



HIGH-IMPACT EXECUTIVE COACHING

Executive Summary

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*Where are you
taking your leaders?*

Welcome to this Executive Summary of High-Impact Executive Coaching. This summary covers some of the highlights of our research. For more information on obtaining the full report, please contact Executive Development Associates, Inc.

As executive coaching has gained widespread acceptance over the past five to ten years, so have the questions surrounding its use. Organizations worldwide are scrambling to make the most of this highly touted, yet somewhat enigmatic, development intervention.

By several estimates, this \$1 billion industry has come into its own. Executive coaching has received increased attention from major conference producers (such as Linkage and The Conference Board), major book publishers and the Harvard Business Review, which published two coaching articles within a year. Along with the growing number of coaching certification programs available, major universities are adding coaching courses and certifications to their curricula.

In 2004, Executive Development Associates, Inc. (EDA) conducted its bi-annual survey of Trends in Executive Development. The findings identified executive coaching as the fifth most prevalent learning method out of 25 possibilities (a top 5 learning method for the first time since 1984). Fifty-five percent of corporations utilized external executive coaching as a learning methodology.

Study Methodology

High-Impact Executive Coaching examined the industry from a “three dimensional” perspective: learning from organizations, leaders being coached, and executive coaches (Figure 1).

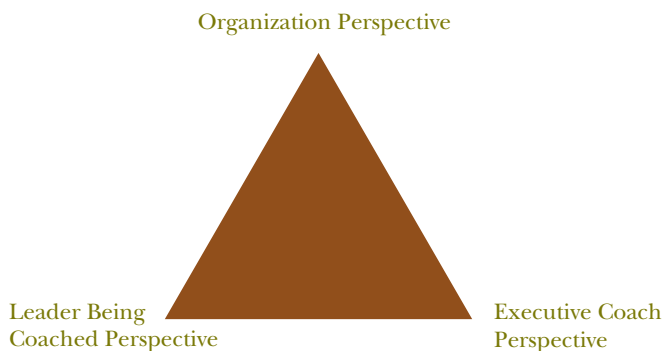


Figure 1. High Impact Executive Coaching “3D” Perspective

Forty-five in-depth interviews were conducted across the three perspectives (19 organizations, 13 leaders, 13 executive coaches). A web-based survey achieved breadth, completed by 48 organizations, 86 leaders (from 25 companies) and 152 coaches. In-depth case studies explored practices at four organizations. A Study Workshop brought together nearly 25 practitioners to examine and interpret study findings, as well as to advance the state-of-the-art in the industry.

The Big Picture: High-Level Findings

High-Impact Executive Coaching generated a wide variety of findings, many of which can be summarized in the following themes:

The “Wild West” may not be so wild

A popular metaphor describing the coaching industry at this time is that of the “Wild West” (as depicted in a recent Harvard Business Review article). This study determined that many organizations have fairly well defined processes, standards, and practices in place, and are succeeding with their current programs. Other organizations are not as concerned about the Wild West as it would seem.

Links to talent management need strengthening

Seventy one percent of organizations reported their executive coaching efforts need better linkage to their talent management approaches. Organizations are looking to better use executive coaching as one of many interventions targeted at developing a leadership pipeline.

Internal coaching is on the rise

Coaching conducted by internal coaches is on the increase, mostly aimed at leaders below the executive level. This growing, yet somewhat controversial approach, may replace some more traditional training and learning methodologies over time.

Coach certification does not matter

Certification of coaches is of limited market value among organizations and leaders being coached – even the coaches themselves. No certification body is remotely close to being accepted as a universal standard, and a future of mandatory coach certification is not predicted among respondents.

Measures of impact exist – and are under-utilized

Most “Level I – Level III” impact metrics of coaching are under-utilized and can be installed at a minimum to justify coaching investments. Current impact metrics – when used – are typically subjective in nature (leader self-assessment, boss assessment).

ROI: Still elusive

The chase continues for a good Return on Investment (“Kirkpatrick’s Level V”) metric on coaching. While most organizations would like to find a solution, a strong minority indicated they don’t expect to find a link, and don’t care.

Coaching is here to stay

Sometimes dubbed “the fad that won’t quit”, executive coaching investments will increase at 63% of responding companies (only 2% expect a decrease). Ninety-three percent of leaders would use a coach again. Workshop practitioners noted coaching is simply a replacement mechanism for delivering learning previously distributed through more traditional channels.

