

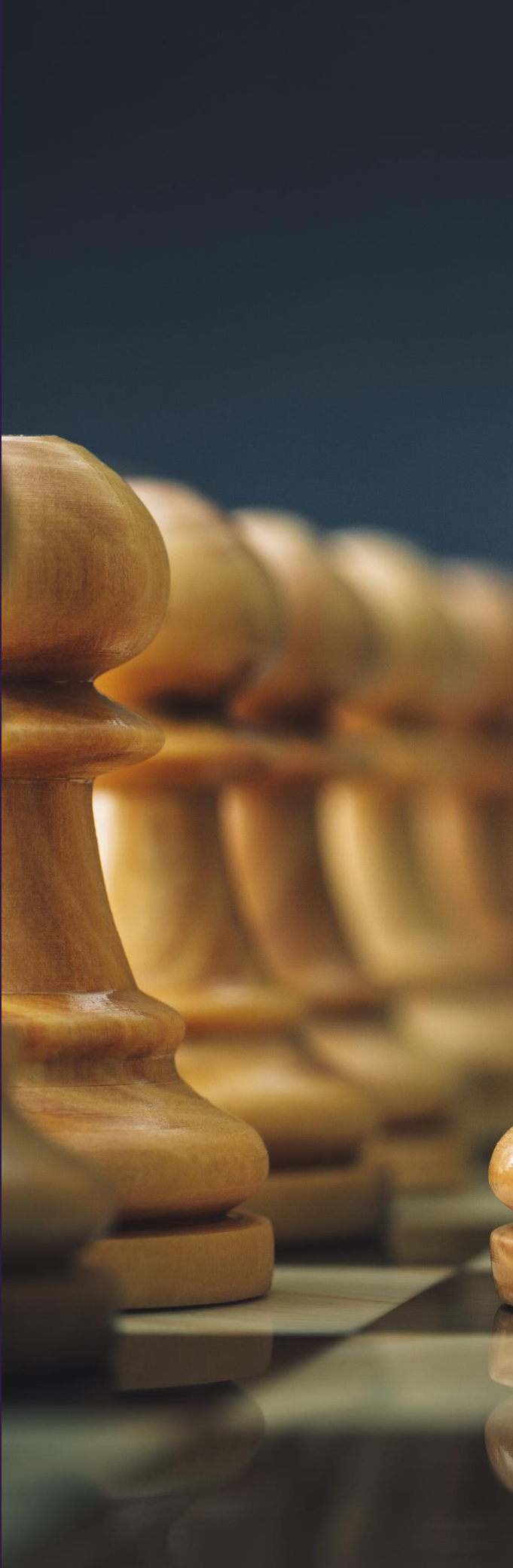
WHITEPAPER

Inside the 'black box' of coaching

An essential business guide to realising the strategic value of coaching within organisations.

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Introduction

The field of coaching has grown considerably in recent times. Empirical research exploring the effectiveness of coaching suggests there are many personal and organisational benefits from engaging in a coaching relationship. However, these studies provide an uncertain message about what makes coaching effective. Indeed, empirical research has struggled to keep pace with developments in the coaching field and there remains a lack of theoretical modelling to underpin this important development tool.

This white paper aims to bridge the gap between empirical research and practice. We fuse relevant evidence from academic literature with perspectives from practitioners about the current state of coaching.

Additionally, we propose our evidence-based STAR model of coaching as a valid and robust way forward for coach practitioners and organisations to enable best practice, return on investment (ROI) and a model for future research.

Inside the 'black box' of coaching

The Challenge

The concept of VUCA, an acronym made popular on the back of military references to environments that are volatile, uncertain, complex, and ambiguous in the 1990's has resonated with businesses seeking to meet the demands of the 21st century (Bawany, 2016).

