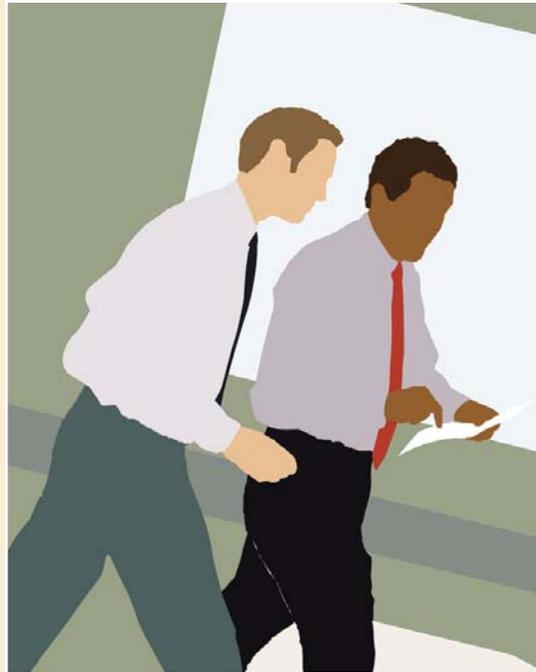


American Management Association



COACHING

A Global Study of Successful Practices

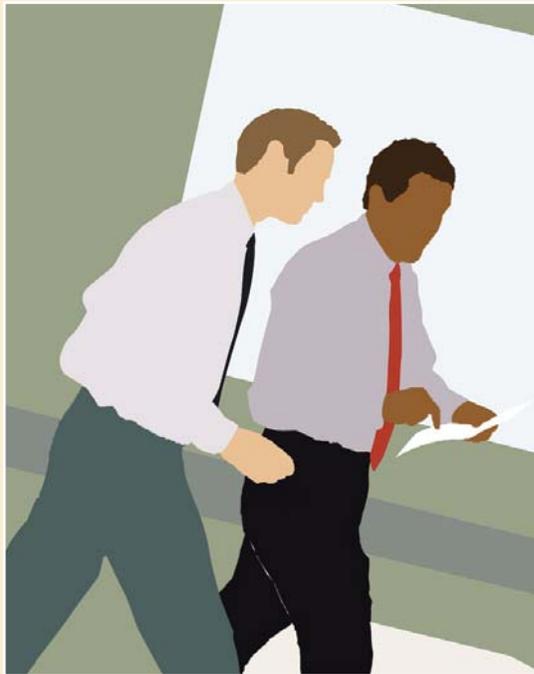
Current Trends and Future Possibilities
2008-2018

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COACHING

A Global Study of Successful Practices

**Current Trends and Future Possibilities
2008-2018**

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Foreword

Everyone is familiar with coaching. Over the centuries, the value of coaching has been established in sports in the skills and attitude of athletes. In the twentieth century, it became a practice in companies—specifically, a responsibility of managers to address the work performance of staff. Increasingly, however, companies are utilizing it to address the career and job needs of their senior executives, and they reach outside for coaches. Because coaching is now recognized as an integral element in leadership development, there is increasing interest in its best practices.

American Management Association commissioned a global examination of the state of the art of coaching by the Institute for Corporate Productivity not only to review the ever-increasing use of the discipline today but also to see in what direction it will take in the future. Over 1,000 executives and managers were questioned about their use of coaching to determine its popularity, its association with higher performance, the correlation between executive performance via coaching and corporate performance, the methodology used to choose coaches, the international outlook for coaching, and even the role of peer coaching.

This study confirms that external and internal coaches have a role in executive leadership development that improves organizations' productivity and profitability. This study also confirmed that the more frequently respondents used a formal process to measure results, the more likely they were to be successful in their coaching programs.

AMA hopes to play a role in the development of the discipline with the result that it makes a greater contribution to the success of executives and their companies. This study provides a roadmap to that end.

Edward T. Reilly
President and Chief Executive Officer
American Management Association

Introduction

Many organizations are chronically concerned that they don't have the right talent to succeed, and this is especially true in the area of leadership. They view leadership as among the top issues affecting their organizations both today and in the future, yet they're often dissatisfied with everything from succession planning systems to leadership development programs.

Amid these concerns, coaching has come onto the scene more prominently in recent years. Executive coaching is often viewed with a combination of hope and skepticism. On the one hand, assigning individual employees a coach seems like an excellent way to provide custom-delivered development opportunities to both current and aspiring leaders. On the other hand, coaching is often viewed as a kind of "cottage industry" where credentials are questionable, services are expensive, and success is hard to measure.

To gain a better understanding of both the promise and perils of coaching, American Management Association (AMA) commissioned the Institute for Corporate Productivity to conduct a global survey of coaching practices in today's organizations. In essence, two survey samples were analyzed: a larger sample made up primarily of North American organizations and a somewhat smaller one made up primarily of organizations located in Europe and the Middle East.

The AMA/Institute for Corporate Productivity team defined coaching in a relatively conventional way as "a short- to medium-term relationship between a manager or senior leader and a consultant (internal or external) with the purpose of improving work performance" (Douglas & McCauley, 1999). We also asked several questions about peer coaching, in which each participant acts as both coach and coachee to a partner. Below are some of the key findings from the study:

Finding One: *Coaching is used by only about half of today's companies.* In the North American sample, 52% report having such programs in place, and, in the international sample, the proportion is 55%.

Finding Two: *Coaching continues to gain in popularity.* Among respondents who say their organizations don't yet have coaching programs, a sizable proportion (37% in the North American sample and 56% in the international sample) say such programs will be implemented in the future.

Finding Three: *Coaching is associated with higher performance.* Correlations do not necessarily imply causation, but respondents from organizations that use coaching more than in the past are also more likely to report two kinds of advantages:

1. They're more likely to report that their organizations have higher levels of success in the area of coaching.
2. They're more likely to say that their organizations are performing well in the market, as determined by self-reports in the combined areas of revenue growth, market share, profitability, and customer satisfaction.

Finding Four: *Coaching is primarily aimed at boosting individual performance.* The desire to improve individual “performance/productivity” is the most widely cited purpose of coaching.

Finding Five: *Clarity of purpose counts.* The more a company has a clear reason for using a coach, the more likely that its coaching process will be viewed as successful.

Finding Six: *Evaluating coaching's performance may help boost success rates.* The more frequently respondents reported using a measurement method, the more likely they were to report success in their coaching programs.

Finding Seven: *It pays to interview.* Having an interview with the prospective coach has the strongest relationship with reporting a successful coaching program.

Finding Eight: *It pays to match the right coach with the right client.* Matching people according to expertise and personality seems to be the best strategies.

Finding Nine: *External training seems to work best.* Externally based methods of providing training on coaching are most strongly correlated with overall coaching success, though they are less often used.

Finding Ten: *Coaching's international future looks bright.* Compared with the North American sample, organizations in the international group have not had coaching programs in place for as long, but more in this group plan to implement coaching programs in the future.

Finding Eleven: *Peer coaching needs to become more effective.* Although a little over half of responding organizations use peer coaching, only about a third of respondents who use it consider it to be very effective or extremely effective.

This study contains many other insights, of course, as well as information about the most effective coaching practices that companies are using. It also analyzes current trends and projects them into the future in order to forecast what the state of coaching may look like in another decade.

Generally speaking, our team believes that coaching will continue to expand and mature as an important leadership development practice. We expect that coaching will become one of the keys to developing and retaining scarce talent in the future, and we think companies that learn to leverage it well will have a significant competitive advantage in the global marketplace.

A Review of the Coaching Literature

A Brief History of Coaching

Coaching has its roots in the area of sports, of course, and, as such, dates back at least as far as ancient Greece where well-paid coaches trained many of the athletes competing in the original Olympic games (Carpenter, 2004).

As it applies to the workplace, however, coaching is a much more recent development. There has been individualized training in the form of apprenticeships for hundreds of years, but the earliest form of such coaching as we know it today was called “developmental counseling” (Flory, 1965). Kampa-Kokesch and Anderson (2001) report that from 1940 to 1979, coaching tended to be performed by organization consultants.

During this initial period, coaches were primarily psychologists and organization development (OD) professionals who were focused on OD issues. There was often an informal aspect to it. For example, an executive coach who remembers this period recalls a CEO stopping her in a hallway and asking if she could stop by and chat for an hour or two.

From 1980 to 1994, the field of coaching experienced rapid growth, quickly expanding into many new areas of service (life coaching, outplacement, career coaching, etc.). According to Hudson (1999), the field was accelerated by complexities associated with increased downsizing, mergers, acquisitions, and outplacement. The leader’s role evolved to deal with rising levels of ambiguity and pressures to perform in an increasingly global context. Top managers were asked to be both strategic decision makers and masters of the “soft” skills required to effectively manage people (Sherman & Freas, 2004).

From 1995 to the present, the amount of executive and workforce coaching has continued to grow. There has been an increase in the number of publications devoted to coaching, in organizations that offer training to coaches, in the establishment of coaching organizations, and in the focus placed on coaching research by academia. Today, the number of coaches is estimated at 30,000 (International Coach Federation [ICF], 2007). However, because the field is wide open to anyone who wants to enter, it is difficult to know the exact number of people performing coaching services.

Today’s coaches come from myriad backgrounds and professions, including business, law, teaching, human resources, and sports (Harris, 1999; Kilburg, 2000), and they don’t necessarily join coaching organizations.

The Purposes of Coaching

According to the literature, leadership development is often viewed as the purpose of most coaching assignments (Underhill et al., 2007). Organizations also employ coaches to help with leader transitions (such as promotions, lateral moves, or international assignments), to retain high potentials, to improve performance that is off track, and to help individuals assess where their career is now and where it may go next.

Some coaching focuses on honing specific business skills. For example, one company helps leaders learn to be more productive by giving them coaching on improving their organizational skills. Coaching is tied to training programs in some companies. For example, a manager attends training for some specified number of hours and then gets individual coaching to reinforce and apply things learned in the workshop.

There is also “life coaching,” which helps clients set and achieve goals in aspects of their lives other than just business. Life coaching is usually funded by the individual.

Recent Areas of Focus in the Literature

There are several major areas of focus in the recent literature on coaching. First, experts have become interested in best practices in the field of coaching. Because the area is so open and relatively unregulated, organizations want to know which practices result in the best organizational outcomes.

In a related matter, employers and other interested parties wish to know how best to evaluate and calculate the return on investment (ROI) of coaching programs. They also wish to know how best to select coaches. This matter includes whether to select coaches from outside or inside the organization.

Evaluating Coaching

One study suggests that only a minority of organizations assess the impact of their coaching interventions (McDermott et al., 2007), and another finds that a scant 9% of survey respondents said they formally assess coaching's return on investment (Sherpa, 2007).

There doesn't appear to be a universal methodology for evaluating coaching benefits (Leedham, 2005). Of the existing coaching evaluation methods, some are based purely on the perception of the recipient, which can be an unreliable gauge. Yet, the most prevalent method used to evaluate coaching is soliciting the coachee's reaction to the service through a self-report. Sometimes a second level of evaluation is added through ratings completed by others during and after coaching.

What are usually missing, however, are measures of behavioral changes brought on by coaching. These can be determined by obtaining ratings by team or peers over a one- to three-month period of time. An even higher level of evaluation can be attained by measuring the impact of coaching on the organization or business. Data such as sales increases, retention, satisfaction, promotion, and so forth, are generally required to do this and must be done over a much longer time frame such as one to two years (MacKie, 2007).

A number of other evaluation methodologies are discussed in the literature. Many experts agree that, in order to evaluate coaching well, business people need to increase their skills in evaluating coaching, but there are some who question whether trying to determine ROI is really necessary, given the difficulties in measuring it (Underhill et al., 2007).

Selecting Coaches

Some experts believe that selecting coaches is difficult because there's a lack of standardization or credentialing in the coaching industry. This complicates the determination of coaching qualifications. Others argue that coaching has not met the criteria for a profession (Brooks & Wright, 2007) because it lacks barriers to entry, formal university-level qualifications, regulatory bodies, an enforceable body of ethics, and state-sanctioned licensing. There isn't even a shared common body of knowledge.

Some professional standards do seem to be emerging, though in a somewhat haphazard fashion. The American Psychological Association (APA), which is the professional organization representing psychologists, offers postgraduate training in executive coaching (Dingfelder, 2006). The APA has stressed to current psychologists that entering the coaching field requires that they understand business and psychological know-how (Foxhall, 2002). In one set of guidelines, the APA (2007) notes that consulting psychologists in the area of coaching “learn how to provide competent, assessment-anchored coaching and other individual-level interventions” (p. 986).

The International Coach Federation—which is one of the largest global coaching organizations serving all coaches (life, career, executive, etc.)—has developed a code of ethics and competencies for coaches, and it certifies training programs. However, this organization takes the stand that the field is best served when it “reinforce[s] professional coaching as a distinct and self-regulating profession” (ICF, 2008).

The World Association of Business Coaches (WABC)—whose mission is to “develop, advance, and promote the emerging profession of business coaching worldwide”—offers help to prospective clients by providing information on selection and the business coaching field in general. Membership in WABC requires five references from coaching clients.

