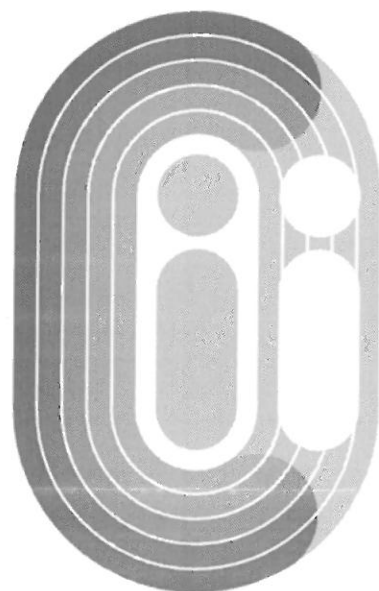


Institute of Leadership
& Management



Creating a coaching culture



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Introduction

The world of work is complex and constantly changing. Fast paced and high pressured, it places increasingly tough demands on employees throughout organisations. Consequently leaders and managers at all levels need a broad portfolio of management and leadership tools and techniques to do their job effectively.

Coaching is a particularly powerful tool in the modern workplace – one that has proven to be a highly effective way of developing individual and organisational performance by unlocking capability. At its best, this key management tool can deliver considerable benefits, helping managers get the most from their teams, boosting employee engagement and developing high performing workplaces.

Anecdotal evidence suggests that coaching is increasingly widespread in organisations. Yet there is little objective research to tell us for certain how organisations approach the use of coaching. What, for example, is behind the rapid growth in the use of coaching? How and why do organisations use coaching, and what can we learn from them? What criteria are used to select coaches, and how is the effectiveness of coaching measured?

ILM set out to provide some definitive answers to these and other related questions. Our findings establish the extent to which organisations are embracing the coaching concept, and identify and share coaching best practice. They provide valuable insights for employers looking to maximise the effectiveness of coaching, and for coaching professionals about the market they serve and the expectations of their customers.



Penny de Valk, Chief Executive
Institute of Leadership & Management
May 2011

Executive summary

ILM set out to investigate the extent to which organisations are embracing the development practice of coaching. The survey of learning and development managers, decision makers at 250 large organisations, revealed a number of important findings.

Most companies use coaching as a development tool: 80% of organisations surveyed had used or are using coaching. Another 9% are planning to. The more employees in the organisation, the more likely it is to use coaching. 90% of organisations with 2,001+ employees used coaching in the past five years, but this fell to 68% of those with 230–500 employees.

It is mostly middle managers and above who receive coaching: More people should be able to benefit from coaching in organisations. At present only 52% of organisations make coaching available to all their staff. By contrast, 85% of organisations surveyed said that coaching is aimed at managers and directors, and middle management.

Organisations source more coaches internally, but use external coaches to coach senior executives: 83% of organisations surveyed source coaches internally, while 65% hire them in. External coaches are used primarily to coach senior managers. Interestingly, there is more rigour over selecting external service providers than internal coaches. Benchmarks of quality are still needed though in an unregulated coaching industry.

More support is required for internal coaches: A greater focus on developing internal

coaching capacity is needed. Most organisations recognise the value of coaching qualifications. Two-thirds (66%) offer development options for coaches such as in-house training (20%), management development programmes (11%) or one-to-one train-the-trainer support (8%).

A third (34%), however, do not offer any support or development for internal coaches.

Broad consensus on the benefits of coaching: The benefits that are obtained are well recognised and varied. 95% of respondents saw direct benefits to the organisation, and 96% saw benefits to the individual. A broad range of specific benefits were identified including improvements in communication and interpersonal skills, leadership and management, conflict resolution, personal confidence, attitudes and motivation, management performance as well as preparation for a new role or promotion.

Coaching is aimed at improving the individual rather than the organisation: At its best, coaching addresses personal skills and development, as well as business and work skills. More organisations use coaching for personal development (53%) than for improving specific areas of organisational performance (26%). On an individual level, though, more

organisations (95%) use coaching to focus on business and workplace skills, than personal skills (70%).

