

**ROI and Coaching:
Applying Metrics to Measure the Effectiveness of Coaching
Programs**

A study by Paul Bernard
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Scenario

XYZ Financial Services Company pays for 400 coaching assignments per year with 60 different coaches at an average cost of \$30,000 per assignment. Coaching is restricted to vice presidents and above, and it is offered to managers with a variety of developmental needs. Generally, these coachees' needs fall into four basic categories:

- High-performers who suddenly experience performance challenges with new bosses and/or new assignments.
- Star expatriates who are having difficulties managing the repatriation process.
- Star lateral hires who are having some challenges managing the transition into the new corporate culture.
- Senior technical or professional employees who are managing other professionals or technologists for the first time.

A total of \$12 million has been spent on coaching this year. The CFO and Purchasing Department have requested a Return On Investment (ROI) measurement for the \$12 million that is spent on coaching. How should XYZ go about measuring ROI?

Overview

There's been much discussion in the literature about the need to evaluate the effectiveness of executive coaching programs. Why is it important to develop effective metrics to evaluate executive coaching? There are a number of reasons:

- Fiscal responsibility: a lot of money is being spent on coaching but there are no hard proofs that it works
- Increasing scrutiny: tough economy, tougher decisions on spending
- Some say coaching is just a trend: the need to validate coaching's contribution to the bottom line
- Need a measure to separate effective coaching from ineffective coaching

The "Holy Grail" of an evaluation system for executive coaching programs is an ROI that enables senior management to effectively measure the efficacy of the coaching process and compare coaching to other corporate investments.

Developing an ROI system for Coaching--the Challenges

As Jack Phillips writes, developing training evaluation can be a complex process and utilizing best practices is important. In Phillip's view, there are two key fundamentals in developing effective evaluation systems for all training programs:

- Isolating the effect of the training
- Quantifying both the cost and impact of the training

There are special challenges in evaluating executive coaching programs because no two coaching assignments are the same and no two coaches will approach a given assignment with the same techniques. The bottom line is that, in establishing an effective evaluation system for coaching, there may be more variables and more non-hard skills that need to be evaluated than in evaluating other training programs.

Despite these issues, it is important to plan a coaching program that evaluates coaching by isolating its effect and quantifying its impact. The good news is that if care is taken in terms of both the assumptions and the process, the ROI measurement from coaching will be at least as good as any ROI measurement presented to the CFO for other corporate investments.

The Foundation of an ROI Program

Many experts believe that any evaluation of coaching, like the evaluation of all training programs, should begin with Kirkpatrick's four level evaluation system. In Phillips' view, ROI should be considered a fifth level of evaluation. Built into this evaluation process is the assumption that as you move up the evaluation levels, a smaller percentage of coaching programs will be evaluated. Most experts recommend that no more than 5% of all coaching programs should be formally evaluated for ROI, but a much higher percentage should be evaluated on levels one through four.

Here is a grid based on the Kirkpatrick model with the recommended percentage and number of XYZ Financial Services Company's coaching assignments to be evaluated at each level:

Level	Questions to be Asked	How to be Measured	Percentage/Number Evaluated
Level One: Reactions and planned action	What did the coachee think of the engagement?	Ask coachee and coach.	100%/400
Level Two: Learning	What did the coachee learn during the engagement?	Ask coachee and coach.	100%/400
Level Three: On-the-job application	What learning, skills, etc., did the coachee apply on the job	Ask coachee, coach, and significant stakeholders through 360-degree surveys.	50%/200
Level Four: Business results	What changes in results and productivity have been observed on the job?	Ask coachee's manager and the manager's manager.	20%/80
Level Five: Return on investment (ROI)	Did the monetary value of the results exceed the cost of training?	See below.	5%/20

How can we isolate the effect of coaching on the person being coached? Some ideas:

- Pick a coaching assignment that is in one of the major coaching categories (listed in the Scenario section on page one of this document).
- Pick an assignment where the coaching length is similar to the length of most other coaching assignments, usually one year.
- Pick a coaching assignment where the coaching request is a voluntary one.
- Pick an assignment where the coachee is considered highly coachable (see attached Appendix A for a description of coachability).
- Pick a coaching assignment where a detailed Personal Development Plan (PDP) was created.
- Pick a coaching assignment where the coachee's supervisor believes very strongly in coaching and is available to speak with the human resources department and the coach about progress and challenges in the coaching process.
- Pick a coaching assignment which is at the same management level as most other coaching assignments.

