


**Dramatically Increasing the ROI of Executive Coaching through Internal Coaching Programs**

Ruth Donde and David Rock  
September 2008



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### Discussion Topics

1. Workplace coaching research
2. External coaching research
3. Internal versus external coaching
4. Internal coaching perspectives
5. Internal coaching ROI
6. The bottom line
7. Resources



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### Workplace Coaching Research

Sufficient research indicates that coaching inside organisations is a valuable development tool with many studies citing a positive return on investment.

- "Creating an Organisational Strategy for Coaching" – Hudson Institute of Santa Barbara



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**Workplace Coaching Research**

Good coaching is results oriented: Both internal and external coaching is a highly cost effective way to deliver executive career development geared toward specific strategic objectives of an organisation.

-Boston University Executive Development Roundtable



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**Executive (external) Coaching**

Return on investment of executive coaching provided a 529% return

-Metrix Global LLC



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**Executive (external) Coaching**

- 100 executives - 56 mainly *Fortune 1000 Companies*.
- Coaches (Masters or Doctorate)
  - > Engagement of 6 – 12 months
  - > Ave ROI - \$100,000 or 5.7 times initial investment
- 9 month executive coaching programme for VP
  - > Investment of \$18,000
  - > Rated as worth \$108,000

- Manchester Report (with the guidance of Jack Phillips, ROI guru)



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### Internal vs. External Coaching

Internal coaching can produce the same positive results as external coaches

- Goldsmith, Morgan 2004 (A study of 86,000 people)



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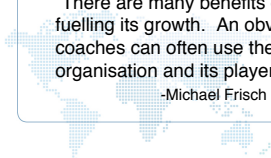
### Internal Coaching

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

-Carol Turner Ed D, Hudson Institute

“There are many benefits of internal coaching that are fuelling its growth. An obvious one is cost savings...internal coaches can often use their existing insights about the organisation and its players to make faster initial progress...”

-Michael Frisch PhD, Consulting Psychology Journal 2001



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### Scope of Internal Coaching

Initiatives expanded to:

- Onboarding
- Orientation
- Leadership development
- Learning support
- Transitioning
- Performance



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### Internal vs. External Coaching

**Factors to consider:**

- Cost of coaching and training
- Complexity of management
- Derailment risk vs.. retention
- Application of coaching skills
- Scale of coaching impact
- Impact on the coaches
- Sourcing coaches
- Cultural fit and orientation



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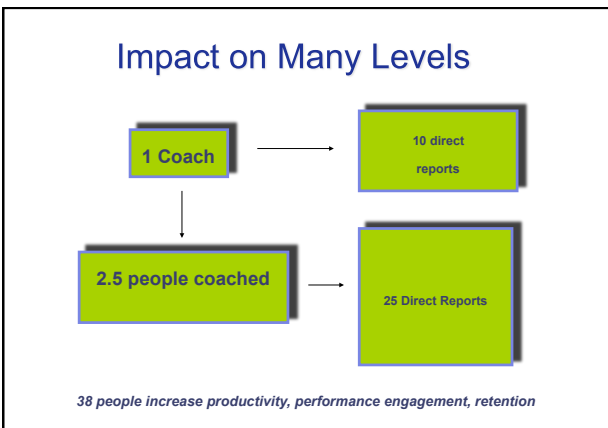
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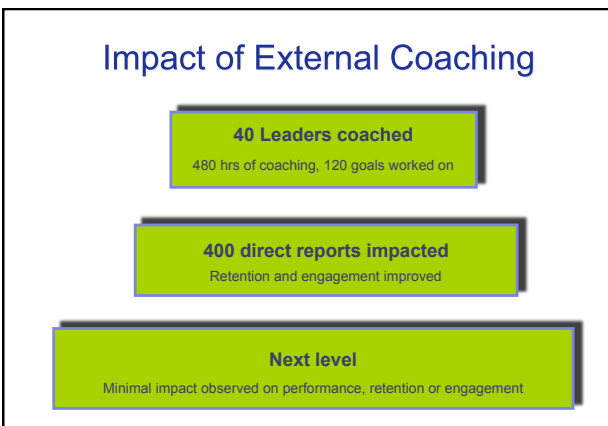
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### Impact of Internal Coaches



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### Impact of Internal vs. External Coaching

Internal	External
40 leaders coaching for 30 hours per year = \$300,000	40 leaders @ \$25,000 pp = \$600,000
100 clients in one year 1000 hours of coaching 300 goals	480 hours of coaching 120 goals
1748 direct reports impacted 20% increase retention, engagement and productivity	400 direct reports impacted (improved retention/engagement) Next level: minimal impact



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### Internal Coaching Benefits

