

Measuring the ROI of Coaching





Coaching has become a much sought-after modality by companies both large and small to address many of the challenges and opportunities facing organizations today. Why?

Organizations are realizing they need to create a better, more attractive, and inclusive work culture if they want to attract and retain top talent. They need to keep an eye out for and groom their leaders of the future. They want to help enable their employees to feel valued, and to become the best versions of themselves, not only for themselves but also for the good of the larger company vision.

All of this requires great leaders. A commitment to great leadership at every level of your organization is the key to unleashing your employees' potential and putting your company in the best position to compete, win, and thrive. And the best way to develop great leaders is through great coaching.



“What we’re finding is, the more technology increases, the more important soft skills are.”

TANYA MOORE, CHIEF PEOPLE OFFICER, M.C. DEAN

As you bring coaching into your organization, stakeholders will inevitably ask tough questions about outcomes, organizational alignment, and ROI.

In this e-book, you will learn:

- 1. How coaching ROI is measured**
- 2. Why you need to start with company goals**
- 3. What impact coaching can have on an organization**
- 4. How to connect individual development needs to organizational goals**

We also share how leadership coaching has been a game-changer at Boston’s Children’s Hospital.

Why is it worth your time? Because we’re experts in this area. A partner of Harvard’s Institute of Coaching (IOC), AceUp provides personalized leadership coaching for employees at all levels of the organization through an intelligent technology platform, providing a solution that is scalable, measurable, and impactful.





1. How is coaching measured?

First, what exactly is ROI? It means “return on investment,” and it’s a way to divide the gains of your investment by investment cost. For example, If you had invested \$100,000 in a coaching program as a company, how do you measure that return? The answer depends on what it is you hope to achieve with coaching. Not every outcome can be measured in dollars and cents.

Organizations really want the value that they believe will be created from deploying coaching. In *“Systemic Coaching: Delivering Value Beyond the Individual”* by Dr. Peter Hawkins and Eve Turner, they present a schematic that points to a comprehensive approach to considering every aspect of ROI in a coaching engagement, as shown below.

Along with value created from coaching, there is also a cost associated with not implementing coaching. This could mean having employees who feel undervalued, who aren’t engaged, and who are more likely to leave a company due to poor leadership or if they feel the organization is unwilling to invest in them.

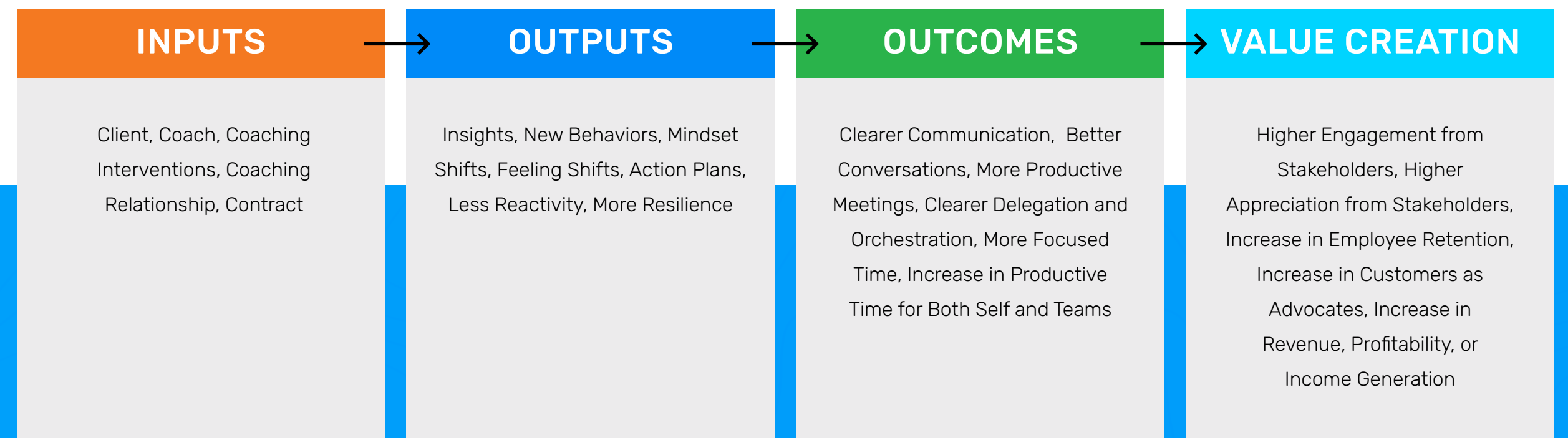
In a recent Institute of Coaching (IOC) webinar, [“How You Should Measure the ROI of Coaching,”](#) several top coaching leaders took a close look at the systemic impact that coaching has on the broader organization, and how this can be traced to stronger business outcomes and bigger bottom lines.



