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Building a Coaching Culture

Executive Summary

More and more organizations have recognized the value in building a culture of coaching that offers employees at all levels—not just executives and managers—the opportunity to grow their skills, enhance their value and reach their professional goals. But not all coaching is equal. To ensure successful results that go beyond skills training and truly enable the company to increase employee engagement and retention, the organization must develop a comprehensive coaching plan that addresses both current and future needs. The challenge arises not only in determining the types of coaching that will be most impactful, but also in attaining the internal buy-in and support for such a program.

Organizations continue to seek coaches who exude necessary qualities, such as listening actively, establishing trust and maintaining high professional standards. Additionally, organizations must ensure that internal and external coach practitioners, as well as managers/leaders using coaching skills, have received the appropriate amount of training. Of course, the company must also actively evaluate the coaching program to determine its effectiveness and return on investment (ROI) in order to maintain continued support and investment.

This signature research, conducted in partnership between the Human Capital Institute (HCI) and the International Coach Federation (ICF), investigates the components of a successful coaching culture, as well as the state of coaching within organizations as reported by more than 500 professionals. Key findings from this research include:

- Although more companies realize the value of a robust coaching program, only 13% of organizations participating in this research are classified as having a strong coaching culture.
- Coaching can be indicative of increased employee engagement; 65% of employees from companies with strong coaching cultures rated themselves as highly engaged.

- Coaching also has an impact on financial performance, with 60% of respondents from organizations with strong coaching cultures reporting their 2013 revenue to be above average, compared to their peer group.
- There are three main modalities being applied in organizations today: external coach practitioners, internal coach practitioners and managers/leaders using coaching skills.
- Though managers/leaders using coaching skills are the most common modality, they often have the least amount of coach-specific training, with 51% receiving less than 30 hours of informal coach training and 22% receiving no training at all.
- The three main barriers to implementing a successful coaching culture are lack of time, limited ability to measure return on investment and budgetary constraints.

Definitions of Key Terms

Coaching: partnering with coachee(s) in a thought-provoking and creative process that inspires them to maximize their personal and professional potential.

External coach: a professional coach practitioner, who is either self-employed or partners with other professional coaches, to form a coaching business.

Formal mentoring: the structured process of developing employees' skills by matching or assigning them with an experienced, knowledgeable employee.

Informal mentoring: the development of a professional relationship that occurs spontaneously between an experienced and less-experienced employee.

Internal coach: a professional coach practitioner, who is employed within an organization and has specific coaching responsibilities identified in his or her job description.

Manager/leader using coaching skills: a manager or leader who works with his or her subordinates within the organization to create awareness and support behavior change. This is accomplished using coaching knowledge, approaches and skills.

Professional coach practitioner: someone who provides an ongoing partnership designed to help coachees produce fulfilling results in their personal and professional lives. The coach's job is to provide support to enhance the skills, resources and creativity that the coachee already has.

Introduction

There is a growing movement among organizations to develop a coaching culture as more companies realize the advantages of such a strategy. Once a luxury strictly for executives, coaching is now being extended to employees at all levels of the organization for developmental purposes.¹ In fact, 43% of organizations report employing internal coaches to work with all employees, and 60% say coaching is available to their high-potential employees.² Moreover, an extensive coaching program is often associated with positive business outcomes, including higher employee satisfaction and performance.³

The adoption of coaching skills is becoming the norm for managers and leaders, who may be able to have a positive influence on their employees using the skills they have learned from their coaching sessions.⁴ In one study, 47% of respondents reported that line managers are the main delivery channel for coaching.⁵ Although some organizations report hiring internal coaches who have a variety of coaching qualifications and accreditations, there is no single, industry-wide standard or benchmark. Some companies reported that their coaches do not have any formal qualifications or accreditation; certain companies even reported employing coaches with as little as a few days' worth of training.⁶

Coaching continues to become an increasingly popular focus in business settings, underscoring the importance of exploring how organizations are cultivating a coaching culture. This signature research, conducted in partnership between the Human Capital Institute (HCI) and the International Coach Federation (ICF), will examine the ways in which companies and leaders establish and support a coaching culture and further identify the motivation, application and outcomes of coaching practices today.

This report is divided into four sections: Articulating the Business Case for Building a Coaching Culture, Designing a Strong Coaching Culture, Finding and Training Coaches, and Executing and Evaluating the Coaching Program. Our goal is to make this report an actionable guide for your organization's journey in building a coaching culture.

Articulating the Business Case for Building a Coaching Culture

The first step toward implementing an effective coaching program is making a strong business case that presents the need for coaching and highlights the expected results of the program. When organizations make coaching a key part of their talent management strategy and overall corporate culture, they show their current employees and job candidates alike that they are committed to the ongoing training and development of their staff. Not only will such a coaching culture help to retain top employees and help prepare high-potentials for leadership positions, but it will also position the company as an employer of choice and enhance its ability to attract qualified, right-fit talent.

Another point to help build the business case of investing in a coaching culture is the ease with which companies can now connect with professional coach practitioners. Research shows that there are no fewer than 47,500 professional coach practitioners worldwide, with 33% of them in North America. There has also been rapid growth in the number of coaches in the emerging markets of the world, particularly Latin America and Asia, ensuring multi-national organizations can develop employees wherever they have employees.⁷

Still, the question remains: What does a successful coaching culture look like? One report states that a coaching culture is “built on organizational and leadership beliefs and practices that reflect coaching as a strategic business driver and critical talent management tool.”⁸

With an understanding of why coaching is so important, in terms of developing the company workforce as a whole and ensuring competitive advantage through its people, the organization can lay the foundation for a successful and long-lasting coaching culture. As a result, the company can convey its commitment to the ongoing development of its employees, helping to retain top talent and attract the best candidates who want to work for a company dedicated to their professional advancement.

Components of an Effective Coaching Culture

Despite growing recognition of the need for robust coaching programs, many organizations are unsure of how to go about establishing an effective strategy, or what an effective coaching culture should look like. To determine the components of a successful coaching culture, ICF and HCI created a composite index highlighting the critical success factors necessary to develop an environment of effective coaching.

According to survey responses, a mere 13% of organizations represented are classified as having a strong coaching culture, as determined by having a score

of five or six on this composite index. Points were generated for each of the following:

- Strongly agree/agree that their organization has a strong coaching culture
- Strongly agree/agree that employees value coaching
- Strongly agree/agree that senior executives value coaching
- Coaching is a fixture in the organization with a dedicated line item in the budget
- Managers/leaders (and/or internal coach practitioners) spend above-average time on weekly coaching activities⁹
- Managers/leaders (and/or internal coach practitioners) received accredited coach training

The Right Coaching Outcomes

In light of the relatively low proportion of organizations with strong coaching cultures, it is important for employers to understand why such a culture is so vital to company success. A culture that focuses on providing employees with the coaching that will enhance their skills and professional development is correlated with higher employee engagement and stronger financial performance.

As seen in Figure 1, nearly two-thirds of respondents from organizations with strong coaching cultures rate themselves as being “highly engaged,” compared to only about half for organizations without strong coaching cultures. In terms of financial impact, 60% of respondents from organizations with strong coaching cultures report their 2013 revenue to be above their peer group, compared to 41% from all other companies (Figure 2). Based on these results, it becomes clear that coaching is more than just a way to increase employees’ skills and competencies; it can have a long-lasting systemic impact on an organization’s ability to retain talent and on its financial sustainability.

Figure 1. *Percentage of highly engaged employees by coaching culture.*

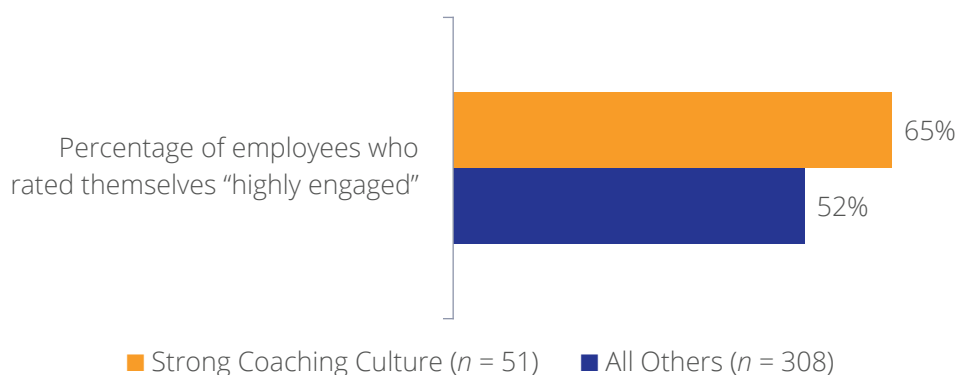
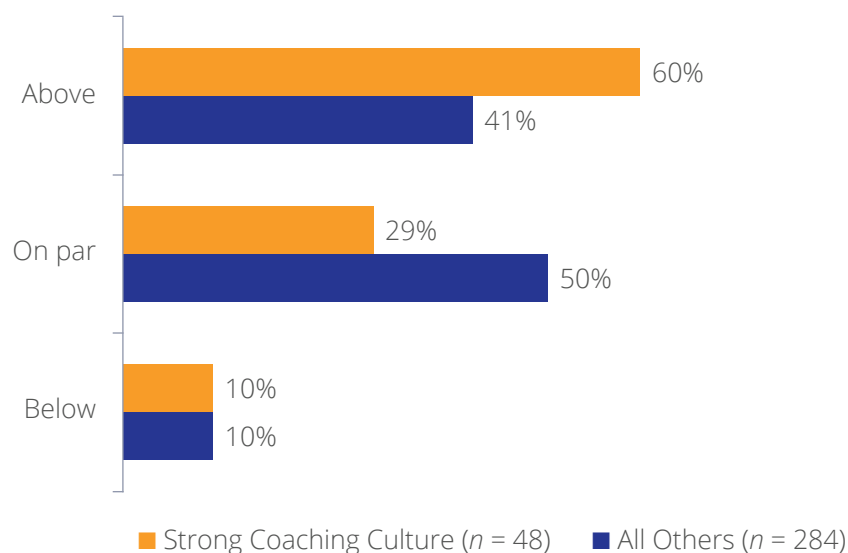


Figure 2. *2013 revenue growth in relation to industry peer group by coaching culture.*



Designing a Strong Coaching Culture

The first step in creating a robust coaching culture is to determine who should take ownership of the program. According to the survey results, 82% of respondents indicate that human resources (HR) is responsible for designing and evaluating the coaching program, compared to the learning and development (L&D) function (59%) or senior executives (43%).

