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'the greater the connections to the organisation's internal performance management practices and metrics the greater the potential ROI of external management development services'

MANAGEMENT ASSESSMENT, EXECUTIVE COACHING & YOUR RETURN ON INVESTMENT

The benefits of management assessment and coaching to organisations are numerous and impact greatly on businesses' bottom line. However, calculating a monetary Return on Investment for such activities is more difficult to do. Whilst equations can be drawn up to give you a figure, or percentage ratio, such financial and statistical analysis invariably includes arbitrary judgement within the process. How does one actually derive a monetary figure from 'soft data' such as an increase in someone's engagement, commitment, motivation and leadership skills? Equally, if you address some 'hard data' on performance improvement, then the difficulty can often lie in what Key Performance Indicators are most relevant and dependable to base your analysis on?

I suggest that seeking an ROI figure is almost impossible to do with accuracy. Rather more, it is the investment in strategies to leverage value from these activities that should become the focus. I offer the following observations on where I think investment in your workforce make real budgetary difference and how the organisation can maximise the impact of such work.

RECRUITMENT ASSESSMENT

Particularly at Senior Management Team level, psychological assessment offers critical information on candidates. Whilst referencing, deep referencing and competency based interviewing is essential, so too is the analysis of personality, person-culture fit, team fit and an audit of reasoning skills and thinking preferences. At short-list stage it is often this knowledge that completes the information for a fully informed decision to be made. Ill informed recruitment decisions at senior level come at a high cost and when things don't work out it is a tough and expensive problem to 'unpick'. Getting it right saves money – period!

IMBEDDING COACHING

In most cases senior recruitment involves compromise and accommodation from both the candidate and the organisation. There is often the need for coaching to 'imbed' the successful candidate into a known organisational culture and support those inherent skills and aptitudes to be expressed and implemented in the early stages of transitioning into the role. Particularly, when the recruitment assessor has benchmarked a candidate's strengths and knows the culture of the recruiting organisation, so coaching in this context realises the search and selection investments already made and ensures timely performance delivery.

MANAGEMENT AND LEADERSHIP DEVELOPMENT ASSESSMENT

Management assessment optimises your organisation's skills in its workforce. It retains key staff and reduces senior level turnover. The longer the tenure of management, the greater and more potent the expertise that the organisation has at its disposal.

Reaction to development assessments are often positive from clients, given it is often perceived as symbolic of the organisation's desire to invest in them, and for many the feeling of prestige to be in receipt of it. However, to leverage the true value of assessment is to ensure the follow through of Personal Development Plans and wherever possible a review of their implementation and impact. Harnessing and sustaining learning can be done through a range of supporting initiatives e.g. peer mentoring, active learning groups or 360 degree feedback.

EXECUTIVE COACHING

Coaching for business leaders can have extraordinary ROI. Think of the CEO who, as a result of ongoing coaching manages to develop better, effective, more proficient and strategic working practice with his executive team. If he can raise the performance of each of his top team by 5% each, then this performance improvement has every likelihood of cascading down through the organisation. One individual leadership development coaching contract can have impact across large sections of an organisation with multiple percentage improvement.

Whilst it is often the responsibility of the coach or assessor to persuade or express the ROI as an external provider, ROI is in essence a shared responsibility between the external supplier, the client and the sponsor of the activity. In both management assessment practice and executive development coaching, the greater the connections to the organisation's internal performance management practices and metrics the better. Encouraging involvement from the coachee's line managers in reviewing application of learning from coaching is essential.

CONCLUSION

It is, of course, vital for clients to be getting their money's worth. The tools are out there to generate a numerical, financial output. To do this, however, a systematic evaluation process needs to be designed into the programme you undertake. The fact is, organisations, in the vast majority of cases don't have the time, and in most cases, the inclination to seek to measure outcomes in this way. Thompson Dunn believe that an organisations people strategy should be intrinsically linked to the organisations broader business targets. As such, evaluation at this level would seem better placed to isolate the 'value add' of workforce investment. Certainly at senior management level, to my mind it is not the case that 'It's only the things you can count that count'. Where the translation of activity to specific monetary value is problematic, the value of this work undoubtedly has huge value organisationally.



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