How do the experts suggest that you calculate the economic value of behavioral changes?

What are some important markers?

- Improvements in productivity
- Reductions in absenteeism and employee turnover
- Reductions in cycle time
- Improvements in quality/reductions in waste
- Increased customer satisfaction
- Increased value of opportunity pipeline
- Improved corporate reputation (measured in the amount of positive press coverage for the company or division versus the amount negative press coverage for the company or division)

Case Studies

So given the above, how can XYZ evaluate its coaching programs for ROI? Here are two cases that demonstrate how an effective ROI process might be set up.

Case One

Mr. Sylvester M.
Managing Director,
XYZ financial services firm

Sylvester M. is currently Global Managing Director of Equities Trading Sales at the Institutional Investor Group (IIG) of XYZ financial services firm. After four years in London where he successfully ran Equities Sales Operations for another division of XYZ, Sylvester was repatriated to New York to run a new and important revenue area in the prime brokerage business of the firm's New York office. Sylvester became Director of Global Sales for IIG, a profit center at XYZ with \$250 million in revenue and great potential, but with a large and unwieldy sales force. After accepting the new job, Sylvester asked for a coach to help him optimize his performance in his new position.

One of the major challenges facing Sylvester was the fact that after four years in London, he had lost most of his political/networking connections. In his new position, Sylvester was going to be responsible for managing a group with great revenue potential but with a very unwieldy sales structure, since the sales force consisted of both institutional and retail sales people who had not worked together before. This meant that because of corporate politics, he needed a large network of XYZ colleagues to help him get things done.

An additional challenge was that Sylvester's new boss had a very different management style from his previous boss. Even more complicated was the fact that Sylvester's new boss reported to Sylvester's previous boss in London.

Personal Development Plan (PDP) for Sylvester M.

- 1) Hire/manage new sales team that will increase revenue.
- 2) Build relationship with new boss.
- 3) Reduce sales costs.
- 4) Create and implement a five-year plan for the organization.
- 5) Build a personal network in New York and the rest of North America.
- 6) Build sales metrics to evaluate sales team.
- 7) Improve reputation of the division.

Level One: Reactions from Coachee and Coach
Sample Evaluation Form for Coachees--Filled out by Sylvester and his coach

Filled out by Sylvester

	Poor		Average		Excellent
Effect of coaching in improving commercial effectiveness	1	2	3	4	5
Effect of coaching in improving leadership skills	1	2	3	4	5
Effect of coaching in improving reputation management skills	1	2	3	4	5
Effect of coaching in improving communication skills	1	2	3	4	5
Effect of coaching in improving strategic planning/strategic thinking skills	1	2	3	4	5
Overall Rating	4.60				

Filled out by coach

	Poor		Average		Excellent
Effect of coaching in improving commercial effectiveness	1	2	3	4	5
Effect of coaching in improving leadership skills	1	2	3	4	5
Effect of coaching in improving reputation management skills	1	2	3	4	5
Effect of coaching in improving communication skills	1	2	3	4	5
Effect of coaching in improving strategic planning/strategic thinking skills	1	2	3	4	5
Overall Rating	4.20				

Level Two: Learning
Achievement of Skills—Sample Forms Filled Out by Sylvester (coachee) and his coach

Form filled out by Sylvester: How were your skills impacted by the coaching process?

Skills Acquisition Connected to PDP Objectives—New Skills Acquired	None		Some		Significant
Hiring and sales management skills	1	2	3	4	5
Relationship-building skills	1	2	3	4	5
Cost-reduction skills	1	2	3	4	5
Strategic planning skills	1	2	3	4	5
Networking skills	1	2	3	4	5
Modeling and analytical skills	1	2	3	4	5
Reputation management skills	1	2	3	4	5
Overall Rating	4.57				

Form filled out by Coach: How were coachee's skills impacted by the coaching process?

