

The ROI of Coaching — A Holistic View



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THE RETURN ON COACHING INVESTMENT


Introduction

Coaching is becoming an institution in organizations. Businesses face a multitude of challenges, from large-scale transformations to attracting, developing and engaging their workforce, to ensuring the overall wellbeing of their employees. Increasingly, coaching is recognized as a powerful development tool that addresses both, specific individual learning needs and strategic, organizational transformations. With the evolution of coaching, from being a performance management device to being a tool for the development of integrative coaching cultures across organizations, it is set to only increase in importance from here on out. And with the digitalization of coaching, it has become more accessible to the wider workforce. Coaching is no longer an elite offer, serving only as executive coaching, but is becoming democratized.

With coaching's rising importance, it is indispensable to understand how both the quality of coaching and the outcomes of coaching can be evaluated and ensured. How can we know that coaching worked and measure the coaching outcomes on our workforce and organization?



What do we know about the ROI and impact of coaching?



The ROI of coaching has been on the minds of business leaders and researchers alike, for a long time. There have been a plethora of approaches to estimating ROI, ranging from 'guesstimates' to attribution modeling with perceived and observed coaching outcomes as well as coaching's direct and indirect costs. The results of the ROI of coaching have ranged from 37% to 570% or even 689%. Although the upper end of those estimates seems rather exaggerated, renowned coaching researcher, Prof. Dr. Carsten Schermuly, has pointed out: even at the lowest estimate of 37% ROI, coaching would be well worth its investment.


A positive impact on the individual

The impact on the individual is the most well researched area. It has been confirmed that coaching has a positive impact on affective outcomes, these are changes of the individual on the attitudinal and motivational level for topics such as self-awareness, self-efficacy, reduced stress, increased job satisfaction, wellbeing and general attitudes. Furthermore, coaching supports cognitive outcomes, which refer to the acquisition of new conceptual, procedural or declarative knowledge and cognitive strategies. This kind of knowledge is acquired through self-directed learning and problem solving which are both supported throughout the coaching and its goal-directed process. Coaching therefore enhances self-regulation, self-management, encourages new perspectives, problem-solving skills and methodical skills.

As coaching is a process directly applicable to work-based contexts, individuals engage in development exercises which result in the growth of work-based skills, such as communication, leadership and other work-related skills. And in fact, coaching has the strongest positive impact on setting and reaching your goals which positively impacts the individual's performance in their organization.



A positive impact on the team and the organization

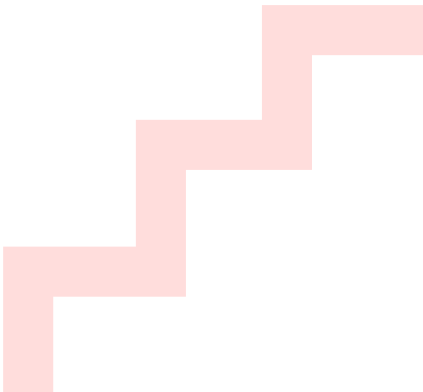


Research indicates that coaching does not only positively impact the individual as outlined above, but it is also positive for the people around the individual being coached (O'Connor & Cavanagh, 2013). This makes intuitive sense as individuals who have heightened self-awareness and work on improving their behaviors would be better team players. And there is in fact also research that shows the positive dissemination of coaching: O'Connor and Cavanagh (2013) have found that close colleagues of individuals who are being coached have seen an increase in their wellbeing. They have termed this the coaching "ripple effect": the positive outcomes of coaching ripple beyond the coached individual.

Furthermore, the outcomes of coaching on an organizational level are assessed in ways of performance and wider impact on the organization. In their meta-analytic findings, Jones and colleagues (2016) found that coaching has the strongest, positive impact for individual level results which refers to individual performance. That of course, serves as a key indicator of coaching success for organizations. To date, the field of coaching still warrants more research on cognitive, team- and organizational-level outcomes but there are some great scientifically validated insights already to confirm coaching's positive impact on teams and organizations as a whole.

