Industry Research:

Leadership Coaching Report
2021

Sounding Board

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Organizations around the world invest in leadership development to ensure their employees have the critical knowledge, skills and experience to remain competitive. Industry estimates suggest the global investment in leadership development exceeds $3.5 billion dollars. Measuring the business impact and the return on this investment is a challenge for most organizations. Leadership capabilities such as strategic thinking, collaboration and decision making are hard to quantify - and measuring growth and improvement can be difficult. The challenges, however, are not insurmountable. Some organizations have overcome these challenges and they're measuring leader development at the individual and organizational level.

The latest research study from Sounding Board Inc. and Chief Learning Officer set out to explore how companies are using professional coaching for leadership development, and how they're measuring the business impact.

The 2021 Leadership Coaching Report explored the following questions:

- Why are companies investing in leadership coaching?
- How are companies measuring the business impact of leadership coaching?
- What are the most important capabilities for business leaders?
- What are the most difficult leadership capabilities to develop in an organization?
- What are the challenges companies face in providing leadership coaching?

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Invitations to participate in the online survey were sent to Chief Learning Officer Magazine subscribers between late June and mid-July 2021. A total of 458 HR professionals participated in the survey, with a 65% survey completion rate.

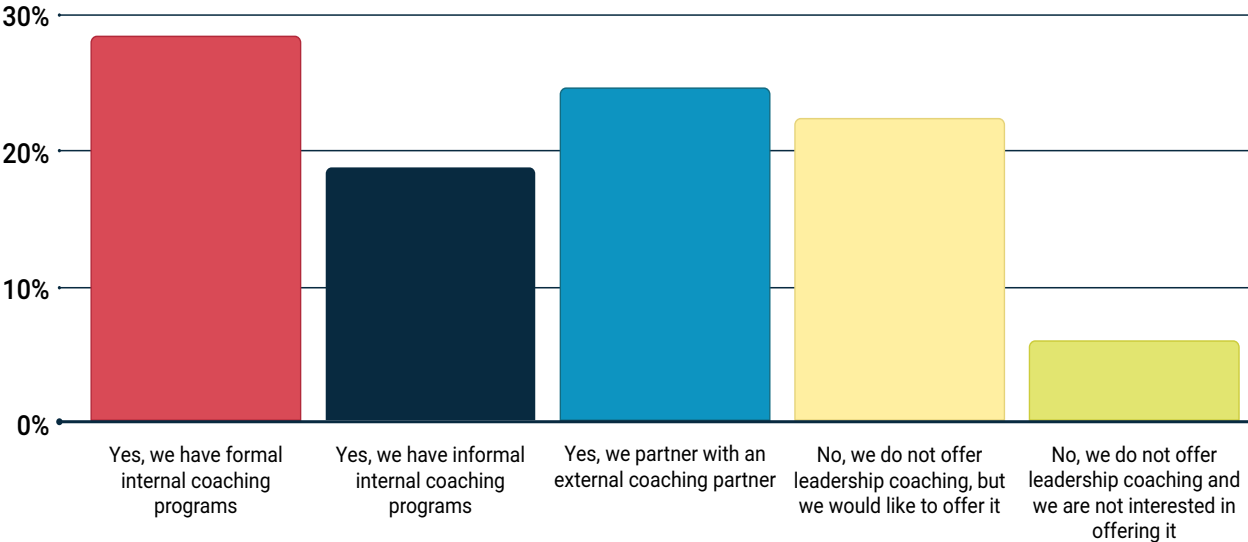## Organizations Are Offering Leadership Coaching

The 2021 Leadership Coaching survey shows that 72% of organizations offer some type of leadership coaching for talent development. Nearly one quarter (22.5%) of respondents said they do not offer leadership coaching but would like to. Only 5.7% of respondents said they do not offer leadership coaching and they are not interested in doing so. Among the organizations offering leadership coaching, 28% of respondents said they offer formal, internal coaching to their employees. 19 percent said they offer informal, internal coaching, and 24% said they offer coaching through an external partner.

These findings track closely with other survey findings. The 2020 CLO Learning State of the Industry report, for example, found that nearly 60% of organizations offer coaching for leadership development. That survey also found that coaching is one of the top three delivery methods organizations use for learning and development.

The majority of organizations, 67%, use a mix of internal and external coaches for leadership development. 23 percent report that they rely on internal coaches and 10% rely entirely on external coaches.

