

THE
White Paper
S E R I E S

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MEASURING THE EFFECTIVENESS OF EXECUTIVE COACHING

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Coaching is one of a number of tools for developing talent within an organization and may be the best tool for developing executives, who often do not have mentors and are less likely to participate in training and education programs than lower-level managers. Coaching is often regarded as an expensive form of development. A six-month coaching engagement can cost between \$20,000 to \$60,000, depending on the level of the executive being coached and the seniority and experience of the coach. However, coaching is regarded as one of the most effective means of executive development because it provides focused, one-on-one attention in areas the executive most needs to develop and offers help and guidance from someone who should be expert at diagnosing developmental needs and helping executives resolve problems and develop their skills.

The anecdotal evidence from coaching suggests that the outcomes for executives can be profound, *but how do we know for sure?* How can we measure the effectiveness of any executive coaching engagement? What outcomes would justify the investment in executive coaching, and what would be a reasonable return on that investment? Perhaps most importantly, how do we know the coaching has achieved what it was intended to achieve?

This paper will explore these questions in depth and suggest an approach for measuring executive coaching effectiveness that has proven to be successful. Along with an exploration of the issues and challenges in measuring coaching effectiveness, I will use a comprehensive case study to illustrate

what is necessary to set measurable developmental goals and then measure an executive's improvements and the effects of those improvements on the business.

Clearly, there is a compelling need to measure executive coaching effectiveness. Companies are spending hundreds of millions of dollars annually on coaching with few hard proofs that it works and that they are getting sufficient developmental value for the dollars they spend on executive coaching. In the tougher economy of the last few years, it has become especially important to justify the spending on coaching as opposed to other forms of development—or no development at all. When every budget dollar counts, it is critical for human resource directors and others responsible for executive development to ensure that their investments in executive coaching are yielding measurable and sustainable returns.

Yet, according to one survey, fewer than 10 percent of organizations are measuring the effectiveness of coaching.* Furthermore, many independent executive coaches and coaching firms do very little to evaluate the success of their coaching. In an extensive study of coaching completed in 2002, the International Coach Federation (ICF) reported the following:

"In terms of executive feedback, the majority of participants [independent coaches] indicated that they receive effectiveness feedback from their clients and that they never use ROI to evaluate their effectiveness. Thus it appears that 'effectiveness' evaluations are mainly subjective in nature, and not necessarily empirically valid measures of the coach's actual effectiveness."[†]

* M.B., "Return on Coaching." http://209.11.43.229/training/search_display.jsp?nvu_content_id=1034013, 3 May 2002. See also Laurie Voss and Pamela Wise, "The Case for Executive Coaching," *Lore White Paper Series* (Durango, CO: Lore International Institute, 2002).

[†] Gale, Liljenstrand, and Pardieu, "Coaching: Who, What, Where, When and How" (International Coach Federation, 2002).

Whether you are on the buying or selling end of executive coaching services, you need to know whether the coaches you hire or provide are worth what you pay them. To date, as the ICF research shows, the primary measure many companies have used is executives' self-assessment of coaching effectiveness, but these assessments are often little more than the "feel good quotient." Most people enjoy the attention they receive when a coach they trust spends time with them and is dedicated to helping them be more successful, and they tend to value the experience according to how good it made them feel. But the tougher questions about whether they changed, whether their skills have improved, and whether they have resolved issues that may have been present at the onset of coaching are more difficult to assess and cannot be assessed accurately with executives' self-assessments alone.

What coaches need is a method for quantifying how effective their coaching has been, including whether and to what extent executives have achieved their developmental goals. What companies need is a way of measuring the return on their investment and the efficacy of their coaching program. However, measuring coaching effectiveness poses a number of challenges. I will explore some of those challenges next, including the difficulty of isolating the effects of coaching from all other influences in an executive's life and the need to make intangible coaching goals tangible. Then I will discuss the importance of assessing an executive's coachability and using all the potential sources of information in the executive's environment to understand what he or she really needs. Clearly, to measure coaching effectiveness, you must first ensure that the executive can be coached, and you must work on the right needs.

Next, I will introduce Donald Kirkpatrick's four levels of evaluation. Kirkpatrick's model has been used

extensively to measure the effectiveness of training and education programs but has not been applied to executive coaching. The model identifies the measurements that are meaningful in evaluating training outcomes and focuses on what really matters to businesses—the application of learning on the job and the return on investment from the intervention. By applying Kirkpatrick's model to executive coaching, we discover the kinds of measurements that are relevant in assessing the efficacy of a coaching engagement. The case study that closes this paper illustrates a number of key lessons learned in making executive coaching measurable.

The Challenges in Measuring Coaching Effectiveness

To understand why measuring coaching is challenging, let's first consider what effective executive coaching is: *it is one-on-one help provided to an executive that enables that executive to make the right behavioral changes that lead to improvement in the executive's ability to affect business results.* The caveats in that definition are important. The coach is a helper but ultimately is not responsible for the changes or improvements one hopes will occur. The executive being coached has to change, not the coach. So when we measure coaching effectiveness, we are measuring, first, the extent to which the executive was able to change or improve successfully, which is a function of the executive's skill and will. Second, we are measuring how effectively the coach was able to fathom the real issues and needs and then guide and help the executive through the change process. What's important here is that coaching is about change, so what we are measuring is the executive's willingness and ability to change the way he or she works, leads others, builds teams, makes decisions, interacts with

customers, and so on. The person ultimately responsible for the executive changing is the executive himself or herself.

The next important part of this definition is that the primary focus in coaching should be on the executive's *behavior*. Coaches can help change executives' attitudes. This occurs primarily through the insights executives gain about themselves through feedback and their discussions with the coach.[†] However, attitude shifts are nearly impossible to observe, much less measure, except for executives' self-reports. What we *can* observe and measure are behavioral changes.

Coaching helps executives learn how to behave differently than they have been behaving. Different behaviors, we assume, will lead to different business results. This is a safe assumption; however, it's important to recognize that coaching cannot directly affect business results themselves. A company might hire a coach to help an executive improve the bottom-line results in her business unit, but all the coach can really do is help that executive reflect on how she behaves as a leader and manager, how she treats the people in her unit, how she treats customers, and so on. We have to assume that the right behavioral changes will lead to improvements in the executive's ability to affect business results.

So Many Variables, So Little Time

Another challenge in measuring coaching effectiveness—in some ways the most difficult challenge—is that coaching typically occurs over a period of time and, during that period, many other things may have occurred that can affect the outcome of the coaching and the executive's ability or willingness to change. In any scientific experiment, scientists attempt to hold all variables constant except the one they are examining. Then, if they change one variable and see different outcomes based on changing a single variable, they can be reasonably certain that that variable caused the changed outcomes.

However, it is impossible in coaching to hold all other variables constant. In addition to receiving coaching, a typical executive is also reading, managing the business, engaging with employees and customers, receiving direct and indirect feedback from a variety of sources, facing new challenges, talking to colleagues, meeting with his or her boss and other stakeholders, solving problems, reflecting, and doing any number of other things that contribute to changes in the executive's behavior. The executive's environment will also be changing as a result of things the company does or fails to do, things customers do or don't do, things competitors do, and things that happen in the overall economic, social, and political milieu in which the executive and his or her company operate. So, as much as we would like to say that the coaching had this or that effect, the truth is that we can never be sure how much the coaching itself contributed and how much of an executive's changed behavior resulted from

[†] Despite an abundance of "feel good" coaches like Tony Robbins, there is little evidence that motivational cheerleading has any lasting effect on people being coached. Among senior executives, it may even come across as condescending and irrelevant. The responsible way to coach executives with dysfunctional or self-defeating attitudes is to provoke insight through skillful questioning and observation.

any or a combination of hundreds of other influences in the executive's life. This fact alone means that, in measuring coaching effectiveness, the best we can ever do is show the *proximate* link between coaching and improvements in an executive's performance.

Making the Intangible Tangible

Another of the challenges in measuring coaching effectiveness is dealing with the intangibles that are part of human experience. When you ask executives what they want to get from coaching, they often say things like "I want to be a better people person," or "I want to be a more effective leader," or "I need to be a more strategic thinker."⁵ These may be noble goals, but they are exceedingly hard to measure, in part because, as stated, they are not tangible or specific enough. What does it mean to be a better people person? What is a people person? What would it mean to be more of one? What would being a more effective leader mean? Effective at what? Finally, what is a more strategic thinker? Compared to what? As stated, these goals are too vague to be of much value.

One of the biggest problems in measuring coaching effectiveness is that executives and coaches often settle for developmental goals that are so abstract, general, or intangible that they could not possibly be measured. To make the intangibles tangible, I recommend that coaches use a simple, three-step process as they are helping executives set their coaching goals:

1. Describe the current state
2. Define the ideal future state
3. Quantify the behavioral change

⁵ These are actual developmental goals I've heard executives state. Early in my coaching career, I tried to work on these goals without reaching the level of specificity I later discovered was essential, and the results were predictable. I learned that unless I forced the executives I was coaching to articulate exactly what they meant by terms like "people person," neither of us was satisfied with the outcomes, and we had no way to measure progress. Specificity in goal setting is crucial.

First, they should be clear and specific about the current state. If an executive says, "I want to be a better people person," the coach could ask any of these questions:

- ▶ You're implying that you're not a good people person now. In what ways are you not?
- ▶ What are you doing now—or not doing—that leads you to conclude that you need to be a better people person?
- ▶ How do you know that you are not a good people person now?

