

# **“The Impact of Executive Coaching on Leadership Effectiveness”**

**Peter Webb**

B.Econ. Hons. (Org. Psych.), M.Appl.Sci. (Coaching Psych.)

**February 27, 2006**

## The Case for Coaching

There has been a phenomenal increase in interest in coaching over the past decade or so. A 2004 survey of the HR/Training community conducted by the Chartered Institute of Personnel and Development (CIPD) in the UK showed that four-fifths of respondents now use coaching in their organisations<sup>1</sup>. The Australian Institute of Management claims 70% of its member companies hire coaches<sup>2</sup>. In the US there were at least 10,000 professional coaches working for businesses in 2002, and this figure was expected to exceed 50,000 by 2007<sup>3</sup>. But is coaching just one of the numerous fads that wash through the business community every few years, or is it here to stay?

According to *The Economist* Intelligence Unit the UK market leader in business coaching back in 1986 was Graham Alexander of the Alexander Corporation. 20 years later, he makes the case that coaching exists in a different domain to most business fads. "If one accepts the premise that human performance, learning and development are fundamental to business success" he says, "then an activity that facilitates these, it could be argued, will be a perennial business activity"<sup>4</sup>.

The growing popularity of executive coaching may be a long-term response to compelling needs. These include:

- **Complexity:** The fast-paced, complex, globalized business environment which demands an ability to learn and adapt quickly. Coaching has become popular in helping individuals adjust to major changes in the workplace.
- **Information Processes:** The trend towards flatter organisation structures, with networked and matrix-type information flows and more team-based engagement. This requires large step-changes in skills, responsibilities and performance. Coaching can support individuals in achieving these changes.
- **Just-in-time development:** Coaching offers a flexible, responsive approach to development, which can be delivered individually, and specifically tailored to overcome deficiencies in current performance or to strengthen under-developed skills.
- **Corporate Governance:** Increasing demands for leaner, more cost-efficient and accountable public and private organisations magnifies the costs associated with poorly performing senior managers and executives. Coaching provides organisations with an opportunity to undertake proactive interventions to improve their performance.
- **Decision-making:** The isolation of senior level employees. It's "lonely at the top". A coach can be used to provide a "safe and objective haven" to discuss issues and collaborate on leadership strategies without the political influence that would necessarily come from discussions with colleagues.
- **Lifelong Learning:** The demise of "jobs for life" and the rise of the "portfolio career" have given rise to an increasing demand for lifelong learning opportunities. Executives must now take greater responsibility for their personal and professional development. Coaching has the ability to support different learning styles and can help individuals identify development needs, plan career progression, and support personal problem-solving.

Based on their research with 900 companies in Europe, Professor David Lane and colleagues (2000) reported that "coaching is a growing trend rather than a fad"<sup>5</sup>. Quite simply, "coaching works" according to David Peterson & Kurt Kraiger (2004). "Based on dozens of case studies, hundreds of personal testimonials in scores of organisations, and diverse threads of research, it is clear that coaching has an impact on people and on business results"<sup>6</sup>.

<b>Views on the benefits of coaching (CIPD 2004)<sup>1</sup></b>	<b>% of respondents who agree</b>
Coaching can deliver tangible benefits to both individuals and organisations	99
Coaching is an effective way to promote learning in organisations	96
Coaching and mentoring are key mechanisms for transferring learning from training from training courses back to the workplace	93
When coaching is managed effectively it can have a positive impact on an organisation's bottom line	92

In the overwhelming majority of cases where coaching outcomes are assessed the receivers of coaching are very positive about the benefits, both personally and to the business. In a 2001 survey of Australian senior managers, 55% had experienced mentoring/coaching in their career development, and 97% found this coaching beneficial<sup>7</sup>.

Coaching is emerging as part of the new performance-led culture of employment. Glenn Martin (2002), a CCH Human Resources Writer points out that coaching may be in vogue now because "the time is ripe for a different approach to leadership. Up until recently, concerns about performance were addressed from the perspective of behaviour modification, with control as the underlying assumption. Current models of coaching, in contrast, are based on reflection and insight"<sup>8</sup>.