Not a remedial tool: Many organisations still view coaching as a tool for correcting poor performance. However, good coaching is about achieving a high performance culture, not managing a low-performance one, and should not be seen primarily as a remedial tool.

Better measurement of coaching's effectiveness is needed: While most organisations (93%) measure coaching outcomes, evaluation approaches are inconsistent. Some organisations simply use internal appraisal systems (70%) or 360 degree appraisal (40%), only two-fifths undertake "specific evaluation of coaching interventions", while just under half (49%) assess against business KPIs and goals.

A coaching culture: Organisations wishing to maximise the benefits of coaching should focus on increasing its scope and availability to create a coaching culture that permeates throughout their workforce. This means that coaching must be supported at the very top of the organisation, but not limited to senior executives, and that organisations need to devote resources to developing their internal coaching capability.

Research findings – the prevalence of coaching

Coaching is widely used as a development tool. Eighty per cent of the organisations surveyed had used or were using coaching, with a further nine per cent likely to use coaching in the next three years.

Coaching is more prevalent in large organisations. Nine out of ten organisations with 2,001+ employees have used coaching in the past five years, compared to 81% of organisations with 501–2,000 employees, and 68% of those with 230–500 employees (see Figure 1).

These differences, however, don't appear to reflect attitudes towards the value of coaching – the research findings demonstrate that coaching is widely accepted as beneficial among all organisations, regardless of size. Rather, they reflect the fact that larger organisations enjoy access to more resources and better in-house coaching capability.

Who benefits?

While there is broad acceptance of the benefits of coaching, the evidence suggests that a relatively limited segment of the employee population receive coaching at the moment.

There is a tendency to associate coaching with the talent pipeline – it is predominantly directed at senior managers and directors (85%) and middle management (85%) (see Figure 2).

Some of the most popular reasons for providing coaching are connected with career progression, notably management and leadership development (21%), senior executive development

Figure 1: Organisations using coaching

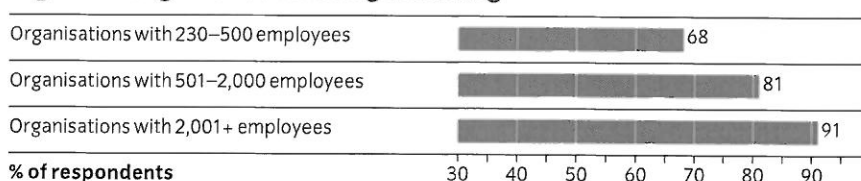
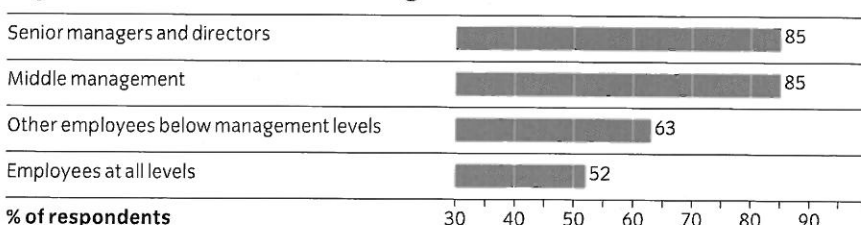


Figure 2: Who receives coaching



(19%) and progression within the organisation (12%).

The benefits of coaching, however, are acknowledged as very wide ranging (see p6) and clearly of use to all employees. It makes sense, therefore, to offer coaching at all levels of the organisation. There is some evidence of this happening already – a reasonable proportion of organisations (63%) provide coaching to employees below management level, and 52% make coaching available for all their staff.

Most organisations will benefit from providing greater access to coaching. But this will require buy-in from senior management to extend the compass of coaching as a development tool and, more importantly, intensify efforts to increase the internal capacity to

deliver that coaching.

Selection and development: the line manager as coach

With managers under pressure to do more with less there is a strong focus on team and individual performance. Organisations are turning to coaching to help improve performance and, as we will see, taking responsibility for that improvement by beginning to build internal coaching capacity rather than relying solely on external suppliers. We are seeing a shift in role from the “manager as expert” to the “manager as coach”.