Few would disagree that to operate successfully in a world characterised by information overload, rapid pace, continual change and global reach, today's businesses must think and behave differently. To achieve this, they must be powered by a talent pool equipped to cope with complexity, think strategically and innovatively, work collaboratively and transfer skills across boundaries and contexts to be truly versatile and adaptive. Those organisations that invest in taking a strategic approach to building this talent, are those that will thrive in the VUCA world.

As a tool for developing talent, coaching is particularly well-placed to enable individuals to solve problems independently, understand the importance of context and build the interpersonal skills to facilitate collaborative working methods. This suggests that it should be an ideal mechanism for building the capabilities required to successfully navigate the demands of the VUCA world. Yet, while coaching has certainly shown benefits to both the individual and the organisation, there is still a lack of empirical data as to the actual ROI of coaching on the organisation's ability to realise its strategic goals (Joo, 2005).

This begs the questions – are we really leveraging the full potential of coaching to drive a business's strategic intent? Is coaching really the solution to developing talent in and for the VUCA world?



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We know (sort of) that coaching works.

Coaching is rapidly gaining popularity as a key method for developing top talent and is one of the fastest growing development interventions (Feltham & Horton, 2012). Indeed, coaching has now become well-established in the talent toolkit, helping individuals from new managers to CEOs build their personal, business and leadership effectiveness.

Coaching has largely evolved from being primarily a remedial tool for correcting derailing behaviours (Stage 1 in the 'Evolution of Coaching' model depicted in Figure 1), to a tool for proactively developing organisational talent. A Harvard Business Review survey of 140 coaching providers and organisations suggested that while 12% used coaching to address derailing behaviours or assisting in ushering toxic leaders out of the door, the majority applied coaching as a way of building high performers and effective leadership behaviours (Coutu & Kauffman, 2009).

It seems safe to assert that nowadays, most organisations see the value of coaching to leverage talent, develop and retain high performers and embed desirable leadership behaviours (Stage 2 in the model depicted in Figure 1).

Numerous studies point to the benefits of coaching, citing successful outcomes for both individuals and the organisation following the introduction of coaching initiatives. Coachees enjoy the reflective space, greater self-awareness, ability to take responsibility for their development and the learning that coaching offers.

"Coaching is clearly a popular development tool - a CIPD survey showed that 90% of 593 organisations made use of coaching in some form (McCarthy & Milner, 2013)"



Figure 1. Evolution of coaching

Inside the 'black box' of coaching

Organisations have reported improvements in employee satisfaction, job performance, motivation, commitment, decision-making, leadership skills, manager-employee relationships and work-life balance (Ellinger et al., 2011). Executives who have undergone coaching tend to set more goals, share more feedback with others and generally perform better than those who have not been coached (Smither et al., 2003). Receiving personalised development or coaching is also increasingly expected as a matter of course by top or high potential talent, and therefore also forms an important part of the organisation's employee value proposition (EVP).

Coaching is just one intervention designed for personal development – so how does it compare with other forms? Its closest competitor in the work environment is training. Coaching is deemed to be more effective than training because it can be tailored and personalised to the individual and is more context-specific, despite being costlier and more time intensive (Bacon & Spear, 2003). Training, even when bespoke, is usually designed for groups or teams and delivered away from the job context. However, the effectiveness of training can be enhanced considerably when it is followed up with coaching⁹. In one study, productivity increases were measured between two groups, one for whom training was delivered in isolation, and one whose training was followed up by coaching (Olivero et al., 1997). Productivity increases were four times higher for the group provided with post-training coaching, with productivity having improved by 22% for the group that received training alone and 88% for those receiving a combination of training and coaching.

There seems to be little disagreement, then, as to the potential benefits of coaching to build and retain talent. Indeed, the literature is awash with coaching advocates offering at least anecdotal evidence of its effectiveness. As one researcher pointed out, "coaching within organisations is seen to improve the learning process and thus improve competitive advantage (Hagen, 2012)." This improved learning process gives rise to enhanced teamwork, greater employee satisfaction, retention and increased productivity, all of which bode well for organisational performance in the VUCA landscape (Parker-Wilkins, 2006).