“When you don’t hire a coach when somebody does need coaching, it’s a huge cost to the organization and it’s a massive culture drag, too.”

DR. NADINE GREINER

“I calculated the cost of not hiring a coach to \$311,250. We’re talking about the executive search costs, the costs by the internal recruiting team, scheduling interviews, crafting evaluations, reference checks, the opportunity cost assumed by the C-suite of not having somebody in that seat or having somebody who’s there but absent, and the lost productivity. When you don’t hire a coach when somebody does need coaching, it’s a huge cost to the organization and it’s a massive culture drag, too,” said Dr. Nadine Greiner, author of *“The Art of Executive Coaching”* and *“Stress-Free Leadership.”*





2.

What are your company's goals?

While many companies want to focus on future-focused goals, such as upskilling and development, many others are experiencing issues like employee turnover and retention, employee engagement issues, absenteeism, and lack of inclusion, among others.

While coaching is a great opportunity to address all of these, the type of coaching you need should be a priority. What are the expectations of the coaching experience? What's the desired outcome for your employees and your organization?

"Sometimes companies are just interested in coaching because their employees want it, or as an employee benefit, and that's generally a cookie-cutter approach. Our clients tend to want something better," said James Lopata, VP of Coaching Supervision at AceUp. "They've tried the competition and then they come to us. They want coaching that is linked to employee development, leadership development, preparing their employees to manage people or lead better, or lead with a coaching approach to management."

The more seasoned leadership development professionals and larger enterprise clients understand that measuring the ROI of coaching is very subjective. They know that coaching works and that its outcomes need to be tied to the organization's specific goals, strategy, and culture.

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“When trying to find an ROI, you're focusing on the value - the value to the individual and/or the value to the company. Make sure whatever metrics you choose are metrics that really matter, as opposed to getting lost in some of the noise of the activity of creating ROI itself.”

TANYA MOORE, CHIEF PEOPLE OFFICER, M.C. DEAN

3.

What is the impact of coaching on an organization?

While the ROI of coaching may not always be measurable in financial terms, it can absolutely be measured in other ways.

For an organization, coaching can:

- Empower individuals and encourage them to take responsibility
- Increase employee and staff engagement
- Improve individual performance
- Identify and develop high-potential employees
- Identify both organizational and individual strengths, along with development opportunities
- Motivate and empower individuals to excel
- Demonstrate a company's commitment to employee development

It also has a long-term impact, helping with:

- Succession planning
- Upskilling and reskilling
- Growing people leaders
- Attracting and retaining talent
- Aligning leadership
- Building competencies
- Focusing on DE&I