To understand how to build a coaching culture, it is essential to look at factors such as team organization, the complexity of jobs and the talent management strategies that provide the rationale for coaching.¹⁰ As the use of teams in organizations continues to rise, there needs to be training for the group leadership in order to delegate responsibilities and provide supportive leadership. Moreover, the role of the leader has evolved from the traditional hierarchical director to a supportive and non-controlling capacity and more managers/leaders are expected to use coaching skills in their daily interactions.

Still, there are several questions to ask to help shape the coaching program and ensure it meets the unique needs of the company. Some key aspects to consider include:

- What are the differences between modalities (i.e., external coach practitioners, internal coach practitioners, managers/leaders using coaching skills)?
- What are the motivations behind offering coaching?
- To whom is coaching offered and for what reasons?
- Through what methods is coaching delivered?
- How often is coaching delivered?
- What are the barriers to designing a coaching culture?
- How is coaching different from mentoring?

Who's Delivering Coaching?

Each company's coaching program will undoubtedly be unique, not just in terms of the skills the company is looking to improve, but also the way in which coaching is delivered and by whom. A "coach" is no longer just a generic term; coaching can be delivered by a range of individuals in different capacities. For instance, the company may employ an internal professional coach practitioner with specific coaching responsibilities or leverage an external coach to come in and provide his or her services. These professional coach practitioners are tasked with providing support to enhance the skills, resources and creativity that

coachees already have, helping them achieve fulfilling results in their personal and professional lives.

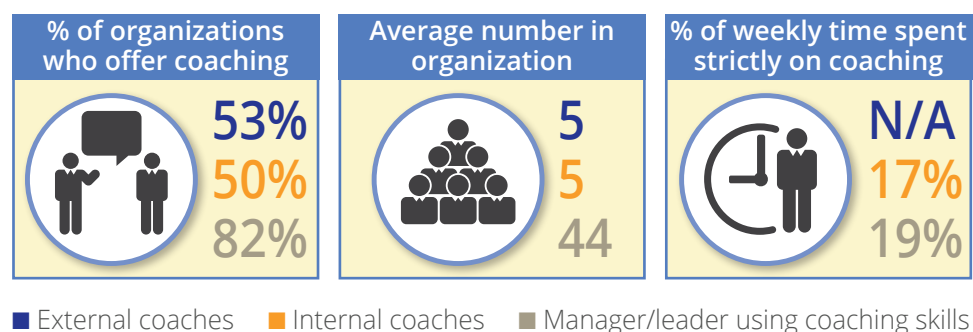
An organization may utilize managers or leaders using coaching skills—individuals who, although not coach practitioners themselves, work with their subordinates to create awareness and support behavior change using coaching knowledge, approaches and skills. Although these individuals are not delivering coaching, they are interacting with their subordinates in a “coach-like” way.

According to our respondents, the most common modality being applied in organizations is that of managers/leaders using coaching skills, which we find to be the top method in 82% of respondents’ organizations. This is in comparison to 50% of organizations employing internal coach practitioners and 53% utilizing external coach practitioners (Table 1).

We also find that organizations vary in terms of the proportionate blend of modalities they employ. Overall, about a third (32%) of organizations use all three modalities. For companies offering external coach practitioners, 65% also offer internal coaches and 91% report the presence of managers/leaders using coaching skills. The organizations in which managers/leaders used coaching skills also were found to also leverage external and internal coach practitioners (52% and 51%, respectively). Organizations with more employees are more likely to use internal or external coaching practitioners, but in this study organization size is not associated with the number of managers/leaders using coaching skills.

In other research, it appears that the rise in managers using coaching skills is an ongoing trend, with 43 percent of respondents to the 2011 CIPD Learning and Talent Development survey reporting that line managers had the main responsibility for delivering coaching within their organizations.¹¹ Such a trend is a natural one; the manager can use coaching skills as part of the everyday relationship between supervisor and employee. When managers provide regular feedback to their teams, the coaching skills they use can serve as an effective tool in improving retention.¹²

Table 1. Frequency of modalities.



Why Offer Coaching?

Despite the different modalities in use, the reasons companies decide to offer coaching and/or to position managers/leaders to use coaching skills are similar. The top reason for utilizing a coach practitioner or manager/leader using coaching skills is to improve the leadership development strategy. Other factors include increasing employee engagement, improving communication skills, improving teamwork and increasing productivity (Table 2).

Additionally, companies are increasingly turning to coaching and mentoring programs to develop talent.¹³ Through coaching, the company can increase the utility of employees to develop others, while helping more employees reach their full performance potential.

Table 2. How important were each of the following factors to your organization's decision? (5 point scale, 1 = Not at all important to 5 = Very important)

Top reasons	For use of external coach practitioners	For use of internal coach practitioners	For use of managers/leaders using coaching skills	
1				 Leadership development strategy
2				 Improve communication skills
3				 Improve teamwork
4				 Improve decision-making
5				 Increase productivity
				 Increase employee engagement

"The coaching initiative was driven mostly because the organization wanted to develop better communication. Prior to coaching, it was more of a traditional manager-employee relationship, where a manager tells employees the things they need to do, [and] the employee tries to do them, but we were not necessarily getting the results we were looking for."

—TERENE ALLRED,
HR MANAGER, PRECOR INC.

To Whom Is Coaching Offered and for What Reasons?

Another key to developing an effective coaching culture is to provide the appropriate coaching opportunities to the right audience. Coaching is typically offered to employees of all ages and seniority levels for the primary purposes of enhancing performance management, communication skills and team effectiveness (Table 3). These findings closely mirror a 2014 study by the ICF that found that individuals participate in a coaching relationship to optimize individual/team work performance (42%), expand professional career opportunities (33%) and increase self-esteem/self-confidence (31%).¹⁴

The coaching medium depends upon the career level of the individual (entry-level, mid-level, senior-level or high-potential) as well as the generation (baby boomers, generation X or millennials). Overall, group or individual face-to-face coaching is the most utilized method across seniority levels and generations.

Reasons for offering (% that indicate it is a reason)									
	% that offer	Performance management	Self-esteem/self-confidence	Work/life balance	Career opportunities	Communication skills	Relationship building	Team effectiveness	Other
Entry level	63%	84%	35%	25%	45%	63%	49%	68%	13%
Mid-level	80%	83%	30%	31%	49%	65%	60%	74%	13%
Senior level	80%	68%	25%	32%	38%	66%	64%	74%	20%
High potentials	87%	69%	37%	30%	70%	63%	63%	60%	18%
Baby boomers (born 1946-1964)	70%	75%	29%	34%	42%	62%	56%	68%	21%
Generation X (born 1965-1979)	84%	76%	29%	28%	51%	67%	56%	69%	19%
Millennials (born 1980-1996)	78%	77%	37%	29%	56%	71%	58%	67%	20%
Remote/virtual employees	54%	80%	27%	33%	50%	66%	58%	70%	20%

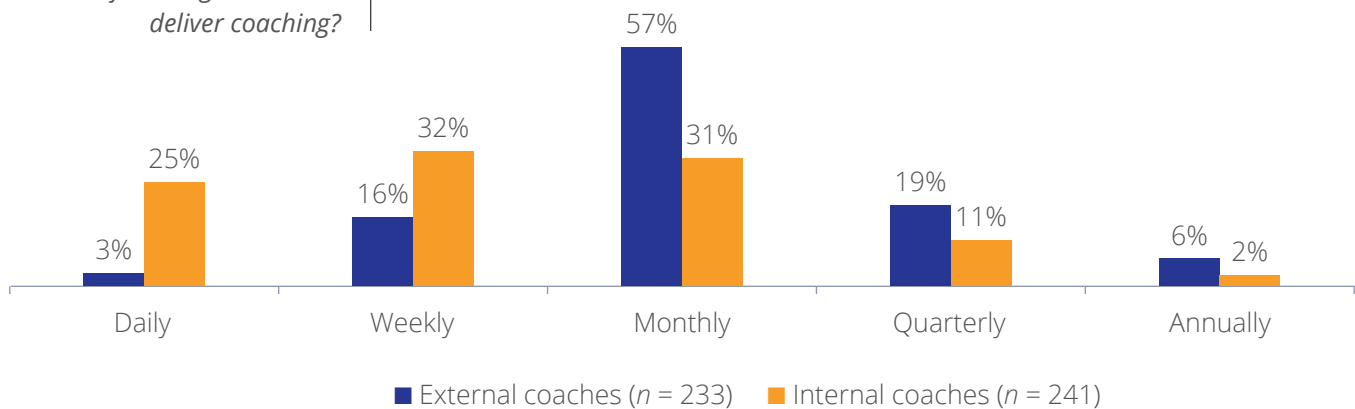
Table 3. Percentage offering coaching to each group and percentage who indicate reason for offering.