Generally speaking, more and more credentialing is available to coaches, but certification requirements vary widely. What’s more, in research done by Underhill et al. (2007), certification was not viewed as an important factor for choosing a coach. In the Underhill research, leaders selected business experience and ability to establish rapport as their top criteria in coach selection. Advanced degree and certification were seen as minimally important, while cost came in last place. In interviews, leaders also identified “soft” traits in coaches, such as having a sincere desire and commitment to help, having adaptability and the right chemistry, being a good listener, becoming a trusted advisor, and having the ability to challenge.

So, it appears that successful coaches are a highly diverse lot, making the perfect background hard to describe or regulate. The most likely background of a coach includes an advanced education degree in a people-related field such as industrial, organizational, or clinical psychology; human resources; or leadership development. But there is not one particular advanced degree for coaching. Some coaches have a master’s degree or Ph.D. in business, sociology, or other field (Underhill et al., 2007).

Leedham (2005) discusses the perceived importance of selection criteria in the order of perceived importance to the purchaser. Six main themes or factors are said to influence the selection of external coaches:

1. Evidence of having done similar coaching work previously;
2. Personal capability and relevant organizational experience;
3. The flexibility of the coach (in terms of techniques and willingness to work with others);
4. A focus on delivering or improving business results;
5. Cost effectiveness;
6. Qualifications (including membership of professional bodies).

The number of organizations using internal coaches is expected to grow as organizations learn how to select and utilize such coaches.

In practice, according to Banning (1997) and Smith (1993), a company's human resources department, a supervisor, or a friend are among the most common ways of finding a coach. Banning (1997) lists three important criteria in selecting a coach: trustworthiness, compatible chemistry, and solid reputation.

Choosing Between External and Internal Coaches

Until recently, executive coaches were virtually always external to the organization (Tyler, 2000). As coaching has matured and leadership development has been more widely embraced, the number of managers receiving coaching has increased. According to one recent survey, 16% of organizations rely on internal coaches (Institute of Executive Development [IED], 2006). Significant price constraints and an awareness of capability have raised the profile of internal coaches.

Internal coaching is defined as “a one-on-one developmental intervention supported by the organization and provided by a colleague of those coached who is trusted to shape and deliver a program yielding individual professional growth” (Frisch, 2001). Team builders, organization effectiveness consultants (internal), and trainers may engage in activities similar to those of internal coaches. However, because they work with groups and define goals organizationally, those professionals do not fit the definition of an internal coach.

Internal coaches have established themselves and proven their value in providing coaching services in a variety of organizations in the past, including Teletech, IBM, Intel, Scudder Kemper, Layne Christensen, Lehman Brothers, TIAA/CREF, State Street Bank, and US Tobacco (Frisch, 2001).

The number of organizations using internal coaches is expected to grow as organizations learn how to select and utilize such coaches. For example, 57% of respondents in a recent survey indicated that they see the use of internal coaches increasing, and another 40% plan to continue their current usage. However, most of coaching provided to C-level executives still tends to come from external coaches (Underhill et al., 2007).

So, how do companies choose between internal and external coaches? Of course, internal coaches often provide lower cost of services, exhibit more consistency in methods, and understand the organizational culture. They tend to offer more flexibility and see leaders in action. However, they may also be perceived as less credible.

In one study, for example, 59% of leaders indicated a preference for an external coach, while only 12% preferred an internal coach (29% had no preference) (Underhill et al., 2007). Leaders may consider internal coaches to be less confidential. External coaches, on the other hand, can bring greater objectivity, fresher perspectives,

higher levels of confidentiality, and experience in many different organizations, industries, and business environments. External coaches may also have more specialized skills or expertise in specific fields of practice (Underhill et al., 2007).

The Future of Coaching

There are conflicting views as to whether the market for coaching will continue to increase. Maher and Pomerantz (2003) suggest that coaching has entered the maturity phase in the U.S. They believe that the market is almost saturated, price competition is increasing, and buyers of the service are becoming more discerning. In their review of the history of coaching, Grant and Cavanaugh (2004) agree that the coaching industry has reached a key point in its maturation. A Novations Group (2007) survey found that more employers were decreasing their reliance on coaching rather than extending their reliance on coaching.

Others believe the field will continue to grow. A recent *Sherpa Global Coaching Survey*, co-sponsored by the Penn State Executive and Texas Christian University, shows an expanding interest in coaching (Sherpa Coaching LLC, 2007). Experts such as Marshall Goldsmith expect formal executive coaching to become “aggressively” embedded in business environments of the future (IED, 2006). It may be that alternative models such as internal coaching will lead to the expansion that Goldsmith and others foresee.

The Factors That Influence Coaching

There are a variety of factors, both internal and external to the organization, that influence coaching.

The *AMA/Institute for Corporate Productivity Coaching Survey 2008* and a review of the literature provide a look at these factors in terms that facilitate coaching and which tend to hold it back. It should be noted that the data in this section refer to the large survey sample made up primarily of North American respondents. Data on the international sample are discussed in the “Coaching from an International Perspective” section.

The State of Coaching

What Does Coaching Mean?

As noted in the literature review section of this report, the concept and purposes of coaching have been evolving for several decades. In order to discuss the current state of coaching and what drives it, however, we must first define it. For the purposes of

MAJOR FINDING
Coaching continues to gain in popularity. Among respondents who say their organizations don't yet have coaching programs, over a third such programs will be implemented in the future. And 57% of those with coaching programs say they use it more than they did in the past.

developing a survey, the AMA/Institute for Corporate Productivity team defined coaching in a relatively conventional way as “a short- to medium-term relationship between a manager or senior leader and a consultant (internal or external) with the purpose of improving work performance” (Douglas & McCauley, 1999). This definition excludes coaching that is designed to improve quality of life outside of the work arena. It also excludes peer coaching, although the survey did ask two questions that specifically dealt with such coaching, as will be seen later in this section.

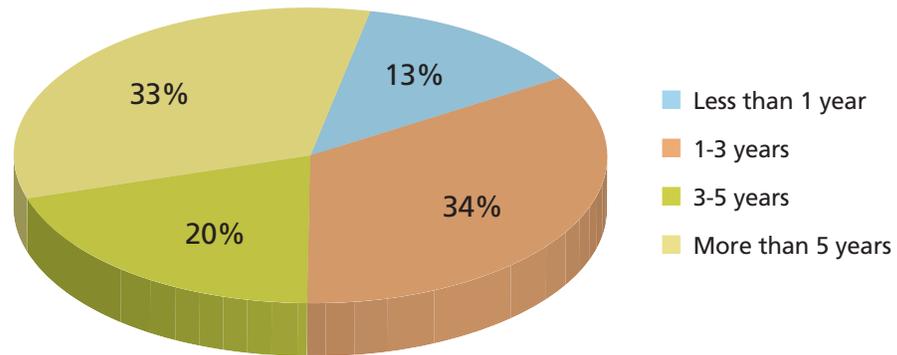
Another distinction that is important for understanding the results of this study is the difference between coaching and mentoring. In recent years, there has been no shortage of debate over the differences, real or imagined, between coaching and mentoring. Mentoring generally refers to the relationship between a senior, more experienced employee who helps a younger, less experienced employee navigate his or her way to success in the organization (Kram, 1985). Very often, mentor and protégé work in the same organization. Mentoring tends to be informal—centering on career development, social support, and role modeling—and is most intense at the early stages of one’s career (Donaldson et al., 2000). Coaching, however, is typically for a shorter and more prescribed time period. It is contracted formally and is more likely to occur mid career (Feldman & Lankau, 2005).

Is It Increasing or Decreasing?

Just over half (52%) of the respondents to the *AMA/Institute for Corporate Productivity Coaching Survey 2008* reported that they currently have coaching programs in place in their organizations. What’s more, of the 48% that don’t offer coaching at this time, 37% plan to implement a coaching program in the future.

Figure One

How long have your coaching programs existed?



Of those that currently offer coaching, 87% have coaching programs that have been operating more than one year, and 33% have programs that have existed for over five years. These numbers suggest that the coaching field is still growing.

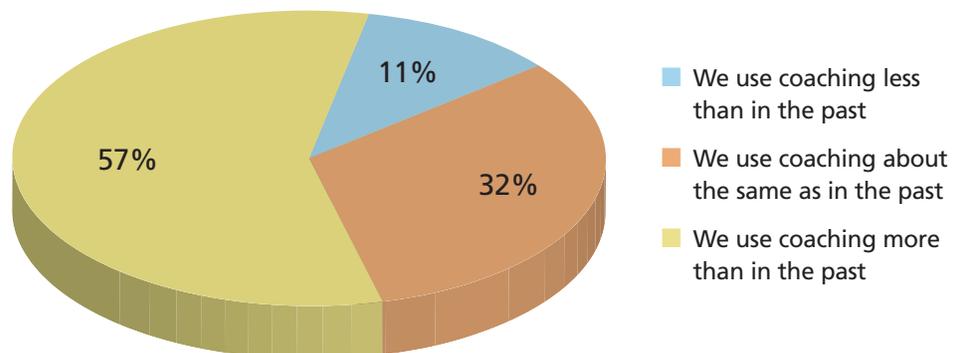
It's quite possible, however, that the coaching industry is maturing. After all, the large majority of organizations with coaching programs have had them for over a year, suggesting that they have made coaching a permanent part of their organization's activity and budget.

Other evidence comes from *The 2008 Sherpa Executive Coaching Survey*. That report indicates growth in the number of coaches who say they are five-year veterans in the field, while the number of new entrants to the coaching field is slowing.

Nonetheless, the *AMA/Institute for Corporate Productivity Coaching Survey 2008* indicates that coaching is used more than in the past. Fully 57% of organizations with coaching say they use it more than in the past, while just 11% say they use it less.

Figure Two

Which of the following statements best describes your organization's use of coaching?



Is There a Relationship to Success?

Correlations do not necessarily imply causation, but an analysis of the *AMA/Institute for Corporate Productivity Coaching Survey 2008* does indicate that respondents from organizations that use coaching more than in the past are also more likely to report two kinds of advantages:

1. They're more likely to report that their organizations have higher levels of success in the area of coaching.
2. They're more likely to say that their organizations are performing well in the market, as determined by self-reports in the combined areas of revenue growth, market share, profitability, and customer satisfaction.

There also seems to be a relationship between the extent to which individuals receive coaching and their abilities in terms of leadership. That is, the survey found that those who have received coaching were more likely than other respondents to say that their subordinates trust their leadership abilities, and they're more likely to say that they set specific goals for performance at work.

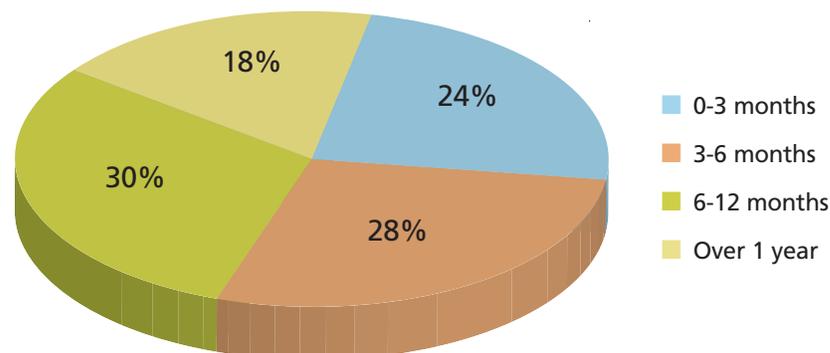
How Is It Done and How Long Does It Take?

The majority (58%) of respondents to the *AMA/Institute for Corporate Productivity* survey say that coaching sessions in their organizations are carried out face-to-face, but a large portion (37%) say that such sessions are conducted via a combination of methods, such as face-to-face, over the phone, and via Web-based technologies.

There's considerably less agreement, however, on the average duration of the typical coaching arrangement. While nearly a quarter of respondents say coaching arrangements in their organizations last no more than three months, 30% say such arrangements can last six months to a year, and nearly a fifth say they last over a year.

Figure Three

What is the average duration of a typical coaching arrangement?



It’s interesting to note that the longer an arrangement lasts, the more highly associated it is with coaching success. On the other hand, given the potential costs of coaching arrangements, there’s no evidence that a longer duration is associated with a higher return on investment.

How Common Is Peer Coaching?

