

REALIZING THE VALUE OF A HIGH-IMPACT COACHING CULTURE

How a holistic approach to coaching delivers better employee engagement and retention



Organizations today face critical skills shortages, requiring improved productivity among their existing workforce to fill the gaps. Many organizations also need to increase employee retention. One of the ways organizations build those skills and address organizational needs is through coaching programs. Some organizations go even further and look to build a culture of coaching within their organizations, which feeds their leadership pipeline and improves productivity. A strong coaching culture strengthens communication skills, making employees better equipped to give and receive constructive criticism and feedback.

At some organizations, coaching is limited to remedial employees. However, this caps coaching's true abilities: to transform the entire organization into a place where new ideas are heard, beliefs are challenged, and employees are tested beyond their current capacity into something new entirely.

What do successful coaching cultures look like? What are the business goals related to having a robust coaching culture? What practices produce more impact for an organization? To answer these questions and more, the Human Capital Media Research and Advisory Group—the research arm of *Chief Learning Officer* magazine—partnered with InsideOut Development for the *Creating a High-impact Coaching Culture* survey. We asked survey respondents for their thoughts about the state of coaching at their organizations and are excited to share the findings in this whitepaper.

Key findings

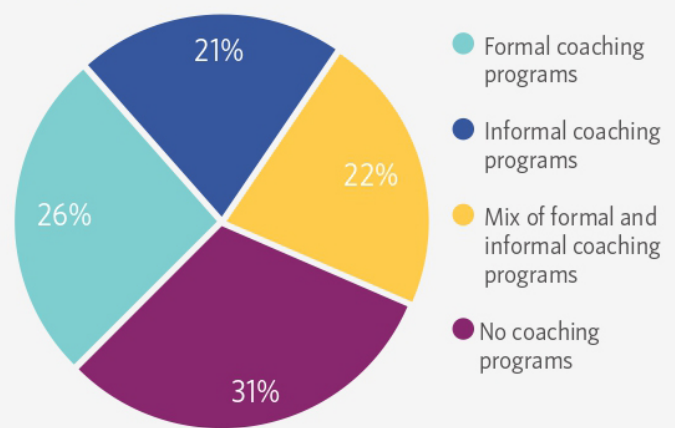
- 1 Generally, organizations consider their coaching culture to be a work in progress
- 2 Coaching is becoming expected among employees
- 3 Few organizations have metrics in place that allow for real measurement of the impact coaching has on employees
- 4 There's a maturity model for coaching. Organizations that are satisfied with their current efforts have greater leadership buy-in, experience better retention, and realize productivity improvements.

Demographics

For complete detailed information, see Appendix.

Creating a High-impact Coaching Culture received 535 responses. Of these, 26.4 percent have formal coaching programs, 20.8 percent have informal coaching programs, 22.1 percent have a mix of formal and informal programs, and 30.8 percent don't have coaching programs (Figure 1).

FIGURE 1: Distribution of coaching programs





Motivations and challenges to creating a coaching culture

This year will bring new challenges and opportunities to organizations. For nearly half of all survey respondents (48.3 percent), improving the coaching culture at their organization will be a high priority for the coming year. What’s driving the need for so many organizations to want to improve their coaching? There are several main factors driving coaching culture improvements,

which are a combination of tactical and strategic imperatives. Most organizations (59.5 percent) cite productivity issues as the main reason for improving their coaching culture. Another reason is because employees expect coaching these days—52 percent cite this as a top driver. Meanwhile, slightly more than half (51.9 percent) need coaching to improve employee retention.

WHAT ABOUT ORGANIZATIONS WITHOUT COACHING CULTURES?

*A third of organizations don't have any coaching programs in place. What are the challenges for those companies? One in four survey respondents report their top challenges to having coaching programs are a **lack of resources** to manage those programs as well as an **unreceptive organizational culture**. Meanwhile, one in five cite a **lack of leadership buy-in** as a top barrier.*

The coaching maturity model—culture leaders defined

On the survey, we asked respondents to self-assess their organization’s coaching efforts. Based on their answers, we placed respondents into two buckets. **Culture leaders** represent survey respondents who felt their organization’s efforts were either intermediate or advanced. Leaders have an organization-wide strategy that may be advanced. Most employees at these organizations are targeted with coaching programs (see sidebar).

