Maximizing the Impact of Executive Coaching:

Behavioral Change, Organizational Outcomes, and Return on Investment

By Joy McGovern, Ph.D., Michael Lindemann, Ph.D., Monica Vergara, M.A., Stacey Murphy, Linda Barker, M.A., & Rodney Warrenfeltz, Ph.D.

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Executive coaching, which surfaced as a leadership development practice over a decade ago, is now among the most widely used executive development techniques. Yet, despite its growing tenure as a leadership development practice, executive coaching is still used sparingly in many organizations, and has remained underutilized. The authors believe this is because the paucity of empirical research into its effectiveness leaves the field open to speculation and subjective opinion.

Introduction

As executive coaching practitioners, we have direct experience demonstrating that this process does have a lasting impact on the individuals who participate in it, on the larger organization of which they are a part, and on the organization's financial bottom line. Measuring and demonstrating this, however, led us into previously unexplored territory. No prior research had attempted to quantify the business outcomes of executive coaching. Since a controlled experimental trial was not possible, our challenge was to demonstrate a chain of impact (Phillips, 1997). As a result of our experience, we posit:

• **Coaching** translates into **doing.**

• **Doing** translates into **impacting** the business.

• This **impact** can be **quantified** and **maximized.**

The traditional paradigm for evaluating the effectiveness of development programs has examined four levels of criteria or impact (Kirkpatrick, 1983), specifically:

• **Reaction to the program and planned action:** the participants' reactions to, and opinions about, the intervention, and what they plan to do with the material

- **Learning:** the competencies the participant was expected to acquire as a result of the program

- **Behavioral change:** whether the participant is doing things differently as a result of the program

- **Business results:** relating participation to either tangible or intangible business results

More recently, a fifth level has been added to the evaluative schema (Phillips, 1997):

- **Return on investment (ROI):** the relationship between the monetary value of the results and the cost of the initiative

Our research follows the full new paradigm, including the fifth level, return on investment. Although this is the recommended methodology for analyzing program impacts, there have been few studies reported in the literature that have researched individual executive development programs, and we know of none that have actually followed the recommended approach.

Method

Demographics

The participants in this study were 100 executives in the northeastern and mid-Atlantic regions who had completed their coaching between 1996 and 2000.

Sixty-six participants were male and 34 were female. Their ages ranged from 30 to 59 years. At the time of coaching, 50 percent held positions of vice president or above. The sample included Caucasians (78 percent), African Americans, Hispanics, and Asians. Twenty-eight percent reported total compensation in the $100,000 to $149,000 range, and 19 percent reported amounts of $250,000 or higher.

Stakeholders

Where possible, we also surveyed the executives' immediate supervisors or human resource representatives who had observed the coaching experience and could comment on its effectiveness. We refer to these individuals collectively as "the stakeholders."

Coaching Process

Participants followed customized programs addressing their individual needs. However, the following features were generally applicable to all the coaching engagements included in this study:

- **The coaches** were typically Ph.D. or M.B.A. graduates with at least 20 years' experience as organization development practitioners or line managers. All had graduated from a standardized internal training program focusing on principles of assessment and intervention in executive coaching practice.

- **Coaching programs** fell into two broad categories: **change-oriented**, with an emphasis on supplementing and refocusing the participant's skills; and **growth-oriented**, with an emphasis on accelerating the learning curve for high-potential or recently promoted executives. In this study, 55 percent of cases were classified as change-oriented, 29 percent as growth-oriented, and 16 percent as combining the two orientations.

- **Coaching programs** typically ranged from six to 12 months in **duration**. Whatever the orientation and content, all coaching programs followed standard assessment **procedures**. These included personality instruments, multi-rater surveys, and interviews with members of the multi-rater survey sample. Standard coaching protocols were followed in order to maximize alignment throughout the process among the participant, his or her immediate manager, the HR representative, and the coach. Meetings were held at specified intervals to share feedback and review progress toward goal attainment. Confidentiality principles were stipulated in order to protect the specific content of coaching sessions while keeping the stakeholders informed of goals and progress.

Interviews

Two independent contractors were recruited and trained to gather the data. An interview protocol was developed to address the five levels of impact outlined above. During a 25- to 45-minute phone interview, executives rated their level of satisfaction with the coaching process as a whole. In addition, they described their goals for coaching, rated how effectively they had achieved these goals, described the new behaviors they had adopted, indicated how frequently they currently

used the new behaviors, and identified factors that had contributed to the effectiveness or ineffectiveness of their coaching program.

More importantly to this study, executives identified the tangible benefits to the business that resulted from the coaching process. To put the coaching in context, executives also identified factors other than the coaching which could have contributed to their increased effectiveness and the consequent business results. Then they provided an estimate of the annual monetary value of the business results. Finally, they identified intangible benefits derived from the coaching program.

Calculating Return on Investment

Participants were asked to quantify the business impacts they had already identified. (Participants used their own calculation methods, which they described to the interviewers.) After participants had provided their estimates, they were asked for their confidence level in their estimate. To eliminate outliers, an upper limit of $1 million was placed on high-end estimates.[1] Next, a series of adjustments was made in order to render the estimates conservative and isolate the ROI component attributable to the coaching, as distinct from other factors.

- **To isolate the effects of coaching,** ROI estimates were multiplied by the percent of the improvement that executives attributed to coaching (known as the **isolation factor**).[2]

- **To adjust for potential errors in estimation:**

  — The ROI estimates were multiplied by the executives' confidence level in the isolation factor.[3]

  — The ROI estimates were multiplied by the executives' confidence level in their ROI estimates.[4]

The original ROI estimate was adjusted four times, and this **"conservative ROI"** was used as the metric. This conservative approach maximized the credibility of the data (Phillips, 1997).

$$\text{ROI (\%)} = \frac{\text{Adjusted ROI} - \text{Program Costs}}{\text{Program Costs}} \times 100$$

Example

A senior manager working on interpersonal skills and project management skills attributed 50 percent of the improvements in her behavior to the coaching program. She attributed the remaining 50 percent to her commitment to the process. She was 100 percent confident in this estimate. Next, she estimated the ROI of her coaching to be $215,000 and was 90 percent confident in this estimate. To calculate the conservative ROI, the executive's estimate needs to be adjusted. Thus, $215,000 multiplied by 50 percent (her attribution to coaching), then by 100 percent (her confidence in the attribution), and by 90 percent (her confidence in the ROI estimate) results in a conservative ROI of $96,750. Given that the cost of her coaching program was $15,000, we applied the ROI formula:

$$\text{ROI (\%)} = \frac{\$96,750 - \$15,000}{\$15,000} \times 100$$

$$\text{ROI (\%)} = 545\%$$

Thus, the executive's company obtained 5.45 times its investment in coaching.

The Total Value Scale

Since the executives interviewed came from 56 organizations, large and small, we expected variability in their ROI estimates. Thus, we developed a scale for standardizing participants' estimates of the value of coaching. The Total Value Scale (TVS) provided a common ground for discussing the value

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[1] Estimates of $5 million and $25 million were converted to $1 million.

[2] Isolation factors ranged from 90 percent to 10 percent with an average of 50 percent and a standard deviation of 21 percent.

[3] Confidence levels in the isolation factor ranged from 100 percent to 50 percent with an average of 95 percent and a standard deviation of 10 percent.

[4] Confidence levels in the ROI estimate ranged from 100 percent to 10 percent with an average 77 percent and a standard deviation of 26 percent.

of coaching. For example, an executive in a small manufacturing industry may consider $50,000 a far more significant ROI than one in the information technology industry. The scale was anchored as follows:

+5: **The value of coaching was far greater than the money and time invested.**

0: **The coaching paid for itself.**

-5: **The value of coaching was far less than the money and time invested.**

Results

Reaction
Eight-six percent of participants and 74 percent of stakeholders indicated that they were "very satisfied" or "extremely satisfied" with the coaching process:

• "It was great working with someone who was very savvy and had experience around senior people."

• "This has been the greatest gift the company ever gave me. They can give you a bonus, but you'll just blow it on something. But this is a gift that will stay with me. When this started, my new boss was ready to fire me. Now he's promoted me."

"This has been the greatest gift the company ever gave me. They can give you a bonus, but you'll just blow it on something. But this is a gift that will stay with me. When this started, my new boss was ready to fire me. Now he's promoted me."

Learning
We asked participants and their stakeholders to identify their top two development priorities. The content of executive coaching typically focused on the following categories:

• Enhancing leadership skills (14 percent)

• Enhancing management skills (18 percent)

• Fostering personal growth (such as clarifying career issues, addressing work/life balance, self-knowledge/self-development—12 percent)

• Enhancing business agility and technical or functional credibility (15 percent)

• Enhancing interpersonal skills (35 percent)

Behavioral Change

Effectiveness at Goal Achievement

We began by asking the following question: "What are you doing differently that you may otherwise not have done without the coaching?" Responses to this question ranged from the very specific (e.g., "I'm reviewing my writing several times before sending memos out") to the general (e.g., "strategic planning").

Next, we asked participants to rate their own effectiveness at achieving their goals on a five-point scale.

Participants considered 73 percent of goals to have been achieved "very effectively" or "extremely effectively." Stakeholders were more conservative, evaluating 54 percent of goals as having been achieved with this level of effectiveness, and 85 percent as having delivered results "effectively" or more.

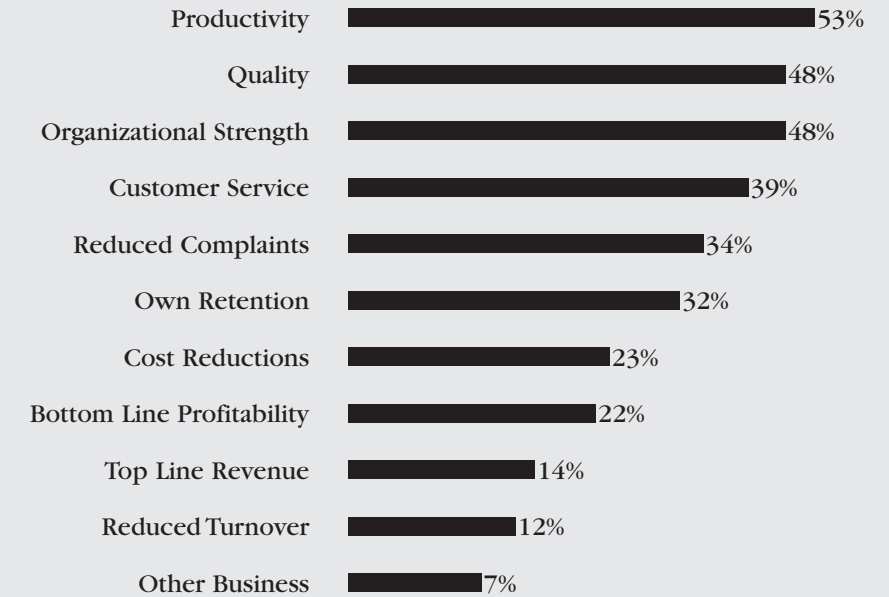### Factors That Contributed to Goal Achievement

In analyzing the chain of impact, we also sought to identify the factors that contributed to or prevented sustainment of newly acquired behaviors. We asked executives to identify the factors that had made the coaching experience particularly effective, and those that may have detracted from its effectiveness. Factors we evaluated included the assessment process itself, the effectiveness of the feedback received, the executive's commitment to the process, the coach-executive relationship, the confidentiality of the coaching, the availability of the coach and the executive, and the manager's and organization's support.

Eight-four percent of participants identified the quality of the relationship between executive and coach as critical to the success of the coaching. This is well illustrated by the following quotations:

• "The coach made it effective. [She] listens very well. She learned the language of the organization very quickly and very well. She was flexible and understanding of schedule changes."
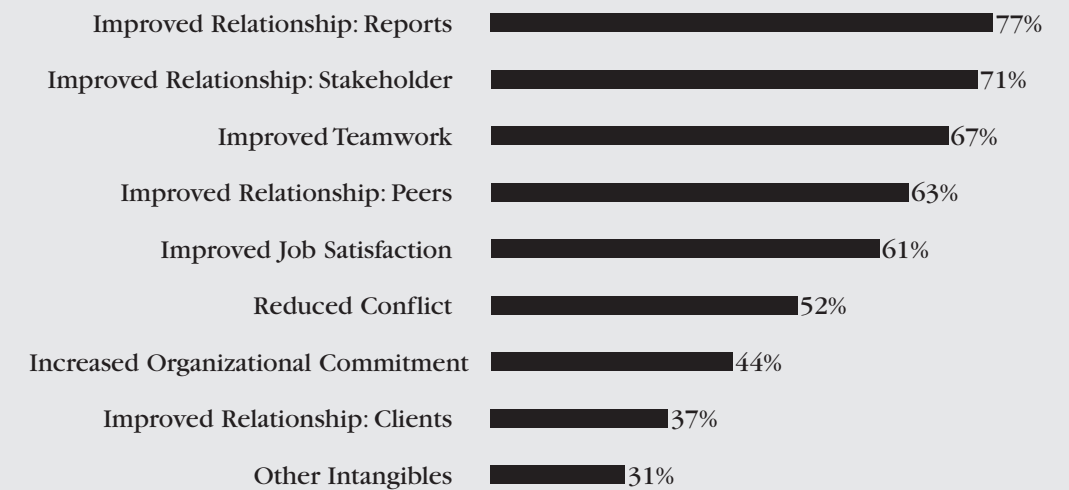
Tangible Business Impacts
(Frequency of impacts reported by executives)

Productivity	53%
Quality	48%
Organizational Strength	48%
Customer Service	39%
Reduced Complaints	34%
Own Retention	32%
Cost Reductions	23%
Bottom Line Profitability	22%
Top Line Revenue	14%
Reduced Turnover	12%
Other Business	7%

Intangible Business Impacts
(Frequency of impacts reported by executives)

Improved Relationship: Reports	77%
Improved Relationship: Stakeholder	71%
Improved Teamwork	67%
Improved Relationship: Peers	63%
Improved Job Satisfaction	61%
Reduced Conflict	52%
Increased Organizational Commitment	44%
Improved Relationship: Clients	37%
Other Intangibles	31%

- "My coach. Our personalities connected. He had a nice style. He understood what I needed and offered support strategies. His business experience was critical. And, when I first signed up, the first thing I said was, 'Can I see you this week?' The opportunity to immediately utilize the service was great."

Other success factors included: the structure of the process, regularly scheduled meetings, flexibility of meetings, "the role-playing the coach and I did," meetings held off-site, and "the fact that the coach sat in on my staff meetings." Each response was as unique as the experience itself.