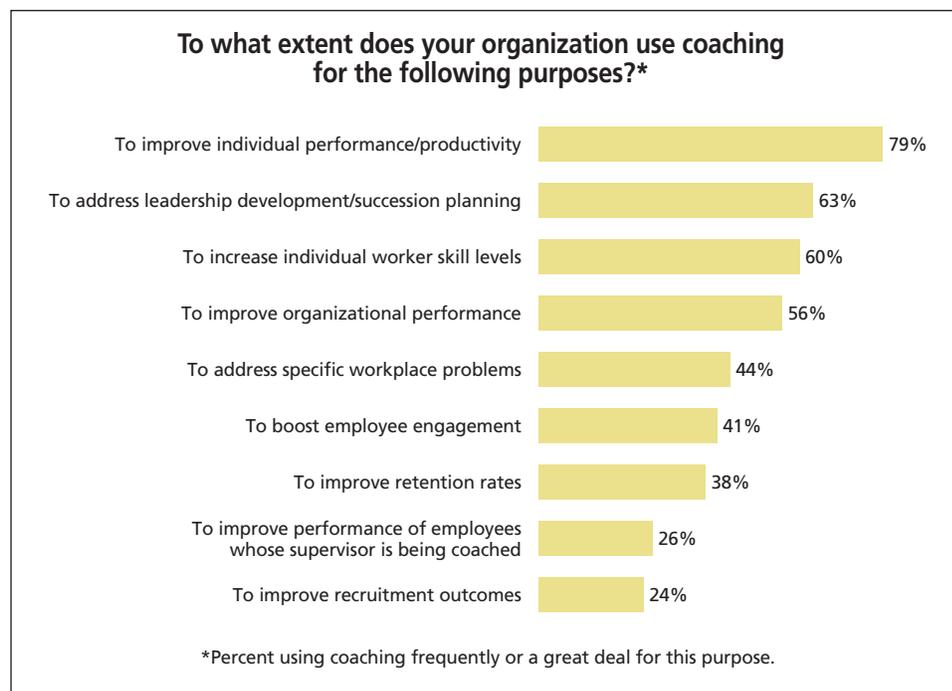
The *AMA/Institute for Corporate Productivity Coaching Survey 2008* also asked respondents about their usage of peer coaching. As the survey noted, “Peer-to-peer coaching was developed as an economical way to offer coaching to midlevel and high-potential leaders. The essence of peer coaching is that each participant acts as both coach and coachee to a partner within the organization to improve growth and development.”

The survey found that about half of responding organizations use peer coaching. However, only about a third of respondents (32%) considered peer coaching to be very effective or extremely effective. This suggests that most organizations have yet to determine how to reap maximum benefit from their peer-coaching programs.

The Internal Reasons Organizations Use Coaching

The literature often states that leadership development is seen as the primary purpose of coaching. To test this, the *AMA/Institute for Corporate Productivity* survey asked respondents about the purpose of their coaching programs.

Figure Four



Improving Individual Productivity

The survey found that, although leadership development is among the top two reasons for using coaching, the desire to improve individual “performance/productivity” is actually the most widely cited purpose. There is, of course, clearly some overlap among these purposes. After all, organizations develop leaders not for leadership’s sake but for the purpose of improving both individual and organizational performance. Individual performance, productivity, and development, however, seem to be the higher priorities.

Other literature supports the coaching/performance link. For example, management strategist and author Florence M. Stone (2007) notes that heightened productivity is one of several benefits attained through coaching interventions. Employers will value cost reductions and greater profits associated with coached employees who respond productively to appropriate praise, clarified work objectives, and strategies on how to exhibit special talents. Stone says coaching can also remove the element of surprise from performance reviews for coached employees who have already been apprised of their strengths and weaknesses. And manager/coaches with good people skills will likely get credit for allaying workplace friction that often slows organizational productivity.

Six out of ten participants in the AMA/Institute for Corporate Productivity survey also chose “increasing individual worker skill level” as the reason their organizations used the services of executive coaches either frequently or a great deal. These results offer support to some previous studies. Joo (2005), for example, states that the most fundamental purposes of coaching are directed at skills and behaviors that must occur at the individual level: behavioral change, self-awareness, and learning.

Improving Organizational Performance

About 56% of respondents reported using coaching either frequently or a great deal of the time in order to improve organizational performance. Why does organizational performance take a backseat to individual performance?

There are two primary reasons. First, coaching tends to be aimed at individuals rather than groups, separating it from many other types of training and development. Second, Feldman and Lankau (2005) argue that improvements in organizational performance only take place once a large number of employees have received coaching. Before organizational performance reflects positive changes due to coaching, a coaching culture—in which coaching is widely utilized and strongly supported by top management—must exist.

Addressing Workplace Problems

About 44% percent of respondents cited “addressing specific workplace problems” as the reason why their companies frequently use coaching. Although this is a substantial group of responses, this number has probably declined in recent years.

The 2008 *Sherpa Executive Coaching Survey* reports that, in coaching’s early days,



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The desire to improve individual “performance/productivity” is the most widely cited purpose behind coaching.

coaching was used primarily as a tool to deal with an executive who wasn't meeting expectations. As a result, the thinking was that "there must be something wrong or you wouldn't need a coach." While the results of this survey confirm that coaching is still a problem-solving mechanism, other purposes have usurped its previous prominence.

Boosting Employee Engagement

The past decade has also seen an explosion of research into the area of positive psychology: "the scientific study of what makes people function at their best and experience fulfillment and well-being" (Hall, 2005). Positive psychology emphasizes what is working, what one does well, and how to do it better, instead of discussions of weakness and limitations. Employees who receive coaching are often successful senior leaders who are facing career challenges as a result of organizational or industry changes. Many experts agree that a plan to capitalize on executives' strengths—what got them to positions of prominence in the first place—is more useful than to focus on shortfalls (Buckingham & Clifton, 2001).

So, it is not so surprising that "boosting employee engagement" is cited by about 41% of respondents as the purpose for which their organizations use coaching. Clearly, the stigma of coaching as a consequence for poor performance is changing, as evidenced by the fact that almost as many respondents view coaching as an engagement tool as they do a way to address workplace problems.

Improving Retention Rates and Recruitment Outcomes

Thirty-eight percent of respondents reported that their organizations use coaching frequently or a great deal as a way to improve retention rates, while 24% say coaching is used in their companies to improve the outcome of the recruitment process. As employees increasingly value training and development as portable and highly valuable job perks, the promise of executive coaching becomes more significant. Companies are betting on the premise that the opportunity to work with an experienced coach will convince desired recruits to accept a job offer and star performers to stay on.

External Factors That Influence Coaching

Standards and Certifications

As noted in the literature review, some experts believe that one of the biggest stumbling blocks in embracing coaching is the uncertainty surrounding the credentials of coaches. The *AMA/Institute for Corporate Productivity Coaching Survey 2008* clearly shows that coaching certifications and accreditation are not the top criteria that organizations use when selecting coaches.

It's easy to see why organizations do not yet want to rely too much on such credentials. After all, there is no universally recognized accreditation entity that can validate the hundreds of programs now accommodating aspiring coaches (Sherpa Coaching LLC, 2007). The *2008 Sherpa Executive Coaching Survey* notes that coaching still "lacks a standardized body of knowledge that serves to guide the practice of coaching" (Sherpa Coaching LLC, 2008).

Yet, coaching programs are going through a period of proliferation that could improve the professionalism of coaching over the long run. The number of executive coaching programs—or executive education programs—at Harvard, Northwestern, Stanford, and Columbia rose 37% in just seven years, reaching 286 programs in 2005, up from 211 programs in 1998, according to one recent report. This trend could bring some “structure” to a profession that currently lacks definitive certification standards, said executive coach Brenda Corbett. Such programs are attracting retired and laid-off executives seeking income-generating second careers as well as seasoned coaches who want to broaden their knowledge and skills (Eckberg, 2006).

Some experts believe that the International Coaching Federation (ICF) might become the standard-bearer for accrediting global coaches. The ICF offers an independent master’s certificate accreditation program that requires 2,500 hours of coaching (Nayar, 2006). But, although ICF is the oldest trade association offering accreditation in coaching, The *2008 Sherpa Executive Coaching Survey* notes that executive coaches’ support for it fell over the past two years, from 62% to 45%, while support for university-based executive education programs continues to grow. Other providers of coaching support include the Worldwide Association of Business Coaches (WABC), the International Consortium of Coaching in Organizations (ICCO), and the International Association of Coaching (IAC) (Sherpa Coaching LLC, 2008).

It can also be argued, however, that the issue of credentialing is overemphasized. Many clients in the corporate world seem uninterested in credentialing, notes Brian O. Underhill, founder of CoachSource (Underhill & Koriath, 2005; Babcock, 2007).

The Global Business Environment

Rapid change in the global business environment is accelerating the use of coaching, according to a report in *Harvard Management Update*. Traditional management approaches, analysts say, can’t cope with today’s faster-paced business processes. Today’s executives have to deal with peer relationships and greater workplace diversity, which require a more complex skill set than managing “up and down” does, says executive coach Catherine Fitzgerald.

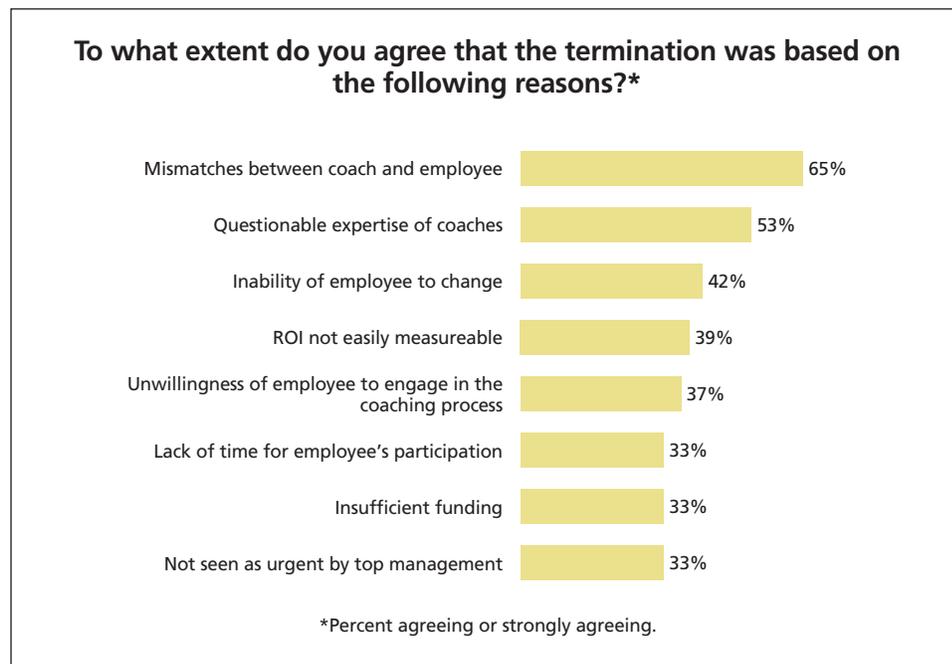
Some experts think coaching is the most convenient and flexible way for leaders to come up the learning curve quickly enough to handle the competition and speed of global business cycles. Executives’ excessive time demands render other training models obsolete (Keller Johnson, 2007).

Jessica Jarvis (2005), a training advisor with the Chartered Institute of Personnel and Development, says fever-pitched global competition is driving radical organizational restructuring that calls for highly specialized staff support, rapid shifts to new skill sets, and “just-in-time” training, all of which suggest the need for effective coaching interventions. Meanwhile, attitudes within the labor force are also changing. Lifelong learning, which is a contemporary cultural phenomenon, resonates well with both coaching and mentoring, as does the heightened interest in personal responsibility for self-development. The media’s preoccupation with coaching has further intensified public interest, says Jarvis.

Hindrances to Coaching

Despite the potential advantages of coaching, it doesn't always have desired impact. The *AMA/Institute for Corporate Productivity Coaching Survey 2008* asked participants if they had ever terminated the contract of an external coach prior to the end of the contract's term or if they had specifically made a determination not to use a particular coach for future assignments. Nearly one-quarter of respondents (24%) indicated they had, indeed, terminated coaching assignments. Figure Five shows the reasons respondents gave for terminating those relationships.

Figure Five



Mismatches Between Coach/Employee

Nearly two-thirds (65%) of respondents to this question said they agreed or strongly agreed that mismatches between the coach and the employee caused them to terminate coaching assignments, making it the top barrier to a successful experience.

But some organizations have found ways to avoid such mismatches. At Hartford Financial Services Group, Inc., for example, executives can interview and then make the most appropriate selection from a pool of three prescreened coaches. And at the National Clandestine Service (NCS) of the Central Intelligence Agency, a detailed questionnaire, similar to those used by dating services, helps with coach selection (Babcock, 2007).

MAJOR FINDING

The top reason cited for terminating a coaching assignment was a mismatch between the coach and the employee.

Questionable Expertise of Coaches

Another top reason for halting coaching was the questionable expertise of coaches, with 53% of respondents indicating that they agreed or strongly agreed that such doubts were behind their actions.

Perhaps this can be linked back to the lack of standards in the coaching arena, which have been documented above. Some argue that this has slowed the development of solid coaching programs. The coaching field has become swamped with “cowboy operators” who often lack both skills and credentials, according to a study by consultancy Chiumento and *Personnel Today* (Paton, 2007).

The Difficulty of ROI

About four in 10 respondents to the *AMA/Institute for Corporate Productivity Coaching Survey 2008* agreed or strongly agreed that two other reasons were behind the termination of coaching assignments: the inability of certain employees to change (42%) and the difficulty of measuring return on investment (ROI) (39%). Resistance to change is, of course, relatively common in organizations and is already well-documented in change-management literature. But the subject of the ROI of coaching is less well understood and continues to be a subject of debate in the coaching literature.

It’s interesting to note that, out of the various factors causing the termination of coaching arrangements, the strongest negative correlation was associated with the notion that the ROI of coaching is not easily measurable. That is, the more respondents said that coaching was terminated because of difficulty in measuring ROI, the less likely they were to report overall success in coaching at their company. This suggests there might be a significant upside to being able to measure the ROI in organizations.

