

LIMglobal.net

Dear Reader,

Do you remember the time when a coach was someone who used to prod a sports team to victory? The person who would know exactly what each one team member had to do for the team to win? And do you remember when consultants started to offer their services in corporations, calling themselves "coaches" but then explaining how they were actually different from the coaches we all knew? Well, I do remember when one day I was reading a German business magazine, back in the 80s, and read about "executive coaching" for the first time. I discovered that what I was doing, had a specific name, it was called coaching!

Much has happened since those days. It is no longer necessary to explain what a coach does, although it may be useful to clarify the type of coaching that is applied.

In this issue we are very pleased to introduce an article by Victoria Hall, who in her role of Director of Executive Talent developed the Coaching Program for American Express. Victoria studied the uses of coaches in the organization, and created a process and guidelines to maximize results, ensure ROI and – save money!

Enjoy the reading!

Isabel Rimanoczy
Editor



Issue 43

The LIM Newsletter

March 2004

Coaching Executives in your Organization

Selecting External Coaches and Ensuring ROI

By Victoria Hall

In recent years the popularity of executive coaching has led to two phenomena:

- 1. Companies are spending ever-increasing amounts on coaching without the guidance of HR, or even the awareness of the total spent on coaching, let alone the return on investment.**

2. There are an increasing number of coaches in the marketplace, yet no broadly accepted method of determining the quality of each coach.

It was these two phenomena that prompted me, as the Director of Executive Talent for American Express from 2001 to 2003, to create an External Coaching program. Rather than launch a new coaching initiative, I sought to standardize the ad hoc use of coaches, reduce cost, improve quality, and enable measurement of return on investment.

Other types of programs used by companies that are commonly labeled as coaching include:

- Coaching sessions as a follow-up to having completed a standard 360° tool.
- Initiatives to inculcate coaching behavior in everyday leadership.
- Cross-company mentoring programs that utilize internal leaders and HR people who coach someone outside of their hierarchy.
- Regardless of the number or quality of these types of coaching initiatives that companies deploy, it is virtually guaranteed that each of these companies is still using external coaches for their executives on an ad hoc basis. And at what cost? And how good is the coaching received?

Executives will pay for HR services they feel they need, such as coaching. Most of the time it is paid for by the budget of the executive's direct line manager, and therefore hard to track a company's total expenditure on external coaching. Unless HR professionals position themselves in a consultative role, setting standards on who are the coaches, who gets a coach, and what are the expectations of the engagement, companies risk significant expenditure (in the millions of dollars) and varied quality. Perhaps most concerning of all is that uncoordinated external coaching enables all types of people to work with your top executives, regardless of whether they match the company values, mission, or are even cognizant of strategies for development that HR provides.

What is coaching?

A great many activities these days are considering "coaching." At American Express, I adopted the definition to which most organizational psychologists and other experienced coaches subscribe. That is, coaching that is delivered by external coaches must be assessment-based, time-bound, and focused on specific development goals that are achieved through behavioral and cognitive change. Break this definition into its components and it is easy to see how ROI can be achieved.

- **Behavioral and cognitive change:** People perceive development progress in others when they observe behavior change. However, in order for an individual's behavior changes to be lasting, they must be accompanied by a shift in understanding (cognitive change) within the individual. Simply, the individual needs to genuinely understand the new behaviors and how and when they are more effective than the old behaviors. For example, someone working on influencing others through more succinct communications may believe that change is necessary, quickly latch onto new techniques, and apply them in formal group settings. But until the cognitive change occurs, they will most likely miss the many informal opportunities they have throughout the day to influence succinctly.
- **Assessment and goal setting:** The hard work of behavioral and cognitive change can begin more quickly when a coaching engagement is based first on some kind of assessment, whether it be as simple as a verbal 360, or as complex as a full assessment day with work simulations and a battery of cognitive and personality inventories. Assessment is then followed by feedback to the individual. The assessment and feedback process helps narrow the focus for the coaching engagement which makes success on the specific things that will boost performance all the more likely, (i.e., greater ROI).

- **Time-bound:** Initially, the coach and the individual work together frequently as the coach gathers assessment data, gives the individual the initial feedback and the development goals are formed. As progress on goals is made, the need for frequency lessens and it tapers off to a natural conclusion. Most effectiveness is to be had in the first 6 months, with some coaching engagements extending a few months beyond this, depending on the need and the mutual availability of the coach and the individual. Beyond the 12 month mark, however, meetings with a coach may simply be more a case of executive hand-holding than real, focused progress. Naturally, a great many executives would like to continue the support, but the incremental amount gained from continuing follow up must be weighed, in the organization's eyes, against the benefit of providing the resources and opportunity for someone else to experience coaching.