Organisations approach the use and selection of coaches differently, depending on whether a coach is sourced internally or externally.

External coaches are used primarily

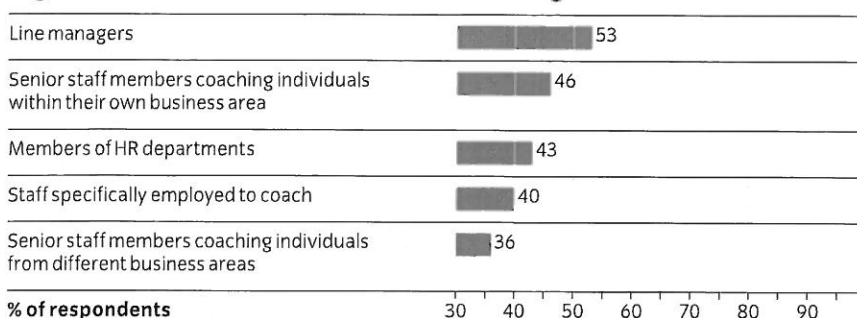
to coach senior executives. The external coaching market is unregulated and so it is no surprise that, in acquiring what can be an expensive service from an external provider, organisations are reasonably diligent about assuring the quality and scope of the coaching. The research shows that organisations using external coaches generally take into account both coaching qualifications and past coaching performance when selecting a coach.

However, while external coaches may provide the gold standard coaching service, the external route is not realistic or viable for staff at all levels. Many organisations expect their own managers to provide coaching in the majority of cases – 83% of organisations surveyed source coaches internally, while 65% hire them in. The challenge here is to ensure that the internal process of selecting and developing coaches produces coaching of a similar (or superior) quality and scope to that provided externally.

Informal selection

At present many coaches inside organisations are chosen informally, on the grounds that they are line managers (53%), senior staff members coaching individuals from within their own business area (46%) or members of the HR department (43%) (see Figure 3). Organisations target suitable individuals (54%)

Figure 3: Who undertakes internal coaching



or volunteers (12%), for example. Managers expressing an interest in coaching are encouraged to “have a go”. Perhaps worryingly, organisations emphasise the ability to address specific performance or behavioural issues, over the ability to coach, as a selection criterion.

Such an informal and arbitrary approach to coach selection has significant limitations. Take the use of line managers, for example. Much of the burden of coaching responsibility falls upon line managers, who are often asked to coach their direct reports. But being a line manager does not automatically make someone a good coach. Encouraging managers to coach others in the organisation, without suitable support or coaching development, may well restrict the scope and effectiveness of the coaching provided. Yet coaching development support is not always forthcoming. Approaches to developing internal coaching resources vary.

Encouraging coaches to study for coaching qualifications is a popular option, and this is likely to be while they are coaching, rather than requiring qualifications before commencing coaching. Two-thirds (66%) of organisations also offer other options (besides encouraging study towards qualifications) to develop coaches who work within their organisation, such as ongoing in-house training (20%), management development programmes (11%) or one-to-one train-the-trainer support (8%). Significantly, though, a third (34%) of organisations do not offer any support or development for internal coaches.

Coaching is a management skill that people have to work on and improve. This calls for training, experience, ongoing development and support. A willing attitude or natural aptitude is not enough. Without work to improve individual coaching skills and a support structure for coaching,

34%

of organisations do not offer any development to internal coaches

53%

of organisations use coaching for personal development

organisations will struggle to apply a consistent approach and ensure they obtain the maximum benefit from coaching.

The purpose of coaching

There is broad consensus on the purpose of coaching – four out of the five leading reasons given were connected with providing benefits for individuals. Organisations are more likely to engage in coaching for personal development (53%) than improving specific areas of performance (26%) (see Figure 4).

Good coaching should be a facilitative process, with an emphasis on unlocking capabilities through guiding and questioning, rather than on teaching or instructing. As such, it is as much to do with personal skills as it is business and workplace skills. The research, however, suggests that the focus at present is skewed towards the latter – more organisations (95%) use coaching to focus on business and workplace skills than on personal skills (70%).