Factors That Detracted from Effectiveness

Conversely, we identified the approximately 12 coaching experiences where executives had **not** sustained their new behavior for at least **one** of their developmental priorities. In response to the question, "What factors may have detracted from the effectiveness of your coaching experience?" participants frequently reported that detractors included a combination of the executive's own availability and organizational pressures, for example:

- "The demands of the organization allow me a relatively small amount of time to focus on the coaching."

Organizational Outcomes

Tangible impacts on business included increases in productivity, quality, organizational strength, and customer service. These are richly illustrated in the following quotations:

- "We invested about $10 million in a venture that was not making progress, and the company had considered terminating this project. I began managing this initiative and saw turnaround opportunity. I convinced our management to put another $3 million into this project and it's now successful. Had we decided not to go through with this project, we would have lost our $10-million investment. The coaching played a key role in this because it helped me to walk through political landmines and gain consensus among key stakeholders to go forward with this venture."

- "Through our 'blue skying' and stretching our expectations, we identified a number of cost efficiencies. A clear example is that we outsourced two areas, which I estimate will save us $1.4 million over the next five years."

In addition to tangible impacts, executives and their organizations also obtained intangible benefits. These included improved relationships with direct reports, peers, and stakeholders, as well as improved teamwork, increased job satisfaction, and reduced conflict.
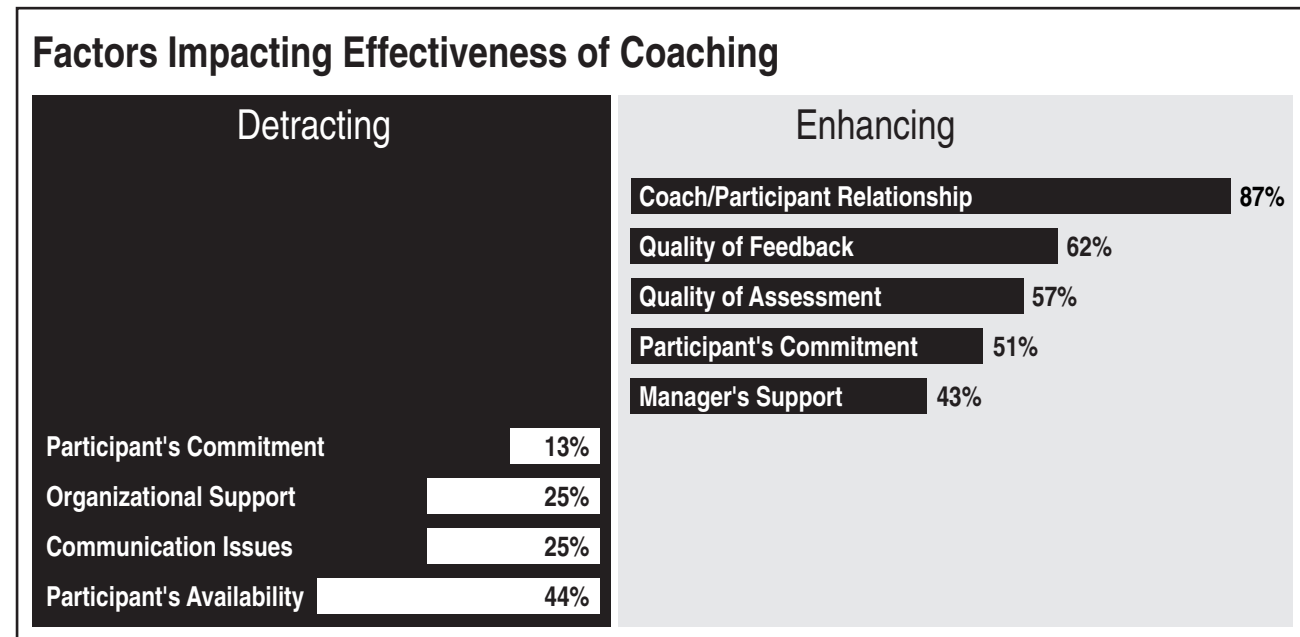
Some, through their comments, regarded these intangible benefits to be more meaningful to themselves and their organizations than the tangible benefits:

- "I developed closer relationships with my boss, direct reports, and peers. When I asked them for feedback, they were more collaborative. In terms of interactions, I sensed they wanted to interact with me. There was a change in their behavior. My network blossomed. I didn't understand the process of valuing relationships; now I do."

Return on Investment

Forty-three of the executives in the sample were able, when asked, to provide an estimate of ROI in dollars. (The remaining participants, although unable to provide such an estimate, nevertheless applied the Total Value Scale. These results are presented below.)

Initial ROI estimates, before adjustment, were as follows: The majority of the 43 participants who provided a numerical estimate reported between $100,000 and $1 million as the return on their investment in executive coaching. The following examples illustrate how they reached their conclusions:

- "Since we developed the team's charter, turnover has been reduced. I know for a fact that we retained seven employees, each with a salary of $65,000. It costs 20 percent of their salaries to replace them. Thus, $91,000 has been saved. Also, I have been promoted and my salary increased by $20,000 **[indicating increased value to the organization]**. In sum, the value of my coaching was $111,000. I am 100 percent confident in this estimate."

- "This would be a rough quantification. We're more productive and people are more responsive. Last year we saved the company about $4 million. Say 10 percent of that was because of my dealing with people in a more productive manner and their performing better in return, which would be $400,000. I am 75 percent confident in this estimate."

Next, we isolated the extent to which participants attributed tangible and intangible business impacts to the coaching itself, as opposed to other factors: On average, 50 percent of change was attributed to coaching, and 30 percent to the executive's own commitment to, and use of, the process.

Summary

When calculated conservatively, ROI (for the 43 participants who estimated it) averaged nearly $100,000 or 5.7 times the initial investment in coaching. We feel confident that this level of value has been achieved and may, in fact, be understated. According to Phillips (1997), if a program is not generating at least 25 percent return on investment in its first year, it should be considered to be an undesirable investment. Viewed in this light, we can say with confidence that executive coaching is a very valuable investment.

Total Value

Perhaps one of the most challenging aspects of the study was helping executives pinpoint an ROI estimate for their coaching process. Just as executive coaching is a highly individual matter, so are the ways in which participants can assess its financial value. Considering the wide variety of organizations and positions surveyed, and the variety of developmental objectives, it is no surprise that each participant had his or her own criteria for measuring ROI. Moreover, very few participants had kept records of the business areas affected by their changes in behavior. Thus, estimates varied not only in terms of criteria, but also in terms of specificity and confidence level, as already indicated. We developed the Total Value Scale to standardize participants' estimates of the value of coaching.

Seventy-five percent of the sample (participants and stakeholders) indicated that the value of coaching was "considerably greater" or "far greater" than the money and time invested.

Seventy-seven percent of participants placed the total value of their coaching above +3, and 54 percent above +4.

Relationship between Total Value and Return on Investment

To determine whether the ability to provide a numerical ROI estimate influenced total value estimates, we compared the two groups of executives according to this criterion.

Although the average total value was slightly higher for those who did estimate ROI, the difference was not statistically significant.

Factors Impacting Effectiveness of Coaching

Detracting		Enhancing	
		Coach/Participant Relationship	87%
		Quality of Feedback	62%
		Quality of Assessment	57%
		Participant's Commitment	51%
		Manager's Support	43%
Participant's Commitment	13%		
Organizational Support	25%		
Communication Issues	25%		
Participant's Availability	44%		

As a final estimate of perceived value, we asked participants whether they would recommend the coaching (i.e., the type of intervention and the organization that provided the coaches) to others. An overwhelming 93 percent answered in the affirmative.

Conclusions

Effectiveness of Executive Coaching

This study produced strong evidence of the effectiveness of executive coaching. Effectiveness was demonstrated across all five levels of evaluation, beginning with participants' reactions: 86 percent of participants and 74 percent of stakeholders were "very satisfied" or "extremely satisfied." Seventy-three percent of participants considered that they had achieved their goals "very effectively" or "extremely effectively," as did 54 percent of stakeholders. There were only 12 cases where participants reported not sustaining at least one of their developmental priorities.

Most exciting of all were the estimates of return on investment. As indicated earlier, when estimated in the most conservative manner, ROI averaged nearly $100,000 for the sample, or 5.7 times the initial estimate. Some estimates were as high as $1 million, $5 million, or even $25 million.

Maximizing the Impact of Executive Coaching

This study also yielded a wealth of information about factors that contributed to (or could detract from) the effectiveness of coaching. We found evidence for the following guidelines to make coaching as effective as possible.

1. Select coaches with care.

The coaches who participated in this study were a highly select and formally trained group, and followed structured coaching processes. (See Method.) Although this study did not aim to compare the effectiveness of different types of coaches or forms of coaching, we believe that only by employing coaches of similar caliber can the degree of effectiveness demonstrated in this study be attained.

As described earlier, the relationship between participant and coach is of paramount importance. Participants and stakeholders are well advised to pay close attention to the matching of coaches to executives. The quality of the assessment and feedback are closely related to the selection of a coach, since it is the coach who conducts the interviews with the multi-rater sample, interprets the other components of the assessment, integrates them, and delivers feedback:

- "My coach was absolutely impartial, had no biases, no preconceived notions. Besides, she didn't go by the book; she was flexible and open-minded. She let me know what the path was, but didn't do the work for me."

- "I developed a very good relationship with my coach. He was very effective because he was able to tie current things going on in my work life to the assessment and the feedback. …He kept things synchronized, integrated the information. He sat down with my manager and interviewed him about his expectations."

- "It worked because the coach was an objective outside person observing my behaviors and providing feedback on the spot—giving me specific examples and ways to improve my behaviors."

2. Provide strong organizational support.

As previously indicated, we found evidence that organizational support, in particular that of the participant's manager, was very important to the success of coaching. The following quotations further substantiate this point:

- "The fact that my peers also participated in coaching, (that) we did it as a team made it effective. Collectively it was powerful."

- "Supportive manager, supportive organization…the fact that it is **so well endorsed** by the company. The service is provided and encouraged…"

Executives frequently mentioned communication as a crucial factor. How the coaching was communicated within the organization was highlighted as greatly positive when done correctly, and it came across loud and clear when done poorly.

- "It was a very unusual step for our organization to hire management coaches. HR did a very clever thing: By positioning the program to be for high performers, they made it so that there was a status associated with being chosen to participate. That was very effective."

- "The organization did a great job communicating the program. Knowing that I was recommended to participate was a big plus."

In some organizations, communication issues detracted from the effectiveness of the coaching. These communication issues fell into two types: 1) communication to the executive by HR or his or her manager about the reason for the coaching, and 2) communication within the culture about coaching in general. One executive noted, "My company's way of presenting the coaching was negative. Thus, I had a lot of resistance at the beginning."

Underlying messages within the company culture also can cloud the effectiveness of a coaching experience: "Coaching is taboo in our company," was mentioned by some participants. Another commented: "The perception of coaching at [my company]. It makes you hesitant to let anyone know about it."

How to strengthen participant commitment, managerial support, and positive communication through the organization is, therefore, worth taking time and effort to address in order to gain the maximum benefit from the investment made in coaching. In our experience, the following principles help to achieve this:

- Establish a process to closely involve the participant's manager and HR representative from the outset and throughout the program.

- Work to establish strong alignment between participants and stakeholders regarding the significance, implications, and goals of the coaching.

- Frequently check in with stakeholders regarding progress and fine-tuning of the coaching goals.

- Encourage the organization to do all possible to provide the participant with enough time to take advantage of the coaching and engage in on-the-job developmental activities.

- Publicize the organization's commitment to the participant's success, and provide recognition for progress that is made.

- Position coaching effectively within the organization as a positive initiative and a sign of the organization's commitment to leadership development.

3. Measure and communicate the impact!

During the course of conducting the research interviews, we were repeatedly impressed by participants' reactions to our questions about specific behavioral changes and their connection, in a chain of impact, to tangible business outcomes and return on investment. Participating in the interview, according to several executives, served to heighten their sensitivity to the multiple ways in which their skills and behavior had impact throughout the organization. This increased self-awareness can be highly motivating and energizing. It also can lead those who have had contact with the coaching experience to think more carefully before engaging in behaviors that can have an unfavorable impact.

Communicating favorable results of specific coaching experiences can lower organizational barriers to acceptance of executive coaching, as well as enhance its desirability to future participants. We hope that this study provides a framework and methodology to serve these ends.

4. Make coaching more widely available.

Our results indicate that for all participants, including women and ethnic minorities, executive coaching was effective and provided significant return on investment. We hope that these results will encourage organizations to make this resource available to all who stand to benefit from it.

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Executive Coaching Project
Evaluation of Findings

EXECUTIVE SUMMARY

Study conducted by
Harder+Company Community Research

CompassPoint
NONPROFIT SERVICES

EXECUTIVE SUMMARY

Introduction

What promise does coaching offer to nonprofit leaders? What impact can coaching have upon developing and sustaining effective leaders within their organizations and the nonprofit sector?

These were the questions that drove a year-long project studying the experiences of 24 executive directors who received leadership coaching through CompassPoint Nonprofit Services. We wanted to know more about this relatively new practice that promised to be a potent form of support, both to new leaders and to EDs who struggle to sustain themselves in the midst of the many challenges of their jobs. There are very few published studies on coaching in the workplace (even within the corporate setting, where executive coaching took hold), so we sought to learn as much as we could through a variety of evaluation activities conducted by Harder + Company.

We found that coaching has much to offer executive directors in their professional and personal development. Coaching consistently led the EDs to report significantly higher impact in specific management areas, stronger leadership skills and more hopefulness and confidence that they could create a more sustainable job for themselves. We were heartened to hear from several executives that the coaching helped them to cope with fast paced change and to navigate through a year of tremendous financial challenges.

The findings from the project evaluation exceeded our expectations. Alongside the statistically significant outcomes noted in this report are the consistently compelling stories of the executive directors themselves. We believe that coaching, for both individuals and groups, can play a much larger role in growing and maintaining leadership within the nonprofit sector. This report shares our learning on coaching and specific outcomes from this project that offer promise to the sector overall.

> *"This is a new and promising tool for leadership development for nonprofit leaders who find themselves in an increasingly challenged and often isolated role"*
>
> Sylvia Yee, Evelyn and Walter Haas Jr. Fund

Background to the Study

The Executive Coaching Project was inspired by two studies on executive leadership in the nonprofit sector—"Leadership Lost: A Study on Executive Director Tenure and Experience" (1999) and "Daring to Lead: Nonprofit Executive Directors and Their Work Experience" (2001). The findings from these studies underscored the need to develop various strategies for supporting and retaining leadership talent in the nonprofit sector. Executive directors are called upon to be strong managers, strategic thinkers, reflective philosophers, successful fundraisers and public speakers, and inspirational leaders.