The second bucket features the **ad hoc** group, representing respondents who felt their organization’s coaching efforts were either ad hoc or undeveloped. At these organizations, the coaching culture depends on specific leaders/managers or departments who have made coaching a priority. There is no organization-wide coaching strategy.

Factor analysis on the question “How would you describe the current coaching culture of your organization?” allowed us to examine survey respondents along a coaching culture maturity model (Figure 2). By grouping survey respondents into these two buckets, we examined the data and looked for trends in the coaching community. Do leaders do anything different from the ad hoc group? If the ad hoc members want to implement coaching at their organizations, are there any best practices they could glean from the culture leaders?

COACHING CULTURE MATURITY MODEL

Ad hoc coaches

Undeveloped: Our organization has not made coaching a priority and has no initiatives to improve coaching of employees at any career level.

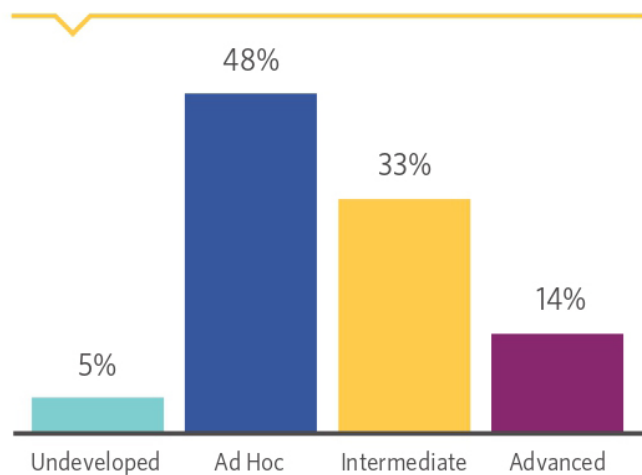
Ad hoc: The coaching culture depends on specific leaders/managers or departments that have made coaching a priority. There is no organization-wide coaching strategy.

Culture leaders

Intermediate: We have an organization-wide coaching strategy, but employees at all levels are not targeted with coaching programs.

Advanced: Our organization has an advanced culture of coaching, which includes coaching for employees at all career levels.

FIGURE 2: How would you describe the current coaching culture of your organization?



For coaching to take root, senior leaders must be involved.

Attitudes surrounding who should be coached and how coaching should happen must start at the top. Among some survey respondents, there is a belief that coaching is a remedial practice—something only for employees who aren't performing to expectations. While productivity improvements can be addressed through coaching, the belief that coaching is only for remedial workers does nothing to create a positive attitude around coaching and should be discouraged.

"[We need to] continue to shape the mindset that coaching is a positive experience and should not be used to handle performance or conduct issues, or to 'fix' people."

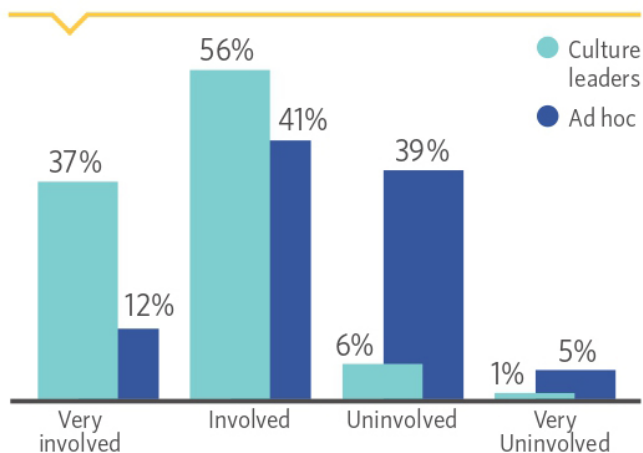
—Survey respondent (culture leader), open comments

One way to switch perceptions around coaching from negative to positive is through the involvement of senior leaders. A recent McKinsey survey found that modeling behavior for leadership programs (such as being coaches) was a key factor in using system reinforcement to bring in change—a main action that drives leadership development.¹ Coaching success thus increases as leadership buy-in of coaching increases. Employees at the line level need to see behaviors adopted and practiced by executive leaders for a coaching

culture to truly take root. Leaders should also go beyond giving support to coaching and be receptive to being coached themselves.

