

**ridler & co**  
developing leaders

**The ridler & co Survey of  
Trends in Buying  
Executive Coaching 2007**





**T**ens of millions of pounds are expended every year in the UK on executive coaching by organisations of all types and sizes (no one knows just how much but recent estimates indicate that annual spending in the global executive coaching market is now in excess of \$2bn). Highly paid senior executives spend thousands of hours in coaching sessions. Yet many issues about how organisations find, choose and evaluate their coaches remain unresolved.

The excellent Chartered Institute of Personnel and Development (CIPD) study of 2004 on coaching and buying coaching was the first comprehensive study in this area in the UK. Since that time, the coaching sector has expanded, with more coaches offering a wider variety of sometimes confusing services. At the same time the demand for executive coaching shows no sign of abating: buyers of coaching face greater amounts of demand and supply in a fragmented market, with little published available guidance.

Our research builds on the CIPD study and examines a range of factors influencing the choice of coaches - background and qualities of coaches, the benefits of coaching, returns on investment, size of provider, supervision and continuing professional development (CPD).

The results of our research are, in some areas, rather unexpected and will hopefully inform future decisions about coaching selections. We hope that the pooling of the intelligence provided by our sample, drawn from some of the largest coaching buyers in the UK, will enhance knowledge of contemporary executive coaching.

**This report is the first in a series of annual studies which we intend to make, looking into the current issues facing organisations and their coaching activities. The coaching sector continues to develop at a fast pace and, at this stage of its development, it will benefit from constant reassessment and analysis. This is particularly important for executive coaching which, by its nature, is a confidential and highly discrete activity. Well-researched investigation can only help to cultivate better practices and understanding.**

# Contents



|  |    |
|--|----|
| Introduction.....                              | 1  |
| Background of coaches.....                     | 3  |
| Qualities of coaches .....                     | 4  |
| Benefits of coaching .....                     | 5  |
| Size of coaching provider.....                 | 6  |
| Supervision .....                              | 7  |
| Continuing professional development (CPD)..... | 8  |
| Concerns about executive coaching.....         | 9  |
| Return on investment (ROI).....                | 10 |
| Conclusions .....                              | 11 |
| Methodology.....                               | 12 |
| ridler & co.....                               | 13 |

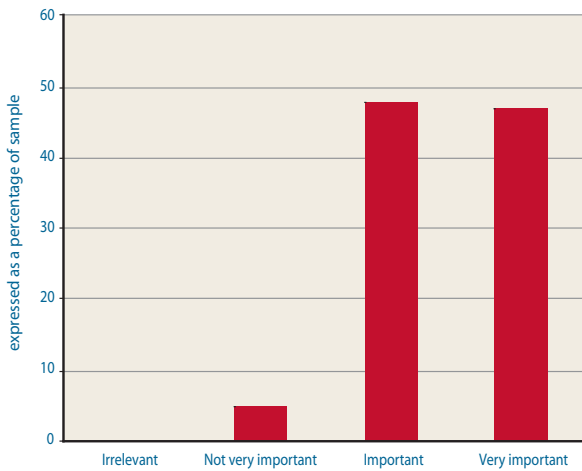
# Background of coaches

Our questionnaire asked a series of questions about the importance attached by buyers of coaching services to the background of coaches, including previous business careers in senior positions, psychological expertise and the importance of having a track record as a coach.

Ninety-five per cent of the survey group believed that it was important or very important for executive coaches to have had a prior career in business. When we looked for some deeper information in this area, our survey indicated that “significant experience of working at a senior level in the business world” ranked an average score of 4.2 out of 5.

So there is considerable appetite for proven executive skills in coaches, to help coachees develop their own executive careers. Direct experience of working in business gives coaches the requisite understanding of the world in which their clients work, enabling coaches to empathise with the challenges that senior executives face in their business careers.

Importance of business experience



Psychological expertise is seen as an important asset for a coach. Eighty-five per cent of the survey group rated having a combination of psychological training and business experience as important or very important for coaches.

