

Results!

Why leaders need to be great coaches

By Kathleen Stinnett, BS, MS, MCC

Coaching represents the most significant trend in leadership development within organizations in the last 25 years. Organizations of every size are interested in increasing bench strength, improving succession planning and elevating performance of employees at all levels. With tight budgets in a tough economic climate, organizations are looking for internal solutions. Instead of hiring external coaches, can managers perform this vital function? (And isn't that a critical role of managers: developing their people for greater performance and capability?)

While most managers intellectually know the value of coaching, they aren't necessarily convinced that the payoff is there. Citing time challenges and increasing workloads, managers wonder if coaching is any more effective than directing and giving advice.

The answer is clear: coaching works.

Coaching Impacts Turnover

Organizations invest heavily in recruiting and training employees. Retaining talent is a central focus of most organizations, and it is common for organizations to have good measures of retention and employee turnover. But such measures are always after the fact—turnover is measured only in hindsight.

However, there is one measure that has been shown to be an excellent predictor of turnover: the extent to which employees indicate they are thinking about quitting and going to another organization. As a rough measure, in normal times, approximately one-half of the people who tell you that they are thinking

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about quitting will actually terminate within the next 12 to 18 months.

If the organization is seeking ways to minimize that talent erosion, the data in Figure 1 should be of interest. Zenger Folkman research indicates that more than half of the employees reporting to managers who are the least effective at coaching are thinking about quitting. In contrast, less than a quarter of those reporting to the best at coaching were harboring those same thoughts of leaving.

Improve coaching, and there is a strong likelihood that you will reduce turnover.

Coaching Improves Employee Engagement

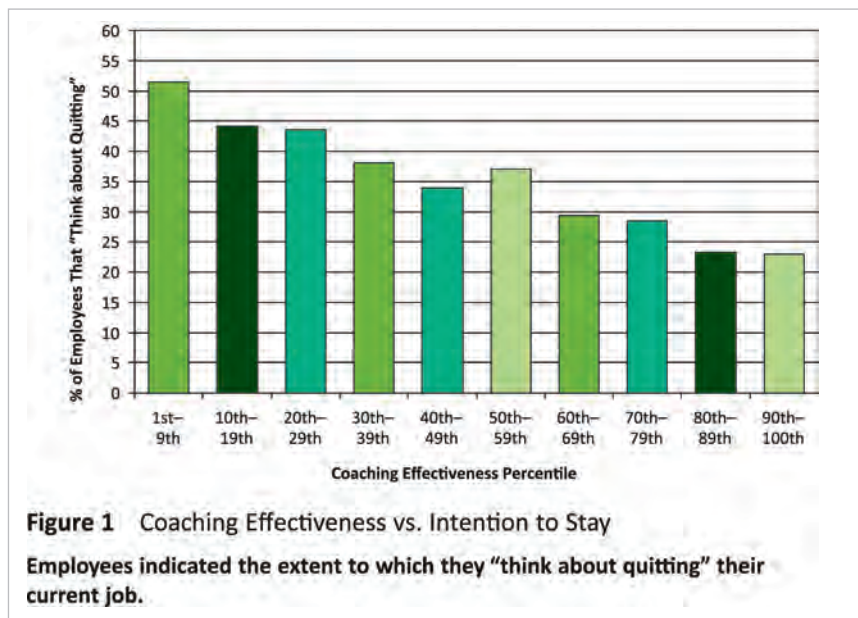
Through 360-degree surveys, Zenger Folkman also found that leaders who are more effective at coaching have employees who are far more engaged and committed. The following graph (Figure 2) shows the overall impact of coaching effectiveness on employee commitment and engagement.

Managers who don't coach well are far more likely to have disengaged employees. And we all know that disengaged employees don't necessarily have just a neutral impact; they can also do damage – to customer relationships, to projects, and to relationships with team members. Managers who coach well, however, have employees who are far more engaged and committed.

Zenger Folkman has also demonstrated that effective coach/managers have employees who:

- Feel like they are valued.
- Are more satisfied with the orga-

“Managers reporting to senior leaders who were skilled at coaching outperformed their peers by 27 percent.”



nization as a place to work.

- Feel like they are given opportunities to grow and develop.
- State they put in greater effort.
- Are more willing to “put in the extra mile.”

When I ask managers, “If all of your direct reports were highly engaged, what difference would it make?” the answer invariably is, “All the difference in the world.” When employees are more engaged and committed, the results show the impact.