- Fewer additional assessment tools
- Access to more internal information
- Integration options into other initiatives
- Scalability
- Systems integration
- Coaching culture flow on effect
- Formal coaching and 'manager as coach'
- Leverage coaching to reinforce other programmes



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**Internal Coaching Benefits**

- Development and retention of new skills
- Increase coaching capability and transferable skills
- Greater job satisfaction
- Seen as a better place to work
- Positive impact on coaches
- More commitment generated
- Stronger networks across the organisation
- Greater and improved communication



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**Internal Coaching Benefits**

- Positive impacts on retention and engagement
- Coaches can be used for ongoing assignments without additional cost
- Less than 10% of cost of external coaching



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**AIG Case Study**

**High Performance Coaching Summary**

- Significant impact on retention and engagement (War for Talent)
- Senior leaders as effective internal coaches
- ROI of 17:1 (1700%) – with only 2 income generators on the program



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**AIG Case Study**

**Company's Objectives**

- Increase the retention of its high performers (200 of 6000 staff)
- Provide support for moving performance from good to great
- ROI (targeted at 15%)

Results Coaching Systems

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**AIG Case Study**

**ROI of 17:1**

- Internal coaching can be effective with basic coach training
- Retention and engagement can be impacted at multiple levels including direct reports of coach and coachee

- 'Measuring the Effectiveness of Training Internal Coaches', David Rock and Ruth Donde, ROI Case Book 2008, Jack Phillips ROI Institute

Results Coaching Systems

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**Measurement Tools**

**Level 5: Measurable ROI:** 'What's the ROI?'  
ROI Study

**Level 4: Business Results:** 'What's the impact?'  
Impact Study

**Level 3: Behavior:** 'Can you do it?'  
Live Certification Assessment Process, Interviews with Direct Reports

**Level 2: Learning:** 'Did you get it?'  
On-line Self-Efficacy Survey

**Level 1: Reaction:** 'Did you like it?'  
On-line Participant Feedback, On-Line Engagement Survey

From the Kirkpatrick model

Results Coaching Systems

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### AIG Case Study

**ROI of 17:1**

- Kirkpatrick Levels 1-3 measured through
  - Pre and post training feedback
  - Client/direct report interviews, increased confidence in ability to model new behaviors
  - Competence demonstrated through assessments
- Kirkpatrick Levels 4-5 measured through
  - Interviews (cost savings, time savings, increase revenue)
  - External data, e.g. company payroll



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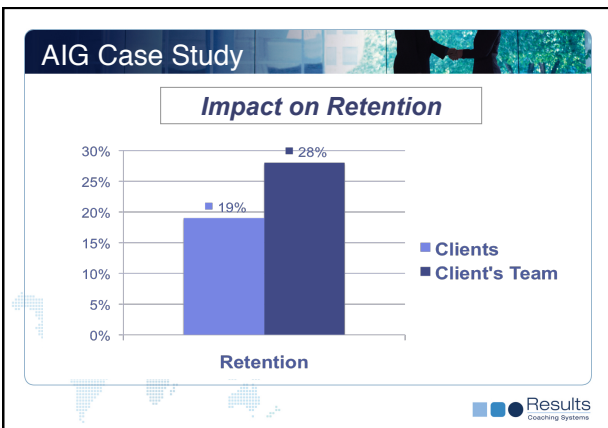
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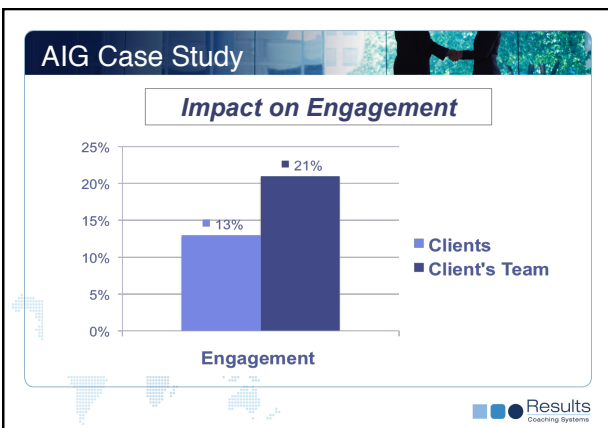
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**AIG Case Study Second Round**

**ROI of 37:1 estimated**

- Shift towards revenue generators in the group
- Coaches continue to coach, and no additional cost except time. ROI of first group continues to increase.



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**MSK Case Study**

- Coaching to support Leadership Development
- 8 people various training acted as coaches
- Success led to the idea of a Coaching Program
- One person as a coach
- Various techniques used
- How can we grow the program?



