



COACHING

The measurable impact of coaching
Delivering quantifiable change

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WHITEPAPER //

The measurable impact of *coaching*: Delivering *quantifiable change*.

Complete



The impact of coaching has been notoriously hard to quantify. While many executives ‘feel’ they have benefitted from coaching, few studies have provided ‘hard’ evidence of a significant return on investment. This white paper suggests how it is possible to quantify an increase in an executive’s *objective energy levels* and a *reduction in their stress levels* and relate this to potential *financial benefits* for the organisation.

In a rapidly changing world executives need to bring their ‘A’ game every day to have any chance of winning. The pressure to perform is enormous. And it’s not just work that adds pressure; home and social factors combine to affect the well-being of leaders.

Many executives who experience this pressure admit they feel stressed or struggle with mental health issues. According to the Health & Safety Executive, in 2015/16 stress accounted for 37 percent of all work related ill health cases and 45 percent of all working days lost due to ill health.¹

However, not everyone takes time off when they are stressed or feeling the pressure. Many turn up to work but underperform. This is called presenteesim. The performance of executives who go to work when stressed is probably suboptimal as they experience anxiety, depression and fatigue which result in difficulties in concentration and problem solving.

Days off sick and the reduced performance of those at work are only part of the story. High stress employees are also more likely to quit. As one study found: “Those individuals [who] experience at least some stress in their current position are 25 percent more likely to hold intentions to quit than those without, with the probability of intending to quit increasing with successively higher job stress.”³

The price of stress and mental health issues can also be felt in terms of hard cash. For example, the cost of replacing a senior executive is 2.13 times their salary.⁴ With the average annual salary of a director in the UK being £100,000,⁵ that’s a bill of £213,000 to replace a senior executive. For more on the cost of stress and associated ROI for coaching, see later section: *Calculating a financial ROI*

High stress employees are more likely to quit.



A legal obligation to address stress at work

The implications of stress and mental health issues are not just financial, there are legal issues too. Employers are legally obliged to try and identify any problems that their organisation might be having with mental health and work-related stress. The law also requires organisations to actively prevent accidents and ill-health before they happen, and that includes controlling potential causes of work-related stress.

Failure to meet these legal obligations has resulted in payment of damages and the issuing of HSE improvement notices.⁶

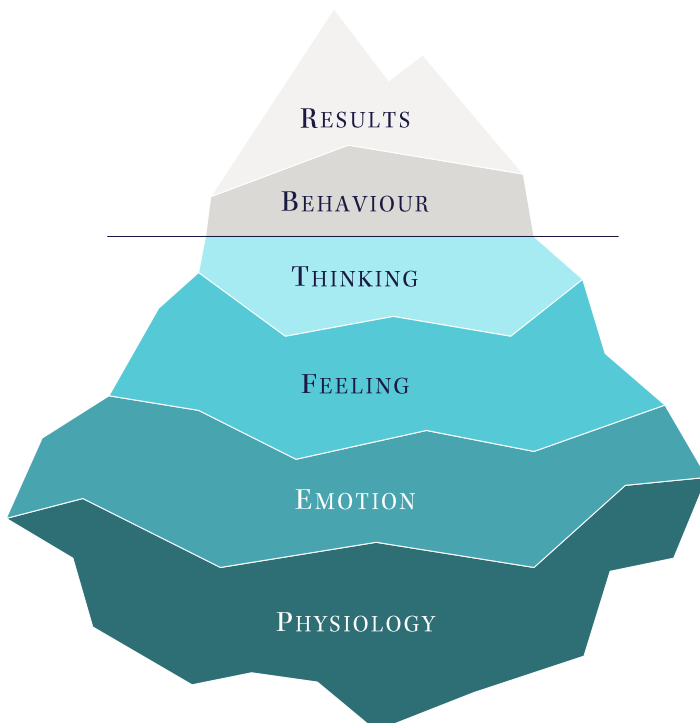
The case to act is compelling from moral, financial and legal points of view.

Complete coaching approach

The coaching methodology described here is substantially different from the mainstream. It focuses on a deeper level of the human system, transforming leaders from the inside out. The start point is a leader's inner physiology and emotions, rather than their external behaviours and results. Controlling our physiology and managing our emotions will unlock hidden capabilities and ultimately drive higher levels of performance.