In response to the COVID-19 pandemic, the global economic downturn and the rapid shift to a more remote, distributed workforce, many organizations are increasing their investment in leadership coaching.

Q. Does your organization currently use leadership coaching for talent development?
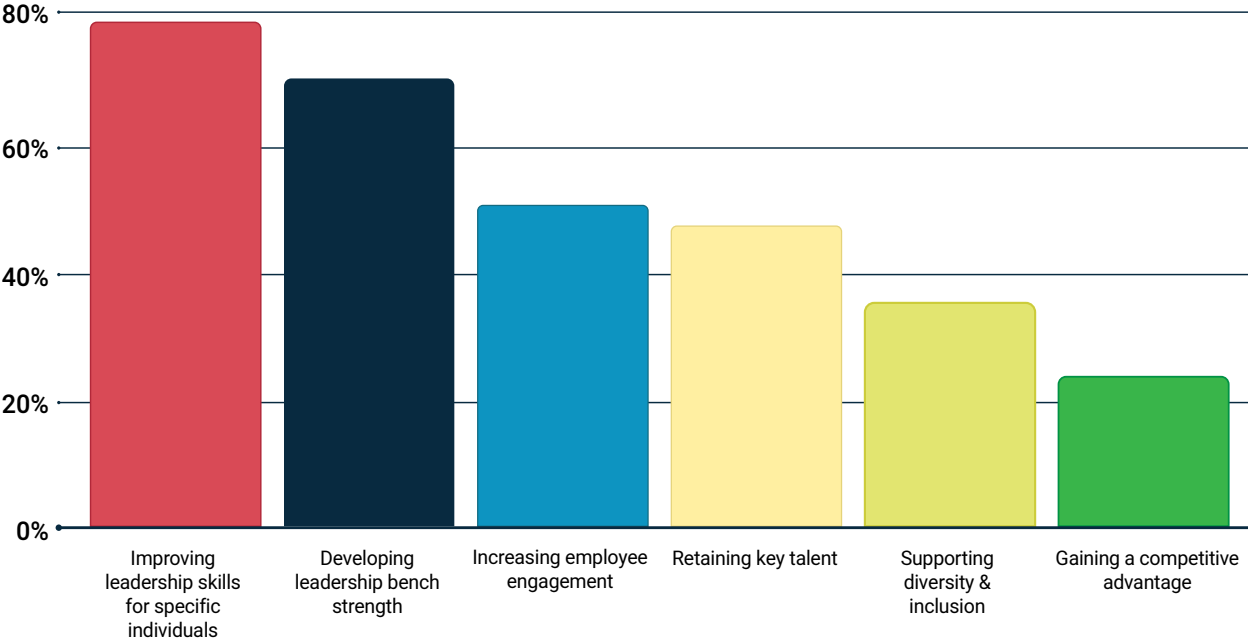
41 percent of organizations say their spending on leadership coaching has increased from 2020 to 2021, and 45% reported no change. Less than 15% of organizations report a decrease in spending on leadership coaching.

Why Organizations Invest in Leadership Coaching

Organizations report using leadership coaching to address a variety of talent development needs. Nearly 80% of respondents said the principal need for coaching is to improve leadership skills for specific individuals, followed closely with developing leadership bench strength (69%). 51 percent of survey respondents said they offered leadership coaching to increase employee engagement, and 49% of survey respondents said it was to retain key talent.

