

# Does coaching work?

**Paul Kearns looks at coaching and asks whether it delivers a valuable return on investment**

*'More than a third of employers have no idea what executives are learning when they use coaches to improve the productivity of senior staff. A survey of more than 15,000 organisations by Brunel University and Performance Coaching International, reveals that 38 per cent of coaches were given a free rein and that the employer had no idea if what was being taught was in line with overall strategy. The findings will concern employers, which are increasingly using coaching in a bid to improve productivity and retain top talent.'*

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**D**oes coaching work? If popularity was an indicator of success, then coaching must be a sure-fire winner, because it has enjoyed exponential growth over recent years (see <http://www.campaign-for-learning.org.uk/projects/coaching.htm>). Yet no-one could seriously argue that popularity is a meaningful measure of value or effectiveness.

In fact, asking whether coaching works or not is probably the wrong question. It is a bit like asking whether a surgeon's scalpel works. Surely it is more important to make a proper diagnosis first and then to decide that surgery is the best option available. Next we should be concerned about the surgeon's skills, even if we also need to make sure they are not using blunt instruments. The only gauge of an effective and successful operation, though, is a healthy patient.

On that basis, let us not get too diverted by a discussion of the process of coaching. Instead, we need to look at the *results* of coaching. The short answer to the original question of whether coaching works is this: it works when it is

used as the right solution to a particular problem, and is undertaken by a skilled and effective coach who gets a result. Or, at least, that is the overall conclusion of a two-year study into coaching effectiveness for owners/managers as part of the Business West and Business Link Somerset – Management & Executive Coaching Service for SMEs (small and medium-sized enterprises) that was funded, in part, by the South West Regional Development Agency (RDA).

The original aim of this project was to help SME managers improve the performance of their businesses by developing their management skills. Coaching was offered as a means for helping them to develop their skills, but one of the anticipated outcomes (which matched the RDA's objectives) was to increase productivity measured by gross value added, in sterling (GVA).

The whole project was therefore designed to use a return on investment (ROI) methodology to demonstrate the hard, financial value impact of coaching. As a guide, for most commercial enterprises a 'normal' return on capital employed might aim for between 15 per cent

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## The Baseline Evaluation System

The Baseline Evaluation System (BES) has several features that fundamentally distinguish it from other evaluation models. First, it focuses on just two variables simultaneously, and makes a clear, causal connection between the two:

- individual performance and
- organisational value

However, it also offers many other beneficial features. It:

- is a systematic methodology – not just a model
- reduces the paperwork/bureaucracy normally associated with evaluation questionnaires and surveys
- demands higher levels of commitment from all parties (learning provider, coaches, business owners/managers, coachees)
- aims to raise the probability of coaching being effective rather than trying to *prove* it has a unique contribution
- is designed to actually aid the learning process
- is based on a total quality, continuous and sustainable improvement cycle that can be totally integrated with other business improvement schemes such as Investors in People.

In essence, the BES requires that coaches and coachees articulate clearly, **before** they engage in the coaching process itself:

- the business focus of the coaching programme (using just four variables of output, cost, revenue and quality)
- how coaching will add value (by asking what an improvement would be worth in £'s)
- how coaching will help the coachee to perform better.

These questions help to form the basis of the coaching agreement, and are an integral part of the overall coaching process.

Box 1

and 25 per cent. The return on this coaching project indicates a net ROI of 200 per cent over one year.

It all started in September 2003 when Sarah Piggott (then management development adviser for Business West) mooted a proposal to 'promote coaching as a learning method in SMEs'. The main aim was to move away from a supply-side attitude to the provision of training (running pre-designed courses) towards a more demanded, tailored approach. In order to progress her idea, however, she had to overcome the RDA's application process for funding, which required an indication of how such a programme would be evaluated and monitored.