So far, however, the literature indicates that relatively few organizations have formal procedures in place to measure coaching’s success. McCormick (2007) polled 500 readers of *Personnel Today* and reports that 67% of respondents say their organizations don’t measure coaching ROI and an additional 20% say they simply don’t know if coaching outcomes are measured. Furthermore, not only are formal measurement systems not yet in place, many companies (some of which have used executive coaches for years) aren’t even sure what they would measure if they had to. In fact, 44% of respondents in McCormick’s study (2007) believe it is impossible to measure the ROI of coaching at all, and, if their organizations must measure it, then anecdotal evidence of its effectiveness is all that’s possible.

Sherman and Freas (2004) explain why this thinking is popular. “Unlike most business processes, which tend to reduce information to abstractions, executive coaching engages people in customized ways that acknowledge and honor their individuality. It helps people know themselves better, live more consciously and contribute more richly. The essentially human nature of coaching is what makes it work—and also what makes it nearly impossible to quantify.”

That said, some experts believe that organizations are making progress in the area of quantifying the results of coaching. While measuring the “feel good” factor may be the easiest method to administer and tabulate, there is little evidence that this

leads to changed behavior and improvements in the bottom line (Sparrow, 2006). As a result, more sophisticated measurement techniques are gaining ground. Typically, these methods involve estimating the impact of coaching on at least one business area (such as the total value of resolving an issue). Both the financial and non-monetary benefits must be identified and estimated.

Another way to track the benefits (or lack thereof) associated with coaching is through the use of assessments. Assessments conducted at the beginning of a coaching program help focus the goal-setting process, and readministering the same assessment at a later date can determine the extent to which progress was made.

Three-hundred-and-sixty-degree feedback, for example, has become almost synonymous with coaching programs. Assessments that compare self-perceptions and the perceptions of others can provide invaluable information for the employee who needs a better understanding of how his or her behavior affects others (Nowack, 2007).

Other assessments—such as ones that measure personality, interests, values, and health—can also be used. The critical lesson for coaches is to administer these assessments in a pre- and post-test format. Otherwise, it is impossible to tease out whether it was coaching or some other factor that was responsible for the assessment scores.

Negative Attitudes Toward Coaching

Respondents to the *AMA/Institute for Corporate Productivity Coaching Survey 2008* cited other reasons for terminating coaching arrangements, too, but these were chosen to a lesser extent than the aforementioned reasons. These responses included the unwillingness of the employee to engage in the coaching process, a lack of time for the employee's participation, the fact that coaching was not seen as urgent by top management, and insufficient funding.

The wider literature on coaching also shows that a degree of skepticism concerning coaching remains in today's organizations. Employee misconceptions regarding the purpose and nature of coaching can create challenges for HR, according to Gary Cohen, president of CO2 Partners, a leadership development firm. Lack of understanding about the fruits of coaching, says Cohen, provokes unfounded apprehension among employees that coaching either reflects badly on job performance or, alternatively, is appropriate only for fast-tracking high potentials. Further, many employees erroneously view coaching as a nonbusiness-related therapeutic tool or as a disagreeable process of coercion; others want to hide coaching arrangements in order to cover embarrassment ("How to Overcome," 2007).

Although many HR professionals believe in the *value* of coaching, according to the *2007 Sherpa Global Coaching Survey*, the *credibility* of coaching fares less well. More than one-third of the HR professionals surveyed (34%) considered coaching's credibility to be "mediocre, low or very low," and around half (53%) were willing to say its credibility was "somewhat" high (Sherpa Coaching LLC, 2007). While the *2008 Sherpa Executive Coaching Survey* noted improvement in the credibility of coaching, it still concluded that "coaching's credibility is much lower than its perceived value" (Sherpa Coaching LLC, 2008).

Adopting State-of-the-Art Coaching Practices

What does it mean to be state-of-the-art in the field of coaching? Because it can be difficult to measure the ROI of coaching and because it's a field that continues to change quickly, it's difficult to pin down exactly what best-in-class coaching looks like. Moreover, the success of coaching in any organization will depend on factors that are hard to standardize, such as corporate culture, attitudes toward coaching, and the qualifications of coaches who are hired.

Nonetheless, this section will present some of the characteristics of coaching programs that are—based on survey results, interviews, and the broader literature—associated with coaching success. In addition, the AMA/Institute for Corporate Productivity team will highlight how the various coaching strategies relate to a market performance index, comprised of revenue growth, market share, profitability, and customer satisfaction.

Again, it is important to note that the AMA/Institute for Corporate Productivity team used a fairly strict definition of executive coaching: short- to medium-term relationships between managers/senior leaders and a coach (internal or external) that had, as their primary purpose, to improve work performance.

It should also again be noted that the information in this section, and the subsequent analysis, is based on the large survey sample made up primarily of North American respondents. Data in the international sample is focused on in the “Coaching from an International Perspective” chapter of this report.

Have a Clear Reason for Using Coaching

In the preceding section, we discussed the most common purposes behind the adoption of coaching programs (see Figure Four). Another important finding from the study was that each of the various purposes for coaching was significantly correlated to the success of coaching.

Figure Six

To what extent does your organization use coaching for the following purposes?	
Responses	Correlation with Coaching Success
To improve individual performance/productivity	.40**
To address leadership development/succession planning	.33**
To increase individual worker skill levels	.23**
To improve organizational performance	.35**
To address specific workplace problems	.20**
To boost employee engagement	.25**
To improve retention rates	.24**
To improve performance of employees whose supervisor is being coached	.18**
To improve recruitment outcomes	.19**

** significant at $p < .001$

In other words, *the more a company has a clear reason for using a coach, the more likely that its coaching process will be viewed as successful.* For example, the strongest correlation was found between improving individual performance and coaching success, meaning that organizations that strongly indicated that they used coaches as a means to improve the productivity of individual employees also tended to report more success with their coaching programs. The fact that each of the purposes was significantly correlated with coaching success suggests that organizations that simply have a well-defined purpose are more likely to report coaching success than those organizations that aren't sure what their purposes in coaching are.

MAJOR FINDING

The more a company has a clear reason for using a coach, the more likely that its coaching process will be viewed as successful.

However, only two of the purposes—to improve leadership development/succession planning and to improve retention rates—were significantly correlated to improvements in market performance (as measured by self-reports in the areas of revenue growth, market share, profitability, and customer satisfaction). According to Collins (2001) in the management best-seller *Good to Great*, improvements in both leadership development and retention rates are essential in getting the “right people on the bus,” which is a consistent precursor to improvements in gaining a competitive advantage in the marketplace.

Use Coaching to Help the Right People

According to a review of the coaching literature, there are four main groups of employees who are consistently on the receiving end of executive coaching: high potentials, problem employees, executives, and expatriates. The reasons for seeking coaching probably differ depending on which group is being coached.

Figure Seven

To what extent does your organization use coaching for the following groups?			
Responses	Percent Choosing a Lot or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
High Potentials	60%	.34**	.12
Executives	42%	.26**	.09
Expatriates	7%	.16%	.19**
Problem Employees	37%	.10	.01

** significant at p<.001

An analysis of the *AMA/Institute for Corporate Productivity Coaching Survey 2008* showed that the largest percentage of respondents (60%) report that their organization uses coaching either a lot or a great deal for high potentials. Just over 41% of organizations report using coaching frequently or a great deal for executives.



MAJOR FINDING

Using coaching for the development of high potentials, executives, and expatriates was found to have significant correlations with coaching success.

These findings are supported by some other sources. Jarvis (2006), for example, suggests that most coaching is provided to high-performing middle managers and junior managers on the fast track, while executive coaching—although the topic of much media attention—in reality occurs less frequently.

Problem employees were cited as the recipients of coaching frequently or a great deal of the time by 37% of respondents. As mentioned earlier, many of the earliest coaching programs dealt exclusively with under-performing employees as an attempt to save a career. Now, however, it is more likely to be seen as a way to groom talented but untested young managers or to help executives build on existing strengths.

In our survey, the group least frequently reported to be the recipient of executive coaching were expatriates. Only 7% of respondents reported this group received coaching either frequently or a great deal. This number is surprisingly low given that 55% of our sample was either a global or multinational organization.

Correlations

Using coaching for the development of high potentials, executives, and expatriates was found to have significant correlations with coaching success. In other words, the more coaching is used for each of those groups, the more likely it is for companies to report success with their coaching programs.



MAJOR FINDING

Directing coaching programs toward expatriates is significantly correlated with market performance.

However, when problem employees are the primary group receiving coaching, there is no consistent relationship with coaching success. This finding could be because most coaching interventions occur too late after the employee's problems have been identified to produce significant change or because management is only using coaching to appear concerned and helpful, yet it is actually a way to

document low performance and pave the way for dismissal. Maybe problem employees are not perceived as benefiting from coaching to the same extent as high potentials, executives, and expatriates.

Finally, our results show that only when a coaching program is directed toward expatriates is there a significant correlation with market performance ($r=.19$). As suggested by a *SHRM 2006 Case Study on Repatriation*, the entire expatriation process is one that is expensive and yet often results in (1) the failure of the expatriate to remain abroad for the contracted length of service or (2) a tendency to quit once he or she has returned to the home country. Correlation is not causation, of course, but one interpretation of these results is that market indicators are sensitive to organizational attempts to improve the expatriation process, which could potentially save the cost of losing talented employees.

Select Coaches the Right Way

There’s little doubt that selecting coaches can be a difficult task. As noted in a previous section of this report, no consensus exists regarding what background or specific skills a coach should possess. In fact, today’s coaches come from an unusually wide variety of backgrounds. Although the divergence in backgrounds is not necessarily a problem, it does make consumers of coaching services cautious regarding the level and consistency of quality they can expect.

With respect to selection of coaches, the *AMA/Institute for Corporate Productivity Coaching Survey 2008* findings are consistent with what one would expect given the unregulated nature of the coaching industry. The five most common criteria by which coaches are selected are the following: business experience (with 68% saying they use this criteria frequently or a great deal), recommendations from a trusted source (59%), interview with the prospective coach (54%), consulting experience (52%), and validated client results (48%).

For each of these methods, the responsibility lies squarely on the shoulders of the organization looking for a coach to sift through disparate pieces of information. Such companies must try to make sense of all the data in order to choose the best coach for their employees.

Figure Eight

To what extent do you use the following criteria when selecting coaches?			
Responses	Percent Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Business experience	68%	.17**	.19**
Recommendations from a trusted source	59%	.18**	.06
Interview with the prospective coach	54%	.24**	.08
Consulting experience	52%	.17**	.13**
Validated client results	48%	.21**	.08
Coaching certifications	33%	.18**	.06
Accreditation	29%	.16**	.05
University degrees in applicable field	28%	.15**	.04
Counseling or therapy experience	24%	.07	.11
Ph.D.	10%	.11	.16**

** significant at p<.001

Less frequently used criteria for selecting coaches include coaching certifications (33%), accreditation (29%), counseling or therapy experience (24%), having a university degree in an applicable field (28%), and, in a distant last place, having a Ph.D. (10%). Given the lower frequency for these selection criteria, it appears that organizations are not yet convinced that there is consistent value to be found simply via certification, accreditation, or other educational programs.

Will this change in the future? There's no consensus on this question, but Laff (2007) anticipates that certification will become expected, if not required, for new entrants to the coaching field. For example, NASA has determined it will only contract with certified coaches.

For the moment, however, coaching experts argue that until the field maps out authoritative guidelines for coaching certification programs, executives in search of coaches must chart their own course (Sherman & Freas, 2004). And, what the AMA/Institute for Corporate Productivity survey results suggest is that, since these guidelines are currently unavailable, organizations are sticking with selection criteria they are familiar with—namely, years of coaching experience, recommendations from an executive's personal network, or direct interviews with the prospective coach.

Correlations

To date, only a handful of research studies have analyzed the relationship between selection criteria and the success of the coaching program. This study attempts to shed light on this subject by assessing the significance of the relationship between each of the selection criteria and the extent to which companies report that their coaching programs have been successful.

MAJOR FINDING
Having an interview with the prospective coach has the strongest relationship with reporting a successful coaching program.

Our findings suggest that, while numerous criteria are significantly associated with coaching success, having an interview with the prospective coach has the strongest relationship with reporting a successful coaching program. In other words, companies that take the time to conduct interviews with applicants for coaching positions are most likely to report success with their coaching programs. We suspect that when organizations hire coaches, especially several at a time, from large consulting firms or universities, individual interviews may not occur. As a result, much about the coach's ability to fit with the organization's culture and goals is left to chance. Also, scheduling an interview gives the hiring organization a specific time and place in the selection process to check coaches' references, credentials, and experience (Jarvis, 2004).

Both business and consulting experience are also significantly related to the reported success of coaching programs. This data suggests that when business and/or consulting experience are the basis of selection decisions, companies are more likely to report success with their coaching programs overall. In addition, unlike the other selection criteria, business and consulting experience were both significantly related to market performance.

One last interesting finding here is that, although Ph.D.s were not viewed as correlated with coaching success, they were correlated with market performance success. One possible reason for this is that Ph.D.s bring a level of expertise to a field that has very low barriers to entry. Holding coaching experience constant, by hiring a Ph.D. in management, the hiring organization is capitalizing on an understanding of academic research and methods that non-Ph.D.s may not possess. This difference may bring about individual and organizational changes in a more substantial way, which is recognized by market indicators.