Key recommendations from both studies included recognizing leadership and management skills as essential assets for organizations—assets that must be strengthened and sustained.[1]

The Executive Coaching Project represented one support strategy suggested in the two aforementioned studies. While coaching has been a professional development resource in the business world, nonprofit leaders and staff have only recently come to realize the benefits of coaching for learning to cope with the multiple challenges and stresses of nonprofit management.

CompassPoint Nonprofit Services partnered with Marin Nexus and the Resource Center for Nonprofits, Sonoma County, to develop and implement the Executive Coaching Project, which was funded by the Richard and Rhoda Goldman Fund and the Evelyn & Walter Haas Jr. Fund. The project was evaluated by Harder+Company Community Research, a private social research firm.

The project provided 40 hours of one-on-one coaching to twenty-four executive directors (EDs) from November 1, 2001 through November 30, 2002. All EDs had held ED positions for four or fewer years. In addition to being individually coached, EDs were invited to direct up to ten of their coaching hours for use with senior staff and Board of Directors members. EDs also participated in three peer

How is coaching is distinct from working with a consultant or a trainer?
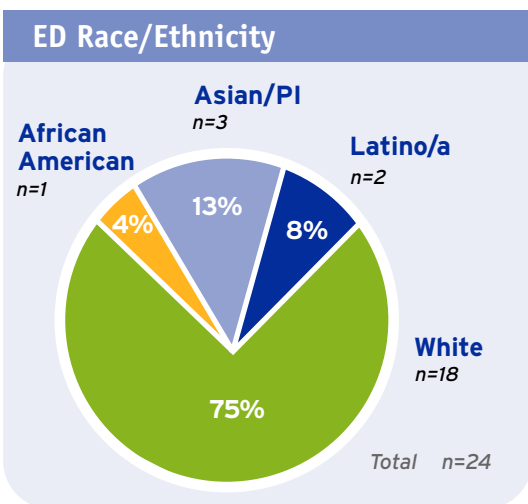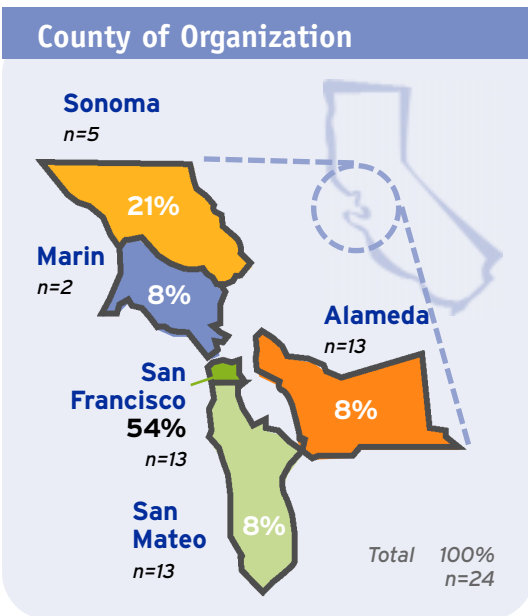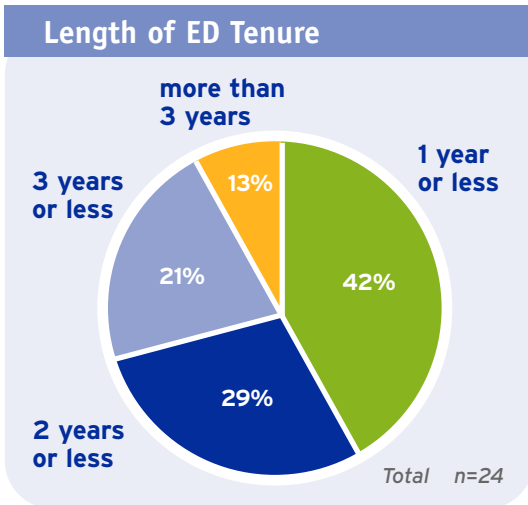
- Coaches provide an ongoing inquiry process for coachees to create their own solutions as opposed to imparting expertise, findings and recommendations.

- Coaches provide encouragement and accountability for executives to act rather than doing any work for the executives or their organizations themselves.

- Coaching deepens a leader's self-awareness of their unique strengths and talents as a foundation for improving their management and leadership talents and for reshaping their jobs to fit their skills and talents.

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[1] *"Daring to Lead: Nonprofit Executive Directors and Their Work Experience" (2001). Peters, Wolfred.*

EXHIBIT 1

Characteristics of Participating Executive Directors and Their Organizations

Length of ED Tenure

more than 3 years 13%

1 year or less 42%

3 years or less 21%

2 years or less 29%

Total   n=24

County of Organization

Sonoma
n=5
21%

Marin
n=2
8%

Alameda
n=13
8%

San Francisco
54%
n=13

San Mateo
n=13
8%

Total   100%
n=24

ED Race/Ethnicity

Asian/PI
n=3

African American
n=1
4%

13%

Latino/a
n=2
8%

White
n=18
75%

Total   n=24

(continued on next page)

learning roundtables to enrich their coaching experience and to establish an ongoing connection with other EDs participating in the coaching project.

EDs were matched with one of 12 coaches pre-screened by CompassPoint. Each ED chose their coach after interviewing at least two coaches, looking for an approach that would suit their learning style and experiences. Project coaches had all completed one or several training programs offered by the Coaches Training Institute, Coach University, New Ventures West, and the Rancho Strozzi Institute. Nine coaches were white, two were African American, and one was Asian/Pacific Islander. Nine were female and three were male.

> "Similar to coaching world class athletes or corporate execs, executive coaching involves challenging and supporting executive directors to achieve higher levels of performance through expanding their capacity to take effective action. Different from athletic coaching, it usually happens in brief yet regular coaching calls on the phone. Coaching typically occurred several times over each month, for 30 minutes to an hour at a time."

Methodology

The evaluation used a mixed methods approach (i.e., both quantitative and qualitative methods) and relied upon both primary and secondary data. The design included a survey completed by the participating Executive Directors (EDs), semi-structured interviews with EDs, and case studies of five EDs.

The ED survey was administered by email at the beginning of coaching (baseline), halfway through the coaching experience (midpoint post-test), and upon completion of coaching (final post-test). Twenty-three of the twenty-four participating EDs completed surveys at all three time points.

Twenty EDs participated in the semi-structured telephone interview at the end of the coaching project. All participants submitted their final email survey before participating in the interview to prevent the interview from biasing their survey responses.

Five EDs participated in case studies of their coaching experience. The intent of the case studies was to provide an in-depth illustration of five different ED experiences with coaching. Case studies consisted of an observation of a coaching session, an extended semi-structured interview with the ED, interviews with one staff and/or one Board member at the ED's organization, and review of the ED's learning contract and coaching logs.

EXHIBIT 1

Characteristics of Participating Executive Directors and Their Organizations *(cont'd)*

ED Gender

Male
37%
n=9

Female
63%
n=15

Total   n=24
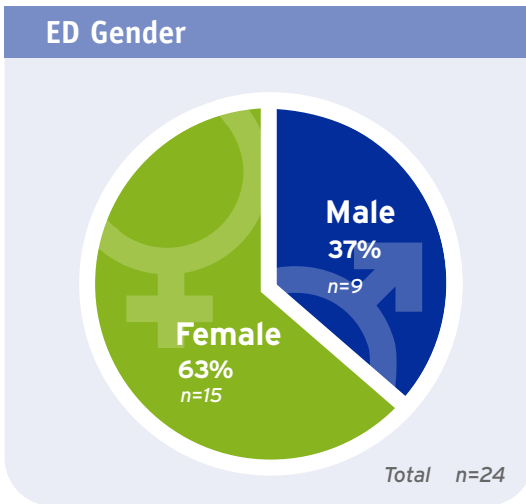
Type of Organization

	n	%
Arts	1	4%
Education	2	8%
Environment	1	4%
Human Services	14	58%
Social Justice	2	8%
Other	4	17%
Total	*24*	*100%*

Budget Size

38%

33%

17%

13%

<$500K $500k-999k $1M-3M   >$3M

$ $ $ $
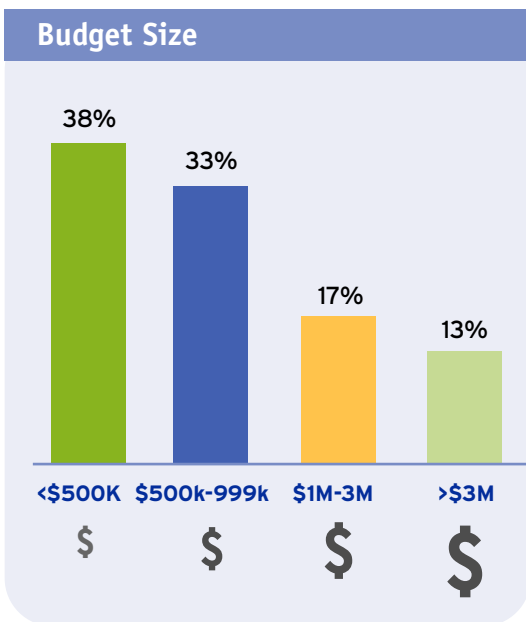
Executive Director Perspectives on Coaching

EDs had a wide range of expectations for coaching before they joined the Executive Coaching Project. Some believed that a coach would provide advice and guidance. Others thought coaches were like cheerleaders who stand on the sidelines shouting, "You can do it!" Coaching incorporates both of these strategies, but there are also other components. Most EDs were clear that coaching is not mentoring, nor is it therapy. After going through the coaching experience, EDs noted the aspects of coaching that makes it unique.

Final interviews with EDs and a post-project group discussion highlighted the following distinctive aspects of coaching:

▶ Coaching provides an ongoing relationship that fosters confidence, trust, and deep dialogue.

▶ Coaches encourage EDs to be accountable to their goals.

▶ Coaches can be flexible in addressing a wide range of issues in response to the ED's needs because it is an individualized service.

▶ Coaching challenges EDs to find their own answers.

▶ Coaches support EDs in honoring and celebrating themselves and their achievements.

▶ Coaches are available to EDs on an as-needed basis and therefore can be called upon at critical times.

In interviews, EDs emphasized one distinctive element: Coaches encourage EDs to find their own solutions. One participant commented:

I expected someone more like a sports coach. I can envision the coach standing before me and telling me what to do. And that was far from what happened. The real experience was to learn how—and it was difficult—to have someone pull information out of me.

This process of discovering one's own answers and solutions proved useful in developing leadership effectiveness, according to one ED:

...when I learned about what coaches do to help EDs like myself, I thought, "This is exactly what I needed,"—someone who will be there to help, not necessarily mold you into the leader you want to be, but bring that out from you, because it's already there, and just pulling that out from you and saying, "You can do this." That's all I needed.

Satisfaction with the Coaching Experience

Executive Directors agreed that their coaching outcome met and often exceeded their expectations. On their post-test surveys, they reported a high degree of satisfaction with their coaching experience, with a mean rating of 4.6 on a scale of 1 to 5, where 1 represents "not at all satisfied" and 5 represents "very satisfied." Satisfaction for some EDs was linked to the ongoing source of support that coaching provided. For others, the practical nature of the coaching was the key to their satisfaction (e.g., assistance with strategic planning). Others described that they found "spiritual strength" through coaching and that it was "motivating and inspiring."

Key Findings – Satisfaction with Coaching Experience

● With few exceptions, EDs widely agreed that coaching met and often exceeded their expectations

● Satisfaction with the coaching experience scored 4.6 on a scale of 1 to 5

"It more than exceeded my expectations because I really doubt I'd still be here without coaching; in the face of really difficult changes in management…I got regular, reliable feedback on how I was doing during a period of change."

EXHIBIT 2

Satisfaction with Coaching

On a scale of 1-5, where 1 = "not at all satisfied" and 5 = "very satisfied"

15	4	3	2
5 very satisfied	**4** somewhat satisfied	**3** neutral	response missing
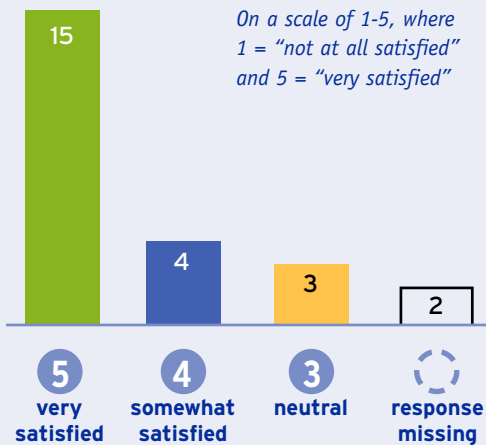
Specific Outcomes of Coaching

The evaluation instruments were designed based on the findings from the "Leadership Lost" and "Daring to Lead" studies in an attempt to explore a number of possible coaching outcomes. **Ultimately, the evaluation findings revealed six main areas where the coaching had an impact on participating EDs and their organizations:**

Impact on **Leadership & Management**	Impact on **Organization**	Impact on **Attitudes & Beliefs**	Impact on **Personal Life**	Impact on **Job Satisfaction**	Impact on **Tenure & Turnover**

Impact on Leadership and Management

Key Findings - Leadership

- Increased confidence in exercising leadership

- Improved ability to connect with the organization's vision

- Increased confidence in leading the organization toward fulfilling the vision

Key Findings - Management
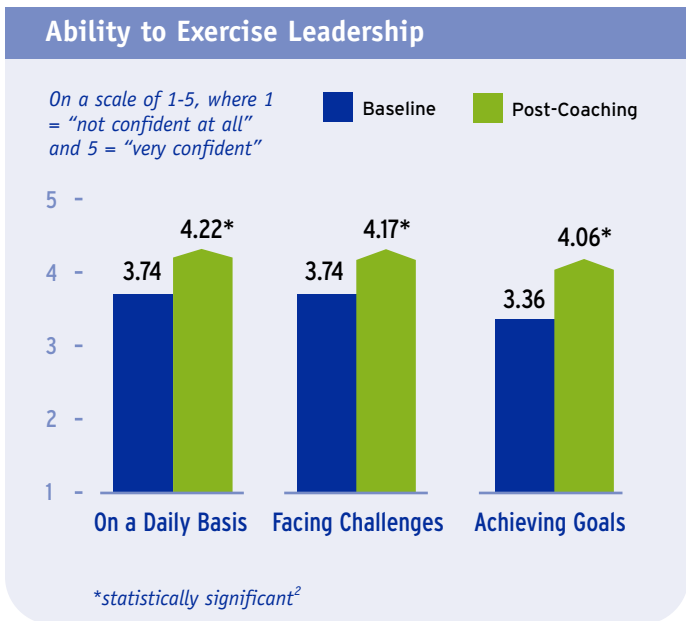
- Increased task completion and productivity

- Improved personnel management skills

- Better relationships with staff and Board of Directors (e.g., communication skills)

"[My coaching experience] was profound for me in terms of really identifying and embracing my leadership style and making me much more comfortable...this had pretty amazing repercussions for me and my organization."

