

PRELUDE

Due to the need for **leadership development**, increased management performance and succession planning, companies are focusing more closely on building the capability of managers and executives through coaching and mentoring programs.

About 6 out of 10 (59%) organizations currently offer **coaching** or other developmental counselling to their managers and executives, according to a USA nationwide survey of more than 300 companies by Manchester, a human capital consulting firm.

Another 20% of organizations said they plan to offer such coaching within the next year.

Here's why

Most organizations need to improve productivity to fuel growth and profitability. Productivity doesn't happen when people are only focusing on the financial or technical issues. They also must build the capability of managers to help their employees with the intangible elements of human interaction---because the work gets done through personal relationships.

The key to **ROI** is developing and sustaining individual and group behaviours through personal relationships to achieve the desired business results. Executive coaching builds the organizational capability to get this done.

Since it's becoming harder to train and keep effective employees, it is clear that companies are interested in providing **executive coaching** to managers who are able to improve productivity by energizing, exciting and coaching their direct reports.

WHAT'S THE RETURN FOR INVESTING VALUABLE TIME IN COACHING?

A recent study of 100 executives, mostly from Fortune 1000 companies, by Manchester, Inc. concludes that a company's investment in providing coaching to its executives realized an average return on investment (ROI) of almost six times the cost of the coaching.

Coaching helps individuals grow as professionals and contribute fully to the success of an organization. Done well, it can turn performance management into a collaborative process that benefits everyone.

In today's environment of changing technology and evolving organizations, coaching can have a strategic impact. It provides continuous learning and develops people to meet current and future needs. Coaching is an investment that you make in developing your key resource people for the long-term benefit of your organization.

"Between 25 percent and 40 percent of Fortune 500 companies use executive coaches."

--- Recent survey by The Hay Group, an International Human Resources consultancy

"Executive coaches are not for the meek. They're for people who value unambiguous feedback. All coaches have one thing in common, it's that they are ruthlessly results-oriented." ---
FAST COMPANY Magazine

"If ever stressed-out corporate America could use a little couch-time, it's now. Trust in big companies is at an all-time low. Baby-boomers have been burned; Gen Xers aren't expecting the Corporation to take care of them. Under the circumstances, employees are much likelier to go outside and get independent advice to help them be better managers"

--- Karen Cates, Assistant Professor of Organizational Behavior, Northwestern's Kellogg Graduate School of Management.

Typical executive coaching programs are a mix of both change-oriented coaching (changing certain behaviors or skills) and growth-oriented coaching (focused on sharpening performance).

Executive coaching programs typically last from 6 months to one year. Six months of individual executive coaching generally costs a company between \$6,000 and \$20,000 which includes one or more personal assessments and one weekly session of telephone or face-to-face coaching.

EXECUTIVE COACHING RETURN ON INVESTMENT STUDY

Portland, OR (PRWEB) June 13, 2006

N2growth, a leading venture growth consultancy, has released the results of a study that quantifies the business impact of executive coaching. The study conducted by Manchester, Inc., includes data on executive behaviour change, organizational improvements achieved, and the return on investment (ROI) from customized, comprehensive executive coaching programs. Executive coaching has become an integral part of most Leadership Development programs at Fortune 500 companies and a mainstay with successful entrepreneurs as well "We are pleased to have such a detailed study validating what we have always known to be true" said, Mike Myatt, Chief Strategy Officer at N2growth.

"Executive coaching has become an integral part of most Leadership Development programs at Fortune 500 companies and a mainstay with successful entrepreneurs as well," said Myatt. The study included 100 executives, mostly from Fortune 1000 companies, who received coaching. Participating companies realized improvements in productivity, quality, organizational strength, customer service, and shareholder value. They received fewer customer complaints, and were more likely to retain executives who had been coached. Most of the executives in the study held positions of vice president or higher (including division president, general manager, chief executive officer, chief financial officer, chief information officer, partner, principal, and practice leader).

Almost six out of 10 (57%) executives who received coaching were ages 40 to 49, and one-third earned \$200,000 or more per year. Among the results of the study: The coaching programs delivered an average return on investment of 5.7 times the initial investment in a typical executive coaching assignment -- or a return of more than \$100,000 -- according to executives who **estimated the monetary value of the results achieved through coaching.**

- Productivity (reported by 53% of executives)
- Quality (48%)
- Organizational strength (48%)
- Customer service (39%)
- Reducing customer complaints (34%)
- Retaining executives who received coaching (32%)
- Cost reductions (23%)
- Bottom-line profitability (22%)

Other benefits to executives who received coaching were improved:

- Working relationships with direct reports (reported by 77% of executives)
- Working relationships with immediate supervisors (71%)
- Teamwork (67%)
- Working relationships with peers (63%)
- Job satisfaction (61%)
- Conflict reduction (52%)
- Organizational commitment (44%)
- Working relationships with clients (37%)

Among other things the study notes an average ROI of almost six times the cost of coaching.

Addendum

- According to Manchester Inc., a Florida-based coaching firm, investments in coaching were found to **yield an average return on investment (ROI) of almost six times the cost of the coaching** (Jan. 2001, HR.com)
- A recent study cited in the prestigious Public Personnel Management Journal found a typical management training program increased the manager's productivity by 22%, but **when combined with 8-weeks of intensive Coaching, the manager's productivity exploded to more than 85%**
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- A MetrixGlobal LLC study (for a Fortune 500 firm and Pyramid Resource Group) found that **"Coaching produced a 529% return on investment and significant intangible benefits to business. Including the financial benefits from employee retention boosted the overall ROI to 788%."**
- An Olivero, Bane & Kopermann study (1997) of a public sector municipal agency found that **coupling one-on-one coaching with leadership training resulted in a near quadrupling of productivity results** (from 22.4% to 88% when combined).
- The *objectivity* that a coach brings to a developmental opportunity is helpful to managers seeking to make difficult changes in attitudes, work habits, perspectives and interpersonal relationships (McCauley & Hugh-James; Young & Dixon, 1996.)
- According to Personal Decisions International, a Minneapolis-based human resources consulting firm, **70% of the top 1,000 firms worldwide use some form of executive coaching** (Source: HR.com, author Ann Vincola, President of a quality of life issues consulting firm, 2000)
- According to a Florida-based study of organizations and coaching (Manchester, Inc. 2001), **6 in 10 organizations currently offer coaching** or other developmental counseling to their managers and executives while **another 20% plan to offer coaching** in the next year.
- In general, the results of coaching most often cited in research studies include:
 - Improved performance (both individual and team)
 - Enhanced bottom line, including profit, quality, productivity, innovation, and other measures
 - Improved customer service and enhanced public perception
 - Professional development, including
 - Enhanced goal setting and attainment
 - Increased confidence and empowerment
 - Skills development, especially when coaching and training are combined
 - Leadership development
 - Preparedness for advancement
 - Enhanced balance and morale
 - Enhanced relationships
 - Improved retention of quality employees

"The goal of coaching is the goal of good management: and that is - to make the most of an organization's valuable resources." -- Harvard Business Review