

December 2012

Scaling Executive Coaching Across the Enterprise

The Key to Developing Tomorrow's Talent

In partnership with:

**LEE HECHT
HARRISON**

Table of Contents

Executive Summary.....	1
About this Research.....	3
Definition of Key Terms.....	3
Introduction.....	4
Current Coaching Environment	5
Key Survey Findings:	
Structure and Design of Coaching Programs.....	7
Goals and Effectiveness of Coaching Programs	11
Current Coaching Barriers	16
The Next Horizon: Global Scalability.....	20
Conclusions and Recommendations.....	23
Appendix A: About the Research Partners	25
Appendix B: Respondent Demographics	27
Appendix C: References	29

Scaling Executive Coaching Across the Enterprise

The Key to Developing Tomorrow's Talent

Executive Summary

The Human Capital Institute (HCI) and Lee Hecht Harrison (LHH) partnered to conduct this research to gain a deeper understanding about the practice of coaching in organizations, and the results of such programs. This report profiles the key business measures affected by organizational coaching, and provides a more comprehensive perspective on how coaching is practiced in business today, including the barriers facing this practice. The result is a clearer perspective on the current coaching environment, including how coaching is different for multinational companies and recommended ways that organizations can better leverage coaching and its ability to help achieve both individual talent development and organizational goals.

In a new era of work exemplified by complicated and disparate processes, trans-cultural people, and an ever-increasing volume of information, organizations and their leaders are facing accelerating challenges to success. Chief among these obstacles is the need to create and implement more effective means of talent development to give employees the skills they need to be most successful and better prepare organizations for the future. Coaching has historically been used to help leaders develop required skills and knowledge, but its importance across an organization continues to expand. As a recent *Organizational Development Journal* article noted, "Employee development has become a necessary component of an organization's efforts to improve quality, to retain key employees, to meet the challenges of global competition and social changes, and to incorporate technological advances and changes in work design." In particular, increasing numbers of global companies can benefit from coaching, which can help improve cross-communication skills and the ability to leverage and manage conflict. As a whole, the opportunities for coaching to positively influence business are vast.

And yet, a clear consensus on the best way to define, structure, and implement coaching remains elusive. Determining how and in what ways coaching is most successful in organizations is critical. A model of continuous learning continues to be touted by OD practitioners as the next wave of talent development wherein every employee is tasked with consistently expanding their knowledge, improving their skills, and enhancing their ability to think bigger. Arming organizations with the knowledge about how coaching can actively support this kind of collaborative and information-based culture is the only way leaders will truly be able to capitalize on its practice.

In response to these issues and this environment, a 26-item survey exploring the practice and application of organizational coaching was created. Three-hundred eighty four responses were received from more than 230 organizations around the world, and the data collected helped produce the foundational knowledge that informs this report. Key survey findings include:

- The top reason leaders engage with a coach is to support leadership development; other top skills and business processes coaching is used for are performance management, change management, and building leadership bench strength.
- Organizations interested in scaling coaching engagements in an international market need to focus on establishing clear, consistent, and enterprise-wide coaching guidelines to achieve higher levels of coaching success.
- Organizations that offer coaching beyond their executive team report increased effectiveness in building skills and competencies. It would seem that organizations that universally offer coaching to employees are in a better position to transfer critical knowledge and build a stronger internal talent pipeline, which arguably sets them up for more success in the future.

Organizations are constantly seeking ways to differentiate themselves and better prepare for the future. The increased complexity of work today, alongside generational and geographic shifts in the workplace, has resulted in organizations ramping up their talent development offerings. The customized, individual approach that characterizes coaching makes it an ideal option for organizations to effectively maximize leadership competencies and skills among its workforce. Our data help identify the specific components of coaching that organizations can focus on to scale it across the enterprise and further improve the development of tomorrow's leaders.

About This Research

The following research study was developed in partnership between the Human Capital Institute (HCI) and Lee Hecht Harrison (LHH) during August and September, 2012. A 26-item survey was distributed to approximately 4,000 HCI members and LHH clients, and 384 responses were received. The results of the survey form the basis of this research and are summarized in this report. In addition, several in-depth interviews were conducted with talent development thought leaders from top organizations, including Judy McHugh, Vice President of Talent Development at MetLife, Cody Martin, a Talent Manager at Bristol-Myers Squibb, and Bill Catlette, Managing Partner of Contented Cow Partners and co-author of the Contented Cow Leadership book series, among others. To supplement the primary research methods described above, HCI researchers also reviewed relevant information from a variety of secondary sources—white papers, articles, books, interviews, and case studies. Many of these are cited in the report and all are referenced in HCI’s Talent Development & Leadership Practice Areas, to which interested readers are encouraged to visit for additional reading and online events.

Definition of Key Terms

Coach

An external third party individual or a manager that is responsible for guiding a recipient of coaching to achieve their desired goals within an established time frame.

Coachee

A term which refers to a recipient of coaching.

Coaching

Regular meetings between an employee and a coach/consultant, designed to produce positive changes in business behavior in a limited and specified time frame.

Coaching Engagement

A formal, structured approach to coaching characterized by a six-month or year-long timeline of activity between a coach and “coachee,” with objective goals and assessment measures defined at the onset of the project.

Global Organizations

Organizations that have either an international headquarters or multiple locations worldwide that responded to the survey.

Introduction

The last decade has seen business shift in unparalleled ways. A growing international network and global marketplace, increased mobility and travel, and situations that quickly escalate into full-blown crises when improperly handled, characterize the nature of this new workplace environment. Organizations no longer have the luxury of time to manage in this new world, and adding to the complexity are the inevitable workforce changes that are occurring. The Department of Labor reports that the number of employees 55 and older in the workforce will increase by 38% between 2010 and 2020, and the diversity of Hispanics, Latinos, and women are all on an upward trend. Adding to this is the presence of Millennials, who will continue to join the workforce at a steady pace in the coming years.

Some have characterized these changes as a new era for business and employees that is referred to as VUCA, which is: volatility, uncertainty, complexity, and ambiguity. Workers, and especially leaders, in this environment must learn how to embrace and even leverage a new way of doing work: when information is not always clear, when situations shift quickly and dramatically, and when intricate and incongruent networks of people and processes are common. The key to success in this VUCA world is adopting a model of continuous and effective learning on both an individual and organizational level. This necessity for a robust talent development program has resulted in many organizations utilizing coaching. What was once treated and perceived as corrective measure is becoming more valued as a proactive method of development. One practitioner said, "Coaching today is more about development than remedying problems, and savvy self-starters at the middle level see coaching as key to their advancement."¹

To this end, organizations that are looking to reinvigorate and strengthen their talent development offerings to better compete in a new environment must closely evaluate the presence and practice of coaching. In addition to helping leaders solve problems and build critical competencies, coaching is also a way to reinforce a company's internal talent pipeline and limit turnover costs. "In the war for talent, the best and brightest candidates will be attracted to an environment that provides leadership development and growth opportunities," David Blumberg, an Advisory Partner in the Global Pharmaceuticals and Life Sciences division at KMPG, said. "They don't want to be in competition with their boss or held back by their boss. They are looking for apprentice-centered development; opportunities that only come from an environment in which coaching and mentoring are highly regarded. As a leader, if you're not providing that approach, your star employees will go

¹ Edwards, S. (2012, April). Casting a critical eye on coaching. *Chief Learning Officer*, 1 (1), 28-31.

elsewhere to work.” The very nature of coaching programs — personalized, individual, and goal-oriented — make it an efficient way to jumpstart and maintain a cycle of constant learning and skill-building. This organizational investment in the development of leaders and high performers lends itself to increased retention and employee engagement.²

In the face of ongoing workforce shifts, a new business environment and weakened talent retention, the use of coaching has grown increasingly stronger in recent years and has shifted from an individual process reserved for senior leaders to a necessity among all levels of an organization.³ The rise of globalized organizations and a more collaborative nature of work have helped propel coaching into the spotlight as a primary means of development and an imperative skill for senior management. And yet, the consistency and structure of talent development practices like coaching are still lacking across businesses. In the following sections of this report, we will uncover how coaching is practiced today, and explore the effectiveness of this development method. What are the reasons that organizations rely on coaching, and what results are they experiencing? More importantly, what approaches to coaching work best and how can those practices be scaled in organizations, domestically and abroad? Determining this information is critical for businesses that want to effectively implement and scale organizational coaching and reap the benefits it can provide.

Current Coaching Environment

Although it is generally understood among organizations today that coaching is a valuable tool for engaging and retaining employees, there is no consensus about how to effectively implement coaching programs. Part of the significance of coaching is its adaptive and customized approach; and yet, this ambiguity contributes to different structures, expectations, and practices in place within organizations.⁴

Moreover, there is some disagreement about *who* within an organization is (or should be) eligible to receive coaching. While some companies have reserved coaching for leaders, other circumstances and situations that may warrant coaching like promotions, newly hired high-potentials, and international assignments have disrupted that traditional model.

One of the most basic and fundamental challenges that must be addressed before organizations can most effectively use coaching is in defining it. The nebulous nature of coaching lends itself to multiple definitions and facets — internal, external, manager-as-coach, peer-as-coach, group, and individual.⁵ Moreover, mentoring as a development method has similar components,

“The right approach to coaching — formal vs. informal; internal vs. external, etc. — depends entirely on the issue or the desired outcome. Coaching can be a single, thoughtful conversation over lunch, or a long-term engagement. It depends on where we’re trying to move the needle, how fast, and how much.”

— Bill Catlette, Managing Partner, Contented Cow Partners; co-author, *Contented Cows Leadership* book series

² Nesbit, D. (2012, May). Coaching in hard times. *Training Journal*, 1 (2), 65-71.

³ Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.

⁴ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

⁵ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

Coaching is a development method rooted in improving performance through the introduction of new knowledge, skills, and behaviors.

“Coaching should be an ongoing offering across the organization. It serves to identify diamonds in the rough, improve and retain the shiny ones.”