The purpose of these questions is to get to a level of specificity that allows the coach and executive to understand concretely and specifically what the behavioral issues currently are. They need to take something fairly abstract, like being a "people person," and turn it into a set of concrete behaviors: "My staff says I'm cold and insensitive. I don't recognize when someone's having a bad day or is being overloaded with work." Typically, questions about the current state yield four or five specific behaviors that are symptomatic of the underlying problem.

To define the future state, the coach asks questions like these:

- ▶ If you were a better people person, what would be different? *or* How would things change?
- ▶ If you were a better people person, what would you do differently? *or* How would you be different?
- ▶ Imagine that we're six months into the future. This coaching has worked very well for you, and you are a much better people person.

What will have changed? or How will you have changed? or What will you be doing differently?

As you can see, we are essentially trying to understand the gap between current behavior or performance and the ideal future behavior or performance. Clearly, we need to close that gap. If we can understand it concretely enough, we will know how to measure the executive's progress (or lack thereof).

Finally, the coach asks questions that help quantify the behavioral change. To continue with the "people person" example, let's assume that the dialogue goes as follows:

Coach: What would you do differently if you were a better people person?

Executive: I would take more interest in people's lives.

Coach: How would you show that?

Executive: I would remember their birthdays and send them cards.

Coach: What else?

Executive: I would spend more time with the people on my staff.

Coach: How?

Executive: Maybe I could take them to lunch now and then and ask how they are doing.

In this brief dialogue, which presumably would continue, the coach and executive have identified several concrete ways to measure change. First, we can know how many people on the executive's staff have birthdays during each measurement period, and we can measure how many of them

received birthday cards from the executive on their birthday. Second, we can measure the number of times the executive takes people on his or her staff to lunch. These measures are quantitative, which is obviously important, but one might argue that they don't measure improvement; they only measure activity. This is an important insight about measuring coaching effectiveness. We can't really measure to what extent someone is or is not a "people person." In fact, we might have trouble even defining what a "people person" is.

However, we *can* measure how an executive who wants to be a better "people person" behaves. Under the assumption that "If it looks like a duck and walks like a duck, it must be a duck," we can reasonably assume that if a man consistently behaves like a good people person, then he will be perceived as a *better* people person than he was prior to the coaching when he wasn't behaving this way.** This idea reinforces what I said earlier about the limitations of coaching. We can't coach someone to become a better people person. All we can do is coach that person on his behavior, and this applies whether we are coaching executives on their leadership, interpersonal skills, communication style, strategic vision, or whatever. All coaching can ever really impact is behavior. To measure behavior change, we have to identify the concrete and specific behaviors that have to change, and we have to know how we would recognize the changes if they occur.

One more factor is very important in measuring executive coaching effectiveness—the extent to which the executive is coachable. Coachability may not affect what you measure, but it will affect whether any improvement is likely.

** This discussion highlights one of the important differences between coaching and therapy. A therapist might explore *why* an executive is not a people person—what in his or her psychological makeup or upbringing led to that outcome. In coaching, these questions are not relevant. A coach is only concerned with two things: how the fact that this executive is not a people person is impacting his or her work and what the executive could do differently to behave more like a good people person.

Coachability

It became obvious to me in coaching numerous executives that some of them were not readily coachable. They may not be open to feedback, for instance, or they may react defensively to any suggestion that they are imperfect. Some are narcissistic and blame problems on everyone but themselves. For executive coaching to be measurable, there must be a reasonable opportunity for improvement. Furthermore, any improvement is the executive's responsibility, not the coach's. So a prerequisite for me in coaching is that the executive be coachable. Human change is a very complex process, and any model is a simplification of reality. So, while it is impossible to identify all the factors that influence how readily people change (or how much they resist it), I can identify *some* of the key factors influencing coachability:

- ▶ The executive's ego strength (sense of self, pride, humility vs. arrogance).
- ▶ The executive's feelings of vulnerability—the more vulnerable the executive feels, the greater the ego defenses are likely to become and the less coachable he or she may be.
- ▶ Openness to feedback (the executive's willingness to hear and accept messages that disconfirm his or her self-image).
- ▶ The executive's self-assessment of need, along with a sense of urgency; also, extrinsic indicators of the need for change—such as poor performance numbers, the results of 360° feedback, observations from others.
- ▶ The executive's perception of the value of the process and the likely outcomes.
- ▶ The executive's trust in the coach.
- ▶ The executive's history of coaching (favorable, neutral, or unfavorable).

- ▶ The strength of competing commitments (forces that drive stasis or change).
- ▶ The executive's awareness of the need for change.
- ▶ The executive's fear of consequences if he or she does not seek and accept help; the executive's excitement about the positive outcomes if he or she does change; in short, risk vs. reward.
- ▶ The executive's responsiveness to extrinsic pressure (from boss, peers or subordinates, the environment).
- ▶ Finally, the presence or absence of serious psychological problems.

These factors combine in complex ways to determine how willingly an executive enters into a coaching relationship and how motivated the executive is to change. To measure coachability, Lore has developed a framework with seven levels of coachability—from C0 to C6. The scale reflects the degree of difficulty in coaching a particular executive. The lower the number on the scale, the less coachable the executive is likely to be (or the more difficult it will be for the coach to help the executive change). Conversely, the higher the number on the scale, the more coachable the executive is likely to be. Figure 1 summarizes the seven levels of coachability in our model. The appendix to this paper describes the Lore coachability model in more detail.

C0	Not coachable at present	Identified psychological issues
C1	Extremely low coachability	Narcissistic personality
C2	Very low coachability	Resists or defies feedback
C3	Fair coachability	Is complacent/unmotivated to change
C4	Good coachability	Assessment comes as a wake-up call
C5	Very good coachability	Shows an earnest desire to improve
C6	Excellent coachability	Has an intrinsic need to grow

Figure 1. The Lore Coachability Model

In our framework, the C0s are not coachable because of a psychological condition that makes coaching an inappropriate intervention. C0s are best helped by qualified psychological clinicians. C1s are the narcissistic, self-absorbed individuals who rarely admit to having developmental needs and are resistant to hearing or accepting advice or help from most people. C2s are highly resistant to feedback and generally have so many defense mechanisms in place that they are unlikely to change through normal coaching. In my experience, although these people *can* be coached, the probability of success is slim under normal circumstances. They often need a strong extrinsic motivator (like the threat of losing their job if they don't improve) to open themselves up to coaching. Even then it's difficult for them to change.

C3s are executives who have reached a self-defined pinnacle in their career and have become complacent. They may be open to coaching if there are sufficient extrinsic rewards or punishments if they do or do not agree to the coaching. C4s are executives who have not given coaching much thought but gradually become more open to it as they see the benefits and begin to experience what a good coach can do for them. The C5s and C6s are easiest to coach. They are the intrinsically motivated, high-achievement-oriented individuals who are self-starters and already avail themselves of opportunities for growth and development. Most executives fall into the C4 or C5 category and have a fair-to-good degree of coachability. They are capable of identifying specific goals they want to achieve through coaching and have the will to commit to those goals and stay committed through the change process.

The Needs Compass

We also can't accurately measure the effectiveness of coaching unless the coaching itself is focused on the right needs, issues, and problems. If we work

on the wrong problem and attempt to measure progress, we might measure *something*, but whatever it was would not accurately reflect the effects of the coaching, much as we couldn't measure an auto mechanic's performance at overhauling an engine if he works on the transmission. So one of the prerequisites for measuring coaching effectiveness is to determine what the executive really needs.

Figure 2 shows a tool Lore recommends for identifying the real needs. This tool is a simple way of thinking about the four sources of information about executive's needs. The north pole of the compass is the executive's self-perceptions. I have found as a coach that some executives are more prescient than others at diagnosing their own developmental needs. I sometimes also use standard psychometric instruments, like the *California Psychological Inventory*, to help me benchmark the executive's strengths and weaknesses. Executives who are "psychologically minded" or have high intrapersonal intelligence generally know themselves well; have reflected on their own strengths, weaknesses, and operating style; and therefore have a relatively accurate view of themselves and how they need to develop. Many others view themselves through a lens that distorts the real picture, and they often lack a real understanding both of their impact on others and how others perceive them.

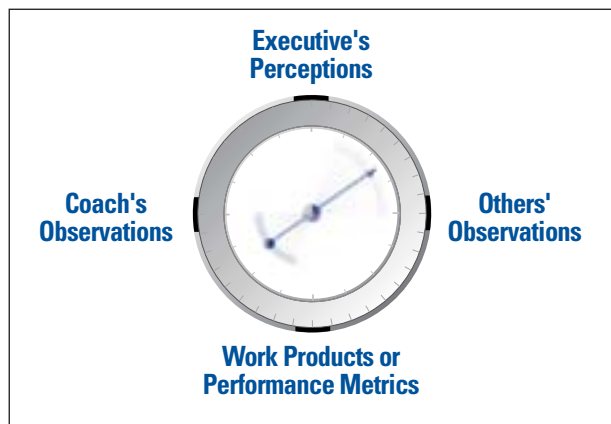


Figure 2. The Needs Compass

Nonetheless, the executive's perspective on his or her own needs is critically important. Accurate or not, it's an important starting point. The west pole of the needs compass is the coach's view of the executive. Coaches observe executives during coaching sessions and sometimes at work and will develop their own perspective on what the executives need. However, coaches often have a limited perspective on executives' behavior and performance, so a coach's view is often not accurate either. That's why they need to use other sources of information. They arrive at executives' real needs by triangulating from the various sources of information available to them.