Overall, many EDs realized success with coaching in the development of leadership skills as well as significant improvement in their productivity, delegation skills, and staff relationships. In particular, in their interviews, many EDs described their improved ability to connect with the organization's vision, and increased confidence in leading the organization toward fulfilling the vision, as a result of coaching.

Another common interview theme was that coaching helped EDs accept their approach to leadership. For one ED, this benefited not only herself but also her organization. She expressed, "[My coaching experience] was profound for me in terms of really identifying and embracing my leadership style and making me much more comfortable with that and this had pretty amazing repercussions for me and my organization."

Overall, many EDs experienced a general increase in confidence in their leadership abilities. As articulated by one ED, "...When push comes to shove, I can really provide good leadership. ...I gained a greater sense that I really know this organization and I know what it needs to succeed."

There were some major and bold first year decisions I made about reorganization of programs and closing programs in the organization...to save the organization financially. Coaching immeasurably helped me go forward with these decisions, and they turned out to be great decisions.

EXHIBIT 3

Ability to Exercise Leadership

On a scale of 1-5, where 1 = "not confident at all" and 5 = "very confident"

Baseline **Post-Coaching**

	On a Daily Basis	Facing Challenges	Achieving Goals
Baseline	3.74	3.74	3.36
Post-Coaching	4.22*	4.17*	4.06*

statistically significant[2]

EDs also noted improvement in three management skill areas as a result of coaching: 1) task completion and productivity, 2) personnel management skills, and 3) relationships with staff and board members (e.g., communication skills). One ED said coaching helped him learn "purposeful delegation," such that he had a solid rationale about why some things could be delegated and others could not. Several EDs found coaching helpful in providing concrete strategies for dealing effectively with personnel issues, such as completing performance evaluations and letting staff go. Additionally, coaching provided EDs with support during the process of confronting such issues.

Ability to Exercise Leadership on a Daily Basis

On a scale of 1-5, where 1 = "not confident at all" and 5 = "very confident"

Baseline **Post-Coaching**

Percent Who Agree – Baseline	Percent Who Agree – Final Post-test
66.6%	95.7%*

statistically significant[2]
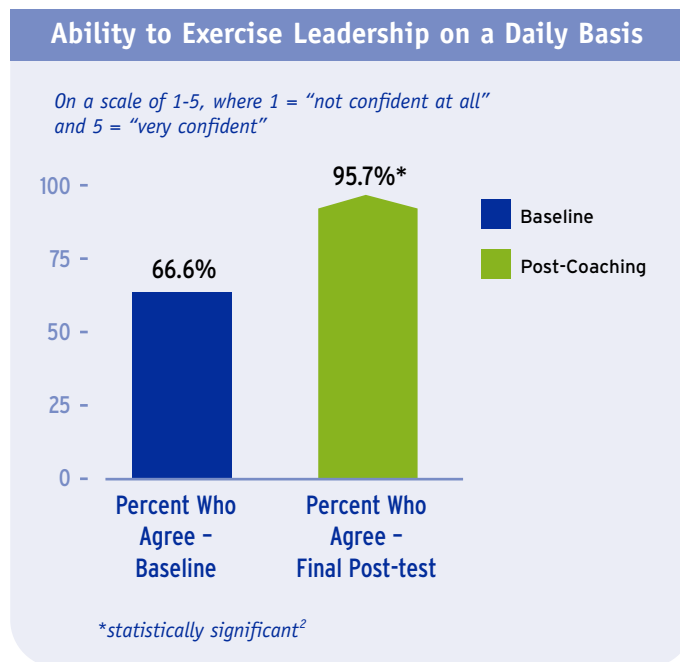
[2] In all survey tables, a p value was indicated. A p value less than or equal to .05 indicates that it is highly unlikely that the finding (i.e., the increase or decrease in the means listed) was by chance. In other words, the finding is likely a reflection of reality. When a p value is less than or equal to .05, the finding is referred to as "significant". A p value greater than .05 indicates a greater likelihood that the finding was by chance and thus is not necessarily a reflection of reality. For the purposes of this Executive Summary, all tables listed are statistically significant. All tables and p values are presented in the complete 47 page study and are available for download at www.compasspoint.org.

Organizational Impact

On their surveys, EDs reported significant improvement in the clarity of their vision for the organization, as well as staff and Board alignment with the mission. Further, they reported significant improvements in organizational processes and structure, such as in decision making and in setting policies and procedures. According to interviews, coaching also had an impact on how some EDs dealt with financial instability at their organizations. For example, one organization was able to make payroll and another avoided closing down as a result of EDs' improved skills and increased confidence in the area of fundraising.

> **What I got from my coach is help in re-visioning what fundraising is all about, my relationship to it...and demystifying and de-terrifying fundraising. The important thing was his experience in nonprofit management and fundraising. He guided me through it from a place of "I hate this" to "This is different from what I thought, maybe I can have fun with it, and maybe I can be good at it.**

Overall, many EDs interviewed reported that their organizations "work better" since coaching began. One ED believed that improvement in their programs resulted from the strategic planning process that her coach helped her with. Another ED reported in his interview that his coach helped his with his approach to grant writing, which had a direct impact on his organization's ability to raise money. Another ED attributed this phenomenon to the impact coaching had on his confidence.

Key Findings – Organizational Impact

Improvement in:

- Areas related to organizational mission and vision
- Clarity of decision-making processes & roles & responsibilities of staff
- Organization's fundraising capacity & financial stability
- Organizational effectiveness including communication & teamwork

> **She didn't teach me how to write [grants], but she taught me to just use my gut...when people review grants, they see the heart of what you're talking about...before I knew it, we had grants coming in.**

Changes in mission, vision, goals

On a scale of 1-5, where 1 = "strongly disagree" and 5 = "strongly agree"

Baseline | Post-Coaching

	Staff/Board Aligned with organiza-tion's Mission	Clearly Defined Vision for Where Organization Headed	Clearly Articulated Strategies for Achieving Goals
Baseline	3.77	3.61	2.77
Post-Coaching	4.5*	4.22*	3.41*

*statistically significant[2]
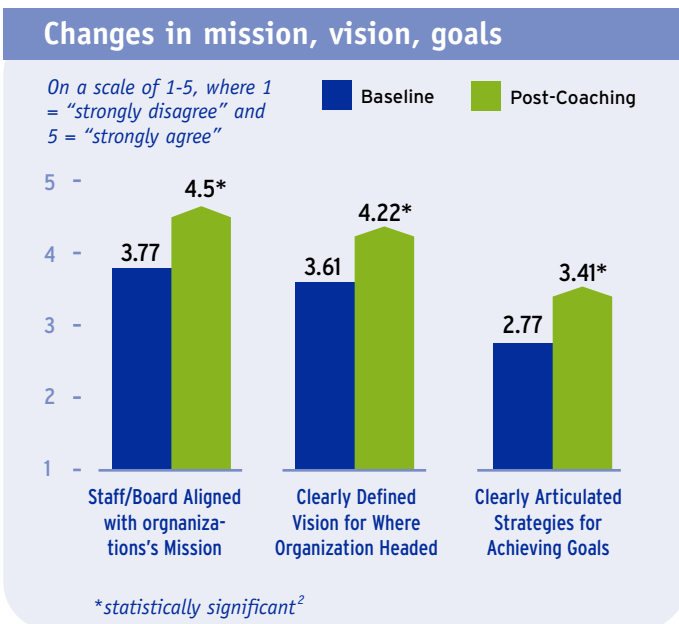
Beyond developing the EDs' skills, coaching had a direct impact on EDs' organizations through two primary mechanisms:

- Via the project coach working directly with staff and/or the Board. Thirteen of the 24 EDs (54%) utilized some of their coaching hours to work with their senior staff or board members;

- Via the ED using coaching skills within the organization. In this case, EDs successfully adopted the approaches modeled by their coaches. A common theme among those EDs who learned the coaching role was to emphasize and celebrate staff achievements, with the goal of inspiring confidence. One ED remarked that, ultimately, coaching taught her "how to use coaching techniques to draw out and...pull the best out of my staff and Board."

In interviews, several EDs reported improvements in the way their organizations operate internally as a result of coaching. At some organizations, both communication and teamwork among staff were strengthened. Organizational outcomes in this area included improved staff ability to work with different personalities, increased assertiveness among staff in expressing their needs, and improved staff ability to resolve conflicts without the need for ED intervention. Even subtle changes in the way internal communication works had noteworthy effects, as described by one ED: "Little things like a phone call from the president of the Board are different now than it would have been without the coaching. The president thinks more about communicating directly with me about things rather than gossiping."

Finally, coaching had an influence on some Boards of Directors in a way that enhanced the effectiveness of the organization overall. According to one ED, the Board's role shifted as a result of coaching: "Coaching really helped me to understand the role of the Board, and as a result to really work to change the culture and responsibilities of the Board...changing it to a fundraising Board, which it was not at all when I first started." In another case, the process of coaching helped inspire Board members' personal commitments, leading to increased levels of involvement on their parts.

Some EDs reported that their organizations supported ongoing coaching for the ED after the Executive Coaching Project ended. As one ED articulated, "The organization is continuing to pay for [my coach] and that shows that coaching has impacted the organization." **Anecdotally, at least 11 of 24 EDs continued working with their coaches after the project ended.**

EXHIBIT 5

Have good relationship with staff

3.91   4.50*

On a scale of 1-5, where 1 = "strongly disagree" and 5 = "strongly agree"

■ Baseline

■ Post-Coaching

statistically significant
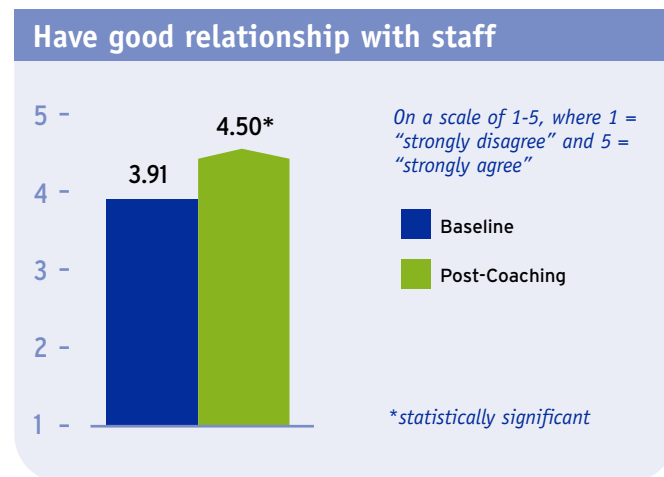
Impact on ED Attitudes and Beliefs

Overall, EDs reported a statistically significant increase in their effectiveness at balancing the demands of their personal and professional lives between the baseline survey and the final post-test. In interviews, EDs described some of the changes in their personal lives, such as increasing physical exercise, finding new creative outlets, and improving relationships with friends and family. It is noteworthy that coaching appeared to have both a direct and indirect impact on EDs' personal lives. In situations in which the coaching focused directly on improving the personal/professional balance, many EDs were able to make such improvements. In addition, when coaching helped EDs feel more confident at work, feel happier in their jobs, or develop interpersonal skills, their personal lives and relationships were positively affected. One ED explained, "Feeling better about work trickles to feeling better in my personal life. I'm a nicer person to be around with at home. ...In general, because we were dealing with issues around self-perception and self-confidence, it couldn't help but impact me personally..." In addition, two EDs mentioned in their interviews that they found themselves being less judgmental with their families and others as a result of coaching.

> In terms of confidence, I had a coach do a 360-degree assessment. She interviewed people about me and shared the results from that. The good points were an affirmation and the areas of improvement were things that I already knew about. ...The 360-degree assessment grounded me and the realities of my strengths. ...The coaching helped me with my confidence.

Key Findings – Impact on Attitudes and Beliefs and on Personal Life

- Increased effectiveness at balancing the demands of their personal and professional lives

- Increased confidence at work which resulted in increased happiness at their jobs, better developed interpersonal skills, and feeling better in personal lives and relationships

Impact on ED Job Satisfaction, Tenure & Turnover

There were no statistically significant changes over time in the level of job stress and burnout reported on their surveys. However, in their interviews, several EDs reported that coaching helped to reduce stress and burnout by encouraging them to take vacations and time for themselves on a regular basis. In addition, several EDs reported that their overall job satisfaction increased during their coaching experience. EDs attributed their increased satisfaction primarily to the increased confidence that coaching inspired.

One ED believed that coaching helped increase her job satisfaction through the support it provided, which made her feel like she was not alone. The coach taught her how to ask for help from her staff and Board, which she believed would prevent isolation even after coaching ended.

A comparison of the baseline and final post-test surveys suggests that there was either 1) no change in the length of time EDs planned to remain at their organizations, or 2) the length of time EDs planned to stay was reduced. However, the interview findings suggest a wider range of tenure-related outcomes. The four different outcomes described in the interviews were:

Key Findings – Impact on ED Job Satisfaction, Tenure & Turnover

- Coaching helped reduce stress and burnout

- Overall job satisfaction increased

- Level of dedication to working in nonprofit sector re-affirmed

> I love what I'm doing, and I believe in the cause that we're fighting for. Now...I feel that I have the capability to take this agency to the next level. ...Realizing that I can do the job increases my job satisfaction.

> I still work a lot, at least 60 hours per week, but my burnout is less... My coach helped me understand that if I don't take care of myself, then I won't be any good for the organization.

- ► EDs had already stayed or now planned to stay longer at their organizations than anticipated because of coaching.

- ► EDs gained a self-awareness through coaching that led them to question whether they want to remain at their jobs.

- EDs' tenure plans did not change as a result of coaching.
- EDs did not comment on their plans to stay at their jobs or in the nonprofit sector but asserted that, regardless of their future career path, their coaching experience would prove valuable.