Thus we know that coaching does not only serve individuals to reflect their attitudes, enhance their learning and facilitate behavior change, but it also positively impacts the wider team and organization.

HOW CAN WE MEASURE THE IMPACT OF COACHING?



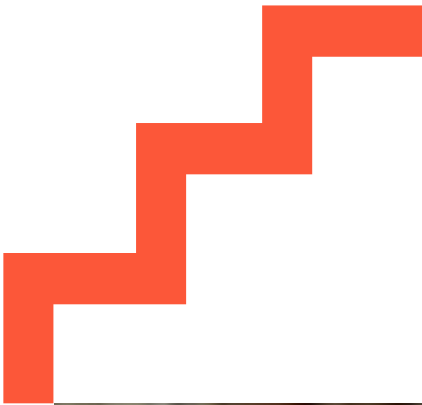
As the importance of HR within the business is ever increasing, the need to make HR's business impact more visible, is more important than ever. Training especially, has had major shortcomings in terms of evaluation and business relevant measures such as transfer of learning. This is most strongly showcased by Ebbinghaus's forgetting curve that states that we forget 75% of learning within six days if we don't use it. And coaching evaluation in the past has seen similar challenges. We often hear our partners describe prior experiences of coaching as a black box: after matching coach and coachee, usually through intensive manual efforts, there is little to no reporting back on progress or outcomes.

And this is somewhat comprehensible. Coaching is a highly individualized learning intervention, where the coaching process supports the development of the individual's awareness, attitudes, mindsets and behaviors. This is a very powerful, but also personal process and for this

reason the coaching relationship must adhere to confidentiality principles. This of course, makes it difficult to measure coaching outcomes in depth.

Scientifically speaking, there have been similar measurement challenges: coaching outcomes, such as affective and cognitive changes are internal and difficult to see. Thus coaching relies heavily on self-measurements and while these still give us valuable insights, measurement is always better from a multitude of sources. Furthermore, coaching is relatively heterogeneous in its approaches and there are, of course, many factors influencing our people at work next to a coaching program. This makes the causal relationship between coaching and positive outcomes difficult to measure. In addition, longitudinal outcome research is still scarce but very important, as coaching aims to facilitate long term behavior changes. For these reasons, changes are often not attributable to coaching measures in direct terms.

Considering all of the above, we need to go beyond an ROI of coaching as a number. When we talk about the return on coaching investment we need to take a holistic approach.



A HOLISTIC APPROACH

Our CoachHub evaluation strives to meet three key concerns.



1. Science

We ensure that the coaching evaluation meets the highest scientific standards and we are rigorous in our measurements. As part of this we base our evaluation on scientifically validated measures. And even more important, we leverage a process evaluation approach. This takes into account that there are the aforementioned challenges of effectively measuring a coaching program and most importantly considers the context of your organization and coaching program.



2. Alignment

While coaching has a core set of outcomes, as discussed above, you can leverage it for a multitude of use cases (see the end of this whitepaper for an overview). Thus, wellbeing may be your key objective, or you may focus on leadership skills and often there are several desired outcomes of a coaching program. We focus on a close alignment with you to understand your business needs and develop the most insightful evaluation approach that fits your program goals.



3. Usability

Once we have realized the evaluation rigor and alignment with your needs, we also recognize the usability element. We want to make the evaluation user-friendly for the individual, to ensure a seamless integration with your workforce's coaching journey. It is key for the evaluation to add value to the coaching participants, so that the evaluation process becomes an integrated part of the coaching journey. We recognize this as a key design factor in our evaluation process design.

