Creating an Organizational Strategy for Coaching

Editor’s Note: The literature review on coaching inside organizations represents a good mirror to assess the state of the discipline, the successes and the continuing challenges. There are a few common themes emerging, the array of opinions is broad and varied. Our focus in this publication is to sort through and synthesize the most relevant new material, as well as share the results of our research from The Hudson Institute of Santa Barbara. So we begin our first issue with the results of an expeditious, yet thoughtful search on the current thinking about coaching inside organizations.

Strengthening your organization through leadership coaching is an inviting, yet developing trend. Sufficient research indicates that coaching inside organizations is a valuable development tool, with many studies citing a positive return on investment. Yet there are also a few articles, including one cited in a recent issue of Harvard Business Review, which serve to alert organizations to remain mindful of the inherent challenges when developing and sustaining an effective coaching initiative for an organization.

Current research also found a significant number of articles written about the “how-to’s” of coaching more than the overall strategy or plan for coaching in the organization. An article in Executive Coaching substantiates these findings. “In reviewing the executive coaching practice-based literature, six themes emerged: (a) definition and standards, (b) purpose, (c) techniques and methodologies used, (d) comparison with counseling and therapy, (e) credentials of coaches and the best way of finding them, (f) recipients of services.”

Drawing from ample material in a search of more than 30 published articles and a general Internet search on the topic of coaching inside organizations and nascent themes in professional journals, academic papers, practitioner newsletters, conference proceedings and popular news magazines, we found a handful of emergent themes:
Coaching doesn't end with self-awareness… strategic coaching should integrate personal development and organizational needs.

Demonstrating Value

Let's begin with one of the most challenging, yet critical themes in coaching -- demonstrating ROI. In interviews with more than 75 executives in Fortune 100 companies and interviews with 15 leading executive coaches, Boston University’s Executive Development Roundtable found that good coaching is results-oriented: Both internal and external coaching is a highly cost effective way to deliver executive career development geared toward specific strategic objectives of an organization.²

The popular “Manchester Report” echoed those results with independent research they engaged in with the guidance of ROI guru, Jack Phillips. Their study included executives from 56 companies and found that the average ROI of an executive enrolled in a coaching engagement was nearly $100,000, or 5.7 times the initial investment of coaching.⁴

Joanne Adams Stroud, senior vice president of Right Management, provides further documentation of a positive ROI in her findings that 7 out of 10 individuals put the value of the ROI at more than $100,000. “Ninety-three percent of executives who have undergone coaching would recommend it to others with benefits ranging from improved interpersonal skills and cultural sensitivity to a personal development plan and manager effectiveness.”⁵

The skepticism, which keeps us mindful of unanswered questions, was best summed up in an article, recently published in Harvard Business Review. Aptly depicting the dilemma in its title, “The Wild West of Executive Coaching,” the article recognizes the benefit of executive coaching in its ability to provide value to organizations by reflecting the behaviors and attitudes of executives. However, as the authors suggest, “Coaching doesn’t end with self-awareness… strategic coaching should integrate personal development and organizational needs.”⁶

Moving Forward: With Better Utilization and Infrastructure

Our literature review confirms that the scope of coaching initiatives is rapidly expanding inside organizations. From on-boarding and orientation programs to ongoing leadership development and continuing education, significant resources, estimated by one source to be now a $1 billion industry, and time are spent on individual or classroom-based programs in this country each year. There is the potential for synergy between existing or planned leadership development initiatives and coaching to reinforce learning and integrate concepts. However, creating the right infrastructure and defining the appropriate roles and responsibilities can create a bit of a bumpy ride.
In a literature review of issues relevant to the use of internal executive coaching, conducted by Carol Turner, Ed.D., a Hudson Institute graduate, Turner cites the following themes:

- Internal coaches are often in a better position to partner and coach executives because of their knowledge of the business, the politics, the culture and the players.
- Internal coaching holds the potential to significantly expand traditional approaches to leadership development.