How Often Is Coaching Delivered?

The modality used can have a sizeable impact on the amount of coaching activity within an organization. For instance, managers/leaders using coaching skills have the opportunity to interact with employees on a daily basis. However, external coach practitioners typically interact with the coachee on a monthly basis, and internal coach practitioners are most likely to interact with coachees on a weekly basis.

In organizations with a strong coaching culture, 58% report that managers/leaders use coaching skills on a daily basis compared to 34% of all other organizations. The same trend can be seen for internal coach practitioners (39% deliver coaching daily in strong coaching culture organizations compared to 21% of internal coach practitioners in other organizations). However, even in the absence of a strong coaching culture, the majority of organizations using external coach practitioners report that these individuals deliver coaching monthly (Figure 3).

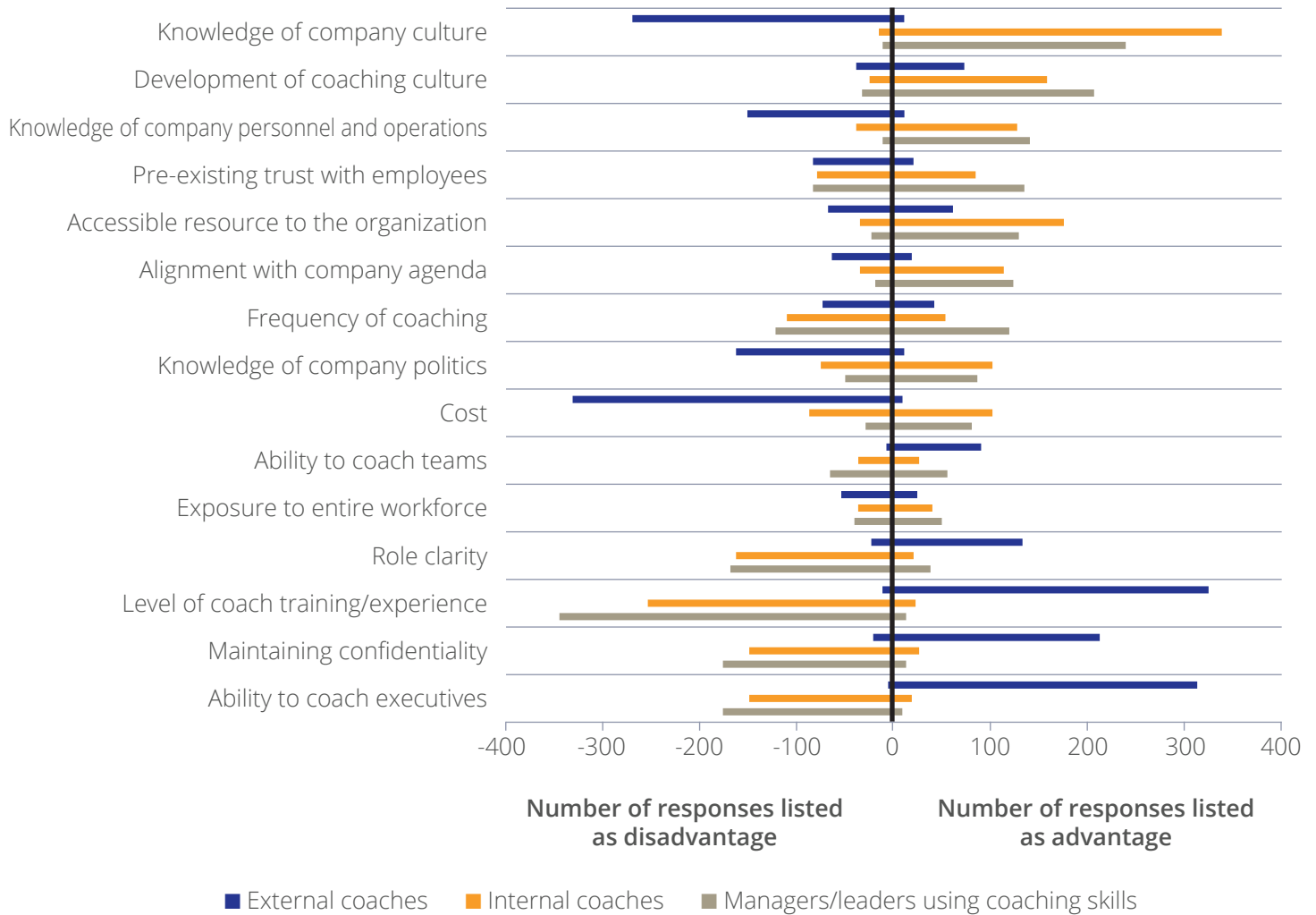
Figure 3. *How often do the following individuals deliver coaching?*



Advantages and Disadvantages of Each Modality

As each company is unique in terms of skill gaps, developmental areas and overall organizational goals, it is important to develop an approach that best meets its needs. Understanding the advantages and disadvantages of each modality is key to achieving the right strategy and developing the appropriate coaching culture. For example, external coach practitioners often come to the organization with more training/experience. In addition, external coach practitioners, especially those with business backgrounds, are also more likely to work with managers and executives.¹⁵ One perceived disadvantage of external coach practitioners is that they may not always have the extensive knowledge about the company culture that an internal coach practitioner or manager/leader using coaching skills would have. Moreover, many believe that external coach practitioners are expensive and lack preexisting trust with employees (Figure 4).

Figure 4. *What are the top three advantages and disadvantages of each modality?*

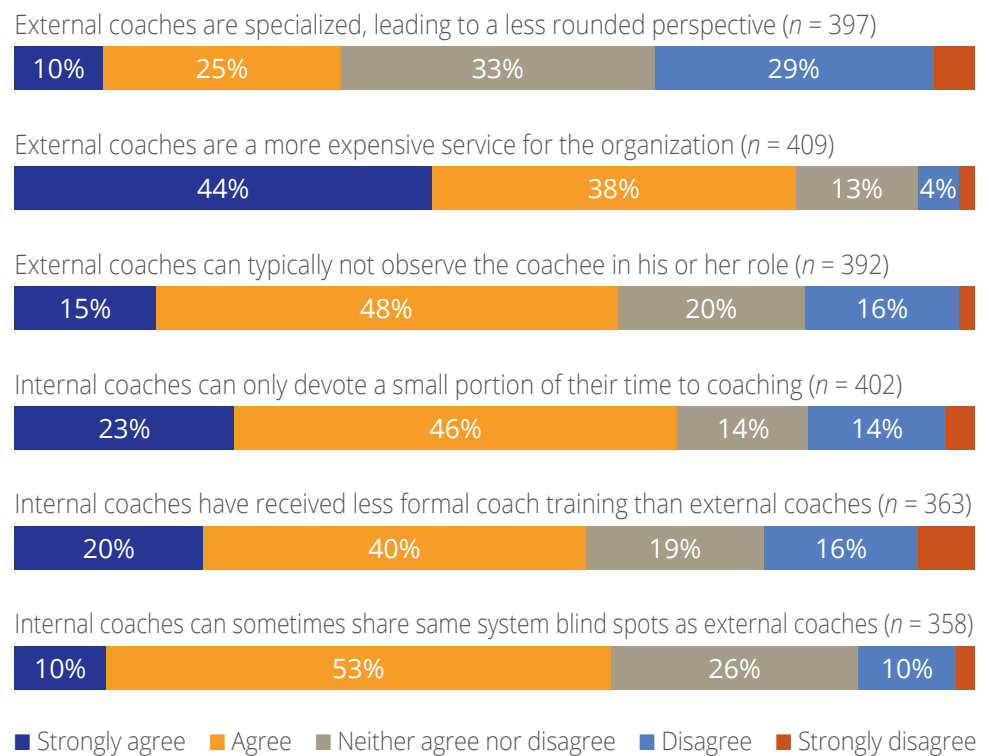


The 2009 ICF Ethics and Standards Committee compiled an FAQ page for coaches to better understand and apply the ICF Code of Ethics. View it here: Coachfederation.org/ethicsfaq.

Internal coach practitioners often will have an in-depth understanding of the company and its needs, yet organizations may still have some concerns in using internal coach practitioners to deliver coaching. The survey results show that internal coach practitioners are perceived as having less formal coach training than external coach practitioners and less time to devote to coaching, while still having the same blind spots as their external counterparts

(Figure 5). Furthermore, internal coach practitioners are perceived as less able to maintain confidentiality (Figure 4). The issues surrounding confidentiality involve the need to serve two stakeholders: the coachee and the organizational sponsor for coaching. If issues arise, what does the coach do? Also, the internal coach practitioner should adhere to a coaching code of ethics, utilize a formal coaching agreement, and have the acumen and savvy to address important confidentiality concerns.