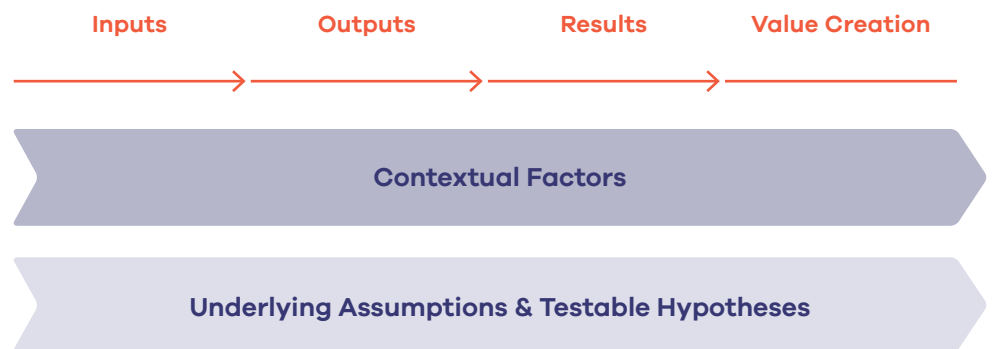


And at the heart of it all, is our digital coaching product, serving as the backbone for the coaching evaluation.

We need to go beyond quantitative data to capture the full value of coaching and take a holistic evaluation approach. At this point in time, a single number can hardly capture the value of coaching.

We therefore recommend to take a holistic evaluation approach to coaching impact to measure its true ROI through the Coaching Value Chain (adapted from Hawkins & Turner, 2019):

The Coaching Value Chain



Steps of the Coaching Value Chain

We will now go through the CoachHub coaching value chain in detail. The process is not entirely linear but this model can help us evaluate each step in depth.

Inputs