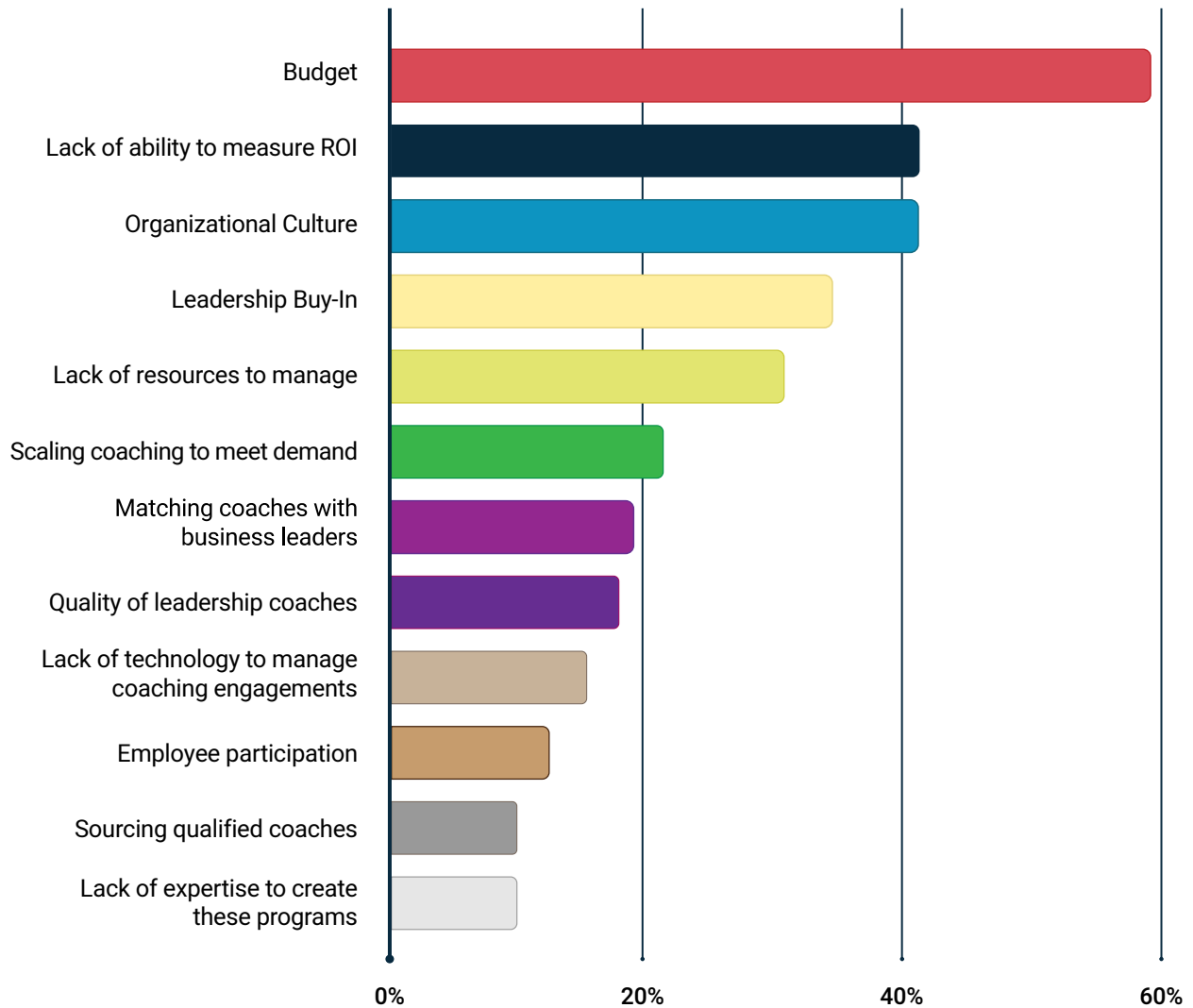Q. What is the principle need for leadership at your organization?

Respondents identified a number of positive outcomes as a result of leadership coaching:

- 67 percent said leadership coaching increased employee engagement and satisfaction.
- 60 percent said it improved employees' perceptions of the quality of leadership.
- 54 percent said it improved leadership bench strength.
- 50 percent said it improved productivity.
- 44 percent said leadership coaching improved the quality of work.

The Challenges Organizations Encounter in Providing Leadership Coaching

Organizations that are not currently offering leadership coaching identified budget and lack of resources as the biggest barriers. Among the 72% of companies that offer leadership coaching, budget is also reported as the most common challenge, followed by the lack of ability to measure ROI.