The east pole represents other people's perspectives on the executive, including inputs from the executive's boss, colleagues, direct reports, customers, and perhaps friends. Coaches usually gather this information through 360° assessments, existing performance feedback, or confidential interviews. Patterns of feedback generally emerge when coaches examine enough sources of information that indicate where the executive's real needs lie.

Finally, the south pole includes performance metrics and work products—measures already existing that show how executives are performing in the normal course of their work. I often look for climate or culture surveys, as well as previous performance appraisals, and leadership or management assessments. As we will see later, these sources of information on executives often enable us to measure improvements through coaching. Collectively, these four sources of information help coaches pinpoint the executive's real needs.^{††}

Kirkpatrick's Four Levels of Assessment

In 1959, Donald Kirkpatrick developed an approach to evaluating training programs that has since been called Kirkpatrick's Model of Evaluation. The first of the four levels of evaluation is the participant's **reaction** to the training. Sometimes called a "smile sheet," this level of evaluation is the most often used evaluation of training and essentially yields little more than whether the participants liked the experience. The better training evaluations ask not only for participants to rate various parts of the training experience but also to comment on the training and its usefulness and applicability and suggest ways to improve the program. Still, how participants feel after a training program may be strongly influenced by how they felt about the instructor (personal liking or disliking), the subject matter, the location, the facilities, the food, and the weather.

Level 2 evaluations try to assess what the participants **learned** from the training experience. Did they get it? Did the course achieve its learning objectives? At the end of the program, could the participants demonstrate mastery of the subject matter as indicated by those objectives? Trainers generally use criterion-referenced testing to do Level 2 evaluations. However, they still don't know whether participants are applying what they've learned and whether the organization is seeing results from the learning.

Level 3 is an assessment of the **transfer** of learning to the job. To assess this, trainers and others may observe the participants or test them within one year after the training to see whether and to what extent participants are applying what they learned to their work. Have they retained the skills and knowledge? Are they using the skills and knowledge on the job? Can they do what they were trained to do?

^{††} For a much fuller discussion of the needs compass and identifying executives' real needs, see Terry R. Bacon and Karen I. Spear, *Adaptive Coaching: The Art and Practice of a Client-centered Approach to Performance Improvement* (Palo Alto, CA: Davies-Black Publishing, 2004). Available in October 2004.

Level 4 measures the **business results**—typically the bottom-line impact on the organization six months to two years after the program. Are participants using what they learned, and is it making a difference? About 50 percent of organizations say they perform Level 4 evaluations, but most agree that it is notoriously difficult to measure business results accurately—for the same reasons I cited earlier. How can you attribute positive or negative results solely to the training when other changes have likely occurred in the business environment, the organization, the economy, and other factors that also influence the business results?

In training and education, organizations strive for the deepest levels of evaluation they can reasonably attain. Level 1 reactions are always evaluated; Level 4 results are sometimes measured. In an ideal world, training directors would always measure all four levels and use the information to determine which programs to offer and how to improve the ones they do offer. Evaluation results would also help organizations assess the return on their training investment.

As I mentioned earlier, Kirkpatrick's model of evaluation has not been applied to executive coaching, but there is no reason why it should not be. In coaching, we would be trying to assess the following:

Level 1 How did executives **respond** to the coaching? What are their immediate reactions? What did they like or dislike about the coaching process and the coach?

Level 2 What did executives **learn** during the coaching process? What evidence do we have that the executive acquired new skills, developed new attitudes or perspectives, and learned new things?

Level 3 What did executives apply on the job? What skills, learnings, and new behaviors did they **transfer** to work? What we look for here is evidence that the learning has been applied in some meaningful and measurable way.

Level 4 How has the coaching led to improvements in business performance? What improvements in **business results** can be attributed to the coaching executives received?

When we look at the progression of Kirkpatrick's evaluation levels, it's easy to see the logic underlying his model. Training program participants have an immediate reaction to the learning experience. They take away some learnings from the program, which they should be able to demonstrate. They should apply those learnings on the job in ways that ultimately improve the bottom-line business results. What Kirkpatrick advocates is measuring each of the "steps" along the way from learning event to business outcome. In measuring coaching effectiveness, we want to do the same thing. We want to know how the executive responded to the coach, what the executive learned from the experience, what the executive was able to apply on the job, and how the application of learnings led or contributed to improved business results.

Calculating Return on Investment

In his initial model, Kirkpatrick alluded to return on investment (ROI) but did not explicitly discuss it. Later investigators have added ROI as an important part of evaluating training. The formula is simple:

$$\text{ROI} = (\text{Benefits} - \text{Costs}) / \text{Costs} \times 100$$

It's sensible to evaluate coaching programs according to ROI as well, but this is often even more difficult to measure than Kirkpatrick's first four levels. The

problem is that many other causes can affect the elements of an ROI calculation. General market conditions may change in ways that impact revenues and profits. New or improved products or technologies may have been introduced that affect sales. Similarly, your competitors may do something new that changes the industry and affects business. Unforeseen social or political events (such as the 9-11 terrorist attacks) may occur that radically affect the markets. Or there may be unpredictable changes in executives' lives (births, deaths, transfers, promotions, etc.) that affect how they apply what they learned during coaching.

So, when we attempt to measure business impacts and ROI, we have to bear in mind that many other factors may influence the business impacts and the benefits received from the coaching. That said, we try to calculate ROI, first, by looking for tangible evidence of the impacts of executives' behavior changes, including:

- ▶ Performance metrics such as average sales pre- and post-coaching, average cycle times pre and post, unit or team productivity pre and post, and so on. Performance metrics might include increased productivity or output, reduced absenteeism, fewer numbers of new hires (based on increases in unit productivity), reduced turnover, increased customer satisfaction or loyalty, fewer customer complaints, increases in average sales size, shorter sales cycles, greater retention of existing customers, number of referrals, etc.
- ▶ Climate surveys. If the organization has done a previous climate survey, which can act as a benchmark, then redoing the climate survey can potentially be a useful measure of improved business results, especially if the executive is working on leadership, management, or other

internal issues affecting the workforce. In fact, climate survey data is often one of the best data sources for coaches as they help executives set their developmental goals. When this is done, then later climate survey data is an excellent way to evaluate pre- and post-coaching changes in behavior and performance.

- ▶ 360° surveys. Similarly, pre- and post-360° surveys are a good source of data for comparing pre-coaching and post-coaching impressions of leadership, management, and other skills and behavior.
- ▶ Customer surveys. These are useful if the executive works with customers or leads a unit that directly affects customers.
- ▶ Personal balanced scorecard. The personal balanced scorecard is a tool we developed to help executives focus on what they want to change, track those changes, and measure their progress. I will describe this tool in more depth in the Pat Jackson case study that follows.

To calculate ROI, we need to quantify the impact of executives' behavioral changes and then convert the quantified changes to the economic value to the organization. For instance, imagine a coaching engagement in which Maria, a business unit manager, is trying to improve her unit's performance by being a more inspiring leader. In making that goal more tangible, Maria agreed that she needed to do the following:

- ▶ Spend more of her personal time on vision, strategy, and direction and less time micromanaging parts of the business.
- ▶ Consequently, delegate a number of responsibilities, give her people more responsibility and authority, and find ways

to recognize and reward them when they did an exceptional job.

- ▶ Be more encouraging as a leader: give more positive feedback, spend more time coaching and mentoring people, and support her people's efforts to better themselves through education programs, self-directed learning, and peer coaching.

Maria and her coach hypothesized that these changes in her leadership style and approach should improve productivity, reduce absenteeism, and reduce turnover in her unit. Assuming these things occur, then we can calculate the economic benefits as follows:

- ▶ Improved productivity means that her unit can produce X amount more with the same or fewer people. If Maria loses five people through attrition and does not replace them because of the increases in productivity, then the economic benefit includes the cost of those five salaries, plus benefits, plus avoiding the costs of recruiting new people, training them, and losing productive time while the new people come up to speed.
- ▶ Reducing absenteeism means that she does not have lower productivity while people are absent, doesn't have the cost of temporaries to replace missing workers, and may be able to introduce process efficiencies that are possible only when she has a reliable work flow.
- ▶ Finally, reduced turnover means that her unit does not have to incur the high cost of replacing experienced people. Replacing experienced people can cost between eight to ten times their annual salary when you factor in the losses in productivity, not only for the person needing to be replaced but also everyone

whose productivity is affected when that person is not present. Some of the cost of replacement lies in replacing the "lost knowledge and expertise" people take with them when they leave.

Of course, it's easy to measure unit output, reductions in absenteeism, and reductions in turnover pre- and post-coaching. We may not be able to attribute all of the benefits to the coaching alone, but if we see improvements throughout the coaching engagement that lead to tangible changes in the performance metrics cited above, we can be reasonably certain that the coaching was a strong factor in attaining better business results. Further, once we calculate the benefits of these changes, we can calculate ROI since we know how much the coaching cost.

Some executive coaching situations do not as easily lend themselves to ROI calculations as Maria's case does. For instance, I have coached a number of executives who were high-potential performers in their organizations. Some had problems with self-confidence. Some struggled with the challenges of becoming leaders rather than doers. Some had personal problems that interfered with their performance at work. What is the impact of helping executives with these kinds of issues? Most often, these executives resolved their problems and went on to become stellar performers in their companies in increasingly senior roles.

Ultimately, you can't calculate the ROI of a successful career or the economic benefit of resolving personal problems. In executive coaching, we have to measure what we can but accept that many of the benefits of executive coaching will always be as intangible and incalculable as the value of a good undergraduate liberal arts education, or words of encouragement

from a mentor, or the value of a loving parent or spouse. Some things just aren't measurable.