In addition, when answering questions elsewhere in our survey, it is clear that buyers ascribe considerable importance to “psychological-mindedness” in coaches. For example, “ability to apply psychological principles in coaching” was the most highly rated response when we enquired into the appropriate levels of psychological expertise in coaches.

This does not mean that a professional training in psychology is necessary for every coach. However, a high level of psychologi-

cal competence is an important asset when navigating the interpersonal complexities of the coach / coachee relationship.

For example, in terms of potential concerns regarding coaching, respondents highlighted their potential unease if a coach were to prove unable to manage a difficult psychological dynamic with the coachee.

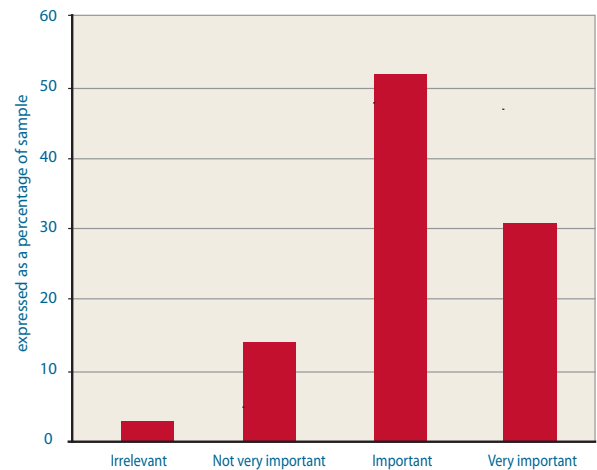
*“I want to find out what credentials a coach has, including their business experience, the breadth of organisations they have worked in and their psychological expertise.”*

**Ailsa Donovan, Rentokil Initial**

Fifty per cent of survey respondents valued psychometric profiling when offered as a supplementary service to coaching by coaching providers.

Ninety-five per cent of those participating in the survey thought that it was either very important or important for coaches to be supervised. Supervision sessions often focus on psychological issues.

Importance of prior business experience and psychological training



Against this background, psychological expertise features prominently in what organisations now expect from their coaches. Only ten per cent of respondents felt that basic coach training / accreditation was sufficient to provide the required level of psychological competence.

We conclude that the insight gained by working at senior levels in business, combined with superior psychological expertise, gives buyers a sense of confidence in the coach’s abilities. A business career without the requisite levels of psychological proficiency may cause the coach some challenge in achieving success in their career.

# Qualities of coaches

Our results show a coach's track record is the most significant quality sought by buyers (an average score of 4.5 out of 5 – where 5 was ranked as a very important quality) – just ahead of “significant experience of working at senior level in the business world” (which scored an average of 4.2).

The results clearly show that organisations value a good track record in a coach, above all other features. Is this because there are few other measures available? Until recently, there has been a lack of clearly recognised accreditation bodies for executive coaches, with rigorous training requirements and wide-ranging powers of regulation.



It will be interesting to see how quickly the recently formed APECS (Association for Professional Executive Coaching and Supervision) which specifies minimum standards of psychological competency, business experience and coaching experience for coaches, emerges to fill the gap in accreditation in executive coaching.

Our findings also demonstrated that cultural fit between coach and coachee's employer was important. In order to improve this cultural fit, many organisations are working increasingly hard to set up partnerships with their external coaches by, for example, bringing coaches to their offices for a knowledge-sharing day.