Q. What are the challenges your organization faces in providing leadership coaching?

- 59 percent of respondents identified budget to be a challenge to offering leadership coaching.
- 41 percent of respondents said the lack of ability to measure ROI is a challenge to offering leadership coaching.
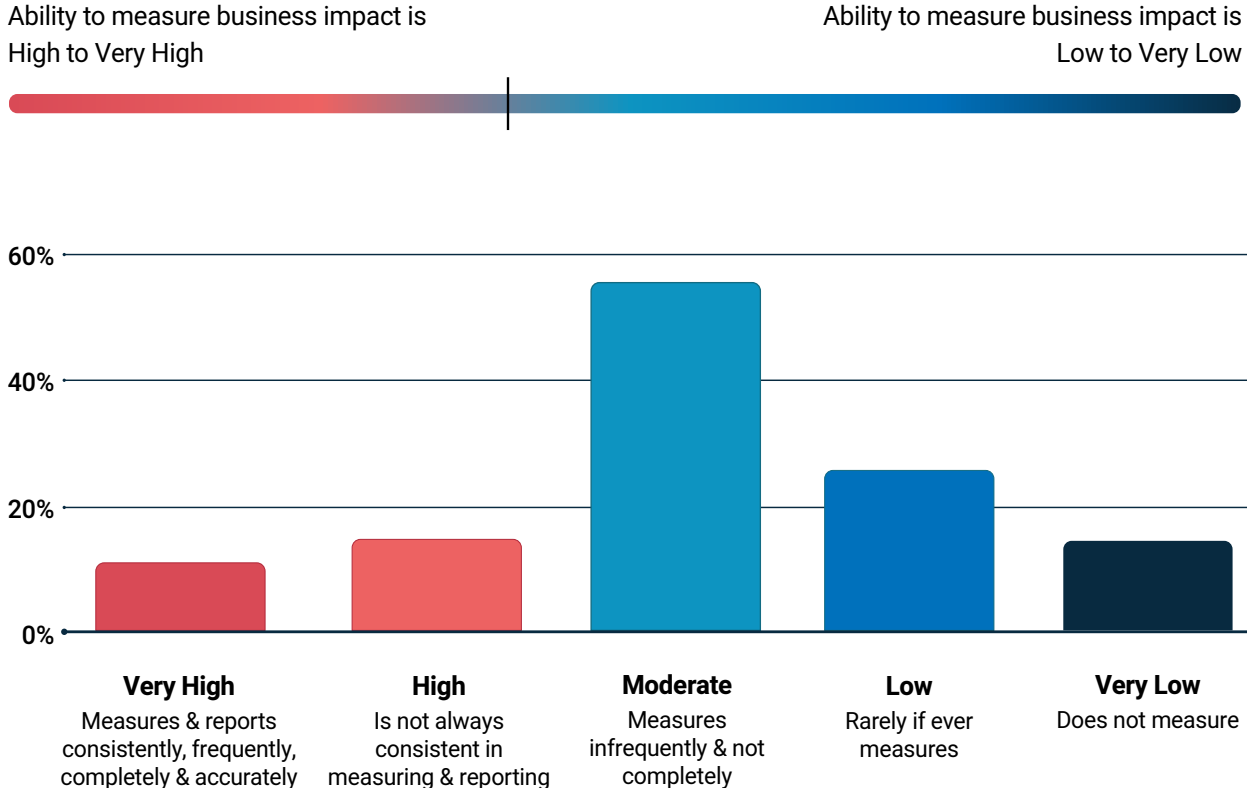
- 41 percent of respondents said the organizational culture did not support leadership coaching.
- 35 percent said leadership buy-in is a challenge in obtaining support for leadership coaching.

The research revealed slight differences based on the size of the organization. Both large (more than 1,000 employees) and small organizations (less than 1,000 employees) report that budget is the most common challenge. Large organizations also report the inability to measure ROI and the lack of resources to manage coaching as top challenges. In contrast, smaller companies report organizational culture as the second most common challenge.

Having the financial resources to allow for learning and development is a perennial challenge for learning and development professionals and having the financial resources to offer leadership coaching is no different. But the lack of ROI metrics to demonstrate the effectiveness of leadership coaching to senior leaders makes obtaining leadership buy-in all the more challenging.

Measuring the Business Impact of Leadership Coaching

Q. How do you rate your organization's ability to measure the business impact of their leadership coaching?

Ability to measure business impact is
High to Very High

Ability to measure business impact is
Low to Very Low

Very High	High	Moderate	Low	Very Low
Measures & reports consistently, frequently, completely & accurately	Is not always consistent in measuring & reporting	Measures infrequently & not completely	Rarely if ever measures	Does not measure

The majority of organizations report their ability to measure the business impact of leadership coaching is moderate to very low. 73 percent of respondents said they measured infrequently and not completely (41%), rarely if ever (20%), or never (12%).

Less than a third, 28%, consider their ability to measure the business impact of leadership coaching to be high or very high. These findings are not unexpected; 42% of respondents to the International Coaching Federation's 2020 Global Coach survey said measuring the impact of coaching was an obstacle. 42 percent of respondents to the 2020 CLO Learning State of the Industry survey also said that measuring coaching impact was an obstacle.