The Pat Jackson Case

The best way to show how all this theory works in practice is to illustrate it. As you might expect, "Pat Jackson" is not a real person but is an amalgam of real people I have coached. To help the narrative read easier, I will assume that Pat Jackson is a male, although the executive's gender obviously makes no difference.

Pat Jackson works at ABC, Inc., a Fortune 100 manufacturing company in Anyplace, SC. He was a very effective product line manager for three years before being promoted to direct a division one year ago. In the past year, there have been numerous complaints from direct reports concerning his lack of interpersonal skills and effectiveness. Pat's boss is also concerned that he doesn't have the strategic planning and change management skills he will need to refocus his division's sales channels and succeed in this challenging economy. Pat's boss has engaged an executive coach to support Pat in making these changes over the next six months. So, as the engagement begins, these are the presenting problems:*

1. Poor interpersonal skills and effectiveness
2. Inadequate strategic planning skills
3. Inadequate change management skills
4. The need to refocus the division's sales channels and succeed in a challenging economy

The first three are skill issues. The final problem may be more of an organizational challenge, but Pat's boss insisted that this was a key coaching need. As it turned out, this was also partly a skill issue for Pat.

* The "presenting problems" are the issues presented to the coach at the beginning of a coaching engagement. They amount to the first "best guess" regarding the executive's developmental needs or issues. In my experience, the presenting problems are rarely the real needs. Coaches have to use information from the four poles of the needs compass to diagnose the real needs.

The Needs Analysis

As the coach began working with Pat, using the four poles of the needs compass, the following information emerged:

1. Pat had given little thought to coaching before his boss suggested that he work with a coach. Initially, the coach found Pat to be a little suspicious about the process (he'd never had coaching before) but reasonably open to it. Consequently, the coach gave Pat a C4 on coachability (see the appendix for further information on this designation).
2. Pat has an engineering degree, is highly analytical, and tends to be a detailer. The coach was not surprised to discover that Pat's MBTI® type is ESTJ.
3. Pat appeared to have been a successful line manager because he (a) had a thorough understanding of the tasks to be accomplished, (b) excelled at operational planning and execution, (c) was effective at delegating prescribed areas of operational management, (d) had a keen mind for identifying operational inefficiencies, and (e) had little tolerance for poor performance. Pat was viewed as a superb operational problem solver.
4. Pat's boss, colleagues, and direct reports saw him as an excellent communicator of *operational* messages. He was also a superb communicator upward. However, he tended to "compartmentalize" information downward, giving direct reports only what he thought they needed to know to do their jobs. He typically did not communicate the bigger picture downward.
5. Pat tended to be tactical in orientation. He was very process driven and process minded. He focused on ensuring that his area ran smoothly and efficiently. He was innovative within tactical bounds but did not devote time to the bigger

picture outside his area. Pat told the coach that he was not a dreamer and therefore did not think in a visionary way. He felt uncomfortable “hypothesizing” about things that might not be operationally practicable. He viewed himself as a “realist.”

6. The interpersonal issues were these: Pat tended to make decisions quickly and was not seen as a good listener. People said that they can see Pat “turn off” while they are speaking to him once Pat has concluded what the outcome should be. Also, Pat moved too quickly through agenda items during meetings, and some people felt that areas were not adequately discussed. They joked among themselves that “Pat was finished, so we moved on.”
7. Pat was not seen as a people person. He largely ignored interpersonal problems in the division. He would tackle conflict head on but came across as insensitive to deeper interpersonal issues and seemed unwilling to address them. Pat had no patience with “moodiness” and seemed uncomfortable when direct reports had “life” issues to contend with. One example offered was this: “John was completing an important presentation when he received word that his mother had died unexpectedly. Pat was more concerned about the presentation than John’s loss and insisted that he finish the presentation before leaving for his mother’s funeral, which was across the country.”
8. Pat’s boss observed that Pat tried to drive change “with an iron hand.” He would announce changes and then expected full compliance immediately. He treated everything as an operational change, like introducing a new part on an assembly line, even if it involved more subtle and complex human changes.

9. Until this recent promotion, Pat had never been responsible for sales and had little feeling for it or desire to do it. Pat admitted to the coach that sales was a “black hole” for him. In his previous line positions, sales was never a problem and Pat gave little thought to it. Now the division needed to increase sales, and everyone agreed that that would mean improving the division’s sales skills and process, but Pat admitted to having little idea how to do this because “sales has always been a mystery to me.”

Pat’s Developmental Priorities

Next, the coach discussed the diagnostic with Pat and his boss and the company’s corporate HR director, and they concluded the following:

1. Pat is at a major career transition point, as reflected on the “two s-curves” diagram shown in figure 3. He has mastered the lower s-curve technical and management skills and is now at an inflection point in his career where the upper s-curve skills are increasingly important. To make this transition, Pat must find ways to grow comfortable (1) having others conduct the lower s-curve management functions without close supervision and (2) becoming more of an upper s-curve leader and less a lower s-curve manager. Although Pat has been willing to delegate some carefully defined tactical responsibilities, he has not thus far been willing to delegate broader responsibility for leadership of a number of business unit functions, and this is stifling the people working for him. Becoming an upper s-curve leader should be the primary focus of the coaching.

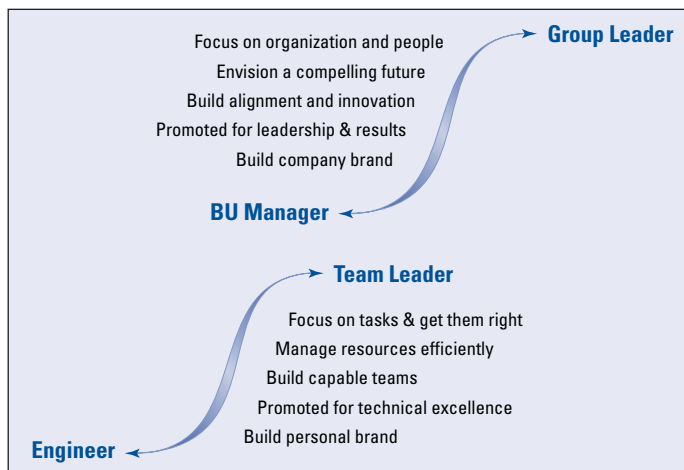


Figure 3. Pat's Career Progression

Each of the s-curves shown in figure 3 illustrates how professionals develop. As people progress from individual contributor (engineer) to team leader, they typically face a steep learning curve as they discover how to transition from “focusing on tasks and getting them right” to “managing resources efficiently” and “building capable teams.” They have to learn how to manage technical projects and get good work done through others. Typically, they are promoted for their technical excellence and consciously or unconsciously build their personal brand, which gets them recognized and promoted.

The upper s-curve represents an enormous transition in the career development of a technical professional. Now someone like Pat has to focus on the organization and people, many of whom may do non-technical work like accounting, administration, and customer service. Now the leader must envision a compelling future for people, build alignment between groups, and stimulate innovation (rather than managing technical tasks that are often more predictable). The leadership challenges are fundamentally different, and many professionals have trouble making the transition, as Pat has.

2. The upper s-curve leadership functions are more people oriented than task oriented, and Pat admits to having some people leadership skill deficits. Because these skills are fundamental, the coaching will focus on them as one of his three key developmental needs. So the first goal of the coaching was defined as “developing interpersonal skills and becoming more sensitive to people.” This is still too high level and is not readily measurable, but it’s a start.
3. Second in importance, and related to the upper s-curve notion, is becoming more visionary and developing better strategic planning skills. Pat and his boss agreed that the issue is not one of capability but rather of comfort and focus. Pat has the skills to do strategic planning but doesn’t have the mindset to do it readily. They decided that for Pat to become more comfortable with strategic thinking, he would have to be less tactical as a leader, and the best way to do that was for Pat to delegate much more operational management responsibility and spend less time on operating management issues and more time on strategic leadership issues. It was further agreed that Pat would find it easier to make this transition if the change were partly structural, so Pat designated one of his managers as the deputy division manager, responsible for operations, and agreed to spend no more than two days a week on operational issues. The second goal of the coaching, then, was for Pat to make the shift from operational manager to strategic leader. Realistically, Pat could begin this process in the six-month coaching period, but he was unlikely to complete this transition by the end of that period. So the measurables needed to be appropriately scaled to what was possible in six months’ time.
4. The change management skills need was viewed as related to the first developmental goal, becoming a more effective people leader, and

was judged less important than the goal of becoming more effective in sales leadership, so Pat and his boss decided to delay focusing on this developmental need for now. However, Pat agreed to take an internal change management seminar when it is offered again next year.

5. Improving sales in Pat's division was considered extremely important in the next six months, so the third developmental goal was for Pat to become more skilled at leading the sales effort in his division and more capable of managing the division's sales manager and team. Again, this is too high level and is not readily measurable, but it's a start.

So Pat's "stakeholder team" (Pat, Pat's boss, the coach, and the corporate HR director) concluded from the needs analysis that Pat had three priority developmental goals:

1. To improve Pat's interpersonal skills so he is more sensitive to people.
2. To become more of a strategic thinker.
3. To develop more sales focus in the division and improve the division's sales.

Making the Developmental Goals Measurable

The first step in making developmental goals measurable is to make them behavioral and specific. So Pat and the coach disaggregated the three developmental goals into observable, changeable behaviors.

First Goal: Developing interpersonal skills and becoming more sensitive to people.

