

Executive Coaching as a Retention Strategy

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Your real leaders—the “A” players on your team—want to grow and advance in their careers. We have found, and research has confirmed, that executive coaching will bring both a short-term and a long-term return in your organization. Investing in your leaders’ development and performance offers value to the individual and to the company.

Corporate America could be the poster child for any weight-loss plan. It has slimmed down, cut back, and learned to live on less and work harder to get into top notch shape. The process has involved exercising corporate employees and leaders to the point of exhaustion and burn out. Statistics indicate that more than 70% of employees and senior leaders will change jobs in the next 24 monthsⁱ. In his article in the Los Angeles Times, Richard Lopez reported that a recent Gallup Poll shows “7 out of 10 workers have checked out” and “are actively disengaged,”. Gallup also estimates that this disengagement costs the United States as much as \$550 billion in economic activity annually.

The value of coaching to companies is that it provides a positive return on investment through its direct benefits for the executive, as well as the company. When executives engage in a positive development process with a coach, they recognize the value of the investment the company is making in them and they see that management believes in them. The process increases the executives’ commitment to the company as it energizes professional growth.

An independent research study done by Development Dimensions International, polled over 1,000 executives and asked if they were actively searching for new employment. The results: 60% YES, 21% Maybe, 13% NO and 6% not likely but have an up-to-date resume.

Retention could be the catch phrase for 2014 in corporate America. For decades hundreds of studies on the cost of turnover have returned the same or similar result: “When an executive leaves his or her job, it costs the company between 3.5 and 5.5 times their annual income to recoup their loss.” The math is easy; it includes lost time, lost opportunity, lost clients/customers, inconsistency, and turnover among the executive’s direct reports or others who view their leaving as a sign of problems within the company.

Executive coaching as a retention strategy for senior executives, their direct reports, and employees with high potential in the organization has shown a 700% ROI. Studies designed to pinpoint measurable results delivered from executive management services are met with a certain amount of skepticism. However, despite the subjective variables in any survey, one undeniable component in every study offers unwavering consistency—the bottom-line results. Studies by trusted publications such as Fortune Magazine, Chemistry Business Magazine, as well as companies such as Linkage, and International Coach Federation all have concluded that Executive Coaching delivers a return on investment between 500% and 600%. Some show an ROI as high as 700% for certain positions within an organization.

The tremendous ROI and retention rate attributed to executive coaching is hard to deny when you consider the following factors:

- Enhanced customer service
- Increased talent development within the organization
- Improved workplace performance in both individuals and teams
- Upswing in revenue-generating activities
- Work-life balance and attitude factor

Dr. Ron Cacioppe, managing director at Integral Development, offers his own unique perspective: "On the surface, the data may appear anecdotal, but the path leads to the same conclusion: An ROI of 5 to 7 times the original investment."

Increases in talent, an overlooked asset of executive coaching, is the development of the bench players you already have by moving executives from "B" level performers to "A" level leaders. The assumption is that the executive has appropriate technical competency in his or her position. However these competencies alone rarely are adequate for leadership success and longevity. The process to transform a "B" performer to an "A" level leader requires that the executive becomes aware of their current competencies and where their gaps lie. Too often leaders seek to improve by increasing their velocity, that is, by working longer, harder, and faster. The focus on technical competency alone is not enough for a leadership role. The coaching process helps the executive identify leadership behaviors that are outside the norm of even "A" performers. With a clear idea of gaps and derailers,

the coach and leader begin to craft the plan for development. The gaps most often require the leader to add something new and different to their tool kit rather than just “swing harder” with the tools they have.

Once the new skill or tool is identified, coaches and leaders employ positive collaborative accountability to focus on key behaviors and drive the growth process. New leadership behaviors are blended with growth in emotional intelligence and next-level thinking. With increased success and productivity, the executive enjoys greater job satisfaction through increased competency, skill, delegation, accountability and opportunity. The key to successful coaching is moving the now “A” performer to an “A+” leader focused on maximizing strengths and recognizing fundamental shifts in leadership, communication and behavior.

The behavior changes required to retain and develop leaders can sometimes depend more on stopping a negative behavior than on developing a new skill or behavior. Marshal Goldsmith’s book, aptly titled *What Got You Here Won’t Get You There* addresses these changes. Goldsmith’s book points out that the distinction between learning new behavior and stopping negative behavior is often overlooked or disregarded and may impede any sustainable growth.

Coaching as a retention strategy can also be felt in the culture. When an organization invests in coaching for their leadership team and those high potential employees, the company may reap an added benefit. Often management sees an increase in employee engagement, trust, and effectiveness across the entire organization. Sound leadership with engaged employees fosters a culture that attracts the best people for future leadership.

Gallup published statistics showing that an employee who is fully engaged in his/her work is 29% more productive. Gallup and other research companies repeatedly have documented that employees do not leave a company; instead they leave their supervisor or manager.

What could executive coaching do for your company? It would be easy to conclude, and statistics will prove, that a company can build a culture that attracts and retains the best employees by simply investing in their leaders through executive coaching.

ⁱ Career Builder