CIPD researcher, Janice Caplan (2003) contends: "I believe the reason for the massive increase in the use of coaching is that it is a process and a solution that suits our times. It is an effective mechanism for enabling an organisation to meet competitive pressures, plan for succession and bring about change"<sup>9</sup>.

## **A Definition of Coaching**

**"Workplace coaching is a collaborative, solution-focused, result-oriented and systematic process in which the coach facilitates the enhancement of work performance and the self-directed learning and personal growth of individuals."**<sup>10</sup>

According to executive coaches Stratford Sherman & Alyssa Freas (2004), coaching "helps people to know themselves better, live more consciously, and contribute more richly". They say "at the most basic level, coaches serve as *outsourced suppliers of candor*, providing individual leaders with the objective feedback necessary to nourish their growth"<sup>11</sup>.

Coaching "provides a space for profound personal development", writes executive coach Suzy Wales (2003), and "enables managers to understand how to translate personal insights into improved effectiveness and ultimately organisational development"<sup>12</sup>.

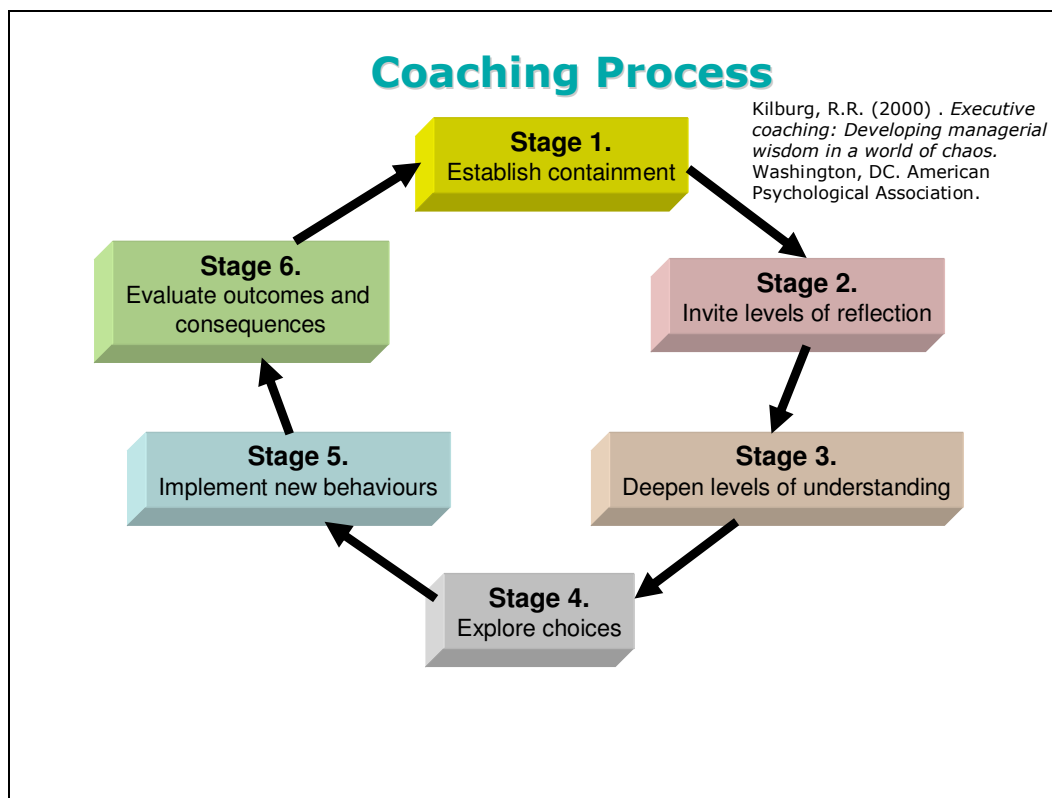
When done well, coaching can deliberately enhance *tolerance of complexity* and the emergence of wisdom-based decision-making processes in executive managers<sup>13</sup>.

Evidence is also beginning to suggest that “corporate coaching offers a supremely effective method of supporting corporate entrepreneurs and a culture of innovation”<sup>14</sup>. In fact, coaching may be capable of creating an impact at all levels of the organisation and of “*modifying its genetic code*”<sup>15</sup>.