The specific interpersonal issues were (1) not listening, (2) making decisions too quickly and without sufficient participation by others, (3) driving through meeting agendas, ignoring people's moods (which may be a sign that they have underlying problems), dealing with personal problems insensitively (e.g., John's mother's death), and having a compartmental view of downward communications, which tends to make direct reports feel undervalued and disengaged in the division's and company's broader life. These were bigger issues with direct reports than with anyone else Pat worked with.

During discussions with the coach, Pat acknowledged that these were valid issues. Further, because these issues were mostly present with direct reports, Pat concluded that they reflected more of a hierarchical mindset than he at first wanted to admit. The feedback from others gave specific examples of each issue, and Pat was able to accept the feedback and even offer additional examples of such behavior. Pat agreed that these behaviors were the outward manifestation of an inward "way of being" that was task driven and task focused. He also agreed that this mindset was a lower s-curve way of looking at work and that he needed to change in order to become a more effective leader.

Becoming more aware of and focused on the issues through this coaching process was an essential first step toward change but would be insufficient to produce change. So the coach asked Pat to put himself into the direct reports' shoes and reflect on what would be different if Pat were able to become more interpersonally effective:

Coach: Pat, what would be different if you were a better listener?

Pat: I would be more patient.

Coach: How would that look to your direct reports?

Pat: They would see me slowing down, not making decisions so quickly, or at least not showing that I've made a decision.

Coach: Would you be able to hide it if you had?

Pat: No, not really. I see your point. If I were truly a good listener, I would take in all the information before making a decision.

Coach: What else?

Pat: Hmm. I'd really pay attention to what they were saying. Maybe ask questions or offer a viewpoint afterwards. Or ask for specifics.

Through this kind of dialogue, Pat and the coach specified the behaviors that Pat would need to change to be a better listener. They also explored the other interpersonal skill issues raised during the diagnostic and identified the specific behaviors Pat would need to change to become more interpersonally effective. Largely, it meant engaging direct reports by giving them a broader view of what's happening, encouraging them to contribute ideas, involving them in problem solving, and waiting to make final decisions until people had the chance to give their perspective.

Then the coach turned to the question of measuring the change. Fortunately, the company had done its annual employee survey six months ago. The results for Pat's group showed lower-than-desired scores in areas of employee involvement, especially on the item "I feel listened to and respected for my opinions." The annual survey would be done again

in another six months, so Pat and the coach decided to use it as a way to measure change, focusing on the half a dozen items that related to Pat's interpersonal effectiveness.

Pat also agreed to do a 360° assessment, the *Survey of Influence Effectiveness*, at the end of six months. This assessment measures interpersonal effectiveness and influencing skill, so it would be a good way to assess Pat's skills. Pat had not completed this survey previously, so it could not be used to measure change, but it would indicate whether Pat had further areas for improvement at the end of six months, and it could serve as a benchmark for future measurement of improvement.

Pat and the coach also agreed, however, that it would be useful for Pat, the coach, and a selected group of others Pat works with to measure Pat's progress using a personal balanced scorecard**, which would consist of 20 items focusing on the specific skills Pat was trying to develop, not only in the area of interpersonal skills but also in strategic thinking and sales focus. So they developed a personal balanced scorecard (PBS) based on all three of Pat's developmental goals and used it as a primary means of measurement throughout the coaching engagement.

The interpersonal skills needs compass shown in figure 4 summarizes how Pat's progress on interpersonal skills development would be measured. Pat agreed to ask a number of direct reports in his business unit to help in his coaching by periodically giving him confidential ratings on his PBS during the

** According to Robert Kaplan and David Norton, authors of *The Balanced Scorecard* (HBS Press, 1996), "The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. The Balanced Scorecard retains an emphasis on achieving financial objectives, but also includes the financial drivers of these financial objectives. The scorecard measures organizational performance across four balanced perspectives: financial, customers, internal business processes, and learning and growth." According to the Procurement Executives' Association, "some indicators are maintained to measure an organization's progress toward achieving its vision; other indicators are maintained to measure the long term drivers of success. Through the balanced scorecard, an organization monitors both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems—its ability to learn and improve." (<http://oamweb.osec.doc.gov/bsc/guide/.htm>). I am using the concept similarly but applied to individuals' long-term learning and growth goals.

six-month coaching period. The coach would administer the PBS, collect the data, and give Pat the average scores. During this process, the coach would also seek confidential feedback from the respondents on how Pat was doing. The feedback proved to be invaluable as a touchstone throughout the process. It gave the coach much insight into what Pat was doing differently (or not), how Pat was being perceived, and what else Pat needed to do to improve his skills.

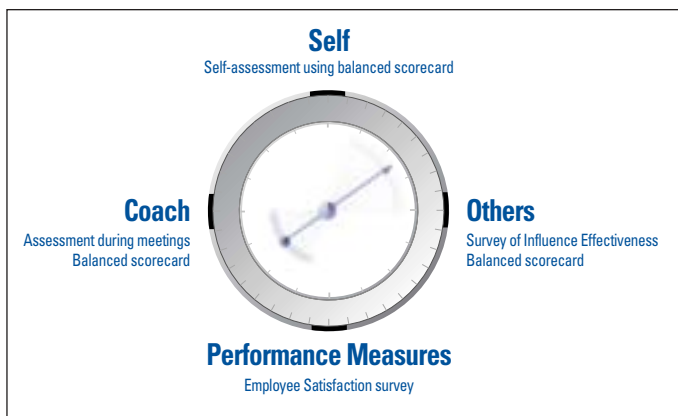


Figure 4. Pat's Interpersonal Needs Compass

Pat's coach assessed him during their meetings to gauge Pat's progress on improving his interpersonal skills. The coach also used the PBS to give Pat ratings on listening, making participative decisions, engaging others, sensitivity to others, and communicating (the interpersonal elements on Pat's scorecard). Pat self-scored his PBS, which allowed the coach to compare Pat's scores with those of others. The results of the PBS evaluation are shown in figure 5. As you can see from the pre-coaching and post-coaching comparisons, Pat made considerable progress in all areas. His weakest is still "sensitivity to others." Even in the post-coaching assessment, he is just barely above 3. The norm in these kinds of assessments is closer to 4, so Pat remains almost a full point behind how most managers would score on this tool. So Pat has more room for growth in this area.

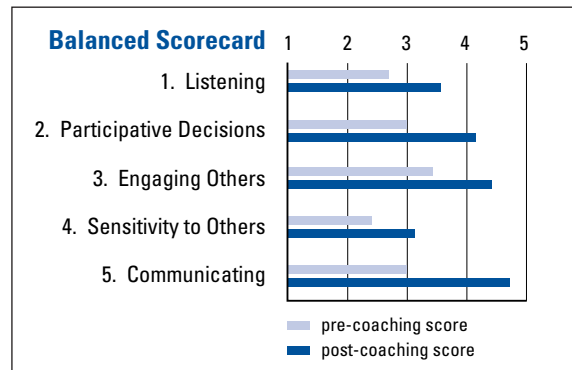


Figure 5. Pat's Interpersonal Measures

Finally, as mentioned previously, Pat and the coach agreed to use the *Survey of Influence Effectiveness* to benchmark the improvements and the company's employee satisfaction survey as a pre- and post-test of interpersonal skills. Figure 6 shows how Pat's scores improved from the previous satisfaction survey to the one administered after the coaching was completed.

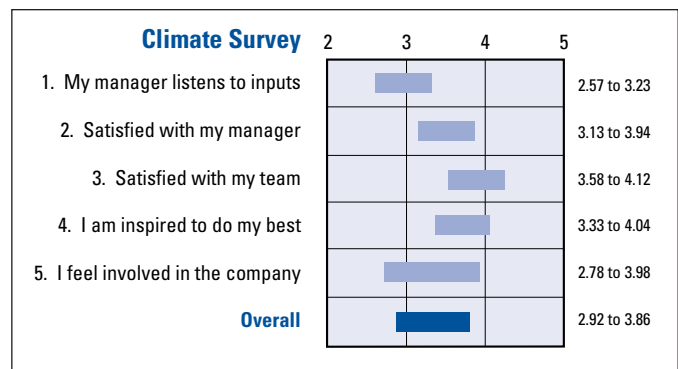


Figure 6. Pat's Interpersonal Measures

In figure 6, I've listed only the elements from the employee satisfaction survey that were most relevant to Pat's coaching program. This survey was also scored using a 1 to 5 scale. Note that Pat's overall score jumped nearly a full point. A score of 3.86 is still nearly 0.4 below the average score for ABC managers and is 0.6 below the best of them. However, an increase of nearly one full point is a

significant achievement. Especially gratifying to Pat was the post-coaching score of 4.04 on “I am inspired to do my best.”

I used the needs compass as a way to frame how we can assess Pat’s progress because it reminds us that there are four sources of feedback, and it’s important to measure coaching progress using all four sources whenever possible. The principal means of measuring Pat’s progress on his first goal, then, were the personal balanced scorecard and the employee satisfaction survey. We also used the *Survey of Influence Effectiveness* to assess Pat’s interpersonal skill at the end of the coaching and establish a benchmark for measuring future progress. Later, I will discuss how we calculated ROI in Pat’s case.

