

# Executive Coaching ROI

Kelly McDermott

[Coaching for business executives](#) is a hot topic, featured recently in many well-known publications, from The **Wall Street Journal** to the **Harvard Business Review**. These and other stories have linked coaching to performance improvements in executive effectiveness, higher executive retention rates, and increased job satisfaction.

As **executive coaching** becomes a more mainstream [leadership development](#) approach, many have begun to ask the obvious business question - Is there a clear return on investment (ROI) from executive coaching? And if so, what is it?

Each coaching engagement is unique, every coach has their own approach and style, and every leader has their own set of issues and challenges. There are some fundamental truth and patterns to coaching, however each coaching engagement becomes a unique program and experience.

A handful of studies do exist on coaching ROI. A MetrixGlobal study pegged the ROI within a Fortune 500 organization they studied to be 529%; Fortune Magazine broad coaching study came in at 570%. The benefits of a [high-quality coaching program](#) may be higher than this because of the subjective value and impact on people. In fact, one of our clients describes coaching as his secret weapon.

Today's leaders have a lot to gain from a good executive coach. Because coaching is done one on one, they receive feedback in private, their reputation and image is protected as they work through issues in a private and confidential setting. There is a freedom to admit vulnerability and tap into an executive coach's experiences, resources and network.

How can you maximize the ROI of your own executive coaching program? First, let's look at where the return comes from. Certainly, there is an expectation of increased effectiveness from the executive; this has been the focus of most of the traditional ROI studies. And there are soft skills impact that may be even more significant than dried dollar results.

Consider the impact of attrition on an organization. We all know the adage **People don't quit the company; they quit the boss**. Identifying the irritant that causes someone to resign and developing a program to remove the problem or dysfunction can have a direct benefit for the leader and the entire organization including the community of relationships that executive operates in.

## What criteria should you consider in selecting a coach?

**Get the right skills match.** The Harvard Business Review states that good coaching is based on a small number of disciplines, including consulting, management, organizational development, and psychology. I agree, and would add that the best mix will vary, based on the situation and end objective(s).

**Address core issue(s).** If your executive team has done the offsite teambuilding routine, but always seems to revert back to the norm, then most likely you have been addressing symptoms instead of root causes. Having an understanding of [change management and the psychological drivers](#) will help dislodge frozen and unsuccessful change initiatives.

Focusing on the core issues that impact individual behaviors one issue at a time is **the best way to impact change**. Maximizing ROI for the business must be done in the context of the strategy, and desired business outcomes. This is where identifying the individuals impact on the systemic outcomes is vital to stimulating the desire to change.

**Cost.** Executive coaching is relatively inexpensive; we are typically not talking about a six-figure consulting engagement. In today's Wild West of executive coaching, rates can run from less than \$1000 to over \$10,000 a day, but in general, a highly-effective 6 month program can be done for \$24,000. This certainly compares favorably to the annual compensation and dollar contribution impacted by the executive. The right executive coach is almost always worth the price.

It's clear that executive coaching is an investment of time, money, people and trust. Where else can you invest \$20,000 and address many multi-million dollar issues? Next time you consider how to get the biggest bang for your buck in leadership development consider executive coaching.

To learn about AdvISOar™'s executive coaching see [www.advisaor.com](http://www.advisaor.com).

Source:

[http://www.ArticlePros.com/author.php?Kelly McDermott](http://www.ArticlePros.com/author.php?Kelly%20McDermott)