ROI INSTITUTE®

Measuring ROI in Business Coaching

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Measuring ROI in Business Coaching

Nations Hotel

The learning and development team at the Nations Hotel Corporation was challenged to identify learning needs to help executives find waysto improve efficiency, customer satisfaction, and revenue growth in the company. A key component of the program was the development of a formal, structured coaching program, Coaching for Business Impact. The corporate executives were interested in seeing the actual ROI for the coaching project. This case study provides critical insights into how coaching creates value in an organization including ROI.

BACKGROUND

Nations Hotel Corporation (NHC) is a large U.S.-based hotel firm with operations in 15 countries. The firm has maintained steady growth to include more than 300 hotels in cities all over the world. NHC enjoys one of the most recognized names in the global lodging industry, with 98 percent brand awareness worldwide and 72 percent overall guest satisfaction.

The hospitality industry is competitive, cyclical, and subject to swings with the economy. Room rentals are price sensitive, and customer satisfaction is extremely important for NHC. Profits are squeezed if operating costs get out of hand. NHC top executives constantly seek ways to improve operational efficiency, customer satisfaction, revenue growth, and retention of high-performing employees. Executives—particularly those in charge of individual properties—are under constant pressure to show improvement in these key measures.

The learning and development function, the Nations Hotel Learning Organization (NHLO), conducted a brief survey of executives to identify learning needs to help them meet some of their particular goals. NHLO was interested in developing customized learning processes including, the possibility of individual coaching sessions. Most of the executives surveyed indicated that they would like to work with a qualified

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coach to assist them through a variety of challenges and issues. The executives believed that this would be an efficient way to learn, apply, and achieve results. Consequently, NHLO developed a formal, structured coaching program— Coaching for Business Impact (CBI)—and offered it to the executives at the vice president level and above.

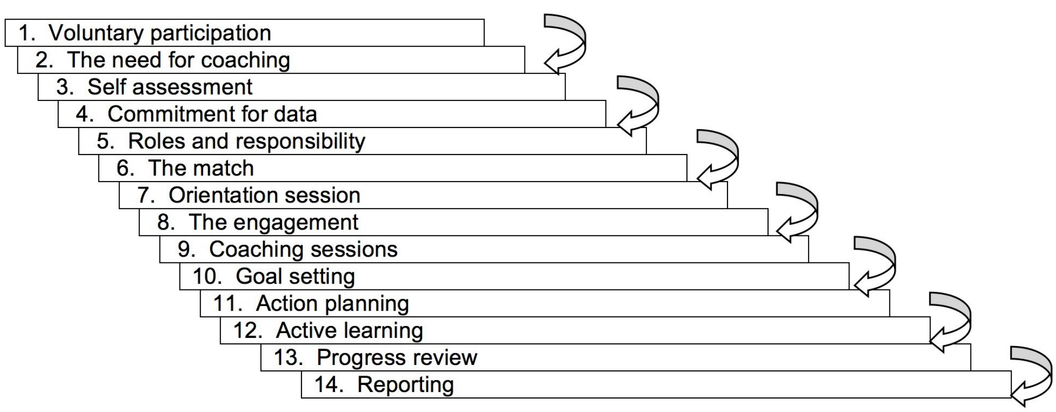
As the project was conceived, the senior executive team became interested in showing the value of the coaching project. Although they supported coaching as a method to improve executive performance, they wanted to see the actual ROI. The goal was to evaluate 25 executives, randomly selected (if possible) from the participants in CBI.

THE PROGRAM

Figure 1 shows the steps in the new coaching program from the beginning to the ultimate outcomes. This program involves 14 discrete elements and processes.

1. *Voluntary participation:* Executives had to volunteer to be part of this project. Voluntary commitment translates into a willing participant who is not only open to changing, improving, and applying what is being learned, but is also willing to provide the necessary data for evaluating the coaching process. The voluntary nature of the coaching program, however, meant that not all executives who needed coaching would be involved. When compared to mandatory involvement, however, the volunteer effort appeared to be an important ingredient for success. It was envisioned that, as improvements were realized and executives reflected on the positive perceptions of coaching, other executives would follow suit.