**Second Goal:
Becoming more of a strategic thinker.**

What would be different if Pat were more of a strategic thinker? This was the key question the coach asked him as they worked together to make this goal more tangible. Pat decided that being less tactical (short term and operational) and more strategic (long term and visionary) meant delegating more tactical decisions and operational management and playing a more active and leading role in strategy development. Having made these decisions, Pat realized that to develop as a strategic thinker, he had to delegate more of the daily operational decision making and problem solving to someone else, so he agreed to designate a deputy division manager who would assume responsibility for daily operations. This was a big step for Pat but was essential to the “two s-curves” mindset shift that needed to occur.

Pat also acknowledged that he did not know enough about strategic thinking and planning, so, at the coach’s suggestion, he decided to attend a graduate business school one-week program in strategic thinking. The PBS could also be a useful tool for measuring the success of this part of Pat’s coaching, but Pat’s stakeholders agreed that the best measure would be completion of a high-quality strategic plan for the division. To assess the quality, Pat decided that, after completing the business school strategic planning program and creating his business unit’s strategic plan, he would engage the director of the business school program to review and assess his strategic plan.

Also at the coach’s suggestion, Pat agreed to form a forward-looking task force within the division called the “Business of the Future” task force. This group of innovative current and future managers would be charged with identifying the business of the future and determining what the business unit needed to do to position itself effectively in the marketplace. Pat would lead this group and be responsible for the ideas and strategic plan it produced.

Finally, to measure the effectiveness of the coaching, the coach would do confidential 360° interviews with key stakeholders to determine how effectively Pat had learned to think strategically and become a visionary leader. Clearly, these interviews would be a qualitative rather than quantitative measure, but everyone agreed that it was important data nonetheless. The strategic thinking needs compass in figure 7 shows the four ways Pat and the coach would measure Pat’s progress on becoming a more strategic thinker.

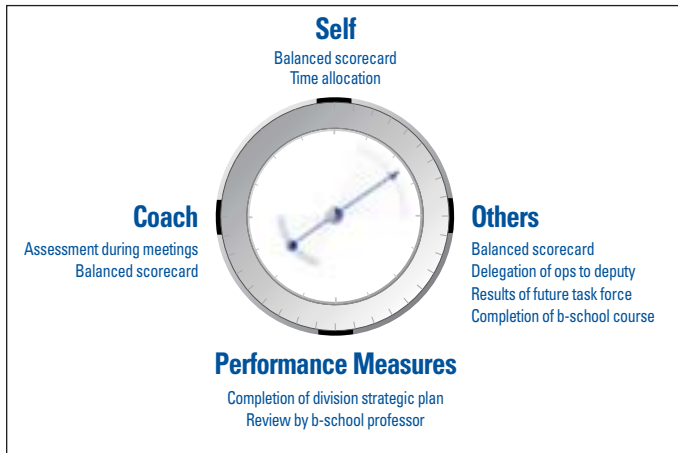


Figure 7. Pat's Strategic Thinking Needs Compass

In addition to the PBS, Pat will assess his progress by making the time allocations he agreed to. Others will assess whether he has successfully delegated much of operational management to a deputy, whether he completed the graduate business school program, and whether his future task force successfully completed the unit's strategic plan. Clearly, these measures will not indicate the extent to which Pat has become a more strategic thinker. It's questionable whether one could ever really measure that, and it's certainly not feasible in six months' time.

So as we try to measure Pat's progress against this goal, we have to acknowledge some conceptual limitations to measurement. Although we can't quantify to what greater extent Pat has become a strategic thinker, we *can* measure whether he has allocated and spent his time as he promised, whether he has appointed a deputy operations manager and actually delegated much of the day-to-day tactical management to that person, whether he completed the strategic planning program, and whether he led the task force to create the strategic plan.

To a certain extent, form follows function, so if Pat devotes considerably more time and personal mind share to strategic planning, then he is likely to have become a somewhat more strategic thinker. Of course, the real point is not whether he is a more strategic thinker but whether as the leader of this business unit he has shown more focus on strategic issues and has led the unit in its strategic direction. I think the evidence shows that he has. Figure 8, for instance, shows Pat's scores for the strategic thinking portion of his PBS. The post-coaching scores from others are dramatically higher than the pre-coaching scores.

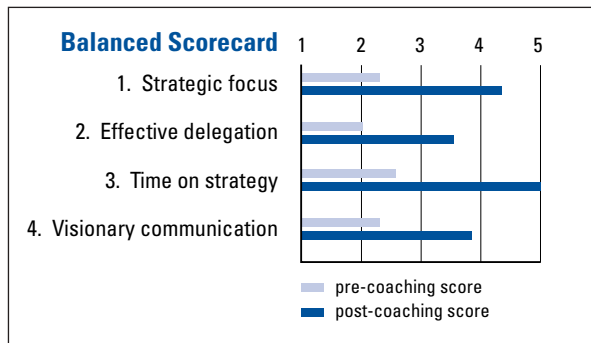


Figure 8. Pat's Strategic Thinking Measures

Business school program completed. Future task force completed strategic plan as scheduled. Rated 4 (of 5) with recommendations.

Pat's task force did successfully complete the strategic plan for the unit, and the graduate business school director reviewed it. Pat's plan received a 4 (out of 5) with some recommendations for improvements (of course, one would expect this from a b-school professor!). In the end, this part of Pat's coaching was considered very successful, in large part because the process helped Pat shift from a tactical to a strategic orientation. He later said that working on this goal was the single most important work he did in transitioning from a lower s-curve manager to an upper s-curve leader.

**Third Goal:
Creating more sales focus in the division.**

The final goal posed some interesting challenges for Pat and the coach. The key question was: What would be different if Pat were strongly focused on sales? Here is what they concluded:

- ▶ Pat would spend more time on sales. In particular, Pat would be going on key sales calls with members of the sales team and would be developing some key customer relationships with the division’s strategic accounts. Pat would have some independent customer relationships that he developed and maintained over time. Currently, Pat knew some key customers but had no ongoing, personal relationships with any of them.
- ▶ Pat would place more emphasis on sales during internal division meetings.
- ▶ Among the key criteria for evaluating division members’ performance would be contributions to business development. Currently, none of the key managers’ performance reviews included business development except for the division sales manager.
- ▶ Pat would create a strong sales team. This would involve assessing the current sales team and restaffing as necessary to ensure that top-notch people were in place in all critical positions.
- ▶ Pat would conduct strategic account reviews at least every six months.

These measures are process related, but for this objective, too, form follows function, which means that the activities themselves are evidence of greater sales focus, so they are the appropriate measures. It’s not possible to directly link increased sales to the coaching, but indirect links can be

established by measuring Pat’s commitment to these changes in function and time utilization and then measuring, first, the increased number of qualified opportunities in the pipeline and, second, the changes in sales performance over time as the effect of these management decisions becomes evident in the division’s sales performance.

Pat and the coach also agreed to include these measures in the PBS and for the coach to conduct confidential interviews with key stakeholders in the division to determine to what extent Pat had increased the focus on sales during the coaching period. The aggregate measures for this goal are shown in the sales focus needs compass (figure 9).

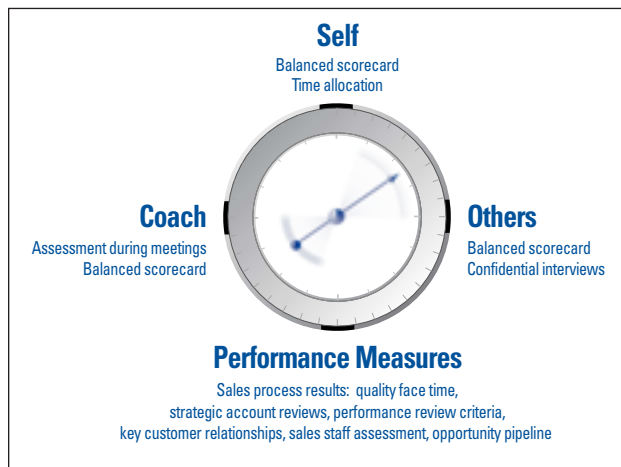


Figure 9. Pat’s Sales Focus Needs Compass

The most important measures in figure 9 are the performance measures at the south pole of the needs compass. These performance metrics are concrete and specific. We can measure how much quality face time Pat spends each week with customers. We can count the number of strategic account reviews he does. We can determine whether the unit’s performance review criteria for Pat’s managers include sales-related requirements.

We are assuming, of course, that if Pat spends more quality time with customers, has more key customer relationships, does strategic account reviews, assesses and develops his sales staff, and places more emphasis on sales in assessing his own managers that the unit's opportunity pipeline will grow. The goal was to increase the sales focus in the unit, and these activities are virtually certain to do that. What the boss attends to, people tend to focus on.

Pat's PBS pre-coaching and post-coaching scores are shown in figure 10.

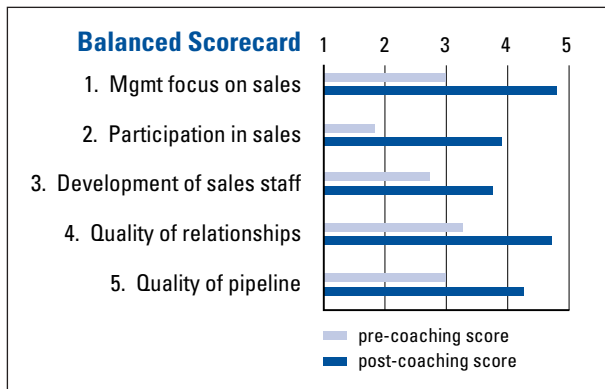


Figure 10. Pat's Sales Focus Measures

As with strategic thinking, Pat's post-coaching scores on the PBS are considerably higher, including far more management focus on sales and participation in sales. Furthermore, the perceived improvement in the quality of customer relationships is outstanding. Most importantly, these scores reflect the sales process improvements Pat was able to achieve during the six months of coaching. As shown in figure 11, Pat went from an average of four hours a week in front of customers to twelve hours a week, a 200 percent increase that is reflected in the number of key customer relationships, which went from three (pre-coaching) to eight (post-coaching).

