Coaching at Work

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THE BIG FOUR

Internal coaching is thriving in the biggest accounting firms in the UK. In this report, based on a case study by Clive Mann, managing director of Ridler & Co, we examine the development and success of internal coaching in the Big Four accounting firms. What can other larger organisations learn from them?

The 'Big Four' accounting firms in the UK: Deloitte, EY, KPMG and PwC, have all developed their internal coaching into sophisticated, highly credible, well-established functions. Interest in internal coaching is rising among other large organisations, too. According to the latest *2013 Ridler Report*, 79 per cent of large organisational respondents expected to see an increase in internal coaching in the next three years, with 39 per cent expecting a large increase.

That interest is being driven by factors, including internal coaches' deep understanding of their organisation's business context/political environment, the contribution that internal coaching makes to the organisation's coaching culture and the relative value for money of internal versus external coaching in context of the increasing demand for executive coaching. Clive Mann, managing director of Ridler & Co, says: "Over the course of the last seven years of researching trends in the use of executive coaching in the *Ridler Report*, it became clear that the Big Four accounting firms were doing a huge amount of executive coaching and had built up considerable expertise, especially in the provision of internal coaching. The credibility of internal coaching has become extremely well established in these firms, with full-time internal coaches working with some of their most senior individuals.

"The *2013 Ridler Report* indicates that many organisations in the UK and internationally, intend to expand their use of internal coaching as the demand for coaching increases. I felt that these organisations could learn from the Big Four's many years of experience and lessons learned. The idea to write a case study had its genesis when I met with the Big Four at the EMCC UK's Professional Services Network in 2013.

"The Big Four have been very open, collaborative and generous in sharing their internal coaching approaches in the case study, for the benefit of the wider community."

What can we learn?
While 76 per cent of the respondents to the *2013 Ridler Report* questionnaire believed external coaching to offer a 'safer space' than internal coaching for individuals to discuss sensitive issues, the Big Four's experience of using internal coaches has challenged this.

The positive feedback and beneficial results which the Big Four report from their internal coaching clients present powerful evidence that internal coaching is providing a high-quality, cost-effective alternative to external coaching for senior individuals.

"At PwC, we have had an internal coaching team in place for the last 20 years. Our people are used to being coached internally – it feels natural to them and the internal model also enhances our coaching culture," says Sarah Isted, partner at PwC.

Internal coaching, here, is the bespoke, professional, developmental intervention for senior and high potential individuals and teams, delivered by professional internal coaches, either working part-time or full-time as coaches.

What's driving them?
The Big Four have traditionally invested heavily in learning & development (L&D). They recruit and promote large numbers of high-functioning, high-performing people, whose personal and professional development helps them and their firms perform better.

Mutual support is ingrained in the partnership cultures of the Big Four. This helps coaching to flourish because partners want mechanisms like executive coaching in place, to provide professional support.

However, 10 years ago, external coaches provided most of the executive coaching at the Big Four. As its popularity grew, central control loosened over who was being coached, by whom and how much was being spent. One Big Four firm cites a £2 million per annum spend on external coaching right before the 2008 recession.

The need to control these costs provided the impetus to expand internal coaching, reducing external coaching spend to less than £400,000 per annum.

The relative cost-efficiency of internal coaching means it can be offered to a larger population than would be possible with external coaching. The rationale for internal coaching, however, goes far beyond cost control.

The benefits
Internal coaching has organisation-wide value, giving both coaches and clients a better understanding of how people are and how they behave. Individuals who come into contact with coaching are more effective at managing their own teams and build better client relationships, especially through better listening.

Advanced internal coaching capability moves firms away from a command & control culture towards more trusting relationships, illustrated by more open and insightful career and performance management conversations. The result is that people feel they have permission to speak up and to challenge the status quo, without seeing this as career limiting.

“Having people trained as internal coaches is useful outside the professional coaching environment. Through the influence of internal coaching, both client-facing partners and staff learn to help their team members and clients frame problems, facilitating solutions rather than adopting a traditional instructing style,” says Stevan Rolls, HR partner at Deloitte.