— Survey Respondent,
August 2012

and all of these terms are frequently used interchangeably in organizations. For our purposes, coaching is defined as a *development method rooted in improving performance through the introduction of new knowledge, skills, and behaviors, and is characterized by an individual relationship between a leader and an external coach.* Currently, the use of an external coach is typically available to senior leaders within most organizations, and external coaches are brought in on an as-needed basis to improve performance. Lower-level leaders traditionally receive internal coaching, if any.

Today, it is more important than ever to establish and support strong leadership at every level in an organization. The pace at which business changes has made it critical for every employee in an organization to be equipped to tackle the challenges that often result from the complexity of business today. Indeed, as one *Organizational Development Journal* article noted, “Traditionally, development has focused on management level employees, while line employees received training designed to improve a specific set of skills needed for their current job. However, with the greater use of work teams and employees’ increased involvement in all aspects of business, development is becoming more important for all employees.”⁶ The design and nature of business has resulted in an increased need and focus on learning and development not just among leaders, but among all employees in the workforce.

As a means of development, coaching is one of the most effective methods to help solve specific business problems and build a particular skill set. The ability to customize a coaching engagement and have dedicated one-on-one time to focus on relevant behaviors has made coaching a valuable method to teach individuals the best ways to manage change, improve their processes and behaviors, and prepare themselves for the next obstacles they will face. Indeed, work is less about transactional processes, and more frequently defined by knowledge-based exchanges of ideas and actions. Intangible skills like communication and conflict management are the keys to success in this environment, and coaching is an efficient method to address such challenges. Coaching can be targeted to address any development need or problem solving that is required, and it is this *adaptability* that makes it particularly effective.

Larger organizations and those with an international presence face an even greater challenge in regards to coaching — learning how to effectively scale and disseminate such programs and processes around the globe. The individual and targeted nature of coaching makes it challenging to deploy such a customized process across multiple geographic places and offices in a structured and standardized way, and yet this coaching consistency is all but a

⁶ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as-coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

requirement to achieve effectiveness. The complexity of global organizations requires even greater focus on establishing strong leadership practices across an entire organization. Put simply, Cody Martin, a Talent Manager at Bristol-Myers Squibb said, “A global organization that uses coaching needs to consider the coaching needs in each market so that the program has one aligned yet flexible approach.” And within every country, local customs and cultural norms must be carefully considered. This challenge of achieving global reach with local touch is a growing area of concern among organizational leaders, and one that will continue to shape the application of talent development in the future.⁷ It is easier than ever to have a global presence, but ensuring international locations and leaders are getting the same level of development through coaching practices is not so straightforward. In order to strategically and formally implement global coaching practices, organizations need to begin with a solid structure and framework, the components of which can be tailored to relevant, local issues.

Key Survey Findings: Structure and Design of Coaching Programs

While more organizations have made coaching a standard practice in the talent development catalogue of offerings, setting a standard for *what coaching actually is* has remained elusive. In some cases, it is defined as internal in nature, manager-as-a-coach, or peer-as-a-coach, while other organizations rely on external third-party coaching. This lack of clarity around defining organizational coaching is not an issue that is easily or simply fixed, but it contributes to some examples of the misuse or lack of success in organizational coaching.⁸ Organizations can individually work to create more comprehensive definitions of coaching, and thus alleviate some of the current confusion around its practice.

To this end, we first explored the state of coaching today and focused on determining the fundamental elements of coaching and how it is perceived and practiced in organizations. To get a baseline, we began by asking our respondents what coaching looks like in their organizations, and our data found that nearly **60% of respondents somewhat or strongly agree that organizational executives meet with an external coach or consultant on an as-needed basis** (Fig. 1). Echoing this sentiment is Sheila O’Neill, a Vice President of Human Resources at Standard & Poor’s Ratings Services. Coaching should begin when the need arises,” she said. “That could be when a new executive is onboarded; when someone is promoted into a stretch assignment; or when someone is designated as a high potential and he or she needs to learn leadership skills quickly and effectively.”

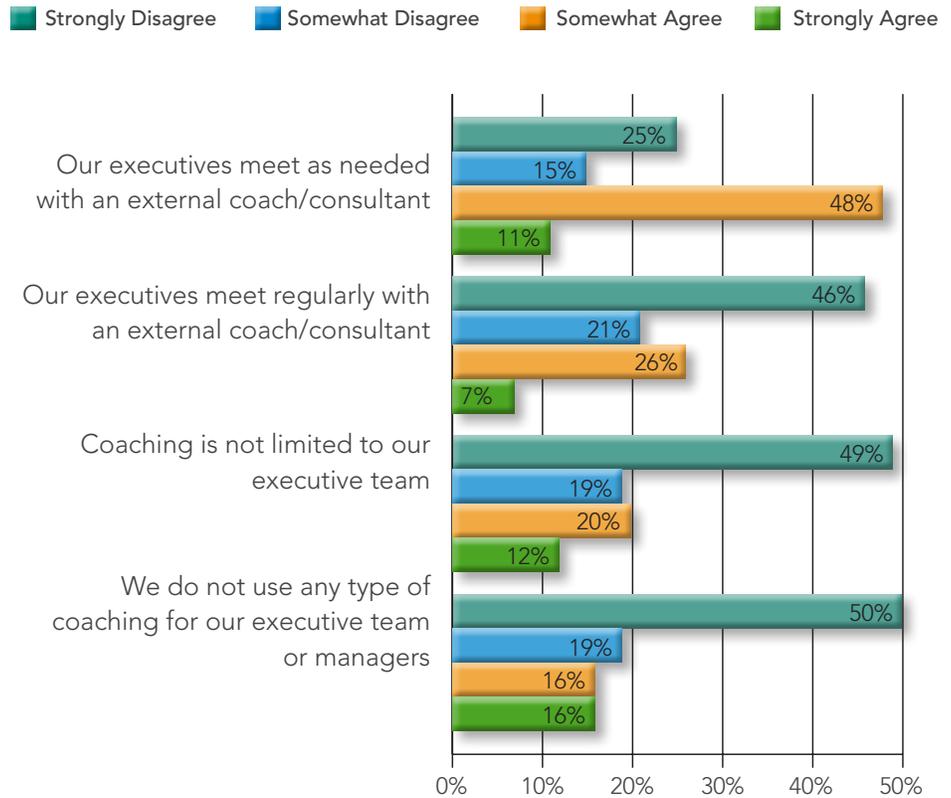
“Coaching can be a critical way to build executive presence and interpersonal skills. This is especially important for leaders in technical roles. They have a lot of knowledge, but may struggle to guide others and listen and internalize feedback. It’s not an issue of performance, but about how coaching can help these individuals develop their leadership skills.”

— Judy McHugh, Vice President of Talent Development, MetLife

⁷ Eyre, E. (2012, March). Can coaching save the world? *Training Journal*, 1 (1), 15-20.

⁸ Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.

Figure 1:
How is coaching practiced
in your organization?



Our data also illustrate that **only a third of respondents (33%) agree that executives meet regularly with an external coach** (Fig. 1). While coaching is a relatively common method of development among executives, it is not practiced in a consistent and structured way in the majority of respondent organizations. However, our data also show that **32% of respondents somewhat agree or strongly agree that coaching is not limited to the executive team in their organizations**, and in light of the research around employee development and engagement, that fact is promising. Organizations today are concerned about rising turnover costs, waning employee engagement, and building effective bench strength for future leadership roles.⁹ As a method of development, coaching provides personalized attention and allows an organization to focus on building strong and promising talent at all levels. Instead of reserving coaching for executive level leaders, organizations can capitalize on a coaching investment for every employee.

⁹ Edwards, S. (2012, April). Casting a critical eye on coaching. *Chief Learning Officer*, 1 (1), 28-31.

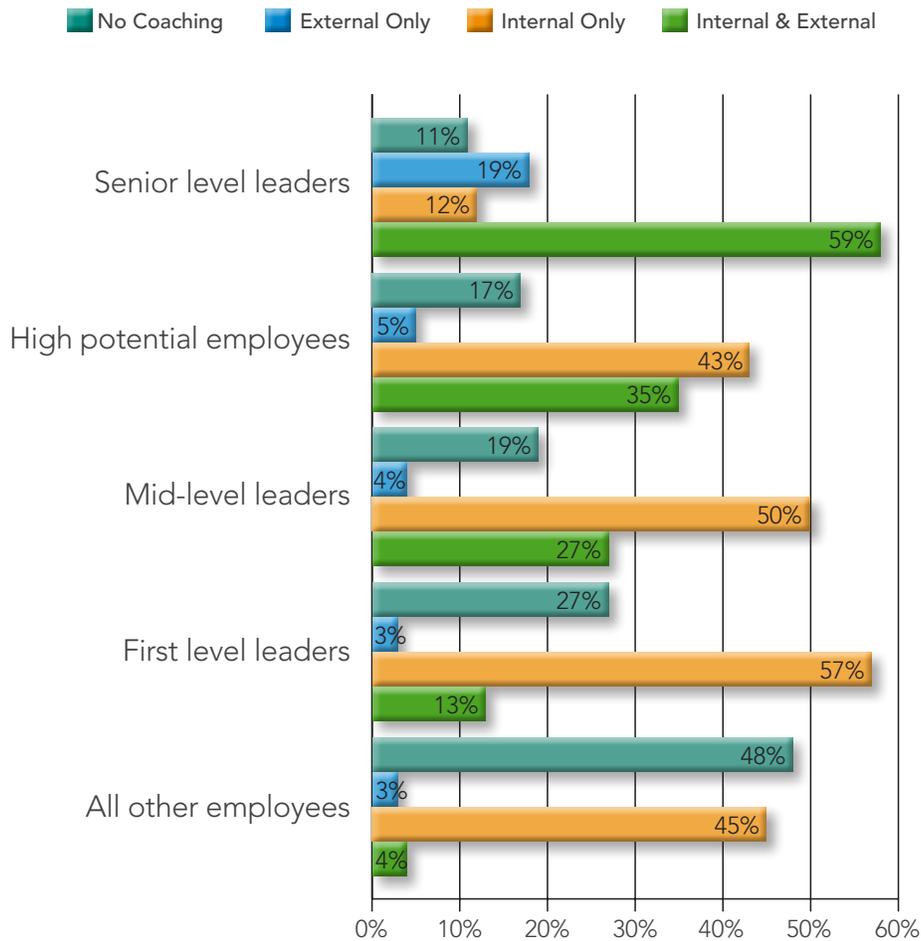


Figure 2:
Who is eligible to receive coaching in your organization?