During the coaching engagement, Pat also conducted eleven strategic account reviews and had done none previously. He also revised the unit's performance criteria for his management team to include three criteria related to participation in the unit's sales process, successful sponsorship of strategic accounts, and strength/depth of relationships with key customer executives. Finally, with the coach's assistance, Pat reviewed his sales team, worked with a team to define the competencies needed for salespeople, assessed the sales team, made some

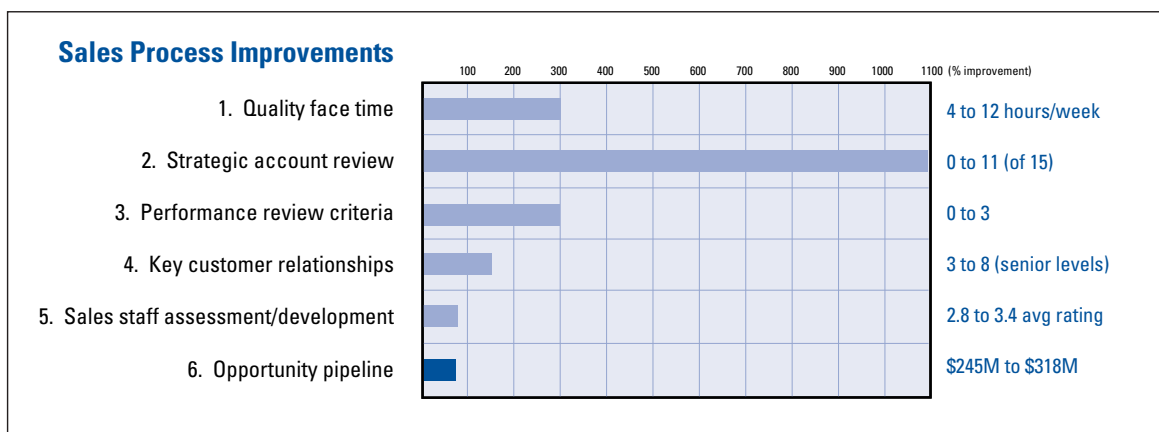


Figure 11. Pat's Sales Focus Measures

personnel changes, and initiated training for his salespeople and sales managers. As figure 11 shows, the average rating for salespeople rose from 2.8 in the initial assessment to 3.4 in the later assessment. Pat is still far from happy with this outcome, but it shows progress.

By the end of the coaching engagement, the unit's sales pipeline had grown from \$245 million to \$318 million. We can't attribute all of that growth to Pat's initiatives (the market may have had something to do with it), but an increase in pipeline value of \$73 million is significant. Furthermore, sales for the division increased by more than 8 percent by the end of the coaching period.

Kirkpatrick's Levels of Evaluation

In addition to the measures discussed above, we included mid-term and end-of-term coaching effectiveness evaluations, which constitute a Level 1 evaluation. More important was what Pat learned (Level 2), what he applied on the job (Level 3), and what business results occurred as a result of his coaching (Level 4). It should be obvious that the mix of measures used with Pat Jackson enabled all four levels of evaluation. In addition, we were able to calculate ROI confidently for one aspect of the coaching engagement.

The Return on Investment

It's difficult to calculate ROI for Pat's overall coaching engagement, but perhaps we don't have to. Here's what we know:

- ▶ Pat devoted considerably more time to strategic issues, assigned a deputy to manage operational details, formed a future task force and led it to create a strategic plan, completed a business school program on strategic planning, and received high marks on the unit's strategic plan from the business school professor. Both the progress and outcome measures indicate that Pat achieved this coaching goal, although we really cannot calculate its ROI. It may be possible in several years to see more evidence of Pat's growth as a strategic thinker, but even then we could not isolate the effects of the coaching from all other influences in Pat's professional life.
- ▶ Pat made a significant number of changes in his business unit related to sales. Not only did he devote much more time to it, he transformed his sales team, put more emphasis on sales as a criterion for measuring his managers, and led the division to a significant increase in its pipeline and sales volume. Again, the process and outcome measures strongly support the conclusion that the coaching had a dramatic effect, although it would be difficult to quantify the effect in terms of increased sales.
- ▶ The post-coaching data also suggests that Pat made great strides in improving his interpersonal skills. We can measure the improvements, not just in the increase in employee satisfaction scores, but in tangible proof that morale in his unit improved through the course of the coaching. During that period, Pat was able to delay two hires because of increases in unit productivity, and he reduced turnover from an average of 21 percent to 15 percent. His human resources manager calculated that those two improvements alone saved the unit \$348,000 in personnel costs (salary, benefits, and replacement costs). These savings are illustrated in figure 12.

Interpersonal Improvements	
2 delayed hires (increases in productivity)	\$96,000
Reduced turnover from 21% to 15%	\$252,000
	<u>\$348,000</u>
	>10x cost of coaching
Sales Focus Improvements	
Change in opportunity pipeline value	\$73,000,000
Increased sales volume (6 month avg)	\$22,370,000
Sales increase percentage	8.27%

Figure 12. Pat's Coaching ROI Calculations

So, while we may not be able to measure ROI accurately for all three goals, we can reasonably attribute the improvements in productivity and reduction in turnover to Pat's improved leadership skills, and the \$348K savings achieved were over ten times the cost of the coaching. In the end, the corporate human resources director estimated that the ROI for Pat's coaching was, conservatively, somewhere in the neighborhood of 1,200 to 1,500 percent. That's not bad.

Conclusions

It is possible to measure the effectiveness of executive coaching. However, to do so, you must set up the right conditions at the outset of an executive coaching engagement. First, the executive must be coachable. If the executive to be coached is narcissistic, defensive, or resistant to feedback, then coaching may still be desirable, but it may not be feasible to measure the gains. Bear in mind that the executive, not the coach, is responsible for any improvements that occur. Coaches can guide improvement, be good listeners and thought partners, offer sound feedback, and help executives

find the right resources, but the executives must have the skill and will to engage fully in their own developmental process.

To measure the effects of coaching, you must also ensure that you are working on the right issues, and I advocate the needs compass as a simple framework for thinking about the data sources relevant to the needs analysis and for establishing the measurements you will use. In drilling down to the real issues, the coach and executive need to link intangible but critical mindset shifts (like becoming a better strategic thinker or a better people person) to tangible and measurable behavioral shifts.

One of the lessons of the Pat Jackson case is that it's not possible to measure progress for every developmental goal the same way. Qualitative measures (like confidential feedback from colleagues or direct reports) may be valuable and should be used, especially when quantitative measures are not feasible. Process measures (such as number of hours per week of quality face time with customers) are very useful, especially when the aim of coaching is to help the executive work differently and focus on something other than what he or she has been focusing on.

Tools like the personal balanced scorecard were very helpful in Pat Jackson's case. Pat found the scorecard to be a useful daily reminder and a way to track what he should be doing every day. However, Pat was an ESTJ, which is an MBTI® type probably well suited to that type of tool. People with different operating style preferences may not appreciate the PBS as much as Pat did. However, coaches can develop other tools to help measure progress and change. Perhaps the key lesson here is that you have to be creative and find ways to recognize the

differences between how the executive behaved and performed at the beginning of the coaching process and how he or she behaved and performed afterwards.

As the leader of a firm that provides executive coaching services to executives, I believe it's unconscionable not to measure executive coaching effectiveness. Companies hiring coaches should demand it, as should the people being coached. However, the evidence from the International Coach Federation suggests that very little is being done to measure coaching effectiveness, especially beyond the Level 1 "smile sheets" that many coaches use to get a sense of their executives' satisfaction.

Smile sheets are far from enough. Whether we are on the buying or selling end of executive coaching services, we should insist on measuring the effectiveness of coaching so we know whether the energy, time, and money being invested in coaching is truly worth it. Finally, it's crucial to know after every coaching engagement whether the executive who had asked for help truly received something worthwhile. Did the coaching make a substantial difference? How can you know for sure? Unless you measure the outcomes in ways that I've suggested, all you can do is guess, and that's not good business.

Appendix: Lore Coachability Model

C0	Not coachable at present	Identified psychological issues
C1	Extremely low coachability	Narcissistic personality
C2	Very low coachability	Resists or defies feedback
C3	Fair coachability	Is complacent/unmotivated to change
C4	Good coachability	Assessment comes as a wake-up call
C5	Very good coachability	Shows an earnest desire to improve
C6	Excellent coachability	Has an intrinsic need to grow

Some executives are more open to coaching than others. Some are disposed to accept coaching while others are not. The Lore Research Institute has developed a coachability model to help coaches and clients understand how coachable an executive is, what behaviors reflect the executive's degree of coachability, and what is required for effective change. This brief describes Lore's coachability model.

The Coachability Scale

In this model, there are seven levels of coachability—from C0 to C6 (with C0 counting as the lowest level). The scale reflects the degree of difficulty in coaching a particular executive. The lower the number on the scale, the less coachable the executive is likely to be (or, put another way, the more difficult it will be for the coach to help the executive change). Conversely, the higher the number on the scale, the more coachable the executive will be.

This coachability model is based on a review of the research and literature on coachability, as well as on Lore's extensive experience in executive coaching. The authors of the model are Terry R. Bacon, PhD, and Pamela Wise, PhD.