*“In selecting coaches for our business I look for a thorough understanding of our business culture and the environment we work in.”*

**David Wood, Shearman & Sterling**

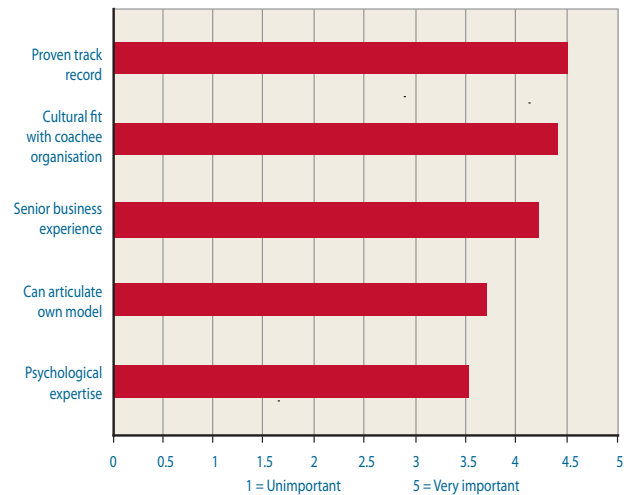
There is recognition that, as an expensive but valuable resource, coaches will add value to the organisation if they have more knowledge about its direction, objectives and structure. Outsourcing is seen to have brought many benefits but one of its consequences is that external suppliers need to be fully engaged in the dynamics of the business if they are to provide relevant and effective services.

The importance given to coaches being able to articulate their own coaching model was not rated highly by survey respondents. Having a proprietary coaching model is not generally seen by buyers as an opportunity for the coach to differentiate their services.

Our interviews provided more insight into qualities of coaches. For example, relevant business experience was seen as an important way in which the coach can establish initial credibility in an organisation, with buyers of coaching as well as coachees.

It can, however, be an advantage in many coaching situations for the coach to have had experiences of quite different roles to the coachee, in other industries. This often helps the coach to see the coachee's situation with a new pair of eyes.

Qualities of coaches



Some buyers are simply confused by the language used by many coaches and others feel that talk about coaching models is unhelpful. Buyers increasingly want rounded and experienced coaches, able to provide a variety of relevant approaches, rather than the coach who only has the one coaching tool.

It is perhaps not surprising that buyers want coaches to be able to demonstrate their success through a powerful track record but this tendency rather undermines the widely articulated view that there are low barriers to entry in the coaching sector.

It may well be relatively easy to call oneself a coach but clearly it is a considerable task to obtain the more prestigious work without relevant experience – and this explains why so many enter and leave the coaching profession.

Trends of this nature will possibly lead to greater sophistication within the sector – potentially with fewer but more experienced coaches marketing their services in the senior executive coaching arena.

# Benefits of coaching

We have sought to distinguish the benefits of coaching from the return on investment on coaching. By examining the benefits, we have attempted to identify the reasons why organisations engage in coaching and what they expect the coaching process to deliver.

On the other hand, we believed that information on returns on investment was more suited to looking at the ways in which organisations are measuring the advantages of coaching after the coaching has been completed. Our distinction between benefits and return also involved the appraisal of the intangible against the tangible.



Our sample provided two particularly interesting insights into the benefits that are perceived to derive from coaching. It was unsurprising that better working relationships ranked so highly as a benefit of coaching. After all, executive coaching is regularly used to assist those who have built their careers in technical areas and subsequently attain management positions, which demand the development of “people skills”.

We did not anticipate that the joint favourite benefit cited would be that of employee retention. In this context, our discussions with those involved in the survey indicated that coaching provides three advantages.

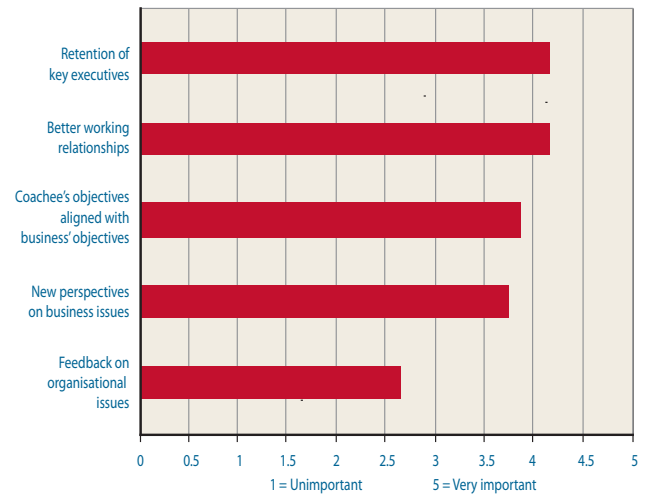
First, the perceived success of coaching has demonstrated that the present (and the next) generation of managers and leaders are likely to be more effective when involved in a coaching process.