Why focus on physiology and emotions?

Energy is more important than time. Imagine you're a leader and you have an hour to achieve a result, but you're exhausted and have no energy. More than likely you won't achieve what you need to. It's not about the hour you have, but your energy level, which is why energy is more critical than time. With modern medical technology, it is possible to accurately quantify how much energy a leader actually has during a normal working day. Tracking a leader's heart rate variability reveals whether they are 'running on fumes' or have a 'full tank'.



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Performance is not just about the amount of energy a leader has, it's also about the quality of that energy. Imagine that you have an hour to achieve the result you want and you have plenty of energy, but you're feeling that energy as agitation rather than focus. Once again, you may fail to deliver the results you want. Therefore, your emotional state, or more accurately your ability to manage your emotional state is critical to performance.

Having the energy and the right emotional state at the right time are fundamental to achieving the results you want. Coaching that focuses on increasing the quantity of your energy and the quality of your emotional state enables you to cope better with pressure and think more clearly. The right kind of executive coaching can effectively reduce stress, the risk of mental breakdown and increase performance levels.

In addition to a general lack of quality research into coaching effectiveness, the relationship between coaching and stress has not been widely investigated.⁷ This prompted Complete to conduct its own study into the impact of coaching.

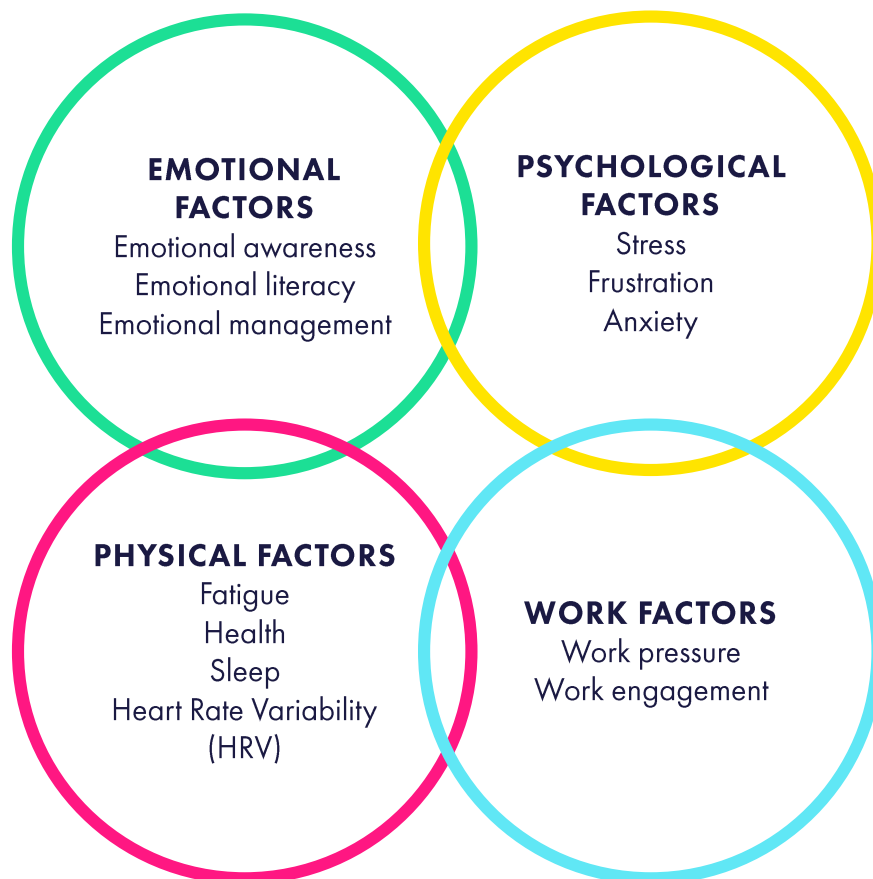
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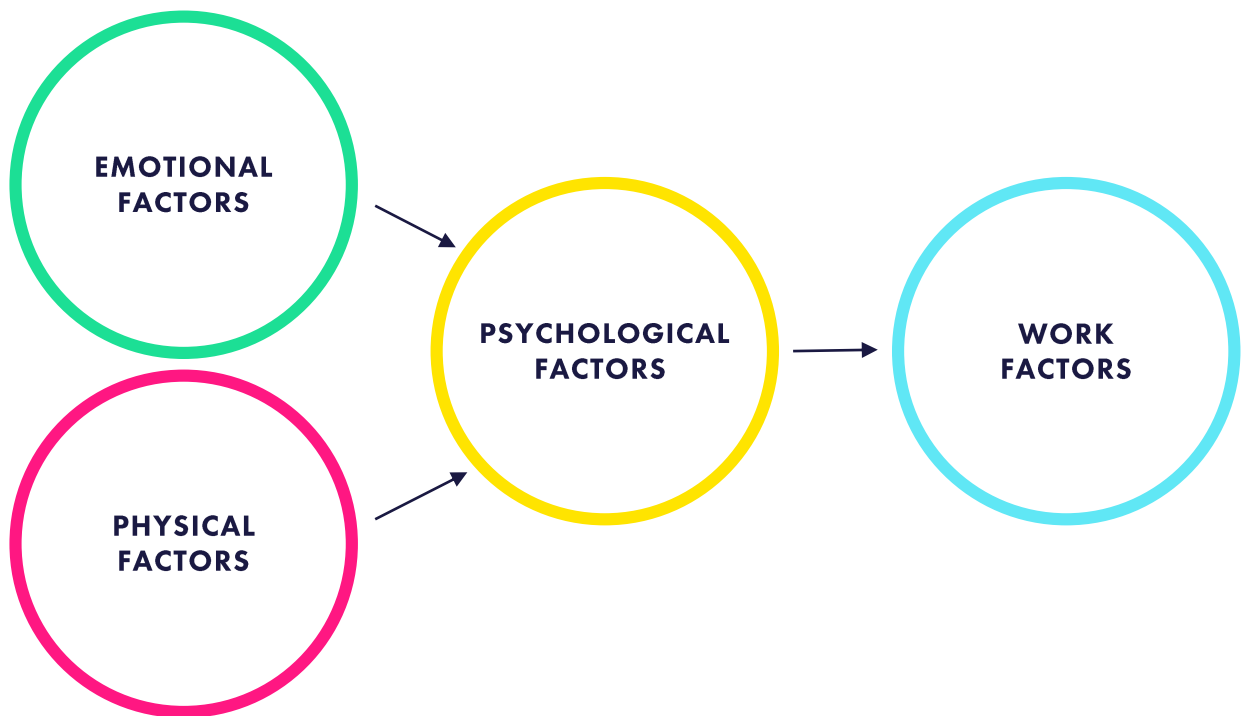
Complete coaching: an impact study

