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ROI: Measuring The Return on Investment in Coaching and Coach Training

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Coaching is now widely recognised as a means of increasing employee motivation, retention and engagement, and that these will contribute to bigger profits or (in the case of state organisations) better budget management. But it is a fact that many L&D executives and suppliers have to find ways of justifying the spend in terms of concrete results.

There is an old business saying: *'You can't manage what you can't measure.'* This article explores methods and tools for measuring the value of coaching and coach training programmes from the beginning to the end of the project, and how to express that value in quantitative terms as well as qualitative ones (quantitative being tangible measures like profit or reduced staff turnover, while qualitative refers to less tangible items like staff satisfaction and trust).

ROI methodologies for organisations

The main models used to identify ROI in organisations have been identified by The Institute of Employment Studies as Kirkpatrick, Hamblin, OEM (Organizational Elements, Indiana University, Carousel (IS Carousel of Development), Phillips ROI, KPMT (Kearns and Miller) and CIRO (Context, Input, Reaction and Outcome).

The first such model was published by Donald Kirkpatrick in 1959. Later models mostly draw on and add to Kirkpatrick's, which comprises the following four levels:

Level 1: Reaction

The degree to which participants find the training favourable, engaging and relevant to their jobs.

Level 2: Learning

The degree to which participants acquire the intended knowledge, skills, attitude, confidence and commitment based on their participation in the training.

Level 3: Behaviour

The degree to which participants apply what they learned during training when they are back on the job.

Level 4: Results

The degree to which targeted outcomes occur as a result of the training and the support and accountability package.

Planning

Kirkpatrick's process makes sense in as far as it goes, but in a coaching approach we start by looking at where we want to get to before we set off, so another layer of research would have to happen at the beginning: What are our objectives? How do we benchmark them?

The first steps in evaluating the benefits of a coaching or coach training programme need to take place long before it starts. A training needs analysis (TNA) will reveal the state of the current situation and what changes people would like to see in place. This can be carried out through a variety of means, from simply asking people, to an extensive series of surveys and meetings. The most important aspect is to identify all the possible stakeholders, from the top of the organization to the bottom, and ensure that all of their views have been sought and taken into account.

Pre-TNA:

The key is to ask the right questions of the right people, so before any TNA is undertaken, some research into staff surveys and customer reviews will be useful, as well as interviewing a small group of key stakeholders.

Training Needs Analysis:

Ask as many people as possible out of those affected by the area of the training – those who will attend, their managers, their reports and possibly their customers. This can be done through organization-wide surveys of all staff, plus focus groups and interviews with key members. The questions can be based on the GROW model below and described in my article 'The GROW model':



The areas, topics and specific wording will be dictated by the nature of the organization and the various results along the way:

Goal: What do you want in the long term? (say one to five years ahead)
What do you want in the short term? (say three months to one year ahead)

Reality: What is working well now?
What challenges are you facing?

Options: What do you think should be done?
What changes would you like to see in place?
What suggestions do you have?

The Will stage of GROW is not necessary here as you are looking for suggestions and options rather than making decisions about what to commit to.

Identify objectives

By studying the results of the TNA you can identify trends and will be in a good position to formulate objectives which you know will engage most people throughout the organization.

Next to each objective you could identify ways of measuring the results. If that proves difficult, it probably means the objective is not clear enough, so try re-wording it. Is it really a final objective or just a stage which must be completed along the way? Some of the measurements can be qualitative but make sure there are also some quantitative ones there as well. All the objectives should be framed in positive statements, for example: *'increase staff attendance'* rather than

'reduce absenteeism'. An effective goal names the destination we want to reach, not the one we are wishing to get away from.

Monitor progress

This can be done in the short and long term and follows the Kirkpatrick model:

- Feedback forms completed by participants at the end of each module
- Final feedback on the whole course or programme
- Follow up questionnaires say three to six months later to find out how well participants feel they have assimilated the learning
- Follow up questionnaires one to five years later, to find out the long term benefits of the programme.

The last two items can include asking people that the participants work with or for, to see how the learning benefitted them.