Coaching Impacts Results

In a 2005 Sales Executive Council study on sales representative performance, sales reps who reported to

highly effective coaches outperformed reps reporting to less effective coaches by 19 percent. Sales reps working for the best managers at coaching were over 100 percent of plan; reps reporting to the worst at coaching were only 83 percent of plan.

The Bank of Ireland found that customer satisfaction increased when a coaching framework was implemented within the organization. Customers reported a 3 percent increase in “feeling valued as a customer,” and a 5 percent increase in “satisfaction with our relationship manager.” While these numbers may not seem significant, Sears conducted a study years ago that demon-

“A manager’s coaching effectiveness impacts employees’ intention to stay with the organization, their overall engagement levels, and their willingness to go the extra mile.”

stated that a 1.3 percent increase in customer satisfaction led to a 0.5 percent increase in revenue. These numbers add up quickly!

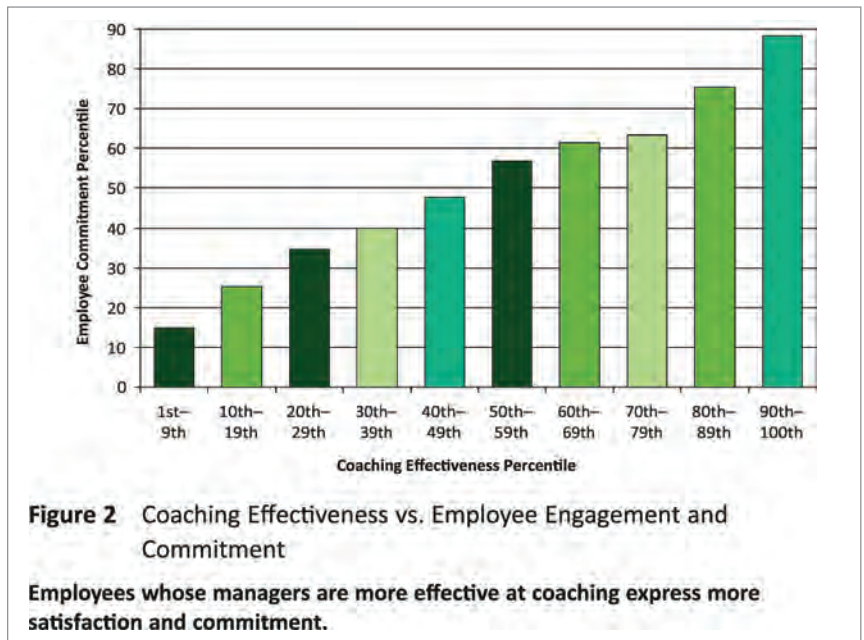
Research conducted in 2006 by the Learning and Development Roundtable compared the performance of managers reporting to someone ineffective at coaching to that of managers reporting to someone effective at coaching and found a significant difference in overall performance. Managers reporting to senior leaders who were skilled at coaching outperformed their peers by 27 percent.

Coaching Effectiveness

So if coaching makes such a difference, how are organizations doing today? Jack Zenger and I recently led a webinar regarding building coaching capability within organizations. With over 300 leaders in attendance, we asked “poll” questions to assess coaching effectiveness in organizations currently.

When asked, “What grade would you give the managers (coaching effectiveness) in your organization?” participants responded:

- “A”: Extraordinary coaching – making a significant difference 2%
- “B”: Good coaching – having a positive impact 16%
- “C”: Average coaching – helpful 43%
- “D or F”: They do it so poorly it



hurts more than helps 17%

- “I”: Incomplete – they just don’t do it! 21%

We were frankly surprised by how few respondents believed that their leaders were actually providing helpful coaching, and shocked by how many leaders weren’t coaching or were perceived as actually doing damage in the process of coaching employees.

When we asked whether these same organizations were helping equip managers with the necessary coaching skills to be effective, a full 46 percent of respondents reported that their organizations were not

building coaching skills for leaders. It is no wonder that managers are therefore not providing coaching, or the coaching being provided is not perceived as helpful.

Coaching = Results

The results are in: coaching is a very powerful lever to increase organizational effectiveness. Instead of viewing coaching as “nice to do” when the rest of business gets taken care of, consider reversing the order of priority. Focus on coaching as the way to enable superior results and foster engaged employees. The payoff will be there at the bottom line.