> The experience has reinforced my desire to keep from burning out. I don't want to find myself burned out. Nonprofit is my life's mission. ...The years of experience tell me that I want [to be an ED], and I want to do it better. Coaching keeps it on my mind every day.

> The direct communication skills that I learned with the coach helped me work through personnel issues with a clear head; before I worked with the coach, it was 'Oh my god, it's a crisis!' Now, I just take a step back and come up with a solution.

Several EDs asserted that their level of dedication to working in the nonprofit sector was re-affirmed. One ED remarked, "The coaching itself has a neutral outcome.... Before I had this experience, I planned to be an ED for 10 years. And I still plan to be an ED."

Sustainability of the Effects of Coaching

The interview findings suggest that much of what EDs learned during their coaching experience will extend beyond the one year that they participated in the project. There are several techniques and skills that EDs have integrated into their day-to-day work, which will continue to impact the ED and the organization in the future.

> [Coaching] more than exceeded my expectations because I really doubt I'd still be here without coaching. In the face of really difficult changes in management...I got regular, reliable feedback of how I was doing during this period of change. It made me feel that I was on the right track. I doubted myself and was hard on myself. Now I feel successful...

CONCLUSION

> By empowering EDs and their organizations, coaching appears to contribute to changing nonprofit culture.

Overall, coaching appears to have had a profound impact on EDs and the organizations they lead. For many EDs, benefits included getting new insight into their strengths and weaknesses, improving their leadership and management skills, and increasing their confidence in their ability to do their jobs well. Various participants found they were better able to address personnel issues, delegate tasks appropriately, fundraise for the organization, work effectively with their Boards of Directors, and communicate with staff and Board. For organizations, benefits included increased financial stability, improved internal communications, and improved ability to fulfill the organization's mission and vision due to improved ED leadership skills. Coaching appears to be a relatively inexpensive, high impact way to develop the leadership of EDs while they are in their roles. Unfortunately, too many of our leaders practice sacrificial rather than sustainable leadership. It helps to move EDs and organizations from a "we're a poor nonprofit" mentality to a place of power and impact, psychologically, organizationally, and in the world. In this way, coaching promotes EDs and their organizations to embrace their community leadership role and set an example for the nonprofit world.

The complete evaluation of findings from the Executive Coaching Project is available for purchase or free download at www.compasspoint.org

Learning and development

Contents

Summary of key findings

The 2008 *Learning and Development* survey provides data on current and emerging trends and issues in learning and development. This year we focused on some important issues facing the profession: employee skills; current and future learning and development practices; perceptions of e-learning; and the role of coaching. We also provide benchmark information on trends in workplace learning and training spend.

Employee skills

- Two in five (39%) respondents feel their learning and development activity has been influenced by the *Leitch Review of Skills: Prosperity for all in the global economy: world class skills* (2006). Around two in five have also considered or would consider implementing initiatives such as Train to Gain (44%) and signing the Employer Skills Pledge (47%).

- More organisations feel it is the Government's responsibility (87%) to raise educational standards among young people before they enter the workforce rather than employers' responsibility to raise literacy/numeracy standards within the workforce (57%). Sixty-two per cent feel the Government should prioritise funding on basic/lower-level skills.

- Compared with two years ago, organisations are now requiring a broader range of skills (61%) and a higher level of skills (40%). The key skills that employers class as very important include interpersonal (79%) and communication skills (68%). However, 66% of organisations feel that new employees currently lack both communication/ interpersonal skills and management/leadership skills. Yet, these are also the same skills that organisations feel will be required to meet business objectives in the future.

- One-third of employers have a graduate training scheme. The main areas included in these schemes include coaching and/or mentoring (85%) and project assignments (81%).

Learning and development – the future

- The majority of organisations have experienced change over the last few years in delivering learning and development, with the most significant change concerning management development in the form of new programmes to develop the role of line managers (72%).

- Indeed, the crucial role of line managers highlighted in previous surveys is reinforced this year, with the majority being involved in determining learning and development needs (86%) and half predicting line managers will have greater responsibility for learning and development over the next five years (49%).

- On the whole, learning and development managers have accurately forecast changes in learning and development practices; e-learning, coaching/ mentoring and in-house development programmes were all previously highlighted as growth areas. In-house development programmes (61%) and coaching by line managers (53%) are both now used more than previously.

- However, the expected use of e-learning has possibly been overanticipated, with less than half (47%) using more e-learning and a quarter (26%) saying they don't use or no longer use e-learning. This is possibly because few feel it is the most effective learning and development practice (7%).

E-learning

- Nonetheless, over half (57%) of organisations use e-learning, while nearly half tend to agree that e-learning is the most important development in training in the past few decades. The vast majority (82%) of public sector organisations use e-learning compared with just 42% of private sector companies.

- There is some indication that e-learning will be increasingly used as a training tool, with 29% saying that in the next three years between 25% and 50% of all training will be delivered via e-learning.

- More than three-quarters (79%) of respondents feel e-learning is not a substitute for classroom-based learning, while the vast majority (92%) feel that e-learning demands a new attitude to learning on the part of learners.

- Almost all (95%) feel that e-learning is more effective when combined with other forms of learning.

Coaching

- Seventy-one per cent of organisations undertake coaching activities, with a similar proportion (72%) finding coaching to be an effective tool.

- However, the purpose of coaching would appear to vary according to whom coaching is offered. Thus, within organisations that offer coaching to all of their employees, the purpose of this coaching is demonstrably used for general personal development (79%) and to remedy poor performance (74%), whereas within organisations that offer coaching only to managers, the emphasis for the purpose of coaching shifts towards its positioning as part of a wider management and leadership development programme.

- The bulk of the responsibility for delivering coaching lies with line managers coaching those who report to them (36%) and to HR and/or learning, training and development specialists (30%).

- The main methods used for evaluating the effectiveness of coaching include: through observation of changes (42%) and reviews of objectives conducted with line managers, coach and coachee (42%).

Economic influences on learning and development

- More organisations report facing similar (44%) economic circumstances in the past 12 months than those reporting either worse (33%) or better (22%) circumstances.

- However, the public sector continues to be gloomier than the private sector, with 53% reporting worse economic circumstances in the past 12 months, 45% reporting a cut in training funds and only 13% experiencing an increase in funding.

- Larger organisations – that is, those with more than 5,000 employees – also have a gloomy outlook, with 44% reporting worse conditions and 39% saying they have received a decrease in funding.

- Seventy-seven per cent of voluntary sector respondents report that funding for training has remained stable or increased, compared with 75% in the private sector and 54% in the public sector.

Training spends and budgets

- Seventy-seven per cent of organisations have a training budget.

- Voluntary sector organisations continue to spend more per employee per year on training, compared with the private sector and with the public sector.

- Those employing less than 250 continue to spend far more per head on training than those with more than 5,000 employees.

Employee skills

In December 2006, Lord Leitch published his report for the Government on predicting future skills needs and improving future skills levels in the UK (*Leitch Review of Skills: Prosperity for all in the global economy: world class skills*). Leitch makes a series of recommendations. These include:

- an employer 'pledge' that would involve the promise of training to every eligible employee to gain basic skills and a level 2 qualification
- an extension of the Train to Gain initiative, which gives employers access to a skills broker who can help identify the most appropriate and affordable training for employees. Train to Gain provides some funding itself.

In this section we examine the extent to which the Leitch Report has influenced organisations' learning and development activities, as well as identify the type of skills required now and in the future, particularly among new employees and graduates.

The impact of the Leitch Report
How far the Leitch Report and its recommendations have penetrated into British employers is perhaps still open to question. While 39% of organisations feel that their learning and development activity has been influenced by the Leitch Report (on a scale ranging from 'to some extent' up to 'to a great extent'), half (53%) don't feel that their strategies have been influenced by the report at all.

Public sector organisations are most likely to say their learning and development activity has been influenced by the Leitch Report (56%). However, almost two-thirds of private sector organisations (61%) don't feel that strategies have been influenced by the report at all.

Level of implementation of the specific recommendations from the Leitch Report
The most popular initiatives are the provision of vocational or occupational specific training for employees (implemented by 78% of employers) and involvement in government-sponsored NVQs/SVQs (52%). While the origins of these work-based initiatives pre-date the Leitch Report, it appears that the report may have increased their prevalence among employers.

Table 1: Extent to which your organisation's learning and development activity has been influenced by the Leitch Report (%)

	Overall	Private	Public	Voluntary
To a great extent	3	2	6	1
To a fair extent	7	3	15	5
To some extent	29	26	35	33
Not at all	53	61	36	57
Don't know	7	7	7	4
	Base: 729	Base: 370	Base: 196	Base: 82

In response to the specific recommendations that emerged from the report, a quarter of employers (25%) have participated in the Train to Gain initiative. However, 30% of organisations say that they would consider implementing this initiative, which suggests that future uptake is likely to increase.

The least popular initiative in terms of employer uptake is signing the Employer Skills Pledge. Indeed, almost a third say this is an aspect that they would either not consider or feel is irrelevant.

The aspects that organisations say they have considered include placing an emphasis on literacy and numeracy training (19%) and seeking external accreditation for an in-house programme (19%).

Whose responsibility is it to provide funding and raise standards of new entrants to the workforce?

Respondents were asked to indicate to what extent they agree or disagree with a range of statements indicating level of responsibility for providing funding and raising standards.

A significant proportion (87%) feel it is the Government's responsibility to ensure young people are educated to appropriate standards before entering the workforce. The vast majority (83%) also feel the Government should increase the funding available for technical/vocational skills. However, less than two-thirds (62%) feel the Government is right to prioritise funding on basic/lower-level skills.

Despite this, almost six in ten (57%) feel that employers have a clear responsibility to raise literacy/numeracy standards within the workforce. Public service organisations (69%) are the most likely to feel it is the responsibility of employers.

Perceived skills deficiencies among new employees

In response to the concerns highlighted in the Leitch Report, questions were asked in the survey about skills deficiencies among employees. The results highlight a few specific areas in which school, college, and university leavers could benefit from better preparation prior to joining the workforce: 66% of employers feel that new employees are deficient in communication and interpersonal skills, 54% cite management and leadership skills, 53% feel that new joiners lack the correct work ethic and 48% find that new employees are lacking business skills or acumen and strong commercial awareness.

Only six per cent feel new employees lack IT skills and only 15% feel new employees lack qualifications.

Table 2: Which of the following has your organisation already implemented or would consider implementing to improve skill levels? (%)

	Already implemented	Considered	Would consider	Would not consider/not relevant
Provided vocational or occupational specific training for employees	78	8	9	4
Involvement in government-sponsored NVQs/SVQs	52	13	18	13
Sought external accreditation for an in-house training programme	34	19	30	14
Involvement in government-sponsored apprenticeships	30	10	26	27
Involvement in foundation degrees	29	13	33	19
Participated in the Train to Gain initiative	25	14	30	25
Placed an increased emphasis on literacy and numeracy training for employees	23	19	27	25
Signed the Employer Skills Pledge	13	10	37	30

Base: 729

Skill area	%
Communication/interpersonal skills	66
Management/leadership skills	54
Work ethic	53
Business skills	48
Customer service skills	41
Literacy/numeracy skills	30
Specialist skills	29
Innovation	16
Technical and clinical skills	15
Qualifications	15
IT skills	6
Other	3
None of the above	1

Base: 729
% of respondents

Expectations of new employees

Six in ten organisations feel that there is a greater demand for learning and development among new employees (joining from school, college or university) compared with five years ago. More than half also feel that these new employees also require more structured career development, while two in five have seen greater demands for professional qualifications (38%) and greater feedback on performance (39%).

However, two in five feel that new employees do not have any different expectations than they did five years ago (41%).

Current skills requirements

Three in five (61%) organisations are now looking for a broader range of skills than two years ago. Two in five (40%) now desire a higher level of skills and 35% desire different types of skill. This suggests the need for both a diverse range of skills and an increased competency within those broader skill bases.

When recruiting new employees, employers now place the greatest importance on interpersonal skills (which

79% of organisations rank very important) and communication skills (68% rank very important). This indicates a preference for work-based skills, even above traditional criteria such as literacy/numeracy (44%), qualifications (43%) and IT skills (20%) (Table 3 opposite).

Future skill requirements

Reflecting the current need for both a diverse range of skills and an increased competency within those broader skill bases, two-thirds of organisations (66%) feel they will require a broader range of skills in the next two years. Two in five (44%) employers report they will also require a higher level of skills, while the same proportion (44%) report that they will require different types of skill. Only 13% feel they will require the same levels of skills.

In terms of the types of skill that organisations feel need to be specifically developed to meet business needs over the next two years, most feel that management or leadership skills (90%), communication or interpersonal skills (71%), customer service skills (64%) and business skills (62%) are the highest priorities. Literacy and numeracy skills (21%)

Table 3: Importance of skills criteria when recruiting new employees (%)

	Very important	Fairly important	Not very important	Not at all important	Don't know/not applicable
Interpersonal skills	79	19	1	0	*
Communication skills	68	30	1	*	*
Fit with culture/values of organisation	54	36	7	1	*
Specialist skills	47	41	9	1	1
Literacy/numeracy	44	48	5	1	1
Qualifications	43	45	9	2	1
Technical and professional knowledge	42	46	8	2	1
Potential for growth in skills	41	51	6	1	1
Experience	31	56	10	2	1
Leadership/management skills	21	59	16	2	1
IT skills	20	62	14	4	*
Potential for innovative ideas	19	57	20	3	1

Base: 729

and advanced or higher-level technical skills (28%) are felt to be the skills that organisations will least need to focus on in two years' time.

Use of graduate training schemes
Currently, 34% of employers have a graduate training scheme. The main areas included in these schemes include coaching and/or mentoring (85%) and project assignments (81%). Of those that do provide such schemes, 79% of schemes provide the opportunity to study for professional qualifications. Communication skills training is provided by 64% of schemes – this is perhaps an area in need of improvement, as this area is identified as the most deficient among graduate employees.

Fewer than two in five organisations include external secondments and action learning sets (37%) in their graduate schemes.