Figure 5. Percentage of agreement with the following statements.



Distinguishing Internal Coach Practitioners from Managers/Leaders Using Coaching Skills

One of the biggest areas of confusion when it comes to coaching is the difference between internal coach practitioners and managers/leaders using coaching skills.

The survey found that 68% of respondents agree that there is a clear distinction between the two modalities. When asked, “How are managers/leaders using coaching skills distinguished from internal coach practitioners?” several themes emerged that address the strengths and limitations of both modalities:

Differences in the context to which coaching is applied

“The fundamental difference lies at the scope of the coaching process. The managers or leaders who are able to apply coaching skills in their day-to-day work might be using the same techniques as an internal coach. The internal coach practitioner generally works with a variety of “clients” who chose a formal or an informal coaching setting to work on specific issues that sometimes could involve the manager, as well, or teams in their entirety. A manager or leader would use similar techniques with the intention to foster appropriate communication within the team, drive results and fulfill their team’s potential as part of the normal functioning of their team, rather than providing support on individual matters or to address specific team needs that require the intervention of an external, independent facilitator.”

“They are distinguished by the coaching context. Managers and leaders do coaching for their staff as part of their career development. Internal coach practitioners do coaching to achieve specific organizational outcomes.”

“Internal coaching relationships are more formal with set meetings specific to coaching, which can often be in conjunction with initiatives such as our 360-degree program, leadership development, high-potentials, etc. The result is generally an individual development plan relative to growth in one’s role or grooming toward another role. Managers/leaders using coaching facilitate more in terms of helping their subordinates achieve greater levels of performance within their current position.”

“Managers use coaching skills informally and as needed to support immediate or short-term business practices, while coaches have structured weekly or monthly meetings geared toward holistic development.”

“Internal coaches have specific coaching goals with a scheduled coaching agreement. Managers using coaching use the skills whenever appropriate during their daily interactions with the people they supervise.”

Differences by title

“Firstly, by title and reporting within the organization; internal coach practitioners report into the HR organization whereas managers/ leaders using coaching skills are aligned with their business units. Managers/leaders coach on-the-job and in the moment, whereas our internal coach practitioners tend to get involved when issues either escalate beyond the manager’s/ leader’s expertise and/or situations transcend multiple departments. Additionally, managers/ leaders get more involved in developing individual career path/career development, with input from the internal coach practitioners.”

Differences in training and abilities

“Managers have better knowledge of their staff. However, they also have more of a personal/ vested interest, which can cause them to struggle with the tough conversations that are easier for someone who is not so involved day to day.”

“Managers/leaders using coaching skills are not certified coaches. They usually struggle to remain unbiased. They also find it difficult to allocate time for coaching.”

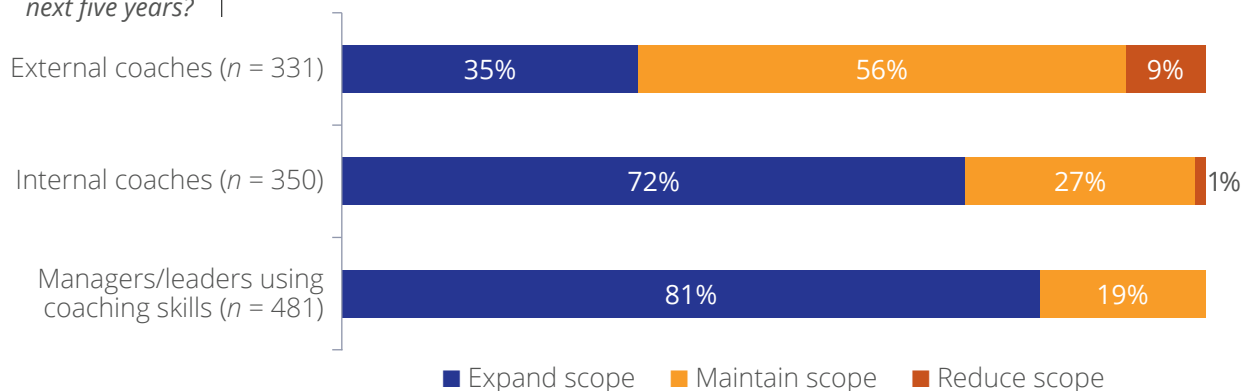
“Internal coach practitioners are professionally trained through an ICF-accredited organization; all are pursuing ICF certification, and coach practitioners will work with individuals by establishing a formal coaching contract. Managers using coaching skills may have been trained through a two-day coaching clinic; there would be no formal coaching contract used when coaching their employees.”

The Future of Coaching

It is clear that more organizations realize the importance of coaching as a way to enhance the professional skills of their staff and show commitment to helping employees reach their professional and personal goals. As such, more companies report that they are increasing the scope and offerings of their coaching programs over the next five years. This has been observed especially in the form of managers/leaders using coaching skills (Figure 6). However, for the use of external coach practitioners, more than half (56%) indicated that they would maintain the current scope.

Despite this growing recognition of the value of coaching, when looking at forecasted coaching budget for 2015 and the organization's plans to increase scope of each modality, most respondents indicated that their budgets will stay the same rather than increase. The biggest barriers to implementing coaching were found to be a lack of time, limited ability to measure the return on investment (ROI) of coaching and budgetary constraints.

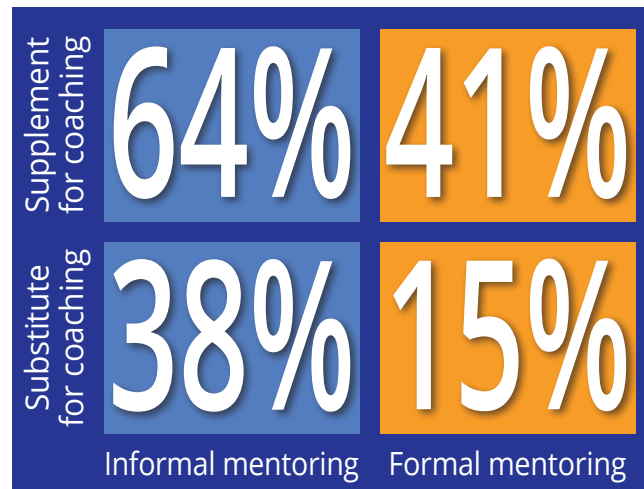
Figure 6. What are your organization's plans for this modality within the next five years?



Mentoring and Coaching: A Distinct Difference

Another important factor in developing an effective organizational coaching culture is to help employees understand the difference between coaching and mentoring. While formal mentoring is not a substitute for coaching, informal mentoring is often used as a supplement to coaching. The majority of survey respondents understand this distinction with the majority agreeing that mentoring, whether formal or informal, should be seen as a supplement to, rather than a substitute for, coaching (Figure 7).¹⁶

Figure 7. Percentage who strongly agree and agree on the relationship between coaching and mentoring.



"A mentor is someone in the company who has the experience that the mentee desires: Been there and done that. The job of the mentor is to equip the mentee with that information and translate their experience for them. Coaching is different, and it can be helpful in the process. If a mentor has a coach approach, then it is more likely to be a mutual learning experience that is interactive, because the young leader has experience that can be of equal value. If the mentor doesn't know how to tap into that, then all the mentor can do is share what worked for them but may or may not work for the new person. Good mentors do that intuitively, but coaching skills equip them to be more effective."

