



TU415, Room 201 4:30-5:30

How to Make A Business Case For Executive Coaching

Dr. Nadine Greiner

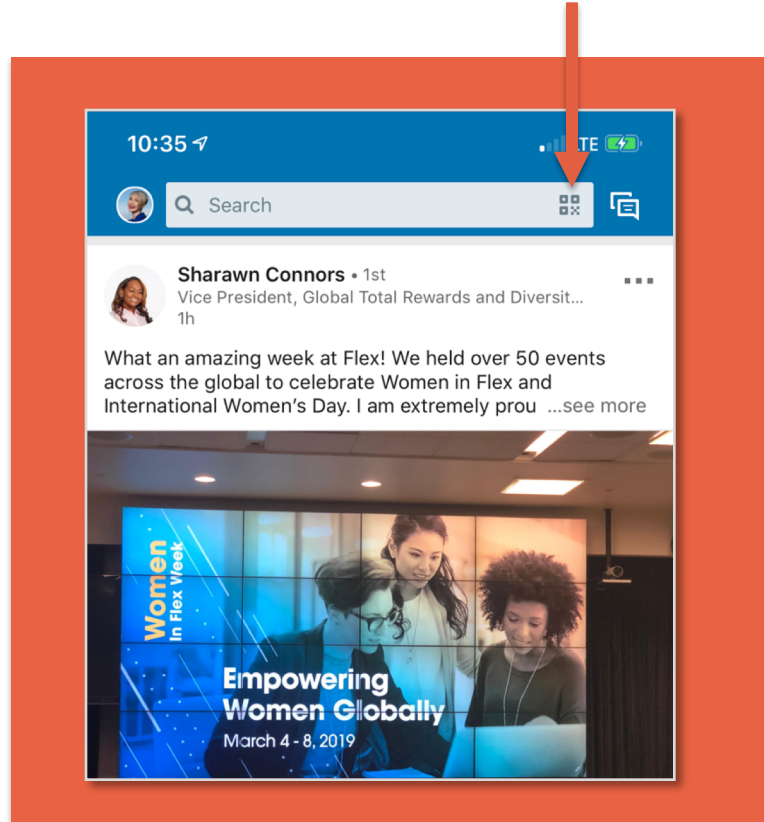
Let's Start With You

Who is currently a coach?

- Part of the L&D/performance team inside the company?
- Providing services from the outside?
- Other?

Take a note: #ATD2019 | #DrNadine | @ATD

Presentation available at www.DrNadine.com



4 Types of Return on Investment (ROI)

- ✓ Employee life cycle
- ✓ Financial measure
- ✓ Competencies
- ✓ You

*Ranked least to most



Ask your neighbor what %
your organization gives a
“Yes” to executive coaching
for leaders you think need it

Why?

Executive coaching
momentum



ROI Needed

Change that lasts

The secret to business longevity?

Let's look at companies over 300 years old

Protect the culture

Grow competence

Act ahead of the need to change

3 Cs

Take note: The business = the leaders

Twinnings



Founded in 1706
(313 years ago)

Jim Beam



Founded in 1785
(234 years ago)

Levi's



Founded in 1853
(166 years ago)

Macy's



Founded in 1858
(160 years ago)

Fior d'Italia



Founded in 1886
(133 years ago)

Modell's

The logo for Modell's Sporting Goods is displayed on a red rectangular background. The text "MODELL'S" is in a large, bold, white sans-serif font, and "SPORTING GOODS" is in a smaller, bold, white sans-serif font below it. A registered trademark symbol (®) is located at the end of "GOODS".

MODELL'S
SPORTING GOODS®

"Success is thanks to a strong board of advisers, and a full-time industrial psychologist who has been working with us for 15 years now."

Mitchell B. Modell
President

Founded in 1889
(130 years ago)

The ROI Your Organization Wants

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3 Cs

Take note: Think less process, more outcomes

How Do You Measure Up?

	Poor	Good	Excellent	Comments
Employee Lifecycle				
\$				
Competencies				
You				

What organizations want in ROI

What are the Measures of Executive Coaching?



"I absolutely believe that people, unless coached, never reach their maximum capabilities."

Bob Nardelli, former CEO of Home Depot

List how you measure executive coaching

Different ROI by Life Cycle



Financial Measures

MetrixGlobal LLC, determined an ROI of **689%** associated with executive coaching (note: finding accounted for the entire cost of coaching, including the opportunity costs associated with the time leaders spent not on the job in coaching sessions).