Figure 1. Coaching for Business Impact Steps



2. *The need for coaching:* An important part of the process was a dialog with the executive to determine if coaching was actually needed. In this step, NHLO staff used a checklist to review the issues, needs, and concerns about the coaching agreement. Along with establishing a need, the checklist revealed key areas where coaching could help. This step ensured that the assistance desired by the executive could actually be provided by the coach.
3. *Self-assessment:* As part of the process, a self-assessment was taken from the individual being

coached, his or her immediate manager, and direct reports. This was a typical 360-degree assessment instrument that focused on areas of feedback, communication, openness, trust, and other competencies necessary for success in the competitive hospitality environment.

4. *Commitment for data:* As a precondition, executives had to agree to provide data during coaching and at appropriate times following the engagement. This up-front commitment ensured that data of sufficient quality and quantity could be obtained. The data made evaluation easier and helped executives see their progress and realize the value of coaching.
5. *Roles and responsibility:* For both the coach and the executive, roles and responsibilities were clearly defined. It was important for the executive to understand that the coach was there to listen, provide feedback, and evaluate. The coach was not there to make decisions for the executive. This clear distinction was important for productive coaching sessions.
6. *The match:* Coaches were provided from a reputable business coaching firm where NHLO had developed a productive relationship. Coach profiles were presented to executives and a tentative selection was made on a priority listing. The respective coach was provided background information on the executive and a match was made. After this match, the coaching process began.
7. *Orientation session:* The executive and coach formally met during an orientation session. Here, the NHLO staff explained the process, requirements, timetable, and other administrative issues. This was a brief session typically conducted in a group; however, it could also be conducted individually.
8. *The engagement:* One of the most important aspects of the process involved making sure that the engagement was connected to a business need. Typical coaching engagements focused on behavioral issues (e.g., an executive's inability to listen to employees). To connect to the business impact, the behavior change must link to a business consequence. In the initial engagement, the coach uncovered the business need by asking a series of questions to examine the consequences of behavior change. This process involved asking "so what?" and "what if?" as the desired behavior changes were described. As the business needs were identified, the measures must be in the categories of productivity, sales, efficiency, direct cost savings, employee retention, and customer satisfaction. The engagement should be connected to corresponding changes in at least three of those measures. Without elevating the engagement to a business need, it would have been difficult to evaluate coaching with this level of analysis.
9. *Coaching sessions:* Individual sessions were conducted at least once a month (usually more often) lasting a minimum of 1 hour (sometimes more), depending on the need and issues at hand. The coach and executive met face-to-face, if possible. If not, coaching was conducted in a telephone conversation. Routine meetings were necessary to keep the process on track.
10. *Goal setting:* Although individuals could set goals in any area needing improvements, the senior executives chose five priority areas for targeting: sales growth, productivity/operational efficiency, direct cost reduction, retention of key staff members, and customer satisfaction. The executives selected one measure in at least three of these areas. Essentially, they would have three specific goals that would require three action plans, described next.
11. *Action planning:* To drive the desired improvement, the action planning process was utilized.

Common in coaching engagements, this process provided an opportunity for the executive to detail specific action steps planned with the team. These steps were designed to drive a particular consequence that was a business impact measure. Figure 2 shows a typical action-planning document used in this process. The executive was to complete the action plan during the first two to three coaching sessions, detailing step-by-step what he or she would accomplish to drive a particular improvement. Under the analysis section, Part A, B, and C are completed in the initial development of the plan. The coaches distributed action plan packages that included instructions, blank forms, and completed examples. The coach explained the process in the second coaching session. The action plans could be revised as needed. At least three improvement measures were required out of the five areas targeted with the program. Consequently, at least three action plans had to be developed and implemented.

