



What Really Works When it Comes to Coaching?

Issue: 414

Date: June 6, 2008

Don't be afraid of the coach. At one point, having a coach carried a stigma because it was often directed at problem employees. Now it's more likely to be a sign that you're on the fast track and that your organization is serious about raising performance levels and developing talent, according to an extensive global study commissioned by the American Management Association (AMA) and conducted by i4cp.

The study was based on a survey that included 1,030 respondents. When asked about the groups that their organizations coach, 60% of respondents said the coaching involved high-potential employees "a lot" or "a great deal," and 42% said the same about executives. By contrast, just 37% said they coach problem employees to such a high extent.

The study defined coaching as "a short- to medium-term relationship between a manager or senior leader and a consultant (internal or external) with the purpose of improving work performance" (Douglas & McCauley, 1999). And this study showed that coaching is indeed linked to improved performance, both at the individual and organizational levels.

Respondents from organizations that use coaching more now than in the past are more likely to report two kinds of advantages. First, they are more likely to state that their organizations have higher levels of success in the area of coaching. Second, they are more likely to say that their organizations are performing well in the market, as determined by self-reports in the combined areas of revenue growth, market share, profitability, and customer satisfaction. What's more, the study found that raising individual levels of performance is the number-one reason for using coaching and that using coaching for this purpose is highly correlated with the success of coaching programs.

But there are many ways of designing and implementing coaching programs, and not all are equally effective, the study found. So which practices are most highly correlated with success? For one thing, the study found that sending potential coaches to external development programs was more strongly correlated with overall coaching success than more internally focused methods. Yet, those external programs were less commonly used, suggesting that strong consideration needs to be given to using external coaching programs to enhance internal results.

The study also found that clarity of purpose counts. The more a company has a clear reason for using a coach, the more likely that its coaching process will be viewed as successful. Add measurement into the mix and you have a winning formula. The AMA/i4cp research indicates that the more frequently respondents reported using a measurement method to gauge coaching effectiveness, the more likely they were to report success in their coaching programs. The measurement methods that were most strongly linked to success are individual increases in productivity, impact on engagement, satisfaction with the program, and bottom-line results on the business.



Another coaching best practice is related to selection. Survey participants were asked to what extent their organizations use certain criteria to match coaches with coachees. By far, the most frequent basis for matching is the area of the coach's expertise. Almost three-quarters of respondents (74%) said matching decisions were – either frequently or a great deal – based on finding a coach with the right expertise to address specific issues. Matching the right expertise with the right client is associated with higher success rates.

The study also shows that it pays to interview coaches. Surprisingly, when asked about the criteria they use to select coaches, only 54% said they interview potential coaches frequently or a great deal. Yet, this basic step is more correlated with reported success of coaching than any other selection strategy. Both time and money are wasted when organizations fail to invest time up front matching clients with coaches.

Another coaching best practice is to know when to use an internal versus external coach. The research indicates that external coaches are hired most often to work with executives. External coaches are significantly less likely to work with managers or supervisors. Internal coaches are almost equally likely to work with managers as they are supervisors, but they are significantly less likely to work with executives. Additionally, while internal coaches were assumed to coach employees at all levels of the organization (43%), very few respondents (5%) said that external coaches coach employees at all levels to any great extent.

The study also indicates that using internal coaches to coach managers or executives is *not* correlated with coaching success. It appears that using external coaches for those groups is more effective and perhaps confirms that the higher cost of using an external coach is worth it.

An interesting finding that has best-practice implications for global organizations is related to providing coaching to expatriates. The study found that providing coaching to expats is associated with coaching success and improved market performance. Yet, few companies report that they offer coaching to this segment of their employees, suggesting that there's an opportunity for competitive advantage here.

The study also found that there's room for improvement in various areas related to coaching. For example, only about a third of respondents (32%) considered peer coaching (in which each participant acts as both coach and coachee to a partner within the organization to improve growth and development) to be very effective or extremely effective. That finding indicates that most organizations have yet to determine how to reap maximum benefit from their peer-coaching programs.

In general, the AMA/i4cp team believes that coaching remains an untapped opportunity for many organizations. Only about half of responding North American companies said they have coaching programs in place, and the same is true for just 55% of respondents in the international sample. This suggests that there's considerable room for coaching to expand and mature, becoming a critical variable in developing and retaining scarce talent in the future. Companies that learn to leverage coaching and build their programs on what works will have a significant competitive advantage in the global marketplace.

References

- Douglas, C. A., & McCauley, C. D. (1999). Formal development relationships: A survey of organizational practices. *Human Resource Development Quarterly*, 10, 203-220.