In today’s war for talent, keeping high performers is one of the key constituents of success. Coaching is aimed at better performances, which in turn lead to promotion, higher salaries and status and more satisfied and loyal employees. This is clearly a direct organisational benefit.

Secondly, a more indirect benefit in terms of retention is the current expectation that employers will provide opportunities for employees to improve their skills. Anecdotal evidence (which we intend to explore in more depth in our next report) points increasingly to an expectation of coaching being provided at some point in an executive career.

Fulfilling this expectation is becoming an important part of the “package” being offered to retain the most talented staff. The offer to engage in what is, after all, one of the most expensive forms of career development is a real demonstration of being a “top” employer, willing to meet the aspirations of ambitious executives.

Benefits of coaching



Thirdly, the availability of an experienced coach can give those executives who have acquired senior positions an essential opportunity to unburden themselves and share the problems of leadership. Without this “support” some leaders may leave and, in the process, cause the organisation to lose all their intellectual and emotional capital

We were surprised by the responses on aligning the objectives of the individual coachees with those of the organisation. We had wondered if buyers would rank this alignment as the highest response. However we found that the average score for the importance of this benefit was 3.9, behind the benefits of retention and better relationships.

It is possible that organisational alignment is taking place on a wide but unconscious level. Essentially, organisations have been prepared to invest substantial amounts in executive coaching on the basis that effective coaching has appeared to integrate individual psychology with organisational needs. More work needs to be undertaken to show just how much alignment buyers are seeking, before any definite conclusions can be reached.

# Size of coaching provider

In a finding that may surprise some, our research has revealed that eighty-nine per cent of the companies responding to our survey (which are all large organisations) are using solo / independent coaches, compared with forty-six per cent using medium-sized providers (“boutiques”) which we have defined as having less than twelve coaches. Only twenty-one per cent use large consultancies (more than twelve coaches).

In other buying decisions, large organisations will usually opt for large suppliers in the “you don’t get sacked for buying IBM” syndrome but many of the largest companies in the world are routinely using solo coaches.

*“One reason I mainly use solo coaches and medium-sized coaching firms is that I know their coaches personally, so can make a better match between coach and coachee.”*

**Dawn Bingham, Denton Wilde Sapte**

What are the reasons for this choice?

- Many of the best coaches want to be independent. They have often worked in larger organisations but feel very comfortable running their own small business, value their independence and obtain better rates as independents than by working as associates for the large consultancies.
- Even larger businesses have problems in sourcing excellent coaches. Most coaches do not have high expenditure on marketing. There is no universally recognised professional body to which buyers can turn for referrals. Buyers therefore use word of mouth recommendations or personal contacts to find the quality of coach they require.
- The solo coach may provide a consistent level of service at a lower typical cost than the larger provider (but may equally become overstretched when too busy).
- Coaching buyers value the close relationships they can develop with individual solo coaches, which helps them to match coach and coachee more effectively.
- The large coaching consultancies cannot always guarantee consistently high quality delivery of coaching as their delivery depends on a variety of coaches of variable quality.