In terms of input we have the coach and the client, your HR expertise, the coaching intervention once the program launched, the contracting and optionally you may want to evaluate the coaching readiness and motivation as these are two key predictors of coaching success.

Outputs

When it comes to outputs, we look at at the three levels of the well known Kirkpatrick evaluation model in terms of the reactions, learnings and behaviors.

For reactions we want to look at the coachee satisfaction, we may also want to know that the relationship between coach and coachee is working as we know this is another key predictor of coaching success. As for learnings, we identify what are the learning needs for the program - these may be affective, cognitive and skill-based learnings (Jones et al. 2016).

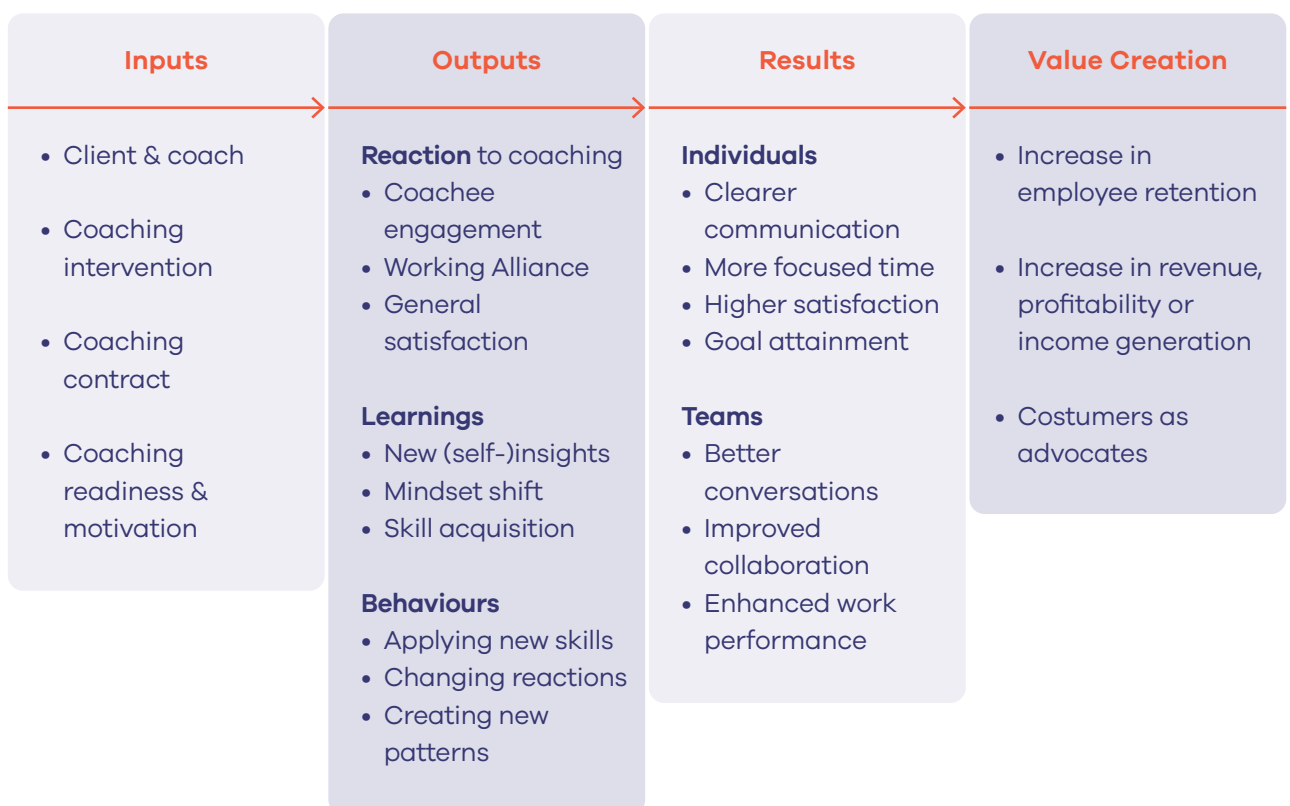
Finally, behavior changes are the application of learnings. We may want to explore if new skills were applied, and if coachees behaved differently than before.