We know (sort of) that coaching works

ROI of Coaching

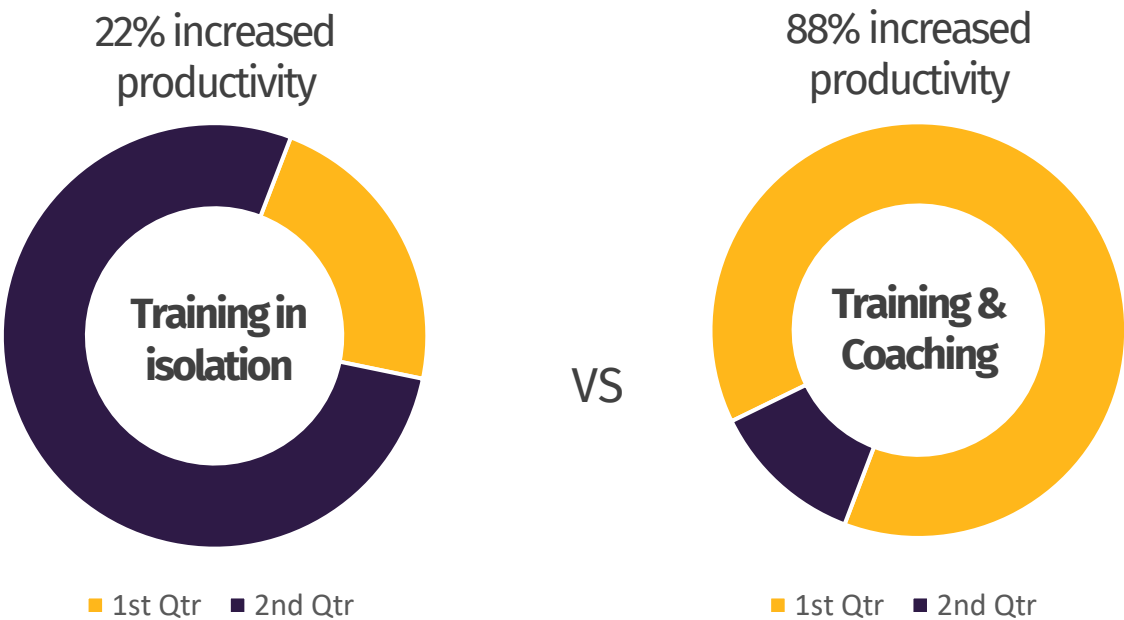


Figure 2. Study on productivity⁹



“Coaching is deemed to be more effective than training because it can be tailored and personalised to the individual and is more context-specific (Bacon & Spear, 2003).”