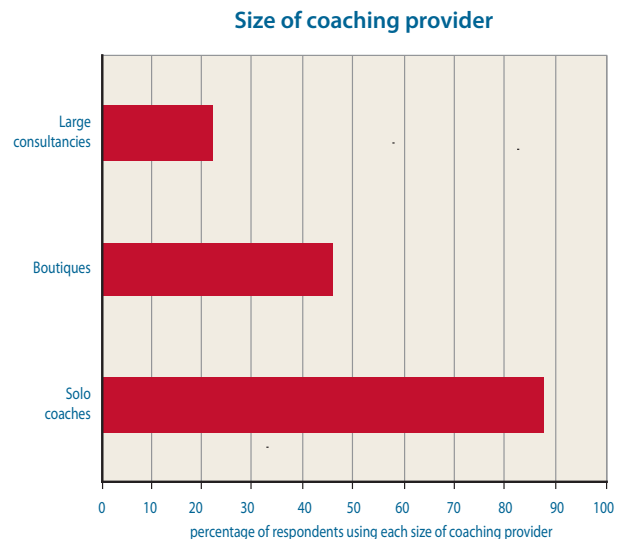
In the coaching sector, bigger is not currently seen as necessarily better. However, as we ask in our general conclu-

sions at the end of this report, can solo coaches continue to keep their market share as the coaching market inevitably becomes larger and more sophisticated?

As an alternative to the solos, boutiques were seen by buyers to have a number of structural quality advantages. They can offer a choice of coaches of consistent quality (given the smaller number of coaches) and can have enough professional identity, especially if they are led by professional coaches, to compete with the large consultancies.

The large consultancies may be retained for the more substantial coaching programmes: the largest have the advantage for buyers of being able to deliver needs globally from one supplier.

Whilst they have the resources to offer much choice and have in some cases developed their own proprietary models, the large consultancies do not dominate the market. They have certain disadvantages – as well as sometimes encountering challenges in delivering consistently high levels of service, some are not able to monitor the coaching assignments effectively and their larger overhead structures may force up their prices to uncompetitively high levels.



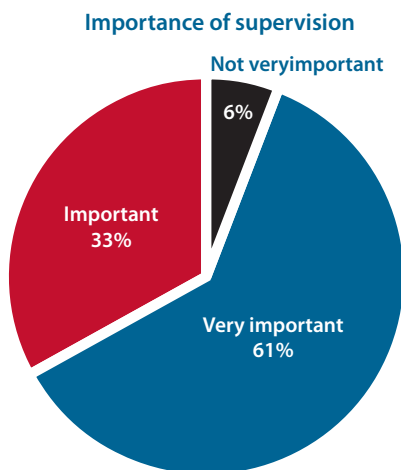
With the intimacy of the coaching relationship and recognising that coaching providers do not require large size to be accepted as market leaders or financially successful, it is likely that solos and boutiques will continue to thrive. However the market evolves, executive coaching will remain a personal and discrete activity at the point of delivery and that means there will always be opportunities for solo operators, provided that they invest in themselves and their businesses.

In one of the clearest responses to our survey, we have identified that there is a strong drive on the part of buyers generally for coaches to engage in professional supervision. Over ninety per cent of those participating in the survey thought supervision was either important or very important, with sixty-one per cent telling us that supervision was very important.

*“Now that the coaching market is maturing, specialist supervision is increasingly valued by buyers, especially where it is independent of the coaching provider.”*

**Geoffrey Ahern, Executive Coach and Consultant**

This is somewhat at odds with the extent to which coaches are engaging in supervision themselves. The CIPD Learning & Development Survey (2006) found that only forty-four per cent of executive coaches are receiving regular supervision. We conclude there is a gap between the expectations of organisational buyers of coaching and what coaches are doing to ensure high professional standards in this context.



What are the benefits of supervision that clients see but many coaches apparently ignore? In our interviews, we found that many buyers valued the extent to which supervision:

- “Quality assures coaching delivery”
- “Provides direction on difficulties around confidentiality and boundaries”
- “Gives coaches the chance to do their own reflection and generate new ideas on how to manage the coaching process”.

Buyer-led support for supervision is a major current trend in coaching. It is a sign of a growing maturity in the coaching sector and it is one of the areas where buyers may start to exercise some effective influence.

Our findings maintain a trend identified in the above mentioned CIPD sponsored research on supervision. This research found that eighty-eight per cent of those responding believed that coaches should have continuous supervision.

Our own analysis of the coaching sector indicates that more coaches are, in recent years, taking up individual and group supervision. With these trends, it is possible that supervision may soon be required as a fundamental part of coaching practice, in contrast to the less stringent approach taken at the moment.