Results

In terms of results, we want to know what is the impact of our outputs - what are the consequences of these learnings and new behaviors? We can look at both the individual and the team level. Individual outcomes may be that they have managed to lead better conversations, have become more productive, attained their goals and are more satisfied. On a team level, these individual results may ripple throughout the team and create better communication and collaboration.

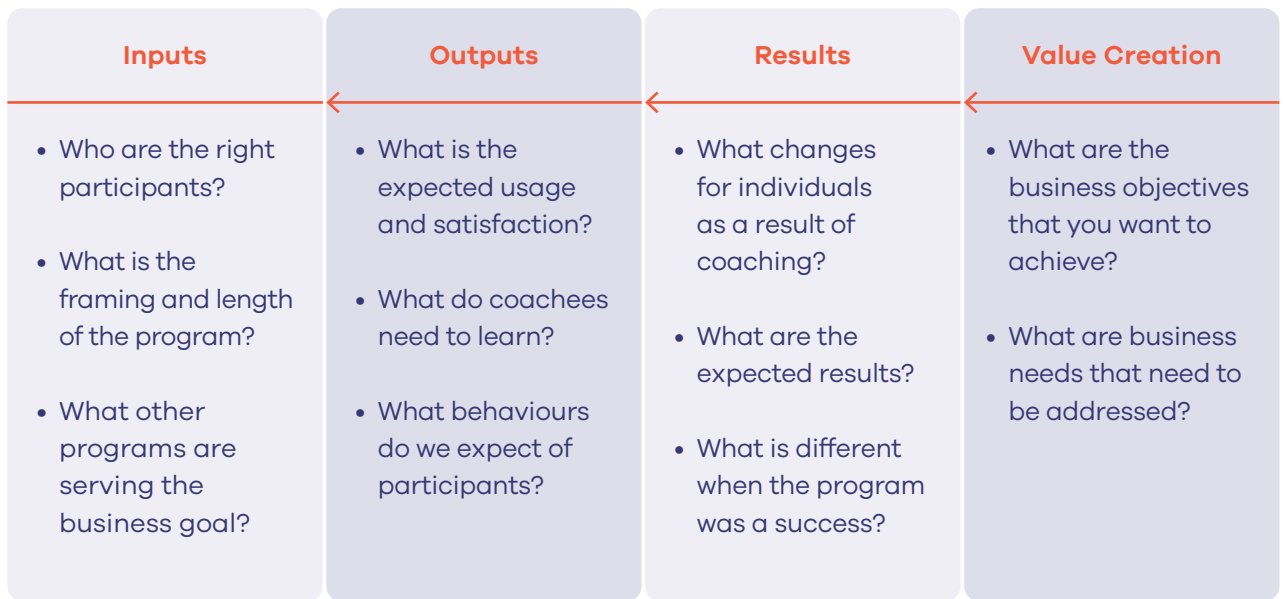
Value Creation

Lastly, on the value creation level we look at what all of these first three steps mean for the business i.e. what is the value created from the coaching program, such as higher retention, new or more positive ways of working with customers, increase in revenue and profitability or other



Start with the end in mind

Starting with the end in mind is key when leveraging this holistic evaluation approach. Business goals or challenges need to be clearly identified to outline the value creation that is expected from coaching - from here results can be identified. From the results, outputs are identified and these will influence the inputs to the coaching program, such as who are the right participants and how the program should be framed.



Integrating the context

The context of the organization may influence the value creation of a coaching program and what needs to be considered throughout in terms of quality assurance, support of the participants and evaluation. Context needs to be explored on the individual, team and organizational level to understand personal motivation and coaching readiness, team structures and climate, as well as general organizational climate around the perception of coaching. From this context assumptions need to be surfaced and documented to capture your understanding of context and most importantly, your audience.

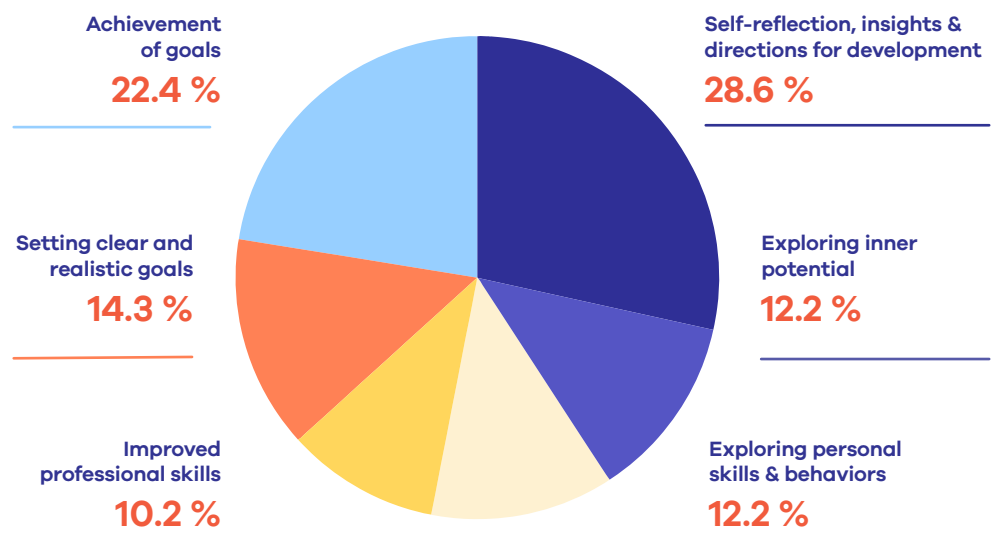
Building on this and beyond, it is helpful to work with hypotheses of what the coaching program will impact. These hypotheses should be built based on your coaching value chain insights and informed by assumptions. They are both, here to help you pre-emptively understand what will and won't work, how you can test that, as well as help identify what you specifically want to measure as outputs and results.