Skills Acquisition Connected to PDP Objectives—New Skills Acquired	None		Some		Significant
Hiring and sales management skills	1	2	3	4	5
Relationship-building skills	1	2	3	4	5
Cost-reduction skills	1	2	3	4	5
Strategic planning skills	1	2	3	4	5
Networking skills	1	2	3	4	5
Modeling and analytical skills	1	2	3	4	5
Reputation management skills	1	2	3	4	5
Overall Rating	4.00				

Level Three: Behavior
Measuring Perceived Behavioral Change—Sample Forms Filled Out by Sylvester’s
Manager, Two 360-Degree Evaluators, and a Human Resources Officer

How has your perception of Sylvester M. changed in the following areas over the last year?

Filled out by Sylvester’s manager:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.50				

Filled out by a Human Resources officer:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	5.00				

Filled out by a 360-degree evaluator:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.17				

Filled out by a 360-degree evaluator:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.00				

Level Four: Results
Sample Forms Describing Measurable Improvements in Performance—Filled Out by
Sylvester’s Manager and by a Senior Manager

PDP Objective	Comments by Manager
Hire/manage new sales team that will increase revenue.	Excellent progress made. Six new hires. Tremendous increase in revenue.
Build relationship with new boss.	Sylvester and I have a good relationship now; however, he needs to understand that I like to get feedback in writing.
Reduce sales costs.	Sales costs reduced from 54% of revenue to 37.8% of revenue. Excellent progress made; however, more progress needs to be made next year.
Create and implement a five-year plan for the organization.	Plan written and approved. Implementation process has begun. Needs to be accelerated.
Build a personal network in New York and the rest of North America.	Seems to have done very good work in this area, and good progress seems to have been made. Needs to continue to work at this.
Build sales metrics to evaluate sales team.	Initial reaction is that the model developed is good. Effectiveness of model needs to be continuously monitored along with the development of other analytical tools.
Improve reputation of the division.	Three strong articles have been written. Excellent progress.

PDP Objective	Comments by Senior Manager
Hire/manage new sales team that will increase revenue.	Sylvester is a great sales manager. Would prefer if his boss took less day-to-day responsibility in sales.
Build relationship with new boss.	Relationship seems good. However, Sylvester’s boss continues to manage day-to-day operations more than I would like.
Reduce sales costs.	Excellent cost reduction by Sylvester. However, his boss is delaying some cost reduction efforts that involve a reduction-in-force.
Create and implement a five-year plan for the organization.	Great plan. Look forward to seeing implementation next year.
Build a personal network in New York and the rest of North America.	Seems very good. People seem to know Sylvester and appreciate his skills.
Build sales metrics to evaluate sales team.	Very good model. Look forward to the development of new tools.
Improve reputation of the division.	Great press. Significant new articles.

Level Five: ROI
Sample ROI Calculations based on PDP

PDP Objective	Metric	Estimated Impact by Sylvester	Estimated Impact of Coaching on Sylvester	Monetary Impact of Coaching	ROI in One Year¹
Hire/manage new sales team that will increase revenue.	Revenue increased by \$125 million from \$250 million to \$375 million	50%	25%	\$15.625 million	51,983%
Build relationship with new boss.	Cannot be quantified, but strong performance reviews	N/A	N/A	N/A	N/A
Reduce sales costs ²	Sales costs reduced by 16.1% or \$60.4 million	40%	33%	\$7.97 million	26,467%
Create and implement a five-year plan for the organization.	Estimated opportunity pipeline revenue over the next year from launching three new products is \$80 million	25%	25%	\$5 million	16,567%
Build a personal network in New York and the rest of North America.	Cannot be quantified	N/A	N/A	N/A	N/A
Build sales metrics to evaluate sales team.	Ability to understand profitability per account and to select profitable business had an estimated impact on bottom line of \$50 million in the first year.	70%	30%	\$10.5 million	34,900%
Improve reputation of the division ³	10% increase in revenue or \$25 million	10%	25%	\$625,000	1,983%

¹ For the sake of simplicity, ROI here is simply evaluated over a one-year period.

² Sales costs are computed as base + bonus + sales expenses. In 2002, sales costs were \$135 million, or 54.0% of the total revenue of \$250 million. In 2003, sales costs were \$142 million, or 37.9% of the total revenue of \$375 million.

³ There were three very strong stories about IIG, two in *The Wall Street Journal* and one in the *Financial Times*, and no negative stories. According to the Public Relations Society of America, strong public relations can add as much as 10% to annual sales.