The Basics

Executive coaching is a relatively new offering with broad executive level application. Organizations and coaches alike reported approximately eight years in offering such services. Organizations in the web survey indicated an average of 52 leaders per year receiving coaching, spending an average of approximately \$15,000 per leader. Equally interesting is the number of interviewed organizations who did not know their company’s general statistics (due to decentralization of coaching activities).

Executive coaching still represents a relatively minor role in the total arsenal of developmental options. Sixty - five percent of organizations report that coaching represents “1-15%” of their total development approach. An additional 21% of organizations rank coaching as representing “16-30%” of their development efforts. Interestingly, 90% of leaders believe coaching represents “1-30%” of their development efforts, compared to 86% of organizations.

The purpose of coaching is often debated within the industry. Study findings revealed “leadership development” to be the clear purpose of most coaching engagements. Figure 2 depicts this from the three perspectives.

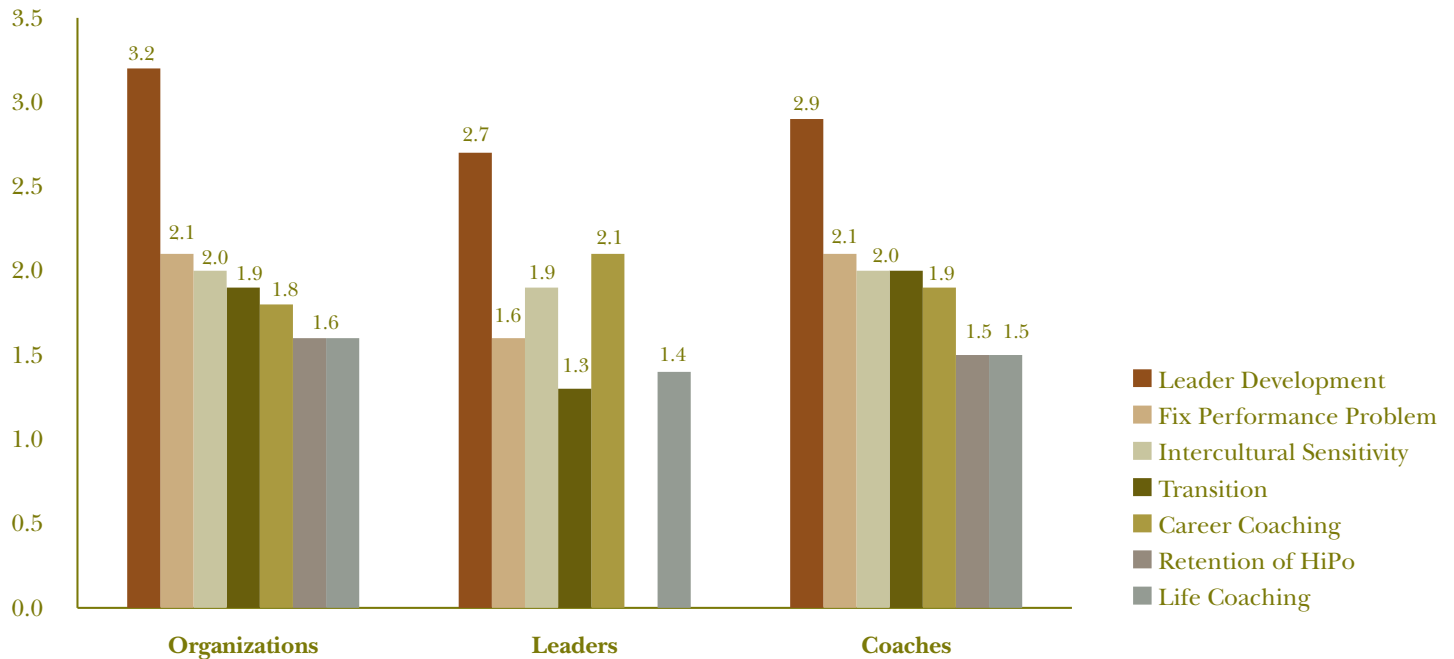


Figure 2: Purpose of Coaching

Organization, Leader, Coach Perspectives

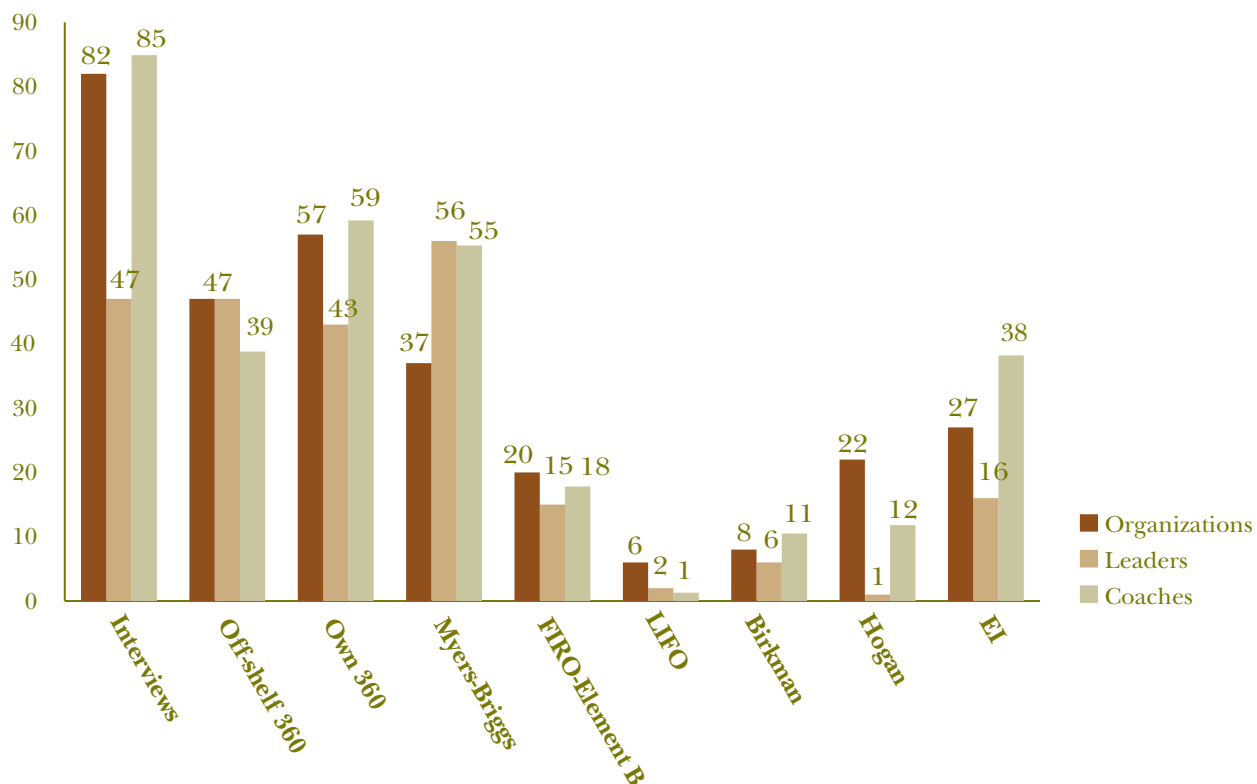
Five point scale (1 – not at all used for this purpose; 5 – always used for this purpose)¹

Coaches were in close agreement with organizations regarding the purpose of coaching. Leaders diverged, ranking “career coaching” in second place. Leader interviews often described the richness of the coaching experience as influencing leadership improvement and enhancing their careers. While coaching is still used for derailing “problem children” assignments, it is much less commonly used for this purpose. Most leadership development professionals agree that coaching should not be provided for leaders with a limited future at the company.