Inside the 'black box' of coaching

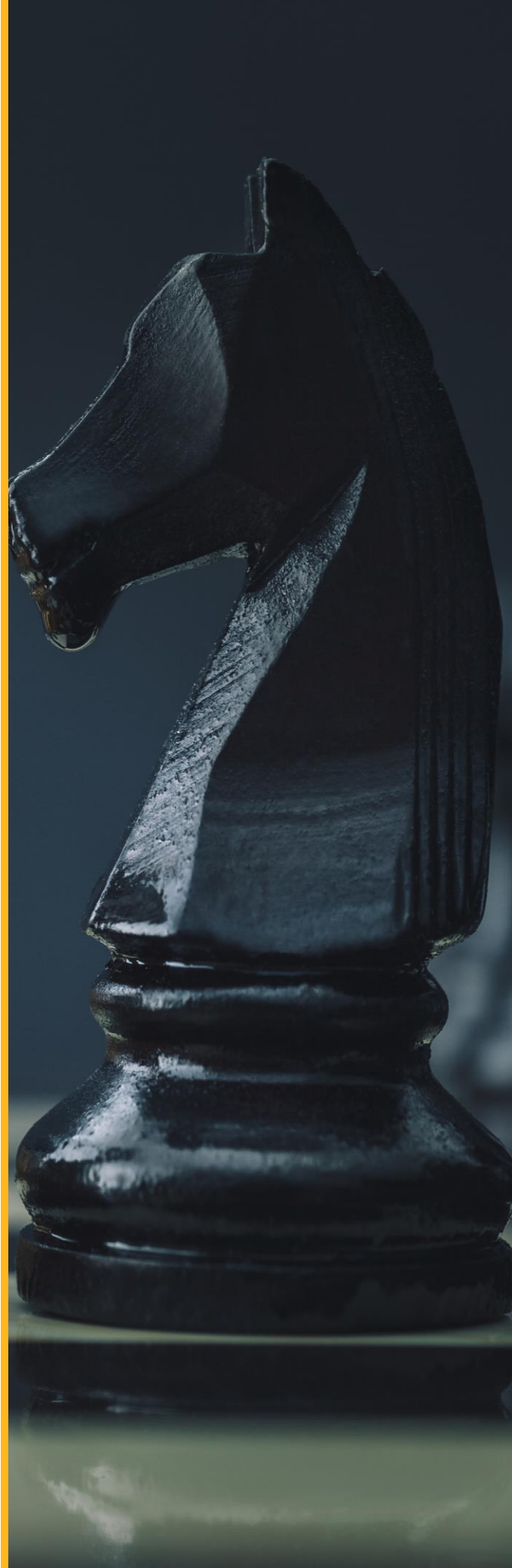
So, what's the problem?

While there are many proponents of coaching, cynics remain, citing that the majority of evidence for the benefits of coaching are anecdotal, rather than empirical. It seems that coaching practice may be far ahead of the theory in this rapidly growing field and much of the existing research is vague or based solely on self-report measures. Martin Seligman, one of the forefathers of positive psychology, laments that coaching has no scientific or evidence-based foundation, and that its scope is as unbounded as its techniques (Seligman, 2007). This is compounded by the fact that as yet, there is still very little regulation as to who can label themselves as 'coaches' and the techniques and models that can be called 'coaching'.

In addition, from a practical perspective, coaching, in spite of the numerous potential upsides, may have some pitfalls. Firstly, there is much support for the fact that coaching enables individual goal setting, growth and development, but are the needs of the organisation as well served?

Some have argued that traditional coaching, with its emphasis on listening, non-directional approach and open-ended inquiry, carries the risk of "collusion, irrelevance and self-obsession" (Blakey & Day, 2012). This occurs when coaches align themselves completely with the coachee and when the needs and goals of the organisation are not a clear and consistent driver of the coaching process. While 'siding' with the individual may be an easy trap to fall into, coaching will only enable organisations to realise their strategic intent when coaches adhere to the principle that coaching entails a three-way relationship between coach, coachee and the organisation, ensuring that business needs remain central. That's not to say that coaches should overlook the needs of the individual, but rather, coaching should enable win-win outcomes, facilitating individual growth in a direction conducive to the organisation achieving its strategic objectives.

"Coaching should facilitate individual growth in a direction conducive to the organisation achieving its strategic objectives. "



So, what's the problem?

A related factor to be considered is the coaching relationship. Research has shown that the coaching relationship as perceived by the coachee is the most important predictor of success of the coaching programme (Baron & Morin, 2012).

Admittedly, 'success' in this context is likely to be the degree to which the individual perceived that personal benefit was derived, and it is logical to consider that the coaching relationship would be critical to creating a safe space for development. However, the centrality of the relationship to the coaching process may pose a risk to its ability to demonstrate strategic advantage, if it focuses on relationship building at the expense of driving demonstrable behaviour change and actions that shape the future success of the business.

Effective, strategic coaching then, needs to go beyond the creation of safe spaces and rapport building to constructively challenging thinking and behaviours if real, transformational change is to be achieved. This calls into question the traditional, 'purist' notion of the coach as limited to non-directive, open-ended inquiry only, calling on coaches to tactfully and constructively challenge their clients to review the effectiveness of their thinking and behaviours.

