

Client: House
Source: Personnel Today (Main)
Date: 06 September 2005
Page: 28
Circulation: 51111
Area(cm²): 479



Winning recognition

How can you measure the benefits of coaching?
Kirstie Redford outlines four essential steps

If you want to introduce coaching into your organisation, the first question any chief executive is likely to ask is: will it bring a good return on investment (ROI)?

The benefits of coaching can be difficult to measure, but it's not impossible. We outline four ways to do just that.

1 Track attrition levels

One of the core goals of coaching is to produce a happier, more productive workforce. Tracking attrition to measure the success of a coaching programme is a common device. Figures from the European Coaching Institute (ECI), suggest that coaching can increase commitment among staff by more than 40%, leading to 30% of managers being retained in their current positions or promoted.

John Hoerner, Tesco's chief executive of clothing and international sourcing, says Tesco's non-food business has used coaching for two years, and this has led to more promotions, which has in turn helped retain staff.

"We have seen excellent retention of those in leadership positions and more than half of the individuals involved in the coaching programme have received internal promotions since beginning their coaching," he says.

IT consultancy LogicaCMG also rates attrition as an effective measure of ROI. Its

director of coaching, John Blakey, says: "We track the level of attrition of our senior executives on the coaching programmes versus the average for this group. Given that our objective is to attract and retain the top talent in the market, this is a direct and hard measure of our success."

None of the 17 chief executives and managing directors who took part in LogicaCMG's first leadership development programme two years ago has left the company. "Given that every 1% of attrition has an estimated bottom line impact for us of £7.4m across the group, this can be used as the basis for an excellent measure of ROI," says Blakey.

2 Conduct 360-degree assessments

If a coaching programme is successful, it should lead to a number of soft benefits. Conducting 360-degree assessments at the start and end of the programme will highlight improvements in areas such as communication, job satisfaction and work culture. Barbara Dalpra, deputy chief executive for the ECI, says communication is a key measure of ROI.

"Following coaching, communication between managers and their immediate staff has improved by 70%, and communication in teams where staff are working with their peers has improved by more



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than 60%," she says.

This is often achieved by a change in the workplace culture.

"Where there was previously a 'blame culture', there is now an 'enquiry and resolution culture'," says Dalpra.

Law firm CMS Cameron McKenna uses 360-degree feedback to assess the success of its coaching programme.

The firm's head of organisational development, Tony Wright, says: "Psychometric assessments, feedback sessions with coaches and internal follow-up meetings allow us to log achievements, concerns and goals for the future, and this helps us to gauge ROI."

3 Calculate benefits-to-cost ratio
Knowing what you want to achieve through your coaching programme and agreeing a set of business results and behaviour changes can help you calculate ROI more accurately in the long run. It will also give focus to the coaching programme.

Carole Gaskell, managing director and founder of coaching company Full Potential Group, suggests using four key measures: money, time, quality of service and quantity.

"Is profit up or down? Are projects taking too long? How is customer satisfaction? Are customer numbers or production falling? Assess each of these areas in turn, then determine what the goals are for each," says Gaskell. "What does the organisation want to change?"

4 Use a balanced scorecard


Use a balanced scorecard technique – ie, develop objectives, measures, goals and initiatives for four key areas: financial, business processes, customer needs and learning requirements in line with the overall business strategy.

Blakey says the team at LogicaCMG agree specific measures as part of a 'kick off' workshop at the outset of each coaching programme.

"We then use the balanced scorecard technique to interactively generate customer, financial, business process and learning measures," he says. "The team owns these goals and they become the focus for all of the coaching sessions they are involved in."

At the end of the programme, the results are assessed and presented to the business.

"We have found that the balanced scorecard approach is as appropriate for coaching interventions as it is for other change projects," he adds.

Whichever methods you choose to measure ROI, the key is to have a plan and stick with it. The benefits are widely reported, but without tracking your organisation's own successes and failures, it will be difficult to prove the business case and really sell coaching into your organisation. 

Coaching resources

ORGANISATIONS

■ **European Mentoring and Coaching Council**

■ **European Coaching Institute**

■ **The Coaching and Mentoring Network**

ARTICLES ONLINE

■ **Local leadership**

GO TO www.personneltoday.com/30757.article

■ **How to manage the learner's behaviour**

GO TO www.personneltoday.com/30755.article

■ **Why does coaching need regulation?**

GO TO www.personneltoday.com/30766.article

■ **Confusion reigns over coaching in UK market**

GO TO www.personneltoday.com/30768.article

■ **Work your way up the career ladder**

GO TO www.personneltoday.com/27489.article

BOOKS

■ **Techniques for Coaching and Mentoring**

by David Megginson and David Clutterbuck, published by Butterworth Heinemann, ISBN 075065287X, £19.99