The scope of the coaching provided appears to be linked to selection of coaches. When line managers are used to coach people who report to them, they tend to focus the coaching on business and workplace skills. But when organisations use internal coaches who are not line managers, they are more likely to say that coaching

Figure 4: Why organisations use coaching

Individual – for general personal development	53%
Individual – to improve a specific area of performance	26%
Training and development – as part of a wider management or leadership development programme	21%
Individual – to provide development for senior management	19%
Individual – to enable progression within an organisation	12%
Organisation – to support achievement of specific organisational objectives/aims	12%
Individual – to address a specific behavioural issue	8%
Individual – to provide support after a change in position or responsibilities	6%
Individual – to provide support to new employees	5%
Organisation – to support organisational or transformational change	4%
Individual – to engage with or address individual employee concerns	2%
Other	2%
Don't know	1%

Base: All organisations that offer coaching (196)

focuses equally on business and workplace skills and personal skills (76% vs 59% of those that use line managers).

Also, organisations that only use external coaches are more likely than those that only use internal coaches to say that the coaching focuses more broadly – covering business and workplace skills and personal skills (78% vs 59%).

The findings reveal that, where coaching has a broad focus, organisations are more likely to invest in it. Almost half of organisations (47%) where coaching focuses solely on workplace skills have seen their coaching budget decrease this year. By contrast,

in organisations that use coaching for a wider purpose, 30% have seen their budget remain the same, while 20% have seen their budget increase.

Once again, these findings highlight the need to provide the appropriate training and development for coaches sourced from inside the organisation.

The impact of coaching

With most of the organisations surveyed engaging in coaching or considering doing so, it is no surprise that there is broad agreement that coaching is a valuable and worthwhile activity. There was clear consensus on coaching as a development tool

95%

of respondents believe coaching
benefits the organisation

39%

undertake specific evaluation
of coaching interventions

that assists both the organisation (95%) and the individual (96%). Even 93% of those organisations that have never used coaching were able to list some benefits.

A variety of benefits were identified, highlighting the flexibility and responsiveness of coaching, and its ability to respond to the development needs of the individual and organisation, depending on the situation. The advantages of coaching were strongly associated with elements of personal development – the main reason identified for providing coaching – such as improved self-awareness (43%) and increased confidence (42%). Organisations also use coaching to improve business knowledge and skills in specific areas – 45% of respondents cite this (the second most popular reason for coaching) as a benefit.

Other benefits listed include improvements in communication and interpersonal skills, leadership and management, conflict resolution, personal confidence, attitudes and motivation, management performance as well as preparation for a new role or promotion and, on occasions, combating aggressive behaviour.

Measuring its effectiveness

Measuring outcomes is an important part of assessing the success of an initiative, and

Figure 5: Methods used to evaluate the success of coaching

Via the existing appraisal system	70%
Measurement against KPIs or goals	48%
360 degree appraisal	40%
Specific evaluations for coaching interventions	39%
Employee feedback forms	3%
Informally	3%
Feedback from line managers	1%
Depends on individual or situation	1%
Other	2%
None	6%

Base: All organisations that offer coaching (196)

coaching is no different in this respect. Most organisations (93%) measure coaching outcomes, which is encouraging. The challenge lies in adopting a cohesive and consistent approach.

According to the research findings, evaluation approaches are inconsistent across organisations. To assess the success or otherwise of coaching, some organisations simply use their internal appraisal system (70%) or 360 degree appraisal (40%). Only two-fifths undertake “specific evaluation of coaching interventions”, while just under half (49%) assess against business KPIs and goals (see Figure 5).

The mix of approaches suggests that linking coaching inputs to outcomes is not easy, and that there is no established accepted mechanism for doing so at the moment. It is important to

continue to explore ways of evaluating coaching outcomes, however, as this will assist those managing coaching delivery in the organisation, and also help to secure a budget to maintain and enhance their coaching programmes.

Conclusion – towards a coaching culture

The overall state of coaching revealed by the research is highly encouraging. Most organisations have recently used coaching as part of their portfolio of development tools, or expect to do so in the near future. And the majority of organisations believe that coaching delivers a wide range of benefits, often stretching beyond their original objectives.