A dedicated team of in-house coaching specialists understand the business and culture and values of their firm more deeply than external coaches. For example, internal coaches’ knowledge of what it means to be a partner is invaluable in helping prospective partners understand the nature of the role they are about to take on during the selection processes.
The internal coaching function is a permanent fixture, so support is available on a just-in-time basis in a number of ways besides executive and team coaching, including training in interpersonal skills and coaching.

This gives the rest of the firm valuable opportunities to interact with them when partners face challenging client and people situations, informally as well as during coaching assignments, in ways they could not do with external coaches.

The wider firm can learn a huge amount too. The learning transfers back to their departments, cascading down into their client teams and beyond, impacting on how partners, directors and their teams work every day with each other and with their clients.

Inherent support
The partnership cultures of the Big Four are inherently supportive of internal coaching. The firm would not ask an internal coach to disclose material a coaching client brought into a session. This gives clients confidence that their dialogue with an internal coach is taking place in the safest and most professional of conditions.

The Big Four find the constant presence of an internal coaching function helps with employee engagement. It shows that the firm sees coaching as important, as a resource that senior individuals can draw on and as a centre of excellence through which the firm can build specialist in-house expertise.

Internal coaches’ clients share views about the firm with them, putting them in a great position to feed back organisational themes and patterns to their firm’s leadership, without breaching individual confidentiality. The coaches’ feedback is greatly valued and can have a strong influence on how Big Four firms are managed.

Quantitative data provides powerful evidence of the Big Four’s return on investment in internal coaching. For example, EY has evaluated, one year on from their appointment, the performance of newly promoted partners who had been coached, against those promoted in the prior year who had not had the benefit of coaching support. EY found significant acceleration in client revenues for partners who had been coached through the transition.
Quantitative data from EY’s maternity coaching programme shows increased retention of partners and staff. Coaching has also resulted in returning mothers and their line managers feeling empowered to have more enlightened and open career planning conversations.

“Demonstrable financial results from internal coaching have helped the firm to accept that coaching is not about being nice to people or about supporting underperformers, but is a business imperative for high-performing senior individuals, especially at key career transition points,” says Liz Bingham, managing partner for Talent at EY.

Internal coaching in practice

The Big Four apply the 70:20:10 percentage rule to their learning and development strategies, with 70 per cent of development on-the-job, 10 per cent in classroom learning and the other 20 per cent linking the two.

Internal coaching is considered integral to the 20 per cent as it supports the transfer of learning from development programmes to workplace performance. For example, at KPMG, says partner Anna Purchas, internal coaching “is a core part of our learning, making the 70:20:10 principle come alive in practice. Coaching is integrated into our L&D programmes – you need a constant coaching presence to do that”.

The Big Four all emphasise the ‘business-led’ nature of their internal offers. Being business-led means that investment in coaching responds to the needs of the business, and that its underlying purpose is delivery of value to the business. Each request for coaching is assessed by a member of the internal coaching team who, through a dialogue with a senior sponsor from the service line, evaluates whether coaching is the best intervention to address the issue, whether it is commercially justified and what kind of coach is needed.

The Big Four aim their internal coaching at a senior population of mainly directors and partners (and sometimes high-performing senior managers), especially those transitioning into director and partner roles. Internal coaching is frequently embedded in the director and partner promotion programmes. It is at transition points such as these – and also for direct entrants into senior roles from outside the firm – that coaching is seen to deliver the greatest value. EY’s take-up of internal coaching for partner promotions, for example, is above 90 per cent, while more than 60 per cent of directors at Deloitte select coaching in their transition package. Internal coaching is also available for the wider partner populations, as the need arises.

Maternity coaching is another area of strong investment by the Big Four. There is an interesting difference in policy between the firms though. PwC uses an external provider for maternity coaching, but would consider bringing it in-house in future, while KPMG is the opposite, providing it internally, yet considering using an external supplier. EY and Deloitte offer a blended model, using both internal and external coaching expertise.