From that point on Piggott decided to install the Baseline Evaluation System, which I had developed (*see box 1 above*), so that it could become an integral part of the whole design of the coaching project. The methodology

behind the BES is extremely simple, in that it places the emphasis on designing-in evaluation using *ex ante* measurement of bottom line, business objectives (i.e. *before* the coaching commences) rather than the conventional approach to evaluation, which focuses mainly on just *ex post* (*after* the training event) assessment of reactions, knowledge and skills.

Regardless, however, of the original reasons for evaluating this project from the outset, it was always recognised, by everyone involved, that there was much more at stake here. The very future of coaching as a business intervention was under the microscope.

After Piggott left the project to join another employer, her role was taken up by April Harding. She continued to apply a very rigorous discipline on the project in terms of coach selection, guidance and monitoring.

## Coaching as a business intervention

Whilst coaching has become a very popular method for both executive and staff development, any hard results attributable to coaching are conspicuously absent. This is despite an interest in this subject by most of the professional coaching organisations (for one example of attempted research in this area, see *Association for Coaching, Summary Report ROI* from Corporate Coaching, October 2004 or contact [research@associationforcoaching.com](mailto:research@associationforcoaching.com)).

Attempts to remedy this situation have been hampered by several factors, all of which seem to lead to more questions than answers:

- there is little agreement on what constitutes 'coaching', and therefore the training of coaches varies;
- despite the existence of a number of bodies attempting to professionalise the industry, there is no one recognised body that could be regarded as the arbiter of standards (although the European Mentoring & Coaching Council guidelines were used on this project), and no single qualification of competence;
- there is a widespread belief among some coaches that the art and practice of coaching is inherently focused on soft, unmeasurable factors that do not lend themselves to objective assessment;
- the quality of coaches, not surprisingly in view of the absence of common professional standards, appears to suffer from a very wide variation in ability and competence; and
- there remains a fundamental distinction between improving 'organisational' and 'personal' effectiveness.

In view of the above, the need for an effective evaluation methodology was of immense importance, but even more important was to provide some hard data.

## The key numbers

When the final evaluation report for this project was submitted to the RDA there had been 72 participants taking part in the coaching programme, but the numbers themselves make interesting reading.

- only 32 per cent of participants had a clear, added-value objective at the outset;
- 22 per cent had no business objectives identified at all at the beginning; and
- although huge benefits were generated overall, most of these came from just three coachees' companies.

This immediately suggested that, despite clear guidelines for the coaches to work to, the majority of coaches obviously believed they could commence coaching without having any pre-agreed outcomes or objectives. In such cases no evaluation would be possible, because no baseline was established. Nevertheless, where coaches *did* pin down monetary, business objectives from the outset, and then measured the results six months later, in terms of return on investment (ROI) the net benefit of the whole project investment was as follows:

$$\text{Net ROI} = \frac{£810,000 - £269,473}{£269,473} \times 100\% \\ = 200\%$$

If this benefit were to be repeated over three years, on the assumption that the benefit gained from the coaching would continue at least into years 2 and 3, the extrapolated ROI would be 801 per cent. One only has to consider for a moment the potential this could have on UK GVA if the lessons learned here were applied to the whole of the SME sector.

Hence on projects such as this, financed partly out of taxpayers' money, the overall project provides a very acceptable return. Nevertheless, for evaluation to aim

at providing the best value possible, questions still have to be asked about the coachees who failed to agree any specific business measure at the outset and/or failed to report on the same at the end of the process. Of course, being unable to measure their specific ROI does not mean that their coaching was automatically of no value.

What it *does* mean is the coach/coachee did not know what value the coaching was meant to achieve, and therefore the coaching had a much lower probability of adding any real value. The evaluation method used also suggests that if the coaches/coachees had put more effort into following the evaluation guidelines more closely, then even greater returns would have been achievable.

With regard to GVA data in particular, while measurement of GVA was originally identified as an indicator for the success of this project, there have been difficulties in collecting the relevant data in a usable format. The usable data for BLS covers only four organisations where there are comparative figures for 2004 and 2006 (the lifetime of the project). This limited data shows an increase in total sales of £471,936 and a net profit increase of £223,129 over this period. While this looks encouraging, it is too limited in scope to draw any firm conclusions.