Complete analysed the pre and post coaching data on 55 individuals. Data were collected on 12 factors that impact both well-being and performance before coaching began and again after the completion of coaching interventions, one year or so later (see end of paper, Study methodology, for more details of analyses and sample sizes).

The coaching impacted executives in four different ways:



The above factors interact to affect individual performance. *Work factors* determine how individuals respond to pressure (by engaging or disengaging with their work). An individual's ability to cope with pressure is determined by their psychological state (*psychological factors*) – whether they feel calm, in control, and not unduly stressed. Finally, an individual's psychological state is in turn modulated by their physical wellbeing (*physical factors*) and their ability to actively regulate their emotions (*emotional factors*). We summarise this pathway on the following page.



Coaching impact factors and how they affect performance:

Emotional factors

Emotional awareness: A measure of an individual's ability to sense and predict changes in their emotional state

Emotional literacy: A measure of an individual's ability to think about, reflect on, and accurately define their own emotional state

Emotional management: A measure of an individual's ability to regulate their emotional state and change how they feel

Physical factors

Fatigue: A subjective measure of someone's energy and tiredness

Health: A measure of positive lifestyle factors, such as self-reported diet quality, exercise, etc. and self-reported perception of health and whether it affects an individual's work

Sleep: A subjective measure of someone's sleep quality

Heart Rate Variability (HRV): HRV can reveal a wealth of data about energy levels and how to improve performance^{8,9}



Psychological factors

Stress: A general measure of psychological well-being including day to day stress, measured by the General Health Questionnaire (GHQ), one of the most widely used assessments in studies of occupational well-being¹⁰

