

FEATURE CONTENTS

- [Home Page](#)
- [Research Center](#)
- [Community Center](#)
- [Vendor Directory](#)
- [Conferences, Seminars & More](#)
- [The Hot List](#)
- [Blogs](#)

CHANNELS

- [Compensation, Benefits & Rewards](#)
- [HR Management](#)
- [Legal Insight](#)
- [Recruiting & Staffing](#)
- [Software & Technology](#)
- [Training & Development](#)

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- [Post Your Resume](#)

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Feature:

The Boom in Business Coaching w/ Dianne Landau

Feature Contents

The Boom in Business Coaching

Companies are investing in coaching in an effort to develop a new generation of leaders to replace retiring baby boomers. The ones that use it most effectively develop specific performance goals, financial measurements or other tools to determine what they want the end result of their coaching program to be.

By **Michelle V. Rafter**

Access Development is a prime example of why business coaching is booming.

Over a recent 18-month period, Access Development's affinity marketing business grew so quickly that the Salt Lake City company tripled its workforce, to about 150. But many new hires were young, and many of the company's two dozen managers didn't have much—if any—experience overseeing other people, according to Access COO Jim Elliott. On top of that, executives were frustrated because managers weren't putting into action skills they'd been taught in two extensive leadership training courses the company put them through.

So Elliott and Access' president and CEO put their heads together and came up with a plan: use a business coach to help train managers be better at their jobs.

It's now nine months into Access' coaching experiment, and so far, so good. "It's one of the best decisions we've ever made as a company," Elliott says. "I wouldn't go back."

Although Access is relatively small, the company is dealing with the same problems facing companies of all sizes—how to make poor managers better, OK managers good and good ones great.

Like Access, more companies are turning to business coaches to make that happen.

That's just one of the findings in a major study of business coaching published in June by the American Management Association in conjunction with the Institute for Corporate Productivity, an HR industry researcher.

For the study, the AMA and i4CP surveyed CEOs, HR managers and other corporate executives at 1,030 U.S. and international companies across multiple industries. Approximately 41 percent of the participants had 1,000 or more employees, and about 42 percent reported annual revenue of \$500 million or more.

Among other major findings:

- Business coaching is more popular than ever, boosted by companies struggling to develop a new generation of leaders to replace retiring baby boomers, and due to a proliferation of business coaches and coaching training programs. Of U.S. companies surveyed, 52 percent said they had business coaching programs in place, and another 37 percent said they would be implementing coaching programs in the future.
- Companies use coaches to work with executives, high-potential employees, problem managers and expatriates headed to overseas assignments.
- Companies that use formal metrics to measure performance of coaching programs are most likely to report that those endeavors are successful.

Once the results were in, the extent to which companies are using business coaches surprised even Ed Reilly, AMA's president and CEO.

According to Reilly, AMA's executive management decided the time was right for a formal survey of coaching after noticing a surge in interest in books and seminar registrations on the subject.

Reilly says that prior to the survey, he didn't realize how the coaching field had evolved over the past five to seven years to become an investment in star performers. "When you stop and reflect on it, it makes sense," he says.

The impending talent shortage is also driving more companies to use coaches, Reilly says. "For competitive purposes, everybody inside your company needs to be honed and capable," he says.

Another factor motivating companies to use business coaches is that it works. According to the AMA survey, companies that use business coaching report performing well on such measures as revenue growth, market share, profitability and customer satisfaction. Individuals who had received coaching were more likely to set work-related goals and to say subordinates trusted their leadership abilities, according to the survey. The study's findings are echoed by business coaches and executives at businesses with established coaching programs.

["A lot of my work is on strategy, business challenges and getting companies and executives to the next level" rather than remedial coaching, says Dianne Landau, a former *Fortune* 500 Executive who runs a five-person Executive Coaching business, Landau Coaching Associates.](#)

With demand for coaching so high, it's a good time to be a business coach. More companies are

hiring outside coaches and paying top dollar for the expertise. Whether a company uses an inside or outside coach, it's important to vet business coaching candidates thoroughly before engaging one, and have clear goals in mind before pairing coaches with executives, experts say. It's also important to develop goals or measurements to determine how well coaching works, they say.

Hiring a business coach

Although "coach" and "consultant" are sometimes used synonymously, there's a big difference. A consultant is hired to work on a specific project or area where a company might not have expertise, while a coach acts as a trusted advisor to one or more individuals, according to Landau, with Landau Coaching Associates in Malibu, California.

"The coach becomes a cheerleader, sounding board, someone with whom the manager can brainstorm," Landau says. "The executive knows what they need to be successful; they just don't know how to get there." A coach's job is to help them get there, she says.

While different coaches have different techniques, many follow a multi-step plan similar to the one Landau uses. In it, she assesses an individual's situation or goals, works with them to determine what behaviors are needed to change the situation or reach the goals, charts changes, follows up and provides post-coaching assessments.

"Sometimes it's so successful a company wants to do it with a whole team," she says.

In other situations, coaches like Landau are called in as part of a larger divisional or corporate strategy initiative, where a coach will provide top-level managers with leadership training to help them reach their stated objectives. "If they want someone to schmooze with them, I'm not the right person," Landau says. "I'm constantly asking, 'What are you committed to? What are the obstacles? What are the next steps?' Coaching is about asking important, relevant questions and then guiding them through the process" of answering them.

At forward-thinking companies, HR executives who are involved in influencing human capital management development are the ones recommending that executives or rising stars work with a business coach, AMA's Reilly says.

Companies looking for business coaches are bombarded by choices. In 2007, the International Coach Federation, a coaching industry trade group, estimated the number of U.S. business coaches at 30,000.

To find a good match, companies should consider a coach's specialty, background, experience, current client roster and coaching style, coaching industry experts say. In the long run, though, the most important criterion is a good fit between the coach and the person being coached. Interviewing coaching prospects is the best way to find that out, say Landau and other coaching experts.

Companies that use business coaches most successfully develop specific performance goals, financial measurements or other tools to determine what they want the end result of their coaching program to be, according to the AMA survey as well as coaching experts.

For example, Landau is currently working with an engineering company with multiple divisions. The CEO of one division has been promoted to a job where he'll oversee several divisions and Landau is coaching him and his successor. The company has chosen to gauge the success of the coaching engagement by tracking how much more revenue the CEO can generate from the divisions he'll be overseeing compared with what's coming in now, Landau says. To do that, she'll help spell out where the company is failing to meet goals and objectives "and coach around those priorities," she says.

When it comes to measuring how successful coaching is, "there's no smoking-gun metric," AMA's Reilly says. But it is important for companies to develop results-oriented criteria, such as business results or number of promotions, and then stick to them. Plus, "There's no substitute for asking people who've spent time with coaches their opinion" of how it went, Reilly says.

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Michelle V. Rafter is a freelance writer based in Portland, Oregon.