All of these metrics are examples of how ROI can be described. One metric should be chosen to compare across cases. Which one should be chosen? Most CFOs and Directors of Purchasing would prefer the most conservative measurement.

Case Two

Ms. Joanna G.
Managing Director, Global Head of Transportation
Investment Banking
XYZ financial services firm

In the Fall of 2002, Joanna was named North American Group Head of Transportation at XYZ financial services firm. She reported to Jeff M., the Global Head of Industrial Investment Banking at XYZ. In January 2003, Jeff M. moved to a competitor to become Vice Chairman.

Joanna faced numerous challenges, including the fact that she had no previous group management experience, had to adjust to a new boss, Jeff M., in the Fall of 2002, and then, in January 2003, had to readjust to a different new boss, Tom O., with a very different management style from Jeff M. Jeff M.'s only concern with the Managing Directors reporting to him was that they generate short-term revenue; he did not care about long-term strategy or leadership development. Jeff's successor, Tom O., on the other hand, insisted that the group heads reporting to him not only generate revenue, but that they manage their staffs well, develop new leaders, and that they think strategically.

Within the Transportation Group, turnover during the Summer and Fall of 2002 was so severe that the problem ended up on the front page of *The Wall Street Journal*. In addition, Joanna also faced the challenge of managing other Managing Directors who were disappointed that they were not named Group Head. The group also faced short-term revenue challenges. Revenue had been flat from 2000 to 2002, averaging about \$65 million a year. Finally, there were long-term strategic challenges: over 80% of the Transportation Group's revenue came from aviation-related businesses, with little or no revenue from other transportation areas (including: shipping, rail, trucking, and logistics). Given the cyclicity of the aviation industry and that competitors were very strong in non-aviation areas, Joanna had to immediately create and implement a strategic plan to meet her challenges.

Joanna asked for a coach, and a one-year coaching assignment began in January 2003. A personal development plan (PDP) was developed.

Personal Development Plan (PDP) Joanna G.

- 1) Build relationship with new boss
- 2) Improve staff management skills/improve staff morale/reduce turnover
- 3) Increase revenue
- 4) Build internal network
- 5) Create a long-term strategy to handle competition and to develop non-aviation sources for revenue

Level One: Reactions from Coachee and Coach
Sample Evaluation Form for Coachees--Filled out by Joanna and her coach

Filled out by Joanna

	Poor		Average		Excellent
Effect of coaching in improving commercial effectiveness	1	2	3	4	5
Effect of coaching in improving leadership skills	1	2	3	4	5
Effect of coaching in improving reputation management skills	1	2	3	4	5
Effect of coaching in improving communication skills	1	2	3	4	5
Effect of coaching in improving strategic planning/strategic thinking skills	1	2	3	4	5
Overall Rating	4.00				

Filled out by coach

	Poor		Average		Excellent
Effect of coaching in improving commercial effectiveness	1	2	3	4	5
Effect of coaching in improving leadership skills	1	2	3	4	5
Effect of coaching in improving reputation management skills	1	2	3	4	5
Effect of coaching in improving communication skills	1	2	3	4	5
Effect of coaching in improving strategic planning/strategic thinking skills	1	2	3	4	5
Overall Rating	4.20				

Level Two: Learning
Achievement of Skills—Sample Forms Filled Out by Joanna (coachee) and her coach

Form filled out by Joanna: How were your skills impacted by the coaching process?

Skills Acquisition Connected to PDP Objectives—New Skills Acquired	None		Some		Significant
Staff management/staff morale building/reducing turnover skills	1	2	3	4	5
Managing upwards skills	1	2	3	4	5
Cost-reduction skills	1	2	3	4	5
Strategic planning skills	1	2	3	4	5
Internal networking skills	1	2	3	4	5
Communication skills	1	2	3	4	5
Reputation management skills	1	2	3	4	5
Revenue enhancement skills	1	2	3	4	5
Overall Rating	4.13				

Form filled out by Coach: How were coachee's skills impacted by the coaching process?