Frustration: A measure of someone's control over events in their life

Anxiety: A measure of someone's calmness, worry and apprehension

Work factors

Work pressure: A measure of someone's sense of being overwhelmed and struggling to manage available time on a day to day basis

Work engagement: A measure of someone's motivation, usually in a work context

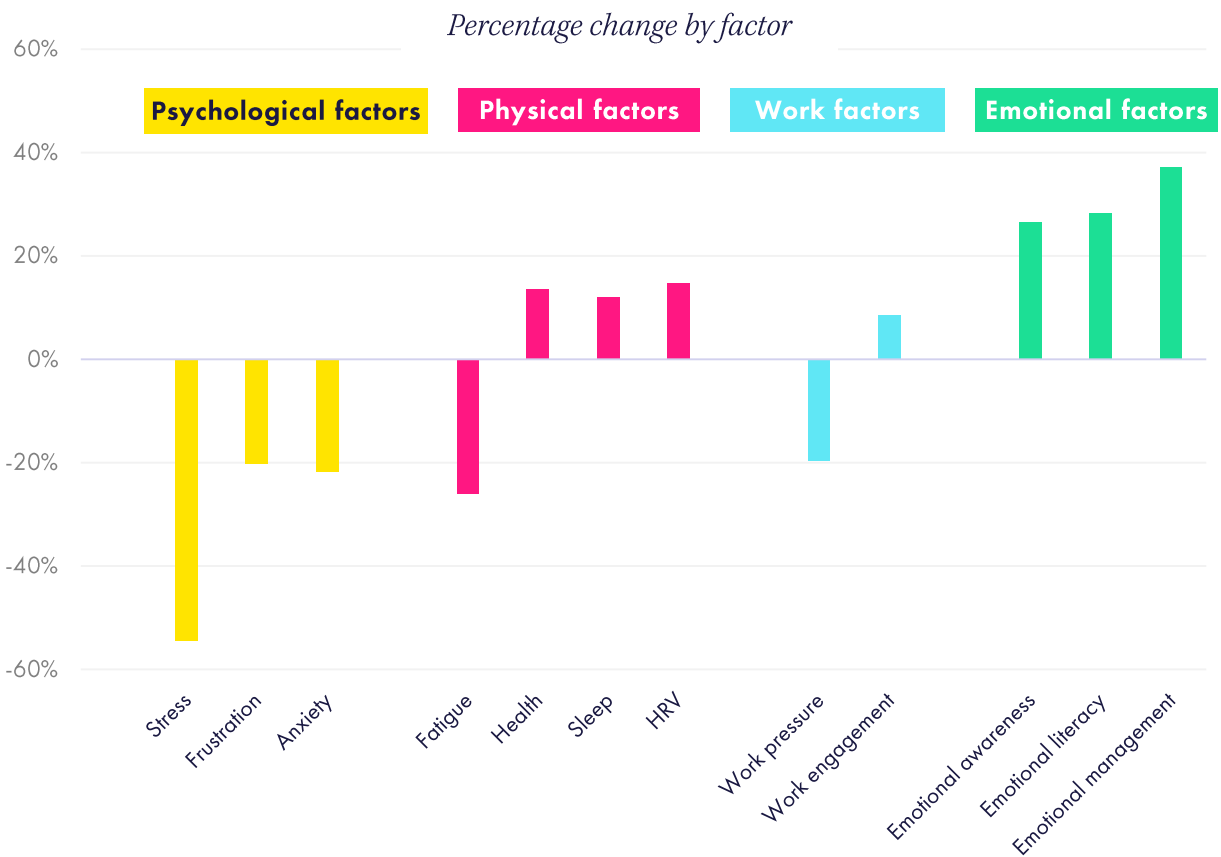
All the above constructs, apart from HRV, are measured using a questionnaire. HRV is measured using a heart rate monitor worn for 24 hours, including during sleep.

... an individual's psychological state is in turn modulated by their physical wellbeing (physical factors) and their ability to actively regulate their emotions (emotional factors).



The impact of coaching: results

All pre and post coaching data from participants was collated and averaged. Then the pre-coaching mean was compared to the post-coaching mean. The percentage change in each factor, following coaching, is detailed in the following figure.