While it can be difficult to measure the business impact of leadership coaching, the research suggests there are benefits. The organizations that said their ability to measure the business impact on leadership coaching is very high (11.5%) or high (16%) reported higher positive outcomes of leadership coaching across the board, with significantly higher positive outcomes reported for employee productivity, customer satisfaction, and leadership bench strength.

Organizations that rate their ability to measure the business impact of coaching are:

- Significantly more likely to report productivity (72% versus 42%) and customer satisfaction (45% versus 16%) as positive outcomes.
- Significantly more likely to report succession planning (72% versus 44%), customer satisfaction (45% versus 17%) , productivity (38% versus 17%), and ROI as metrics to measure the impact of leadership coaching (38% versus 11%).
- More likely to report retaining key talent and gaining competitive advantage among the principal needs for leadership coaching.

It is, perhaps, not surprising that these companies are less likely to report challenges in providing leadership coaching (47% versus 64%) and they're more likely to report an increase in their investment in leadership coaching (51% versus 35%).

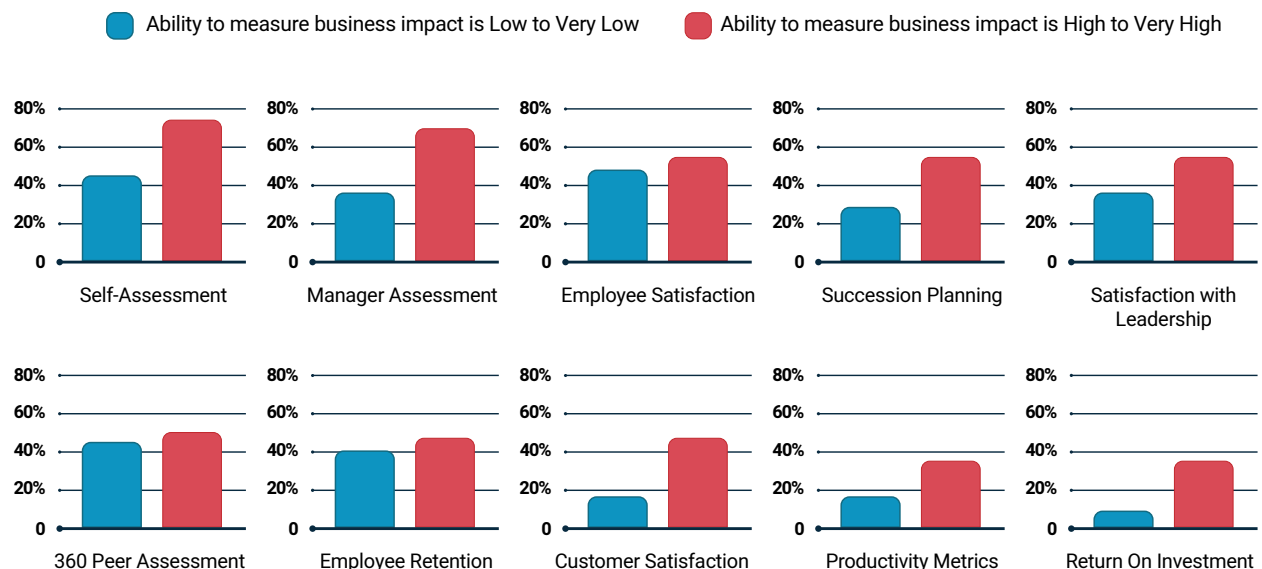## Metrics to Measure the Impact of Leadership Coaching

The most common metrics used to measure the impact of leadership coaching include:

● Individual self-assessments (52%).

● Employee satisfaction / employee engagement (48%).

● Manager assessments (46%).