Figure 2: Types of skill organisations need to meet business objectives in two years' time (%)

- Management/leadership skills: 90
- Communication/interpersonal skills: 71
- Customer service skills: 64
- Business skills/acumen: 62
- Innovation: 39
- IT skills: 34
- Advanced or higher-level technical skills: 28
- Literacy/numeracy skills: 21
- Other: 3

% of respondents
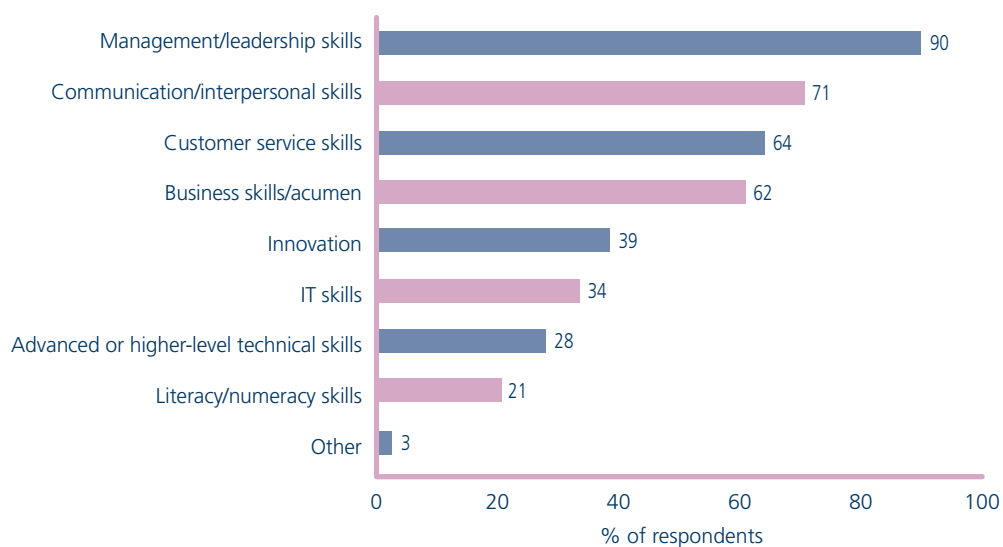
Base: 729

Table 4: Training areas included in graduate schemes (%)

Coaching and/or mentoring	85
Project assignments	81
Opportunity to study for professional qualification(s)	79
Job/department rotation	77
Leadership/management training	72
Job-shadowing opportunities	70
One-to-one sessions with senior managers	68
Organisational culture and values training	65
Communication skills training	64
Courses at external institutions	51
Action learning sets	37
External secondments	22
Other	5

Base: 245 (all those with a graduate scheme)

Skills development at Hartlepool Borough Council

Hartlepool is a vibrant and dynamic unitary borough council of about 90,000 employees in the north-east of England. The Audit Commission recently ranked it four-star for the sixth year in a row. And there is no doubt about the borough's commitment to training and skills. The borough's workforce development manager, Lucy Armstrong, takes up the story: 'Hartlepool is anxious to engage with skills and workforce development because we know that is crucial in developing our service to our customers and improving our performance... we were keen to work with IDEA, the local government improvement agency, to develop our workforce. As an innovative council we knew we could use that opportunity.'

That included signing the Skills Pledge and working with the Learning and Skills Council to develop its training under Train to Gain. 'We are working with areas of our workforce, such as our 400 cleaning staff and gardening and horticulture, where some may have lost out on the opportunity to develop the level 2 skills in English, numeracy and IT, which are increasingly needed.' Lucy explains that this has brought on a dilemma: 'Such is the thirst for learning, we have had workers, who are perhaps engaged on a temporary or short-term basis, and who have more advanced qualifications, asking if they too can receive training. It's a difficult balance because through Train to Gain, only the basic skills are funded, much as we'd love to go further.' The Government has acknowledged that it will allow funding in appropriate circumstances for training and development beyond level 2, although in reality much of that training is likely to be focused on apprenticeships, especially those of an advanced nature. So what's the picture on apprenticeships, especially since the Government made it clear that as it seeks to expand the available number of apprenticeships, the public sector – including local government – will come under more and more central pressure.

(continued)

Skills development at Hartlepool Borough Council (continued)

Hartlepool already employs apprentices in its direct labour area as plumbers, carpenters, electricians and other skilled craft trades. It's also expanded the apprenticeship scheme to include other high-quality training in administration, accounting and finance, and is keen to do more. However, like many other organisations, Hartlepool finds that the apprentice training route needs more development. The borough is interested in the new vocational diplomas as a route, which should allow more apprentices to have appropriate work experience before they are engaged. Lucy also believes that given the demographics of the workforce – almost 50% of Hartlepool's workforce is over the age of 45 – it needs a better demographic spread. Apprenticeship could be the key.

The council is also keen to engage more generally with the agenda on skills and education for young people. It was exploring the possibility of becoming a pilot case for the Qualifications and Curriculum Authority (QCA) in its work on evaluating in-house training. Unfortunately, despite agreeing to spend time and effort on evaluating its own in-house training to qualification standards, this project hasn't really got off the ground. The council is also interested in the higher-level skills for management through IDEA's 'North East Excellent Manager Programme', which Lucy says has really targeted training around the key deliverables and new agendas for local government. The council has aimed this at enhancing the management capability for the future.

That brings us neatly to the idea of how the council measures the value of training. 'We do it through all the usual indicators and as a council we have plenty of those. We measure outcomes through employee surveys, customer satisfaction reviews, and more financial measures such as return on investment.'

'Training and development is key to our economy. It's also key to developing our local authority's ability to deliver services fit for the future.' Hartlepool, in its workforce development activities, is showing the way forward on training as it is in many other areas.

Learning and development – the future

Over the last ten years the CIPD *Learning and Development* survey has identified the changes in workplace learning. This year, we included a number of questions that have appeared regularly in previous surveys to assess how far these changes have taken place, as well as a number of questions to identify anticipated changes for the next five years.

Changes to learning and development

It is clear that all types of organisation across both the public and private sector have experienced change over the last two years in delivering learning and training (Table 5). In fact, only 6% of respondents feel that there have been no significant changes in this area.

The most significant change concerns management development in the form of 'new programmes to develop the role of line managers'. Almost three-quarters (72%) say that this has happened within their organisation within the last two years. This is perhaps reflected in the increased responsibility for learning and development now incumbent on line managers.

Other key changes include 'efforts to develop a learning and development culture in the organisation' – cited by 62% of respondents – and new approaches to identifying individual training needs (60%).

Use of learning and development practices

In 2005 and 2007 we asked organisations to indicate their expected change in learning and development practices. In both cases, coaching by line managers was identified as the aspect most likely to increase. E-learning was also identified as an area likely to increase.

In this year's survey we asked organisations to identify the key changes over the past two years. The results indicate that organisations did, to some

Table 5: What changes have taken place in your learning and training delivery methods over the last two years? (%)	
New programmes to develop the role of line managers	72
Efforts to develop a learning and development culture in the organisation	62
New approaches to identifying individual training needs	60
Change in the structure of the learning, training and development department/team	49
Introduction/extension of coaching programmes	46
Introduction/extension of e-learning	45
New approaches to monitoring training spend/measuring training effectiveness	41
No significant changes	6
Base: 729	

extent, accurately forecast potential changes, since coaching by line managers is the aspect that has been used more in the last two years than any other learning and development practice (53%). However, while almost half (47%) say they have used e-learning more in the last two years, a quarter say they don't use or no longer use e-learning as a learning and development practice.

Mentoring and buddying is also an aspect highlighted as a growth area in 2007; however, only a third (36%) say they use this practice more. Furthermore, in-house development programmes are slightly more widespread (61%) than was anticipated last year (54% in 2007).

Effectiveness of learning and development practices

In recent years, organisations across all sectors have actively assessed, reviewed and modified their learning and development practices. In many cases this has meant that radical, forward-looking changes have been implemented.

While the previous two CIPD surveys identified on-the-job training as the most effective way for employees to learn, this year the introduction of new options on the questionnaire has meant that on-the-job training is no longer at the top of the list of effective practices. Instead, we now see in-house development programmes (55%) and coaching by line managers (53%) rated highest. On-the-job training remains consistent (43% 'most effective' as compared with 41% last year) and is clearly still valued by many organisations as an effective form of development.

There are clear links between the perceived effectiveness of in-house development programmes and the increased uptake of this method: as indicated earlier, 61% of organisations indicate that they use these types of programme more regularly than they did two years ago. Similarly, 53% of organisations say that the use of coaching by line managers has increased over the past two years.

Table 6: How use has changed in the last two years (%)

	Use more	Use less	Stayed the same	Don't use/no longer use
In-house development programmes	61	4	27	4
Coaching by line managers	53	2	35	5
E-learning	47	2	20	26
Internal knowledge-sharing events	40	4	35	15
On-the-job training	38	2	54	1
Coaching by external practitioners	38	8	30	19
Mentoring and buddying system	36	4	39	16
Job rotation, secondment and shadowing	29	5	43	16
Formal education courses	29	8	54	5
Instructor-led training delivered off the job	25	9	49	11
External conferences, workshops and events	24	10	57	4
Action learning sets	22	5	20	48
Audio tapes, videos and learning resources	11	17	42	26

Base: 729

Figure 3: Which learning and development practices are the most effective? (%)

Practice	%
In-house development programmes	55
Coaching by line managers	53
On-the-job training	43
Job rotation, secondment and shadowing	26
Instructor-led training delivered off the job	20
Mentoring and buddying schemes	18
Action learning sets	15
Coaching by external practitioners	15
Internal knowledge-sharing events	14
External conferences, workshops and events	13
Formal education courses	9
E-learning	7
Other	2
Audio tapes, videos and learning resources	1

% of respondents

Base: 729

Over a quarter (26%) of respondents feel that job rotation, secondment and shadowing has proven effective within their organisation (Figure 3), while 18% feel that mentoring and buddying schemes are also useful.

Those practices least cited as most effective include the use of training videos – only 1% of organisations found these to be useful. However, in spite of these findings, 42% of organisations still use training videos as frequently as they did two years ago.

Perhaps surprisingly, e-learning is seen as 'most effective' by only 7% of organisations, yet 57% of organisations now use this form of development in some capacity.

Determining learning and development needs
The CIPD's 2005 survey *Who Learns At Work?* highlighted the crucial role of line managers in supporting and facilitating learning and development. Subsequent research around this issue reveals evidence to support the finding (Table 7). This survey shows that over half of CIPD respondents (53%) believe that

Table 7: Responsibility for determining learning and development needs of the organisation as a whole (%)

	Main responsibility	Some involvement	Limited involvement	No involvement
Learning, training and development specialists	49	21	8	16
Line managers	36	50	8	1
HR department	36	44	12	4
Senior managers	33	53	9	2
Employees/learners	25	51	14	5
External consultants working for the organisation	1	20	30	40

Base: 729

Overall management/planning of learning and development efforts	49
Delivering courses/time in a training facility	46
Managing/organising delivery by external trainers	36
Strategy discussions/building relationships with senior managers	27
Organisational development/change management activities	26
Monitoring and evaluating training	21
Implementation discussions/building relationships with senior managers	19
Delivering one-to-one coaching or individual support	16
Managing/organising delivery by trainers employed by your organisation but not in the training department	14
Designing and implementing delivery of technology-enabled training/e-learning	7
Other	3

Base: 729

'coaching by line managers' is ranked among the most effective learning and development practices. In addition, the vast majority (86%) of organisations report that line managers are involved in 'determining the learning and development needs of the organisation as a whole'. Nearly half (49%) anticipate that even greater responsibility will be devolved to line managers over the next five years.

However, as found in previous years, the bulk of the responsibility for determining learning and development needs remains with the learning and development specialists. Possibly as a result of the emphasis on learner-led learning, more organisations feel that employees/learners have at least some involvement in determining learning and development needs of the organisation as a whole (76%).

Activities that learning and development specialists spend most of their time working on

Half of learning and development specialists (Table 8) spend most of their time managing or planning learning and development efforts (49%). However, a similar proportion spends most of their time delivering courses or in a training facility (46%). The aspects that few learning and development specialists spend time on include designing and implementing delivery of technology-enabled training/e-learning (7%) and managing or organising delivery by trainers external to the training department (14%).

Expected changes in learning and development over the next five years

As indicated earlier, almost half (49%) anticipate that greater responsibility will be devolved to line managers to determine the learning and development needs of the organisation as a whole. However, the main changes anticipated that affect learning and development in organisations over the next five years include a closer integration of learning and development activity and business strategy (68%) and more emphasis on monitoring, measurement and evaluation of training effectiveness (56%) – this is despite only one in five saying they spend most of their time monitoring or evaluating training at the moment (21%).

It is unsurprising, therefore, that 35% of respondents believe that learning and development can best make its contribution to organisational effectiveness in the future by becoming more closely aligned to business needs.

Building an effective learning and development culture at CooperVision

CooperVision is the third largest manufacturer of contact lenses in the world. In the UK the company employs some 2,100 people at three sites in the Southampton area. Here they manufacture and distribute contact lenses to a global market. In a competitive market, success depends on the technical proficiency of the workforce at all levels.

This modern manufacturing environment is both dynamic and complex. Throughout the highly automated and regulated manufacturing organisation, an understanding of technical requirements is necessary at all levels – and an ability to communicate and collaborate to support process improvement is essential. There are over 60 different nationalities represented in the workforce and the company has introduced fully funded English language lessons at work to assist inclusion and communication.

Ruth Grossett is the company's training and development manager; she has worked for CooperVision for some 14 years and moved into training from a background in operations and quality. Senior management recognise that value depends on the acquisition and application of knowledge and skills by committed staff, and are supportive of learning and development. One element of the company's vision statement is: 'Attract, develop and maintain an exceptional team.' However, it is one thing to make a statement; it is another to understand what this implies and to transmit this into practice. There is no central training budget and training interventions are based on business needs, which are generated from the performance management process and identification of skills gaps in the workplace. Ruth has then to secure the funding by demonstrating the relevance and payback to the business of identified learning activities.

A key part of Ruth's job involves the identification and management of external providers and consultants, ensuring that any learning activity is provided by partners with a clear awareness and understanding of the CooperVision culture and business requirements. And Ruth must ensure that the providers possess clear and transparent expectations of what the outcomes should be from an organisational and an individual learner perspective.

Much of the current efforts are focused on building a more effective learning culture and building up learner self-confidence. A particularly successful initiative has concerned the introduction of 'team conferences'. These are 'surfacing events', when a group of the workforce – perhaps some 25 people – are taken off-line to gather for a workshop, with Ruth undertaking both the organisation and facilitation. The term 'conference' is used because it is attractive to the workforce and underlines the importance and value of the event, which is based on a communities-of-practice approach. Problems are discussed, barriers to progress identified, and solutions offered by the participants, supported by management. This is a learning and communication event that is seen to be of immediate relevance and importance in the business and one that is proving successful in engaging the wider workforce in problem-solving activities through dialogue followed by action.