—CAROLLYNE CONLINN,
MBA, MPH, MCC, PARTNER, ESSENTIAL IMPACT

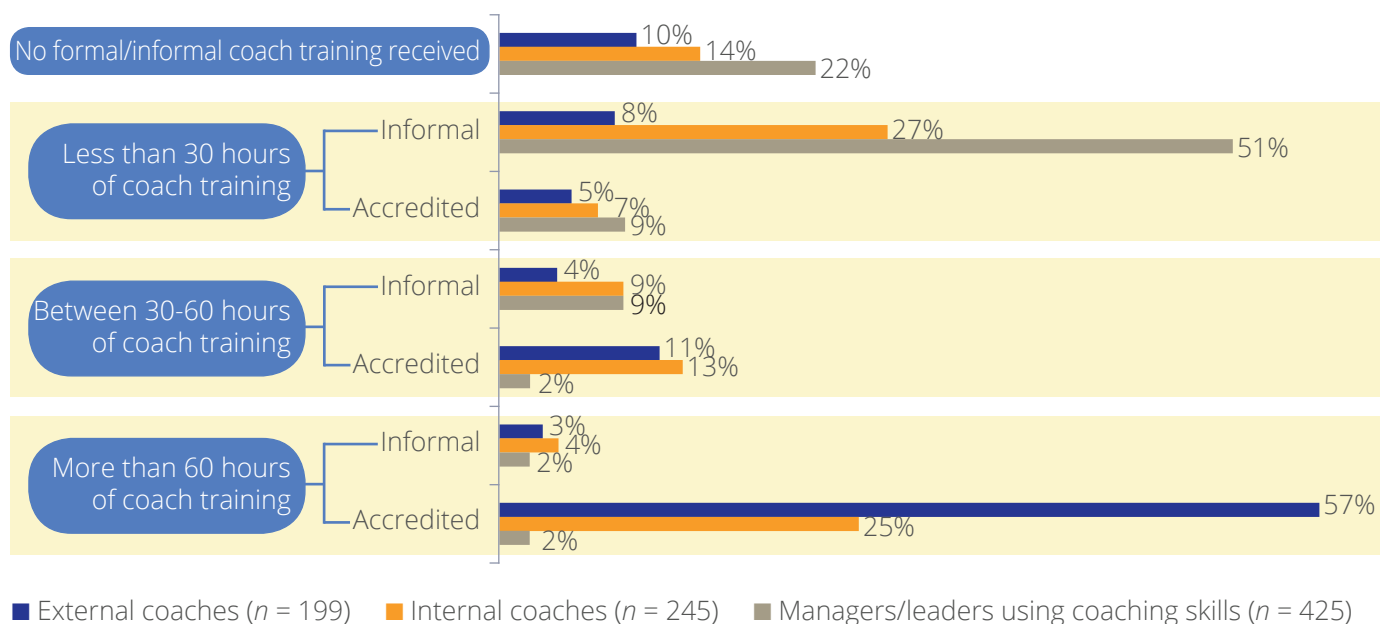
Finding and Training Coaches

Regardless of the organization's size, its geographical location or its industry, HR (74%), L&D (48%) and senior executives (48%) are responsible for identifying and selecting the coach practitioners. According to an AMA/Institute for Corporate Productivity coaching survey, coach selection is not necessarily determined by practitioners' coaching certificates or credentials.¹⁷ Rather, as ICF's qualitative research around organizational coaching has shown, many decision-makers treat professional credentials as a "bonus," secondary to other factors, including referrals, recommendations and experience.

The Amount of Training Needed

Current levels of coach-specific training vary by modality, with more than half (51%) of managers/leaders using coaching skills receiving less than 30 hours of informal coach training and nearly 22% receiving no training at all. Internal coach practitioners fare a bit better with nearly 25% receiving more than 60 hours of accredited coach training and 14% receiving no coach training (Figure 8). While 51% of respondents report that internal coach practitioners are required to participate in continuous education, only 31% report that managers/leaders using coaching skills are required to do the same.

Figure 8. Which of the following best describes the current level of coach-specific training received?



Training Managers/Leaders to Use Coaching Skills

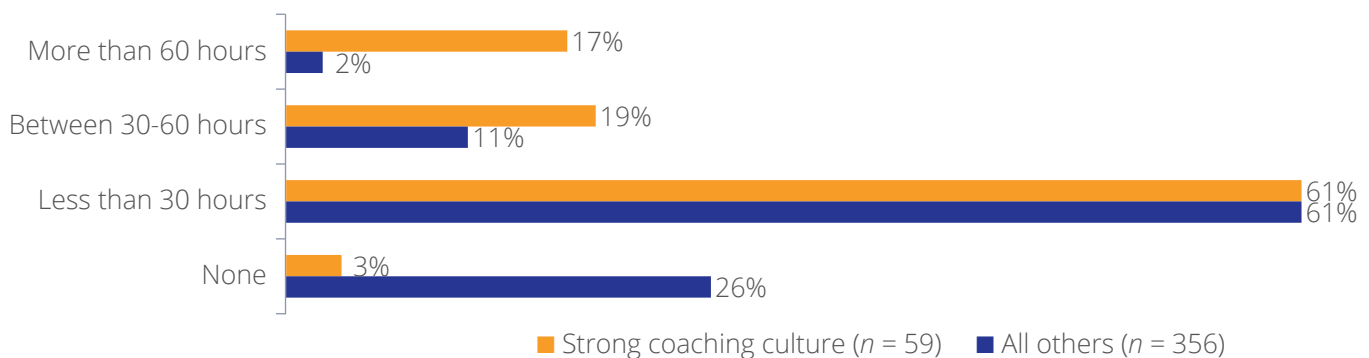
Without a standard certification or accreditation for programs training managers/leaders to use coaching skills, it is a challenge to determine whether enough training is being conducted and if it is being done effectively. For most organizations, there is not a heavy emphasis on training managers to use coaching skills. In our research, 40% of respondents report that all of their managers/leaders have an equal opportunity to receive coaching skills training. Half of respondents said that, ideally, they would offer 30 to 60 hours of coach training to managers/leaders, while 17% said they would offer 60 to 125 hours and 30% said they would offer 30 hours or less.

It is believed by some that providing a coaching “community of practice” could support the ongoing development of internal coach practitioners and managers using coaching skills, yet only 23% of organizations offer one. However, when prompted further, respondents cite a number of benefits of a community of practice, including:

- Supporting coach practitioners and managers/leaders using coaching skills in training and education (81%)
- Offering guidance about tools and assessments (81%)
- Allowing an opportunity to partner with HR for development and feedback (71%)
- Helping clarify roles within an organization (48%)

Figure 9. Amount of training received for managers/leaders using coaching skills by strong coaching culture classification.

Not surprisingly, organizations with a strong coaching culture were dedicated to providing managers/leaders with coaching skills training. Nearly 17% provide more than 60 hours of coach training for managers/leaders using coaching skills and 19% offer between 30 and 60 hours, compared to 2% and 11%, respectively, among all other respondents (Figure 9).



“For people managers, the coaching training is part of their on-boarding and new hire orientation. Part of it is staggered development based on milestones of development. Executive coaching is a formalized training curriculum that we’ve partnered with an external accreditation organization. You not only become certified as an external executive coach, you’re also a certified internal PepsiCo coach.”

—SCOTT SMITH,
SENIOR DIRECTOR,
TALENT MANAGEMENT AND
CAPABILITY DEVELOPMENT,
PEPSICO GLOBAL R&D

When asked to reflect on traditional management training methods from the past, most respondents agree that managers’ training requirements now have shifted to include a coaching skills component that was not required in the past. Now, there is a stronger emphasis on managers using “soft skills,” such as empathy, to develop an employee as an individual, focusing on building employee strengths through a collaborative, problem-solving style of leadership. Organizations now see coaching as a way to transform the top-down management approach into a more interactive, team-based mentality.

To clarify the differences, we asked respondents, “How do you perceive that training managers/leaders to use coaching skills differs from the way that traditional management training was presented in years past?” and several themes emerged:

Focuses on employee development

"It is less about supervising or managing the employees than developing their strengths, overcoming weaknesses and creating a stronger overall person."

"Facilitating and challenging the thinking process of individuals to drive change. Management training focuses on managing and leading a team; however, managers who coach develop individuals who are enablers rather than solution-seekers."

Emphasizes "soft skills"

"More listening and empathy-oriented, gentler approach."

"The variable of emotional IQ comes into play more now than in the past. Also, the variable that the key indicator of an employee's engagement is directly tied to their relationship with their direct manager now furnishes a foundation for the coaching perspective."

Uses a more collaborative approach

"Utilization of coaching skills supports a much more collaborative style of leadership than the directive styles and therefore training of the past."

"Shift from a "command and control" mentality to a teamwork/ collaborative/teaching mentality."

Offers a different format/focus

"More interactive; specific targeted coaching behaviors practiced and followed up on post-training."

"It focuses on behaviors and outcomes, not information sharing and technical knowledge."

Develops a coaching culture

"Coaching skills are more about culture, not results, because they focus on developing correct behaviors that lead to both results and professional satisfaction. Traditional management training allowed a broader acceptance of the approach toward reports."

"I believe in the past coaching was more transactional, but now our company is moving toward seeing coaching as transformational."

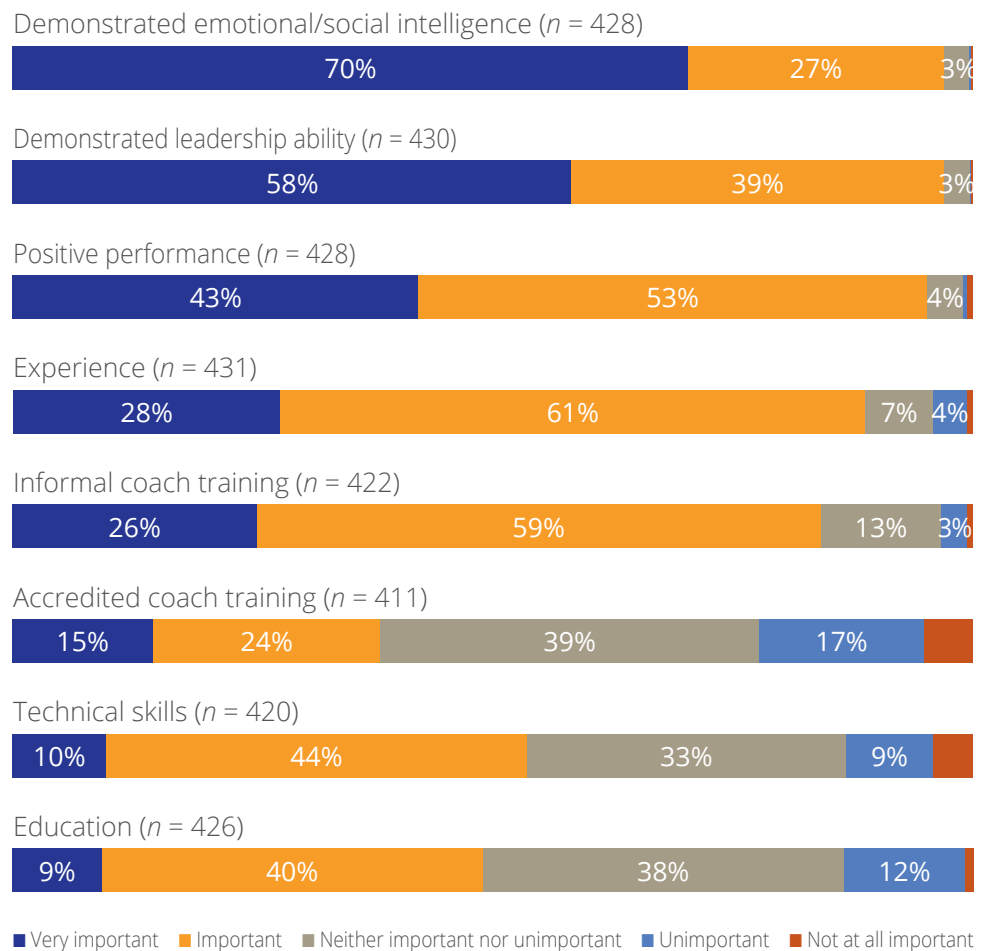
No perceived difference in today's management training compared to the past:

"Good management trainings have always included coaching skills to a certain degree. Maybe there is just a bit more focus on it now, but no dramatic difference."

Key Prerequisites for Managers/Leaders Using Coaching Skills

According to our respondents, demonstrated emotional and social intelligence and leadership ability are the most important prerequisites for managers/leaders using coaching skills. Of less importance is whether or not these managers/leaders have received coach-specific training, either informally or via an accredited program (Figure 10).

Figure 10. What are the most important prerequisites for a manager/leader to become successful using coaching skills?



“The challenge with ROI, the Holy Grail of coaching, is getting people to think about and monetize the qualitative results of coaching. If you had a better strategy and action plan, or a more conducive leadership or communications style with stakeholders and you were able to advance the project or process and get a decision quicker, or implement change better, or reduce cycle time, or optimize resources, or improve customer satisfaction, what is that worth to you?”

—RICHARD HANSEN, ACC,
EXECUTIVE COACH AND
CONSULTANT, DEFENSE
ACQUISITION UNIVERSITY

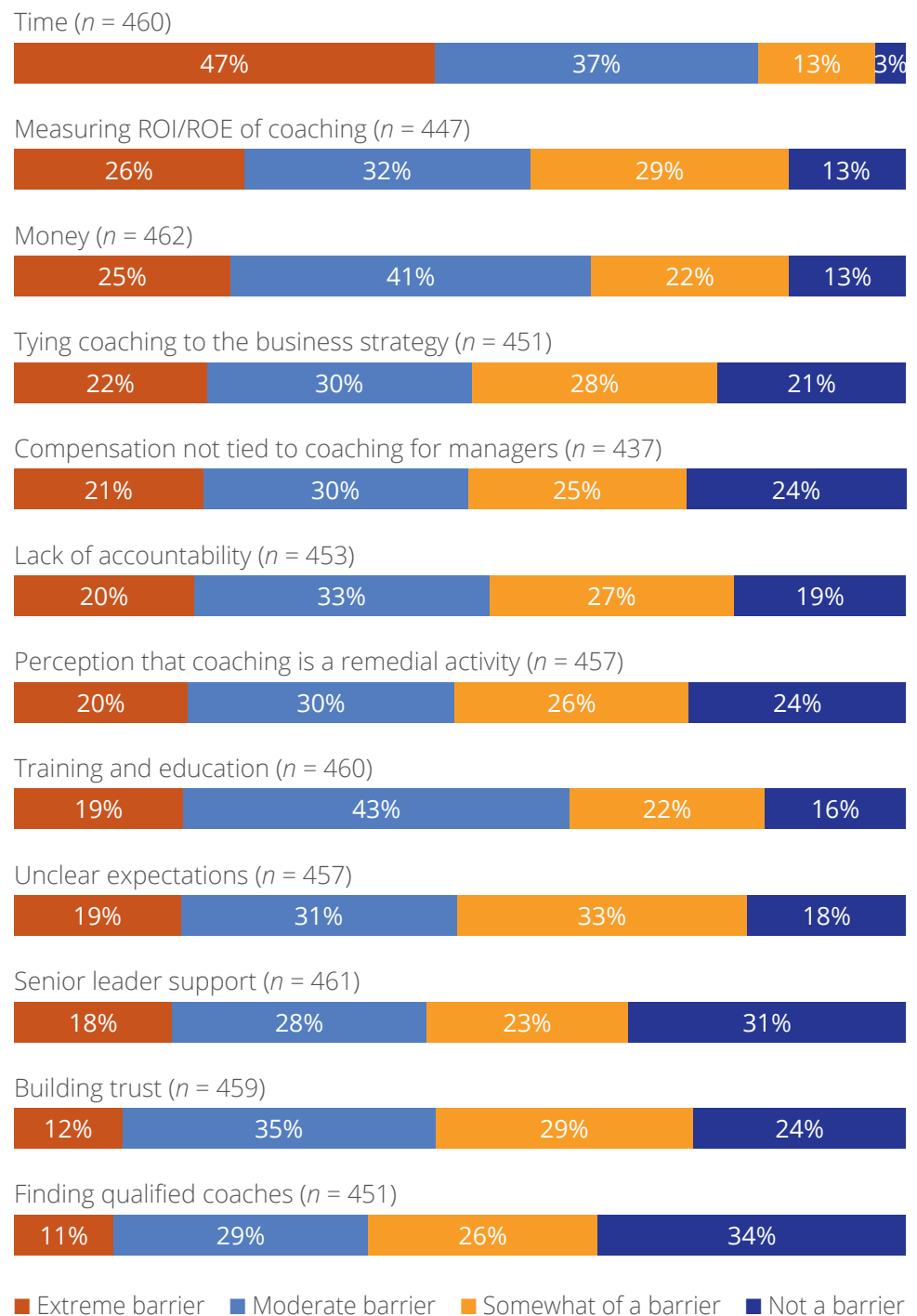
Executing and Evaluating the Coaching Program

Organizations with a strong coaching culture in place benefit from increased engagement among employees and stronger business performance. But several critical barriers exist to successfully implementing a coaching culture, and even though more organizations recognize the importance of coaching, budget plans are not keeping pace. In addition, a large number of organizations are not evaluating the effectiveness of their coaching programs, and those that are often use anecdotal evidence instead of return on investment (ROI) and return on expectations (ROE) data.

Barriers to Implementing a Coaching Culture

When asked about their greatest barriers to developing a coaching culture, the top three “extreme barriers” to emerge are a lack of time, the limited ability to measure the ROI and ROE of coaching, and a lack of funding. The old perception of coaching as a remedial activity has shifted and coaching is now perceived as a badge of honor by employees. Training and education is a “moderate barrier” according to 43% of respondents (Figure 11). In emerging markets in particular, a lack of credentials and certifications among coaches is an even bigger barrier.¹⁸

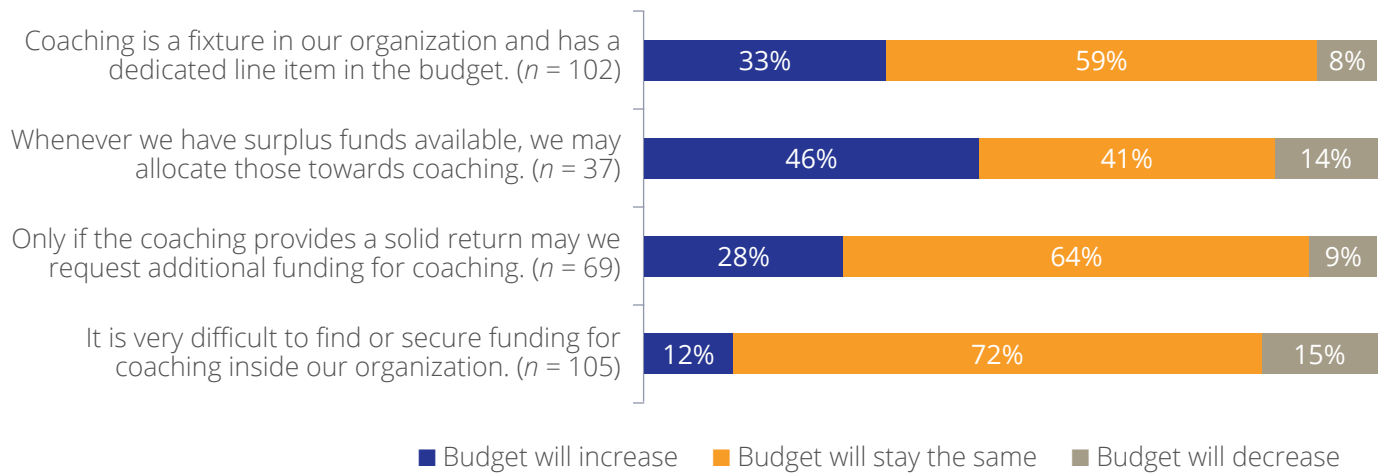
Figure 11. Rate each of the factors below as a barrier to developing a coaching culture at your organization.