There is still room for improvement, though. Coaching is an essential development tool for driving organisational performance. The research shows that organisations wishing to maximise the benefits of coaching should focus on increasing its scope and availability to create a coaching culture that permeates throughout their workforce.

Coaching for all

In order for this to happen, coaching needs to be supported at the very top of the organisation, but not limited to senior executives. Organisations acknowledge the many benefits obtainable by using coaching. Why restrict those benefits to senior managers? While the content may be different, all levels of employee, certainly all managers and leaders in an organisation, can and should benefit from a coaching approach to management.

In order to deliver coaching consistently and effectively at all levels, organisations need to focus on developing their internal coaching capability. Coaching is a discipline, a complex practical skillset that requires hands-on experience, evaluation and refinement – it's not something you can learn and develop just by having a go. Untrained, inexperienced coaching may do more harm than good in many cases, straying into the territory of counselling, for

example, or defaulting to one-to-one instruction. We would like to see organisations applying the same level of rigour to identifying and developing internal coaches as they do to sourcing external ones.

Successful coaches will have developed core skills, knowledge and personal attributes, which they apply in a variety of ways, or styles, in response to the needs of the situation and individual. They understand the nature of the coaching relationship – not personal therapy, but professional development. Coaching sessions are often quite difficult and challenging, so it is essential to have skilled, sophisticated coaches who are able to hold the relationship together.

The coaching that is then delivered should be broad in its scope – going beyond the immediate workplace. The research indicates that this is where organisations enjoy the greatest return on investment. At its best, coaching addresses personal skills and development, as well as business and work skills. It focuses on the doing and being elements of management and leadership – not just the knowing. It is about self-awareness and personal confidence, about building leadership ability, and not just job knowledge. Not simply challenging people but encouraging people to challenge themselves.

Which is why coaching should not be seen as a remedial tool to correct underperformance. Good coaching is about achieving a high-performance culture, not managing a low-performance one.

Demonstrating value

Measurement is crucial too. Those investing most in coaching are also the most focused on return on investment. Yet while organisations are very clear on the benefits of coaching, they are less clear on the key performance indicators involved. By establishing robust coaching-related metrics and linking them to organisational objectives and performance, it becomes easier to demonstrate the value of coaching to senior management, and increases the likelihood that more resources are devoted to this essential management skill.

Methodology

This report is based on telephone interviews with learning and development managers at 250 large organisations, conducted by independent research company QA Research in February 2011 and commissioned by the Institute of Leadership & Management.

45%

of the labour force is employed
by organisations with 250+ staff

66%

of respondents were
female

The respondents had responsibility for commissioning leadership and management development within their organisation. The organisations selected for the survey all employed over 230 employees in the UK; the original sample design was for organisations with 250+ employees (the standard definition of 'large organisations'), but many of the organisations contacted had shrunk during the recession, so the limit was lowered slightly. Organisations did not have to currently offer coaching to take part.

We focused on larger organisations because they are more likely to have professional learning and development managers and to have a leadership and management development strategy. This way, we could be confident about respondents' ability to make informed judgements about the comparative effectiveness of different learning and development strategies.

Organisations employing 250+ employees amount to only 0.5% of all employers yet employ 45% of the labour force and account for nearly half of output, by value. The sample size, at 250 organisations, accounts for 2.5% of the 10,095 organisations of this size in the UK, and the organisations contacted collectively employ over 0.85m people – 4% of the UK workforce. Consequently we are confident that the findings from this research are applicable to the best part of half the labour force in the UK. The sample was selected to be broadly representative of the different employment sectors, with a strict quota of no more than 20% public sector, to reflect the employment split between public and private. The respondents were predominantly female (66%) and had been in post for an average of 8.5 years.

The research was carried out according to the Market Research Society's Code of Conduct.

About ILM

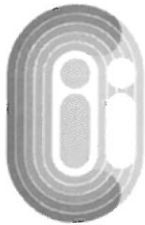
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