Be a Matchmaker

In some companies, assigning coaches is a distinct activity that follows the selection process. Alternatively, it may be somewhat of an iterative process, whereby the coach is selected only after several meetings have confirmed that there is a good coaching match in the organization for that particular coach. Either way, coaching experts are adamant that both time and money are wasted when organizations fail to spend time on the front end matching clients with coaches.

Figure Nine

To what extent do you use the following criteria to match coaches with employees?		
Responses	Percent of Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success
Gender	7.6%	.16**
Approximate age	6.1%	.18**
Personality	45.5%	.22**
Coaches expertise or issue to be solved	73.7%	.19**

** significant at $p < .001$

Survey participants were asked to what extent their organizations used certain criteria to match coaches with coachees. By far, the most frequent basis for matching was the area of the coach’s expertise. Almost three-quarters of our respondents (74%) said matching decisions were based on finding a coach with the right expertise to address specific issues.

The match between the personalities of coach and coachee is another important factor that respondents identified—45.5% use personality as a matching criterion frequently or a great deal of the time. Other literature about coaching supports this finding.

MAJOR FINDING

Matching the right coach with the right client is associated with higher success rates. Matching people according to expertise and personality seem to be both the best and most commonly used strategies.

AMA/Institute for Corporate Productivity respondents appear to use age and gender only rarely to make matching decisions; both were used less than 8% of the time. Apparently, respondents truly are not concerned about the age or gender of their coaches or are trying to sidestep possible Title VII issues by avoiding these criteria altogether.

Correlations

The strongest correlations were found between coaching expertise and coaching success and between personality and coaching success. In general, this suggests that companies that match based on the coach's expertise or based on complementary personalities are more likely to report successful coaching programs. Matching based on age and gender was also significantly correlated with coaching success, but to a slightly lesser degree. It is unclear from our data whether the preference was the same or opposite for gender pairings.

Know When an External Versus an Internal Coach Is Most Effective

There are some important differences between internal and external coaches. External coaches are typically less wired-in to the organization's politics and focus less on being a spokesperson for their coachee. And while external coaches certainly aren't expected to display behaviors inconsistent with the hiring organization's values, role-modeling is less a part of their job description than that of an internal coach.

Another important difference between internal and external coaches is that the coaching role may be just a portion of the internal coach's job description. Given the fees charged by external coaches—an estimated \$245 per hour on average—using an internal coach might result in significant cost advantages (SHERPA Executive Coaching Survey, 2008).

However, experts seem to agree that, despite the higher costs, there are times when calling in an external coach is warranted. Battley (2007) suggests that the higher an employee rises in the organization, the more difficult it becomes for him or her to receive “unfiltered” information about performance. Therefore, an outsider might be the best choice to address sensitive performance or personality issues. Additionally, when an employee is frustrated and considering jumping ship, an external coach can view the situation from a more objective perspective and handle sensitive information with a greater assurance of confidentiality. Battley (2007) also points out that an external coach is needed when an organization is growing rapidly and no current employees are available to make the investment of time into coaching.

To gain a better understanding of how organizations use internal and external coaches, respondents to the *AMA/Institute for Corporate Productivity Coaching Survey 2008* were asked which employees in their organizations receive coaching from an external coach and an internal coach.

Figure Ten

In your company, how often are external and internal coaches hired to work with the following groups?				
Responses	External Coaches		Internal Coaches	
	Percent Choosing Frequently or a Great Deal	Correlation with Coaching Success	Percent Choosing Frequently or a Great Deal	Correlation with Coaching Success
Executives	42%	.22**	28%	.05
Managers	27%	.24**	46%	.08
Supervisors	13%	.23**	47%	.19**
All Employees	5%	.24**	43%	.16**

** significant at p<.001

Our results show that external coaches are hired most often to work with executives (42% of respondents say that this occurs frequently or a great deal in their organizations). External coaches are significantly less likely to work with managers (27%) or supervisors (13%).

Internal coaches, on the other hand, are almost equally likely to work with managers as they are supervisors (46% vs. 47%). Internal coaches are significantly less likely to work with executives—only 28% of respondents said that executives in their organization used internal coaches frequently or a great deal of the time. Additionally, while internal coaches were assumed to coach employees at all levels of the organization (43%), external coaches only received a 5% on this same question.

Correlations

Working with an *external* coach is significantly related to a successful coaching experience, regardless of the coachee’s level in the organization. Using an *internal* coach, however, seems to be significantly related to coaching success only when it is used for supervisors or all employees. Our results seem consistent with the prevailing literature on this subject. Employees at the top of the organization place a high value on confidentiality—confidentiality that may only be possible with an external coach. Additionally, a party external to the organization may be more willing than peers or subordinates to deliver painfully honest feedback to a high-level employee and go on to develop a goal-directed plan of action.

Internal coaches, on the other hand, seem to be most effective when aimed at the supervisor level or below. Perhaps this is because internal coaches are more cost effective for the large numbers of employees at these levels and because they’re already familiar with and better able to model the values of the organization and understand its culture.

MAJOR FINDING

Working with an external coach is significantly related to a successful coaching experience, regardless of the coachee’s level in the organization.

Consider External Training Methods for Internal Coaches

As noted before, the literature on and debate about coaching certifications has grown in recent years, but much less is known about the standards required for internal coaches. Given this gap in the literature, the *AMA/Institute for Corporate Productivity Coaching Survey 2008* asked participants about the extent to which several different training methods were used for internal coaches specifically.

Figure Eleven

To what extent does your organization use the following methods to train internal coaches?		
Responses	Percent Choosing Quite a Bit or Extensively	Correlation with Coaching Success
Training courses aimed at teaching people how to coach	34%	.40**
Other existing internal coaches to train new coaches	27%	.33**
Send potential coaches to external development programs	27%	.23**
Hire external coaches to teach internal personnel how to coach	19%	.35**
E-learning system that helps people learn to coach	9%	.20**

** significant at $p < .001$

There are several interesting findings from this question. First, none of these methods of training internal coaches is used to a high degree by a majority of respondents. It's apparent that such training simply isn't commonplace yet in today's organizations, despite the growth of the coaching concept. This is *despite* the fact that most of the methods of training internal coaches are correlated with coaching success.

The most frequently used methods include offering training courses aimed at teaching coaching skills, using existing internal coaches to train new coaches, and sending potential coaches to external development programs. Hiring external coaches to teach internal personnel how to coach was less often used, and only 9% of

respondents reported quite a bit or extensive use of e-learning systems to help people learn how to coach. These findings suggest that many organizations could do considerably more to develop excellent coaching skills.

MAJOR FINDING

Externally based methods of providing training are most strongly correlated with overall coaching success, though they are less often used.

Correlations

Another interesting finding is that the internally based methods of providing training were less strongly correlated with overall coaching success than were the externally based methods, even though the internally based methods are more commonly used.

It’s not clear, however, why certain methods are used more frequently, though it’s likely that in-house methods are viewed as less expensive.

These findings suggest that organizations that want to train internal coaches should consider searching externally for price-competitive and well-recognized coaching programs. At the very least, these results represent an interesting opportunity for further research in the area of coaching.

Don’t Disconnect Coaching from Other T&D Initiatives

There are several different ways organizations can use coaching. They can view it as a stand-alone activity that is virtually unrelated to other types of training and learning programs, they can make it the primary activity of a training program, or they can integrate it as part of a T&D program.

The most commonly used method of coaching is to make it an integrated part of a T&D program. The good news is that this method is also the one most highly correlated with reported coaching success. Making coaching a stand-alone activity is, however, not correlated with success. This suggests that—despite the difference between coaching and many other types of training programs—the wisest course of action is to view coaching as part of a larger development process.

Figure Twelve

To what extent does your organization use coaching in the following ways?		
Responses	Percent Choosing Frequently or a Great Deal	Correlation with Coaching Success
As an integrated part of a training or development program	57%	.36**
As the primary activity of a training or development program	38%	.24**
As a stand-alone activity unrelated to a training or development program	30%	.02

** significant at p<.001

Measure the Outcome of Coaching Programs

A previous section of this report discussed the difficulty of measuring coaching’s ROI. The *AMA/Institute for Corporate Productivity Coaching Survey 2008* sheds further light on the subject. It shows that, on the one hand, a sizable proportion of organizations do, in fact, use various methods to measure coaching success. On the other hand, it indicates that determining the bottom-line impact of coaching remains a relatively rare practice.

Figure Thirteen

To what extent does your organization measure the success of its coaching programs in the following ways?			
Responses	Percent Choosing Quite a Bit or Extensively	Correlation with Coaching Success	Correlation with Market Performance
Individual performance evaluations (e.g., 360-degree performance appraisal)	61%	.29**	.06
Increase in individual productivity	54%	.32**	.11
Satisfaction with program	49%	.30**	.01
Increase in individual assessment tool scores (e.g., emotional intelligence)	49%	.29**	.11
Impact on engagement	32%	.32**	.02
Impact on retention	30%	.29**	.04
Bottom-line impact on the business	25%	.30**	.17**
Performance of the employees whose supervisor is being coached	23%	.21**	.14*
Impact on recruitment	15%	.24**	.08

* significant at p<.05
 ** significant at p<.001

Individual performance evaluations (61%), individual productivity (54%), and individual assessment tool scores (49%) were each methods used quite a bit or extensively

by survey respondents. It is encouraging to see this much measurement activity in light of the fact that some other studies indicate that relatively few firms measure coaching.

However, just because evaluations and/or assessments show improvement in individual performance, it doesn't mean that enough information is available to determine whether coaching was ultimately cost effective (i.e., was the expense of coaching worth the increase in desired

outcomes?). Only by using the more sophisticated ROI measurements is it possible to answer this question.

The AMA/Institute for Corporate Productivity study found that only about a quarter of respondents assess coaching's bottom-line impact on the business to a high extent, but even this might represent an uptick in such practices, based on previous reports.

MAJOR FINDING
The more frequently respondents reported using a measurement method, the more likely they were to report success in their coaching programs.

Correlations

If you believe that “what gets measured, gets done,” then the significant correlations between measurement and coaching success shouldn't be a surprise. For each one of the measurement options, there was a significant relationship with reported coaching success.

As the coaching industry matures, we believe that identifying how various organizations collect and use coaching metrics will become an increasingly important activity in the future.

In other words, the more frequently respondents reported using a measurement method, the more likely they were to report success in their coaching programs. The strongest association with coaching success was found when individual productivity and engagement were measured.

Also noteworthy is the significant correlation between two of the measurement methods and improved market performance. Specifically, measuring how coaching impacts the bottom line and measuring the performance of the employees whose supervisor is being coached were both significantly related to improvements in market performance.

As the coaching industry matures, we believe that identifying how various organizations collect and use coaching metrics will become an increasingly important activity in the future.

MAJOR FINDING
The strongest association with coaching success was found when individual productivity and engagement were measured.

Coaching from an International Perspective

In the preceding sections we discussed the most commonly used coaching practices and highlighted those which are associated with successful coaching and improved market performance. In this section, we discuss many of the same issues but from an international perspective.

As with the North American sample, the international sample reported that improving individual performance was the most commonly cited reason for using coaching.

This sample consists of 176 respondents who represent organizations from a variety of countries around the globe, though primarily from Europe and the Middle East. The intent of this portion of the study is to understand what is occurring in the global coaching arena and whether it is similar to the North American coaching profile. While the Appendix in this report presents the data from the international sample in its entirety, the following sections present highlights and surprises from the data.

How Does Coaching Get Done Internationally?

Fifty-five percent of the international respondents have at least one formal coaching program in place. In only about 20% of responding organizations have these programs existed for more than five years. Most organizations (41%) say their coaching programs have been in place between one and three years. While almost a quarter of the sample have programs that began in the past year. Compared with the North American sample, organizations in the international group have not had coaching programs in place for as long, but more in this group plan to implement coaching programs in the future (56% vs. 37%).

MAJOR FINDING

Compared with the North American sample, organizations in the international group have not had coaching programs in place for as long, but more in this group plan to implement coaching programs in the future.

A majority of international respondents (63%) use coaching more than in the past and about a quarter of respondents report spending up to \$25,000 on coaching per year. Thirty-four percent report that coaching contracts occur most frequently over a three- to six-month period, while about 28% kept coaching relationships intact for six to twelve months. In the North American sample it was about equally common to use a three- to six-month or a

six- to twelve-month time frame for coaching, 28% and 30%, respectively. Compared with the North American sample, the international group conducts more coaching sessions in person (80% vs. 58%). Neither of the samples is likely to use phone or Web-based technologies exclusively. North Americans are more likely to use a combination of methods (37%) than the internationals (19%).

What's the Goal of Coaching?

As with the North American sample, the international sample reported that improving individual performance was the most commonly cited reason for using coaching. And, both samples also chose leadership development and succession planning as the next most common reason they engage in coaching.

Figure Fourteen

To what extent does your organization use coaching for the following purposes?		
Responses	Percent of Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success
To improve individual performance or productivity	87%	.20
To address leadership development & succession planning	82%	.00
To improve organizational performance	61%	.09
To increase individual worker skill levels	60%	.19

There is arguably a lot of overlap between these two purposes because one aspect of leadership development could very well involve improving some aspect of individual performance, such as strategic planning, communication skills, or mentoring techniques.

