

# The Benefits of Business Coaching

By Jeffrey E. Auerbach, Ph.D.

**Business coaching is an expanding industry – 58% of organizations say they have increased their use of coaching in the past year.**

In the United Kingdom, four years ago just four percent of small businesses used coaches, and now 20% of small business enterprises are using coaching as part of their growth strategy. In another international study, 79% of medium and large businesses in the United Kingdom reported using coaching. In the US, in a sample of 101 companies using coaching, 58% of the companies were small or medium sized, government agencies and non-profits (Auerbach, 2005).

Coaching utilization is increasing because it is a cost effective means of achieving phenomenal results for teams and businesses. Organizations are asking can we afford not to use coaches? There is increasing evidence that coaching is one of the most powerful ways of developing people and adding to bottom line business performance. A study of Fortune 1000 companies using coaching showed these percentages of executives reported the following benefits from the coaching they received:

- An increase in productivity (by 53%)
- Increased customer service (by 39%)
- Increased retention of senior people (by 32%)
- Reduction in costs (by 23%)
- Increased bottom line profitability (by 22%)

The same survey reported that the individuals who received coaching saw improvement in:

- Working relationships with their direct reports
- Working relationships with their manager
- Team-building
- Reduction in conflict
- Business Relationships with clients

(Source: Manchester Review, 2001, Vol. 6, 1; and Executive Coaching - With Returns A CFO Could Love, Fortune Magazine February 19, 2001)

Some leaders try to save money by limiting their expenditures on training because they don't feel training generates immediate bottom line results. However, coaching can turn an investment in training into dramatic positive results. Here are two studies that support this statement:

- The Xerox Corporation found that the impact of using follow-up coaching after formal training gave a massive 87% increase in the effectiveness of training when compared to training alone.
- The International Personal Management Association supported this data. Their investigation showed that training improved the performance of their teams by 22%. When coaching was added to the training program, improvement in day to day work performance increased by 88%.

In 1999 the Industrial Society asked companies what were the top three benefits of providing coaching to the workforce. The companies reported direct results from coaching in the following key performance areas (similar findings were reported in 2005 from the 2005 State of the Coaching Industry Report):

- Productivity
- Quality
- Organizational strength
- Customer service
- Reducing customer complaints
- Retaining executives
- Cost reductions
- Bottom-line profitability

Coaching is increasingly being utilized because (Auerbach, 2005):

- Small businesses can result in isolated managers who welcome support and challenge from someone outside their immediate work environment – especially if coaching and leadership development is not available in-house.
- Attendance at whole-day, or multi-day leadership development courses can seem impossible in an already busy schedule – and involve significant travel expenses. Sessions with business coaches, often conducted over the telephone, can fit around other commitments.
- As organizations operate with a "lean" staff – a shortage of time and increased pressure to perform is always present – and coaching provides "just in time" assistance and individual learning and support.
- Coaching provides for an individual "thought partner" to help the executive or manager confidentially think through important decisions in an enhanced manner.

The investment for business coaching can pay off many times over — increasing your bottom line, helping you work with renewed passion, getting more done in the same time period by working smarter, and reclaiming your life by adding more work-life balance. What will be your next step to start working with a coach or bringing coaching to your organization?

Auerbach, J. E. (2005). *Seeing the Light: What Organizations Need to Know About Executive Coaching*. Executive College Press: Pismo Beach, CA.

Fisher, A. "Executive Coaching - With Returns A CFO Could Love". *Fortune Magazine*, February 19, 2001

Jeffrey E. Auerbach, Ph.D., is President of College of Executive Coaching and author of the best-selling book, *Personal and Executive Coaching*.