

Executive Summary

Question

What is the value and impact of coaching at all levels in the organization? Are there certain times in an employee's career journey that it may be more critical?

In the past coaching was nearly exclusively used for executive-level development, whereas coaching is currently approached as a more widespread intervention for various levels of employees within an organization. This application of coaching has developed over the past decade. The research on such coaching for talent management across the organization as it correlates to employee performance is fairly limited^{3, 6, 11}. Despite the limited research, several studies have shown that coaching to develop high potential employees (in addition to more traditional coaching aimed at executives) was successful, and yielded a return on investment¹². However, there are key factors that help define the best practices and added value of multi-level coaching within an organization.

What is Coaching?

Coaching and mentoring have historically served different purposes in the organization; the former is employee-driven towards achieving solutions and goals, whereas the latter has a mentor as a strategic influencer with a heavy role in driving the process and holding the employee accountable¹² (Appendix A). Despite the differences between coaching and mentoring, research has shown significant overlap between the two, which warrants further studies as to the varying benefits⁸. The objectives of a coaching arrangement can be established as a result of employee desires and/or management goals (Appendix D).

Qualifications of a Coach

There are numerous coaching vendors available for an organization to employ when it establishes a coaching program, and internal options can also be employed successfully. The manager-as-coach model has been popular due to the organizational objectives of improved behavior and results, as well as other intrinsic benefits, such as employee self-efficacy⁸. Organizations benefit when they train managers to coach their employees effectively, and employees tend to increase their commitment to the company, set higher goals for themselves, be more conscientious and motivated toward goal achievement^{5, 7}. Managerial coaching positively affects performance of frontline staff when effectively used by the manager. The impact on performance is not always incredibly strong (when quantified), however, it should be noticeable to the manager and benefit the organization⁶. No matter the individual chosen as coach, there are objective criterion on which coach selection should be based:

1. Training and, ideally, accreditation of coach
2. Relevant or transferable subject matter expertise, and/or recommendations
3. Success of professional coach; personal success¹²

Coaching for First-Time Managers

While there are few case studies regarding best practices for preparing first-time managers, there are some widely recognized actions that organizations can take to help first-time leaders succeed in their new roles. One-on-one coaching sessions are helpful in developing a first-time manager's ability to effectively lead people and projects. Another method is to conduct group coaching, where a cohort of new managers can coach and guide each other on best practices⁹. Goal setting, praising, and redirecting are aspects to consider including in a coaching program for first-time managers, as they need both encouragement and guidance to ensure success in their new roles¹. This is not only helpful for the individual's own development, but can also assist the organization in achieving bottom-line results.

Coaching High Potentials and Frontline Staff

To effectively implement coaching programs for high potential employees at various levels of an organization, it is imperative to understand the value they place on the coaching engagement. Additionally, it is important to define the organization's goals for the program and to measure whether and to what degree the high potential employees' expectations align with those of the organization¹¹. An example of this is discovering that the high potentials in the coaching program value some key similar learning outcomes that the organization is focused on achieving, such as "Managing stakeholders" and "Self-awareness"¹¹ (Appendix C). An international study of frontline employee coaching found that performance was enhanced as a result of the coaching engagement between 2.9 - 6.2%⁶.

Organizations who implemented coaching effectively at varying levels in order to develop high potential employees found that there were key areas of correlation with coaching success, the top three being:

- Improving individual performance and productivity
- Improving organizational performance
- Addressing leadership development and succession planning¹² (Appendix B)

Best Practices to Achieve ROI in Coaching Programs

It is important to understand the value and impact coaching has on the overall organization—it can measurably impact an organization's bottom line. For a coaching program to realize a ROI, the organization must very judiciously select employees to take part in it¹². Research has shown that 46 percent of organizations that report having strong coaching programs also report higher revenue growth in comparison to their peers that do not have coaching programs in place¹⁰. To determine the value of coaching programs quantitatively, companies should examine how they are influencing better teamwork and collaboration to produce better bottom-line results.

AT&T states that organizations can measure the dollar impact coaching has on an individual's performance if they are in a position related to sales. An organization can also measure the impact of coaching through qualitative metrics, for example, offering coaching to someone who is a high performer but is thinking of leaving the company. If the company puts that individual through a coaching program and gives them room for providing honest feedback, the individual may end up staying. The organization then benefits by avoiding the cost of acquiring a replacement as well as the retention value in the individual's continued productivity¹³.

A case study of National Express, a UK-based transportation company, shows how coaching became embedded into the organization. National Express established clear objectives before launching their coaching program for managers, one of which was to provide managers with the skills to coach their teams. This objective also aligned strongly with one of the company's strategic objectives: talent development. After implementing the coaching program, 89 percent of individuals who went through the program stated that coaching helped them resolved conflicts on their teams¹⁴.