So, what is coaching? According to Richard Kilburg (1996), Executive Coaching Psychologist and Senior Director of Human Services at Johns Hopkins University, executive coaching is defined as: “A helping relationship formed between a client who has managerial authority and responsibility in an organization and a consultant who uses a wide variety of behavioral techniques and methods to help the client achieve a mutually identified set of goals to improve his or her professional performance and personal satisfaction and., consequently, to improve the effectiveness of the client’s organization within a formally defined coaching agreement”<sup>16</sup>.

Kilburg (2000) suggests the coaching process is a kind of “circle of awareness” within which the coach engages the client in a series of *single-loop*, *double-loop*, and *triple-loop* learning experiences to “assist the client to understand the nature of the current organisational environment, the leadership situation, and his or her experiences with it”:

- *Learning in action*: The ability to be self-aware as the client is performing a task.
- *Reflection on learning in action*: The ability to be aware of different ways to approach a task and how to modify approaches as the task is being performed.
- *Reflection on reflection on learning in action*: The ability of the client to be aware of multiple levels of complexity, paradoxes, and polarities in the situation with the intent of learning how to better perform in the future<sup>17</sup>.



Similarly, Corporate Psychologist, Otto Laske (2004), defines 3 *generic processes* of coaching:

- **Supporting and guiding attention:** This focuses on the client's process of attention, particularly the degree of systemic thought.
- **Envisioning outcomes:** The second process focuses on how the client makes sense of their present experiences, how they construct "reality", and, therefore, how they envision outcomes.
- **Enacting new behaviours and experiences:** The third process is directed towards the clients' organisational functioning, both their own subjective needs and their experiences of the organisation of which they are a part<sup>18</sup>.

Behind these processes are some assumptions and principles which help differentiate coaching from other similar disciplines. UK-based executive coach, Jenny Rogers (2004) elaborates six widely acknowledged principles:

1. **The client is resourceful:** Clients actually have within them the resources to resolve their problems.
2. **The coach's role is to spring loose the client's resourcefulness:** Unlike mentoring, the role of the coach is to use advice-giving judiciously. Advice-giving leads to dependency. "The coach's role is to ask the penetrating questions which take the client into territory they have never previously considered".
3. **Coaching addresses the whole person:** "Difficulties in the professional life of the client are usually paralleled by difficulties in the personal parts of their lives".
4. **The client sets the agenda:** There is not necessarily a set agenda with coaching. "The agenda starts with the client".
5. **The coach and the client are equals:** "The coach and the client work together in a partnership of equals". The key attitude of the coach towards the client is one of *non-judgmental positive regard*.
6. **Coaching is about change and action:** The role of the coach is to help clients achieve increased effectiveness. "It follows therefore that you cannot coach a client who does not want to change"<sup>19</sup>.

## Coaching and Leadership Effectiveness

Is coaching worth the time and investment? Based on the results from the 2004 CIPD training and development survey, two thirds of respondents reported that coaching activities had been "effective" (61%) or "very effective" (6%) in meeting objectives<sup>1</sup>.

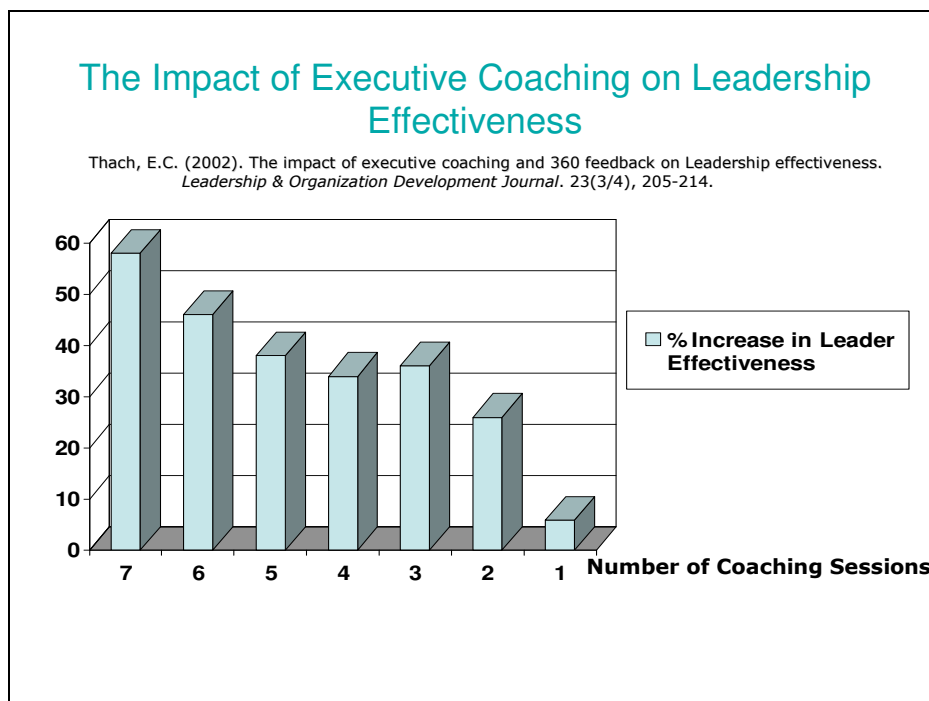
A study of 370 coaching participants in 1993 concluded that "a case can be made that coaching is at least *three times more effective* than the typical training program in producing results"<sup>20</sup>.