1. Leaders were not offered “life coaching” as an option on their survey.

Use of Instruments

Generally, instruments are used for an initial assessment, and (less frequently) for a follow-up check or final conclusion. While there are hundreds of instrument options available for use in coaching, the research revealed 360 feedback (off-the-shelf or customized) or stakeholder interviews to be the most commonplace.



*Figure 3: Instruments used
Organization, Leader, Coach perspectives
(Select all that apply)*

Coaches carry a wide range of instrument certifications and preferences. While many organizations (51%) are open to coaches recommending instruments for each given assignment, they usually have strict guidelines regarding any leadership competency tool (to ensure consistency). Says one organization, “As long as it is not competing with our battery of instruments, coaches can bring in other instruments.” Says another, “We leverage existing assessment and 360 data we have on the individual and then allow the coach to recommend others.”

Consistency

How important is consistency of approach to an organization's executive coaching process? Comments like these were a regular part of the research:

"What we found was that someone was still being coached and people would say, 'Do you know we are paying \$x for a coach for Mary or John?' 'No, that was 2 or 3 managers ago'.

There was a need to begin to organize and get more disciplined about our use of executive coaching"
Organization perspective interview

Interviewer: "Did your organization stay connected somehow with the coaching engagement?"

Leader: "I have no idea."

