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What are the Best Practices and the Most Effective Measurement Strategies for Companies using Formalized Internal Coaches vs. Hiring External Coaches?

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What are the Best Practices and the Most Effective Measurement Strategies for Companies using Formalized Internal Coaches vs. Hiring External Coaches?

Abstract

Executive coaching is used for a variety of purposes in today's corporations. As recently as fifteen years ago, coaching was used primarily to address toxic behavior by senior executives. While coaching is still used for this purpose, coaches are currently engaged for a wider variety of reasons, including talent management, satisfaction of legal/compliance requirements, reinforcement of desired leadership behaviors, and improving organizational morale.

To achieve these objectives, companies can engage individuals from outside the company with a variety of certifications ("external coaches") or leverage capable leaders with coaching experience from inside the company ("internal coaches"). In making the decision of whether to engage an external or internal coach, there is no right answer for all situations. Companies should conduct a case-by-case analysis, weighing a variety of factors that may lead a company to choose an internal coach in one situation, or an external coach in another. Equally important, companies should identify metrics and measurement strategies for evaluating coaching success, including both qualitative and quantitative data where available.

Keywords

human resources, coaching, external coaches, internal coaches, measurement, measurement strategy, best practices, executive coaching, qualitative data, quantitative data, engagement, culture, performance management, fortune 500, 360, feedback, multisource feedback

Comments

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Research Question

What are the best practices (factors to consider) and the most effective measurement strategies for companies using formalized internal coaches vs. hiring external coaches?

Introduction

Executive coaching is used for a variety of purposes in today's corporations. As recently as fifteen years ago, coaching was used primarily to address toxic behavior by senior executives.¹ While coaching is still used for this purpose, coaches are currently engaged for a wider variety of reasons, including talent management, satisfaction of legal/compliance requirements, reinforcement of desired leadership behaviors, and improving organizational morale.²

To achieve these objectives, companies can engage individuals from outside the company with a variety of certifications ("external coaches") or leverage capable leaders with coaching experience from inside the company ("internal coaches"). In making the decision of whether to engage an external or internal coach, there is no right answer for all situations. Companies should conduct a case-by-case analysis, weighing a variety of factors that may lead a company to choose an internal coach in one situation, or an external coach in another. Equally important, companies should identify metrics and measurement strategies for evaluating coaching success, including both qualitative and quantitative data where available.

Internal vs. External Coaches: Factors to Consider

Given the diverse purposes for engaging coaches described above, external and internal coaches have varying levels of success, depending on the engagement at hand. Relevant constraints and factors to be considered include the following:

Confidentiality. Coaches can manage multiple coaching or other internal relationships simultaneously. In these situations, coaches can be privy to sensitive information that should not be shared beyond the boundaries of the coaching relationship, which can be difficult to manage when acting in multiple roles inside the same organization. Therefore, in a situation where an internal coach is expected to act in multiple capacities in an organization (e.g., as both a coach and HR Business Partner), choosing an appropriate external coach may be the best course of action.³

Consistency. There is no consistent, widely recognized standard for certifying executive coaches. This means that training, credentials and approaches to executive coaching vary among practitioners. Therefore, where an organization needs consistency in its coaching, or where it needs to ensure that its mission and values are emphasized in its coaching, an internal coach may be preferred.

Seniority of Employee. If the coachee is a senior executive, research shows that external coaches fare better. Organizations using external coaches for senior executives reported improved alignment among the leadership team, improved ability to execute strategy, and improved leadership behaviors, as compared to organizations that use internal coaches for those executives.⁴ This is because external coaches tend to have the resources and experiences necessary to be effective.

Culture. An organization's culture can favor choosing an internal coach for one situation, which can even be an employee's direct manager. Companies that use internal coaches signal to their employees that the company values their development. Additionally, offering coaching opportunities can provide valuable developmental opportunities for current and future people managers.⁵

Performance Management. Executives from many leading Fortune 500 companies have indicated that new approaches to performance management will require managers to have a stronger “coaching orientation” – demonstrated by co-creation of performance goals and frequent discussions with direct reports. This trend suggests that when coaching for performance, managers will have a strong role to play as internal coaches, and that internal coaches may be best when coaching for performance.⁶

Cost. Executive coaches can cost up to \$3,500/hour (Appendix 1). While external coaches are appropriate for certain situations as described above, organizations willing to invest the time into training internal coaches can see cost savings of upwards of 90%, an attractive outcome for many companies.⁷

Factors Found to be Insignificant

Two noteworthy aspects of executive coaching are found to insignificant in affecting outcomes in several studies: (1) *coaching format* – no change in effect size by coaching format when comparing face to face style with e-coaching and “blended” face to face⁸; and (2) *coach qualifications* - the technique or approach that one is trained in has little effect on the success of a coach especially compared to their interpersonal qualifications, such as the ability to build a relationship and tailor the coaching to each person.⁹