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**MSK Case Study**

- Goal: provide a consistent way to coach
- Determined best program to develop team
- 9 HR and 1 Hospital Exec trained as coaches
- 1 - 2 clients each



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**MSK Case Study**

- 2005 – Developmental Coaching Program
- 7 coaches
- 2 - 5 clients each
- 12 session coaching framework
- Ongoing coaching support & development
- Full ROI study executed in 2007



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**MSK Case Study**


93% of 14 interviews with leaders said coaching:

- Improved their leadership/management skills
- Improved their happiness
- Increase their personal confidence

86% said that coaching helped them

- Have better conversations
- Improve their work relationships

79% said it improved their own productivity  
71% said it improved the time delivery of objectives  
36% said it helped retain staff members  
36% were more likely to stay as a result of coaching



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**MSK Case Study**

***A measurable ROI of 39:1***

All costs taken into account

Conservative measures used

Data from 22 out of around 50 engagements



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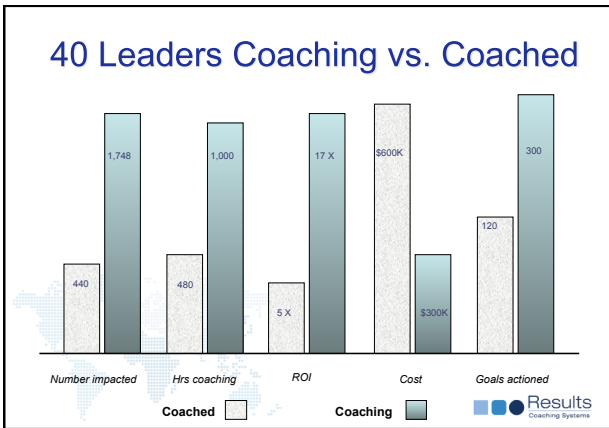
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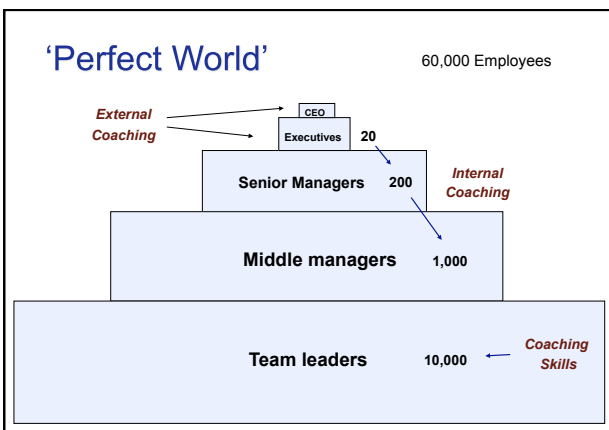
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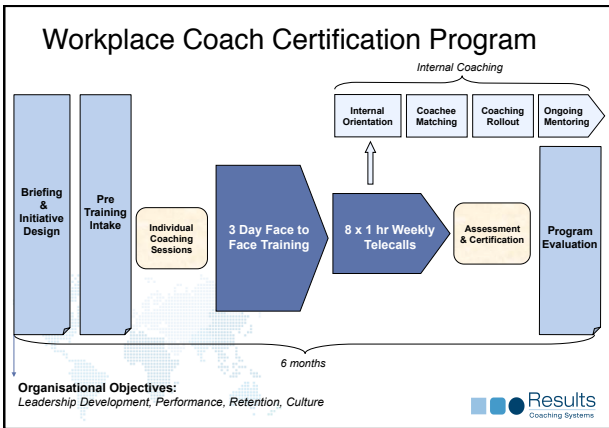
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### Importance of Internal Coaching

Story of a small bank in the USA....

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### Bottom Line

Research shows:

- ROI of executive coaching is 5 - 7 times
  - > This is high relative to other training and development programmes
- ROI of internal coaching is 17 - 39 times
  - > This is 4 - 8 times the outcomes of executive coaching

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**Suggested Resources**

*'Driving Organisational Change with Internal Coaching Programmes Part- One'* by David Rock and Ruth Donde, Industrial and Commercial Training Vol 40 No 1, 2008, Emerald Publishing, UK

*'Driving Organisational Change with Internal Coaching Programmes Part- Two'* by David Rock and Ruth Donde, Industrial and Commercial Training Vol 40 No 2 & 3, 2008, Emerald Publishing, UK

*'Measuring the Effectiveness of Training Internal Coaches'* by David Rock and Ruth Donde – Jack Phillips ROI case book 2008 (publication pending)

[www.workplacecoaching.com](http://www.workplacecoaching.com)      [www.resultscoaches.com](http://www.resultscoaches.com)



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