12. *Active learning:* After the executive developed the specific measures in question and the action plans, several development strategies were discussed and implemented with the help of the coach. The coach actually facilitated the efforts, utilizing any number of typical learning processes, such as reading assignments, self-assessment tools, skill practices, video feedback, journaling, and other techniques. Coaching is considered to be an active learning process where the executive experiments, applies, and reflects on the experience. The coach provides input, reaction, assessment, and evaluation.
13. *Progress review:* At monthly sessions, the coach and executive reviewed progress and revised the action plan, if necessary. The important issue was to continue to make adjustments to sustain the process.
14. *Reporting:* After six months in the coaching engagement, the executive reported improvement by completing other parts of the action plan. This includes Part D, E, F, and G and intangible benefits and comments. If the development efforts were quite involved and the measures driven were unlikely to change in the interim, a longer period of time was utilized. For most executives, six months was appropriate.

These elements reflected a results-based project appropriate called "Coaching for Business Impact."

EVALUATION METHODOLOGY

Objectives

An effective ROI study flows from the objectives of the particular project being evaluated. For coaching, it is important to clearly indicate the objectivesat different levels. Figure 3 shows the detailed objectives associated with this project. The objectives reflect the four classic levels of evaluation plus a fifth level for ROI. Some of the levels, however, have been adjusted for the coaching environment. With these objectives in mind, it becomes a relativelyeasy task to measure progress on these objectives.

Figure 2. Action Plan Form

Name:____________________ Instructor Signature:____________________ Follow-Up Date________________

Objective:______________________________ Evaluation Period:______________ to________________

Improvement Measure:__________________ Current Performance__________________ Target Performance __________

Action Steps	Analysis
1. ____________________	A. What is the unit of measure? ________________
2. ____________________	B. What is the value (cost) of one unit? $________________
3. ____________________	C. How did you arrive at this value? ________________
4. ____________________	
5. ____________________	D. How much did the measure change during the evaluation period? (monthly value) ________________
6. ____________________	E. What percent of this change was actually caused by this program?__________%
7. ____________________	F. What level of confidence do you place on the above information? (100% = Certainty and 0% - No Confidence) __________%
Intangible Benefits:	

Comments:

Figure 3. Objectives of Business Impact Coaching

Level 1. Reaction Objectives
After participating in this coaching program, the executive will:

1. Perceive coaching to be relevant to the job
2. Perceive coaching to be important to job performance at the present time
3. Perceive coaching to be value added in terms of time and funds invested
4. Rate the coach as effective
5. Recommend this program to other executives

Level 2. Learning Objectives
After completing this coaching program, the executives should improve their understanding of or skills for each of the following:

1. Uncovering individual strengths and weaknesses
2. Translating feedback into action plans
3. Involving team members in projects and goals
4. Communicating effectively
5. Collaborating with colleagues
6. Improving personal effectiveness
7. Enhancing leadership skills

Level 3. Application Objectives Six months after completing this coaching program, executives should:

1. Complete the action plan
2. Adjust the plan accordingly as needed for changes in the environment

Level 3. Application Objectives(continued)

1. Show improvements onthe following items:
    a. Uncovering individual strengths and weaknesses
    b. Translating feedback intoaction plans
    c. Involving team members in projects and goals
    d. Communicating effectively
    e. Collaborating with colleagues
    f. Improving personal effectiveness
    g. Enhancing leadership skills.
2. Identify barriers and enablers

Level 4. Impact Objectives After completing this coachingprogram, executives should improve at least three specific measures in the following areas:

1. Sales growth
2. Productivity/operation-al efficiency
3. Direct cost reduction
4. Retention of key staff members
5. Customer satisfaction

Level 5. ROI Objective
The ROI value should be 25 percent

Planning for Evaluation

Figure 4 shows the shows how the various types of data are collected and integrated to provide an overall evaluation of the program. Figure 5 shows the completed data collection plan for this project:

- *Objectives:* The objectives are listed as defined in Figure 3 and are repeated only in general terms.
- *Measures:* Additional definition is sometimes needed beyond the specific objectives. The measures used to gauge progress on the objective are defined.
- *Methods:* This column indicates the specific method used for collecting data at different levels. In this case, action plans and questionnaires are the primary methods.
- *Sources:* For each data group, sources are identified. For coaches, sources are usually limited to the executive, coach, or manager of the executive, and the individual/team reporting to the executive. Although the actual data provided by executives will usually come from the records of the organization, the executive will include the data in the action plan document. Thus, the executive becomes a source of the data to NHLO.
- *Timing:* The timing refers to the time for collecting specific data items from the beginning of the coaching engagement.
- *Responsibility:* The responsibility refers to the individual(s) who will actually collect the data.