Among culture leaders—whose culture of coaching is the strongest—the majority report their leaders are either involved or very involved with coaching. Involvement may entail guiding the improvement in coaching themselves or delegating the task directly to the learning function. It involves an awareness around the state of coaching at their organizations unmatched by uninvolved leaders. While culture leaders often have either involved or very involved leaders, the opposite is often true for the ad hoc group. Their leaders either don't consider coaching important for their organization or have entirely delegated the task to others (Figure 3).

FIGURE 3: Senior leader involvement in coaching (by coaching satisfaction)



SENIOR LEADER INVOLVEMENT DEFINED

Very involved: Leaders directly guide the improvement.

Involved: Leaders are supportive but have tasked the learning function with this responsibility.

Uninvolved: Leaders are observant but rely on others to improve the culture of coaching.

Very uninvolved: Leaders don't consider it a priority to improve the culture of coaching.

¹Fenser, C. et al. (2017). "What's missing in leadership development?" *McKinsey Quarterly*.

“[We need to] provide a more holistic program that introduces coaching as a leadership skill (like financial acumen) versus a program.”

—Survey respondent (ad hoc), open comments

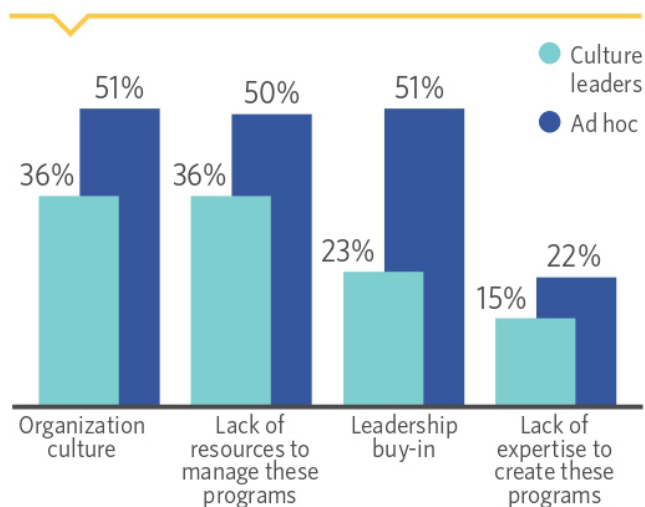
Leadership buy-in can be one of the greatest barriers to transforming a culture into one that’s receptive to coaching. While many survey respondents cited a lack of leadership buy-in as a top organizational challenge to improving the coaching culture, ad hoc organizations were nearly twice as likely to cite this as a challenge over culture leaders (Figure 4).

For a coaching culture to take root, leaders need to coach, be coached, and be held accountable for the coaching of their direct reports. As leaders formally identify and enact coaching as a practice among themselves, the perceived quality of their leadership increases. Employees are also more likely to participate in coaching programs if they see their managers participating.

When structuring a coaching program, organizations need to decide whether the program should be voluntary, mandatory, or a mix.

For organizations that currently have programs, the most popular participation methods are programs that are either entirely voluntary or a mix of voluntary and mandatory (Figure 5). By making programs optional, organizations have a better chance of increasing participation.

FIGURE 4: Organizational challenges to improving coaching culture (by coaching satisfaction)

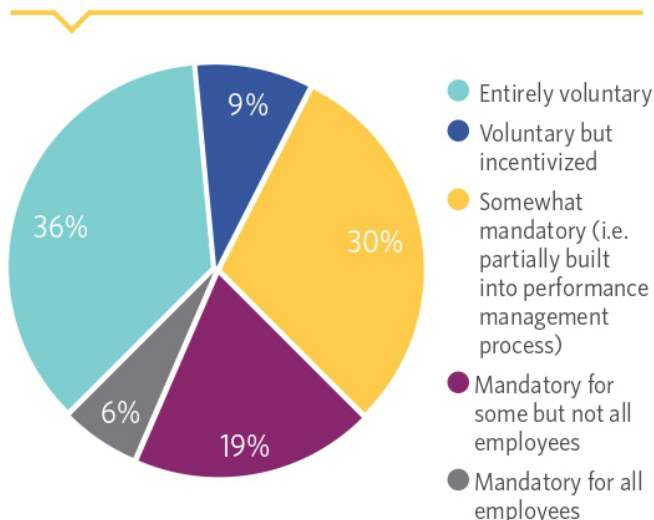


HOW ARE MANAGERS HELD ACCOUNTABLE FOR COACHING?