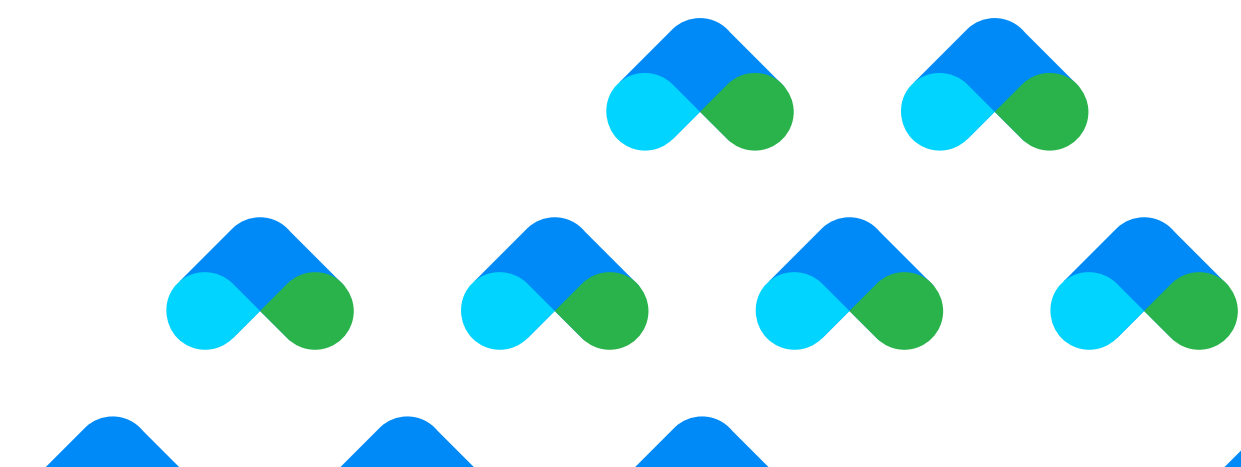
Dr. Greiner points to the findings of author Vicki TenHaken, who did a study on how 100-year-old companies continue to survive. "It was really a very extensive piece of work that she did about 15 years ago, that speaks directly to the 'so what'.

"She found that, really, there were three things:

- One is to protect the culture, but continue to grow it.
- Two, grow competence, which is, basically, leadership competencies.
- The third was to act ahead of the need to change.

"This really speaks to how these companies have not only stayed in business for 100 years but continue to grow and thrive," Greiner said.

If your culture improves and you invest in your employees' development, then your entire organization benefits from it. It will boost employee engagement, increase productivity and collaboration, improve employee retention, and help your people realize the great things of which they're truly capable.





4.

The proof is in the numbers.

Boston Children’s Hospital turned to AceUp for personalized, one-on-one leadership coaching, launching a year-long coaching program. Jim Smith, Department Manager at the time, was looking to reinforce existing management training programs with a focus on leadership and managerial skills.

Smith said he noticed that, as managers progressed through the existing programs, they reached a point where they needed more support and guidance to become more effective leaders. He knew that if they did not address this need, their high-level leaders would plateau and, ultimately, could leave the organization.

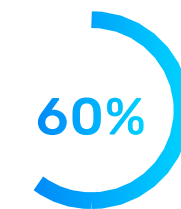


“Our managers were excited about learning new skills in a unique and customized way. The unexpected value for us was around the deeply personal impact this program has had on our managers – the personally meaningful empowerment that people started feeling a few weeks into the program.”

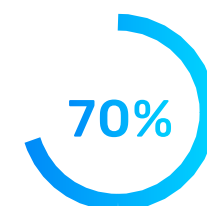
JIM SMITH, DEPARTMENT MANAGER, BOSTON CHILDREN’S HOSPITAL

Participants found success in developing and refining the management skills they need to help their teams succeed collectively and individually. And all reported that they were surprised by how meaningful the coaching experience has been, affording them a rare opportunity to see themselves as others perceive them.

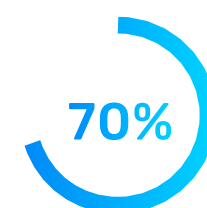
The resulting assessment showed:



60% improvement in maximizing employee engagement, performance, and retention.



70% improvement in employee leadership abilities to inspire, influence, and persuade others.



70% improvement in employees’ abilities to set goals/priorities and manage time effectively.



100% improvement in an employee’s own awareness of their strengths and weaknesses.



5. Individual development needs meet organizational goals

A successful coaching engagement pairs the collective business goals of your organization with the individual development goals of your employees.

