

Coaching and Performance: Substantiating the Link

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In today's increasingly competitive, fast-paced, and turbulent business environment, organizational success largely depends on having leaders who can articulate a vision, collaborate and communicate effectively, and draw out the full potential of those they lead. It has been estimated that up to 45 percent of an organization's performance is linked to the quality of its executive leadership, so it's clear that effective leaders are key to gaining a competitive edge. One increasingly popular way in which organizations are working to develop better leaders is executive coaching.

Proof of the burgeoning popularity of coaching is the boom in the ranks of executive coaches in recent years. According to industry figures, there were about 2,000 executive coaches in business in North America in 1996, compared with more than 12,000 today, and the *Harvard Business Review* predicts that pace of growth will continue for at least the next several years.

Organizations typically turn to executive coaching to address the two P's: potential and problems. In working with emerging leaders, executive coaches can act as an impartial sounding board free of organizational politics. They provide personalized, honest feedback and motivation to identify individual strengths and weaknesses, and they help high-potential employees develop into the organization's future top-level management. CCL research has shown that between 30 and 50 percent of high-potential managers derail

(are fired, demoted, or reach a career plateau) within the first eighteen months on the job, and organizations are increasingly looking to executive coaching as a way to overcome the managerial quirks and interpersonal kinks that can send their most promising leaders off the tracks. The word *coach* derives from the horse-drawn carriages that carried the aristocratic classes across the rough terrain of centuries past, and executive coaches are similarly tasked with helping leaders navigate the rocky, challenging road of today's business environment.

One of the appeals of executive coaching, as opposed to other methods of development such as seminars and group training programs, is that it can be highly tailored to the individual leader's needs and the organization's specific goals. Another distinct advantage, given the frenetic pace of modern executives, is its flexibility in scheduling. And executive coaching allows individuals to develop skills before they are needed so these leaders can hit the ground running when they take on expanded roles.

One thing that has been largely missing from executive coaching, however, is objective evidence that it really helps leaders improve their performance. Some critics have dismissed executive coaching as a fad perpetuated by organizations and leaders looking for quick fixes and easy answers. Until recently, at least, most substantiation of the value and effectiveness of executive coaching has been anecdotal—even leaders

who go into a coaching relationship with skepticism or cynicism are usually won over by the benefits within weeks. But given the generally high cost of executive coaching, organizations are increasingly demanding to know the return on investment for their development dollars. They want to know not only that coaching works but also what kind of changes can be expected in the executive's behavior.

To gain insight into the question of whether executive coaching helps to create better leaders—and if so, in what ways—we conducted a study of thirty-two executives, each of whom had been coached by one of us within the previous four years. The executives worked for several large, multinational organizations (including MasterCard International), and the majority were at the level of director or vice president.

The executives began the coaching process by using results from CCL's Benchmarks[®], a comprehensive, 360-degree-feedback instrument that measures leadership strengths and development needs and encourages and guides change strategies for leaders. Each executive was rated by his or her direct reports, peers, and boss. The feedback results were used to identify strengths and weaknesses and to create development plans. These personalized plans provided the focus during the subsequent coaching interventions, which lasted from six months to a year.

After the period of coaching the executives were assessed again by the

same people who had provided the pre-coaching Benchmarks feedback. The targeted postcoaching survey assessed only the areas that each executive had focused on during the coaching process.

As is evident from the accompanying graphic, it appears that significant gains can be made as a result of executive coaching, especially in the so-called soft skills, which are being increasingly recognized as essential to leaders' success. The greatest gains were made in the areas of *building and mending relationships*, *composure*, and *participative management*, and among the career derailers, in the areas of *problems with interpersonal relationships* and *difficulty changing or adapting*.

Why would these areas be most amenable to the coaching process? It's interesting to note that they fit into the range of emotional intelligence competencies cited by Daniel Goleman, the psychologist, journalist, and consultant who wrote numerous other books and articles that have been largely responsible for popularizing the subject. Goleman argues that skills such as self-awareness, self-discipline, and empathy play a far greater role in leadership performance than do conventional IQ and technical abilities. He further believes that emotional intelligence can be developed through feedback, increased personal insight, and experiences in the real world. These components are woven into the fabric of our coaching model, so the data from the study support the belief that emotional intelligence can be developed.

But this raises another question: does it really matter, in terms of bottom-line results, if leaders improve their emotional intelligence competencies? In his writing, Goleman has described a number of studies that indicate a link between higher emotional intelligence and better bottom-line results. And in their book *The Extraordinary Leader: Turning Good Managers into Great*

Leaders (McGraw-Hill, 2002), performance improvement consultants John H. Zenger and Joseph Folkman present the results of several studies showing that superior leaders (those rated highly in 360-degree assessments) achieve a lower rate of turnover among their employees, better employee morale, and higher net profits than do their lower-rated peers. These authors report that in one study, leaders who scored in the top 10 percent in their 360-degree-feedback ratings generated almost twice as much profit as did leaders in the middle 80 percent of the ratings and five times the profit of leaders rated in the bottom 10 percent.

For organizations looking to enhance the quality of their leadership, it's reasonable to conclude that executive coaching, like coaching of athletes in the sports world, improves performance. Just as important for organizations concerned about a tangible return on investment on their leadership development dollars, it appears likely that this heightened performance translates into better bottom-line results. *L*

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