Holding managers accountable for the coaching practices at their organization is still a vanguard practice: nearly 75 percent of organizations don’t have any such accountability mechanisms in place.

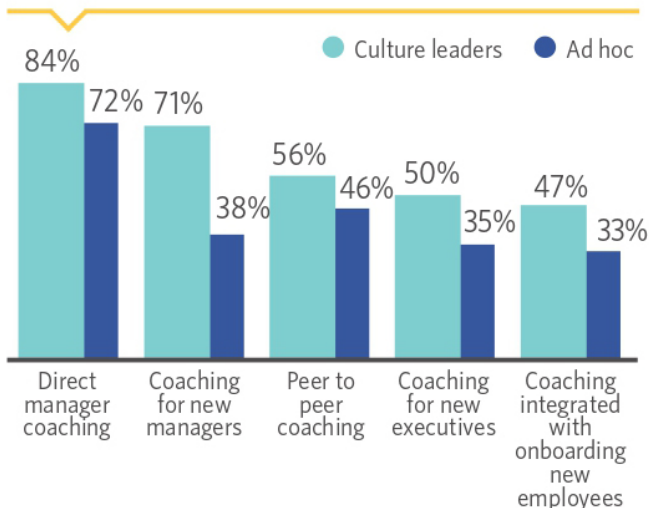
Vanguard practices include placing coaching effects of direct reports in a manager’s annual review (22 percent adoption), tying promotion to the coaching effects of direct reports (6 percent adoption) or tying bonuses to the coaching effects of direct reports (3 percent adoption).

FIGURE 5: Program participation



While coaching can be both formal and informal, having a formal program with clearly defined requirements and desired effects is best for producing a tangible set of goals. For culture leaders, almost half of them (44.8 percent) have formal coaching programs. While both culture leaders and the ad hoc group are heavily involved in direct-manager coaching, culture leaders are far more likely to also have coaching programs for both new managers and executives (Figure 6).

FIGURE 6: Programs and practices in place (by coaching satisfaction)



Communicating efforts to the team

Awareness of coaching’s existence as a formal program and how employees can and should participate is crucial for a coaching culture to take root among the workforce. Without a multi-channel approach to employees that includes both push and pull communications, organizations will find it hard to strengthen the coaching culture among their employees. Communication should happen on multiple levels, as a single point of intervention often isn’t enough to generate traction within the program. The better employees understand the practice of coaching at their organizations, the more effectively they can be coached.

HOW CAN ORGANIZATIONS SUPPORT COACHES?

Organizational support is crucial to creating a high-impact coaching culture. For coaches to succeed, they need the right tools, resources, and training to be able to coach effectively.

Among survey respondents, the most common method of support is **training on how to coach effectively** (72.3 percent offer this). Another popular offering is an **online toolkit or resource guide** (41.7 percent offer this). Providing **vendor support** (26.3 percent) and giving access to an **offline toolkit or resource guide** (22.7 percent) are also frequently cited ways organizations support the coaches at their organizations.



45%
of culture leaders have formal coaching programs

Increasing employee awareness is a contributing factor to creating a successful coaching culture. More culture leaders report their employees are either aware or very aware of the availability of programs at their organizations. More than half of culture leaders say their employees are aware of their coaching programs, compared to less than one in five leaders at ad hoc organizations. When investments in employee coaching are known among employees, employee engagement increases.

56.2 percent of culture leaders say employees at their organizations are either aware or very aware of the availability of coaching programs, compared to **18.4 percent** of ad hoc organizations.

Coaching for employees leads to business improvements.