In one of the first empirical studies of the effects of coaching, Gerald Olivero and colleagues (1997) found that training alone accounted for a 22.4% increase in productivity, but when followed with coaching productivity increased *88.0%*<sup>21</sup>.

In 1997, AMOCO Corporation (now part of British Petroleum) conducted an evaluation of the coaching they had offered to their executives over the previous 10 years. Compared to other AMOCO managers, coaching participants consistently demonstrated *improved performance, increased ratings of potential for advancement, and 50% higher average salary increases*<sup>22</sup>.

Joy McGovern and colleagues (2001) studied 100 executives from 56 organisations in the US northeastern and mid-Atlantic regions who had completed their coaching between 1996 and 2000. The coaching programs they participated in typically ranged from 6 to 12 months in duration. Executives identified both the tangible and intangible business impacts that resulted from the coaching process. 86% of participants and 74% of stakeholders were “very satisfied” or “extremely satisfied” with the coaching process. And when estimated in the most conservative manner, ROI (return on investment) averaged nearly \$100,000 for the sample, or *5.7 times the initial investment in coaching*<sup>23</sup>.

Elizabeth Thach (2002) from Sonoma State University in California used multi-rater (360) feedback to determine the impact of executive coaching on leadership effectiveness. 281 members of a mid-size, global, Telco firm with headquarters in the western USA participated in 360 feedback before and after an average of 6 months of coaching. The overall impact on leadership effectiveness, as perceived by direct reports, peers, and managers was an average of 55% and 60% respectively during the two phases of the study<sup>24</sup>.



Otto Laske (2004) investigated the *mental-emotional growth* of 6 executives from a US Internet service provider who were coached over 14 months. Both coaches and participants’ *developmental* and *behavioural profiles* were assessed before and after coaching. 3 executives made a significant *developmental shift* of at least one level, and 1 executive demonstrated positive behavioural change despite lack of developmental shift. Also of significance was the finding that the coach’s developmental level needed to be *above* that of the participant for a shift to take place<sup>18</sup>.

Contrary to the “touchy-feely” image of coaching often perceived by line managers, it seems that organisations are using coaching to address significant business issues such as driving *performance improvements* and *productivity*. For example, 78% of respondents in the CIPD 2004 survey reported using coaching for “improving individual performance”, 30% used coaching for “dealing with underperformance”, and 28% for “improving productivity”<sup>1</sup>.

In summary, coaching is evolving as a practical, cost-effective, evidence-based, organisational method for helping people improve their performance in areas of leadership, communication, interpersonal, and cognitive skills.

