

## Retention Insight

### Return on Investment from Coaching – Measuring Success!

Aligning HR strategy with business strategy is critical, however it is insufficient to make this strategic linkage at concept level and then embark on HR initiatives without a conscious intention to measure the return on investment (ROI) of these initiatives.

Developing a detailed business case with expected ROI calculations for any HR initiative is particularly relevant in the current economic downturn, where all expenditure requires justification. Given HDA's significant activity in executive coaching, we have taken the time to review relevant research on Coaching ROI, a short summary of which can be found below.

### Business Case Facts for Executive Coaching

HDA believes that leaders empowered by coaching are likely to have a significantly positive impact on organisational performance. This is reflected in the following research:

- Personnel Today (November 2007) reported that within six months of rolling out a coaching programme, staff turnover at Portman Building Society was reduced by 2%. After 12 months this reduction reached 5%
- The ICF survey found that over 98% of surveyed corporate coaching clients found that overall coaching programmes delivered ROI six (6) times the cost of the coaching. In addition to increases in productivity and retention, greater organisational commitment and improved bottom-line profitability were observed
- A study by Metrix Global LLC for a Fortune 500 firm and Pyramid Resource group found that coaching produced a 529% return on investment to the business, and the financial benefits from employee retention boosted the overall ROI to 788%
- A recent CIPD survey revealed that over 90% of organisations maintain that coaching is an effective way to promote organisational learning and has a positive effect on bottom line
- Triad Performance Technology found that a six month coaching intervention at a global Telecom company resulted in more than \$2 million positive and immediate impact to its bottom line

Measuring ROI from coaching initiatives can be a complex process, with many factors both internal and external playing a direct or indirect role in determining success. It is important however to be able to demonstrate a link between coaching and improvements in an executive's

performance. At HDA, we base measurement of success around Kirkpatrick's four-level evaluation model, which essentially measures:

- **Reaction** - what the coachee thought and felt about all aspects of the coaching programme – achieved through discussion and online feedback forms
- **Learning** - the resulting increase in knowledge or capability, for e.g. both the coachee and the organisation will set clearly defined goals at the start of the process and achievement of these goals is one measure of success
- **Behaviour** – the extent of behaviour and capability improvement and implementation/application, for example the coachee will undertake an assessment (e.g. 360) at the start of the process and at the end they re-take the test and improved scores can indicate effectiveness of the programme
- **Results** - the effects on the business or environment resulting from the coachee's performance, for example business objectives set at the beginning of the process are reviewed at the end of the programme / impact to the business of a project executed by the coachee

(Source: The Grapevine Magazine)