What qualifications do coaches need?

In light of the preceding definition, the resulting qualifications to be a coach at American Express are:

- An advanced degree in a behavioral science
- In-depth business experience in a range of companies, with a minimum of 8 years of coaching experience
- A philosophy on coaching that is compatible with American Express goals and objectives of confidentiality, customer service, and measurement of ROI.

These three broad qualifications match the culture of American Express, where it is not only what you know (your education), but how experienced you are at demonstrating what you know, and the manner in which you do it.

Cultural match between the external coach and the company is something all HR professionals need to consider when hiring a coach. For example, a company that is largely a sales organization, where leaders have grown up through the ranks and few have advanced academic degrees, may or may not value a psychologist as a coach. In the end, only the internal HR professional can make that judgment by knowing his internal clients. Likewise, the definition of coaching applied to a particular organization could be different from the one outlined above.

In determining a coach's philosophical fit with an organization, the HR professional needs to consider not only the answers the coach gives, but the reasoning behind them. Basic questions often asked of coaches include: Who is coachable and who isn't? Who is the client? How involved is the leader of the individual being coached? These are all questions that should be easily answered by a coach. The key is finding a compatible philosophy behind the answers to these and other questions.

Having interviewed roughly 300 coaches in my selection of those 35 for the worldwide preferred-supplier coaching pool at Amex, I was *focused on finding local coaches at the market price* who met the qualifications. One of the best ways to manage cost is to eliminate Travel & Expenditure reimbursement to coaches. And while it is true that there are a lot of questionably qualified coaches out there today, the explosion in the coaching market does also mean that more people who are fully qualified are attracted to the profession. There is no need, nor reason, to fly in a superstar coach at a much greater cost.

Who gets a coach?

Equally important to determining who is qualified to coach is the decision of who is eligible to be coached. No longer considered executive charm school, where the focus was on reducing the liability of slash-and-burn-style executives, coaching today is now widely recognized as an effective tool to advancing an individual's career growth. Likewise, it makes the most sense to invest in those for whom

you think will give back to the organization the greatest strength of leadership ability.

It is vital to ensure that *past performance appraisals* and *assessment of future potential* are both considered in the decision to engage a coach for an individual. In many organizations, these determinations lack clarity, and to the extent that that is true, it is that much more difficult to ensure ROI. Just as venture capitalists qualify the companies they invest in, so must companies qualify coaching candidates with rigor.

Measuring ROI

The ROI of coaching can be defined a number of ways. Comparing retention and advancement rates of those coached versus comparable individuals can show clear results, but only in the long term. In the short term, organizations can measure the quality of engagement via survey data gathered from not only the individual and the coach, but also the leader who functions as the representative of the organization's view. The survey should ascertain if the process was followed and seek a confidence measure of future success of the individual. And perhaps the most influential of measurement techniques is the utilization factor on coaching. Once a pool of preferred-supplier coaches at reasonable rates in time-bound engagements is secured, ROI can be easily measured in terms of the number of people coached for the same total expenditure as prior to the program.

The Relationship Factor of ROI

One aspect of ROI that cannot be overlooked is the role of *relationship and involvement*.

First, *the leader's involvement is required*. In order for the progress of the individual to have impact, the leader and HR professional must be aware of progress via participation in development planning, and midpoint and endpoint meetings with the individual and the coach. Without this, the coaching engagement is like the proverbial fallen tree in the forest—if no one was there to hear it, did it make a sound? If no one in the organization is cognizant of the individual's progress, and able to represent the individual in talent reviews and career advancement decisions, has progress really been made?

Finally, and most importantly, *HR professionals must focus on building relationship and trust not only with their internal clients, but with the coaches*. By sharing pertinent information about the organization on an ongoing basis, such as strategic shifts in the company, changes in organization structure, revised competency models and additional training options, the HR professional better equips the coach to help the coached executive in that particular organization. In turn, coaches can bring invaluable outside observations on the organization's collective development needs. These areas can then be addressed through more broadly-applied means such as group development and culture change initiatives. By leveraging the relationship factor, the number of people focused on ensuring a quality coaching outcome is increased, which can only further help the return on investment.



Victoria Hall is a consultant on talent management strategies and an executive coach. Having worked in New York for several years in both internal HR and external consulting roles, she recently relocated to London. Questions and comments on this article can be directed to her at victoria.hall@talentfutures.com



LEADERSHIP IN INTERNATIONAL MANAGEMENT

LIM News is published by **LIM**, Leadership in International Management - 1580
Sawgrass Corporate Pkwy, Sunrise, FL 33323- USA - Ph.: (954) 315-4583 - Fax:
(305) 692-1931

E-mail: Newsletter@LIMglobal.net - www.LIMglobal.net