# Continuing professional development

**M**ore than two thirds of those surveyed believed that it was very important that coaches engaged in Continuing professional development (CPD), with over ninety-five per cent taking the view that CPD was at least an important issue in which to engage. Only three per cent took the view that CPD was unimportant or irrelevant.

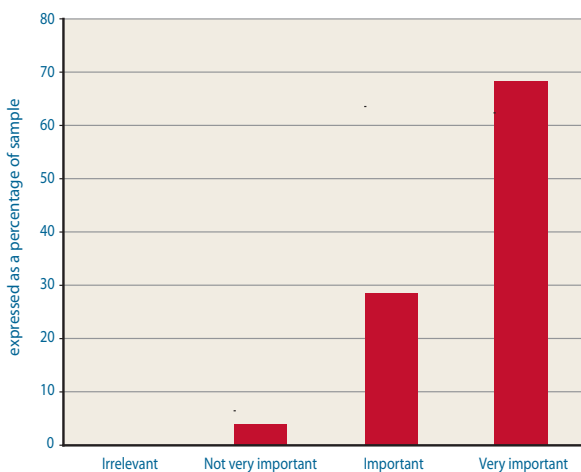
Organisational clients clearly expect coaches against this background to invest continually in their learning. The leading executive coaches are already engaging in extending their knowledge and skills. They commit to their development with enthusiasm.

Those seeking good practice as either suppliers or purchasers, accordingly understand that CPD is an important issue. Unless the wider body of coaches responds to the market-led demands for attaining higher levels of continuing development, they may find it increasingly difficult to compete for work with larger buyers of coaching.

If our research accurately reflects the trends in coaching, it may well be only a matter of time until there are broadly recognised minimum standards covering executive coaching, including supervision, CPD and accepted levels of training / understanding of psychological principles.



Importance of CPD for executive coaches



At present, whilst some coaches are attempting through various bodies to achieve some standardisation, real progress is most likely to be made through buyers establishing certain criteria and driving the direction of the market. The buying market may be on the point of consolidating its demands. Many would argue this is how it should be. After all, "He who pays the piper calls the tune".

Despite the challenges set by the diversity of coaching models and the difficulties of choosing the best coaches, the general impression from senior HR and learning and development professionals was one of trust in the coaches and their approaches.

*“Coaches’ prior business experience does not need necessarily to be at the most senior level. Alex Ferguson and Jose Mourinho are living proof that the best coaches have not always been the greatest players.”*

**John Lucy, Herbert Smith**

Some in our sample expressed great surprise that a coach could ever breach confidentiality – a reassuring sign of a basic minimum level of professionalism in the coaching sector.

Poor chemistry was seen as a very significant potential source of concern for the buyer of coaching. Putting an ill matched coach and client together can have very negative consequences, yet it has been the subject of little public attention. We felt that further research was merited in this under-resourced area: research that we will publish in the autumn.

The success of many coaching assignments and the expertise of coaches being used by the largest buyers of executive coaching was reflected in the low concerns about coaches being unable to manage difficult psychological issues. Nevertheless, this is an issue which arises from time to time and an important part of supervision is the space given to coaches to discuss how to handle complex situations.

The relatively minor unease about the inability to demonstrate a clear return on investment only reflects the issues discussed on page 10, and supports the view that large corporates are under little pressure to carry out enquiries about returns or recognise that the exercise is fraught with challenge.



We saw evidence in our interviews that some organisations were very interested to find ways of obtaining organisational feedback from their coaches without breaching coaches’ confidentiality.



This is a topic that deserves more debate. Executive coaches often unearth truths about organisations that never surface outside the coaching session. If these issues remain inaccessible, they can cause serious injury to the organisation through lack of motivation, staff losses and loss of productivity.

# Return on investment (ROI)

We wanted to discover through our research:

- The degree to which ROI was impacting decisions to select coaches
- How data on ROI on coaching was being collected.