Figure 4. Data Integration Plan for Evaluating the Program

Data Category	Executive Questionnaire	Senior Executive Questionnaire	Action Plan	Company Records
Reaction	X			
Learning	X	X		
Application	X	X	X	
Impact			X	X
Costs				X

Figure 6 shows the completed plan for data analysis. This document addresses the key issues needed for a credible analysis of the data and includes the following:

1. *Data items:* The plan shows the business measures that will be collected from the five priority areas.
2. *Isolating the effects of coaching:* The method of isolating the effects of coaching on the data is estimation, where the executives actually allocate the proportion of the improvement to the coaching process (more on the consequences of this later). Although there are more credible methods, such as control groups and trend-line analysis, they are not appropriate for this situation. Although the estimates are subjective, they are developed by those individuals who should know them best (the executives), and the results are adjusted for the error of the estimate.
3. *Converting data to monetary values:* Data is converted using a variety of methods. For most data items, standard values are available. When standard values are not available, the input of an in-house expert is pursued. This expert is typically an individual who collects, assimilates, and reports the data. If neither of these approaches is feasible, the executive estimates the value.
4. *Cost categories:* The standard cost categories included are the typical costs for a coaching assignment.
5. *Communication targets:* Several audiences are included for coaching results, representing the key stakeholder groups: the executive, the executive's immediate manager, the sponsor of the program, and the participants.

Figure 5. Completed Data Collection Plan

Program: Coaching for Business Impact **Responsibility:** ____________ **Date:** ____________

Level	Objective(s)	Measures/Data	Data Collection Method	Data Sources	Timing	Responsibilities
1	**Reaction/Satisfaction** • Relevance to job • Importance to job success • Value add • Coach's effectiveness • Recommendation to others	• 4 out of 5 on a 1 to 5 rating scale	• Questionnaire	• Executives	• Six months after engagement	• NHLO Staff
2	**Learning** • Uncovering strengths/ weaknesses • Translating feedback into action • Involving team members • Communicating effectively • Collaborating with colleagues • Improving personal effectiveness • Enhancing leadership skills	• 4 out of 5 on a 1 to 5 rating scale	• Questionnaire	• Executives • Coach	• Six months after engagement	• NHLO Staff
3	**Application/Implementation** • Complete and adjust action plan • Identify barriers and enablers • Show improvements in skills	• Checklist for action plan • 4 out of 5 on a 1 to 5 rating scale	• Action Plan • Questionnaire	• Executives • Coach	• Six months after engagement	• NHLO Staff
4	**Business Impact (3 of 5)** • Sales growth • Productivity/efficiency • Direct cost reduction • Retention of key staff members • Customer satisfaction	• Monthly revenue • Varies with location • Direct monetary savings • Voluntary turnover • Customer satisfaction index	• Action Plan	• Executives	• Six months after engagement	• NHLO Staff
5	**ROI** • 25 percent	**Comments:** *Executives are committed to providing data. They fully understand all the data collection issues prior to engaging into the coaching assignment.*				

Figure 6. The ROI Analysis Plan for Coaching for Business Impact

Data Items (Usually Level 4)	Methods for Isolating the Effects of the Program	Methods of Converting Data to Monetary Values	Cost Categories	Intangible Benefits	Communication Targets for Final Report	Other Influences/ Issues During Application	Comments
• Sales growth	Estimates from executives (Method is the same for all data items)	• Standard Value • Expert input • Executive estimate (Method is the same for all data items)	• Needs assessment • Coaching fees • Travel costs • Executive time • Administrative support • Administrative overhead • Communication expenses • Facilities • Evaluation	• Increased commitment • Reduced stress • Increased job satisfaction • Improved customer service • Enhanced recruiting image • Improved teamwork • Improved communication	• Executives • Senior executives • Sponsors • NHLO staff • Learning & Development Council • Prospective participants for CBI	A variety of other initiatives will influence the impact measure including our Six Sigma process, service excellence program, and our efforts to become a great place towork.	It is extremely important to secure commitment from executives to provide accurate data in a timely manner.
• Productivity/ operational efficiency							
• Direct cost reduction							
• Retention of key staff members							
• Customer satisfaction							

EVALUATION RESULTS

The careful data collection planning allowed the coaching program to be evaluated at all five levels.