The impact of coaching: results

The changes in each factor following coaching can be summarised as follows:



Psychological factor results

- 54% reduction in stress
- 20% reduction in frustration
- 22% reduction in anxiety



Physical factor results

- 25% reduction in fatigue
- 14% improvement in self-reported health
- 12% improvement in sleep quality
- 15% increase in HRV*



Work factor results

- 20% decrease in perceptions of work pressure
- 9% improvement in work engagement and feelings of motivation



Emotional factor results

- 26% improvement in emotional awareness
- 28% improvement in emotional literacy
- 37% improvement in emotional management

**It is important to note that HRV declines as we age, so we would naturally expect a 3.5% fall in HRV over one year. However, with Complete Coherence coaching interventions, participants saw, on average, a 15% increase in HRV in the year they received coaching.*

54% reduction in *stress* and a
37% improvement in *emotional
management*



Calculating a financial ROI

Using published data on the cost of people to an organisation, we can translate the above impact data into a financial ROI of coaching.

As stated earlier, we know that the cost of replacing a senior executive is estimated to be £213,000. Research has shown that a reduction in stress levels (from high to low, as we see in our coaching data) is associated with a 10% decrease in the turnover intentions of executives,¹¹ which equates to an average saving of £21,300.

An executive earning £100,000 per year and working, on average, 240 days per year, equates to a salary cost of £417 per day. The productivity cost of an executive is higher than their salary alone. This productivity cost is estimated to be £671 per day for an executive on a £100,000 annual salary.^{12,13,14}

According to studies, highly stressed employees take an average of 4.6 sick days per year compared to 2.6 days for low stress employees. That equates to £1,342 in lost productivity cost. Furthermore, presenteeism (being at work but not productive) is also six days higher among highly stressed employees, equating to another £4,025 in lost executive time.¹⁵

Research also reveals that good sleep is associated with higher productivity. A conservative estimate is that well rested executives have 4% more productive time.¹⁶ This equates to £6,441.

Adding the reduced costs of better sleep to the lower absence, presenteeism and turnover intentions, gives a grand total of £33,108. Assuming a typical coaching programme cost of £15,000, this equates to a return on investment of 220%.

A major challenge in quantifying the return on investment of coaching is the difficulty of grounding the quantifiable changes from this coaching approach in the academic literature.

The evidence presented above is routed in the literature, but almost certainly massively underestimates the value of coaching people to a new level of performance. The primary benefit of transforming leadership clarity and capability is the financial impact of improved decisions and the avoidance of poor decisions, either by the leader themselves or their direct reports.

*The return on
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220%



Personal perspectives

While the numbers speak volumes for the impact of coaching, we should also acknowledge the very personal effect that the right kind of coaching can have. Here are two perspectives from Complete coachees:

Coaching for *better decision-making*

Sue Graham Johnston, former head of RBU UK/Ireland/Africa at the Linde Group shares her experiences of coaching with Complete:

“When I arrived as a new leader to Linde, it was an organisation that had mostly promoted leaders from within the company. Not only was I from ‘the outside’, I was also an American woman who had not worked in the industry before. The situation was high risk from an entry perspective and there were multiple opportunities for failure.

“My motivation to get coaching was to support a successful integration with the team as we navigated our way through the cultural and style differences.

“I had not had any individual coaching for around 15 years. My previous experience, while beneficial in my professional development, was a traditional approach looking at 360 feedback and behaviours. The coaching with Complete Coherence is quite different and insightful in both the personal and organisational dimensions. Complete Coherence coaching gets to a more fundamental physiological level in addition to interpersonal and behavioural elements.

“It was very insightful for me to see my biological patterns – like heart rate - and understand how they might influence my behaviour either positively or negatively. By being more tuned in to my habitual emotional reactions under stress I have been able not only to observe them, but to choose a different behaviour and shift my emotional state through techniques learned in the coaching engagement.

“Instead of reacting with less productive behaviour, I am now able to be on the opposite side of an argument without trying to win or convince others of my perspective. Focusing instead on what I value or appreciate about others in the discussion puts me in a more receptive frame of mind. This has helped defuse quite emotional topics where we weren’t making progress. The coaching has had a direct impact on my ability to achieve better agreement on decisions and make important progress on activities that were previously stalling.”