All Big Four firms employ slightly different combinations of full-time and part-time internal coaches. Part-time coaches are typically based in HR/L&D or the service lines. All PwC’s internal coaches have HR or L&D backgrounds, whereas half of EY’s part-time coaches’ main jobs are in the service lines. KPMG also has internal coaches who have come from the client-facing business.

In most Big Four firms there are relatively few Big Four partners who work as internal coaches, though PwC has around 20 part-time and EY has three partners working as part-time coaches, out of a total of 20.

Part-time internal coaches are strongly motivated by the satisfaction of seeing the positive impact of their work on individuals and their firms. They also value coaching highly as a credential on their CV.

Part-time internal coaches typically spend 10-20 per cent of their time coaching. In order to stay registered as an internal coach they must have a minimum number of clients. PwC, for example, requires its part-time internal coaches to maintain at least five at any one time.
Full-time internal coaches bring their initial professional coach training with them. Their firms also invest in their ongoing supervision and CPD.

Most of the Big Four have coach training programmes for their part-time coaches. Deloitte's standard coach training takes 60 hours and further advanced training takes 30 hours. Both types are provided by external organisations and are aligned with the guidelines of leading professional coaching bodies, such as EMCC and ICF.

EY supports one internal coach per year to get individual accreditation as a coach or one coach per year to train as a supervisor.

At PwC, all internal coaches' performance is evaluated in their annual performance review, in which they are given credit for the coaching work they carry out.

"PwC has been operating an internal coaching model for so long there is an acceptance in the firm that our internal coaches are in fact some of the best coaches out there," says Maria Symeon, global coaching leader at PwC.

KPMG employs seven full-time coaches – the most of all the Big Four – with a small (though expanding) group of part-time coaches, while PwC has five full-time internal coaches.

Compared with KPMG and PwC, EY and Deloitte rely more heavily on part-time internal coaches: EY has 20 and Deloitte 48. EY's one full-time internal coach combines heading up coaching across the firm with a portfolio of coaching clients. Deloitte's head of coaching also holds responsibility for leadership development, at the same time maintaining a portfolio of coaching clients.

The Big Four's internal coaching departments handle a remarkable number of clients. Full-time internal coaches can have between 30 and 40 internal clients at any one time.

PwC has around 350 director and partner coaching assignments per annum, while EY has around 300 per annum, including maternity coaching. Deloitte has more than 250 one-to-one coaching assignments per annum and has seen a significant rise in team assignments over the past 12 months.

KPMG's internal coaching team works with more than 400 people in any one year, ranging from aspiring directors to senior partners. Roughly 80 per cent of its coaching assignments are carried out by full-time internal coaches, whereas two-thirds of Deloitte's assignments are delivered by part-time internal coaches. At EY, 95 per cent of partner assignments are with internal coaches.

The structure and quality of the internal coaching is comparable with external coaching. For example, an initial block of six sessions would typically be commissioned and there would be a three-way meeting with the client's line manager at the start and end of the assignment.
Internal sessions usually last 90 minutes in the Big Four – longer than the average internal session across the population of organisations participating in the *2013 Ridler Report*, but shorter than an average external session.

Where the internal coaching function sits in the firm's organisational structure varies though. PwC's internal function reports to the central function, led by a non-HR professional, while Deloitte reports into HR and EY into Talent. At KPMG, it has traditionally been more decentralised, reporting into the individual lines of business, with their own dedicated internal coaches. There are a variety of reasons, but none of the Big Four firms say the position of internal coaching in the organisational structure determines its success. All offer the function some independence to protect its integrity.

"Our internal coaches are positioned within the firm as being independent. This is a very strongly held position and coaching clients therefore see the coaches as being slightly outside the system. This supports the objectivity and confidentiality boundaries around the coaching conversations," says Clare Allen, senior executive coach at KPMG.
In all Big Four firms, internal coaching is responsible for:

- Managing the coaching team, both internal and external, and keeping coaches connected with each other
- Selection of internal and external coaches
- Matching coaches with clients
- Monitoring which coaches have available capacity
- Assessing whether coaching is the right intervention at point of referral
- Managing stakeholders
- Providing management information, for example, on how many people are being coached at any one time, how much money is being spent on it and what issues are being handled through coaching
- Overseeing all aspects of the professional coaching infrastructure, including training and development, compliance with ethical codes, complaints and supervision
- Monitoring the quality of coaches' work through evaluation
- Coordinating feedback to the business of organisational themes identified in coaching
- Monitoring and controlling external coach spend.