Michael H. Frisch, Ph.D., executive coach and former senior consultant at PDI, addressed the emerging role of the internal coach in more detail in a 2001 issue of the Consulting Psychology Journal: Practice and Research. “There are many benefits of internal coaching that are fueling its growth. An obvious one is cost savings as compared with the fees for external coaching. More important, internal coaches often can use their existing insights about the organization and its players to make faster initial progress in suggesting a developmental agenda.”

Frisch offers a perspective on crafting the role of the internal coach and highlights a few dimensions of the internal coaches’ role:

- Internal coaches should be outside the chain of command of those they coach.
- Internal coaching should be differentiated from the job of coaching, which all effective managers engage in for the purpose of developing their employees. (See the article in this issue on the coaching mindset.)
- Internal coaches may need to use fewer assessment tools because they have access to more information about the client, i.e., performance management reports, etc.
- A single conversation does not mean it’s coaching.
- Internal coaching needs to be differentiated from the standard HR functions.

Once the domain exclusive to external coaches, internal coaches are playing an increasing role in executive coaching as well.

And finally, David Noer, consultant, coach and president of Noer Consulting, outlines a number of derailers for internal coaches, including:

- The ubiquitous triangle of coach, coachee and client;
- The potential for confusion, collusion, lack of clarity around who is the client;
- Solutions looking for problems with coaches clutching onto one model;
- Boundary issues;
- Sponsor roles in shaping the coaching initiative;
- Differentiating internal coaching from the standard HR functions;
- Creation of a dependency relationship.

For more information on steps organizations can take to immediately increase the effectiveness of their leadership coaching efforts, The Executive Coaching Forum published a handbook in 2004 that highlights the structures of several organizations that use coaching extensively, and have built infrastructure and process to help individuals get the coaching they need at the level the organization feels is appropriate.

Examine Your Company’s Myths about Coaching

One practical process organizations can implement immediately is to examine whether or not there are any organizational “myths” about coaching, its benefits and its potential. For example, consider if coaching in your organization is limited to certain groups of employees, perhaps it’s time to shift focus and consider how coaching may increase the overall impact of leadership development initiatives.

And look at whether your company utilizes coaching exclusively to address problems, such as employee behavior and performance issues.
Growing Your Own Internal Talent to Supplement Coaching Initiatives

Consider looking for opportunities to grow internal talent: see article on Tools for Managers: The Coaching Mindset, which offers advice for nurturing the “coaching mindset” in managers. And consider group or team coaching opportunities – traditional models of coaching that are increasingly being utilized within group or team formats. Engaging in a group coaching process will require a high level of facilitation and coaching skill from your group leader. However, the benefit in terms of time and resources saved can be considerable.

Additional Ways to Push the Envelope

Now that coaching has been introduced into your organization, it’s time not only to “institutionalize” it, but also to push the envelope and stretch your goals for what “could be.” Here are some ideas:

- Set a clear vision for the outcomes your organization is looking for and how coaching will further the organization’s goals.
- Take the next step to find ways to integrate coaching with other initiatives and systems. Coaching is now a standard practice at the C-suite and senior leadership levels in many organizations. What we’re starting to see is the coaching culture more fully integrated into the broader organization.
- Make the important distinction between holding a coaching mindset as a manager and leader; and the more formal coaching contract.
- Ensure that every coach and client has up-front and agreed upon goals. Organizations need to articulate a clear contracting process that is practiced by all coaches and focused on outcomes that are in some way measurable.
- Ensure that rigorous contracting conversations and documentation occur up-front, and include the definition of goals, roles and accountabilities of each party.
- Make the coaching goals meaningful, make them measurable.

Final Thoughts:
Improving the Bottom-Line Benefits of Coaching Through Organizational Strategy

As with any business initiative it is important to consider the bottom-line benefit of any change. By creating a strategy for coaching you will increase the scope and impact of your coaching efforts and dollars spent on coaching engagements. Further, through leveraging coaching to reinforce leadership development initiatives, short-term learning will be increased and long-term development outcomes will likely be stronger.