Another limitation to optimising the strategic value of coaching is the rather circular argument that most organisations lack a clear coaching strategy.

While for the most part talent practitioners agree that there are benefits to providing coaching as a talent development and retention tool, few have a solid framework underpinning this, or could articulate how coaching serves the overarching business intent (Walters et al., 2016). Without this clear link between the business strategy and how, when, for whom and to what end coaching is applied, it is unlikely that the full strategic value of this methodology will be realised. Linked to this is the fact that many organisations don't evaluate the impact of their coaching or track ROI. This makes it very difficult to systematically assess the real value of coaching in driving business performance. Just like any other investment, organisations need to get much clearer on if, where and how coaching delivers value on key business outcomes.

All these factors suggest that there is still some way to go before coaching reaches a point where it is embedded as a key strategic and transformative driver - Stage 4 of the evolution of coaching model (Figure 1). The shift in coaching from a reactive response to poor performance to a proactive way of developing talent is laudable, but still fails to harness the power of coaching to really add strategic value to an organisation. Coaching will truly have matured when it is a critical tool not only in realising strategic objectives but in iteratively creating and refining the business strategy. This involves analysing the market, anticipating changes and future needs and proactively drawing on coaching to develop the skills to meet those needs, in order to stay ahead of competitors.

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Realising the strategic value of coaching

So how can organisations ensure that their coaching interventions are mature enough to deliver real strategic value? Businesses must take the time to formulate a clear view of how coaching can support the strategy, outlining clear criteria for using coaching to help achieve long-term goals while also effectively managing short-term talent gap risks (Stage 3 of the Coaching Evolution Model, Figure 1). In addition, a value-adding coaching offer needs to adhere to 8 key principles (summarised in Figure 5).

1. Align to a clear and compelling strategy.

Coaching can only deliver real business value if it is guided by a clear strategy that is aligned to the direction of the business. This requires talent practitioners to really understand the strategic intent of the business, to articulate the key skills and behaviours that will drive its attainment and to tailor the coaching approach accordingly. A strong coaching strategy defines critical talent requirements based on the business needs and market conditions, clarifies a mechanism for identifying the people who show the potential to develop these, and articulates a solid process for providing coaching that delivers. It is also critical to track progress and ROI at both an individual and organisational level, a key aspect of the implementation of any business strategy or investment.

2. Utilise qualified, competent coaches who follow a clearly defined and evidence-based process.

Coaching has been likened to the “Wild-West” where the territory is “chaotic, and fraught with risk, yet immensely promising” (Sherman & Freas, 2004). There is enormous variability in the training, qualification routes and application of coaching, resulting in little agreement on what makes an effective coach and which approach is better than another. This can make it challenging for organisations looking to maximise ROI on coaching. However, without exception, good coaches are trained by an accrediting body and are able to outline their methodology and approach clearly. Organisations should demand that their coaches are well qualified and experienced, and that they adhere to proven processes, models and methodologies.

One such model is the Strategic Alternative Realities (STAR) coaching model (Figure 3). Developed by Peoplewise, this model is based on thorough psychological research, fifteen years of practical experience in executive coaching and hundreds of in-depth coaching interventions with global business leaders. STAR provides a coaching model and process that enables coaches to give shape and focus to their coaching, providing a structure for reflection, learning and real behaviour change to create sustainable shift in perspective and performance. Trained and accredited STAR coaches have at their disposal a powerful coaching process (Figure 4) to add real value to individuals and organisations as they seek to achieve their strategic intent.

This model is applied by all Peoplewise coaches in their coaching practice. It also forms the foundation of all our coach training programmes, providing a structured framework to fully realise the strategic benefits of coaching.

