

Executive Briefing: Case Study on the Return on Investment of Executive Coaching

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A *Fortune* 500 firm and Pyramid Resource Group, a coaching services company, recently engaged MetrixGlobal LLC to determine the business benefits and return on investment for an executive coaching program.

The Bottom Line: Coaching produced a 529 percent return on investment and significant intangible benefits to the business. Including the financial benefits from employee retention boosted the overall ROI to 788 percent. The study provided powerful new insights on how to maximize the business impact from executive coaching.

A *Fortune* 500 firm launched an innovative leadership development effort that was expected to accelerate the development of next generation leaders. The participants in this effort were drawn mostly from the ranks of middle

managers and from many different business units and functional areas. Leadership development activities included group mentoring, individual assessments and development planning, a leadership workshop and work on strategic business projects.

Coaching was considered to be a key enabler for this approach to leadership development because the participants could work privately and individually with his or her coach to develop specific leadership competencies.

The client organization engaged the Pyramid Resource Group to provide coaching to the leadership development participants. While participants spoke very highly of their experience with coaching it was decided to conduct a formal assessment of the effectiveness and business impact of coaching.

It is intended that the results from this study be used to determine:

Coaching was a very effective developmental tool for the leadership develop-

ment participants, producing financial and intangible benefits for the business. Coaching sessions were rich learning environments that enabled the learning to be applied to a variety of business situations. Decision-making, team performance and the motivation of others were enhanced.

Many of these business applications contributed annualized financial benefits. Other applications created significant intangible benefits. Overall, the participants appreciated their coaching experiences and would highly recommend coaching to others.

Three-quarters of the 30 respondents indicated that coaching had significant or very significant impact on at least one of nine business measures. In-depth discussions were conducted over the telephone with each respondent to further explore the business impact of coaching. Sixty percent of the respondents were able to identify specific financial benefits that came as a result of their coaching.

Tips for Maximizing Coaching

- ◆ Manage the entire coaching process to ensure consistency and quality.
- ◆ Completely understand the coaching process before proceeding in a relationship.
- ◆ Those being coached should receive encouragement and support from their immediate managers.
- ◆ Ensure coaches are grounded in the company's business and culture.
- ◆ Allow each coaching relationship to follow its own path. A major difference between coaching and training is that coaching allows the individual to determine what works best for him or her at a very personal level.
- ◆ Build performance measurement into the coaching process. Evaluation of coaching should be designed into the process from the beginning to better set performance expectations.

Compiled from: www.pyramidresource.com.