More generally employees are recruited and promoted for their technical ability and competence, but increasingly need to acquire interpersonal skills if they are to perform effectively at all levels – as teamworking is essential throughout the organisation. Formal on-the-job training is routine, but the challenge for learning and development is in creating a climate in which employees from a range of backgrounds will seek to develop their skills and participate in lifelong learning at all levels. The next steps in the development of a learning culture will involve interventions to encourage senior managers to acquire and deploy coaching and mentoring skills, building on learning events to widen employee participation and continuously improve performance through communication and engagement.

E-learning

Over the last few years the role of e-learning has evolved. In this section we have included a number of questions to identify the current role of e-learning and perceived future role as a learning and development intervention.

Current use of e-learning

Questions on e-learning have produced some interesting, though at times contradictory, results. E-learning is now used in 57% of organisations, and 48% of respondents believe that it is the most important development in training in the past few decades. However, 42% of organisations don't currently use e-learning. It can therefore be seen that this form of learning has not grown to levels that might have been predicted a few years ago. Indeed, three-quarters of organisations who currently don't use e-learning are not considering implementing e-learning in the coming year.

It is useful in this context to consider which types of organisation use e-learning and which types have neglected to do so. Examining public versus private sectors we see a marked difference: 82% of public sector organisations currently use e-learning, compared with 49% of private sector organisations. This is perhaps a reflection of government endorsement of this type of training as recommended by Leitch (65% of organisations who say they have been influenced by the Leitch Report use e-learning).

Not surprisingly, larger organisations use e-learning to a far greater extent than small organisations. Organisations with more than 5,000 employees have an uptake of 79% on e-learning, whereas organisations of 250 or less have an uptake of 38%. This indicates that the income or economic turnover is a contributing factor in whether or not organisations use e-learning; this is backed up by the data showing that organisations with specific training budgets and greater economic funding are more likely to use e-learning.

Half of the organisations interviewed say that e-learning is currently offered to the vast majority of employees (75–100%). However, over half (57%) feel that less than a quarter of their employees actually take up e-learning. Similarly, more than half (55%) believe that less than a quarter of employees actually complete the whole e-learning course. Nonetheless, almost three-quarters believe that e-learning is an effective learning and development intervention among those who currently use it.

Table 9: Proportion of training estimated to be currently delivered by e-learning and proportion expected in three years' time (%)

Proportion of training delivered by e-learning	Currently delivered	Expected in three years' time
0–10%	66	15
11–25%	23	44
26–50%	6	29
Over 50%	3	8
Don't know	3	3

Base: 415 (all those who use e-learning)

Current and future use of e-learning

Currently, two-thirds of organisations feel less than a tenth of their training is currently delivered by e-learning, (Table 9) with only 6% saying that between a quarter and a half of all training is delivered via e-learning. It is, however, felt that in future e-learning will be increasingly used as a training tool; 29% of organisations feel that, over the next three years, between a quarter and a half of all training will be delivered via e-learning.

Perceptions of e-learning

Perceptions of e-learning as a training instrument are varied (Table 10). While 72% of people feel that it is an effective learning and development intervention, there are other more critical responses: 38% believe that e-learning has the potential to waste

organisations' money and 79% feel that it is not a substitute for face-to-face classroom learning. Indeed, 92% of organisations feel e-learning demands a new attitude to learning on the part of the learners, while 80% feel that e-learning demands a new skill set for those who are involved in learning and development.

Perhaps the most telling statistic in terms of strategy planning is that 95% of respondents feel that e-learning is more effective when combined with other forms of learning.

In terms of overall effectiveness, only 8% believe that e-learning is a very effective learning and development intervention. However, 64% believe that it is fairly effective.

Table 10: Perceptions of e-learning (%)

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
E-learning is more effective when combined with other forms of learning	65	30	3	1	–
E-learning demands a new attitude to learning on the part of the learner	46	46	5	1	–
E-learning is not a substitute for face-to-face classroom learning	45	34	10	9	1
E-learning demands a new skill set for those who are involved in learning and development	18	62	13	5	–
E-learning involves the possibility of wasting a lot of money	14	24	29	27	6
E-learning is the most important development in training in the past few decades	7	41	25	23	3

Base: 415 (all those who use e-learning)

E-learning at Places for People

Places for People is one of the most innovative property management and development groups in the country. It has assets of over £2.2 billion and focuses on the provision of mixed-tenure communities that offer a choice of homes to rent, buy, or part rent, part buy. It seeks to create places that achieve a high level of sustainability, from a social, cultural and environmental perspective.

Some 2,500 people are employed by the organisation. The main management and support functions are based in Preston, Lancashire, but there are properties under development or management from Scotland to Cornwall. At first glance this makes e-learning an attractive option because it allows access to learning opportunities irrespective of location.

(continued)

E-learning at Places for People (continued)

There is a small central team that delivers (and organises the delivery of) face-to-face activities to a wide range of Places for People staff, who include professional managers, property surveyors, housing managers, property maintenance, customer care helpline staff and support staff in sheltered accommodation. This is a very diverse group with different needs. Recent priorities have included health and safety training, first aid, customer services and first line management. Maintenance, landscapes and care staff in particular are encouraged to undertake NVQs through local colleges.

Marie Leadbetter, who has an IT training background, is part of the learning and development team, with responsibility for developing e-learning. She is optimistic but cautious in her approach and this is based on the results of some initial experience.

In 2003 Places for People deployed a suite of generic e-learning material purchased from a well-known supplier. The modules mainly concerned Microsoft applications and were available to all staff through the intranet. This did not prove successful, however, as staff were generally unaware of the availability, there were technical glitches, and the material was not seen as tailored for a housing organisation – it was too generic. Similar issues arose when a neighbouring local authority made a tailored package available to Places for People. This concerned the safeguarding of vulnerable adults. This was evidently only of relevance to a small defined group of Places for People staff; however, even here there were comments that the material was too general and insufficiently targeted to their needs.

On the other hand, some positive results have been achieved with a library of documents available on the intranet known as Knowhow. These concern activities like change management, personal performance, communication and leadership. Over 1,000 downloads a month are taking place, mainly from management staff.

All this has persuaded Marie that there is a place for carefully targeted e-learning as part of a wider training and learning offering. She does not see it as always replacing classroom training, but supplementing other forms of delivery. Given the geographical spread, much of the delivery takes place in regions, so supporting materials available centrally would ensure consistency and save time costs.

Accordingly Marie is putting forward a business case to buy an authoring tool that will allow her to produce and deploy relevant content in-house. She has tested an evaluation copy on her PC and it appears that simple content can be created easily, but will be sufficiently attractive and engaging to the learner.

If successful, the initial modules will relate to essential in-house activities – for example the document management system and the housing management system: in Marie's words, 'bringing manuals to life'.

There are many practical challenges in making this form of learning effective. For example, about a fifth of the organisation's employees don't use a computer as part of their daily work. This is a reason for using a simple approach rather than technological sophistication in preparing content and for proceeding gradually. However, Marie is confident that – provided e-learning is promoted correctly and positioned correctly – there will be acceptance and buy-in.

Coaching

In the past few years, the growth of coaching has been a strong feature of the CIPD's *Learning and Development* surveys. This year's survey focuses on the purpose of the coaching function, and its perceived effectiveness.

Coaching activity

Coaching is a pervasive learning and development tool used within 71% of organisations. However, this phenomenon has seen changing levels of take-up over recent years from 78% of organisations in 2004 and 79% in 2006, falling to 63% in 2007. This year's figure, therefore, represents an increase on last year. It appears that 2007 is something of an anomaly rather than a pattern of dramatic change in the use of coaching. The fluctuation may also represent changes in organisations' perceptions of what constitutes coaching.

More than two-fifths of organisations (44%) now offer coaching to all employees, while 39% offer it to directors and senior management. A third offer coaching to senior managers (33%) and line managers/supervisors (33%).

Purpose of coaching

The most common purposes for which coaching is used within an organisation (Table 11) are: general personal development (61%), as part of a wider management and leadership development programme (61%), as a remedy in cases of poor performance (56%) and where a specific change of behaviour is required (55%).

Within organisations that offer coaching to all of their employees, the purpose of this coaching is demonstrably used for general personal development (79%) and to remedy poor performance (74%). Whereas in organisations that offer coaching only to managers, the emphasis for the purpose of coaching shifts towards its positioning as part of a wider management and leadership development programme. Over three-quarters (77%) of organisations that offer coaching only to

Table 11: Purpose of coaching in your organisation (%)	
General personal development	61
Part of a wider management and leadership development programme	61
Remedial in cases of poor performance	56
Where a specific change of behaviour is required	55
Transition support after change in role or joining organisation	52
Building capability to manage others	51
To support the development of senior executives	49
As a tool for organisational or culture change	35
To support achievement of specific organisational objectives	35
To reach solutions to tactical issues	25
Non-specific performance development	24
Other	3

Base: 518 (all those who use coaching)

Table 12: How coaching objectives are identified (%)

Objectives set at individual level only (involving some combination of line manager, individual and coach)	69
Overall objectives for coaching set by HR and/or learning and development specialists	35
Overall objectives for coaching set at senior executive level	23
No objectives for coaching set at any level	11
Other	1

Base: 518 (all those who use coaching)

senior managers intend coaching to be used within such programmes.

Who identifies coaching objectives?
Almost seven in ten (69%) organisations (Table 12) feel that objectives for coaching activity are set at an individual level rather than at a senior executive level (23%) or as part of an HR agenda (35%).

Who is responsible for delivering coaching?
The bulk of the responsibility for delivering coaching (Table 13) lies with line managers coaching those who report to them (36%) and with HR and/or learning, training and development specialists (30%). Only a quarter feels that specialist internal coaches have at least some involvement in delivering coaching in their organisation.

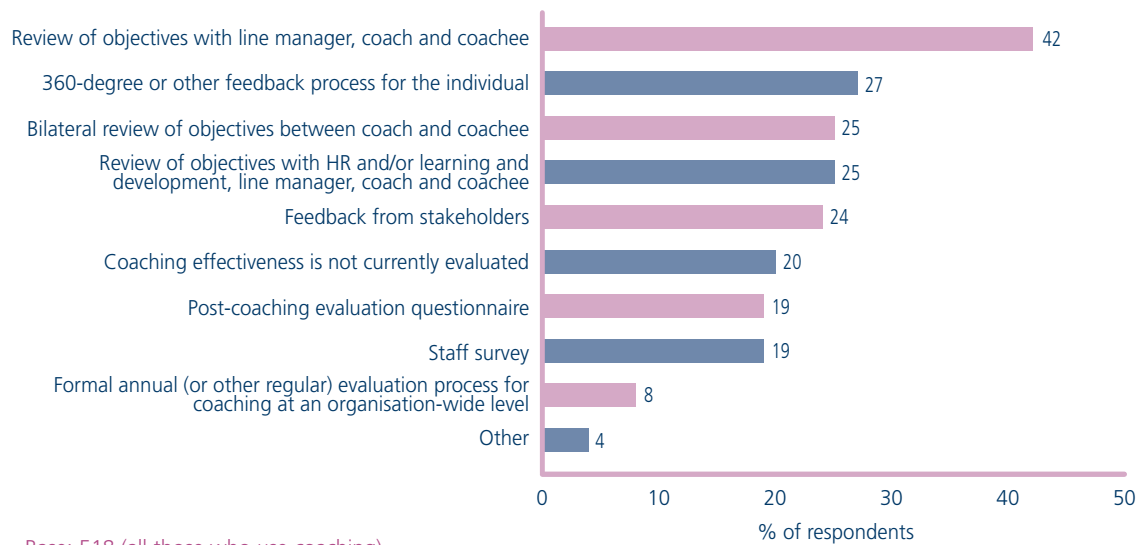**Effectiveness of coaching and how this is determined**
Around three-quarters (72%) of organisations feel that coaching is very or fairly effective (Figure 4 overleaf). Two in five (42%) feel that the effectiveness of coaching is garnered anecdotally – through observation of changes. While this is perhaps not the most precise or scientific measure of effectiveness, it can provide an overview, which can be supplemented through other evaluative systems. For example, 42% feel that the effectiveness of coaching is gauged by reviews of objectives conducted with line managers, coaches and coachees. Only 8% evaluate the effectiveness of coaching via a formal annual (or other regular) evaluation process.

Table 13: Responsibility for delivering coaching in your organisation (%)

	Main responsibility	Some involvement	Limited involvement	No involvement
Line managers coaching those who report to them	36	34	10	5
HR and/or learning, training and development specialists	30	42	12	4
External coaches	24	21	18	23
Senior managers	14	42	16	8
Specialist internal coaches (whose primary job it is to coach)	14	11	9	41
Line managers coaching those who do not report to them	5	22	20	27

Base: 518 (all those who use coaching)

Figure 4: How effectiveness of coaching is evaluated (%)

	% of respondents
Review of objectives with line manager, coach and coachee	42
360-degree or other feedback process for the individual	27
Bilateral review of objectives between coach and coachee	25
Review of objectives with HR and/or learning and development, line manager, coach and coachee	25
Feedback from stakeholders	24
Coaching effectiveness is not currently evaluated	20
Post-coaching evaluation questionnaire	19
Staff survey	19
Formal annual (or other regular) evaluation process for coaching at an organisation-wide level	8
Other	4

Base: 518 (all those who use coaching)

How coaching is linked to the organisation's overall learning and development strategy

More than two in five organisations that use coaching link it to their organisation's overall learning and development strategy (Table 14) through management development initiatives (47%), offering coaching as part of a leadership development programme (46%) or via performance management processes and personal development plans (45%). Only a quarter have coaching formally written in the learning and development strategy, while a quarter say that coaching has no link with the overall learning and development strategy and is considered a stand-alone process.

Table 14: How coaching is linked with overall learning and development strategy (%)

Coaching is part of management development initiatives	47
Coaching is offered as part of leadership development programmes	46
Through performance management processes and personal development plans	45
Through 360-degree feedback	27
Formally written into learning and development strategy	25
Forms part of a blended learning approach	25
No link – coaching is a stand-alone process	23
Through the internal succession planning process	21
Through a competency framework	19
Coaching is integrated into change programmes	14
Other	2

Base: 518 (all those who use coaching)

Milk Link: using coaching to develop the cream of management talent

Milk Link is a major food processing business owned entirely by British dairy farmers whose farm-assured milk it processes into a comprehensive range of superb-tasting, high-quality and innovative dairy products.