In addition to defining what coaching looks like in organizations, it is important to understand who within an organization is eligible to receive coaching, and what type. Traditionally, development programs and practices have focused on middle-management employees and above, while line-managers and their direct reports are more apt to receive skill-specific training related to their job tasks in lieu of more robust development opportunities.¹⁰ Our data determined that **senior leaders overwhelmingly benefit from both internal and external coaching practices, with 59% of respondent organizations reporting this** (Fig 2). In the same vein, **35% of organizations report providing external coaches to high-potentials**, indicating that some organizations have capitalized on the opportunity to use coaching as a development method for up-and-coming leaders. This is significant because the tendency of these individuals to be engaged in their work drives high performance, but also increases the development expectations they place upon organizations. Other employee levels also benefit from some type of coaching, most notably **50% of first- and 57% of mid-level leaders, who are provided internal coaching.**

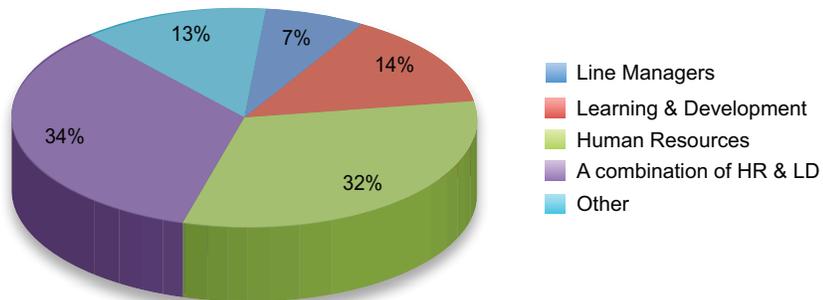
¹⁰ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

“Executives should provide strategic structure and guidance around coaching, but this is a practice that needs wider representation across the organization. L&D and HR should weigh in heavily so it’s business-like, normative, and has some built-in structure, but it’s best when it’s not solely owned by them. The line managers need to have some responsibility for getting coaching done right.”

— Bill Catlette, Managing Partner, Contented Cow Partners; co-author, *Contented Cows Leadership* book series

One of the challenges facing coaching is a lack of understanding around which business area or division is responsible for managing the coaching practice, implementing it, and analyzing the results of such engagements. Our data reveal that **34% of respondent organizations rely on HR and the Learning & Development departments to share responsibility for coaching, but nearly as many (32%) report that Human Resources alone is responsible** (Fig. 3). Obtaining more clarity around the ownership of coaching engagements is important from a scalability perspective, as well as a financial one. Cody Martin from Bristol-Myers Squibb endorses a collaborative accountability for ownership between Talent Management, Learning & Development, Procurement and Line Management, and elaborated when he said, “Many organizations do not know how many coaching engagements are occurring or how many coaches are in their hallways. Organizations need to better understand and influence how coaching is being used by the business. Who is getting coaching, why, and what is determining the cost of each engagement? How are coaches being aligned with corporate initiatives and values? There is value in the recipient being ultimately accountable for their own engagement but this must be balanced by a central understanding of where coaching is occurring. Without this balance the organization cannot stand behind the quality of their coaching program or the money they are spending on it. The balance lies between decentralized accountability and centralized understanding.” It is important that coaching recipients recognize where this balance is in their own organization, so there is clear accountability for their coaching engagements.

Figure 3:
Who or what department in your organization is principally responsible for managing the coaching process and analyzing the results of it?



Key Survey Findings: Goals & Effectiveness of Coaching Programs

When we looked more closely at how coaching should be implemented across an organization and to which employee populations, **81% of our respondents rate regular and informal coaching between a manager and an employee as very important** (Fig. 4). Predictably, respondents also agree that it is very important that high-potential employees (70%) and those individuals moving into a new leadership role (51%) are given coaching as a development method to accommodate them. But simultaneously, our data also illustrate that nearly three quarters of respondents (72%) agree that *all employees* should

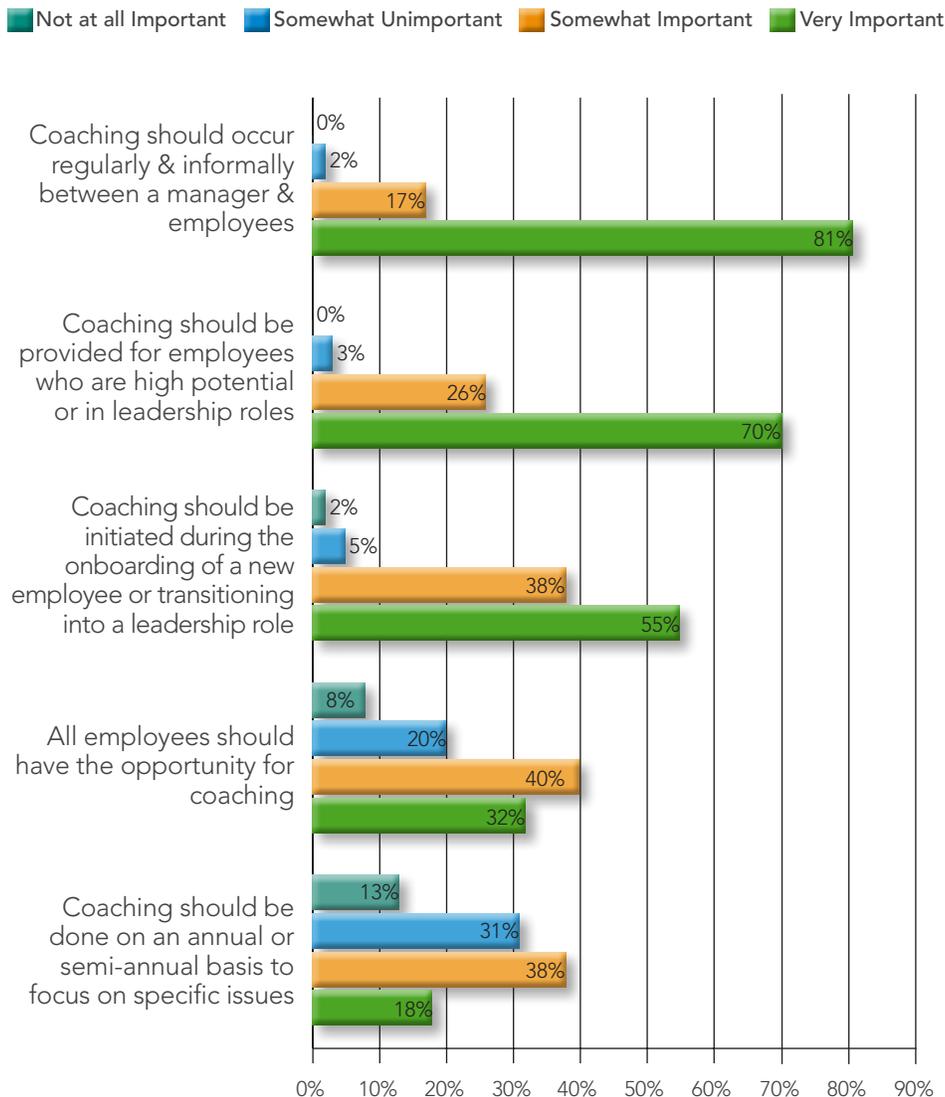


Figure 4:
To what extent do you agree about the importance of the role of coaching in the employee development lifecycle?

“As coaching becomes an integral part of an organization’s talent development strategy, we’re seeing ‘coaching cultures’ emerge — cultures where leaders play a key role in the development of employees through coaching, mentoring and knowledge transfer.”

— JC Heinen,
Senior Vice President
of Global Leadership
Development & Coaching,
Lee Hecht Harrison

“Coaching is a more intense version of leadership development. It’s a more individual and customized option than typical training methods because there is more observation, feedback and assessment. It is also more of a financial investment in one employee.”

— Cody Martin,
Talent Manager,
Bristol-Myers Squibb

have the opportunity for coaching. Coaching has traditionally been reserved for leaders and is still seen as a primary means of leadership development, but its role in business has broadened as a development method that can benefit any and every employee in the workforce — if organizations can create a way to implement coaching on that scale. Because the cost of an external coaching engagement is an often-cited barrier, some practitioners have explored other ways to apply coaching principles through other activities like mentorship and creating a learning culture. “At the organizational level, organizational learning culture is one of the key contextual components to encourage coaching and mentoring in organizations.”¹¹

For leaders, it is clear that coaching is an effective method to help individuals strengthen critical skills and solve pressing business problems, and this is especially important for those who face such challenges frequently. “When the need is behavioral, we turn to coaching, and through assessments we can identify the derailers and address those issues,” Sheila O’Neill from Standard & Poor’s, said. “We also use coaching to achieve or strengthen a specific leadership competency like strategic thinking or decision-making. Coaching is a development opportunity that can narrowly focus and support development goals. It is a customized way to improve leadership skills.”