How to get quantifiable results from surveys

Most organizations run regular surveys with their workforce, whether about 'soft' items such as satisfaction and motivation, or 'hard' facts like absentee rates, target-meeting and turnover: Some of these may be adapted to measure the benefits of coaching. To ensure that those benefits solely attributable to the coaching programme are identified, and not confused with benefits from other changes that may be happening, the following question should be used:

'What difference is due solely to the coaching programme?'

The answers can be probed to elicit more specific benefits and, where appropriate, it is possible to ask questions that place a figure on them:

How much?

How many?

What percentage?

Questions can also be asked to find out what proportion of the benefit is due to the coaching programme. So if it is ascertained that there is a 20% rise in profits, and people have said that is 80% because of the coaching programme, then the result would be that the coaching programme has caused profits to rise by 16%.

Various surveys can be used to measure the change in culture. An interesting tool for measuring culture change is Richard Barrett's Cultural Transformation Tools because it enables workers from all areas of the business to identify the strengths and weaknesses of leadership in an organization without pointing fingers at named individuals, or providing anonymous criticism that might be swayed by personal bias.

When conducted across sufficient numbers of employees, these surveys can show up trends. For example, if large numbers complain of confusion or bullying, a survey can be designed to work out what these factors are costing the business. The participants will estimate what percentage of say, turnover, is being lost as a result of the limiting factors. Taking the previous

year's turnover, this percentage can be translated into a figure. A result like the one in the table below, although not statistically accurate, will be enough to attract the attention of those in charge of finance and budgets:

What percentage of turnover is lost through:	
Bureaucracy	-£1,799,618
Confusion	-£3,178,636
Empire building	-£1,764,682
Information hoarding	-£624,327
Hierarchy	-£834,225
Bullying	-£3,480,818
TOTAL	-£11,682,306
Annual turnover £33,000,000	

Leveraging feedback

A key contribution to measurement can be made during the coaching programme through collecting feedback, both on paper and verbally. Feedback forms can be filled in at the end of every day's training, providing an excellent basis for a report at the end of the programme. If the participants agree, they can be quoted by name, which carries a great deal of weight if they are senior in the organization in terms of justifying the spend and encouraging other staff to participate in future training.

The sooner feedback is given the better, and we allot ten minutes at the end of a coaching programme, or each day, to fill out the forms, while the experience is fresh in everyone's minds. If asked to complete feedback online or by e-mail after the course, probably most of the managers will not get round to doing it once they are back in their busy lives.

Some sample questions that might appear on a feedback form are:

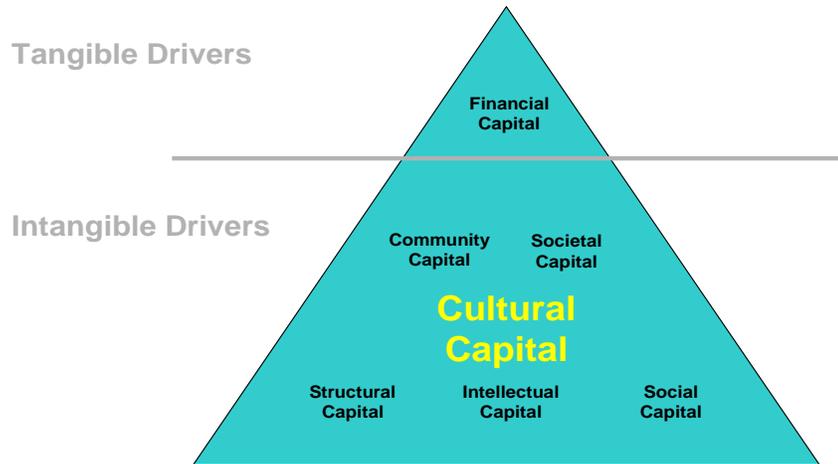
What are the 3 key benefits you have gained?
Where will you use them in your work?
What tangible benefits have there been for you?
What are the tangible benefits for the organization?
What intangible benefits have there been?

Verbal feedback is often more descriptive than what people put on a form. It can be noted by the coach or trainer and questions can be asked to draw out the specifics, including figures where possible. The answer can then be turned into a report to be presented to the organization, with the permission of the coachees or trainees concerned:

Leveraging research

Another effective way of convincing organizations about the value of coaching is to present research. For example, the diagram below was compiled by US company Innovest:

The iceberg balance sheet



Intangible value drivers represent 60% - 85% of a Company's Market Value.