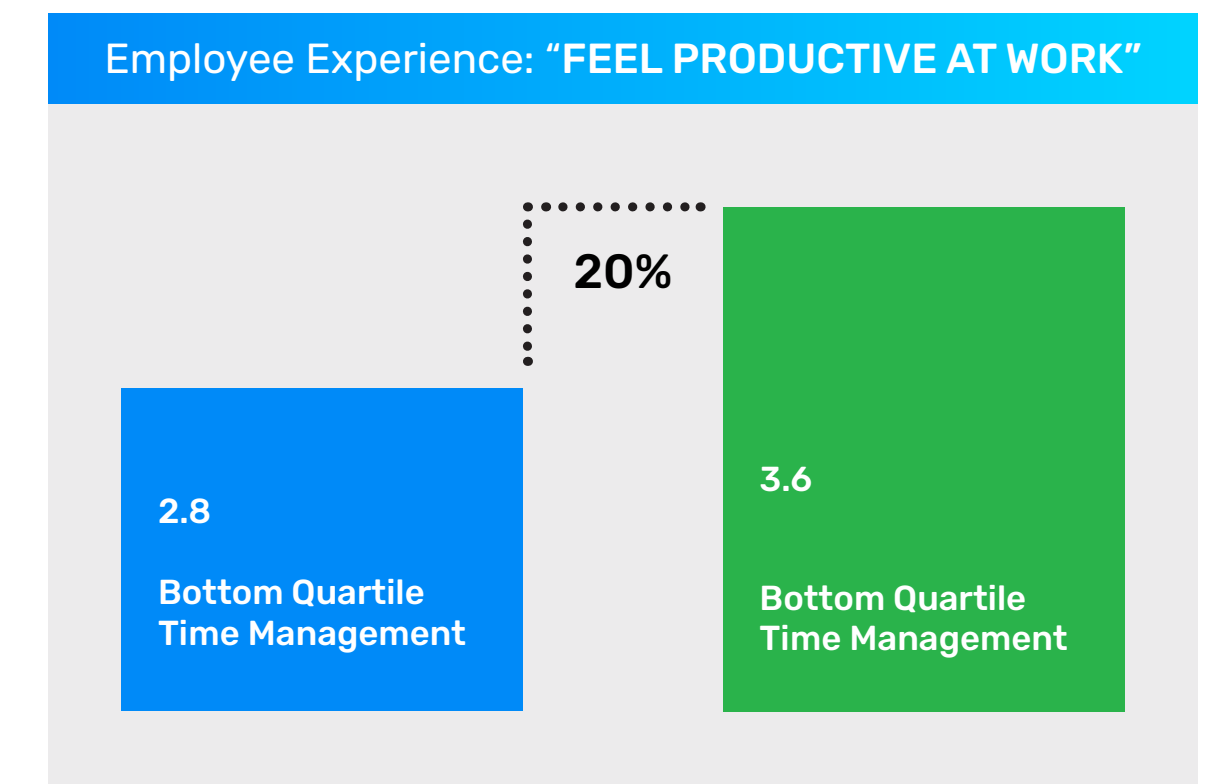
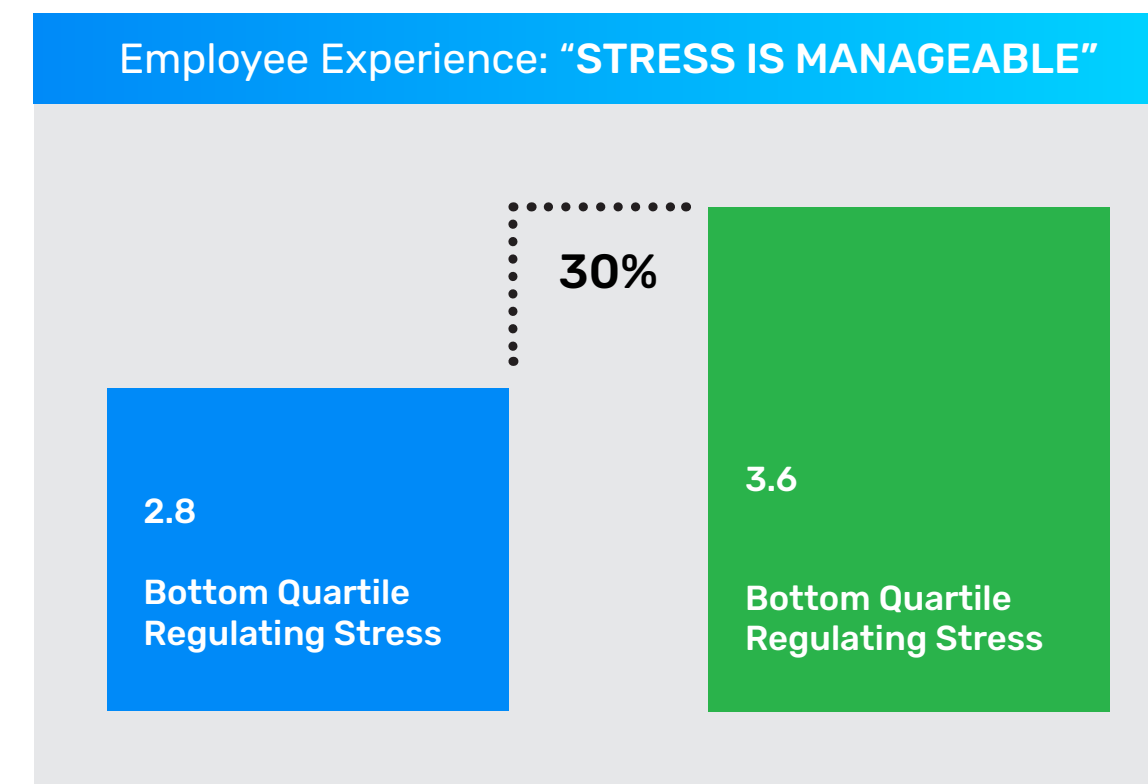
From an organizational perspective, think about what great leadership would enable you to do. Then consider what skills or competencies you need among your talent to get you there. The clearer the big goals are connected to how coaching can achieve them, the better the outcome coaching will create.