We explored what coaching is and isn’t accomplishing in its current state and practice in organizations. Our data demonstrate that the perception of coaching in organizations is largely positive, but also illustrate that it is targeted toward leaders and senior members of the workforce. **More than three quarters of respondents (77%) strongly agree that coaching is a necessary leadership competency, and 95% of respondents somewhat agree or strongly agree that a coaching program can help retain and engage leaders and key performers in an organization.** Perhaps more than any other development method, the one-on-one time that characterizes a coaching engagement, and the detailed goal-setting and routine discussions that are part of the process, send a strong message to coaching recipients that coaching is an organizational investment in them. Bill Catlette of Contented Cow Partners had this to say about coaching as a method of retention: “Among other things, coaching should be used to strengthen and retain high performers. Engagement drivers — the opportunity to learn, build skills, and fatten your resume — will keep those high potential individuals engaged. Coaching is so much more of a precise and individual tool than shipping people off to a classroom or online course, and dunking everyone in the same vat. ”

¹¹ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

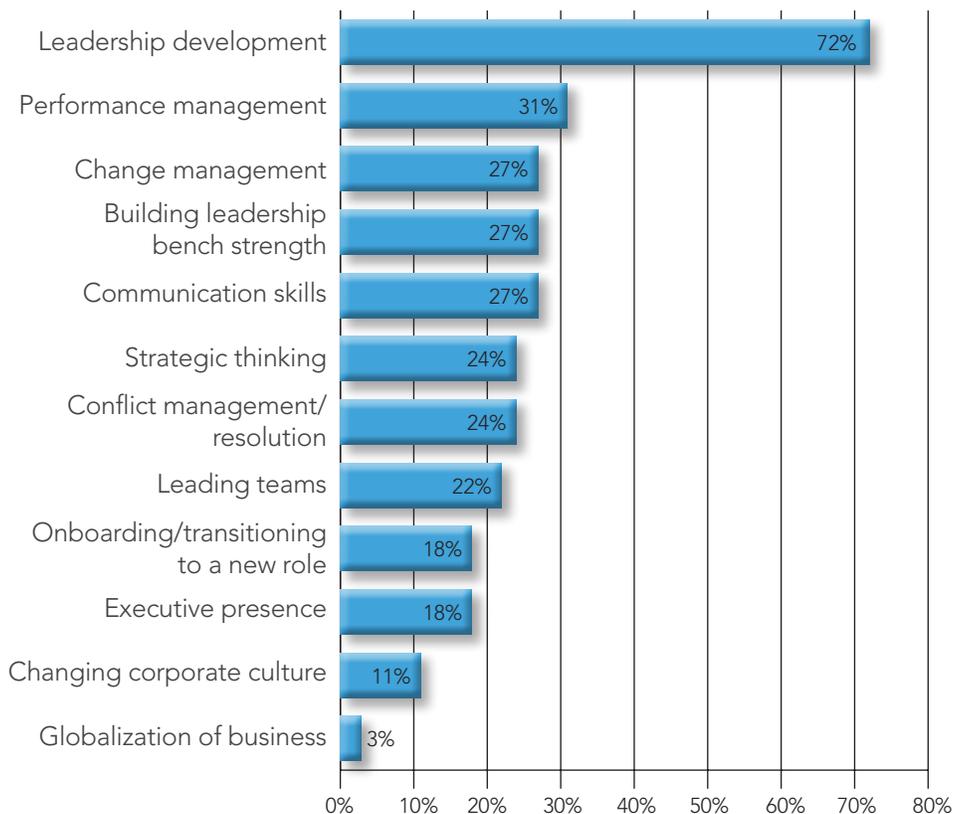


Figure 5:
What are the most important reasons a leader engages with a coach?

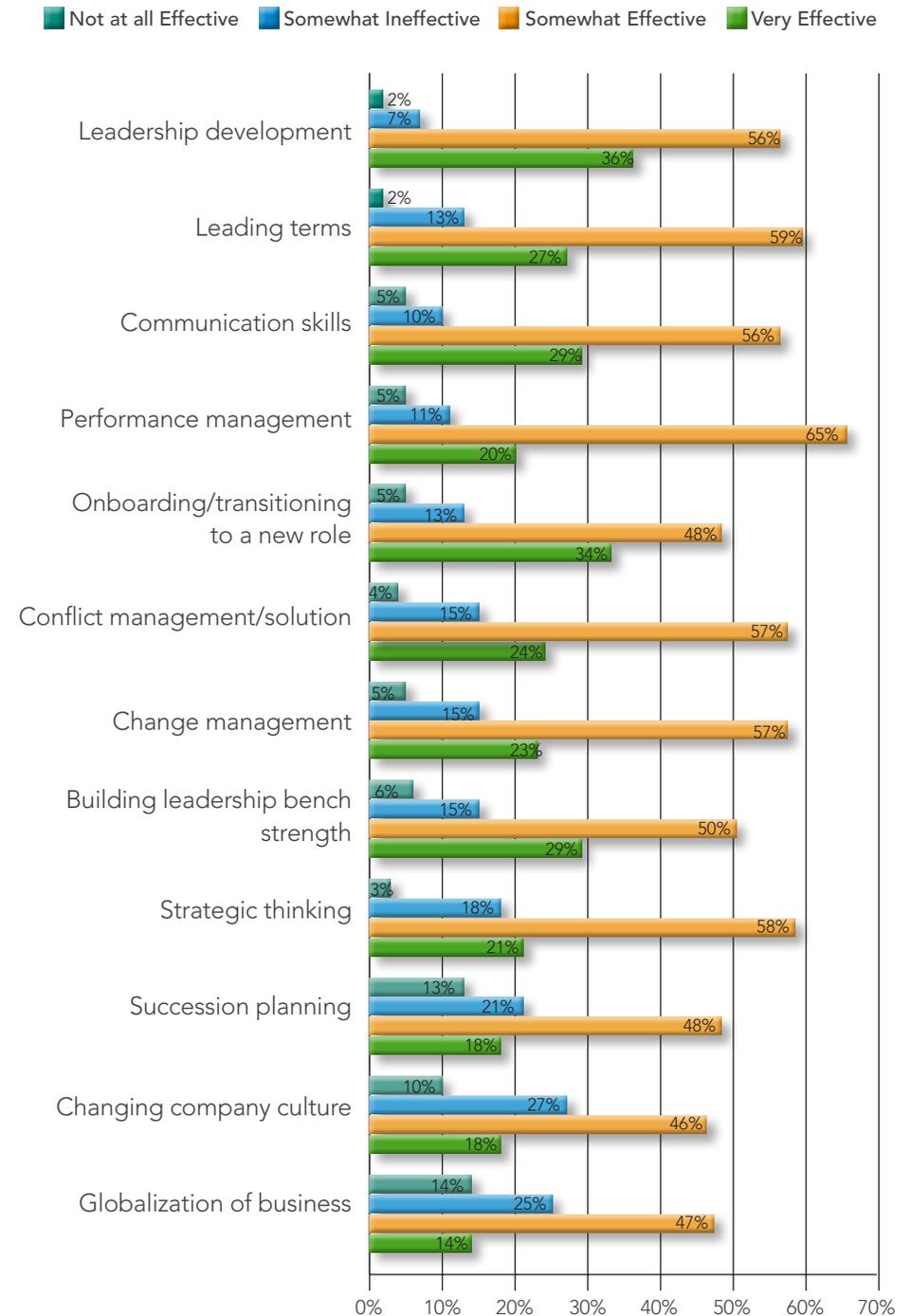
The list of skills and competencies being asked of leaders today is constantly growing, and the speed of information, ideas, and decision-making has made even the most proficient executives grapple with challenges. To this end, we asked respondents to rate the top reasons a leader in their organization engages with a coach. Overwhelmingly, **organizations turn to coaching to jumpstart and/or support leadership development, with nearly three quarters of respondents (72%) identifying that as the primary reason for coaching** (Fig. 5). Following that, our respondents almost equally agreed that **performance management (31%), change management (27%), building leadership bench strength (27%), and communication skills (27%) are the next most important reasons a leader engages with a coach.** Many of these reasons align with the extensive body of research about the challenges that leaders are facing today, and the need for stronger internal pipelines and more comprehensive communication skills. One practitioner stated, “Executives of flatter, leaner, faster-moving organizations are recognizing a subtler set of competencies: the communication and interpersonal skills necessary for influencing employees, adaptability to rapid change, and respect for people of diverse backgrounds.”

“Collaboration and Executive Presence are a really important skill for leaders that you don’t typically learn in school. In organizations like Bristol-Myers Squibb, where highly educated leaders in one field collaborate daily with highly educated leaders in very different fields (R&D, Sales, Manufacturing, etc.) these skills are critical.”

—Cody Martin,
Talent Manager,
Bristol-Myers Squibb

However, when we compared the effectiveness of coaching, there were some discrepancies the data illuminated (Fig. 6). Notably, *onboarding* and *conflict management* are skills that respondents found coaching to be very effective at addressing, but those skills are some of the lowest ranked reasons a leader turns to a coach.

Figure 6:
Please rate the level of effectiveness that coaching has had on the following business skills and processes.



In light of this inconsistency and to obtain a more holistic view in the practice of coaching and the perceived effectiveness of it, we compared the *importance* of key business areas/processes with regard to coaching, and the *effectiveness* of those same factors with regard to coaching. The scatter plot below illustrates those findings (Fig. 7). This analysis offers some compelling results, and identifies key discrepancies between the rationale for coaching and the effectiveness of those practices to achieve certain skills among leaders. Interestingly, the following areas are viewed as highly important (among the *most important reasons a leader engages with a coach*), as well as highly effective (high levels of *effectiveness that coaching has had on the following*) in the upper right quadrant: *building bench strength, communication skills, and conflict management*.

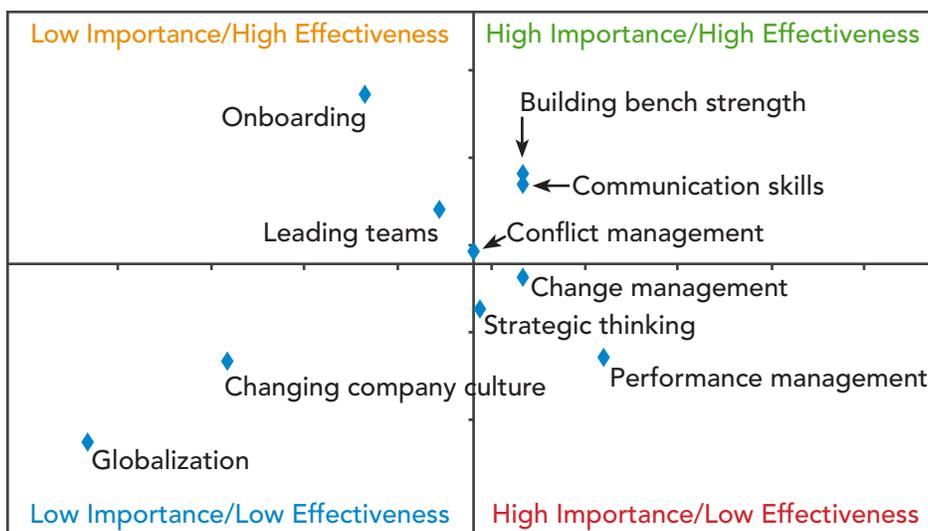


Figure 7:
The scatter plot graph demonstrates what survey respondents identified as the top needs/skills for engaging with a coach, while also looking at how effectively those skills are addressed by coaching.