Skills Acquisition Connected to PDP Objectives—New Skills Acquired	None		Some		Significant
Staff management/staff morale building/reducing turnover skills	1	2	3	4	5
Managing upwards skills	1	2	3	4	5
Cost-reduction skills	1	2	3	4	5
Strategic planning skills	1	2	3	4	5
Internal networking skills	1	2	3	4	5
Communication skills	1	2	3	4	5
Reputation management skills	1	2	3	4	5
Revenue enhancement skills	1	2	3	4	5
Overall Rating	4.25				

Level Three: Behavior
Measuring Perceived Behavioral Change—Sample Forms Filled Out by Joanna’s
Manager, Two 360-Degree Evaluators, and a Human Resources Officer

How has your perception of Joanna G. changed in the following areas over the last year?

Filled out by Joanna’s manager:

Skills/Behaviors	No Positive Change or Negative Change	2	Some Positive Change	4	Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.00				

Filled out by a Human Resources officer:

Skills/Behaviors	No Positive Change or Negative Change	2	Some Positive Change	4	Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.17				

Filled out by a 360-degree evaluator:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	5
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.00				

Filled out by a 360-degree evaluator:

Skills/Behaviors	No Positive Change or Negative Change		Some Positive Change		Very Strong Positive Change
As a revenue generator	1	2	3	4	5
As a leader	1	2	3	4	5
As an ambassador for XYZ company in improving its reputation with clients, customers, and the general public	1	2	3	4	
Ability to get things done	1	2	3	4	5
Ability to build consensus	1	2	3	4	5
Ability to communicate and listen	1	2	3	4	5
Overall Rating	4.17				

Level Four: Results
Sample Forms Describing Measurable Improvements in Performance—Filled Out by
Joanna’s Manager and by a Senior Manager

PDP Objective	Comments by Manager
Build relationship with new boss	Joanna and I have bonded. She’s learned to become a good manager and meet my performance expectations, in terms of leadership and “soft skills.”
Improve staff management skills/improve staff morale/reduce turnover	The turnover of high-performing managing directors was reduced from three to zero. At an annual estimated replacement cost of \$1.5 million per MD, this is quite significant.
Increase revenue	Increased from \$65 to \$77 million in a one-year period. She’s the best performer in the industrial group.
Build internal network	Joanna has become very visible—she is now on the compensation committee and the recruitment committee. The new Head of Investment Banking and the new CEO of XYZ have both said positive things about her.
Create a long-term strategy to handle competition and to develop non-aviation sources for revenue.	Joanna has created a well-written and thoughtful strategic plan and sold it to senior management. The plan includes handling competition from Goldman and Morgan Stanley and also includes goals and objectives for developing revenue in non-aviation areas. \$8 million of the \$12 million increase in 2003 revenue was in non-aviation areas.

PDP Objective	Comments by Senior Manager
Build relationship with new boss	Seems quite strong. Joanna seems to have developed a good relationship with Tom O.
Improve staff management skills/improve staff morale/reduce turnover	Has built credibility with the team. Turnover no longer seems to be a problem. Her team seems to view her as leader—not easy in a testosterone-filled, alpha-male group.
Increase revenue	Strong increase in revenue. Some increase in the non-aviation area and some diversification. However, Joanna needs to diversify revenue much more in the next year.
Build internal network	Good committee work. Joanna has added value in committee meetings and has some good ideas. She definitely views her role as not just a sales person.
Create a long-term strategy to handle competition and to develop non-aviation sources for revenue.	From my point of view, a very good plan. In fact, we have decided to use Joanna’s strategic plan as a model for some of the other MDs who don’t quite have her writing skills. In terms of the implementation of the plan, I think the results were quite decent in year one, but as said above, Joanna must increase diversification and growth dramatically in years two through five. I have faith that she will continue to meet her goals and objectives.

Level Five: ROI
Sample ROI Calculations based on PDP

PDP Objective	Metric	Estimated Impact by Joanna	Estimated Impact of Coaching on Joanna	Monetary Impact of Coaching	ROI in One Year⁴
Build relationship with new boss	Good mid-year and end-of-year reviews. Not quantifiable.	N/A	N/A	N/A	N/A
Improve staff management skills/improve staff morale/reduce turnover	Reduction in turnover of high-performing MDs from three to zero, at an estimated replacement cost of \$1.5 million per MD (\$4.5 million total) ⁵ .	50%	25%	\$562,500	1,775%
Increase revenue	Revenue increased by \$12 million in 2003.	40%	20%	\$960,000	3,100%
Build internal network	Serves on high-profile internal committees. Not quantifiable.	N/A	N/A	N/A	N/A
Create a long-term strategy to handle competition and to develop non-aviation sources for revenue.	Plan created and implemented. One year impact in non-aviation business of \$8 million.	25%	25%	\$500,000	1,567%

All of these metrics are examples of how ROI can be described. One metric should be chosen to compare across cases. Which one should be chosen? Most CFOs and Directors of Purchasing would prefer the most conservative measurement.