The International Coach Federation (ICF) research demonstrated coaching tends to generate an ROI **for every \$1 dollar invested, the ROI is between \$4 and \$8.**



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Financial Measures

% ROI =

(Benefits Achieved – Executive Coaching Costs) * 100 / Executive Coaching Costs



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Financial Measures (not hiring a coach)

Cost	Purpose	Calculation
\$44,250	External executive search agency cost	25% of annual compensation rate of \$177,000
\$3,000	Costs assumed by internal recruiting team (including time spent scheduling interviews, drafting evaluations, conducting reference checks, reviewing candidate credentials, scheduling debrief meetings, etc.)	50 hours in aggregate among 5 team members at an hourly annual rate of \$60/hour
\$8,000	Opportunity costs assumed by internal C-suite stakeholders as a result of participating in candidate debrief meetings	40 hours in aggregate among 8 team members at an hourly annual rate of \$200/hour
\$88,500	Lost two-year productivity as a result of external (vs. internal) hire*	25% productivity loss at annual compensation rate of \$177,000 over 2 years
\$88,500	Lost two-year productivity of colleagues as a result of external (versus internal) hire	20% productivity loss for 2 people at 80k/year (32k), turnover 1 person at 56.5k
\$25,000	Lost productivity during 4-month search process as a result of underperforming VP	0.33 (4/12 months) at annual compensation rate of \$150,000 * 50% productivity loss
\$54,000	Additional salary (2-year) required to hire external candidate*	150,000 (current annual compensation rate of VP) * 0.18 over two years
\$311,250	Total	

Short cut
60-90k cost of replacing an engineer (salary 120k).

SHRM = 6-9 months of salary

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*[Research](#) conducted by University of Pennsylvania found that external hires are initially paid around 18% more than internal hires and also have lower levels of performance throughout the first two years.

Competency Measures

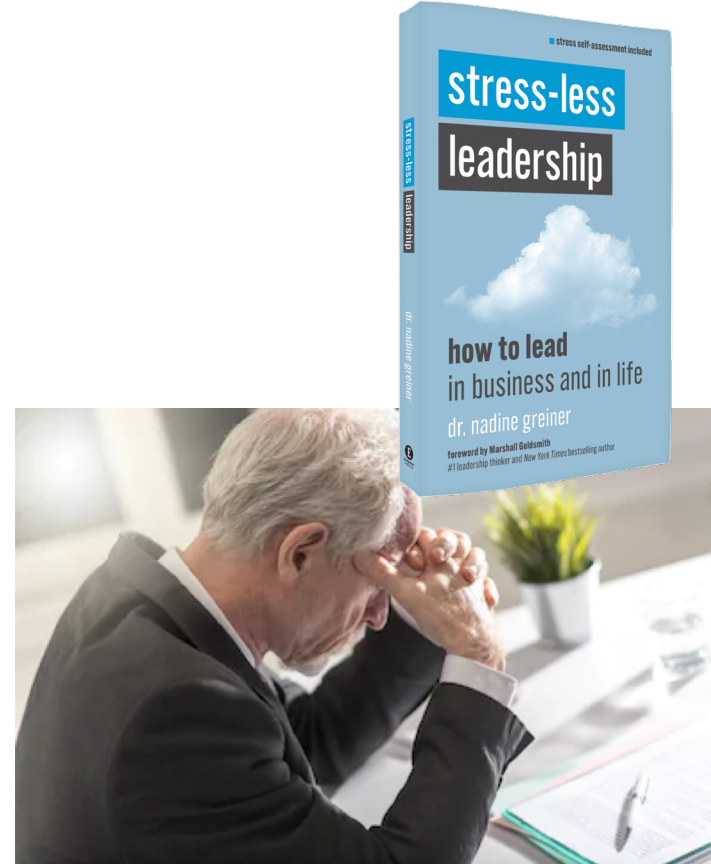
Competency	Negative Impact	Positive Impact to Executive and Employees	Positive Impact to Business
Self-awareness	Distorted sense of self	Increased awareness of blind spots, enhanced leadership abilities	Increased ability to meet objectives, increased business performance
Interpersonal relationships, listening skills, and empathy	Inability to build and foster a collaborate work environment	Improved relationships with leadership, co-workers, and stakeholders	Increased employee satisfaction, increased retention rates
Influence	Inability to affect positive change	Increased levels of motivation, inspiration	Increased business performance
Leading during times of change	Lack of adaptability in times of transition, “change fatigue”	Increased sense of involvement, decreased sense of uncertainty	Increased competitive positioning, increased global positioning, Increased financial performance
Communication skills	Confusion, unclear direction	Increased business transparency, reduced conflict	Improved brand image, improved internal/external communication
Motivation and engagement, leading with vision and purpose	Low levels of productivity	Increased felt responsibility, increased engagement levels, increased sense of purpose	Increased productivity
Building effective teams	Misaligned strategy, missed deadlines	Increased opportunities for career advancement, improved workplace culture	Improved product/service quality, shorter time to market
Strategy and strategic thinking	Short-term focus, inconsistent business results	Increased sense of pride	Enhanced long-term planning efforts, more consistent ability to deliver business results that meet/exceed forecasts
Working with uncertainty and ambiguity, decision skills	Low levels of engagement	Decreased levels of absenteeism, decreased stress levels, improved workplace culture	Improved innovation processes, improved risk management
Mentoring relationships, listening skills, empathy	Lack of leadership development opportunities, strained internal and external relations	Increased opportunities for personal and professional growth	Increased customer loyalty, increased customer service, improved diversity and inclusion efforts