However, the *critical areas to address* are in the lower right quadrant, which demonstrate that respondents place a high degree of importance on skills like change management, strategic thinking, and performance management, and yet, they report that coaching has been ineffective at building those skills to date. Moreover, the *ability to change company culture and globalization skills* in the lower left quadrant illustrate that the influence coaching has on some skills may be overestimated, and organizations would be more successful focusing on improving other skills through coaching.

No matter the organization or the current development structure in place, in order to adequately use the skill-growth and improvement that coaching can provide, organizations must prioritize gaining a deeper and clearer understanding of what coaching can truly accomplish. **This is a critical opportunity for business leaders to ramp up their coaching programs and strategically target the most critical performance areas.**

Coaching must do a better job of effectively building change management skills, strategic thinking, and performance management. These are critical areas that coaching can improve in organizations.

“Coaching as a leadership skill has become vital as managers need to develop employees, retain key talent, build productive teams and influence change.”

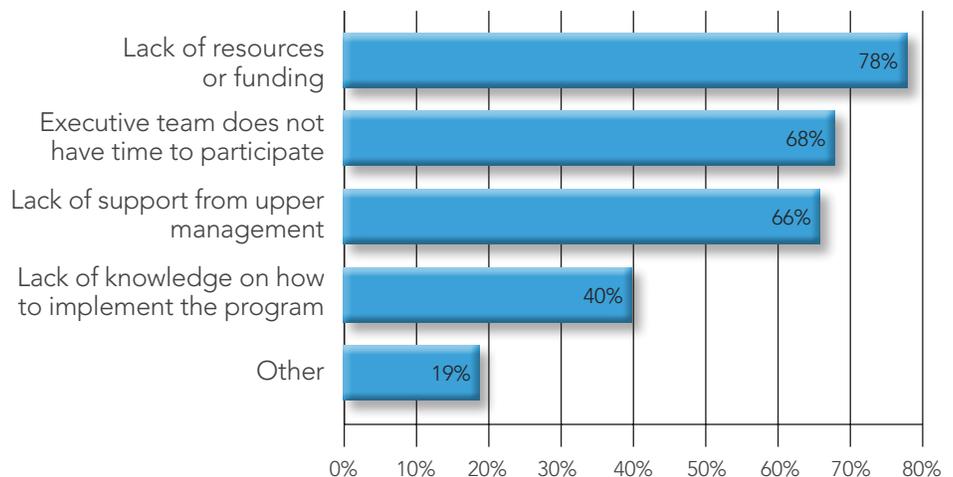
— JC Heinen,
Senior Vice President
of Global Leadership
Development & Coaching,
Lee Hecht Harrison

Key Survey Findings: Current Coaching Barriers

Talent development is quickly becoming the preferred intervention to help build critical skills, solve complex business problems, increase high-potential investment and engagement, and bolster the internal talent pipeline and leadership succession plan.^{12,13} The generational changes in the workforce, the increased use and application of technology, and the rapid transfer of knowledge in business today are all impacting the way in which talent development is practiced. Coaching is not immune to these shifts, and our data looked closely at how its role continues to evolve in organizations, and what changes may be on the horizon.

More than **three quarters of respondents (78%)** agree that **one of the biggest barriers to implementing coaching programs is a lack funding or resources** (Fig. 8). While coaching can be a costly development method for organizations to implement, it’s important to consider different and creative ways to implement the principles of coaching into an organization. “All levels of an organization can benefit from coaching, but it’s important to figure out a cost-efficient solution,” Cody Martin from Bristol-Myers Squibb, said. “What are the alternatives to high cost coaching? Mentoring is a great alternative. I have heard of some organizations experimenting with web-based, anonymous, self-nominated mentor practices where approved employees anonymously make their subject matter expertise available for ad hoc questions like ‘how do I develop my direct report if I only interact with them virtually. This gives the ‘mentor’ the freedom to give guidance without the obligation and resources of a formal relationship.” While the issue of cost will remain significant, there are ways organizations and leaders can more effectively integrate some of the principles and components of coaching into other talent development practices.

Figure 8:
What are the top challenges related to implementing a coaching program within an organization?

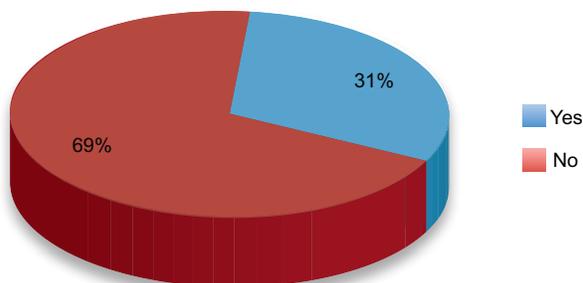


¹² Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

¹³ Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.

Among the other top barriers to coaching listed by respondents is an **executive team that doesn't have the time or bandwidth to participate in such engagements (68%)**, and a **lack of support from upper management (66%)**. While there is a wealth of evidence that demonstrates how effective coaching is as a means of development, it seems that there is a lack of discussion among HR, OD practitioners and senior business leaders about the opportunities coaching can provide. Creating a culture of continuous learning, and embracing the challenges in business today is one way to foster the support of executive leaders. Collaboration, alignment, and other critical areas of success hinge on senior management investing in the value of intangible skills like improved communication.¹⁴ One AMA scholar said, "Coaching is most effective when an organization's culture supports it as a productive development initiative in an atmosphere of learning and shared relationships where information and ideas flow easily to points of greatest utility. Organizations need to avoid situations where knowledge is hoarded, activities are compartmentalized, silos are the norm, and people are competitive and motivated only by self-interest."¹⁵

Figure 9:
Has your organization established coaching guidelines for leaders to follow?



One significant barrier that respondents reported may well be the most prohibitive, as **40% of organizations do not feel like they have the necessary knowledge to get started on implementing a coaching program (Fig. 8)** and **69% of respondent organizations have not established coaching guidelines for leaders (Fig. 9)**. Our research demonstrates that building this kind of structure around a coaching program is a critical step in achieving success, as well as gaining deeper insight into the role and perception of coaching. "Unlike in sports or entertainment, in the business world, coaches are still figuring out their place," Bill Catlette of Contented Cow Partners, said. "What are the real objectives we are trying to achieve? There has to be enough structure in place to address what the organization needs in a consistent and accountable way."

"What's really important is to fill in the white space – 360 degree feedback, honest behavioral and performance assessment, etc., and then go to work creating better awareness and habits. There should be a learning contract among the coach, the coachee, and the organization that ensures the business parameters are kept in place and that there is commitment and accountability for the life of the engagement."

— Bill Catlette, Managing Partner, Contented Cow Partners; co-author, *Contented Cows Leadership* book series

¹⁴ Ratkiewicz, K.S. & Wiete, A.K. (2011, November). Driving performance and business results with executive development. *Human Capital Institute* (1), 1-34.

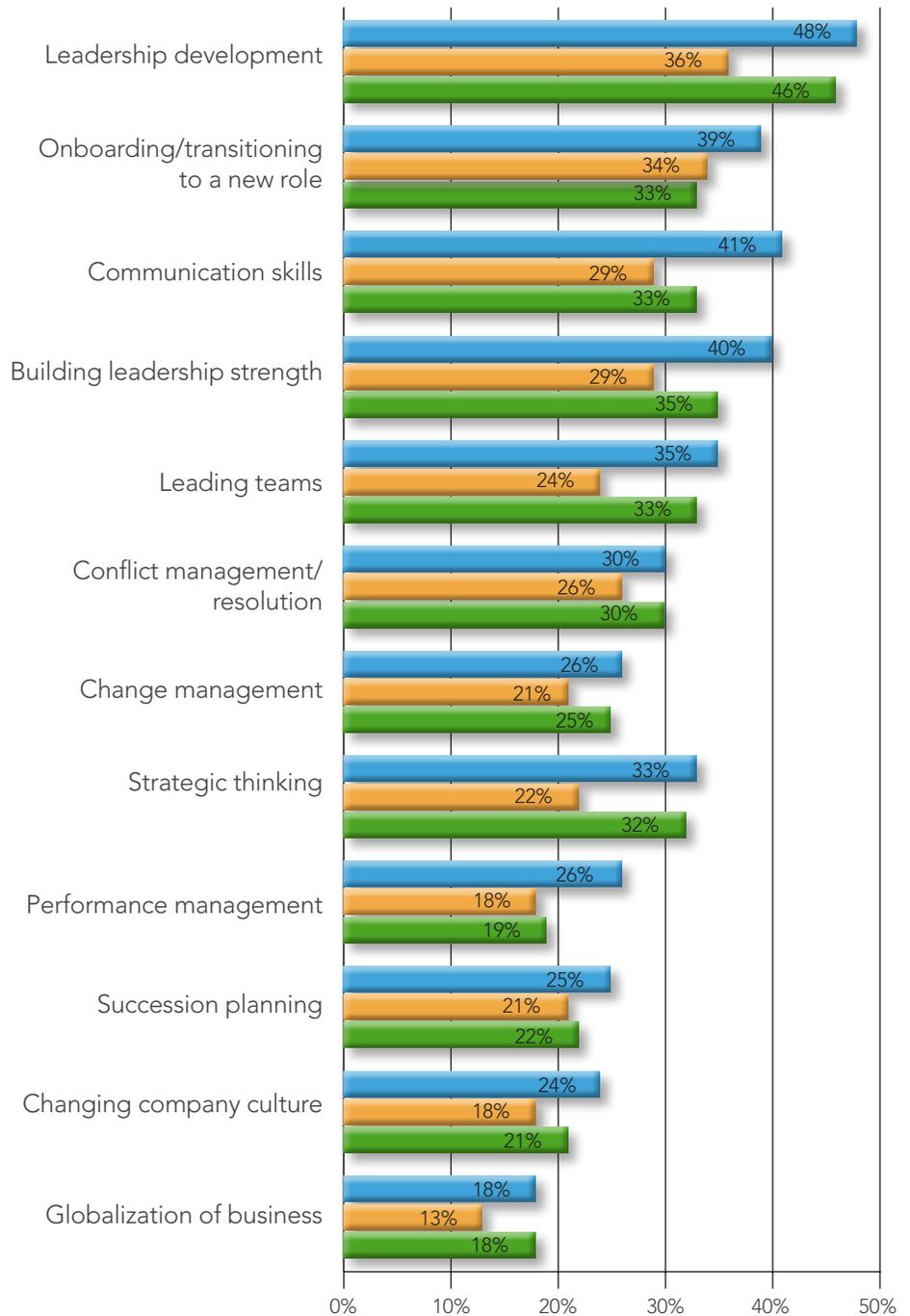
¹⁵ Edwards, S. (2012, April). Casting a critical eye on coaching. *Chief Learning Officer*, 1 (1), 28-31.