"Its got to be a deliberate objective in mind and I think mine was a little fuzzy. It's the way my company uses coaches. I thought the whole thing was kind of sloppy." Leader interview

Approximately half of the organizations felt that consistency was "somewhat important" or "very important", more so than leaders or coaches (40%, 41% respectively). However, 37% of organizations felt consistency was "somewhat unimportant" or "very unimportant" (as did 36% leaders and 35% coaches).

Leaders interviewed seemed unconcerned about consistency throughout the organization; they were more interested in whether coaching can work for them individually: "I think having [programs] customized to the needs of the individual is the way to go. If it's too structured, too rigid, too much of a template, it would lose its value," says one leader. One Workshop participant commented, "I like the idea of a general framework that has a fair amount of flex built into it."

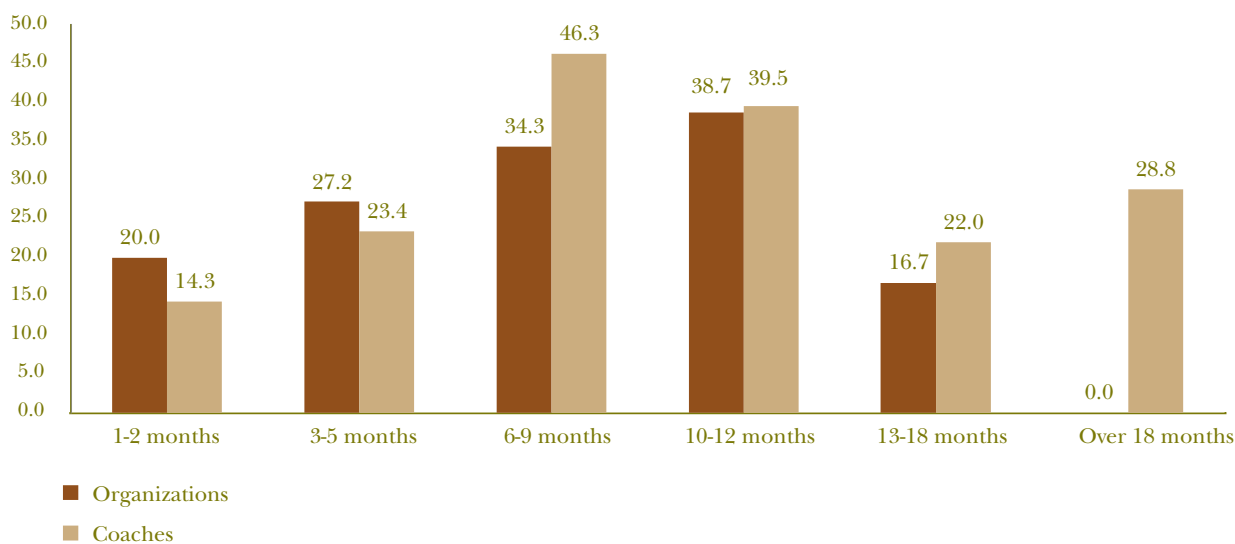
Matching Leaders to Coaches

The research revealed matching leaders to coaches is one of the most critical elements to a successful coaching program; especially for longer-term assignments. Leaders told us the match to their coach was an incredibly powerful part of the process: "I would say if you have coaching done well, you change your life, and your life as a business leader. If you have the right coach with the right fit, they can make a tremendous impact, and a good coach can get you there." Most organizations provide leaders with a certain number of recommended coach bios, and then encourage the leader to interview these coaches.

Though the personal fit and chemistry needs to be right, many leaders acknowledged the value in selecting coaches who would purposefully challenge them, rather than selecting a mirror image. “My advice is make sure the chemistry is right and don’t waste time. It shouldn’t be a chore to relate to your coach. If it is stop, reset and pick another.”