We found that:

- Some organisations have set out clear objectives for their programme and/or established review mechanisms, but most have not
- Whilst some firms could link coaching activities to their goals, others had clearly provided coaching on an ad hoc basis
- There was a broad consensus that financial returns were very difficult to measure.

Does this mean that, when challenged, HR and learning & development departments will be unable to justify the large sums that are being spent on coaching?

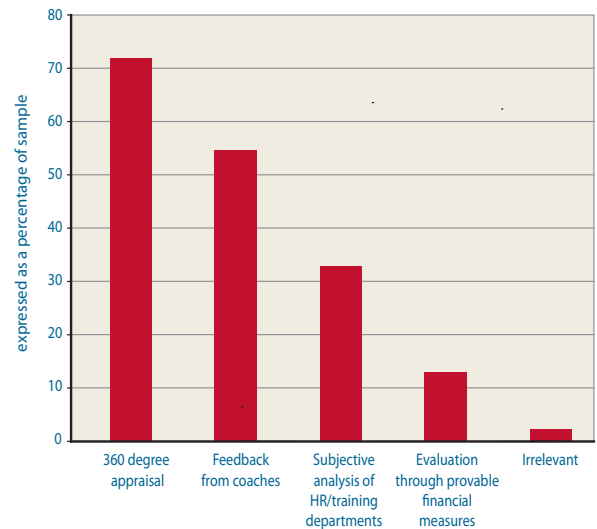
There does appear to be a widespread recognition that coaching occupies, in two senses, an unusual role within organisations. First, there is less attempt to capture the return on investment on coaching than most other forms of investment made by businesses (see below). Secondly, it is clear that buyers of coaching services accept that a significant element of coaching is the individual benefit that accrues to the employee.



This is not to downplay the benefit which the organisation receives. Coaching serves to motivate the employee, hence benefiting the organisation through enhanced performance and increased employee loyalty. It appears that many organisations have a good deal of trust in the process, profiting both employer and employee.

Despite the growth in coaching activities in recent years, only a small amount of research has been undertaken in the real returns on performance for executive coaching. Is this because, as many commentators claim, it is too difficult, awkward or not appropriate to attempt a measurement of an activity that is so intimate and personal?

How ROI on coaching is measured



Einstein expressed this view in his statement that “not everything that counts can be counted and not everything that can be counted, counts”.

We were aware that ROI was being measured in general, if not specific, terms through feedback given by coachees and line managers. We have sought in our research to discover other ways in which that feedback could be obtained as a way of helping buyers to identify ways of capturing ROI.

The most popular means of measuring the ROI of coaching was through a comparison of 360 degree appraisals (pre and post coaching) and through feedback from coachees and their line managers. Some organisations obtained information through their coaches through three way meetings with coachee, or other bounded communications with coaches.

Less than two per cent of those responding to the survey thought that ROI was irrelevant.

We have had some wide-ranging responses to our enquiries. We have, at the same time, noted the extent of certain homogeneous answers from our sample, such as the common desire for coaches to engage in supervision. They point to the surfacing of some clear trends in executive coaching.

Many organisations have now had a relatively long period of induction into coaching practices and are able to draw on that knowledge base to inform their decisions. Following a growth spurt in executive coaching, buyers are feeling more confident about what they want – and what they don't want. Executive coaching can consume significant parts of learning and development budgets and paying consumers are starting to deliver clearer messages about their needs.

Our main conclusions are as follows.

## Profile of executive coach

Our research has developed a clear picture of the most popular type of executive coach favoured by larger organisations. Their typical traits would include:

- Proven coaching track record
- Ability to fit culturally within the coaching buyer's organisation
- A prior business career – often at a relatively senior level
- The ability to apply psychological principles reliably and expertly
- Regular supervision.

*"The best coaches draw from a range of theoretical models in their work."*

**John Lucy, Herbert Smith**

Buyers of coaching services regard a proven track record as being the most valuable trait in coaches. This poses a problem for those many coaches new to the market as, without a previous track record, many will struggle to find work.