● 360-degree peer assessments (44%).
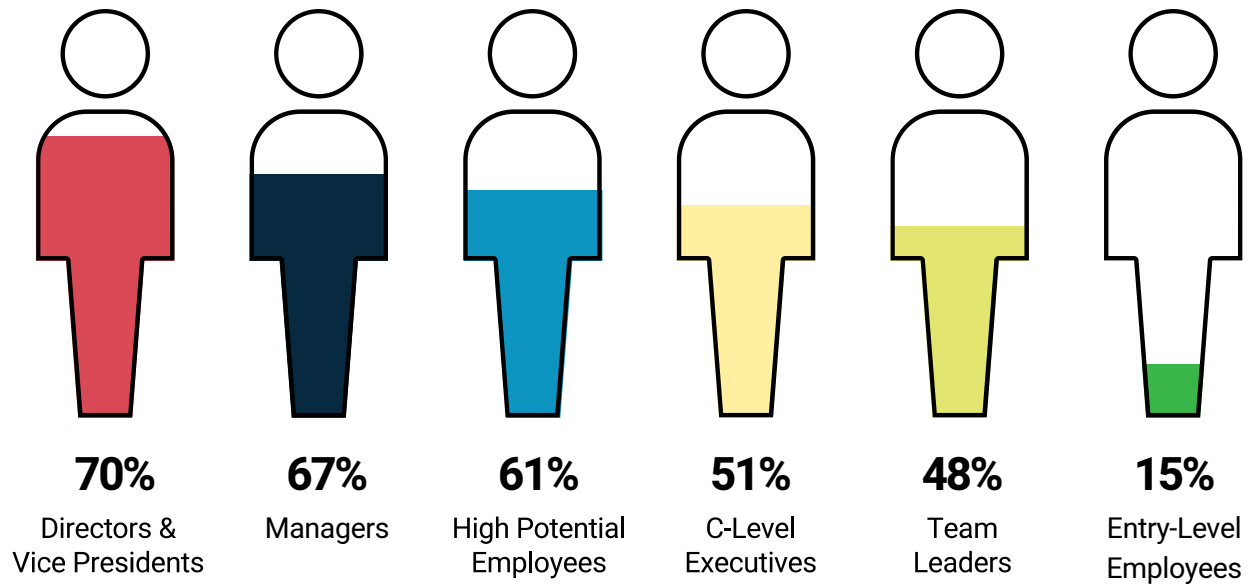
● Employee retention (41%).

Fewer than one in five organizations (18%) report using return on investment to measure the impact of leadership coaching.

Unsurprisingly, organizations that report confidence in their ability to measure the business impact of coaching use all metrics at a higher rate. These organizations, however, are significantly more likely to use succession planning, customer satisfaction, productivity and return on investment to measure the impact of leadership coaching. Among organizations that are less confident in their ability to measure the business impact of coaching, employee satisfaction / employee engagement is the most common metric used to measure the impact. Fortunately, technology is making it easier for organizations to measure the business impact of leadership coaching. Coaching management platforms track individual and organizational performance against specific leadership capabilities and take input from a variety of stakeholders—the coach, the coachee, managers, and peers—to help identify gaps and measure performance improvement over time.

Q. What metrics are used to measure the impact of leadership coaching in your organization?

■ Ability to measure business impact is Low to Very Low　　■ Ability to measure business impact is High to Very High