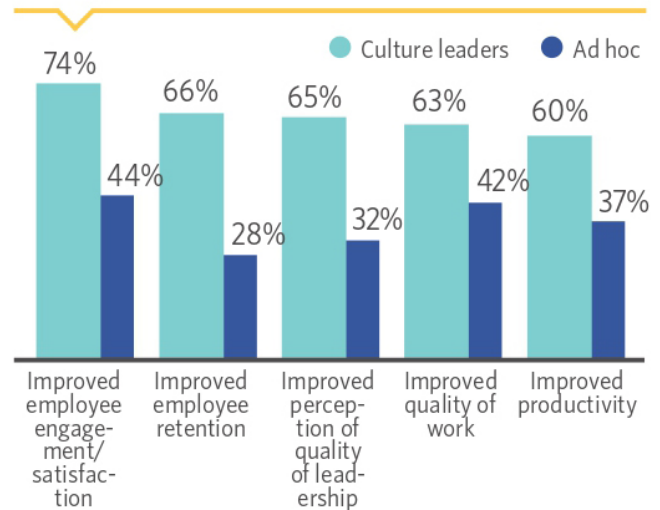
As organizational culture transforms and becomes more receptive to coaching, companies that have put in the real effort to manage organizational change will realize significant effects. Bench strength increases as employee coaching efforts increase, employee engagement increases as employees take ownership of their company's coaching culture, and turnover decreases as conversations around formal coaching processes become more consistent. Coaching can also be used as a recruiting tool, as the positive work culture it creates will make the organization more attractive to potential employees.

The numbers are quite clear when comparing culture leaders to the ad hoc group. Among culture leaders, nearly three-quarters report improved employee engagement and satisfaction thanks to their efforts at improving their organization's coaching culture. Two-thirds of culture leaders have seen better retention numbers. And close to two-thirds have an improved perception of leadership and quality of work. These numbers are 20 to 30 percentage points higher than the ad hoc group (Figure 7).

These changes are coming from organizations where multiple avenues of coaching are practiced. While coaching might be thought of as something that typically happens between a manager and an employee, this isn't always the

case. Coaches can be senior leaders, mid-level managers, people outside of the organization, or even peers. More than half of all culture leaders incorporate peer-to-peer coaching in their coaching program. As organizations incorporate peer-to-peer coaching into their mix, it increases the effectiveness of all their coaching programs.

FIGURE 7: Changes experienced from efforts to improve organizational coaching culture (by coaching satisfaction)



55%
of culture leaders practice peer-to-peer coaching

WHAT METRICS DO CULTURE LEADERS USE TO MAKE THE BUSINESS CASE FOR COACHING?

Among culture leaders, slightly less than 25 percent (23.9 percent) have used **employee satisfaction surveys** to make the business case for coaching, 20.3

percent have used **employee retention numbers**, and 18 percent have used **customer satisfaction scores**.

Assessing the impact of coaching

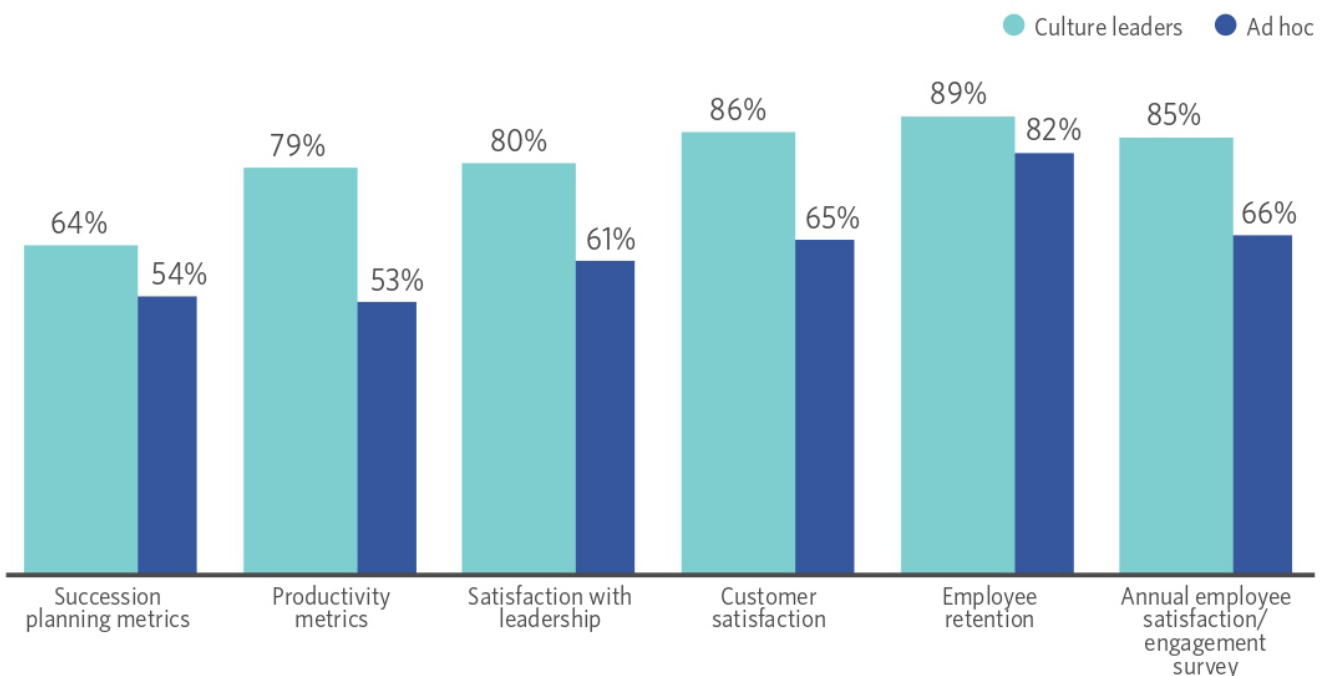
How do organizations know the outcomes of their efforts? Success begins and ends with metrics and accountability. Without establishing a set of metrics to assess and review, organizations won't have any concrete evidence their coaching cultures have improved. To successfully make the business case for a coaching culture, organizations should have a clear set of goals, defined measurable metrics, and accountability processes in place.