Source: INNOVEST Investment Research

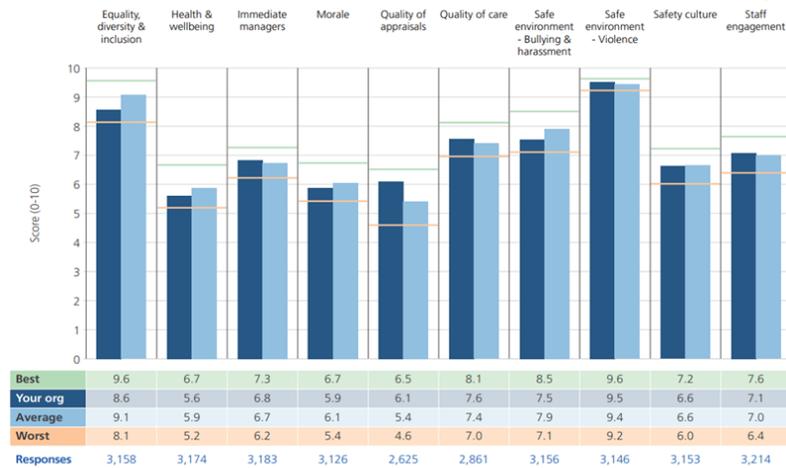
The research shows that, whereas an organization's worth might be expected to be gauged through inspecting its financial records, such as profits and share price, 60–85 per cent of its true value resides in the cultural capital – intangible drivers like relationships, communication, retaining knowledge and skill, behaviour within the company and to the external community, sustainability etc.

Various organizations including the Association for Coaching and CIPD publish relevant surveys from time to time, and these can be found through internet search engines.

Case history: ROI of coach training at the NHS

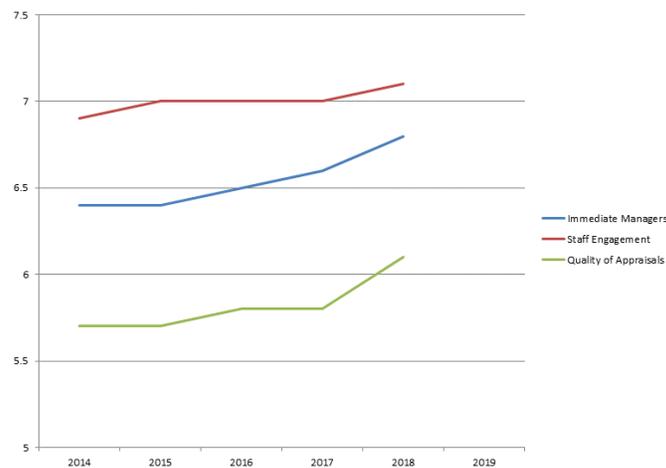
Since 2015 we have provided an extensive coaching and mentoring programme for the Royal Free London and several other NHS Trusts. The NHS has a robust system to measure staff satisfaction in place and the results of this reflect the positive change which the coaching programme has brought about. The process measures qualitative and quantitative results through identifying the areas where change needs to happen, and then designing questions which will accurately represent whether, and to what extent, changes have occurred. The questions asked of staff throughout the NHS cover a broad range of topics including equality and diversity, health and wellbeing, quality of appraisals and staff engagement:

ROI: Royal Free Coaching & Mentoring Programme



These questions and the results of the surveys are available on <https://www.nhsstaffsurveys.com>, where it can be seen that the Royal Free London's scores have improved since the start of the coaching programme, as shown in the graph below:

