



# Return on Investment (ROI) for Executive Coaching

Executive coaching has emerged as a highly effective and powerful tool for developing organizational leaders. Here are some research findings and case examples about the return on investment for executive coaching.

- 1.** "A Fortune 500 firm engaged Metrix Global LLC to determine the business benefits and return on investment for an executive coaching program. The bottom line: coaching produced a 529% ROI (that's \$5 for every \$1 spent on coaching) as well as significant intangible benefits to the business. When the financial benefits of employee retention were rolled into the mix, the ROI was nearly eight to one, or 788 %." Executive Briefing: Case Study on the Return on Investment of Executive Coaching. MetrixGlobal, LLC. Merrill .C. Anderson, PhD, November 2, 2001.
- 2.** "Coaching enhances the impact of executives, increases their speed in becoming effective within the organization, and improves overall job satisfaction and retention. Coaching is one of the principal tools businesses have for developing their people. It is an especially useful tool at the executive level because busy executives have few other assisted means of continued development. In one study, training alone increased productivity by 22%, but when training was paired with coaching productivity increased by 88%." The Case for Executive Coaching by Andrew W. Talkington, Laurie, S. Voss & Pamela S. Wise. Business Magazine Chemistry Section November 2002.
- 3.** "Who needs coaching? Perhaps the better question is who doesn't? While the process has its roots in psychology, it should not be confused with therapy or counseling, since it deals with functional, not dysfunctional, people and emphasizes strengths and achievements rather than weaknesses and problems. Confidentiality is key as the coach leads the client through a three-step process. The first is a review of the executive's career, strengths and shortcomings. Step two involves creating a comprehensive action plan. The final stage, the executive and coach test and implement the executive's action plan. Companies such as Motorola and IBM offer coaching as a part of their executive development programs, paying as much as \$750/Hr." A Better Person Makes a Better Exec. By Don MacRae. Business Week Online. February 25, 2002.

4. "Asked for a conservative estimate of the monetary payoff from the coaching they received, managers described an average return of more than \$100,000, or about six times what the coaching had cost their companies." — Fortune, "Executive Coaching – With Returns a CFO Could Love," February 19, 2001

5. Fortune magazine recently reported the results of a poll of executives and upper-level managers who had 6 – 12 months of coaching with a Masters or Doctoral level executive coach. These executives were asked to give a "conservative estimate of the monetary payoff from the coaching they received." These executives placed a value on the coaching that was six times the investment the company made in the coaching services. Bottom line: the nine-month, \$18,000 coaching program for each Vice President was rated, by the executive, as returning a value of \$108,000, on average. Not a bad ROI at all.

### A Bit More Information About This Study:



### Other Studies on Executive Development Investment Returns

- According to a study of senior level executives at Fortune 1000 companies who received developmental coaching, the average return from the programs was nearly 5.7 times the initial investment. (Maximizing the Impact of Executive Coaching, The Manchester Review, 2001, Volume 6, Number 1, Joy McGovern, et.al.)
- According to a survey of 30 executives who participated in a large executive development program at a Fortune 500 company, coaching resulted in a 529% return on investment (Executive Briefing: Case Study on the ROI of Executive Coaching, Merrill C. Anderson, Ph.D., MetrixGlobal, LLC.).
- According to the Harvard Business Review, three stock portfolios comprised only of companies that "spend aggressively on employee development" each outperformed the S&P 500 by 17 - 35% during 2003 (How's Your Return on People?, Harvard Business Review, March 2004, Laurie Bassi and Daniel McMurrer).