“Coaching must be related to development of employees or leaders, and there must be some assessment practice that can be linked back to the leadership behaviors or competencies that an organization identifies. It is only with this kind of structure that coaching is most effective.”

— Sheila O’Neill, Vice President of Human Resources, Standard & Poor’s Rating Services

Figure 10:
Please rate the level of effectiveness that coaching has had on the following business skills and processes.

■ Coaching not Limited to Executives ■ Executives Meet as Needed with External Coach
■ Executives Meet Regularly with External Coach



¹⁶ Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.

Critical to this discussion is the importance of accountability and feedback. When coaching programs are engineered with these components, they are much more successful for organizations and participants.¹⁶ In addition to clarifying expectations, the presence of routine, real-time feedback is one of the differentiators that set coaching apart from other development practices. Without it, positive behavior is not reinforced, problems cannot be accurately identified, and employees and leaders do not know if their performance is meeting the goals of the organization.¹⁷ Moreover, as one practitioner said, “Formalizing expectations for the coaching intervention, through a contracting process, symbolizes organizational investment in the individual for profession and performance growth, and organizational capability.”¹⁸ This process and shared understanding serves as the catalyst for effective coaching; when the coach and coachee are clearly aligned on the goals and expectations of the coaching engagement before it begins, it alleviates issues of confusion, lack of accountability, and limited assessment, and all but ensures progress will be made.

In order to more closely explore if and how coaching is effective, we isolated respondent organizations into the following three categories: *organizations that do not limit their coaching to the executive team*; *organizations whose executives meet with an external coach as needed*; and *organizations whose executives meet regularly with an external coach*. In organizations that do not limit coaching to the executive team, coaching is 2% to 8% more effective at influencing the following business skills and processes than any other coaching structure: **Leadership development, Communication skills, Strategic thinking, and Building bench strength** (Fig. 10). Most notably, leadership development — which is far and away the top reason a leader engages with a coach according to our respondents — is a skill that is most influenced when coaching is available to more than just executives within an organization.

Leadership development — which is far and away the top reason a leader engages with a coach — is a skill that is most influenced when coaching is available to more than just executives within an organization.

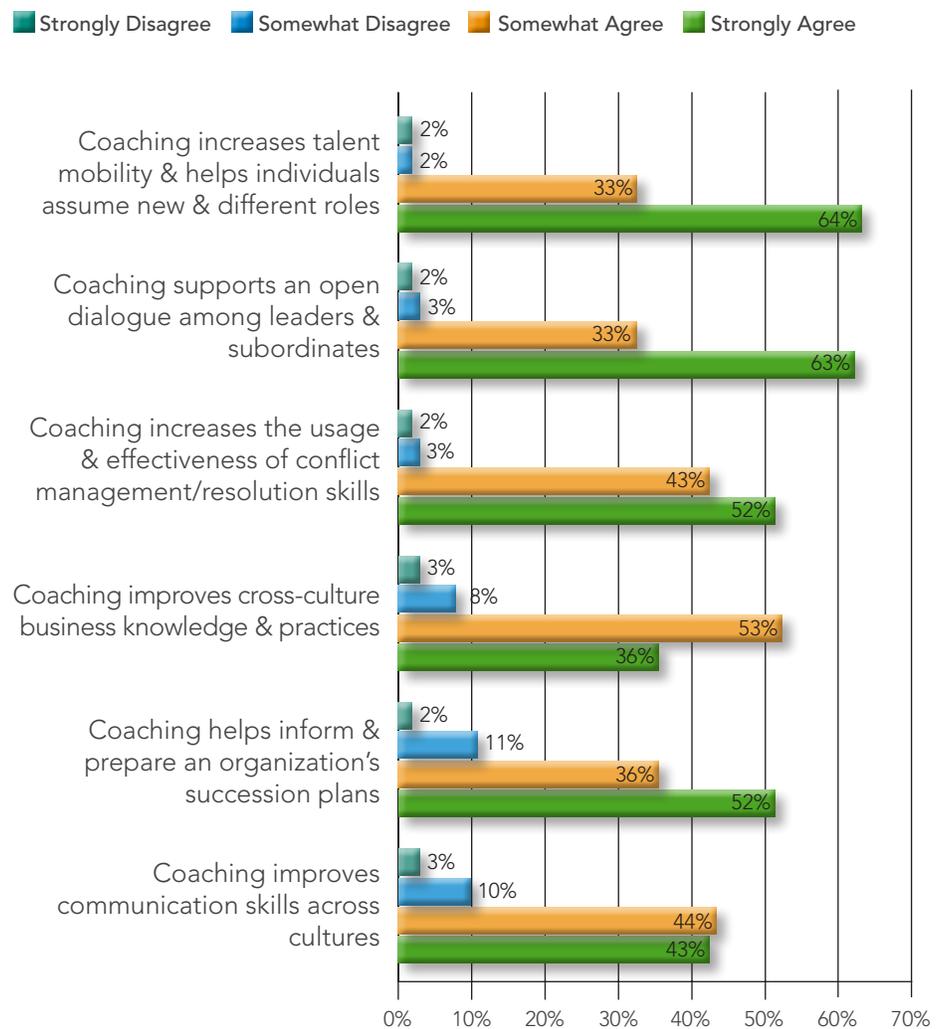
¹⁷ Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.

¹⁸ Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.

Key Survey Findings: The Next Horizon — Global Scalability

The growing number of global corporations and the ubiquitous need for more effective leaders in every organization presents HR/OD practitioners with an ideal opportunity to help address that challenge. Since we know that coaching is an adaptable method of development that has a history of helping to unify and engage employees,¹⁹ it stands to reason that coaching is a valuable practice for global companies and their leadership to implement. The personalized nature of coaching lends itself to a tailored solution for individuals, but one that can be scaled and implemented on a global level. To further identify how coaching can inform a global organization, we explored the multinational organizations that participated in our study and looked specifically at their experience with coaching more closely.

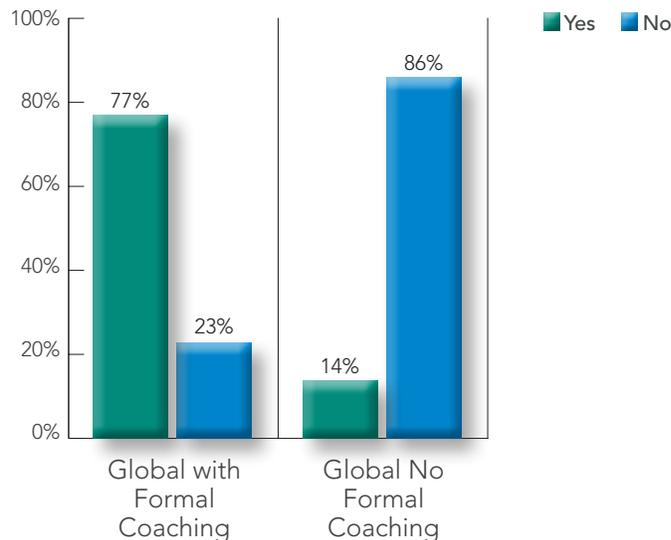
Figure 11:
Please rate to what extent you agree that coaching can help improve the following global capabilities of your organization's leaders (among global organizations with coaching).



¹⁹ D'Amato, A. & Hannum, K.M. (2009, July/August). Generations talk about leaders and leadership development. *Leaders in Action* (29) 3, 20-21.

According to respondents at global organizations that rely on formal coaching programs (Fig. 11), the **three global capabilities that coaching is most likely to increase are: talent mobility (64%), an open dialogue among leaders and subordinates (63%), and the usage of conflict resolution/management skills (52%)**. While conflict can be a necessary part of conducting business and collaborating with peers, the presence of conflict can become much larger when elements of culture, miscommunication, and misinterpretation are at play. “Different perspectives and different agendas in business, which contribute to more conflict, increase the need for conflict resolution skills among leaders,” Bill Catlette of Contented Cow Partners, said. “But, it’s equally important to avoid needless conflict altogether. Healthy disagreement is good. But managers and leaders need to work on managing agreement. Trying to be overly collegial sometimes results in cratering the level of trust in an organization, not to mention the fact that nothing gets done.”

Figure 12:
Has your organization established coaching guidelines for leaders to follow?



“Getting ex-patriots up to speed before an international assignment is an important way that coaching can aid in the global marketplace. These individuals need a solid foundation and support system when they venture out on the limb with a new project. Beginning an ex-pat assignment and prepping with coaching is important because of the skills that can be learned through it. How can they stay resilient during this project? How can they command resources without physically being present? How can they effectively get the support and guidance they need from their superiors who might be nine time zones away?”