Current Budget Activity for Coaching

Although coaching is identified as an important component of employee and organizational development, most organizations' budgets do not reflect this philosophy. On average, 11% of the training budget is spent on coaching, regardless of the number of employees in the organization. Looking ahead to 2015, organizations expect their budget for coaching to remain the same rather than increase, with the exception being those organizations that anticipate having a budgetary surplus available (Figure 12).

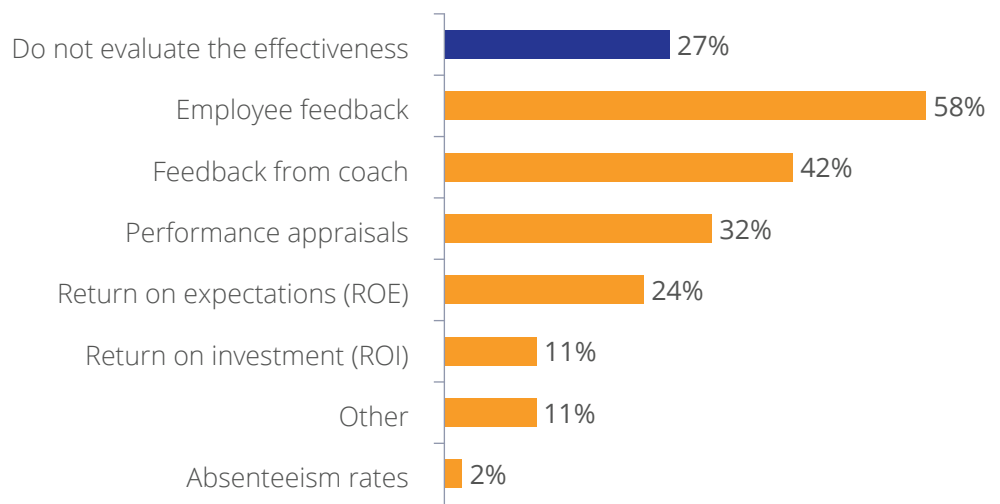
Figure 12. Current budget scenario by changes in 2015 coaching budget.



Determining the Value of Coaching

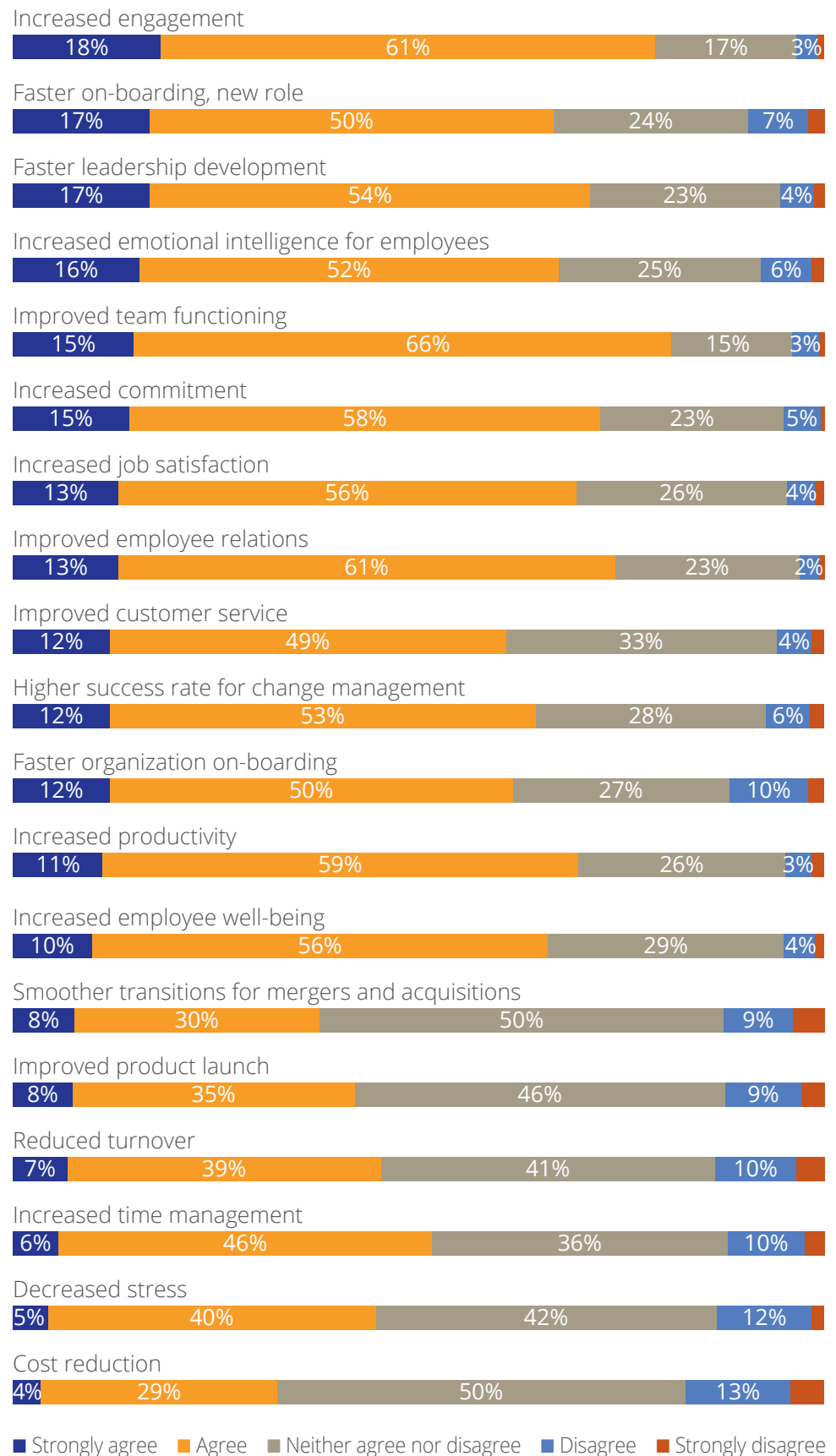
According to our findings, most organizations are not using sophisticated methods to evaluate the effectiveness of coaching; in fact, 27% of organizations reported that they did not evaluate its effectiveness at all. For those organizations that do evaluate coaching's effectiveness, the most popular measures utilized are employee feedback (58%), coach feedback (42%) and performance appraisals (32%). Some organizations are using ROE and ROI to evaluate coaching, but to a lesser degree. Past research found that coaching can deliver an ROI of seven times the value invested by an organization.¹⁹

Figure 13. What methods does your organization utilize to evaluate the effectiveness of coaching? (Select all that apply; n = 441)



Coaching does provide a number of benefits to organizations, and respondents highlighted increased engagement as the top outcome of coaching within their organization. Faster on-boarding and leadership development are also cited as key outcomes, as are the more intangible results of increased emotional intelligence for employees and improved team functioning (Figure 14).

Figure 14. Please rate your agreement with the following statements: "Coaching in my organization has led to..."



Conclusions and Recommendations

Long used to enhance executive leadership development, coaching has become a vital tool within organizations for overall employee development in recent years. More and more, organizations are realizing the benefits of coaching. A robust coaching culture has been linked to higher employee engagement: 65% of employees are highly engaged in strong coaching culture organizations compared to 52% of employees in other organizations. Organizations with a strong coaching culture also report greater financial performance: 60% report being above their industry peer group in 2013 revenue compared to 41% of all others.

The motivation for offering coaching is the same, regardless of whether the organization uses external coach practitioners, internal coach practitioners or managers/leaders using coaching skills. Coaching is used in organizations as a leadership development strategy, to increase employee engagement, to improve communication and teamwork skills, and to increase productivity. With more organizations recognizing the importance of coaching, 80% report that, within the next five years, they expect that managers/leaders will expand their use of coaching skills. While most organizations report that senior-level (80%) and high-potential employees (87%) receive coaching, more than 60% report that entry-level employees receive some amount of coaching as well.

In our research, we found that organizations with a strong coaching culture share a number of attributes, including:

- Both senior executives and employees value coaching.
- Coaching is a fixture in the organization with a dedicated line item appearing in the budget.
- Managers/leaders using coaching skills and/or internal coach practitioners spend above-average time on weekly coaching activities.
- Managers receive accredited coach training.

Although most organizations recognize the advantages of a strong coaching culture, many struggle with establishing and implementing one and, in turn, are challenged with articulating the importance of coaching and its value to the organization. By implementing the following recommendations, organizations can better position themselves to establish a strong coaching culture.

Designing a Coaching Culture

- **Establish organizational support:** Position coaching as an invaluable initiative by identifying a respected leader to act as its champion. Give managers/leaders the tools, information and guidance they need to explain coaching and its value to employees.
- **Use a variety of modalities:** External coach practitioners often come with more experience but could, at times, lack in-depth knowledge of a company's culture. Internal coach practitioners and managers/leaders using coaching skills often have less coach training and coaching experience but have a better understanding of the organizational system. Companies benefit most when a combination of modalities is employed.
- **Offer coaching for everyone:** Coaching should be provided across all levels of an organization, to individuals of all ages and experience levels.
- **Deliver coaching regularly:** With a variety of modalities in use, coaching can and should be accomplished at regular intervals. Managers/leaders using coaching skills can engage with employees on a daily basis, while internal and external coaches can interact daily, weekly or monthly with a coachee as the situation dictates.
- **Clearly define roles:** For each modality, the roles should be clearly defined, especially the differences between managers/leaders using coaching skills and internal coach practitioners.