Each individual coachee will have their own strengths and areas they want to improve on with their coach. They also have their own perspective on what is needed among leadership in your organization as a whole.

Through regular self-assessments and 360s, we measure coachees' perceptions of how successfully they engage in behaviors related to our industry-validated business and leadership competencies, their performance profile across those competencies, and the progress on the most important strengths and areas for development for the company. We use individual data to provide perspectives on where the group is strong, and where they might need to develop more.

We also measure elements of their employee experience, such as employee engagement and satisfaction, sense of belonging, levels of stress, diversity, professional development, productivity, and performance. Not only does this show how your organizational culture is shifting throughout the coaching engagement, combining this data with employees' competency development can reveal powerful correlations.

For example, we have found that coachees with higher levels of competency mastery have a more positive employee experience when it comes to important areas such as stress management and productivity.



The Takeaway

Just as each individual's development needs are unique, so are your company's development needs. How you define success and thus measure the ROI of your coaching engagement depends on the specific goals your organization has overall, and for your current and future leaders.

No matter what those goals are, a well-thought-out leadership coaching program will help garner impressive ROI, including that of company culture and employee engagement, unlocking a surprising amount of bottom-line benefits for your company and, more importantly, helping you retain your talent.



“It’s not that we’re proving coaching. We’re proving that this change, or what this person has worked on, has led to an impact that’s valuable to the organization.”

LISA EDWARDS, AWARD-WINNING EXECUTIVE COACH AND PARTNER OF BLOOM COACHING INSTITUTE

If you'd like to see the results other companies have had, check out our [case studies](#). For more general knowledge on coaching, we've got some helpful [resources](#). If you want to dive deeper into the science of it all, the [Institute of Coaching](#) can drop some knowledge on you. And if you want to learn how coaching can unleash the full potential of your people, leaders, and teams, [request a demo](#) with us.



AceUp empowers professionals at all levels to maximize their impact through transformational coaching enabled by technology, empowered by science, and backed by data. We combine the power of one-on-one executive coaching, group training, and behavioral technology to foster a culture of coaching within organizations that drives systematic impact.

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