Reaction Data

Reaction to the coaching program exceeded expectations of the NHLO staff. Comments received for Level 1 evaluation included these:

- "This program was very timely and practical."
- "My coach was very professional."

On a scale of 1 to 5 (1 = unacceptable and 5 = exceptional), the average rating of five items was 4.1, exceeding the objective of 4.0. Table 1 shows the items listed.

Learning Data

As with any process, the executives indicated enhancement of skills and knowledge in certain areas:

- "I gained much insight into my problems with my team."
- "This is exactly what I needed to get on track. My coach pointed out things I hadn't thought of and we came up with some terrific actions."

Table 1. Executive Reaction to Coaching

Level 1 Evaluation	Rating*
Relevance of Coaching	4.6
Importance of Coaching	4.1
Value of Coaching	3.9
Effectiveness of Coach	3.9
Recommendation to Others	4.2

*Scale 1-5, where: 1 = Unacceptable 5 = Exceptional

Table 2 shows seven items with inputs from both the executives and their coaches. For this level, it was considered appropriate to collect the data from both groups, indicating the degree of improvement. The most accurate, and probably most credible, is the input directly from the executive. The coach may not be fully aware of the extent of learning.

Table 2. Learning from Coaching

Measures	Executive Rating*	Coach Rating*
Understanding strengths and weaknesses	3.9	4.2
Translating feedback into action plans	3.7	3.9
Involving team members in projects and goals	4.2	3.7
Communicating effectively	4.1	4.2
Collaborating with colleagues	4.0	4.1
Improving personal effectiveness	4.1	4.4
Enhancing leadership skills	4.2	4.3

*Program value scale 1 to 5.

Application Data

For coaching to be successful, the executive had to implement the items on the action plans. The most important measure of application was the completion of the action plan steps. Eighty-three percent of the executives reported completion of all three plans. Another 11 percent completed one or two action plans.

Also, executives and the coach provided input on questions about changes in behavior from the use of skills. Here are some comments they offered on the questionnaires:

- "It was so helpful to get a fresh, unique point of view of my action plan. The coaching experience opened my eyes to significant things I was missing."
- "After spending a great deal of time trying to get my coach to understand my dilemma, I felt that more effort went into to this than I expected."
- "We got stuck in a rut on one issue and I couldn't get out. My coach was somewhat distracted and I never felt we were on the same page."

The response rates for questionnaires were 92 percent and 80 percent for executives and coaches, respectively. Table 3 shows a listing of the skills and the rating, using a scale of 1 to 5 where 1 was "no change in the skill" and 5 was "exceptional increase."

Table 3. Application of Coaching

Measures	Executive Rating*	Coach Rating*
Translating feedback into action plans	4.2	3.9
Involving team members in projects and goals	4.1	4.2
Communicating more effectively with the team	4.3	4.1
Collaborating more with the group and others	4.2	4.2
Applying effective leadership skills	4.1	3.9

*Program value scale 1 to 5, where: 1 = No change in skills 5 = Exceptional increase

Barriers and Enablers

With any process, there are barriers and enablers to success. The executives were asked to indicate the specific barriers (obstacles) to the use of what was learned in the coaching sessions. Overall, the barriers were weak, almost nonexistent. Also, they were asked to indicate what supported (enablers) the process. The enablers were very strong. Table 4 shows a list of the barriers and enablers.