Our digital platform evaluation

Insights across the Coaching Value Chain



The digital coaching component makes the holistic coaching evaluation much easier than before. With our platform we can support quantitative and qualitative measurement of outputs and results to support the holistic evaluation approach. With conservative measures, 79% of coachees successfully integrated new behaviors at work. At the learning level, 91% of the participants gained new perspectives, 86% identified strengths and weaknesses and 80% in fact learned new competencies that would support them and the business. Overall, 96% of coachees are favorable towards the coaching experience. And finally, 91% of coachees agreed that coaching helped them in achieving their goals, echoing the findings from research within CoachHub's coaching programs. From a qualitative, in depth perspective, our coachees tell us that the following topics are most supported by their coaching program:



From a business perspective, our partners have many different needs for which they leverage coaching. We can support your strategies in the following areas of development for your organization and its workforce:

Business transformation & agile workforces

84% of transformations fail due to people reasons (McKinsey, 2019). New values, ways of working and ways of thinking are activated by ongoing reflection and development through individual coaching, which are needed in the (digital/agile) transformation. Most agile transformations fail due to poor people management skills, different management styles and middle management (USC, 2020). CoachHub can complement the mix of agile coaches and workshops and can create sub pools of experienced transformation coaches.

85%

of managers who have received coaching outperform their peers in soft skills such as agility and resilience. (CoachHub, 2020)

70%

of coachees report the coaching improved their work-life balance. (CoachHub, 2020)

256%

Return on Investment (ROI) for companies who invest in developing soft skills such as resilience and agility. (Adhvaryu et al, 2017)



Wellbeing and self actualization

Wellbeing has risen in the importance of organizations' agendas, now more than ever.

Coaching helps your employees gain self-confidence, to have an attentive ear to confide in and to reflect on situations that are not always possible to analyse with the manager afterwards. Most importantly, coaching offers your teams a space to explore their strengths and values to ensure resilience and wellbeing in the long run.

Management are under pressure to respond to conflicting demands and attending to every team member's needs could quickly exhaust the capacity of managers. Coaching is a powerful tool to help provide management the support they need, in particular to remain resilient and agile.



91%

of coachees increase their sense of purpose after digital coaching. (CoachHub, 2020)



80%

of coachees decrease their stress by an average of 18% (CoachHub, 2020)



250%

average return on investment for companies who invest in employee wellbeing. (Consumer Financial Protection Bureau)



65%

lower employee turnover and 21% higher productivity for companies who invest in employee wellbeing. (Workplace Wellness Trends, 2017)

Diversity, inclusion and belonging

Creating diverse and inclusive workforces involves helping coachees increase the reflective space that helps them become more self-reflective and aware of unconscious biases. Being cognisant empowers employees to comprehend the negative feelings associated with exclusion, while also providing the psychological room to process and understand today's hypercomplex business and societal landscape. Coaching is the way to achieve long lasting behavioral change for inclusive behaviors.



91%

of coachees increased their self reflection and awareness. (CoachHub, 2020)



79%

of coachees see behavioral change after 6 months of coaching. (CoachHub, 2020)



56%

increase in job performance for employees with a strong sense of belonging. (Deloitte, 2020)



167%

increase in employee promoter score, for organizations who create a sense of belonging. (HBR, 2019)

Leadership development and the new ways of work

Young managers and high potentials are actively in demand to advance and transform their organizations from within. Furthermore, new leadership styles focusing on soft skills are required for the new ways of work. CoachHub offers on-demand, location-independent digital coaching supported by e-learning to meet the demands of today's workforce.

77%

of top managers report soft skills as biggest weakness despite training. (Accenture, 2019)

85%

of top managers who receive coaching perform better than their peers in soft skills. (Ashridge Executive Education, 2019)

80%

of coachees agree they have gained competencies useful for their profession. (CoachHub, 2020)

27%

increase in profits for companies who develop soft skills. (Thinking Integral, 2014)



Talent development

Many of our clients integrate CoachHub as a crucial part of their development programmes to offer their key talent the possibility to accelerate their development. To ensure the sustainability and transfer of learning, CoachHub is also offered as a follow-up to traditional learning programmes to support the integration into their daily working lives once coachees have left the classroom.

83%

of coachees have learned and grown significantly through the coaching. (CoachHub, 2020)

80%

of coachees have learned new competencies useful for their profession. (CoachHub, 2020)

95%

of CoachHub clients would use their education budget to continue using CoachHub. (CoachHub, 2020)

24%

higher profit margin for companies who invest in talent development. (Gutierrez, 2020)

Performance and engagement

Companies that can foster a growth mindset, (use stretch assignments, and openly discuss mistakes to support learning) and embrace the digital transformation of learning and development, significantly increase their performance and are three times more profitable.