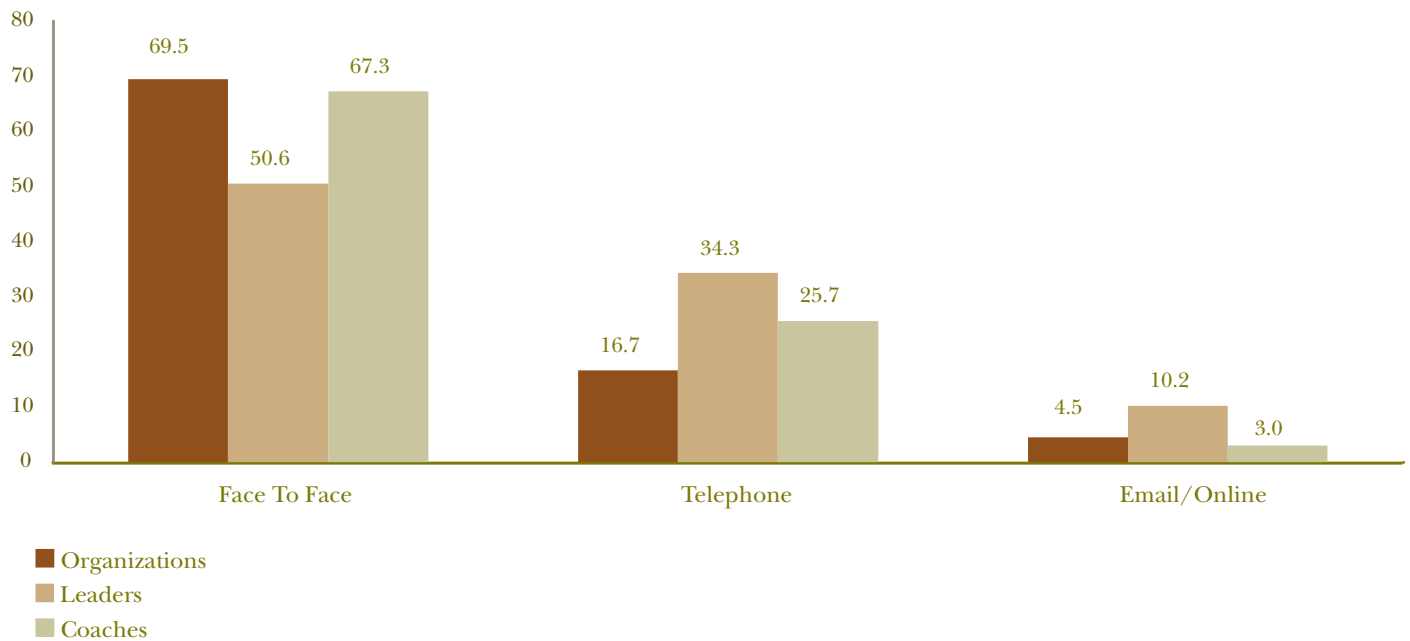
Duration/Frequency

Figure 4 contrasts assignment lengths as supplied by organizations and coaches. The most common coaching durations are six and twelve month assignments.



*Figure 4. Length of coaching assignments
(Respondents who selected “over 50%” for the provided length)
Organization, Coach perspective*

An interesting trend is apparent from the data: Coaches believe their assignments are lasting longer than organizations. In fact, nearly 29% of coaches indicate assignments lasting over 18 months, which was not supported by any organizational respondents!



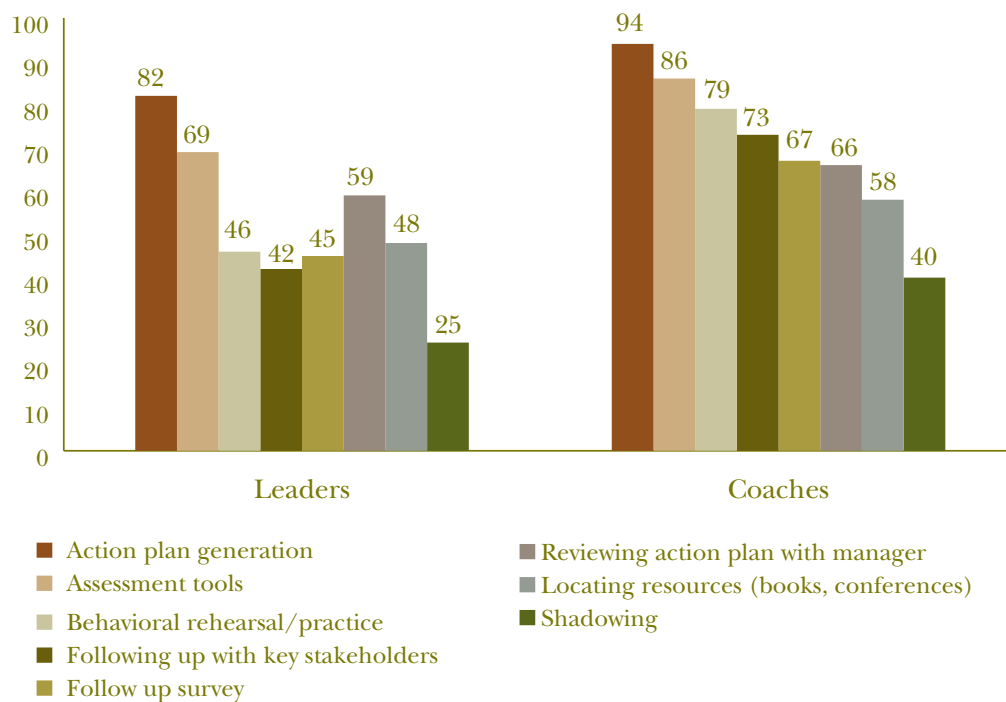
Figures 5. How is coaching conducted?