To assess whether or not coaching is delivering value and impact on an organization, it is good to have clear goals and objectives that are aligned with overall strategy. Throughout the coaching process, surveys soliciting feedback are helpful to gather data on the impact such programs have on an employee's experience and the organization's bottom line. No matter the coaching method a company utilized, it will reap the greatest benefit when it intentionally crafts the and measures the program.

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APPENDICES

Appendix A - Toterhi

Exhibit 3. Differences Between Coaching and Mentoring

Coaching

Focus: *Employee “owns the agenda” and is accountable for selecting solutions and driving results.*

A coach:

- Helps you find your own answers and solutions
- Guides you through a process rather than tells you what they would do
- Has a wide breadth of working experience but has not necessarily done your job
- Objectively observes your development and gives you feedback
- Helps you focus on the end goals, challenging and encouraging you where appropriate
- Has general knowledge of a variety of areas and transferable skills/experiences
- Offers specific expertise on the coaching process
- Acts as guide for the coachee

Mentoring

Focus: *Employee is accountable for result, but mentor has greater hand in driving the process.*

A mentor:

- Gives you the benefit of their own experience
- Has done your job and really understands what is involved
- Is typically more experienced and helps you learn from their successes and mistakes
- Is someone you can talk to about a specific project or issue
- Can be a role model for you in a particular job
- If internal, knows the organization and “how to get things done”
- Has specific experience with the job/project
- Offers clear advice on actions to take to achieve similar success

Appendix B - Toterhi

Exhibit 4. Coaching Success Quotient

To what extent does your organization use coaching for the following purposes?

Responses	Correlation with Coaching Success
To improve individual performance/productivity	.40
To address leadership development/succession planning	.33
To increase individual worker skill levels	.23
To improve organizational performance	.35
To address specific workplace problems	.20
To boost employee engagement	.25
To improve retention rates	.24
To improve performance of employees whose supervisor is being coached	.18
To improve recruitment outcomes	.19

Source: Thompson, Vickers, London, & Morrison, 2008.

Figure 1 – Overarching themes in relation to the added value of high potential coaching

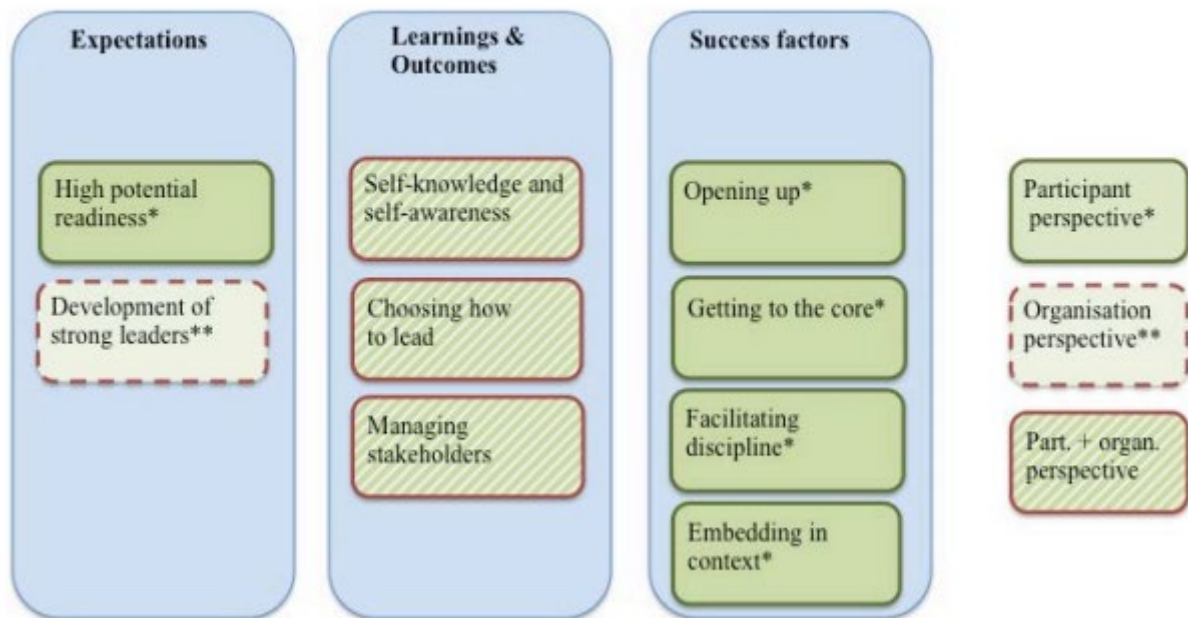


Exhibit 1. Common Objectives of Coaching in the Workplace

The Employee Wants To...	The Manager Wants To...
<ul style="list-style-type: none">Become a peak performerLeverage a key strengthPinpoint a behavioral “blind spot” or potential “career derailer”Reinforce good performance and celebrate success	<ul style="list-style-type: none">Ensure understanding of key business changeImprove the performance of an employeeEnhance a new leader's assimilation into the cultureLeverage knowledge obtained in formal trainingChange an employee's behavior