3. Create clearly defined coaching goals that are aligned with the business needs.

Coaching should always begin with establishing clear goals and objectives that will frame and guide the process. Of course, to add business value, these must be aligned with the business mandate. For this reason, Contracting is the first step in the STAR coaching model, although realistically, the process of contracting occurs throughout the coaching lifespan, as clear expectations and objectives are set for each session (in accordance with the macro-goals agreed at the onset of the process). Ongoing check-ins and reviews between the organisational sponsor, coachee and coach ensure that goals remain relevant to business objectives and that the process remains on track. It is this contracting that prevents the coaching relationship from falling into the “cosy chat” or “quasi-counselling” trap by keeping the coaching focused on delivering real, sustainable shift and business value.

Realising the strategic value of coaching



Figure 3: The Peoplewise Strategic Alternative Realities (STAR) Coaching Model

4. Maintain the business as a key partner in the coaching journey.

For coaching to add business benefit, coaches must acknowledge and include the business as a key stakeholder. Researchers outline how 'triangular relationships generate productive tensions, and the key is to exploit this through effective contracting, defining goals, roles and accountability of each party' (Sherman & Freas, 2004). All Peoplewise coaching programmes begin with a sponsor meeting where valuable input is provided by the line manager (or organisational sponsor) and often an HR representative. This insight, provided with the coachee present, is the catalyst for greater clarity as to what shift is required to support individual and business goals and sets the direction for the coaching programme and outcomes. Often this is the first time the coachee is given such feedback, as the safety afforded by the coaching environment (and, indeed, the financial investment!) means that a greater level of openness and honesty is reached by all concerned. Structured three-way check-ins to share progress of the coachee towards meeting the pre-defined goals keeps the business involved throughout the process.

5. Drive shift and sustainable behaviour change

While the coaching relationship is key to the success of the process and is therefore an integral part of the STAR coaching model, the relationship is seen not as an end in and of itself, but an enabler of change by engendering the trust necessary to enable shift. This creates the space for personal reflection and exploration and starts the journey of personal development and self-awareness. This enables lasting change from old ways of working to new, the breaking of bad and the formulation of new habits to create lasting impact. With clarity and confidence, coachees are able to commit to required actions. It is up to the coach to facilitate the individual in generating a clear action plan to drive the attainment of agreed goals, encourage willingness to take the required action and to explore potential blockages and derailers that could drive a backslide to old behaviours.

Realising the strategic value of coaching

Strategic Alternative Realities (STAR) Coaching Model

- 1** Contracting. Establishing a specific and appropriate context for the coaching to give it a line of sight, collaboratively developed outcomes and ground rules, and clear goals.
- 2** Relationship. Creating a supportive environment that will enable a strong and trusted relationship to develop and facilitate the coachee's engagement with the process.
- 3** Inquiry. Helping the coachee reach a clear and insightful understanding of their present state and working with them to explore the future and generate strategic alternative realities.
- 4** Transition. Provoking change. Helping the coachee try out and question new and different behaviours in pursuit of their goals.
- 5** Action. Working with the coachee to develop plans and actions for the future.

Figure 4: The Peoplewise STAR Coaching Model – coaching process (Board, 2015).

6. Build the skills critical for success in a VUCA landscape.

As a tool that encourages independence in thinking and problem solving, the interrogation of 'knowledge' that is generally taken for granted, and the building of a safe space for brainstorming solutions, coaching is particularly well suited to enhancing the skills required to thrive in the VUCA world. Coaching is also often supplied at critical transition points in the coachee's career, enabling them to learn to cope with increasing complexity. It really is about enabling people to envisage and actualise strategic alternative realities. By insightful and focused inquiry, great coaches guide people towards challenging their thinking and conceptualising different outcomes and ways of achieving them. This is at the heart of Peoplewise's definition of coaching – "to maximise a person's performance and potential by leveraging their strengths and supporting them to identify, develop, test and refine new skills and alternative behaviours". In coaching, the aim is to build independence of thought and problem solving, along with the adaptability to realise when a different approach is required.