Supervision
Internal coaches hold in their heads a lot of knowledge about their clients and the organisation, and so confidentiality is vital. They may also react personally, as employees, to the material that comes up in sessions, so professional supervision is crucial.

All Big Four firms use group supervision. In the majority of firms, the more experienced full-time coaches (some of who are accredited supervisors) supervise the part-time coaches in groups and sometimes individually supervise/mentor them. The full-time coaches are generally supervised one-to-one and in groups by external supervisors and they also peer supervise each other.

Service lines are not cross-charged for internal coaching in any of the Big Four firms. Coaching is allocated to priority areas by the internal coaching functions and the cost borne centrally (or, in KPMG's case, by individual lines of business).

Robust coaching evaluation processes are in place in all Big Four firms, though the underlying belief is that the investment in internal coaching already provides excellent value.

External coaching

Although partners in the Big Four are comfortable working with an internal coach (in KPMG more than 80 per cent who have a coach use an internal one), external coaching is still used in all the Big Four firms. Board members and leadership teams of the main service lines usually select an external coach. At this level, they feel more comfortable sharing sensitive strategic and personal information with a coach outside their organisation.

The Big Four emphasise that it is not the seniority of board members per se, but rather their need for an outside view from a coach with experience of coaching a variety of leaders in other organisations and sectors.

Also, board members sometimes need a strong mentoring element in their coaches, so they may select external coaches who have themselves been board members in prior careers.
External coaches are also brought in for the following:

- Complex coaching assignments that demand a specialist psychological or other capability that does not exist in-house.
- The internal coach is conflicted from working with a client, for example, because they are working with a close colleague of theirs.
- There are tensions between the coaching client (who may be considering resigning) and the firm.
- It is hard for the internal coach to set aside what they already know about the client, before the start of a potential assignment.
- Internal coaches have run out of capacity and need external coaches to deal with the volume of assignments.
- The client insists on working with an external coach (a preference becoming less common).

Teamwork

Internal and external coaches work closely together in all firms, sharing ideas, techniques and approaches. For example, KPMG sees external coaches as "friendly colleagues; part of our team".

At KPMG, team coaching assignments are often resourced by an internal coach and an external coach in partnership.

Deloitte makes greatest use of external coaches, for example, for client account team coaching and some partner assignments. In both situations, clients are offered a choice of an internal or external coach.

"The relationship with our external coaches is critical to our success. We host a coaches' forum every 12 months where the whole cadre of internal and external coaches come together, along with those who lead coaching in other (Deloitte) member firms. This presents the opportunity to connect, share knowledge, generate insight and tap into the systemic learning for our organisation," says Claire Davey, head of coaching and leadership development at Deloitte.

Prospective developments

The Big Four continue to look at ways to innovate their internal coaching. Areas of potential include:

- Using coaching to help partners build client relationships.
- Developing team coaching in client account teams. For example, Deloitte's use of coaching in client teams has helped win new client assignments.
- Continuing to professionalise internal coaching. For example, PwC is developing a set of global coaching standards, using the UK firm's practices as a global benchmark.
- Bringing together member firms with mature coaching cultures in other countries, with the UK firm, to drive consistency and best practice. For example, Deloitte University in EMEA.
- Senior clients being recorded on camera talking about being coached and of its benefits.
- Using internal coaching capability as part of an external client offering.
- Packaging internal coaching in innovative ways. For example, KPMG is offering its general partner population one-hour 'thinking sessions' with an internal coach, to reflect on ideas and dilemmas.
- At EY, the UK model is viewed as a centre of excellence. EY is now looking at leveraging this success across EMEIA, considering how they might move towards a full-time coaching model, as they have done in their Americas practice. The aim is to offer coaching consistently to three key populations: new partners, career and family (maternity) and people on mobility assignments.