Q. What employee groups are you targeting for leadership coaching at your organization?

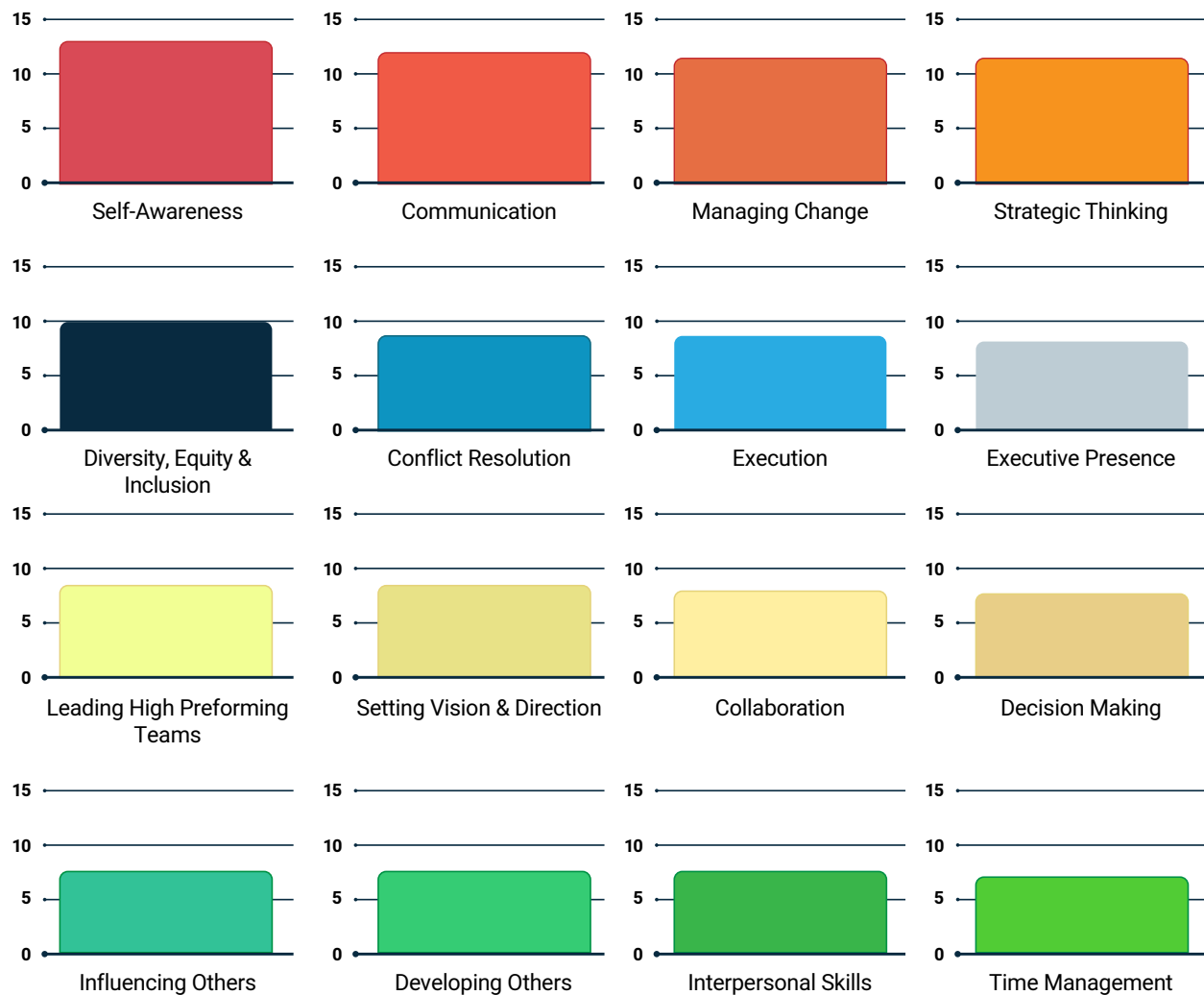| **70%** | **67%** | **61%** | **51%** | **48%** | **15%** |
| Directors & Vice Presidents | Managers | High Potential Employees | C-Level Executives | Team Leaders | Entry-Level Employees |

Targeting Business Leaders for Coaching

The most common employee groups targeted for leadership coaching are:

- Directors and Vice Presidents (70%), followed closely by Managers (67%) and High-Potential employees (61%).

- Over half of organizations surveyed report targeting C-Level Executives (51%) for leadership coaching and nearly half (48%) report targeting team leaders. Few organizations (15%) report targeting entry-level employees for leadership coaching.

- Organizations that report high confidence in their ability to measure the business impact of coaching are more likely to target C-Level Executives (60%), team leaders (60%) and entry-level employees (30%).

Q. What leadership capabilities are the most difficult to develop?

Self-Awareness

Communication

Managing Change

Strategic Thinking

Diversity, Equity & Inclusion

Conflict Resolution

Execution

Executive Presence

Leading High Preforming Teams

Setting Vision & Direction

Collaboration

Decision Making

Influencing Others

Developing Others

Interpersonal Skills

Time Management

Self-awareness and communication were consistently ranked among the most important capabilities for leaders at all levels. For emerging leaders, interpersonal skills and execution were also identified among the most important leadership capabilities.

For mid-level managers, execution and leading high-performing teams were also reported among the most important capabilities. For senior and executive leaders, strategic thinking and setting vision and direction were among the most important leadership capabilities. Self-awareness and communication were also reported as the most difficult capabilities to develop in organizations, followed by managing change and strategic thinking.

Conclusion

Most organizations are investing in leadership coaching for talent development, and a majority are maintaining or increasing that investment in response to the global pandemic. Organizations are providing leadership coaching to help individuals develop leadership skills they can use to navigate an uncertain business landscape.

Organizations are also using coaching to develop leadership bench strength, investing in leaders today to ensure they're prepared to fill critical roles in the future.