Competencies of C-Suite-Level Leader based on the top 10 coaching topics for C-Suite-Level leaders as outlined by Korn Ferry’s [research](#).

Competency Measures

Stress reduction

- An often-overlooked intangible benefit of executive coaching is stress reduction.
- Executive coaches can empower executives with an arsenal of tools and tactics to combat stress and, in turn, improve productivity levels.
- A study by Jan Ramsøy and Sigrid Stover Kjeldsen, in cooperation with the Norwegian University of Life Sciences, found that **coaching reduced executives' stress levels by, on average, 18% after only 8-10 coaching conversations** (some participants experienced stress level reductions as high as 47%).



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Unmeasured

1. Family Life Study. (Anthony Grant, 2013)
2. Cascading Effect.
Executive > Manager > peers > direct reports > theirs > customers > thousands



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The Ultimate Measure of ROI ... You.

Influencing skills

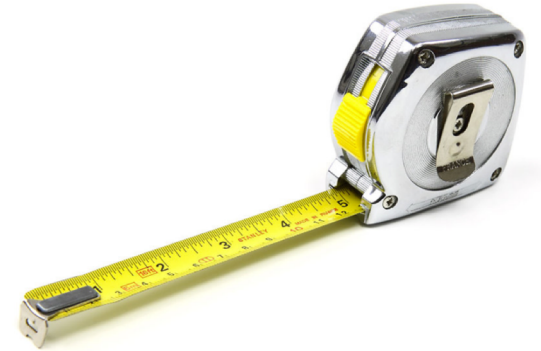
Research in influencing: The relationship is the only reliable predictor
Do you share success? Is the only time you refer to coaching is for resources?

The message is the messenger

Are you credible; what is your political and social capital?
Do you understand the business?
Do you understand the motivations and priorities of the approver?
Are you negotiating with the decision-maker?
Are you using of L&D, OD, HR lingo?
Are you a great leader yourself, and how is your team?
Do you have an executive coach? What's your story?

Are you trying to "sell"

Do you think you are right (and they are wrong)?
Are you decision-support?
Are you trying to remove obstacles and solve problems?



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You Are Your Message

The benefits of executive coaching

Benefits are many ... but no line items on financial statements.

1. Executive coaching often focuses on leadership skills and relationships with managers, direct reports, coworkers, and other stakeholders. In these cases, executive coaches focus on teamwork, **problem-solving, decision-making, and conflict resolution skills**. The results can be transformative.
2. A survey reported by Clear Coaching Limited found that executive coaching resulted in improvements in work relationships within a team (50% frequency), **employees' abilities to see others' perspectives** (47%), and **improved atmosphere** (40%). In a world where the strength of an organization's culture is increasingly trumping salary levels in terms of importance to employees, these intangible benefits are more relevant than ever.

Do you model the benefits of executive coaching?