Although the trends were in the same direction for both samples, only the North American sample had significant positive correlations with coaching success. There are at least two possible explanations for this. First, it's possible that coaching remains a less mature practice internationally, as suggested by the previous section. Perhaps positive correlations will appear as coaching becomes a more mature practice in those regions. Second, it's also possible that we could see significant correlations given a larger international sample of respondents. Clearly, this is an important topic for future researchers to explore.

MAJOR FINDING

As with the North American sample, the international sample reported that improving individual performance was the most commonly cited reason for using coaching.

Who Gets Selected to Be a Coach?

International respondents were asked about the extent to which they used various criteria when selecting coaches. About 71% of organizations reported that a coach's business experience was most widely used. Having an interview with a prospective coach and receiving recommendations from a trusted source were both rated as used frequently or a great deal by 59% of organizations. In fourth place is selecting a coach on the basis of his or her consulting experience (58%). As was found to be true in North America, selection of coaches is based more on an organization's ability and willingness to carefully assess an applicant's background and experience rather than on a degree or a certification.

When multiple coaches are hired, one of the next questions becomes, "How should coaches be assigned to employees?" Our results suggest that gender and age are rarely the basis for that decision. However, alignment between the coach's expertise and the problem to be solved was deemed important or very important 93% of the

time. Additionally, when matching coach and coachee was based on the coach’s expertise, the correlation with ultimate coaching success was positive and significant.

Another factor worth considering is the extent to which the coach and coachee have compatible personalities. Two-thirds of respondents thought getting a fit between personalities was a highly valuable exercise. These results follow the same pattern as in the North American sample, with the international sample rating the coach’s expertise and personality as slightly more important criteria.

How Do Firms Use Internally and Externally Based Coaches?

As with the North American sample, external coaches are used most often for executives and managers. Only 21% of international respondents say they hire external coaches to work with supervisors frequently or a great deal of the time. However, as indicated by the table below, when external coaches are used for executives, managers, or supervisors, the correlation with coaching success is significant. However, very few organizations use external coaches for employees at all levels of the organization. When they do, there is no significant relationship with coaching success.

Figure Fifteen

In your company, how often are external coaches hired to work with the following groups?		
Responses	Percent of Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success
Executives	54%	.26*
Managers	41%	.48**
Supervisors	21%	.45**
All employees	11%	.15

* significant at p<.05
 ** significant at p<.001

The results suggest that the higher up in the organization one is, the more likely one is to have a coach from a source external to the organization. As one might suspect, the reverse is true for internally based coaches. Their use is most popular among supervisors, slightly less common for managers, and least common for executives. These results are consistent across the international and North American samples.

How Do They Develop Internal Coaches?

Developing a cadre of qualified internal coaches has not been a clear-cut path. When our international respondents were asked about the methods they use to train internal coaches, there was no method that was used overwhelmingly. The training method used frequently or a great deal by 39% of respondents was “training courses aimed at teaching people how to coach.”

However, it is important to note that only two training methods were significantly associated with coaching success: *sending potential coaches to external development programs* and *hiring external coaches to teach internal personnel how to coach*. This suggests that, while it may be more cost effective initially for organizations to develop their own training for coaches, it may be more effective to use existing external development programs or to bring the experts in-house.

An internally based coaching option that is growing in popularity is peer-to-peer coaching. This method involves meetings between colleagues at any level of the organization in which both participants voice their goals or struggles. Brainstorming on potential solutions and a commitment to hold each other accountable are also part of the process. Peer-to-peer coaching is used in 44% of respondents from the international sample, only slightly lower than the 49% reported in the North American group. When asked how effective this process has been, the results were less encouraging. Only 30% of international respondents say peer-to-peer coaching has been very effective or extremely effective in their organizations.

MAJOR FINDING
Using existing external development programs or bringing the experts in-house is more likely than other practices to be associated with coaching success.

How Is Coaching Delivered and Who's Receiving It?

Almost two-thirds of international respondents use coaching as an integrated part of a training or development program. Although about 40% of the time coaching is the primary activity of these training and development initiatives, only 30% of the time is coaching described as a stand-alone activity.

Consistent with the North American sample, the international respondents reported using coaching most frequently for high potentials (72% of respondents chose frequently or a great deal of the time). Executives were the recipients of coaching frequently or a great deal of the time by about 42% of respondents. McDermott et al.

(2007) report that using coaches at the executive level creates a positive tone throughout the organization and communicates that even high-performers are expected to improve.

Almost 30% of respondents say they use coaching for problem employees frequently or a great deal, about seven percentage points less than the North American sample. McDermott et al. found that when coaching is directed at problem employees,

MAJOR FINDING
Consistent with the North American sample, the international respondents reported using coaching most frequently for high potentials.

...coaching tends to have the “biggest positive impact on micro-level outcomes such as developing future leaders and improving leadership behaviors and individual employees’ performance” (McDermott et al., 2007).

it is more effective if internal coaches are used. Using external coaches is often perceived as highlighting the fact that an employee is performing poorly.

Too often, external coaches seem to be called in only when the employee was past the point of no return. Using internal coaches, however, signals that the organization is willing to invest the time and energy of its own people in supporting the improvement efforts.

Expatriates are the recipients of the least coaching in both our international and North American samples. Only 10% and 7%, respectively, report using coaching frequently or a great deal for this category of employees. This is not to say that expatriates don’t receive coaching. They may receive a great deal of training, which may involve specialized development initiatives similar to coaching. However, our results suggest that when expatriates *do* receive coaching, there is a significant relationship to improved market performance.

Are Coaching Metrics Always Associated with Coaching Success?

As with the North American sample, results from the international respondents also found that the measurement of coaching is, in fact, associated with improved performance. The most frequently used measures of coaching success were improvements in individual performance evaluations and increases in individual productivity.

The data showed that using these measures was significantly correlated to reported coaching success.

Much of the coaching literature supports these findings. That is, coaching tends to have the “biggest positive impact on micro-level outcomes such as developing future leaders and improving leadership behaviors and individual employees’ performance” (McDermott et al., 2007).

But looking at coaching’s impact on the overall reported performance of the organization (as opposed to performance of individuals) is also associated with coaching success. That is, when the bottom-line impact that coaching has on the overall business is measured by participating companies, the correlation with coaching success is strong and positive.

MAJOR FINDING

Measuring changes in individual productivity is the practice most highly correlated with reported coaching success.

When Do Coaching Relationships Fail?

About one-third of international respondents said they have terminated the contract of a coach. Termination may involve either ending the coaching relationship earlier than specified by the contract or failing to rehire for future coaching opportunities. The most frequently cited reason for termination involved a mismatch between the coach and employee. In fact, about 81% of respondents agreed or strongly agreed that a mismatch was the reason behind the failed coaching experience. Given the frequency of termination based on mismatches, it appears that spending time upfront aligning the coach's skills with the coachee's problem is a worthwhile investment of time.

The second most commonly cited reason for termination was questionable expertise of the coach. The frequency of this response suggests that to reduce the likelihood that a coach will be terminated, attention needs to be directed to identifying the problem or issue coaching is being used to address. Before hiring or assigning coaches to employees, companies should decide what the primary purpose of the coaching relationship is. Depending on whether it is to improve individual performance, boost engagement, or address a succession problem, the skill set needed by the coach may be quite different. The AMA/Institute for Corporate Productivity survey analysis suggests that ignoring this step may lead to the establishment of a coaching relationship that was destined for failure from the outset.



MAJOR FINDING
The most frequently cited reason for termination involved a mismatch between the coach and employee.

Strategy Forecast: The State of Coaching in the Year 2018

The AMA/Institute for Corporate Productivity survey on coaching clearly indicates that coaching is continuing to grow as a corporate practice, especially outside of North America. Although this trend is likely to slow down over the course of the next decade, it's unlikely to reverse itself.

The Need for Coaches Will Continue to Grow

The reasons for this are straightforward. As the Baby Boomer generation retires in the U.S. and other nations, there will be a greater need for speed and effectiveness in developing the next generation of leaders. Coaching is suited to fill this need as it becomes more closely integrated into succession management and leadership development. Also, coaching will be especially well-suited to handling the faster cycle times and more diverse management challenges associated with global business.

Executive Coaching Will Mature as an Industry

Coaching will become less of a “cottage industry” that is made up mostly of individuals or small groups of people who hang out their coaching shingles. It will move further in the direction of credentialed professionals who are part of larger associations, many of them either consulting groups or coaching agencies. These organizations will frequently specialize in certain types of coaching. There will be, for example, firms that specialize in providing coaches who help develop high-level managers in the fields of law, finance, marketing, or manufacturing. Other organizations will have a wider spectrum of coaches, including generalists who focus more on helping managers hone their leadership and relationship-building skills. Those organizations will also have specialists in fields such as global management, engagement, virtual leadership, and the like.

This maturation process will reveal itself in the ways businesses use and contract with coaching firms. There will be more standard contracts, vetting of credentials, and ways of trying to determine the return on investment or, at the very least, “return on expectations.” That is, there will be a systematic evaluation to determine whether coaching relationships meet the expectations of all the major parties involved.

More Barriers to Entry Will Emerge

As the coaching industry matures, so will barriers to entry. More rigorous certifications and assessments will emerge, at least for the subset of coaches who work in corporate environments. As this occurs, there will be fewer people who work in the field who are not qualified to be coaches. There will be complaints about artificial barriers to entering the field, but this trend will be supported by coaching agencies as well as by the corporations that use those agencies.

There will also be more reference checking among companies that use coaches and more sharing of information about success rates. Associations with databases will emerge to track and share information about the success rates of specific coaching firms.

Professional Coaches Will Market to More Midlevel Solutions

Coaching firms and individual coaches will, in the hope of achieving more dependable cash flow, try to broaden their market by appealing to midlevel managers in companies. This will not be cost effective, however, unless the rates charged for high-quality executive coaching are reduced. Therefore, the “per-coachee” rate will go down for many coaches even as the steadiness of work increases for many.

Peer and Internal Coaching Will Become More Established and Well Managed

There will, however, be significant challenges associated with trying to reach the midlevel managers in the coaching profession. One of these challenges will be peer coaching. Today, the usage rates for peer coaching are fairly high, but the practice is not as effective as it might be. Over the next ten years, however, more companies will be able to improve this type of coaching by using both internal and external training resources. Modules on peer coaching will be incorporated into more development programs, and there will be more e-learning tools for helping employees learn how to peer coach more effectively. In addition, there is likely to be greater emphasis on building internal coaching expertise among training and development professionals and managers. These coaches will continue to be used, however, for midlevel managers or below, rather than for C-level positions, which will continue to rely primarily on external coaches.

Matchmaking Will Become Essential to Successful Coaching

As they come to realize the importance of matching the right coach to the right coachee, organizations and coaching firms will look for better ways of matchmaking before the fact. This will rely on tools that help match people according to their personalities as well as their fields of expertise. There will also be a greater emphasis on interviews and on results from previous clients.

Establishing Metrics Will Become a Standard Practice

Coaching agencies and companies that hire coaches will become better at measuring coaching performance. For coaching agencies, this will be an important part of the performance management process. Those agencies will be particularly interested in developing before and after metrics that can be used in their own promotions—for example, the average performance improvement resulting from a one-year coaching program.

More and more professional coaches will have skills in helping organizations measure the results of coaching. It's unlikely that every client will want to or be able to measure coaching outcomes the exact same way, but coaches increasingly will be able to offer various strategies for measuring the “return” on the coaching relationship. In some cases, client companies will want to measure if the coachee becomes more productive or skilled in certain areas. In other cases, companies will look more at engagement levels or levels of performance among work teams. In many cases, coaches will become more practiced at helping companies “connect the dots.”

Some will argue that it is a conflict of interest to have coaches help companies derive metrics that will be used to evaluate coaching performance, but it's likely that coaches will mainly do this in partnership with internal learning professionals who also have some expertise in measurement. That is, coaches will have ideas on how to measure performance but the metric choices will ultimately be made by the client company.

Coaching Will Become More Virtual

More coaching will be conducted via multiple technologies as well as through face-to-face interactions. Advances in bandwidth, computing power, videoconferencing applications, and other technologies will allow “virtual” coaching relationships to feel more like face-to-face interactions. In addition, professional coaches will be able to “prescribe” certain e-learning development modules for their clients in order to help them develop outside of the coaching dialogue. Nonetheless, coaching will be resistant to automation technologies because its strength tends to lie in personalization and customization.

External Coaching Development Sources Will Be Established

The AMA/Institute for Corporate Productivity survey shows that external development programs for coaching are more highly correlated with success than internal ones. This represents a market opportunity for universities and other institutions that provide education to those who wish to enter the coaching field. As the coaching industry matures, several institutions will become predominant “feeder schools” for coaching firms and organizations that wish to hire coaches. As top coaching talent is drawn into these institutions, they will form strong alumni networks that serve to enhance their reputations. These institutions will provide not only accreditation but also ethics codes and standard practices. They will go a long way toward making coaching an established and respected profession.

Organizations Will Become Savvier Consumers of Coaching

As coaching becomes less of a cottage industry, organizations will be better able to determine which are the best coaches and coaching institutions. There will still be plenty of “word of mouth” about who are the best coaches, and coaching “gurus” will remain. Reputation will still count. But there will also be more data available in regard to coaching successes, and corporations will have a better understanding of how much they should pay for coaching services. In addition, companies will become savvier about managing external coaches to ensure those relationships are as productive as possible.