Table 4. Barriers and Enablers of the Coaching Process

Barriers	Enablers
• Not enough time	• Coach
• Not relevant	• Action plan
• Not effective when using the skill	• Structure of CBI
• Manager didn’t support it	• Support of management

Impact Data

Specific business impact measures varied with the individual but, for the most part, were in the categories representing the five priority areas. Table 5 shows the listing of the actual data reported in the action plans for the first measure only. The table identifies the executive and the areaof improvement, the monetary value, the basis of the improvement, the method of converting the monetary value, the contribution from coaching, the confidence estimate of the contribution, and the adjusted value. Since there are three measures, a total of all three tables are developed. The total for the three is $1,861,158.

Figure 7 shows a completed action plan from one participant, Caroline Dobson (executive number 11). In this example, Caroline reduced annual turnover to 17 percent from 28 percent – an improvement of 11 percent. This represented four turnovers on an annual basis. Using a standard value of 1.3 times base salaries for the cost of one turnover and adding the total base salaries yields a total cost savings of $215,000.

Table 5. Business Impact from Coaching

Exec Number	Measurement Area	Total Annual Value	Basis	Method for Converting Data	Contribution Factor	Confidence Estimate	Adjusted Value
1	Revenue growth	$ 11,500	Profit margin	Standard value	33%	70%	$ 2,656
2	Retention	175,000	3 turnovers	Standard value	40%	70%	49,000
3	Retention	190,000	2 turnovers	Standard value	60%	80%	91,200
4	Direct cost savings	75,000	From cost statements	Participant estimate	100%	100%	75,000
5	Direct cost savings	21,000	Contract services	Standard value	75%	70%	11,025
6	Direct cost savings	65,000	Staffing costs	Standard value	70%	60%	27,300
7	Retention	150,000	2 turnovers	Standard value	50%	50%	37,500
8	Cost savings	70,000	Security	Standard value	60%	90%	37,800
9	Direct cost savings	9,443	Supply costs	N/A	70%	90%	5,949
10	Efficiency	39,000	Information technology costs	Participant estimate	70%	80%	21,840
11	Retention	215,000	4 turnovers	Standard value	75%	90%	145,125
12	Productivity	13,590	Overtime	Standard value	75%	80%	8,154
13	Retention	73,000	1 turnover	Standard value	50%	80%	29,200
14	Retention	120,000	2 annual turnovers	Standard value	60%	75%	54,000
15	Retention	182,000	4 turnovers	Standard value	40%	85%	61,880
16	Cost savings	25,900	Travel	Standard value	30%	90%	6,993
17	Cost savings	12,320	Administrative support	Standard value	75%	90%	8,316
18	Direct cost savings	18,950	Labor savings	Participant estimate	55%	60%	6,253
19	Revenue growth	103,100	Profit margin	Participant estimate	75%	90%	69,592
20	Revenue	19,500	Profit	Standard value	85%	75%	12,431
21	Revenue	21,230	Profit %	Standard value	80%	70%	18,889
22	Revenue growth	105,780	Profit margin	Standard value	70%	50%	37,023
	TOTAL	**$1,716,313**				**TOTAL**	**$817,126**
						2nd Measure Total	**$649,320**
						3rd Measure Total	**$394,712**
						TOTAL Benefits	**$1,861,158**

Figure 7. An Example of an Executive's Completed Action Plan

Name: Caroline Dobson | Coach: Pamela Mills | Follow-Up Date: 1 September

Objective: Improve retention for staff | Evaluation Period: January to July

Improvement Measure: Voluntary turnover | Current Performance: 28% Annual | Target Performance: 15% Annual