7. Draw on robust data.

Coaching may at times be enhanced by additional robust data to broaden insight. Where valid, reliable tools are used, these can add considerable depth to the coaching. Drawing on 360° feedback for instance, brings real-time, objective data to the coaching and increases the coachee's understanding of how current behaviours impact stakeholders in the business. 360° feedback may be conducted via a survey or verbally by the coach with agreed stakeholders. The latter affords the coach the opportunity to dig deeper to understand underlying themes and trends to gain greater clarity about what needs to change to add maximum value. A strong psychometric can also help to enhance self-awareness while providing targeted development points and a vocabulary for discussing previously hidden attributes. All Peoplewise coaching programmes offer a psychometric or 360° assessment depending on the focus and desired outcomes of the programme.

Realising the strategic value of coaching

8. Take advantage of individual, peer and group coaching methods

While a one-to-one approach is most often associated with coaching, group and peer-based co-coaching can also offer significant benefits, particularly as working structures potentially become more collaborative in response to the challenges of the VUCA world (Board, 2017). Bringing people together to solve problems and collectively develop, learn and grow is an effective way to leverage the knowledge and skills already present in the business, while developing further capabilities. Additionally, individuals learn more about the business context itself, and are exposed

to the complexities being faced across different areas of the business. Research has shown that group coaching expands employee awareness of the organisation, enabling them to understand it as a dynamic and interactive system (Scharma, 2007). Individual coaching with a professional coach remains a powerful development intervention. However, any business seeking to really leverage the expertise of its existing talent and embed collective working practices to transform the organisational culture may find it beneficial to add group and peer-based coaching programmes to their strategic coaching agenda.

8 Key Principles for Coaching

To add full strategic and transformative value, a coaching offer should:

- 01

Be based on a clear and compelling strategy linked to the organisation’s strategic intent
- 02

Be delivered by qualified, competent coaches who follow a clearly defined, bounded and evidence-based process
- 03

Have clearly defined coaching goals aligned with business needs
- 04

Keep the business engaged as a partner throughout the coaching journey
- 05

Drive shift and real, sustainable behaviour change
- 06

Build the skills critical for success in a VUCA landscape
- 07

Draw on robust data to add value
- 08

Leverage the advantages of individual, peer and group coaching methods

peoplewise **FIGURE 5: KEY COACHING PRINCIPLES**

Figure 5: Key Coaching Principles

Inside the 'black box' of coaching

The bottom line

Coaching is gaining in popularity as organisations seek to build talent to drive change and navigate the demands of the VUCA landscape. Certainly, coaching does seem to yield attractive outcomes for organisations wishing to develop and retain their talent. However, a more rigorous, considered approach could enable organisations to fully enjoy the benefits of coaching as a strategic business driver. While many organisations use coaching to enhance tactical performance, many have yet to take the step of integrating their coaching programmes with strategy. Doing so will require businesses to spend time articulating a clear talent strategy and coaching's place within it, aligned closely with the organisation's strategic intent.

Considering the nature and format of the coaching process, with its person-centric, targeted, flexible and positively based learning principles that encourage independent thinking, problem solving and the strengthening of interpersonal skills, coaching is likely to represent an increasingly popular forum for developing the type of independent and adaptive thinking required in the VUCA world. A little creativity applied to the coaching process could not only deepen this impact but also enable coaching to be used as a transformative tool for organisations. It is therefore worth the investment of thinking strategically about coaching. Only then will organisations be able to fully tap into the potential of coaching as a strategic enabler. As it stands, there is some way to go before coaching fully matures into the STAR performer it could be in future-proofing an organisation's talent pool for a VUCA world





Let's talk

Are you ready to accelerate your business growth through proven coaching solutions?

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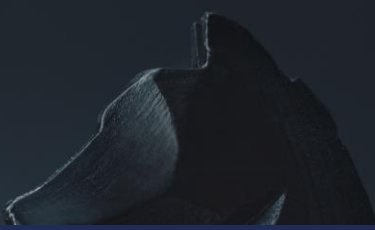
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Peoplewise is an award-winning business psychology consultancy specialising in assessing potential, developing leaders and transforming business.

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