Milk Link employs around 1,600 people at nine processing facilities. In 2006–07 it generated a turnover of over £500 million. It is the UK's largest producer of cheese and long-life milk and creams; it is also a leader in the production of extended-shelf-life products, flavoured milks, custards, milk powders, soft cheeses and cultured ingredients.

If you've bought a flavoured milk or an own-brand quality cheese from a leading supermarket, the chances are it was made by Milk Link. The business also supplies a range of dairy products to the food service sector and manufactures dairy ingredients across the food manufacturing sector.

The profits generated by the business are returned to its farmer members to help provide a sustainable future for their dairy enterprises. In doing so, at a wider level, it also supports the economic, social and environmental well-being of many hundreds of rural communities across the UK.

Milk Link started trading in April 2000 as one of the three successor co-operatives to Milk Marque and at a time when the UK dairy industry was undergoing a period of tremendous change. Milk Link knew it had to evolve rapidly to meet the changing requirements and constraints of an increasingly competitive global marketplace. It appreciated that little tweaks here and there would not be enough – change needed to be more fundamental, innovative and far-reaching.

In August 2001 Milk Link members committed themselves to a strategy to transform their co-operative into a vertically integrated dairy business to create a long-term sustainable future for their enterprises. At the heart of this strategy was the requirement to invest in processing assets to turn their milk into value-added dairy products and enable them to get a greater share of the margins available in the total dairy supply chain and greater shelter from fluctuations in dairy commodity markets.

Mike Kelly, Milk Link Group HR and Development Manager, explains: 'Milk Link is still a relatively young business which, in its six years of existence, has grown rapidly in a market which is itself going through huge change. Milk Link has recognised that in order to meet a wide range of diverse challenges which arise from operating in a highly dynamic environment, it is important to develop its senior management team to anticipate, identify and meet those challenges.'

'We need to develop talent for the executive roles within our different businesses and as a result we must develop our internal management.' Mike goes on to explain how Milk Link develops its management talent pipeline: 'It's important if we as a business are to continue to grow and develop, that we retain those managers who show the unique talents required for managing this sort of business and that means that we have an interest in broadening the skills base of all our key senior executives and managers.'

The company uses coaching as part of its succession planning toolkit. Milk Link is working with external coaching consultants to develop coaching for key senior management focused on their development needs. 'It's about growing our future business leaders. We are saying through the coaching process you can broaden your development so that you can be ready for a key role. It may

(continued)

Milk Link: using coaching to develop the cream of management talent (cont'd)

well be that we find out that a manager needs specific training in strategic marketing or corporate finance; we'll then build a bespoke module with a leading provider to build that capability. It may be a behavioural training need but whatever it is, we'll take a tailored approach, fitted around the individual.'

How is Milk Link evaluating the impact of executive coaching? 'Well it's probably too early to conduct any serious evaluation, but we will certainly be looking for managers who are better rounded and prepared to fill the senior positions that emerge. In that respect we are looking at a period of 12–18 months to evaluate the impact.' The company is working with a group of about 45 senior managers who are in, or close to, an executive position. 'These are the kind of high flyers we need to retain, some in very senior positions, if we are to grow the business,' Mike comments.

It is often thought that coaching should be company-wide and should take place throughout the organisation. However, Milk Link believes that coaching is most needed at the top of the business and has no plans as yet to introduce coaching throughout the rest of the business. 'We may do further down the line,' adds Mike, 'but we are convinced that the real need is to develop and retain senior management talent.'

Mike concludes: 'To stay as the unique business we are we need to develop quality throughout the business and coaching our top people ensures we have the skills to compete.'

Economic influences on learning and development

In this section we examine the views of CIPD members on the economic circumstances facing UK organisations and the influence this has on the funds available for learning and development.

One in five respondents (20%) feels that the economic circumstances facing their organisation in the past 12 months have improved (Table 15). While this is marginally up on 2007 (15%) and 2006 (19%), it does not necessarily reflect genuine economic upturn for organisations (because the finding is tempered by the fact that 33% feel that economic circumstances have worsened and 44% say the situation has stayed the same over the past 12 months). Public sector organisations in particular feel that their economic circumstances have worsened over the last 12 months (53%).

Smaller organisations are more likely to report similar or better economic circumstances than those employing more than 5,000 employees (Table 16). Two in five organisations (44%) with more than 5,000 employees report worsening conditions, compared with just 24% of those with fewer than 250 people.

Impact on the funding of training

Over a quarter (27%) of respondents feel that funds have decreased over the past year, over half (51%) report that funds have been stable and only 19% report an increase in funding.

While this figure is reduced among the private sector (22%), nearly half of all respondents in the public sector (45%) feel that funds for learning and

Table 15: Economic circumstances in the past 12 months, by sector (%)

	Better	Same	Worse
Private	22 (20)	50 (43)	26 (31)
Public	12 (5)	33 (28)	53 (63)
Voluntary	21 (14)	51 (56)	28 (28)
Base: 729		(2007 figures shown in brackets)	

Table 16: Economic circumstances in the past 12 months, by number of employees (%)

	Better	Same	Worse
250 or fewer	22	53	24
251–1,000	19	46	31
1,001–5,000	22	39	37
5,000+	16	39	44
Base: 729			

Table 17: Impact of economic circumstances on funding of training in the past 12 months, by sector (%)

	Increased	Same	Worse
Private	20 (14)	55 (54)	22 (24)
Public	13 (7)	41 (38)	45 (52)
Voluntary	23 (16)	54 (62)	23 (20)
Base: 729		(2007 figures shown in brackets)	

Table 18: Impact of economic circumstances on funding of training in the past 12 months, by number of employees (%)

	Increased	Same	Worse
250 or fewer	18	60	19
251–1,000	21	57	21
1,001–5,000	21	40	37
5,000+	13	46	39
Base: 729			

development have been cut over the past year (Table 17). Indeed, more than half of private sector organisations (55%) compared with only 41% of public sector organisations feel that they have the same funds available as they did 12 months ago.

Respondents from very large organisations continue to be more likely to have seen their funding for training decline in the past 12 months, than are those employing fewer than 1,000 people (Table 18).

Future prospects
The final economic indicator we looked at was expected changes in funding in the next 12 months. A quarter of respondents (25%) expect funding to increase in the next year, while 20% anticipate a decrease in funding. Half (51%) expect their funding to remain the same (Table 19).

Despite a worsening of economic circumstances in the past 12 months, respondents in the private sector are the most optimistic about their funding prospects for the next

Table 19: Expected change in funding of training in the next 12 months, by sector (%)

	Better	Same	Worse
Private	28 (28)	52 (48)	17 (16)
Public	16 (10)	47 (40)	31 (42)
Voluntary	24 (22)	55 (52)	17 (21)
Base: 729		(2007 figures shown in brackets)	

Table 20: Expected change in funding of training in the next 12 months, by number of employees (%)

	Increased	Same	Worse
250 or fewer	18	60	19
251–1,000	21	57	21
1,001–5,000	21	40	37
5,000+	13	46	39

Base: 729

12 months , with 28% anticipating an increase in funding compared with 24% in the voluntary sector and 16% in the public sector.

When this data is split by number of employees, we can see that respondents from organisations employing more than 5,000 people are far less optimistic about their funding prospects, with around 39% anticipating a decrease, compared with 19% of those employing fewer than 250 people (Table 20).

Training spend and budgets

Information on training budgets remains a popular request from CIPD members. This year, we asked respondents about both their training spend and the average number of days' training per employee.

In total, 77% of organisations have specific training budgets – public sector organisations lead the way in this area with 89% of organisations allocated specific budgets, compared with 71% in the private sector.

The median training spend per employee is £300, up from both last year (£272) and the previous year (£278). The voluntary sector continues to spend far more on training per employee than other sectors, with a figure of £375 per employee compared with £296 in the private sector and £222 in the public sector.

As found in previous years, there continues to be marked differences between the training spend of the different sizes of organisation. The smallest companies tend to have smaller budgets but spend more per employee (£375), while the larger companies (those employing more than 5,000 employees) spend the smallest amount per employee (£108).

The number of training days also remains fairly constant, with an average of five days per employee.

Table 21: Budget and training days received in the last 12 months, by sector and size

	Respondents with a budget (%)	Budget per employee (£)	Training received per employee (days)
Sector			
Private sector	71	296 (273)	5.3
Public sector	89	222 (250)	5.4
Voluntary sector	85	375 (375)	5.1
Size			
250 or fewer employees	67	375	5.3
251–1,000 employees	79	304	4.7
1,001–5,000 employees	84	226	5.2
5,000 or more employees	81	108	6.1
	Base: 729	Base: 559	Base: 681

(2007 figures shown in brackets)

Conclusions and implications

You can find further insights into the implications of these survey findings in a publication in the Reflections series called *Reflections on the 2008 Learning and Development Survey: Latest trends in learning, training and development.* The publication can be downloaded free from the CIPD website (www.cipd.co.uk/surveys).

In the context of the skills deficiencies acknowledged in this study by organisations, it is somewhat disappointing to observe the relatively low level of take-up of relevant initiatives following the Leitch Report. More than half of organisations don't feel that their strategies have been influenced by the report at all, with impact on activities in private sector organisations particularly low compared with their counterparts in the public sector.

Further investigation is needed to develop a fuller understanding of the enablers and barriers to the report, and the perceived organisational benefits that the Leitch recommendations could deliver. However, a positive level of interest remains in the form of employers who would consider such initiatives, particularly the signing of the Employer Skills Pledge, involvement in foundation degrees, external accreditation for in-house training programmes and participation in 'Train to Gain'. And it is important not to lose momentum in this process.

Employers are now looking for more and better skills among their staff, with interpersonal and communications skills considered very important. While these, along with management skills, are abilities that organisations feel are essential to their success, new recruits are often found to be lacking them. With employers' focus now on higher-level skills, they feel that the Government should be responsible for raising the level of more-basic skills among young people.

Continuing the trend of the 2007 CIPD report, the role of line managers is once again highlighted within this report as crucial to the delivery of learning and development and the responsibility for determining learning strategies. The majority of organisations have installed new programmes to develop the role of line managers over the past two years, and there is a strong belief that the emphasis on line managers' responsibilities for learning and development will continue over the next five years.

Although e-learning has grown and is expected to do so further, with the public sector trailblazing the way forward, its effectiveness as a stand-alone tool is not yet proven. While many think of it as the most important development in training in the past few decades, only a small minority believe that it is the most effective learning and development practice. A need remains to use it to complement other learning methods, such as classroom-based learning, with nearly all organisations believing that e-learning is most effective when combined with other forms of learning. Perhaps the biggest challenge to the successful adoption of e-learning is changing the attitude of learners towards it.

Coaching appears to be the 'shining star' of the portfolio, with seven in ten believing it to be an effective tool. It is most widely used in management and leadership development and in general personal development. Despite an apparent dip last year, the use of coaching has increased, and is now approaching levels previously enjoyed. Responsibility

for delivering coaching often lies with line managers coaching those who report to them. This can only put additional pressure on line managers in their evolving portfolio of responsibilities. The challenge will be on how to best evaluate the effects of coaching, in light of the current emphasis placed firmly on anecdotal, rather than 'hard', measures.

The country's economic climate inevitably impacts directly on CIPD members and one effect is the funding available for training and development. With more organisations starting to feel the economic pinch in 2008, professionals must take care to target investment in this key area and to measure and report its benefits wisely.

The public sector is likely to be particularly affected by worsening economic conditions, with nearly half of organisations cutting their training budget. Funding for training in private and voluntary sector organisations is expected to be more resilient. Larger organisations are also more likely to be anticipating a poorer economic climate, which will again impact on the funds available for training.

Background

This is the tenth annual CIPD *Learning and Development* survey, the first carried out by Ipsos MORI. The survey examines current practices in learning and development. This year we examine issues including positioning coaching activities, e-learning, the future of learning and development, and employee skills. It also provides benchmarking information on training spend and economic influences on training and development.

The analysis, design and management of the survey was undertaken by Nicky Day and Josh Surtees at Ipsos MORI and Victoria Winkler, Adviser, Learning, Training and Development, at the CIPD.

The survey was carried out using a structured postal and online questionnaire that was sent out to 5,000 CIPD members who hold roles as learning, training and development managers. Of these, 729 usable questionnaires were returned – a response rate of 15%.

The returned questionnaires were analysed using SPSS. The results of the two completion methodologies (online and paper) were compared to check for significant differences between the data collected – none were found.

A small number of respondents took part in follow-up telephone interviews to produce mini case studies on a selection of the topics. These are presented in the coloured boxes throughout the report.

Four leading commentators in the field of learning and development were commissioned by the CIPD to produce essays on specific themes covered by the survey. These essays aim to provide a broader context to the survey findings and also identify the implications for practitioners. The essays, *Reflections on the 2008 Learning and Development Survey: Latest trends in*

learning, training and development, are collected in the CIPD's Reflections series and can be downloaded free from the CIPD website (www.cipd.co.uk/surveys).

Sample profile

The sample breakdown by industrial sector and organisational size is shown in Tables 22 and 23. As usual with the CIPD surveys, the sample is skewed towards larger organisations, which reflects the membership profile of the CIPD. Nevertheless, as Table 22 shows, the survey gathered responses from a reasonable proportion of smaller and medium-sized organisations.

Table 22: Profile of respondents, by number of employees (%)

250 or fewer	26
251–500	16
501–1,000	13
1,001–5,000	22
5,001–10,000	8
10,001 or more	12

Base: 729

Over half of respondents in this year's survey are in the private sector (Table 23). The public sector accounts for 38% and roughly one in ten respondents are in the voluntary sector.

Table 23: Profile of respondents, by sector (%)

Private	51
Public	38
Voluntary	11
Base: 729	

Table 24: Profile of respondents, by industry sector (%)

Agriculture and forestry	0
Chemicals, oils and pharmaceuticals	3
Construction	2
Electricity, gas and water	1
Engineering, electronics and metal	3
Food, drink and tobacco	2
General manufacturing	2
Mining and quarrying	0
Paper and printing	1
Textiles	0
Other manufacturing/production	4
Professional services	6
Finance, insurance and real estate	6
Hotels, catering and leisure	2
Transport, distribution and storage	3
Media	1
Retail and wholesale	4
IT services	2
Communications	1
Call centres	1
Other private services	5
Care services	3
Housing association	2
Charity services	4
Other voluntary	2
Central government	5
Health	6
Education	4
Local government	9
Other public services	4
Not stated	11
Base: 729	

Acknowledgements

The CIPD is very grateful to all those organisations and individuals who gave their time to take part in the 2008 survey and the associated case studies.

We explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

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