## References

1. Jarvis, J. (2004). *Coaching and buying coaching services – A CIPD guide*. London, UK: Chartered Institute of Personnel and Development. <http://www.cipd.co.uk>
2. Kelsall, M., & Sacotelli, L. (2003). *Inside Business – 06/07/2003: Coaching executive excellence*. ABC Online. Retrieved from the web at: <http://www.abc.net.au/insidebusiness/content/2003/s895818.htm>
3. Berglas, S. (2002). The very real dangers of executive coaching. *Harvard Business Review*, June, 86-92.
4. Alexander, G. (2001). A vision for development coaching. In: L. West & M. Milan, *The reflecting glass: Professional coaching for leadership development*. Houndmills, Basingstoke, UK: Palgrave, pp. 145-156.
5. Lane, D., Puri, A., Cleverly, P., Wylie, R., & Rajan, A. (2000). *Employability: Bridging the gap between rhetoric and reality*. London, UK: Professional Development Foundation.
6. Peterson, D.B., & Kraiger, K. (2004). A practical guide to evaluating coaching: Translating state-of-the-art techniques to the real world. In: J.E. Edwards, J.C. Scott, & N.S. Raju (Eds), *The human resources program-evaluation handbook*. Thousand Oaks, CA: Sage, Pp. 262-282.
7. Sexton, G. (2001). *The L.E.A.D. 2001 survey report: Leadership, employment and direction*. Leadership Management Australia, & Quantum Market Research. [www.leadershipmanagement.com.au](http://www.leadershipmanagement.com.au)
8. Martin, G. (2002). Coaching: Management's new magic? *CCH Human Resources Bulletin*, February: 20, 1-12.
9. Caplan, J. (2003). *Coaching for the future: How smart companies use coaching and mentoring*. London, UK: CIPD. <http://www.cipd.co.uk>
10. Greene, J., & Grant, A.M. (2003). *Solution-focused coaching: Managing people in a complex world*. Edinburgh Gate, UK: Pearson Education.
11. Sherman, S., & Freas, A. (2004). The wild west of executive coaching. *Harvard Business Review*, November, 1-8.
12. Wales, S. (2003). Why coaching? *Journal of Change Management*, 3(3), 275-282.
13. Webb, P.J. (2005). Inspirational chaos: Executive coaching and tolerance of complexity. In: M. Cavanagh, A.M. Grant, & T. Kemp (Eds), *Evidence-based coaching, Volume 1. Theory, research and practice from the behavioural sciences*. Bowen Hills, QLD: Australian Academic press. Pp. 83-95.
14. Ledgerwood, G. (2003). From strategic planning to strategic coaching: Evolving conceptual frameworks to enable changing business cultures". *International Journal of Evidence Based Coaching and Mentoring*, 1(1), 46-56.
15. Lenhardt, V. (2004). *Coaching for meaning: The culture and practice of coaching and team building*. New York, NY: Palgrave.
16. Kilburg, R.R. (1996). Toward a conceptual understanding and definition of executive coaching. *Consulting Psychology Journal: Practice and Research*, 43(2), 134-144.
17. Kilburg, R.R. (2000). *Executive coaching: Developing managerial wisdom in a world of chaos*. Washington, DC: American Psychological Association.
18. Laske, O. (2004). Can evidence based coaching increase ROI? *International Journal of Evidence Based Coaching and Mentoring*, 2(2), 41-53.

19. Rogers, J. (2004). *Coaching skills: A handbook*. Maidenhead, Berkshire, UK: Open University Press.
20. Reported in: Peterson, D.B., & Kraiger, K. (2004). A practical guide to evaluating coaching: Translating state-of-the-art techniques to the real world. In: J.E. Edwards, J.C. Scott, & N.S. Raju (Eds). *The human resources program-evaluation handbook*. Thousand Oaks, CA: Sage, P. 264.
21. Olivero, G., Bane, K.D., & Kopelman, R.E. (1997). Executive coaching as a transfer of training tool: Effects on productivity in a public agency. *Public Personnel Management*, 26(4), 461-469.
22. Reported in: Peterson, D.B., & Kraiger, K. (2004). A practical guide to evaluating coaching: Translating state-of-the-art techniques to the real world. In: J.E. Edwards, J.C. Scott, & N.S. Raju (Eds). *The human resources program-evaluation handbook*. Thousand Oaks, CA: Sage, P. 264.
23. McGovern, J., Lindemann, M., Vergara, M., Murphy, S., Barker, L, & Warrenfeltz, R. (2001). Maximizing the impact of executive coaching: Behavioral change, organizational outcomes, and return on investment. *The Manchester Review*, 6(1), 1-9.
24. Thach, E.C. (2002). The impact of executive coaching and 360 feedback on leadership effectiveness. *Leadership & Organizational Development Journal*, 23(3/4), 205-214.