Organizations, Leaders, Coaches perspectives

Figure 5 depicts how coaching is most often conducted. Most coaching is conducted in person, but leaders seemed to over-rate the use of telephone and email/online options. Cultural differences could play a role, such as this: “My coach is in another country and I think it is more difficult to build a real relation with trust. I would prefer to see my coach more often. We try to talk often on the phone but it is not the same thing.”

Coaching Activities

Figure 6 outlines activities conducted during coaching engagements from the leader and coach perspective. Activities occurring during coaching sessions are (in order of frequency): action plan generation, assessment tools, reviewing action plan with manager, (coach) locating resources, behavioral rehearsal/practice, follow up survey, following up with key stakeholders, and shadowing.



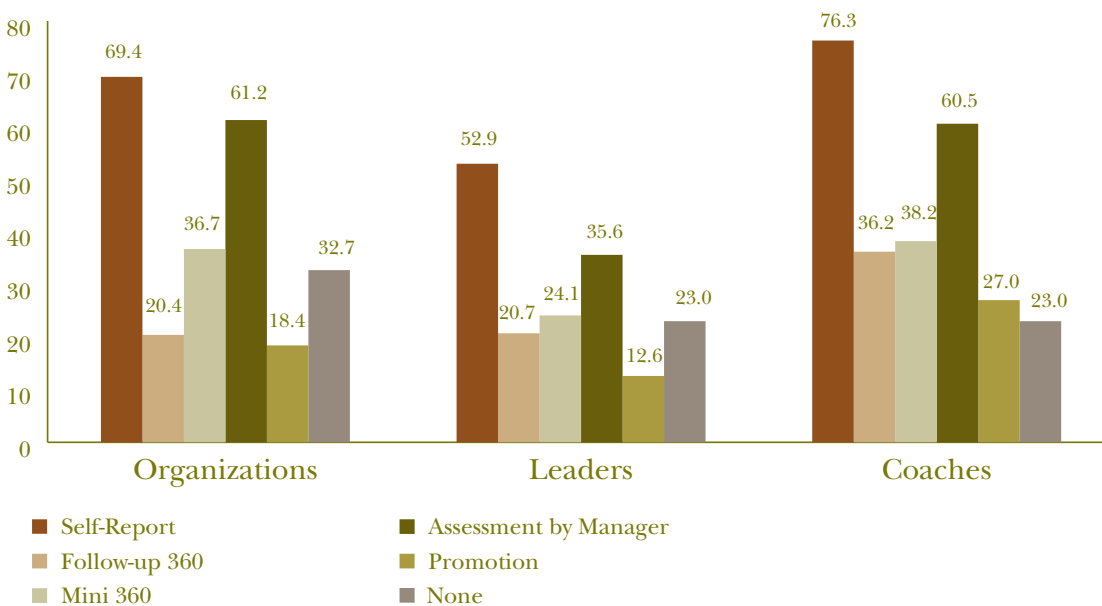
*Figure 6. Activities During Coaching Assignments
Leader, Coach Perspectives (Check all that apply)*

Leaders selected fewer activities than coaches on the web survey, with a median gap of 16 percentage points. The largest leader versus coach perception gaps occurred for “behavioral rehearsal/practice” (-33%) and “following up with key stakeholders” (-31%). This was quite surprising, as “behavioral rehearsal/practice” is considered a standard practice amongst most coaches.

Measuring Impact

In general, organizational perspective participants expressed a greater sense of urgency to properly measure impact than coaches and leaders. Most of the time, coaches are not incentivized for achieving measurable outcomes. Leaders may unintentionally collude in this: they may ease the pressure of requiring any formal measurement as the partnership with the coach is often very strong by assignment’s end.

Research findings revealed most current measurement is subjective in nature: the leader’s self-perception (69% organizations), or the view of their manager (61% organizations). Says one organization: “It’s generally very much a subjective appraisal. I would like to see us move in the direction of going out and doing some more structured, though simple measures, but we have not been doing that.”



