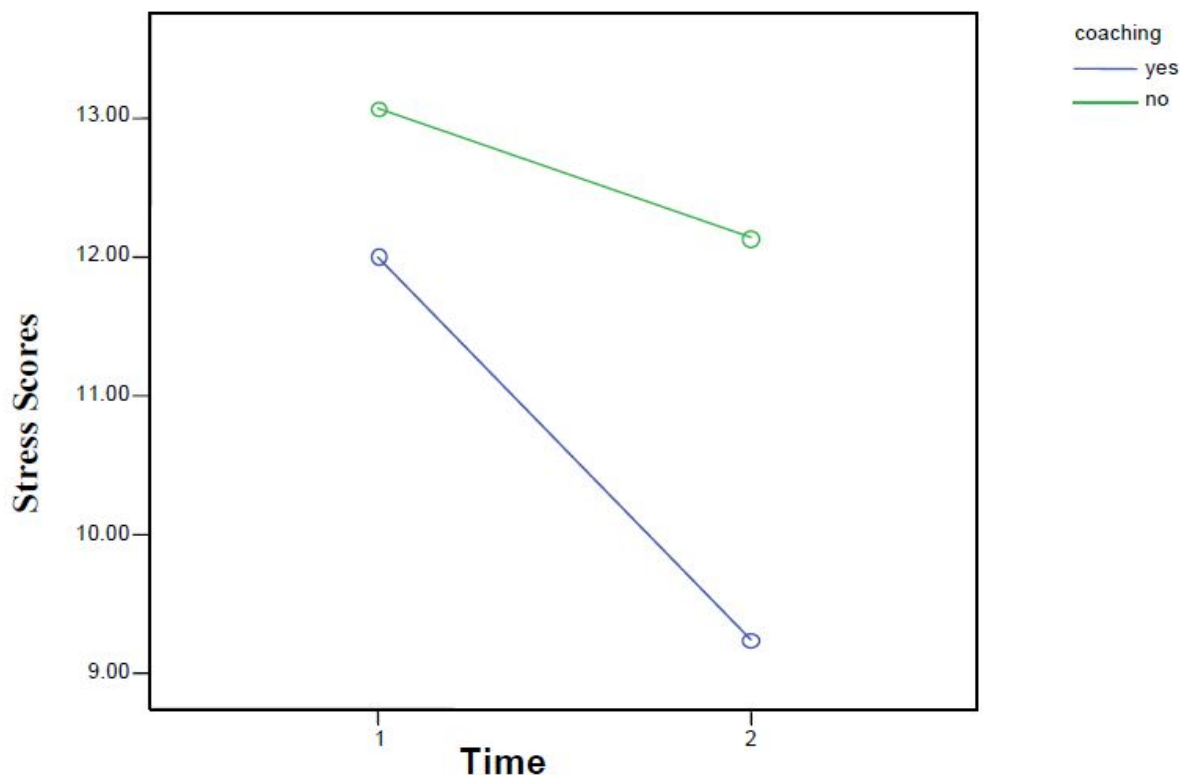


Figure 2. Stress Graph. Note. From Gyllensten, K. & Palmer, S. (2005, Autumn). Can coaching reduce workplace stress?: A quasi-experimental study. *International Journal of Evidence Based Coaching and Mentoring*, 3(2), 75-85. Retrieved from <http://www.business.brookes.ac.uk/research/areas/coachingandmentoring/volume/vol-3-2-gyllensten&palmer.pdf>

The researchers concluded:

Levels of anxiety and stress decreased more in the coaching group compared to the control group, and were lower in the coaching group compared to the control group post-coaching. Levels of depression decreased in both groups, but to a greater extent in the control group. . . . Finally, the participants in the study reported high levels of coaching effectiveness.
(Gyllenhall & Palmer, 2005, Autumn)

4. Conclusion

Executive coaching thus provides organisations with opportunities to improve productivity and enhance profitability. It also has the potential to improve customer service, to enhance the effectiveness of management, to augment team and individual performance, and to reduce on-the-job stress.

Psychologist and Johns Hopkins University professor Richard Kilburg, Ph.D., defines “executive coaching” as follows: “A helping relationship . . . between a client who has managerial authority and responsibility in an organisation and a consultant who uses a wide variety of behavioural techniques and methods.”

Executive coaching, Kilburn affirms, will “improve the effectiveness of the client’s organisation.” And the executive coaching relationship, Kilburg goes on to say, will “help the client achieve a mutually identified set of goals to improve his or her professional performance and personal satisfaction” (cited in Brookes, 2009).

Although some organisations choose to hire internal coaches as company employees, according to the American Management Association (AMA), there are distinct advantages to using of external coaches. Research by the AMA shows that external coaching provides numerous benefits, including:

- Objectivity
- Confidentiality
- Fresh viewpoints
- Greater breadth of experience with different organisations

(American Management Association, 2008, cited in Ledgerwood, 2009).

To conclude, the words of Steve Arneson, senior vice president of executive development at Capital One, perhaps best sum up the value of the external coaching experience. “Coaching is a critical part of our executive development strategy,” Arneson affirms. “We believe external coaches provide an independent stimulus for growth and development, providing direct feedback and a clear plan to address developmental opportunities in a ‘game changing way.’” (cited in McDermott, Levenson, & Newton, 2007, June 1).

5. Next Steps

Coaching services need to be tailored to suit the company, individual and the ultimate goal to be truly effective.

To harness the power of coaching in your organisation please contact:

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