

The Case for Executive Coaching

By Andrew W. Talkington, Laurie S. Voss & Pamela S. Wise

During the past decade, the chemical industry has experienced a wave of consolidations and – with the aim of cutting costs while increasing flexibility and efficiency – companies have reduced the layers of management within their organizations. In addition, they have invested by recruiting top leadership talent from other company cultures and other industries. As a direct result, many executives now find themselves in new roles and company cultures, with new responsibilities that require managing more efficiently than ever before. They must also integrate and obtain their organization's buy-in to be effective. This integration and buy-in can take time, slowing down their rate of operational impact. In situations such as these, executive coaching can be a catalyst to lift individuals and teams alike to their highest potential.

Simply put, coaching enhances the impact of executives, increases their speed in becoming effective within the organization, and improves overall job satisfaction and retention.

Executive Coaching Defined

Coaching is one of the principal tools businesses have for developing their people. It is an especially useful tool at the executive level because busy executives have few other assisted means of continued development. While executives may need less formal training, they also may require more objective and sustained feedback from someone who generally cannot be found within the organization. Increasingly, more and more

companies are using executive coaching to develop leadership skills, retain key executives and ensure that their executives deliver the leadership the company requires.

The reasons expressed for selecting coaching are directly connected to desired changes at three levels: the individual executive level (intrapersonal), the interpersonal level and the strategic or organizational level. The premise is that changing executive behavior at any of these levels can drive the changes that will impact the business results of the organization. In addition, coaching is being chosen as often to address developmental needs as it is to correct or resolve problem behaviors at each of these same levels.

Companies that engage in coaching are interested in seeing direct business results as an outcome. It is not an inexpensive intervention in terms of cost or time. As executive coaching becomes more prevalent, companies are increasingly concerned about the effectiveness of coaching and their return on investment from coaching engagements.

The Benefits of Executive Coaching

Many benefits of executive coaching are claimed; however, fewer have been studied in a formal way. Still, a review of the existing literature and studies shows quantified benefits that are supported by actual measures. These include:

Executives Are Satisfied

Without satisfaction, the likelihood is low that the executive will use the

coaching experience to make meaningful behavioral changes. The evidence suggests that the majority of executives who participate in coaching are highly satisfied with the experience and find it valuable.

Executives Report Personal and Organizational Improvements

Improvements that stem directly from coaching engagements include:

- *Enhanced executive learning.* In one study, training alone increased productivity by 22 percent, but when training was paired with coaching, productivity increased by 88 percent.¹
- *Gains in corporate performance.* One study of 100 executives documented benefits in productivity, quality, organizational strength, customer service, executive retention and profitability. It also reported positive reductions in customer complaints and costs.² Another article reported that executives who received coaching scored higher than executives who did not on business results obtained for their organizations.³
- *Enhanced relationships.* In the same study of 100 executives, the benefits included improved working relationships with direct reports as well as immediate supervisors, peers and clients. In a similar study, coached executives were better able to build relationships.
- *Increased leadership effectiveness.* Additionally, coachees claimed

improvements in team performance, job satisfaction, organizational commitment and reduced levels of conflict. Dell Computer Corporation found that

“senior staff members ... tend to be promoted more often than those who don't participate in one-on-one coaching conversations.”⁴ Coached executives score higher on their ability to apply integrative thinking than did non-coached executives.⁵



Companies Find Substantial and Quantifiable Business Results

Business impact studies place actual dollar values or quantitative measures on the improvements gained from coaching. Results are stated in ways that show the impact to the bottom line. Below are some examples from business impact studies.

- One study asked coaches for a conservative estimate of the financial benefits gained from coaching. “Almost three in ten (28 percent) claimed they had learned enough to boost quantifiable job

performance – whether in sales, productivity or profits – by \$500,000 to \$1 million.”⁵

- According to a study on executive coaching ROI, “A large employer in the hospitality industry saved between \$30 million and \$60 million by coaching its top 200 executives.”⁶
- One coaching firm completed a coaching evaluation study using the “success case” methodology. They saved \$100,000 by retaining two key executives (a conservative estimate); improved efficiency for account managers and improved sales in excess of \$250,000; moved average sales performers to better plans and the company gained more than \$75,000 in increased sales; improved customer retention and satisfaction that resulted in savings of more than \$100,000.⁷
- Another case study documented an innovative leadership development effort within a Fortune 500 firm. First they learned that 77 percent of respondents claimed that coaching had a significant or very significant impact on at least one of nine business measures. Most respondents (60 percent) identified the specific financial

gains. These respondents claimed that overall productivity and employee satisfaction were the measures on which coaching had the most significant impact.⁸

Concluding Thoughts

Just because executives appear to be top performers does not mean they are operating at their peak performance level, nor at their highest potential. Management, interpersonal and leadership skills are essential, but it is not uncommon for high-potential individuals to reach executive levels without the requisite skills in place. And, it is not just top executives – the same is true for divisional managers, functional heads, emerging leaders and other executives. The importance of team dynamics should not be underestimated. Strategic alignment, focus and quality communication are critical elements for teams to be effective.

The implications of the available information about executive coaching are that coaching can provide enormous benefits in both problem resolution and personal development. Improved functioning of executives creates benefits for them, for their teams and for their entire organization – including bottom-line business results. **CB**



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