## Supervision

Coaching buyers regard supervision as an important requirement for coaches. Coaches, for their part, should, if they want to be taken seriously and pitch for valuable work with large corporates, positively react to this market-led challenge.

## Coaching providers

Solo / independent coaches are clearly obtaining a large market share but, without significant marketing and other business support structures, will they continue to compete as the coaching market matures and consolidates – in the way that most markets eventually develop? As buyers' needs continue to develop, the solo coaches may need to consider how they will respond to new pressures.

## Benefits

In many industries, employers are experiencing a shortage of skills. There are ever greater pressures in keeping and motivating high performers. Offering executive coaching is widely seen as an incentive to remain as an employee.



The proposition being sent to employees here is that "You have a great future here and we are going to invest in you to assist in your success". This is a seductive message, potentially playing a significant role in retention.

## Concerns

Inevitably, those who responded to our survey and took part in interviews are likely to be supporters of executive coaching. Nevertheless, issues such as matching coach and coachee, monitoring the coaching assignments across the organisation and capturing some key high-level information were seen as presenting challenges.

## ROI

Buyers of coaching services are not, by and large, focusing on measuring return on investment in financial terms. As coaching expenditure across many companies appears set to grow, will there be more pressure to evaluate financial returns?

The practice of executive coaching has run ahead at full steam, with demand increasing at a dramatic rate in recent years. Executive coaches have focused on meeting that demand and purchasers have often had challenges in deciding how to meet the internal pressures for coaching activities.

Our investigations however show that employers are building the experience and knowledge to assert in increasingly loud terms what they expect from the coaching sector. We expect this trend to continue as the youthful coaching industry progresses into maturity.

# Methodology

The results of this research are based on:

- A series of interviews with
- Senior buyers of coaching
- Experienced coaches
- Well-regarded commentators on the coaching sector
- A questionnaire, sent in March 2007, to buyers of coaching in over eight hundred large UK businesses. The contents of the questionnaire were designed through discussions with a team of senior HR and learning & development managers, all of whom have had lengthy experience of selecting coaches for their organisations.

Seventy questionnaires were returned by some of the largest companies in the UK – a response rate of nine per cent (a very satisfactory response rate for a study such as this). The responses came from a variety of industries and included:

- Fourteen FTSE 100 companies
- Seven of the top fifty law firms
- A range of multi-national companies
- Ten large financial institutions.

All our research came from sources in the corporate and financial sectors and large professional partnerships.

For the purposes of this research, we refer to executive coaching as one-on-one consultation, provided by individuals who do not have organisational ties, regarding the coachee's individual performance as it relates to organisational contexts.

We are most grateful to all those who took the time to help with both answering the questionnaire and participating in interviews.

**ridler & co** is a specialist executive coaching provider based in central London. We have an elite team of the most talented independent coaches in the UK – all under one roof.

**ridler & co** is committed to understanding the evolving needs of buyers of executive coaching through formal research and by constantly talking informally to our clients about their needs and expectations. For example, research into matching coaches with coachees will be published in the autumn.

For more information please go to [www.ridlerandco.com](http://www.ridlerandco.com).

Your views on this report are most welcome. Please let us have any comments by contacting Nigel McEwen or Clive Mann on 020 7112 6750 or by email to [info@ridlerandco.com](mailto:info@ridlerandco.com).

We are particularly keen to hear from readers who have ideas about fruitful areas of research for the 2008 Annual ridler & co Survey of Trends in Buying Executive Coaching. Please contact us with any suggestions about topics which might be of interest to the executive coaching market. Our research activities will continue throughout the year.

**ridler & co** publishes a regular newsletter with the objective of informing the market about developments in the field of executive coaching. If you would like to be placed on the circulation list for this and our other publications, please send your email and postal address details to [info@ridlerandco.com](mailto:info@ridlerandco.com) or phone Nigel McEwen or Clive Mann on 020 7112 6750.



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