Finding and Training Coaches

- **Set up managers for success:** Empower managers and leaders with training and peer coaching to help develop better coaching skills. Relationship building and soft skills, such as empathy, should be emphasized, and opportunities for accredited coach training should be made available.
- **Provide training:** Establish a training track that allows for internal coach practitioners and managers/leaders to participate in continuous coaching education. According to half of our respondents, the ideal number of coach-training hours for managers/leaders would be between 30 and 60 hours.
- **Establish a community of practice:** One way to support the development of managers/leaders and internal coach practitioners is by creating a coaching community that provides training, guidance and opportunities to explore innovative practices. This group would also strengthen the partnership with HR and foster an environment of continuous development and feedback.

"Internal professional coaches participate in ongoing conferences, workshops and trainings to expand and deepen their practice. Internally certified coaches participate in optional monthly sessions on a topic or theme in coaching practice, or for group supervision/peer consultation."

—HCI SURVEY PARTICIPANT

Executing and Evaluating

- **Break down barriers:** Combat the top barriers of lack of time, funding and accountability by ensuring that everyone—from senior executives to entry-level employees—understands the value of coaching to the organization. Build in coaching as a regular activity and competency for managers and internal coach practitioners.
- **Fund coaching adequately:** Ensure that the importance the organization places on coaching is reflected in the annual operating budget. Organizations with a strong coaching culture typically have a dedicated line item for coaching.
- **Set goals for return on investment/return on expectations:** Establish clear expectations for the outcomes of the coaching initiative within the organization and ensure the goals are communicated across all levels of the organization.

By being intentional about creating a strong coaching culture, an organization can reap many benefits, from enhanced employee engagement to improved business performance. While each organization's approach to coaching will take a different path based on its distinctive organizational needs, business goals and talent management initiatives, any company can begin to build a coaching culture by utilizing these recommendations.

Appendices

A: Endnotes

1. Joo, B. K. B., Sushko, J. S., & McLean, G. N. (2012). Multiple faces of coaching: Manager-as-coach, executive Coaching, and formal Mentoring. *Organization Development Journal*, 30 (1), 19-38.
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8. Blessing White, Inc. (2009). *The Coaching Conundrum: Building a Coaching Culture that Drives Organizational Success*. Retrieved from <http://blessingwhite.com/research-report/the-coaching-conundrum-report-2009/>
9. >19% is above average for managers; >17% is above average for internal coach practitioners
10. See note 1.
11. See note 5.
12. See note 1.
13. Merrick, L. (2013). How coaching & mentoring can drive success in your organization. *Chronus*. Retrieved from <http://www.usgs.gov/humancapital/ecd/mentoringreadinglist/CoachingMentoringDriveSuccess.pdf>
14. International Coach Federation. (2014). *Global Consumer Awareness Study*. Retrieved from <http://coachfederation.org/consumerstudy2014>
15. International Coach Federation. (2012). *ICF Global Coaching Study: Final Report*. Retrieved from www.coachfederation.org/coachingstudy2012
16. Respondents did not receive the definitions for informal nor formal mentoring when they were taking the survey. Thus, their concept of the activities may have varied and affected the results.
17. See note 2.
18. See note 15.
19. International Coach Federation. (2009). *ICF Global Coaching Client Study: Final Report*. Retrieved from <http://www.coachfederation.org/about/landing.cfm?ItemNumber=830&navItemNumber=802>

B: Demographics

Geographic Region (n = 544)	%
North America	80%
Latin America	2%
Middle East/Africa	4%
Eastern Europe	0.4%
Asia	7%
Oceania	2%
Western Europe	5%

Industry (n = 544)	%
Aerospace & Defense	3%
Auto/Industrial/Manufacturing	8%
Bio/Pharmaceuticals/Life Sciences	3%
Business/Professional Services	8%
Chemicals/Energy/Utilities	5%
Construction	3%
Education	2%
Higher-Education	2%
Financial Services/Real Estate/Insurance	13%
Food & Beverage/Consumer Goods	3%
Government	9%
Health care	9%
IT Hardware/Software	6%
Media & Entertainment/Travel/Leisure	1%
Non-Profit	6%
Retail	3%
Transportation/Warehousing	2%
Telecommunications	3%
Travel	1%
Other	10%

Job Function (n = 545)	%
Executive Management	9%
Human Resources/Talent Management	58%
Marketing	1%
IT	0%
Finance/Accounting	0.2%
Customer Service	0%
Research and Development	1%
Operations	1%
Manufacturing	0%
Legal	0%
Other	4%
Recruiting	3%
Sales	1%
Learning and Development	21%
Professional Coach	2%

Seniority Level (n = 542)	%
C-level (CEO, CHRO, CIO, etc.)	7%
Executive Vice President/Senior Vice President	5%
Vice President	8%
Director	30%
Manager/Team Leader	33%
Analyst	5%
Team Member	8%
Other	4%

Number of Employees (<i>n</i> = 540)	%
Less than 100	14%
101-499	17%
500-999	9%
1,000-2,499	12%
2,500-4,999	11%
5,000-7,499	6%
7,500-9,999	4%
10,000-19,999	9%
More than 20,000	18%

2013 Revenue (<i>n</i> = 438)	%
Less than \$10 million	17%
\$10-50 million	14%
\$50-100 million	10%
\$100-500 million	11%
\$500-750 million	5%
\$750-1 billion	5%
\$1-10 billion	23%
\$10-50 billion	8%
\$50-100 billion	4%
More than \$100 billion	3%

C: About the Research

This research report was developed in partnership between the Human Capital Institute (HCI) and International Coach Federation (ICF). Between June 12 and July 14, 2014, a survey was distributed via email to HCI members who opted into the HCI Survey Panel and to professional coach practitioners on ICF's mailing list. HCI members who opted into electronic mailings associated with the HCI Talent Communities of Learning and Development and Management and Leadership also received emails regarding the questionnaire. In addition, participation in the survey was promoted on HCI and ICF's social media channels and to a list of HR/L&D contacts provided by ICF.

The questionnaire for this research report was divided into four sections.

- The first section determined what subsequent questions the respondent would receive in the questionnaire. If the respondent indicated that he or she was a professional coach practitioner, it was explained that the survey was geared toward those in HR, talent management, and learning and development roles. He or she was asked to share the questionnaire with the appropriate contact and received no further questions. For those who indicated that they are a manager or leader; work in HR, talent management, or learning and development; or work in those functions in addition to being a professional coach, he or she was guided to the second section.
- The second section asked questions about coaching within the respondents' organizations with regards to: the modalities used, frequency of coaching, scope, number of coach practitioners, and methods for delivering coaching and to whom. We asked about the factors that went into the decision to use each of the modalities. If the question was specific to a type of modality, the respondent only received it if he or she indicated that the modality was present in his or her organization. Questions about training, coaching competencies, barriers, outcomes, evaluation and budget were presented in section two.
- The third section asked questions specifically about managers/leaders using coaching skills, including questions around: opportunity, prerequisites and training. Respondents received this section if they previously indicated managers/leaders using coaching skills were present within their organization.
- The fourth section contained the demographic questions. If the respondent had indicated in section two that no form of coaching was present in his or her organization, he or she was immediately led to the fourth section of the questionnaire.

Respondents who completed the questionnaire ($n = 726$) but are not solely an internal or external coach practitioner ($n = 175$) form the results of this research for a total sample of 545. See the demographics section for the respondent demographics.

HCI conducted in-depth interviews with experts on the topic, including:

- **Terene Allred**, HR Manager, Precor Inc.
- **Carollyne Conlinn**, MBA, MPH, MCC, Partner, Essential Impact
- **Richard Hansen**, ACC, Executive Coach and Consultant, Defense Acquisition University
- **Scott Smith**, Head of Talent Management for Research Development Organization, PepsiCo

To supplement these methods, HCI researchers reviewed relevant information from a variety of secondary sources, including academic journal articles, white papers, articles, books, blogs and case studies. The results of this questionnaire, subject-matter expert interviews and secondary sources form the basis of this research. The findings in this report represent the views of the clients who were surveyed.



D: About the Research Partners

International Coach Federation

Formed in 1995, the International Coach Federation is the leading global organization for coaches, with more than 21,000 members in more than 120 countries worldwide. ICF is dedicated to advancing the coaching profession by setting high ethical standards, providing independent certification and building a worldwide network of credentialed coaches. Coaching is a distinct service and differs greatly from therapy, consulting, mentoring or training. ICF defines coaching as partnering with clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential. For more information, please visit www.coachfederation.org.



Human Capital Institute

HCI is a premier thought leader in the new discipline of strategic talent management with an unparalleled reputation for innovation, leadership and excellence, demonstrated through cutting-edge research and analysis. HCI Research draws from the knowledge of a large network of executive practitioners, expert consultants, leading academics and thought leaders, as well as thorough quantitative and qualitative analysis, to produce insightful findings and recommendations that shape strategy and encourage action across the continuum of talent management. For more information, please visit www.hci.org/content/research.



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