⁴ For the sake of simplicity, ROI here is simply evaluated over a one-year period.

⁵ XYZ estimates its replacement cost for a high performing managing director who is a revenue generator and who leaves voluntarily at \$1.5 million per managing director.

Comments and Conclusion

The ROIs for both of these coaching assignments seem quite spectacular. How relevant is this metric and what does this metric mean? Here are some issues to consider when using ROI as a decision-making tool for coaching.

- 1) Many factors besides coaching effectiveness may contribute to the economic effects of changed behavior:
 - General market conditions (a rising tide lifts all boats)
 - New or changing products or technologies
 - Competitors' actions
 - Social and political events (such as 9-11)
 - Unpredicted changes in the coachee's life
 - The Hawthorne Effect (defined as the tendency of people to improve their performance when they know their performance is being studied)

It should be noted that several of these factors impacted on both Joanna and Sylvester during 2003. For instance, XYZ made a decision to focus a large part of its marketing on hedge funds, one of the booming areas of the financial services business in 2003. This fact has to be considered one of the key variables that influenced the tremendous growth in IIG's revenue. A major change in Joanna's personal life should also be viewed as an important variable: she married in 2003. This major change in her life seemed to improve her people/emotional intelligence skills.

- 2) ROI as a measurement tool is relevant only as a comparison to other investment decisions that the firm has made. This would include other coaching assignments, other training investments, and other investment decisions as a whole. It should be remembered that these figures have no real meaning in isolation, since, according to the *Harvard Business Essentials: Finance for Managers*, "ROI is a way of comparing returns on money a company invests internally with returns available to it elsewhere at the *same level of risk*."

It is important to note that despite the challenges both of these managers faced, the coaching investment was relatively risk-free because of the coachees' revenue generating skills, their coachability, and because of senior management's buy-in to the process. ROIs for coaching assignments with higher levels of risk should also be analyzed. For instance, it is important to evaluate the effectiveness of coaching assignments in the human resources and information technology areas where no corporate revenue is generated.

- 3) Another factor that needs to be looked at in ROI measurement is the time value of money. Since the one-year ROI measurements were so high in these two cases, we didn't think it was prudent or necessary to do a multiple-year analysis. However, in situations where an ROI is being developed for coaching assignments that do not involve immediate revenue generation (for instance in compliance or risk management), a multiple-year ROI should be calculated to take into account the potential bottom line impact of coaching in future years, after the coaching assignment is over.

ROI, if used properly, can be a useful metric for CFOs and Purchasing Departments. However, it is important to remember that ROI is only one of many tools to evaluate the effectiveness of coaching.⁶ In conclusion, it is recommended that other coaching assignments be analyzed in different areas of XYZ to begin the process of developing metrics to supply to the CFO and Purchasing Department. In addition, it is suggested that a continuous surveillance system be set up to update these metrics on a yearly basis.

⁶ It should be noted that one of the most interesting pieces of data that came out of the evaluation process for Sylvester's coaching assignment was produced in the Level Four evaluation. The supervisor of Sylvester's boss noted that Sylvester's boss did not delegate enough: "Sylvester's boss continues to manage day-to-day operations more than I would like." This crucial piece of performance evaluation would never have been revealed in an evaluation process that only utilized ROI. This shows how important it is to use several evaluation tools, not just ROI.

Appendix A**Lore Consulting's Seven Point Coachability Scale**

C0	Not coachable at present	Identified psychological issues
C1	Extremely low coachability	Narcissistic personality
C2	Very low coachability	Resists or defies feedback
C3	Fair coachability	Is complacent/unmotivated to change
C4	Good coachability	Assessment comes as a wake-up call
C5	Very good coachability	Shows an earnest desire to improve
C6	Excellent coachability	Has an intrinsic need to grow.