70%

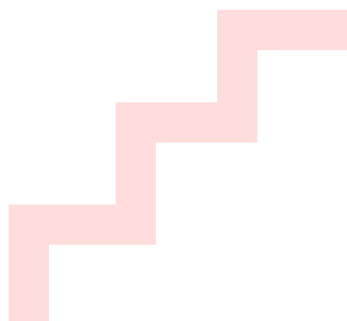
of coachees report improved work performance. (CoachHub, 2020)

91%

of coachees report goal attainment through CoachHub (compared to classroom training where only 15% of employees report an increase in performance and attainment). (CoachHub, 2020)

40%

lower turnover for companies with highly engaged workforces. (CoachHub, 2020)



Employee experience and retention

Coaching is an agile, person-centered, goal-oriented employee development method that fits and adapts to the new world of work and employee experience. Career development and flexible working are increasingly cited as the two most valued benefits an organization can offer. Individual and personalized digital coaching addresses both of these demands and will have a significant impact on your retention rates.

96%

of CoachHub users are engaged (compared to only 30% engagement with current e-learning platforms, Redthread, 2017). (CoachHub, 2020)

87%

of CoachHub users agree that the flexibility in time and location provided an individual added value. (CoachHub, 2020)

21%

higher profitability for companies who invest in employee experience. (Accenture, 2019)

51%

increase in employee retention for companies who invest in employee experience. (Harvard Business Review, 2020)



ROI OF COACHING — A HOLISTIC EVALUATION

The holistic coaching evaluation can give you a chance to capture all the nuances as well as the numerical impact of the coaching program. This is important as coaching works with humans - we are not easily compressed into a single number.

“Our people are at heart of everything we do here at Virgin Money and their development is critical to us achieving our strategy to Disrupt the Status Quo. CoachHub offers a superb end to end digital coaching solution with very high quality coaches. Our partnership and CoachHubs customer-centric approach is fantastic.”

Alasdair Macquarri
Senior Development Consultant at Virgin Money



“The algorithm of the platform is the crucial element. Its primary role is to connect the client with the right coach. The success of coaching depends on the relationship between the coach and the coachee. This match is perfect. Since I started on the platform, the matching with my clients has always been perfect for both of us!”

Kaveh Mir
CoachHub Coach & Director of Professional Coaches
Global Board at ICF



WHY COACHHUB?



Global coaching pool of the highest standard

At the core of our product lies our coaches. We have a global pool of 2,500+ certified coaches, of 50 different languages, across 6 different continents, making us the most international provider on the market. Our coaches are rigorously vetted and consistently monitored to ensure the highest quality for our clients around the world.



Science-based methodology

Behind our product is our Coaching Lab, a think tank that drives behavioral research and development in the coaching space. Our Coaching Lab consists of world leading professors, psychologists, coaches, researchers and learning experts. It provides a repository of expert insights and tools to support the development of coaches.



Backed by global experts

Our industry advisory board consists of global HR experts and transformation specialists from leading brands including Santander, P&G and Heinken, Deloitte and McKinsey.



Strategic partnerships

We have established partnerships with world leading coaching associations, including ICF, Association for Coaching and EMCC, and have established academic and content partnerships including Harvard Business Publishing, Deloitte and The Henley Business School.

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About CoachHub

CoachHub is a leading global talent development platform that enables organizations to create a personalized, measurable and scalable coaching program for the entire workforce, regardless of department and seniority level.

By doing so, organizations are able to reap a multitude of benefits, including increased employee engagement, higher levels of productivity, improved job performance and increased retention.

CoachHub's global pool of coaches is comprised of over 2,500+ certified business coaches in 60 countries across six continents with coaching sessions available in over 50 languages.

For more information visit

www.coachhub.io