Action Steps		Analysis
1. *Meet with team to discuss reasons for turnover – using problem-solving skills.*	*31 Jan*	A. What is the unit of measure? *One voluntary turnover*
2. *Review exit interview data with HR – look for trends and patterns.*	*15 Feb*	B. What is the value (cost) of one unit? *Salary x 1.3*
3. *Counsel with "at-risk" employees to correct problems and explore opportunities for improvement.*	*1 Mar*	C. How did you arrive at this value? *Standard Value*
4. *Develop individual development plan for high-potential employees.*	*5 Mar*	D. How much did the measure change during the evaluation period? *11% (annual %) (4 turnovers annually)*
5. *Provide recognition to employees with long tenure.*	*Routinely*	E. What other factors could have contributed to this improvement? *Growth opportunities, changes in job market*
6. *Schedule appreciation dinner for entire team.*	*31 May*	
7. *Encourage team leaders to delegate more responsibilities.*	*31 May*	F. What percent of this change was actually caused by this program? *75%*
8. *Follow-up with each discussion and discuss improvement*		
9. *or lack of improvement and plan other action.*	*Routinely*	
10. *Monitor improvement and provide recognition when appropriate.*	*11 May*	G. What level of confidence do you place on the above information? (100% = Certainty and 0% = No Confidence) *90%*
Intangible Benefits: *Less stress on team, greater job satisfaction*		

Comments: *Great Coach – He kept me on track with this issue*

As mentioned earlier, the estimates were used to isolate the benefits of coaching. After the estimates were obtained, the value was adjusted for the confidence of the estimate. Essentially, the executives were asked to list other factors that could have contributed to the improvement and allocate the amount (on a percentage basis) that was directly attributable to coaching. Then, using a scale of 0 percent (no confidence) to 100 percent (total certainty), executives provided the confidence levels for their estimates.

ROI

The costs were fully loaded and included both the direct and indirect costs of coaching. Estimates were used in some cases. Table 6 shows the costs of coaching for all 25 executives in the study.

Table 6. Costs of Coaching Twenty-five Executives

Item	Cost
Needs Assessment/Development	$ 10,000
Coaching Fees	480,000
Travel Costs	53,000
Executive Time	9,200
Administrative Support	14,000
Administrative Overhead	2,000
Telecommunication Expenses	1,500
Facilities (Conference Room)	2,100
Evaluation	8,000
Total	**$ 579,800**

Only a small amount of initial assessment cost was involved, and the development cost was minor, as well, because the coaching firm had developed a similar coaching arrangement previously. The costs for sessions conducted on the phone were estimated, and sometimes a conference room was used instead of the executive offices.

Using the total monetary benefits and total cost of the program, two ROI calculations can be developed. The first is the benefit-cost ratio (BCR), which is the ratio of the monetary benefits divided by the costs:

$$\text{BCR} = \frac{\$1{,}861{,}158}{\$579{,}800} = 3.21{:}1$$

This value suggests that for every dollar invested, $3.21 was generated in benefits. The ROI formula for investments in training, coaching, or any human performance intervention is calculated in the same way as for other types of investments: earnings divided by investment. For this coaching solution, the ROI was calculated thus:

$$\text{ROI (\%)} = \frac{\$1{,}861{,}158 - \$579{,}800}{\$579{,}800} \times 100 = 221\%$$

In other words, for every dollar invested in the coaching program, the invested dollar was returned and another $2.21 was generated. In this case, the ROI exceeded the 25 percent target.

Intangibles

As with any project, there were many intangibles revealed by this analysis. Intangibles were collected on both the follow-up questionnaire and the action plan. Two questions were included on the questionnaire; one involved other benefits from this process and the other asked for comments about the program. Some individuals indicated intangibles when they listed the comments. Also, the action plan contained a place for comments and intangibles. The intangible benefits identified through these data sources included:

- Increased commitment
- Improved teamwork
- Increased job satisfaction
- Improved customer service
- Improved communication

Note that this list includes only measures that were identified as being an intangible benefit by at least four of the 25 executives. In keeping with the conservative nature of the ROI Methodology, it was decided that intangibles identified by only a couple of executives would be considered extreme data items and not credible enough to list as an actual benefit of the program.

