

Coaching Yields Measurable Return on Investment

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Leading organizations, including General Motors, AstraZeneca, Capital One, Dell, HP, and Verizon recognize the value of coaching as a legitimate method of improving performance toward business outcomes. These companies view coaching as a capital investment that must deliver measurable results. According to David Rock of Results Coaching Systems (2005), the basic equation to measure

$$\frac{\text{CLIENT RESULTS} - \text{COST OF COACHING}}{\text{COST OF COACHING}} \times 100\% = \text{ROI}$$

coaching's return on investment (ROI) is:

Relevant Coaching Metrics

Financial	<ul style="list-style-type: none"> Revenue increase (\$ up) Cost Reduction (\$ saved) Profitability (revenue – costs)
Customer	<ul style="list-style-type: none"> Customer satisfaction survey scores New customers acquired Repeat customer business
Productivity	<ul style="list-style-type: none"> Time spent on specific activities Total output/time Less time wasted in meetings Timely achievement of goals/objectives
Employees	<ul style="list-style-type: none"> Employee satisfaction scores Performance review scores
Innovation	<ul style="list-style-type: none"> New product/service introductions Ratio of new ideas to profit Number of new ideas generated
Improved Communication	<ul style="list-style-type: none"> Number of interpersonal conflicts involving HR
Decision-making	<ul style="list-style-type: none"> Success rate of decisions Absence of post-decision conflict or passive-aggressive behavior
Learning and Growth	<ul style="list-style-type: none"> Achievement of development plans Frequency and speed of skill acquisition
Wellbeing	<ul style="list-style-type: none"> Impact on EAP visits Impact on absenteeism, lateness Turnover rates

Recent Statistics on Coaching ROI

- Training alone can improve performance by 22%. Training accompanied by coaching can improve performance by 88% (Crane, 2005).
- 80% of managers believe they would benefit from coaching/more coaching in their place of work. 93%

believe that coaching should be offered to all staff, regardless of seniority (Chartered Management Institute, 2002).

- According to the coaching firm Integrabiz, participants in a Fortune 1000 company valued the results of their coaching at six times the cost that their company paid for the service. A 9-month, \$18,000 coaching program investment was estimated to be worth more than \$100,000.
- A group of managers received training and subsequently increased productivity by 22.4%. A second group was provided coaching after the training, after which productivity increased by 88%. (Integrabiz, 2001).
- When coaching followed process training in a manufacturing firm, the coaching cost less than the training, yet the payback of the coaching was estimated at 2,000 to 3,000%. Coaching reportedly drew out the combined experience and judgment of production team members and led to a commitment to implement solutions by the people on whom the new processes depended (Hinsley, 1997).
- A Fortune 500 firm engaged MetrixGlobal, LLC, a research firm, to calculate the business benefits and ROI for their coaching program. According to MetrixGlobal, coaching produced a 529% return on investment and delivered significant benefits to the business. Financial benefits stemming from employee retention boosted the program's overall ROI to 788% (Kampa-Kokesch & Anderson, 2001).
- A study of 158 executives at BMW showed a direct ROI of 120% with coaching participants perceiving more than 3 times the impact on their business objectives than those who weren't coached. 58% of participants linked tangible dollar value benefits to the results of their coaching. "Reduced number of issues reported" received the highest estimated tangible benefit, and "fewer hours spent in meetings" was the second highest (Rock, 2005).
- Over 50% of Dell Computers' 761 executives received coaching in a 2-year time frame. Senior staff members who received coaching were promoted more often than those who didn't participate in one-on-one coaching (Robinson, 2005).
- A study based on data collected from 1997 to 2001 shows companies that allocate more resources to employee development tend to perform better in the stock market the following year (McBassi and McMurrer, 2004).
- Effective coaching more than doubles the likelihood that employees won't consider leaving the company (Zenger & Stunnett, 2007).

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