Conclusions

The Big Four have developed, over time, internal coaching as a cost-effective, highly professional, business-led approach to developing their senior level talent.

There appear to be few blocks to other professional services firms and organisations in other sectors following the Big Four's approach in expanding their internal coaching functions.

"I think there is a lot of transferable learning, from our experience of introducing internal coaching, to other organisations and sectors. But it takes a long time – I would say at least seven to ten years," says Nicki Hickson, director of coaching, UK & Ireland at EY. *This article is based on a longer case study, researched and written by Clive Mann, managing director of Ridler & Co, and Editor of the Ridler Report. It is based on eight structured interviews with a senior sponsor of coaching and a senior internal coach in each Big Four firms over the last 12 months. The interviewees were Stevan Rolls and Claire Davey from Deloitte, Liz Bingham and Nicki Hickson from EY, Anna Purchas and Clare Allen from KPMG, and Sarah Isted and Maria Symeon from PwC. Read the full case study here:* ***www.ridlerandco.com***

Ridler & Co is a senior level executive coaching practice in London. It has been researching strategic trends in the use of executive coaching in large organisations since 2007, published in a biennial Ridler Report. The most recent report (2013) was a collaboration between Ridler & Co and EMCC UK. Download the report here: ***www.ridlerandco.com***

How to expand your internal provision

The Big Four have been developing their internal coaching functions for up to 20 years. Here are some key lessons learned:

1. **Why does your organisation need internal coaching?** How will it benefit the business? Ensure that it is about supporting people's performance in their jobs and improving their contribution to the business.
2. **Who will be offered coaching?** The Big Four's experience is that high-performing and high-potential people in significant career transition benefit most from coaching and add most value to the business because of it.
3. **Build acceptance of coaching top down.** One of the best ways to encourage support from senior stakeholders is to give them a great experience of being coached by an internal coach. A cascade effect of interest in coaching will follow, across their extended team and beyond.
4. **Use a senior level sponsor to spread the message.** Coaching is for high-performing, high-functioning people and not for remedial purposes. Senior level internal sponsorship will strengthen its appeal.
5. **Regularly demonstrate internal coaching outcomes.** This gives powerful evidence for the business case for coaching and justifies continued investment.
6. **Use client testimonials.** Collecting and sharing these with senior people in the organisation is a good way to build support for coaching.
7. **Beware of overstretching demand.** It is important the organisation knows how to access coaching, but care must be taken about promoting the coaching offer too freely. If demand builds too quickly, internal coaching capacity could become over-stretched.
8. **Set up a professional infrastructure.** This needs to be put in place early to support the quality of internal coaching – not least the provision of high-quality supervision for internal coaches.
9. **Use top-quality training.** Internal coaches must have a strong understanding of the organisation's activities, an ability to relate to and fit with the organisation's culture, a coaching or psychological/psychotherapeutic training and background (or be able to work in a psychologically informed way) and an openness to supervision.

10. **Employ a variety of coaches.** Different backgrounds and coaching styles ensures that coaches are available for each individual client and situation.
11. **Don't operate in isolation.** Consider embedding coaching in L&D. For example, integrating coaching in developmental programmes and as an option coming out of talent reviews.
12. **Coaching vs mentoring.** When there is a specific need to acquire a work-related skill, mentoring is often a better solution than coaching.
13. **Know your limits.** Be clear about when coaching should not be used. For example, managers not coaches should deliver difficult messages to individuals.
14. **Appoint a leader.** The internal coaching function needs a full-time manager to guide development and expansion. This person needs to be able to step away from coaching as an activity and take on wider line management responsibility.
15. **Minimise administration.** Using the right technology can reduce time and costs. For example, EY has commissioned a specialist coaching system which manages all coaching and mentoring relationships, facilitating the matching of coaches and coaching clients, holding all coach and client profiles and sending out evaluation forms automatically at the end of an assignment.
16. **Be patient.** It takes upwards of five years to develop a high-quality internal coaching capability and build cultural acceptance. But the end result is worth it.