Credibility of the ROI Analysis

The critical issue in this study is the credibility of the data. The data were perceived to be very credible by the executives, their immediate managers, and the coaches. Credibility rests on eight major issues:

1. The information for the analysis was provided directly by the executives. They had no reason to be biased in their input.
2. The data was taken directly from the records and could be audited.
3. The data collection process was conservative, with the assumption that an unresponsive individual had realized no improvement. This concept—no data, no improvement—is ultraconservative in regard to data collection. Three executives did not return the completed action plans.
4. The executives did not assign complete credit to this program. Executives isolated only a portion of the data that should be credited directly to this program.
5. The data was adjusted for the potential error of the above estimate.
6. Only the first year’s benefits were used in the analysis. Most of the improvements should result in second and third-year benefits.
7. The costs of the program were fully loaded. All direct and indirect costs were included, including the time away from work for the executives.

8. The data revealed a balanced profile of success. Very favorable reaction, learning, and application data were presented along with business impact, ROI, and intangibles.

Collectively, these issues made a convincing case for the CBI program.

Communication Strategy

To communicate appropriately with the target audiences outlined in the ROI analysis plan, three specific documents were produced. The first report was a detailed impact study showing the approach, assumptions, methodology, and results using all the data categories. In addition, barriers and enablers were included, along with conclusions and recommendations. The second report was an eight-page executive summary of the key points, including a one-page overview of the methodology. The third report was a brief, five-page summary of the process and results. These documents were presented to the different groups according to the plan in Figure 8.

Figure 8. NHLO's Plan for Communicating Evaluation Results

Audience	Document
Executives	Brief summary
Managers of executive (senior executives)	Brief summary
Sponsor	Complete study, executive summary
NHLO staff	Complete study
Learning and development council	Complete study, executive summary
Prospective participants	Brief summary

Because this was the first ROI study conducted in this organization, face-to-face meetings were conducted with the sponsor and other interested senior executives. The purpose was to ensure that executive sponsors had a clear understanding of the methodology, the conservative assumptions, and each level of data. The barriers, enablers, conclusions, and recommendations were an important part of the meeting. In the future, after two or three studies have been conducted, this group will receive only a one-page summary of key data items.

A similar meeting was conducted with the learning and development council. The council consisted of advisors to NHLO—usually middle-level executives and managers. Finally, a face-to-face meeting was held with the NHLO staff at which the complete impact study was described and used as a learning tool.

As a result of this communication, the senior executive decided to make only a few minor adjustments in the program and continued to offer CBI to others on a volunteer basis. They were very pleased with the progress and were delighted to have data connecting coaching to the business impact.

QUESTIONS FOR DISCUSSION

1. How did the decision to conduct an ROI study influence the design of the coaching program?
2. Critique the evaluation design and method of data collection.

3. Discuss the importance of getting participants committed to provide quality data.
4. What other strategies for isolating the impact of the coaching program could have been employed here?
5. Discuss the importance of credibility of data in an ROI study.
6. How can the outcomes of coaching be linked to your organization's business objectives?

About the Author

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Jack is a world-renowned expert on accountability, measurement, and evaluation. He provides consulting services for Fortune 500 companies and major global organizations. The author or editor of more than 100 books, he conducts workshops and presents at conferences throughout the world. Jack's expertise in measurement and evaluation is based on more than 27 years of corporate experience in the aerospace, textile, metals, construction materials, and banking industries. Jack regularly consults with clients in manufacturing, service, and government organizations in 70 countries in North and South America, Europe, Africa, Australia, and Asia.

About ROI Institute, Inc.®

ROI Institute, Inc., founded in 1992 as a service-driven organization, assists professionals in improving programs and processes using the ROI Methodology® developed by Dr. Jack J. Phillips and Dr. Patti P. Phillips. This Methodology is the global leader in measurement and evaluation including the use of return on investment (ROI) in non-traditional applications. ROI Institute regularly offers workshops, provides consulting services, publishes books and case studies, and conducts research on the use of measurement and ROI. This makes ROI Institute the leading source of content, tools, and services in measurement, evaluation, and analytics. Working with more than one hundred ROI consultants, ROI Institute applies the ROI Methodology in 20 fields in over 70 countries. ROI Institute authors have written or edited over 100 books, translated into 38 languages. Organizations build internal capability with the help of ROI Institute and its ROI Certification process. By successfully completing this process, individuals are awarded the Certified ROI Professional® (CRP) designation, which is respected by executives in organizations worldwide.