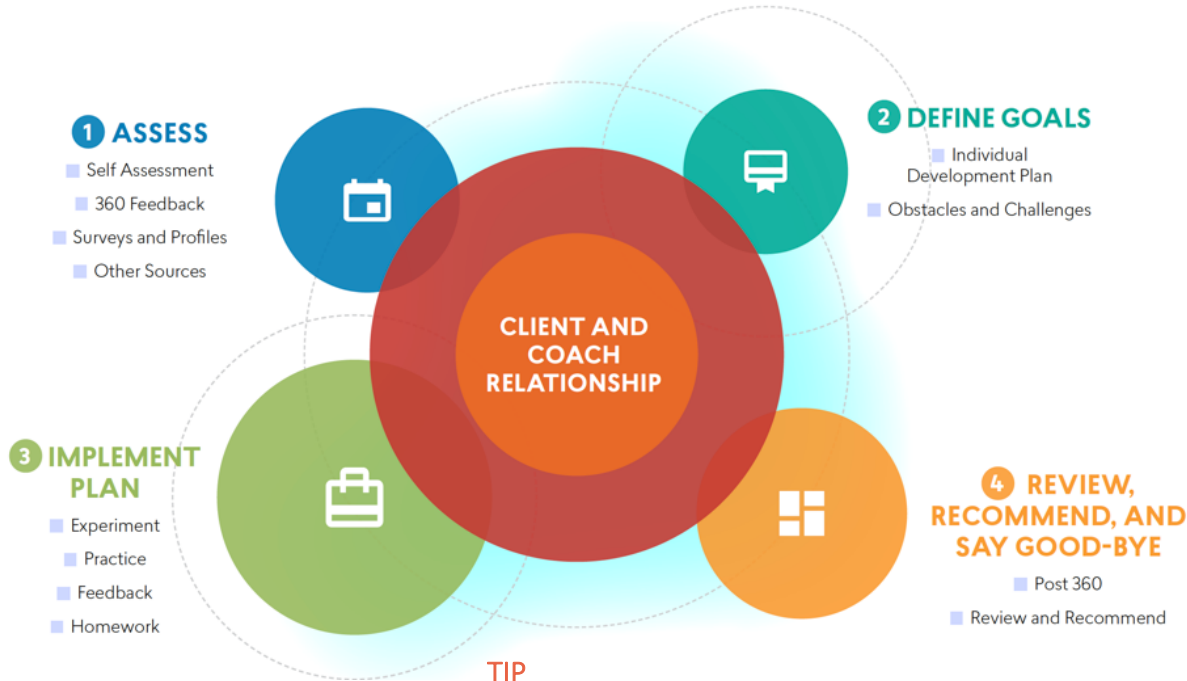
How do you model problem-solving, decision-making, conflict resolution?

Do you see others' perspectives?

What is the culture in your teams and how do you effect it?

Your Timing

The Coaching Process



TIP

Don't just approach the topic of ROI at budget time. Instead, follow individuals as they go through the process of coaching.

Questions to ask yourself ...

1. Am I able to toggle between 2 or 3 methods of measuring ROI, depending how the conversation goes? [3 Cs]
2. Can I define a competency to a smart but uninformed leader?
3. Am I clear on how competencies drive business objectives?
4. Do I know how to link the ROI to the business objectives?
5. Do I know how to discuss the coaching process without revealing the content?
6. How do I deal with confidentiality and also encourage the graduate to tell their story?

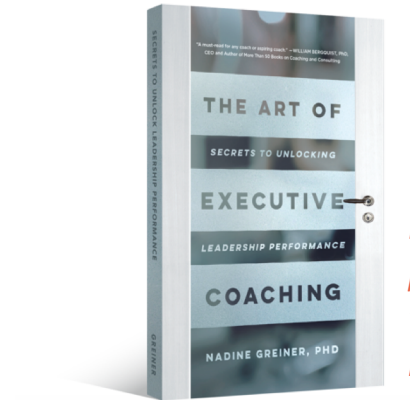
Telling Stories



Telling Stories

- Start with the takeaway first
- Appeal to emotion
- Keep it simple
- Drive your point home

- Situation > result (don't dwell on the process)
- Make the coaching client and their manager be the heroes



Let me tell you about self proclaimed bully, Tom, who became the kindest man in the company.

The Power of Three

Three guys walk into a bar...

Three benefits of coaching (3Cs)

Three top competencies

Three times the ROI

...and...

Three success stories

Only one of YOU 😊



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What organizations want in ROI

Protect the culture, grow competencies, act ahead of change

"Even modest improvements can justify hiring a coach. An investment of \$30,000 or so in an executive who has responsibility for tens of millions of dollars is a rounding error."

— Jerome Abarbanel, VP of Executive Resources, Citibank



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