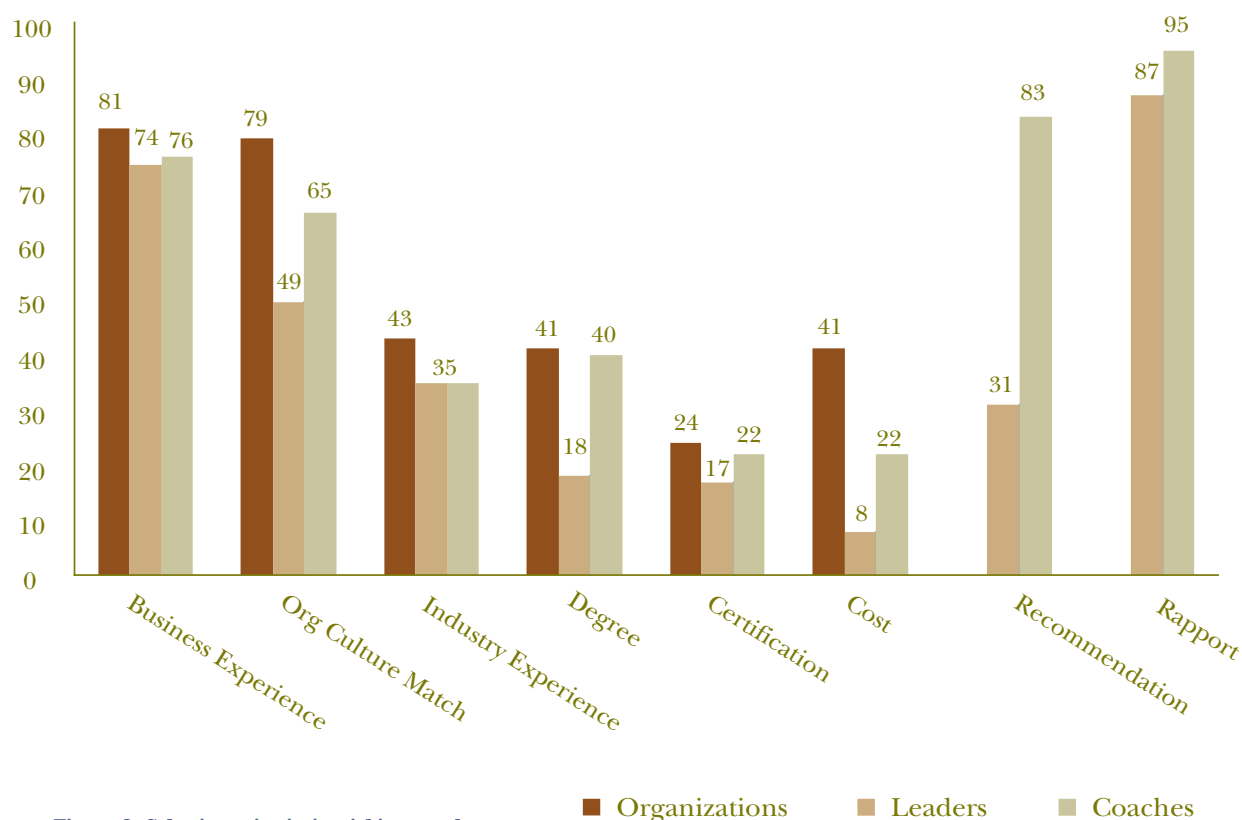
*Figure 7: Methods of Measuring Impact
Organization, Leader, Coach Perspectives (Select all that apply)*

As indicated, there is opportunity for organizations to incorporate basic impact metrics (no current metrics scored above 70% from organizations). Follow-up 360 and mini 360 – multirater methodologies, and therefore less subjective – are underutilized. Also note, leaders did not select any methodology more than 40% of the time (except “self-report”).

While the debate on measuring impact continues, one survey respondent asked inquisitively, “But, what is the cost of not doing coaching?”

Coach Selection Criteria / Screening Coaches

While many organizations expressed worry regarding the difficulties in screening coaches, they generally had identified suitable and relatively uniformly key criteria desired of their coaches. Survey results revealed “business experience” and “match with our culture” as most critical. Of lesser importance was “experience in our industry”, “advanced degree” and “cost.” “Specific certification” was least important to organization survey raters. (Note: organizations were not asked about “ability to build rapport” or “recommendation from a colleague.”) In addition, organizations also cited other traits, such as interpersonal skills, intelligence, communication style and integrity.