While survey respondents report quite a bit of uncertainty around the impact of coaching cultures, culture leaders have experienced success with organizational outcomes—as we saw in Figure 7. One of the reasons they experience positive outcomes more than ad hoc organizations is because more culture leaders have quantifiable metrics in place—from succession planning to employee satisfaction—

to assess the impact of coaching (Figure 8).

Along with metrics, organizations should have accountability measure in place to spur the coaching culture. As we saw previously, senior leaders must be involved for coaching cultures to take root. Yet, most ad hoc organizations don't have any accountability measures in place to ensure management follow-through on nurturing a coaching culture. Only 12.8 percent of ad hoc organizations have accountability measures in place for managers. Compare this to culture leaders, where four in five (40.5 percent) hold their managers accountable in some way. Accountability can take a variety of forms, like including coaching results in managers' performance reviews, or tying promotions or bonuses to the coaching results of direct reports. By incentivizing coaching, organizations can ensure a coaching culture takes root at all levels.

FIGURE 8: We track this metric (by coaching satisfaction)





Conclusion

For organizations to realize their goals of improving productivity and increasing retention, they'll need to pay close attention to their coaching programs. A culture of coaching goes a long way toward addressing organizational goals. Coaching is becoming an expected practice by many workers, and merely sponsoring an initiative isn't enough. Organizations best thrive when coaching happens up and down the organization, with senior leaders modeling the behavior they want to see in their employees. By modeling good coaching behaviors, expanding coaching programs to everyone in the enterprise, and communicating about the availability of such programs, organizations will move the needle forward on achieving their business objectives.

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Demographics

Survey name

Creating a High-impact Coaching Culture

Survey dates

November 2018

Number of respondents

535

Number of employees

Less than 500: 36.4 percent

500-999: 9.7 percent

1,000-2499: 12.3 percent

2,500-4,999: 10.2 percent

5,000-9,999: 8 percent

More than 10,000: 23.4 percent

Geographic distribution

Mostly located in one country with one location:
27.8 percent

Mostly located in one country with multiple
locations: 36.3 percent

Mostly located in one country with some global
distribution: 15.3 percent

Highly distributed with multiple locations across
the globe: 20.5 percent

Industry

Professional and business services: 13.8 percent

Other: 13.8 percent

Health care: 12.1 percent

Education: 11.4 percent

Financial/insurance/real estate: 10.9 percent

Manufacturing: 9.5 percent

Technology: 8.3 percent

Nonprofit: 6.4 percent

Government/military/public administration:
5.7 percent

Not shown for being less than 5 percent of survey respondents: Trade/transportation/utilities, information (publishing/communication/advertising), agriculture, natural resources and mining, construction, and leisure and hospitality.

Numbers may not total 100 percent due to rounding.