Although managers and vice presidents are the most common groups targeted for leadership coaching, survey results found that organizations are investing in a variety of leaders, from C-Level executives down to entry-level employees. This is especially true for organizations with the ability to measure business impact.

Self-awareness and communication skills were consistently ranked among the most important leadership capabilities for leaders at all levels. Self-awareness is a foundational leadership capability. Self-awareness helps leaders identify their strengths and weaknesses. It helps them develop emotional intelligence, and recognize the impact they have on others. It helps them lead with humility, authenticity and integrity. Communication is also a critical leadership capability which enables leaders to share information and express ideas clearly and effectively. It allows leaders to listen and explore different perspectives, and to collect data to make more strategic business decisions. It empowers leaders to influence, motivate and inspire. It is, perhaps not surprising, that self-awareness and communication were also identified as the most difficult capabilities to develop. Leadership coaching is among the most effective tools to help leaders develop these capabilities.

According to the research, organizations often have different approaches to leadership coaching. Many have developed formal, internal coaching programs, while others offer more informal coaching programs. The majority of organizations use a mix of internal and external coaches. There are advantages to both internal and external coaches, and having a combination can help companies to scale to meet demand. All of the various approaches present different administrative challenges, but coaching management platforms are making it easier to manage and scale coaching programs. Managed coach networks also help ensure consistency in the quality of the coaching experience for all learners, making it easier to anticipate and replicate results.

Organizations report a range of benefits from leadership coaching, including employee engagement, retention, productivity and leadership bench strength - but there are challenges as well. Budget is consistently reported as the primary challenge to providing leadership coaching,

but the inability to measure the return on investment is a significant challenge as well. Most organizations are not confident in their ability to measure business impact, but those who do report more positive outcomes and fewer challenges. The most common metrics used to measure the impact of leadership coaching are individual self-assessments and employee engagement/satisfaction, however, more sophisticated companies are also using customer satisfaction, succession planning, productivity, and return on investment to measure the impact. These organizations are more likely to increase their investment in coaching and allocate that investment across more employees, including team leaders and entry-level employees.

Talent development professionals understand the benefits of coaching, but future growth and success depends on the ability to measure and report the business impact. Coaching is an effective method to drive organizational performance and improve the bottom line. Measuring the business impact can unlock the full potential of leadership coaching, providing an unprecedented level of data, transparency, and accountability.

About Sounding Board Inc.
We Develop the World's Most Impactful Leaders

Sounding Board helps companies accelerate leader development, with a managed network of world-class coaches and an integrated technology platform designed to make professional coaching easier to manage, measure and scale.

Our unique approach uses artificial intelligence and predictive analytics to support the entire coaching experience, matching your business leaders with expert coaches, providing a roadmap for their success, and collecting real-time data to measure and report individual progress and organizational impact.

Our Leadership Coaching Services include personalized, 1:1 executive-style coaching, as well as peer and group coaching. We offer a global network of professional coaches, dedicated to addressing leadership skills gaps and driving immediate business impact. We also supplement and support in-house coaches, providing tools and framework they can use to generate insights and have more meaningful coaching conversations.

Our Coaching Management Platform lifts the administrative burden of managing complex coaching programs, while providing greater transparency, data analytics and reporting - so that you can focus your time and resources on expanding your bench of business leaders.

Sounding Board is transforming talent development, setting a new industry standard for leadership coaching at scale.

Learn More At:
www.soundingboardinc.com

Survey Demographics: Who participated in this report

Which of the following most closely represents your job role?

- Director of Learning and Development or other L&D-related Director 30%
- Manager of Learning and Development or other L&D- related Manager 17%
- CEO, President, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Chairman, Owner or Partner 14%
- Vice President, Chief Learning Officer, Officer of Learning and Development or other L&D-related Vice President 10%
- Director [non-L&D] 9%
- Other 8%
- Vice President or Officer [non-L&D] 4%
- Manager [non-L&D] Administrator or Supervisor 3%
- Learning Generalist 3%
- Specialist or Analyst of L&D 2%

How many people does your organization employ?

- Less than 500 42%
- 500 to 1,000 11%
- 1,001 to 2,500 11%
- 2,501 to 5,000 9%
- 5,001 to 10,000 6%
- More than 10,000 20%

Where is your workforce primarily located?

- In one country with one location 34%
- In one country with multiple locations 35%
- In one country with global distribution 5%
- Multiple locations across the globe 26%