Measurement Strategies

Quantitative data is rare. Data assessing coaching outcomes is inconsistent among coaches. While more than 70% of coaches provide qualitative data assessing their progress (e.g., through multisource feedback such as 360° evaluations), fewer than 1/3 provide quantitative data on behaviors, and less than 1/4 provide quantitative data on the business outcomes of coaching behaviors.¹⁰ The most abundant qualitative outcome that is tested is self-efficacy – the coachee’s belief in his/her own ability to succeed in a task (Appendix 2). Research also shows a correlation with other beneficial behaviors, including utility judgement and affective commitment to the coaching organization.¹¹

Best Practice: Collect the qualitative data that is provided, but track relevant metrics – such as performance and behavioral data – over the life of the coaching relationship to allow for quantitative analysis, such as correlation and regression analysis.

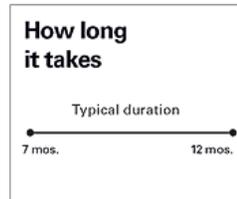
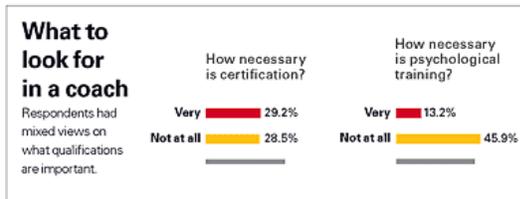
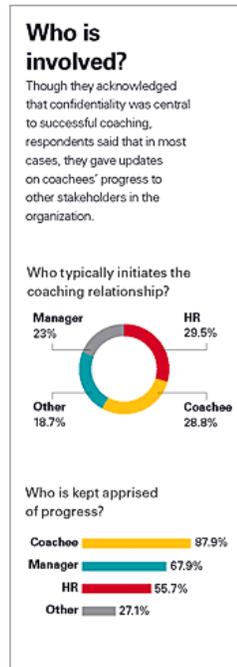
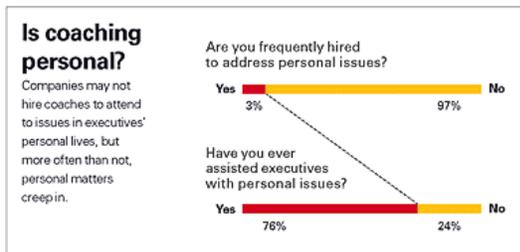
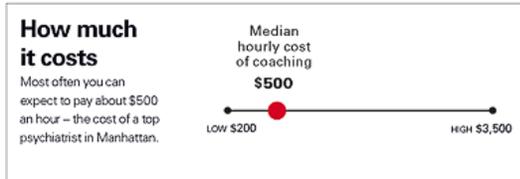
360 feedback is not always good. While research does not indicate which measurement strategies are most effective, most data is collected via pre/post-tests. The most popular measurement tool is multisource feedback of the coached employee both before and after the coaching.¹² Notably, whether a company used internal or external coaching can affect the outcome of the evaluation. When coaching was done by internal coaches, evaluations that did not include multisource feedback showed more positive outcomes than those that did.¹³ For companies that used an external coach, multisource feedback had better outcomes, especially when measuring one’s self-awareness. Multisource feedback revealed the employee being coached evaluated their own self-awareness differently from how third parties perceived them in the pretest, but that gap virtually disappeared in the post-training feedback session.¹⁴

Conclusion

Companies looking to engage executive coaches should take a case by case analysis when considering whether to engage an internal vs. external coach. Organizational dynamics including culture and careful collection of qualitative and quantitative data will enable companies to make informed decisions to select the appropriate coach for the task at hand, and to measure success.

Appendix 1

Did you know...



Source: Harvardbiz. "What Can Coaches Do For You." *Harvard Business Review*. N.p. 26 October 2016. Web. 26 Oct. 2016.

Appendix 2

Variables	α	n	M	SD	Min.	Max.
<i>Self-efficacy – supervisory coaching behaviors</i>						
Pre-training	0.89	73	7.10	1.22	4.63	9.75
Post-training	0.88	73	7.90	0.87	5.88	9.88
<i>Training methods</i>						
Classroom seminar	–	73	7.78	0.42	7	8
Action learning group	–	73	6.10	0.86	3	7
Executive coaching	–	73	5.34	2.05	1	11
Utility judgment	0.76	68	3.44	0.62	1.80	4.80
Learning goal orientation ^a	0.73	73	5.13	0.61	3.00	6.00
Affective commitment	0.87	73	4.66	0.93	2.00	6.00
Work-environment support ^a	0.86	68	3.33	0.50	1.53	4.53

Table II.
Descriptive statistics for variables under study

Note: ^aData before transformation

Source: Baron, L. and Morin, L. (2010), "The impact of executive coaching on self-efficacy related to management soft-skills" , Leadership & Organization Development Journal, Vol. 31 No. 1, pp. 18-38.

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