Seven Degrees of Coachability

C0 – not coachable at present (lowest level)

Behavioral Descriptors

Identified psychological problem; dysfunctional behavior resists typical coaching. Normal functioning is impaired beyond the scope of a coaching intervention.

Observed Behaviors

Stressful life events have recently occurred. Focus is inattentive or easily distracted. Anger is poorly managed or inappropriately expressed. Appointments are missed or canceled. Decisions are avoided or made too quickly without appropriate input. Typical activity level is lowered or inconsistent. Has very little affect (emotional range is narrow; does not respond with normal emotional range to stimuli). Reports express a high level of dissatisfaction with behavior and leadership.

Requirements for Change

Needs help from a trained clinician. Coaching is not the appropriate relationship for the change needed. Coaching may need to be revisited at a later time or when more normal functioning is restored.

C1 – extremely low coachability

Behavioral Descriptors

Is strongly independent (the only one who can advise me is me); may express independence in self-centered behavior and an arrogant/overbearing manner; sees no need to change; will not admit to serious weaknesses or areas for improvement; refuses to engage in the coaching process or actively resists it; feels invulnerable (no one can touch me). May be antagonistic or hostile toward the coaching process and the coach; may lobby against the coaching program, labeling it wasteful and unnecessary.

Observed Behaviors

Exhibits impatience in behavior or negative affect. Is easily frustrated. Works alone. Doesn't invite feedback or participation. Pays little attention to others. Doesn't listen or respond empathically to others. Shows up late for appointments. Closed to new learning and shows no interest in change or new experience. Interrupts during conversations. Behavior appears rigid and inflexible. Expresses a strong need to be right. Avoids processes that involve emotional input. Reports express detachment, complacency, hopelessness, or low expectation of change. Turnover may be higher than expected.

Requirements for Change

Is often unresponsive, even to the strongest threats or potential consequences; may leave the organization and blame others rather than "submit" to change; may change only in response to a significant, dislocating life or work event (divorce, death of a loved one, loss of a job, failure to be promoted, etc.); tends to blame others for failures so will not accept responsibility for change. May need more time and effort to engage in coaching than most organizations are willing to give. May accept consultation from an "expert."

C2 – very low coachability

Behavioral Descriptors

Resists or deflects feedback; uses defenses to deal with reported "flaws," weaknesses, or development needs; for example, explains away issues or offers rationale for negative perceptions. May behave indifferently toward the coaching process, but puts no effort into creating or executing an action plan. Tends to be negative toward the coaching process, saying that it was not helpful.

Observed Behaviors

Demonstrates a lack of self-knowledge in interactions with others. Has blind spots in behavior, readily observed by others. Uses a variety of defenses to avoid change. May behave as though feedback is criticism. May act in an indirect way rather than confront an issue openly. Reports express fearfulness and lack of two-way communication. During coaching, may try to dominate the discussion, lead the coach away from areas the coach wants to discuss, tell long off-topic stories, or otherwise seek to deflect the focus away from the feedback and coaching needs.

Requirements for Change

Needs strong extrinsic motivation (rewards or threats), typically not from the coach. Must be faced with the consequences of inaction or lack of commitment; the coach must be extremely candid; must have development plan closely linked to performance measures and progress should be tracked by coach AND boss, with frequent periodic reviews.

C3 – fair coachability

Behavioral Descriptors

Feels that he/she is doing just fine; has reached a point in his/her career where change/improvement does not feel urgent; is comfortable in the role; perceives that the business results are fine. No need to change. Considers this coaching process another fad (it will pass). May pay lip service to change but is not really committed to it and will make only token efforts to execute the action plan.

Observed Behaviors

Behavior is geared toward maintaining the status quo. Comfortable behaviors are repeated. Unable to identify any needed areas of change. Behavior is consistent, but low-risk. Reports express lack of

challenge or creativity. May acknowledge some change needs but has no sense of urgency around them. May accept coach's suggestions but show no real commitment to change.

Requirements for Change

Typically, must be shocked out of complacency through the implications of not changing; best motivator is an alteration of the conditions that led to complacency; may respond to authority; can be deceptive with coach by appearing to agree to change but with no real commitment; individual feedback comments are often more powerful than feedback scores.

C4 – good coachability

Behavioral Descriptors

Prior to the assessment, saw no need for change; the development assessment comes as a “wake-up call”; accepts some feedback but may show sensitivity to some negative perceptions; did not initially see the value of the 360° process but acknowledges that it gave an accurate picture; has not developed a natural learning style and may not be certain how to proceed to learn effectively. Demonstrates some resistance to change initially, as well as to the coaching process, but has a growing awareness of the need for change; sense of urgency depends on the implications of changing or not changing.

Observed Behaviors

Demonstrates adequate performance. Behavior is consistent, but there is more potential. Demonstrates adequate to good problem-solving and interpersonal skills. Responds to logical and factual presentations, but behavior may lack consideration of emotional input.

Requirements for Change

Will respond to strong feedback and an assertive but helpful coach; walk carefully through the 360° results and build buttoned-up development plan; tie coaching process concretely to performance metrics and monitor closely; coach and boss should monitor progress; needs to see concrete benefits of change and is likely to support the process and stick with it if early results demonstrate those benefits.

C5 – very good coachability

Behavioral Descriptors

Accepts the feedback and shows an earnest desire to improve; sees the value of 360° feedback and willingly participates in the coaching process; is busy but feels that self-development is important and will find a way, though it may mean making some trade-offs; initially may not be enthusiastic about the process and probably already does many things well; becomes committed to the process as the benefits become clear.

Observed Behaviors

Demonstrates talent. May lack work-life balance in behavior. Demonstrates competitive behavior. Work skills are solid, with specific needs for improvement evident. May have behaviors that promote a sense of unavailability. Reports express satisfaction, but may have more potential than is demonstrated currently.

Requirements for Change

Will be intrinsically motivated once the picture is clear; coach should primarily use questions to help discover acceptable trade-offs; change may be inadvertently derailed by day-to-day business, so monitor and provide continuous feedback and reinforcement.

C6 – excellent coachability

Behavioral Descriptors

Has an intrinsic need to grow; has been a lifelong learner; personal history shows evidence of self-directed learning; strong achievement motivation; sees 360° feedback as intrinsically valuable and seeks it beyond the coaching program; is widely read and can cite favorite books on leadership, development, and related areas; is often modest and has a realistic sense of self.

Observed Behaviors

Demonstrates high potential in behavior. Demonstrated skills are above average with many strengths. Expresses need for new challenges and learning. Places a high value on performance and growth. Challenges others and holds high expectations for achievement. Keeps schedules and commitments. May not readily exhibit the effects of stress. May have difficulty understanding and motivating those who are different in style. Reports express respect for leadership, feel challenged and want even more.

Requirements for Change

Is likely to be self-directed, so monitor loosely, act as a sounding board, provide resources and ideas; ask client to share other feedback he/she is receiving; inquire about client's next steps and ongoing development plans. May respond best to facilitative approaches.



Dr. Terry R. Bacon

About the Author

Terry is founder, CEO, and president of Lore International Institute. Terry served as a U.S. Army officer from 1969 to 1974. During that period he was an artillery officer, an intelligence analyst, and a counterintelligence officer.

He finished his army career as an analyst for the Defense Intelligence Agency in the Pentagon. After receiving a Ph.D., Terry taught at The American University and the University of Utah until 1977, when he joined a consulting firm offering communication skills training to government agencies and corporations throughout the United States. In 1987, he left that firm and worked with the Center for Creative Learning until 1989, when he founded Lore.

In his career in corporate education, Terry has created nearly fifty programs in writing, speaking, interpersonal skills, conflict handling, leadership, proposal writing, management, selling skills, influencing, marketing, strategic planning, and account management. He has delivered thousands of workshops to business groups worldwide. He has also served as a psychological counselor, working with clients in the areas of self-development, career development, leadership, conflict and problem resolution, and sexual abuse.

Terry is a prolific author, having written or cowritten nearly 80 books, film scripts, simulations, and white papers. His books include *Leadership Through Influence*, *Effective People Skills*, *Leading in a Boundaryless Organization*, *High-Impact Facilitation*, *Helping Customers Buy*, and *Proposing to Win*. He has also created a number of skills surveys and

assessments, such as the *Survey of Influence Effectiveness*, the *Coaching Effectiveness Survey*, and the *Lore Leadership Assessment*. Terry is a frequent speaker on topics related to leadership, sales and strategic account management, and corporate education. His most recent publication is *Winning Behavior: What the Smartest, Most Successful Companies do Differently*. It explores behavioral differentiation in the workplace and is published by Amacom.

Terry has a B.S. in Engineering from the United States Military Academy at West Point and a Ph.D. in English from The American University in Washington, DC. He has also studied business and marketing at the Roosevelt University, and strategic planning at the Wharton School of Business, sales management at the University of Chicago School of Business, psychology and counseling from Goddard College, and business management and leadership at Stanford University.

About Lore

Lore is a firm specializing in professional development, corporate education, and consulting services related to maximizing business results through people. Though headquartered in Durango, Colorado, Lore provides programs and services worldwide. Our firm helps clients differentiate themselves and grow their businesses through the development of people and the processes and tools they use to do their work. Lore's Research Institute, Consulting Group, and Professional Development Group work in concert to provide practical, research-based solutions through a variety of consulting and learning methodologies.

For information on how Lore can help your organization achieve its goals, call 800-866-5548 or visit our Web site at www.LoreNet.com



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