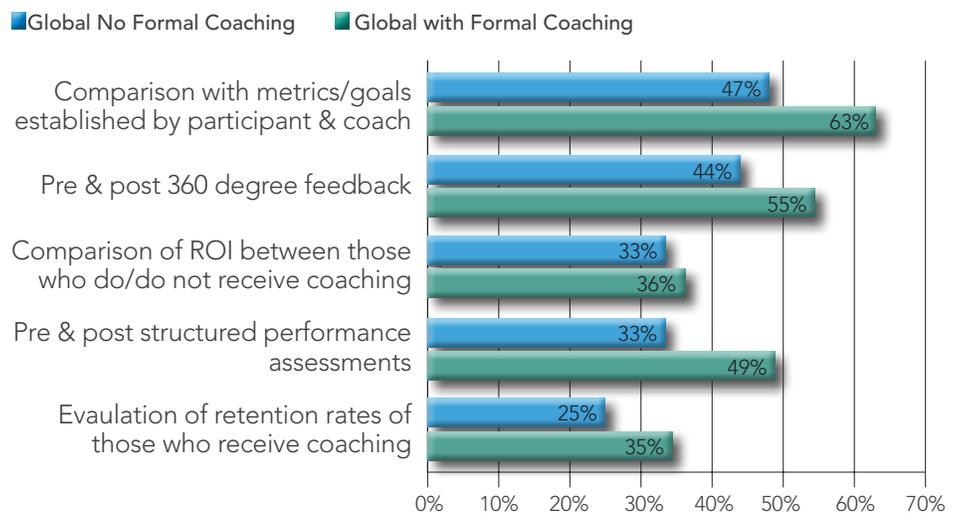
— Bill Catlette, Managing Partner, Contented Cow Partners; co-author, *Contented Cows Leadership* book series

“It’s important to understand culturally what it means to be a global leader. All of the VPs and higher roles at MetLife participate in a development program that includes the theme of embracing a global mindset. We want to be considerate of the fact that becoming an effective global leader has many facets.”

— Judy McHugh,
Vice President of Talent
Development, MetLife

In particular, effective communication is a challenge for multinational companies, and using coaching to foster the process of cross-culture communication is an effective way to do so.²⁰ “Global organizations have to be aware of the importance of global acumen and global mindset, and coaching can be used to strengthen those competencies,” Sheila O’Neill from Standard & Poor’s, said. “This knowledge is critical for leaders to be successful in global roles.”

Figure 13:
Which methods of coaching assessments are most effective? (% rated “very effective”)



More notable differences among global organizations with formal coaching programs were revealed in our data analysis. Most striking is the finding that global organizations with formal coaching programs are **greater than five times more likely (14% vs. 77%) to establish coaching guidelines for leaders to follow (Fig. 12)** and they also report higher levels of effectiveness regarding the coaching assessment measures they rely on (Fig. 13). Moreover, global organizations with a formal coaching program report being **14% – 31% more satisfied with the leadership development of every employee population than their counterparts (Fig. 14).**

²⁰ Bates, S. (2006). How leaders communicate big ideas to drive business results. *Employment Relations Today* (1), 13-19.

As all of these data demonstrate, global organizations that endorse a formal coaching model are collectively better positioned to establish coaching guidelines, rate their business processes and skills as more effective, and agree that their coaching assessment methods are more efficient than their counterparts. For organizations that are new to the international space, or those that are trying to build a cohesive development program overseas, coaching is a ripe opportunity. When created thoughtfully, implemented carefully, and assessed frequently, a global coaching program can have an incredibly positive effect on the talent development goals in organizations.

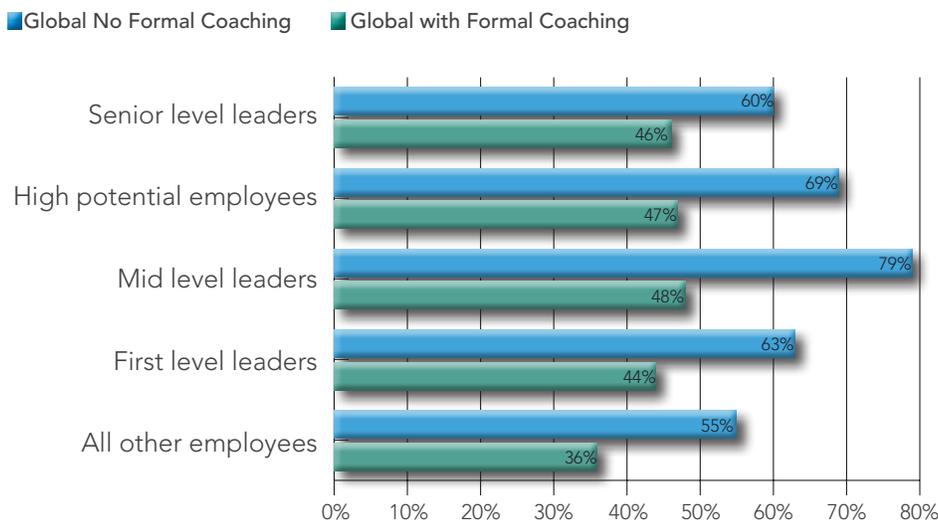


Figure 14:
Overall, how satisfied are you with the leadership development of the following employee populations in your organization? (among global organizations; % very satisfied)

Conclusion & Recommendations

This report provided an in-depth look at how coaching is practiced in organizations today, and what skills and business processes it can most positively affect when implemented in a thoughtful, efficient way. As demonstrated by the detailed survey data, and particularly the importance/ effectiveness scatter plot analysis, while current coaching programs are addressing certain valuable business skills like stronger communication, building bench strength, and increasing conflict management, there are other critical needs that are not being addressed.

In particular, coaching can be better leveraged to address change management, performance management, and strategic thinking — all critical areas for leaders, and ones that will continue to grow in importance as the business atmosphere continues to shift. Success in the new world of business — plagued by volatility, uncertainty, complexity and ambiguity — requires leadership to be agile, decisive, collaborative, and risk-inclined. Many of these competencies go against the traditional way of doing business, and as such, executives, managers, and other employees must make a concerted effort to learn and apply these skills. Moreover, implementing coaching is a clear opportunity to invest in young, promising talent as a means to bolster employee engagement, performance, and retention, thus building and strengthening an organization's internal talent pipeline.²¹

Ensuring alignment between coaching goals and leadership competencies becomes even more important within global organizations that face increased complexity and cultural challenges. Our research demonstrates that there are additional competencies like conflict management that are particularly relevant for leaders in multinational corporations to develop, which coaching can address. Global leadership is multi-faceted and complex and our research determined that global organizations that have successfully implemented a formal, structured coaching model warrant closer examination. Such organizations are more likely to experience coaching that is effective at helping increase the business acumen of leaders and employees. While global consistency and local customization are critical goals for organizations broadening their coaching programs in an international market, our research provides some insight into how this can be achieved.

In light of the industry and economic changes occurring, it is worth noting the ways in which coaching continues to evolve, and the barriers it faces. In an increasingly complex and dexterous world, business leaders are continually being asked to simultaneously manage competing interests: be thoughtful, but fast; decisive, but flexible; clear, but comfortable with

²¹ D'Amato, A. & Hannum, K.M. (2009, July/August). Generations talk about leaders and leadership development. *Leaders in Action* (29) 3, 20-21.

ambiguity. The adaptability and personalized nature of coaching is helpful in developing these abilities, but the implementation of such programs needs to be carefully aligned with organizational values and tied to measureable outcomes. Organizations must consider the future of coaching and how it can be better streamlined and scaled across an organization, to operate more effectively and offered as a development opportunity for employees below the leadership level.

Moreover, the lack of funding that is cited as the biggest barrier to effective coaching must be addressed by organizations and their leaders. Neglecting this issue puts an organization at risk to lose employee trust and further hinders the success of an organization's future leaders. Bill Catlette of Contented Cow Partners was adamant that this barrier must be addressed by organizations before talent development in any capacity can be truly successful. "A lot of the challenges facing leaders today stem from the fact that whenever you have a sour economy, the first shoe to drop lands on the training and development budget. We now have 4-5 years worth of managers in organizations today that have not had the benefit of any leadership development. It's important to give people the skills to be successful, to be resilient. How do we take a failed project, dust ourselves off and move on? How do we do that as an organization? How do we announce and affect change across an organization? How do we lead a dispirited, largely disengaged workforce? How do we communicate more effectively with a device-centric, multi-generational workforce? How do we rebuild trust?" By no means is coaching a magic bullet to accomplish all of these goals, but a consistent, structured coaching practice can help arm employees with the critical skills they need going forward, and better position organizations to achieve success.



LEE HECHT HARRISON



Appendix A: About the Research Partners

The Human Capital Institute

The Human Capital Institute (HCI) is a catalyst for innovative new thinking in talent acquisition, development, deployment and new economy leadership. Through research and collaboration, our global network of more than 138,000 members develops and promotes creativity, best and next practices, and actionable solutions in strategic talent management. Executives, practitioners, and thought leaders representing organizations of all sizes, across public, charitable and government sectors, utilize HCI communities, education, events and research to foster talent advantages to ensure organizational change for competitive results. In tandem with these initiatives, HCI's Human Capital Strategist professional certifications and designations set the bar for expertise in talent strategy, acquisition, development and measurement. www.hci.org

Lee Hecht Harrison

With over 270 offices worldwide, Lee Hecht Harrison is the global talent development leader in connecting people to jobs and helping individuals improve performance. LHH assists organizations in supporting restructuring efforts, developing leaders at all levels, engaging and retaining critical talent, and maintaining productivity through change. Lee Hecht Harrison is a part of Adecco Group, the world leader in workforce solutions with over 6,000 offices in over 70 countries.

