Coaching at Work

RIDLER REPORT: FINANCIALLY BASED EVALUATION OF COACHING STILL EXCEPTION – NOT RULE

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The *6th Ridler Report* finds most organisations evaluate coaching against individual clients' objectives. Just a few organisations measure the financial return on their investment in coaching. *Clive Mann* explores why, in the last in a series of articles featuring themes from the *6th Ridler Report*

The most commonly used measure to evaluate coaching is "subjective evaluation against individual coaching assignment objectives", according to the *6th Ridler Report*. Some 74 per cent of organisations said they often or always used this measure.

This method of evaluation, now known as 'Return on Expectations', involves the client setting objectives, in consultation with their coach and line manager – typically in a three-way meeting – at the outset of the coaching assignment.

The outcomes of the coaching assignment are then compared with the objectives at the end of the assignment. According to data from the *Ridler Report* the use of Return on Expectations as an evaluation method has increased slightly in the past four years. Data from the *6th Ridler Report* indicates that organisations see considerable value in this measure.

Grasp the nettle

Only 14 per cent of organisations use a financial measure of return on their investment in coaching – a percentage which has changed little in the past eight years. However, 80 per cent of organisations believe a financial measure would be valuable if reliable and accurate data could be obtained.

Measuring the financial return on coaching is perceived to be a ‘bridge too far’ for the majority of organisations. However, a few organisations, such as E.ON UK, have successfully grasped the nettle.

E.ON UK offers executive coaching as a form of development to its senior leaders. E.ON UK’s clients report high levels of achievement of their qualitative coaching objectives.

In addition to asking for feedback about the impact of coaching on business performance and leadership competencies, clients at E.ON UK are asked to estimate the financial difference their coaching has made to E.ON UK as a business. Some of the individual estimates of the financial impact have run into seven figure sums.

Return on investment

To calculate the overall organisational return on its investment in coaching, E.ON UK adds together the financial impact values of all the individual coaching contracts supplying this data and divides this number by the costs of all coaching contracts completed to date. The result of this calculation is a spectacularly high percentage return on investment.

E.ON UK sees the use of a sole provider of coaching as crucial to its ability to implement a financially based evaluation methodology. The sole provider also produces regular organisational intelligence reports, giving E.ON UK’s board highly valued systemic insights into their culture.

Dave Newborough, HR director of E.ON UK, said: “The availability of comprehensive evaluation data is extremely valuable to our business, especially knowing the financial return on investment. This has confirmed to the E.ON UK board the exceptional value which executive coaching has offered the business during a period of rapid change.”

- ***Clive Mann*** *is the author of the* 6th Ridler Report *and managing director of the executive coaching practice Ridler & Co www.ridlerandco.com*
- *E.ON UK’s case study appears in the* 6th Ridler Report*.*