Royal Free ROI trends



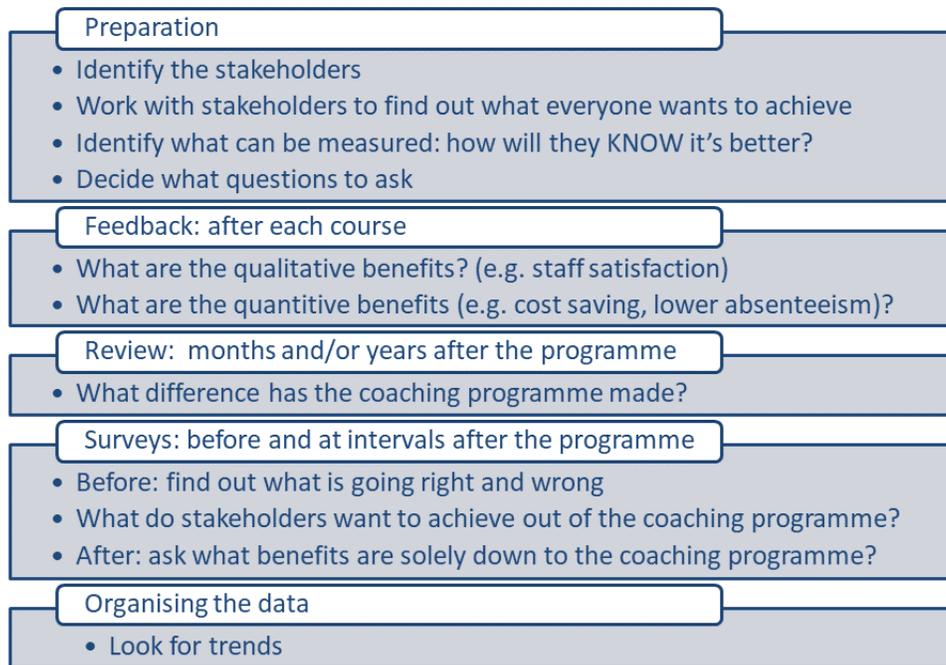
Caroline Mabey, Deputy Director of Organisational Development & Learning, concluded:

'The hard data along with the narratives paints a picture of outstanding progress towards a coaching culture.'

Conclusion

There is no quick fix for measuring the return on investment in coach training, but it is possible to produce significant evidence of improvement, both qualitative and quantitative, through a combination of coaching, surveys, feedback and research, summarised below:

ROI methods

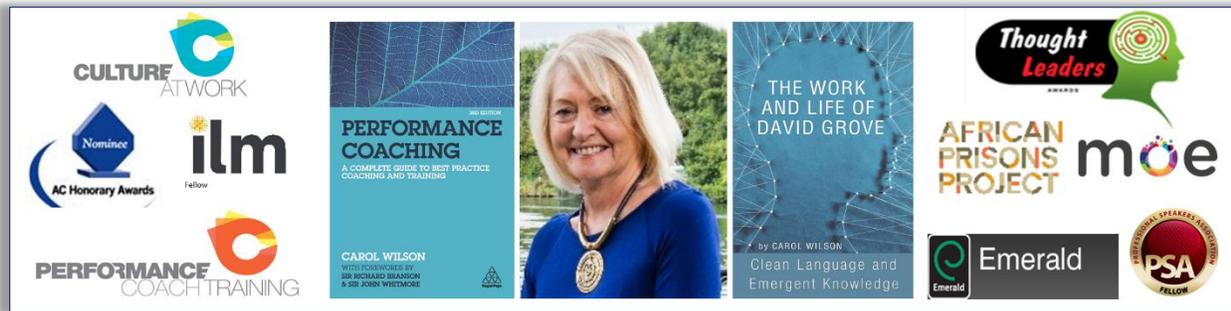


In practice I have often found it the case that although organizations often express a desire to measure results during the planning stages of their coaching programmes, the changes that occur as managers start to use their coaching skills are so much in evidence, and clearly adding value to the organization, that intentions to put a structure to measure the return on investment in place are often set aside as being unnecessary.

An example of an organisation which recognises the value of intangible drivers is Virgin, and this quote was taken from its website:

*“If we look after our people well
They will look after our customers better and
Shareholders will benefit in the long term”*
- Sir Richard Branson

About the author



International speaker, writer and broadcaster Carol Wilson is Managing Director of Culture at Work and a Fellow of the Institute of Leadership & Management, the Professional Speaking Association and the Association for Coaching, where she is a member of the Global Advisory Panel. A cross-cultural expert, she designs and delivers programmes to create coaching cultures for corporate and public sector organisations worldwide and has won awards for coaching and writing. She is the author of *'Performance Coaching: A Complete Guide to Best Practice Coaching and Training'*, now in its third edition and featuring Forewords by Sir Richard Branson and Sir John Whitmore, and *'The Work and Life of David Grove: Clean Language and Emergent Knowledge'*. She has contributed to several other books and published over 60 articles including a monthly column in Training Journal.