About the Authors

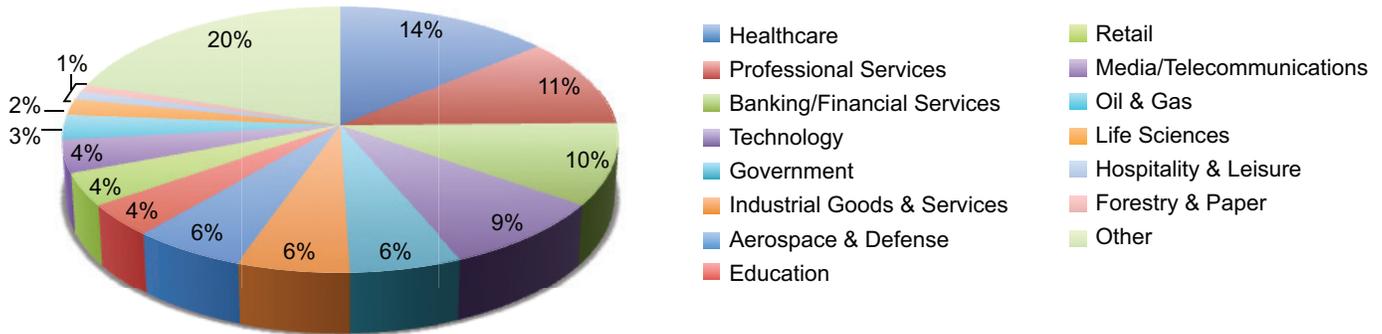
Krystin Fakalata is an Online Talent Community Manager with the Organizational Development and Leadership Practice Area at the Human Capital Institute. Krystin has a diverse background, always with a focus on learning and training. Prior to joining HCI, she facilitated business communication workshops for some of the best companies in the world with Duarte Design. She has also worked for one of the largest branding consultancies, Landor Associates, in San Francisco. She comes to every project with an eye on big picture strategy and learning opportunities. This makes sense because she started out her career as an English teacher. She still likes to tutor and coach volleyball in her spare time, when she's not playing in her own volleyball tournaments! Krystin is a graduate of The Ohio State University and is a proud Buckeye.

Aubrey K. Wiete, MA is a Senior Research Analyst at the Human Capital Institute in the Organizational Development and Leadership Practice Area. Previously, she was a lecturer and research fellow at the University of Kentucky. Most recently, she has authored or co-authored reports on the growth and necessity of internal content management, building trust in business to drive collaboration, and determining the ROI of executive development methods. Aubrey's other areas of interest include leveraging talent agility to drive high potential performance, and how to build creative and sustainable employee cultures. She earned a bachelor's degree from Saint Louis University and a Master's in Organizational Communication from the University of Kentucky. Aubrey is based in Cincinnati, Ohio and enjoys shoes, writing, Scrabble, (occasionally) running, and spending time with her family.

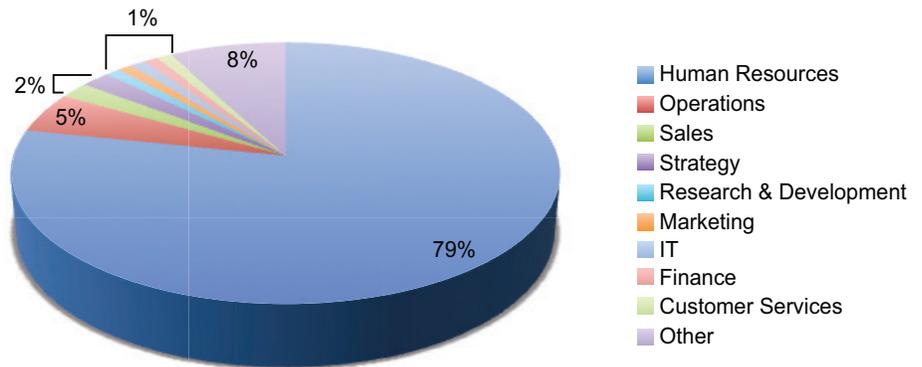


Appendix B: Respondent Demographics

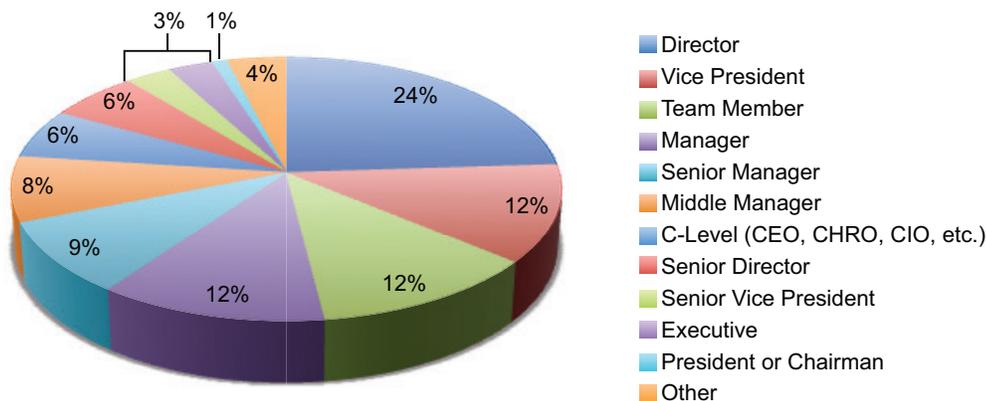
Industry



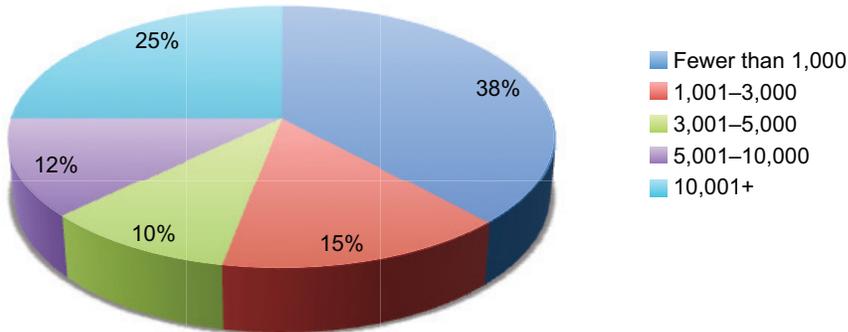
Function



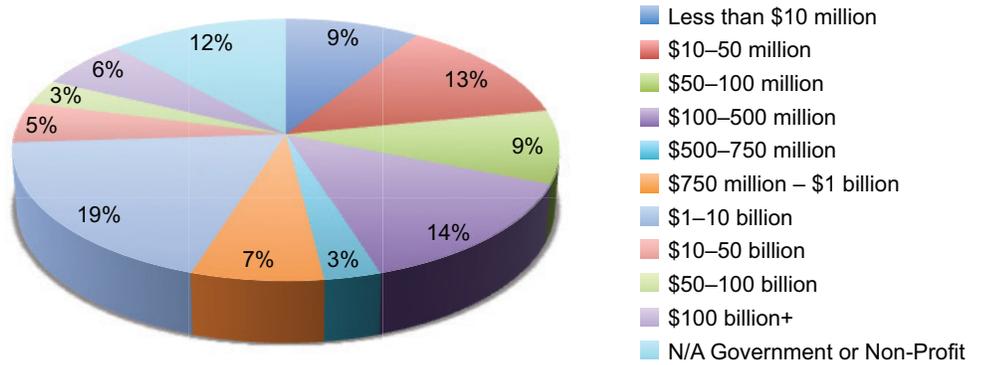
Level



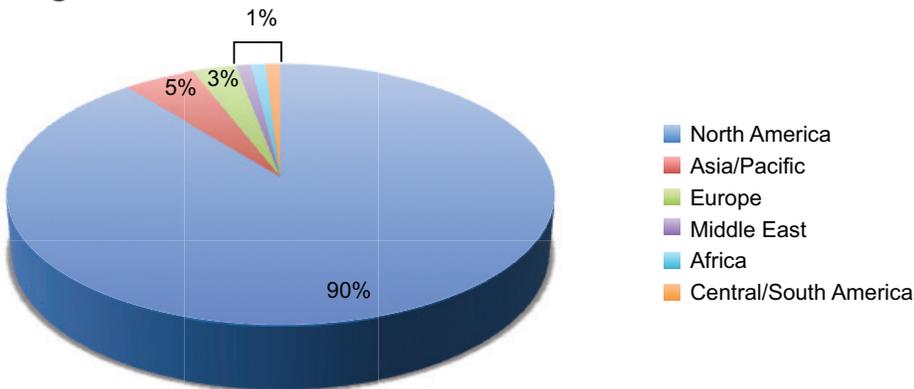
Number of Employees



Revenue



Region



Appendix C: References

- Bates, S. (2006). How leaders communicate big ideas to drive business results. *Employment Relations Today* (1), 13-19.
- Brown, P. T. (2010, April). Having their backs: Improving managers' skills in developing others. *Training & Development*, 1 (1), 60-64.
- D'Amato, A. & Hannum, K.M. (2009, July/August). Generations talk about leaders and leadership development. *Leaders in Action* (29) 3, 20-21.
- Edwards, S. (2012, April). Casting a critical eye on coaching. *Chief Learning Officer*, 1 (1), 28-31.
- Eyre, E. (2012, March). Can coaching save the world? *Training Journal*, 1 (1), 15-20.
- Frisina, M.E. & Frisina, R.W. (2011). Correcting Your Leadership "Zero": Aligning your behavior with your mission, vision, and values. *Employment Relations Today* (1), 27-33.
- Joo, B.K., Sushko, J. S. & McClean, G.N. (2012). Many faces of coaching: Manager-as coach, executive coaching, and formal mentoring. *Organizational Development Journal*, 30 (1), 19-40.
- McKnight, R. (2009). Top team alignment: The epicenter of strategy execution. *OD Practitioner* (41) 2, 30-36.
- Mellan, O. (2011, November). Your best investment ever? *Investment Advisor*, 1 (1), 93-97.
- Negrey, S. (2012). Keep your rising stars, become a better coach. *Pennsylvania CPA Journal*, 1 (1), 1-2.
- Nesbit, D. (2012, May). Coaching in hard times. *Training Journal*, 1 (2), 65-71.
- Ratkiewicz, K.S. & Wiete, A.K. (2011, November). Driving performance and business results with executive development. *Human Capital Institute* (1), 1-34.
- Schmidt, M. & Schmidt, C. (2010, May). How to keep your top talent. *Harvard Business Review*, 1 (1), 54-61.
- Sorensen, A. & Timmerman, M. (2012, July). Cracking the assessment code. *Chief Learning Officer*, 1 (2), 34-40.
- Tuna, C. (2008, November). Executives shift to survival mode. *The Wall Street Journal*.
- Walker-Fraser, A. (2011). An HR perspective on executive coaching for organizational learning. *International Journal of Evidence Based Coaching and Mentoring*, 9 (2), 67-81.



205 Billings Farm Road, Suite 5,
White River Junction, VT 05001
866-538-1909
www.hci.org