Third-party systems are likely to spring up to help consumers of coaching. Those systems will allow those who have received professional coaching to rate their coaches or the vendors that provide those coaches. There might also be “approved vendor lists” in which coaches receive some specific “index” score based on criteria such as credentials, customer satisfaction history, years of experience, and so forth.

Conclusion

Coaching is a growing field—just over half of AMA/Institute for Corporate Productivity respondents say their organizations have coaching programs in place. Of those that don't, over a third have plans to begin coaching programs in the future.

While the number of new entrants to the field of coaching may be slowing, a majority of organizations are using coaching more than in the past. And organizations that use coaching more than in the past also tend to report two other outcomes: greater success in achieving their coaching goals and stronger market performance.

The desire to improve individual performance and productivity is the most widely cited reason for using a coach. Developing leaders, improving succession plans, and increasing skill levels are other frequently cited reasons behind coaching. Additionally, it was found that the more an organization has clear reasons for using a coach—be it leadership development or boosting engagement—the more likely it is that the coaching program will be seen as successful. In short, organizations that have a well-defined purpose for using coaches are more likely to also report having successful coaching programs.

Presently, there is no universally accepted certification for coaches. However, coaching programs are growing in terms of applicants and in sheer numbers of available programs. As the coaching field continues to mature, it is predicted that accreditation and coaching credentials will become necessary, but not sufficient, for coaches planning to enter the field.

Given that about one quarter of all coaching relationships are either terminated early or a decision is made not to use a particular coach again, efforts should be made to reduce the number of mismatches between coaches and employees. Organizations are encouraged to prescreen coaches and carefully align the coach's skills to the needs, interests, and stated problem areas of the employee. Attempting to match coaches to coachees based on needed expertise and complementary personalities will probably be worth the effort.

Coaching is most frequently used for high potentials and executives. The results showed that there is a significant relationship between using coaches for these groups and coaching success. While problem employees are also frequently the recipients of coaching, there is no clear relationship with coaching success for this group. Surprisingly, expatriates receive coaching least frequently, yet, when they do, there is a significant relationship to coaching success as well as to market performance. Therefore, these results suggest that an organization's investment of coaching time and dollars be directed toward high potentials, executives, and expatriates. Problem employees might be better served by a mentoring-type relationship with a trusted internal employee.

Selecting a coach is currently based primarily on business experience, recommendations from a trusted source, and interviews with the prospective coach. Each of these methods is related to coaching success, the strongest being conducting interviews. Less popular selection methods involve assessing the relevance of certifications, accreditation, and various university backgrounds. Additionally, the selection of a coach on the basis of business or consulting experience or the possession of a Ph.D. was associated with improved market performance. Given the connections to coaching success and market performance, organizations should continue to focus their selection efforts on a combination of business and consulting experience, interviews, and validated results of how a coach has performed in the past.

Employers should strongly consider using an external coach for top executives. While using more cost-effective internal coaches may be useful for managers and supervisors, it appears that, at the executive level, external coaches are worth the extra cost. When it comes to training internal coaches, there is a tendency to resort to using resources within the organization (developing training courses and using existing internal coaches to provide the training). However, these results support using externally based development programs or bringing in external talent for this purpose instead, given their stronger association with coaching success.

Organizations are using a variety of methods to measure the success of their coaching initiatives. The results of this survey suggest that, ideally, individual productivity and engagement should be assessed, given their stronger association with coaching success. However, an interesting finding was simply that when organizations measure the success of coaching—using any of the measurement methods—reported coaching success improved. Therefore, although some observers believe coaching is not well suited to metrics, it appears that what gets measured gets accomplished more effectively. This probably bodes well for the future of coaching both as a development strategy and as a profession.

Epilogue

You can't manage without measuring. Executive coaching has become one of the tools to achieve effective leadership in today's vastly changing corporate culture. As we increasingly learn how to measure executive coaching, we will find that we manage its role in leadership development better.

Admittedly, as this study indicated, the roadmap has not been without bumps and potholes. In going forward, what we have learned from this study will pave the way to a clearer understanding of the possibilities of executive coaching and its practice. Change will need to come quickly given the vacancies in top management that are likely to occur due to retirement of the baby boomer generation.

As we review the findings of this study, it is evident how executive coaching can supplement the professional development of executive leadership. What the coach can bring to the learning experience is insight, a desire to help, genuine concern, and feedback. The executive who receives the coaching in turn will be better equipped and more firmly grounded to exercise leadership and ensure corporate competitive advantage.

As the practices of an executive coach become more formalized and defined, American Management Association will place itself in a position to assist in the development and use of executive coaches. For example, retention is a major talent management issue today, and AMA believes that coaching can play a positive role to assure retention of high performance leadership—a role in which AMA already is a key player.

Finally, as executive coaching expands and matures, AMA will be on hand to help companies leverage it well in the global marketplace.

Edward T. Reilly
President and Chief Executive Officer
American Management Association

Appendix

About this Survey

Target Survey Population

Overall, this survey represents usable responses from two groups of survey respondents, which are designated “North American” and “International” respondents. There were 854 North American participants and 176 international respondents. However, the North American set of responses, which was collected in advance of the international responses, contains a small percentage of international responses as well (4.6% were not from the U.S. or Canada). Because the former was analyzed before the next set of international data was collected, however, it was convenient to designate these two groups in this manner for comparison’s sake.

The surveys were distributed via an e-mail link and were completed primarily by managers (45%) in the North American sample and by directors in the international group (43%). For the North American sample, the largest percentage of respondents came from the HR function (17%), while 15% came from Operations. In the international group, the majority of responses were from General Management (26%), while another 21% came from HR.

Survey Instrument

In this survey, multiple questions used the well-accepted Likert-type scale, with a 1 rating generally designated as “not at all” and a 5 rating designated as “extensively.” There were 33 questions in all, nine geared toward the demographics of respondents. Some questions had multiple parts.

Procedure

A link to an online survey was e-mailed to the target population by region during December 2007 and January 2008. Most of the North American responses were collected in December and most of the international responses were collected in January.

Demographic Questions and Results

Table 1

What is your current title?		
Responses	North American	International
CEO/President/Chairman	5.3%	9.1%
EVP/SVP	2.6	2.8
Vice President	5.0	10.8
Director	15.2	43.2
Manager	44.6	19.9
Supervisor	5.0	1.7
Other	22.7	12.5

Table 2

In what function do you currently work?		
Responses	North American	International
Finance	7.2%	6.3%
General Management	9.0	26.4
HR	16.8	21.3
Administrative	4.3	1.2
Marketing	8.1	10.9
Operations	14.7	10.3
Research and Development	4.9	1.7
Sales	9.3	7.5
Systems/IT	6.3	5.2
Other	19.4	9.2

Table 3

What is the size of your workforce?		
Responses	North American	International
Under 100 employees	25.0%	31.3%
100-499	23.1	22.7
500-999	10.8	6.3
1,000-3,499	14.7	10.2
3,500-4,999	3.4	2.3
5,000-9,999	6.5	7.8
10,000-or more	16.5	19.3

Table 4

In U.S. dollars, what is your organization's total revenue?		
Responses	North American	International
Less than \$10 million	16.1%	12.7%
\$10 to \$24.9 million	8.9	7.3
\$25 to \$49.9 million	7.3	7.3
\$50 to \$99.9 million	7.6	8.5
\$100 to \$249 million	10.5	10.3
\$250 to \$499 million	8.1	6.7
\$500 to \$999 million	8.1	7.3
\$1 to \$2.99 billion	8.3	6.7
\$3 to \$9.99 billion	12.0	15.8
\$10 billion or more	13.7	17.6

Table 5

What is your organization's type of operation?		
Responses	North American	International
Global (high level of global integration)	34.0%	51.7%
Multinational (national/regional operations act independently of one another)	21.4	37.4
National (operations in one country only)	44.7	10.9

Table 6

In what function do you currently work?		
Responses	North American	International
Agriculture	.9%	.6%
Consumer goods	3.9	4.6
Chemicals	2.2	8.1
Education	5.0	1.2
Energy/utilities	5.1	.6
Entertainment/hospitality	1.8	2.9
Financial services/banking	8.5	7.5
Food products	1.4	4.6
Government	5.7	1.2
Hi-tech/telecom	4.3	8.1
Hospital/health care/insurance	5.0	4.0
Manufacturing	16.4	12.6
Mining/petroleum	1.5	2.3
Nonprofit	4.0	.0
Pharma/biotech/medical device	6.1	18.4
Retail	2.5	.6
Services	7.7	8.1
Other	18.1	14.9

Table 7

In which region are you personally located?	
North American Sample	
Responses	Overall Results
U.S.	63.2%
Canada	32.2
Other	4.6
International Sample	
Responses	Overall Results
Other Asia	4.7%
China	1.2
Eastern Europe	20.0
France	4.1
Germany	10.0
Middle East	12.4
Oceania	.6
Other Western Europe	35.3
Scandinavia	7.1
South America	.6
United Kingdom	2.4
Other	1.8

Tables 8 and 9

When compared with the past five years, how would you rate your company's performance now?						
North American Sample						
Responses	N/A	All-Time Low	Worse	Same	Better	All-Time High
Revenue Growth	11.5%	1.1%	6.7%	15.5%	45.7%	19.5%
Market Share	13.4	1.2	6.1	21.6	45.7	12.0
Profitability	13.1	1.2	10.3	18.5	43.6	13.2
Customer Satisfaction	4.4	.9	6.7	29.9	47.3	10.9
International Sample						
Responses	N/A	All-Time Low	Worse	Same	Better	All-Time High
Revenue Growth	1.2%	.0%	4.6%	13.3%	55.5%	25.4%
Market Share	1.7	.6	5.8	24.3	54.9	12.7
Profitability	1.2	.0	10.4	12.7	57.2	18.5
Customer Satisfaction	1.8	.0	7.7	32.9	46.5	11.2

Coaching Questions

Table 10

Do you currently have one or more coaching programs in place?		
Responses	North American	International
Yes	52.2%	54.7%
No	47.8	45.4

Table 11

How long have these programs existed?		
Responses	North American	International
Less than 1 year	12.7%	23.9%
1-3 years	33.7	41.3
3-5 years	20.5	15.2
More than 5 years	33.2	19.6

Table 12

Do you plan to implement coaching programs in the future?		
Responses	North American	International
Yes	36.9%	55.8%
No	63.1	44.2

Table 13

Which of the following statements best describes your organization’s use of coaching?			
North American Sample			
Responses	Overall Results	Correlation with Coaching Success ¹	Correlation with Market Performance ²
We use coaching less than in the past	10.9%	r=.18**	r=.13**
We use coaching about the same as in the past	31.7		
We use coaching more than in the past	57.4		

¹** A significant correlation (p<.01) exists between the degree to which organizations use coaching and the success of that coaching. Specifically, the more companies have increased their coaching, the greater their reported coaching success.

²** A significant correlation (p<.01) exists between the degree to which organizations use coaching and their market performance, which is an index based on revenue growth, customer satisfaction, profitability, and market share. Specifically, the more companies have increased their coaching, the greater their reported market performance.

Table 13 (continued)

Which of the following statements best describes your organization's use of coaching?			
International Sample			
Responses	Overall Results	Correlation with Coaching Success	Correlation with Market Performance
We use coaching less than in the past	7.4%	r=.21	r=.20
We use coaching about the same as in the past	29.6		
We use coaching more than in the past	63.0		

Table 14

Approximately how much does your organization spend on coaching per year?		
Responses	North American	International
0-\$24,999	35.1%	26.7%
\$25,000-\$49,000	16.6	20.0
\$50,000-\$99,999	13.2	17.3
\$100,000-\$500,000	24.5	20.0
\$500,000-\$1 million	5.0	8.0
\$1 million or more	4.7	8.0

Table 15

What is the average duration of a typical coaching arrangement?			
North American Sample			
Responses	Overall Results	Correlation with Coaching Success	Correlation with Market Performance
0-3 months	23.6%	r=.17**	r=.02
3-6 months	28.3		
6-12 months	29.7		
Over 1 year	18.4		

** A significant correlation ($p < .01$) exists between the duration of a coaching relationship and the success of coaching in an organization. Specifically, the longer the coaching period lasts, the more successful it is reported to be.

Table 16

International Sample			
Responses	Overall Results	Correlation with Coaching Success	Correlation with Market Performance
0-3 months	20.3%	r= -.10	r= -.17
3-6 months	34.2		
6-12 months	27.9		
Over 1 year	17.7		

Table 17

How are your coaching sessions conducted?		
Responses	North American	International
Mostly face-to-face	58.0%	80.0%
Mostly over the phone	3.8	1.3
Mostly Web-based and computer technologies	1.2	.0
Combination of methods	37.0	18.8

Tables 18 and 19

To what extent does your organization use coaching for the following purposes?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
To improve organizational performance	3.5	55.5%	$r=.35^{**}$	$r=.06$
To improve individual performance/productivity	4.0	78.5	$.40^{**}$	.11
To increase individual worker skill levels	3.7	60.3	$.23^{**}$	.00
To improve performance of employees whose supervisor is being coached	2.7	26.4	$.18^{**}$	.06
To boost employee engagement	3.1	40.9	$.25^{**}$	.01
To improve recruitment outcomes	2.6	24.3	$.19^{**}$	.03
To improve retention rates	2.9	38.0	$.24^{**}$	.12*
To address leadership development/succession planning	3.7	62.7	$.33^{**}$	.13*
To address specific workplace problems	3.2	43.7	$.20^{**}$	.09

* Correlation is significant at the .05 level.