It is important to state here that for a better view of the effect of coaching on an organisation's GVA, following the same baseline evaluation principles, more effort needs to be put into collecting such GVA data at the outset.

## The 'specific' contribution of coaching?

One regularly voiced objection to evaluation is the possibility that there are always other factors that might have generated the return rather than the intervention itself (coaching, in this instance). Under the BES this is regarded as a 'red

herring'. The purpose of *ex ante* measurement is to increase the probability of success at the outset, not to attempt to *prove* that coaching was the sole source of the monetary value gained. In fact, the BES does not attempt to prove anything, simply because no single factor or function in an organisation can prove its sole contribution.

Nevertheless, to avoid this criticism, a specific question was asked on the post-coaching evaluation form to try and ascertain the extent to which coaching contributed to the ROI. Based on the answers received, the range of contributions attributed to the coaching was between 50 per cent and 100 per cent. Certainly this is clear evidence that the coaches did believe the coaching itself made a huge difference.

Apart from the harder measures, though, there was ample anecdotal evidence that the vast majority of coachees found the whole experience very beneficial from a personal perspective (possibly the reason why coaching is so popular even without hard measures?). Only two coachees expressed a view that suggested their coaching was not particularly beneficial. Here are just a few examples of the positive feedback received (identified by unique reference numbers only).

56. LS – (Salaried staff productivity up from 40 per cent to 62.75 per cent) 'Thanks so much for the coaching. 100 per cent enjoyed it and 100 per cent have gained value from it.'

30. JC – 'The coaching enabled me to look at issues in different ways, in particular making me realise that we could always come up  
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with ideas to solve problems. In addition, the coaching helped me refocus my efforts to remove areas of potential frustration. This in turn made me more productive.'

26. GS – 'It created a structure to think about and identify issues with my own performance that were affecting my effectiveness.'

### General conclusions and recommendations

There is a wide range of approaches employed by coaches and, when left to their own devices, there appears to be no common methodology at work. This is a serious concern for the coaching industry and nascent 'profession', as variability will inevitably undermine the whole concept of coaching as a credible management intervention.

Many coaches appear to assume that improving the personal effectiveness of their coachee equates to improved organisational effectiveness. This is too simplistic an assumption in complex organisations. Does evaluation help to make better decisions on funding? Unequivocally yes. Evaluation translated the seemingly intangible (coaching) into a tangible value proposition (improvements in output, revenue and cost), and thereby enabled a proper cost benefit assessment to be made using accepted ROI formulae.

Would this project have been successful without evaluation? Possibly, but without proper evaluation it would have been difficult to gauge success, other than in nebulous, qualitative, anecdotal terms. The evaluation methodology used aims to increase the probability of success from the outset. It would be difficult to argue that projects without effective evaluation offer a higher probability of success.

Should time and money be allowed to train participants in evaluation? If evaluation has a significant impact on outcomes,

then ensuring the deliverers of the training are fully versed in the requirements of effective evaluation becomes an absolute necessity. This project makes it very clear that there is a very clear causal connection between a focus on outcomes and the probability of achieving those outcomes, and the need to train some coaches in this respect has been demonstrated.

So, finally, back to our first question – does coaching work? The overall conclusion of this project is that competent coaches, delivering effective coaching, focused on tangible, measurable outcomes will deliver significant results. Coaching, even in the absence of effective evaluation, however, still appears to result in the vast majority of coachees (97.2 per cent) being very satisfied with the process. Whether this, in itself, justifies the investment, though, is open to debate. Relying on 'happy sheet' scores from coachees is no longer either a sufficient or necessary condition for funding of coaching projects when better evaluation evidence is available.

Of course, at some future date, when the ROI evidence of the positive business impact of coaching continues to mount, the next obvious step is to develop a 'virtuous loop', whereby those who subscribe to an effectively evaluated coaching scheme will benefit and then be willing to pay accordingly. Conversely, those who choose an approach based on shakier and more questionable principles should, quite rightly, be expected to fund it themselves. ■

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