*“I’m now operating at a **new level of emotional awareness and control**, which is not something that I could have achieved on my own and **it’s made a huge difference to my entire life.**”*

Coaching creates **lasting change**

A director of people and development for a governing authority highlights the power of coaching to create lasting, positive change:

“My job is actually two big jobs – one relates to the industry and the other an internal role. This constant juggling of two, quite conflicting and certainly competing demands, with numerous important stakeholders who needed to be proactively managed across the country, has been a significant challenge. All of that was tough enough as it was but then I had a serious horse riding accident and came very close to having my left arm amputated. I was dealing with the physical side of things pretty well but I hadn’t taken into account the mental impact of such a potentially life-changing event. In fact, I started to unravel quite badly.

“My work ethic is incredibly strong and I tried to keep on working while recuperating from my accident, (probably to my detriment), and it hit me just how crazy the job situation was. My relationship with my chief executive had also suffered during the time that I had been forced to stay away from the office and I knew I couldn’t carry on muddling through. That was my turnaround point. With my coach’s help, I took complete control of the situation and negotiated myself a plan to move on that works for all parties.

“The coaching has been very practical, but it’s the emotional impact that has been so dramatic. I am so relaxed, calm, positive and genuinely excited about my future. Even though I’m the main breadwinner, I’m not panicking about anything because I feel so confident in my own capabilities - I honestly feel very positive.

“My coach knew that we had to resolve my self-esteem issues once and for all, otherwise those self-doubts would keep creeping back in during the tougher times that one inevitably faces. This is not about just being told by your coach to think more positively, I’ve had a fundamental emotional shift that is genuine. It’s not possible to fake it, as that’s not genuine and it has to be real, you have to believe it from within. I know that because I’ve had the benefit of coaching, and even counselling, before that has not managed to create such a fundamental emotional shift.

“I’m now operating at a new level of emotional awareness and control, which is not something that I could have achieved on my own and it’s made a huge difference to my entire life.”



Conclusion

Across all 12 measures, including the objective HRV measure, coaching subjects saw improvements in positive factors and reductions in negative factors. The biggest changes were observed in emotional management (37% improvement) and stress (54% reduction). Being able to manage your emotions is critical to gaining control over your life and having emotional intelligence when making decisions especially during inevitable stressful periods.

Furthermore, the coaching subjects even seemed to buck the natural aging process, at least as far as HRV is concerned. Instead of a 3.5% expected decline in HRV over one year, the coachees experienced a 15% increase in HRV. This change is likely to have had significant effects on the coachees in terms of health, energy levels, dynamism and brain function (decision-making), as previous research⁹ has shown.

In addition to the psychological benefit and the ability to objectively increase energy levels while reversing the aging process, one of the most compelling reasons for leaders to commit to developmental coaching is the financial benefits of doing so. We have shown a minimum ROI of £33k for an executive earning £100k. For a board member earning £1m per annum the ROI is at least £300k, and that is before you factor in the benefit of improved decision making or the avoidance of errors by the leader or their reports.

In conclusion, there are now very compelling financial reasons why organisations should invest in quality developmental coaching.



Study methodology

Data were collated from participants of Complete Coherence coaching programmes. Each participant completed the Complete Coherence Emotional and Social Intelligence Questionnaire (ESQ) and General Health Questionnaire (GHQ-12) before coaching began and again one year later. In addition to questionnaire completion, coachees also undertook a 24-hour Heart Rate Variability assessment by wearing a Lifecard heart monitor. Again, the HRV assessment was done before and after coaching, one year later. The raw data from the heart monitor was processed by a hospital cardiac technicians and interpreted by Complete Coherence analysts.

Sample sizes:

HRV assessment data from 62 individuals. GHQ responses were collated from 55 coaching subjects, while ESQ responses were gathered from 57 coachees.

Statistical significance:

P-values for all factor changes were calculated and ranged from <0.000001 for all three emotional factors, to 0.038 for work engagement. From this we can conclude that there is an excellent to good level of statistical significance for all factors presented in this paper.

Further reading

For further reading on coaching and its relationship to leadership performance, see:

Coherence: The secret science of brilliant leadership

<http://coherence-book.com>

4D Leadership: Competitive Advantage Through Vertical Leadership Development

<http://www.complete-coherence.com/4d-leadership/>



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