*Figure 8. Selection criteria in picking coaches
Organization, Leader, Coach perspective
Percent of items selected a “4” or “5” on a 5 point scale*

Leaders (who were given two additional selection options) indicated “ability to build rapport” as far and away the top criteria in selecting a coach. “Business experience” was next most important. Of lesser importance was “match with our culture”, “industry experience”, and “recommendation from a colleague.” “Advanced degree” and “certification” were minimally important. “Cost” was the least important criteria for leaders.

Certification of Coaches

This research clearly found certification was of little concern for organizations and coaches, and of virtually no concern for leaders. Six percent of organizations “only use certified coaches”; and just 29% “would be more likely to use a certified coach.” Sixty three percent of leaders did not know if their coaches held certification. Sixty two percent of coaches did not hold a certification. Only 26% of organizations and 32% of coaches predict mandatory certification of coaches in the future. One organization stated, “I don’t think we have any kind of certifying organization in the western hemisphere that is – is worth anything.”

The issue regarding certification may be more about coach qualification and standardization of practice. One organization said, “I don’t think that certification really correlates particularly well with effectiveness of coaching. I think there needs to be some commonly accepted standards of professional practice of executive coaching, just like there are commonly accepted standards of professional practice of psychology.”

With all the focus on coach quality, one key successful coaching engagement ingredient some times overlooked is the leader being coached! One leader reminds us the real point of this work: “Not all coaches must be great coaches. I’ve learned much from good coaches and bad coaches. In sports, you don’t have to have a good coach to learn. It is more about how you deal with the coaching that is the true journey. This process is about yourself and not the actual process or methodology or coach for that matter.”

Conclusion

The origin of the word “coach” originates from 15th century Hungary, referring to the village of Kocs where fine transportation coaches were first constructed. The purpose of a coach was to transport an individual from where they were to where they wanted to go. Similarly, executive coaches today facilitate the transportation of leaders to new levels of development and effectiveness. But to do so successfully necessitates an integrated system within an organization and practitioners to facilitate the journey, a coach trained and appropriate for the job, and – most importantly – a leader eager, or at least willing, to be transported.

The executive coaching industry is maturing. Like many other nascent industries, there will continue to be further definition of the practice, standardization of procedures and a culling of providers. It will become clearer what “hiring a coach” represents. Just like the current consulting marketplace, successful providers will likely be a mixture of individual practitioners, virtual networks, boutique shops, and major firms.

The pressure on corporations to bolster their talent pools has never been greater. The aging population in the United States in particular portends a shortage of talent as baby boomers begin to retire. Consequently, attracting, retaining and developing talent will only become an increasing challenge. Former Secretary of Labor, Robert Reich, recently remarked the only real source of competitive advantage for any corporation is 1) their brand and 2) their people (and people are what define the brand). Nearly any other differentiator can be copied by competitors relatively quickly. Consequently, investing in people development will be critical.

Leadership development will likely continue trending toward on-the-job development, rather than pulling executives away from their daily responsibilities. At a recent learning forum, retiring Agilent Technologies' CEO Ned Barnholdt indicated he did not have time to leave his posts during his career (he hadn't been to an offsite leadership development exercise in 20+ years). Learning will need to be more "on-the-fly," and executive coaching will likely continue to play a role in this effort.

As the coaching industry grows, certain trends will be observed closely by practitioners. Regarding certification and legislation, study respondents don't predict either to be an issue in the near future. Organization respondents indicated "certification will be mandatory for coaches" as not too likely a future trend (scoring this 2.77 on a "1 – Not at all likely" to "5 – Highly likely" scale). Coaches agree with this prediction. Similarly, both groups don't predict government will legislate coaching providers. Coaching providers are not predicted to consolidate, as some have expected. Fees will continue to vary widely among practitioners, but aren't likely to decrease or commoditize.

But perhaps the most likely trend is that coaching will continue to serve as an on-the-job replacement for more traditional methodologies. Internal and external training (both listed as the most likely substitute for coaching) will experience a shift as more content is delivered through the coaching mechanism instead. The increased use of internal coaches will continue to deliver and reinforce this content as well.

Acknowledgements:

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Other topics covered in the final report:

- Levels of leader receiving coaching
- Alternatives to executive coaching
- Linking coaching to leadership development strategy and talent management systems
- Senior management support
- Role of Leadership Development / Human Resources in coaching
- Coaching frequency
- Costs
- Locating coaches
- Role of the boss
- Assignments coaches won't take
- ROI
- Internal coaches
- Coach travel
- Coach pool connection
- Certification bodies most recognized in the marketplace
- Future trends

Case Studies:

- Fidelity Investments
- General Mills
- IBM
- Intel

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Better Practices

Plus more on most of the topics in this summary

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