** Correlation is significant at the .001 level.

Tables 18 and 19 (continued)

To what extent does your organization use coaching for the following purposes?				
International Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
To improve organizational performance	3.6	61.4%	r=.09	r=-.08
To improve individual performance/productivity	4.2	87.3	.20	.18
To increase individual worker skill levels	3.7	60.0	.19	.20
To improve performance of employees whose supervisor is being coached	2.8	29.0	.24*	.21
To boost employee engagement	3.1	44.9	.14	.03
To improve recruitment outcomes	2.4	14.3	.14	.07
To improve retention rates	2.8	31.0	.02	.11
To address leadership development/succession planning	3.8	81.7	.00	.08
To address specific workplace problems	3.1	37.7	.09	.06

* Correlation is significant at the .05 level.

Tables 20 and 21

To what extent do you use the following criteria when selecting coaches?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Business experience	3.8	68.4%	$r=.17^{**}$	$r=.19^{**}$
Consulting experience	3.4	51.6	.17**	.13**
Counseling or therapy experience	2.6	24.3	.07	.11
Interview with the prospective coach	3.4	54.1	.24**	.08
Recommendations from a trusted source	3.6	59.1	.18**	.06
Validated client results	3.2	48.2	.21**	.08
Coaching certifications	2.8	32.5	.18**	.06
Accreditation	2.7	28.6	.16**	.05
University degree in applicable field	2.7	28.4	.15**	.04
Ph.D.	2.0	10.4	.11	.16**

** Correlation is significant at the .001 level.

Tables 20 and 21 (continued)

To what extent do you use the following criteria when selecting coaches?				
International Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Business experience	3.9	70.8%	r=.19	r=.08
Consulting experience	3.6	57.8	.35*	.11
Counseling or therapy experience	2.8	25.7	.14	.22
Interview with the prospective coach	3.7	59.4	.28*	.07
Recommendations from a trusted source	3.5	59.1	.20	.19
Validated client results	3.0	38.0	.21	.15
Coaching certifications	2.8	28.2	.21	.13
Accreditation	3.0	34.3	.16	.12
University degree in applicable field	2.8	27.1	.14	.03
Ph.D.	2.0	4.3	.17	.17

* Correlation is significant at the .05 level.

Tables 22 and 23

To what extent do you use the following criteria to match coaches with employees?			
North American Sample			
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success
Gender	1.9	7.6%	$r=.16^{**}$
Approximate age	1.9	6.1	.18**
Personality	3.1	45.5	.22**
Coaches' expertise or issue to be solved	3.9	73.7	.19**

** Correlation is significant at the .001 level.

International Sample			
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success
Gender	1.7	6.5%	$r=.06$
Approximate age	2.0	8.2	.20
Personality	3.8	66.7	.20
Coaches' expertise or issue to be solved	4.2	92.5	.33*

* Correlation is significant at the .05 level.

Tables 24 and 25

What percentage of your coaches is hired from a source external to your company?	
North American Sample	
Responses	Overall Results
0-25%	56.2%
26-50%	9.5
51-75%	9.9
76-100%	24.5
International Sample	
Responses	Overall Results
0-25%	47.8%
26-50%	7.5
51-75%	22.4
76-100%	22.4

Tables 26 and 27

In this company, how often are <i>external</i> coaches hired to work with the following groups?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Executives	3.2	41.5%	$r=.22^{**}$	$r=.05$
Managers	2.8	26.5	$.24^{**}$	$.05$
Supervisors	2.3	12.9	$.23^{**}$	$.00$
All employees	1.9	4.6	$.24^{**}$	$.06$

** Correlation is significant at the .001 level.

Tables 26 and 27 (continued)

In this company, how often are <i>external</i> coaches hired to work with the following groups?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Executives	3.4	53.8%	$r=.26^*$	$r=.02$
Managers	3.1	40.9	$.48^{**}$	.04
Supervisors	2.4	21.2	$.45^{**}$	.11
All employees	1.9	10.9	.15	.07

* Correlation is significant at the .05 level.

** Correlation is significant at the .001 level.

Tables 28 and 29

In this company, how often are <i>internal</i> coaches hired to work with the following groups?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Executives	2.7	27.7%	$r=.05$	$r=.02$
Managers	3.2	46.4	.08	.02
Supervisors	3.2	46.9	$.19^{**}$	.02
All employees	3.0	42.6	$.16^{**}$	.01

* Correlation is significant at the .05 level.

** Correlation is significant at the .001 level.

Tables 28 and 29 (continued)

In this company, how often are <i>internal</i> coaches hired to work with the following groups?				
Internal Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
Executives	2.4	24.6%	r=.04	r=.01
Managers	3.1	42.4	.11	.08
Supervisors	3.1	45.5	.22	.09
All employees	2.8	38.5	.12	-.05

Tables 30 and 31

To what extent does your organization use coaching in the following ways?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
As an integrated part of a training or development program	3.5	57.0%	r=.36**	r=.07
As the primary activity of a training or development program	3.1	38.0	.24**	.06
As a stand-alone activity unrelated to a training or development program	2.9	29.9	.02	-.07

** Correlation is significant at the .001 level.

Tables 30 and 31 (continued)

To what extent does your organization use coaching in the following ways?				
International Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
As an integrated part of a training or development program	3.6	63.1%	r=.03	r=.15
As the primary activity of a training or development program	3.1	39.7	.11	-.03
As a stand-alone activity unrelated to a training or development program	2.8	29.7	.12	.01

** Correlation is significant at the .001 level.

Tables 32 and 33

To what extent do you use coaching for the following groups?				
North American Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
High potentials	3.6	59.5%	r=.34**	r=.12
Problem employees	3.1	37.4	.10	.01
Executives	3.3	41.6	.26**	.09
Expatriates	1.8	6.7	.16**	.19**

** Correlation is significant at the .001 level.

Tables 32 and 33 (continued)

To what extent do you use coaching for the following groups?				
International Sample				
Responses	Overall Means	Respondents Choosing Frequently or a Great Deal	Correlation with Coaching Success	Correlation with Market Performance
High potentials	3.9	72.3%	$r = -.02$	$r = .08$
Problem employees	2.9	29.7	.16	.10
Executives	3.4	53.1	.10	.14
Expatriates	2.2	10.0	.06	.25*

* Correlation is significant at the .05 level.

Tables 34 and 35

To what extent does your organization measure the success of its coaching programs in the following ways?				
North American Sample				
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success	Correlation with Market Performance
Bottom-line impact on the business	2.6	25.1%	$r=.30^{**}$	$r=.17^{**}$
Individual performance evaluations (e.g., 360-degree performance appraisal)	3.5	60.5	.29**	.06
Increase in individual productivity	3.4	54.2	.32**	.11
Increase in individual assessment tool scores (e.g., emotional intelligence)	2.7	48.8	.29**	.11
Performance of the employees whose supervisor is being coached	2.5	23.3	.21**	.14*
Impact on engagement	2.8	32.3	.32**	.02
Impact on recruitment	2.2	15.4	.24**	.08
Impact on retention	2.7	30.0	.29**	.04
Satisfaction with program	3.3	49.2	.30**	.01

* Correlation is significant at the .05 level.

** Correlation is significant at the .001 level.

Tables 34 and 35 (continued)

To what extent does your organization measure the success of its coaching programs in the following ways?				
International Sample				
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success	Correlation with Market Performance
Bottom-line impact on the business	2.6	32.8%	$r=.36^{**}$	$r=.15$
Individual performance evaluations (e.g., 360-degree performance appraisal)	3.6	57.8	.28**	.25
Increase in individual productivity	3.6	56.3	.40**	.25
Increase in individual assessment tool scores (e.g., emotional intelligence)	3.1	35.5	.15	.12
Performance of the employees whose supervisor is being coached	2.6	22.2	.22	.30*
Impact on engagement	3.0	38.1	.17	.33*
Impact on recruitment	2.3	17.7	.08	.25*
Impact on retention	2.7	30.7	.16	.26*
Satisfaction with program	3.5	50.0	.19	.10

* Correlation is significant at the .05 level.

** Correlation is significant at the .001 level.

Tables 36 and 37

To what extent does your organization use the following methods to train internal coaches?				
North American Sample				
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success	Correlation with Market Performance
Training courses aimed at teaching people how to coach	2.8	34.4%	$r=.23^{**}$	$r=-.02$
Other existing internal coaches to train new coaches	2.7	27.2	.21**	.03
Send potential coaches to external development programs	2.6	26.7	.31**	.03
Hire external coaches to teach internal personnel how to coach	2.3	18.9	.29**	.03
E-learning system that helps people learn how to coach	1.9	8.9	.09	.02

** Correlation is significant at the .001 level.

International Sample				
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success	Correlation with Market Performance
Training courses aimed at teaching people how to coach	3.1	39.3%	$r=.16$	$r=.23$
Other existing internal coaches to train new coaches	2.6	27.4	.23	.03
Send potential coaches to external development programs	2.8	33.9	.32*	.25*
Hire external coaches to teach internal personnel how to coach	2.6	32.2	.29*	.12
E-learning system that helps people learn how to coach	1.9	9.8	.06	-.03

* Correlation is significant at the .05 level.

Table 38

To what extent do you agree that coaching has been successful in your organization?			
North American Sample		International Sample	
Overall Mean	Respondents Choosing Agree and Strongly Agree	Overall Mean	Respondents Choosing Agree and Strongly Agree
3.8	69.1%	3.9	81.8%

Table 39

Have you ever terminated the contract of an external coach (e.g., ending the coaching relationship earlier than specified by the contract or failing to rehire for future coaching)?		
Responses	North American	International
Yes	24.0%	32.3%
No	76.0	67.7

Tables 40 and 41

To what extent do you agree that the termination was based on the following reasons?			
North American Sample			
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success
Questionable expertise of coaches	3.3	52.5%	r= -.02
Lack of time for employee's participation	2.9	32.8	-.04
Mismatches between coach and employee	3.5	64.5	-.29**
Inability of employee to change	3.0	41.6	.00
Unwillingness of employee to engage in the coaching process	2.9	36.6	-.12
Insufficient funding	2.6	32.8	-.27**
Not seen as urgent by top management	2.8	32.8	-.35**
ROI not easily measurable	3.0	39.4	-.40**

** Correlation is significant at the .001 level.

Tables 40 and 41 (continued)

To what extent do you agree that the termination was based on the following reasons?			
International Sample			
Responses	Overall Means	Respondents Choosing Quite a Bit or Extensively	Correlation with Coaching Success
Questionable expertise of coaches	3.6	65.0%	r= .43*
Lack of time for employee's participation	2.8	19.1	.26
Mismatches between coach and employee	4.0	81.0	.20
Inability of employee to change	2.7	20.0	.11
Unwillingness of employee to engage in the coaching process	3.0	40.0	.15
Insufficient funding	2.1	10.0	.19
Not seen as urgent by top management	2.3	10.0	.08
ROI not easily measurable	2.7	15.0	.27

** Correlation is significant at the .05 level.

Table 42

Do you use peer-to-peer coaching in your organization?		
Responses	North American	International
Yes	49.0%	44.4%
No	51.0	55.6

Table 43

How effective has peer-to-peer coaching been?			
North American Sample		International Sample	
Overall Mean	Respondents Choosing Very Effective or Extremely Effective	Overall Mean	Respondents Choosing Very Effective or Extremely Effective
3.2	31.8%	3.3	30.2%

Table 44

Have you personally received executive coaching (i.e., have you received coaching as part of a more formal coaching program and not simply been the recipient of ongoing coaching from a supervisor)?	
Responses	Overall Results
Yes	42.0%
No	58.0

Table 45

To what extent do you agree with the following statements? Please answer regarding your current job and your current performance.	
Responses	Correlation with Whether or Not Respondent Has Received Coaching
I regularly seek feedback from my supervisor	r=.03
I frequently seek ideas for personal improvement from my supervisor	.07
I regularly set specific goals for performance at work	.14**
My subordinates trust my leadership abilities	.15**
I listen carefully to my direct reports	.10*
I am aware of what I am feeling at any time	.05
I can accurately read the emotions of my employees	.09*
I can easily establish and maintain relationships	.05
I handle stressful events well, without falling apart	.09*
I am easily able to change old habits	.05
Overall, I am satisfied with my job	.12*

* Correlation is significant at p<.05.
** Correlation is significant at p<.001.

Table 46

Questions	North American	International
What percentage of your employees uses coaches?	28.2%	18.2%
How many sessions does that entail? (average)	9.94	8.1

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About This Report

This report is based on a survey that included 1,030 respondents, in-depth discussions among a team of researchers, and an extensive review of the business literature. Commissioned by American Management Association and conducted by the Institute for Corporate Productivity, this report:

- Takes a historical look at the literature on coaching
- Discusses the factors influencing coaching
- Explores the characteristics of state-of-the-art coaching practices in the context of data from the survey
- Provides information on coaching practices outside of North America—primarily in Europe and the Middle East
- Provides a forecast describing what the state of coaching may look like in the year 2018
- Provides a detailed look at the results from the *AMA/Institute for Corporate Productivity Coaching Survey 2008*

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