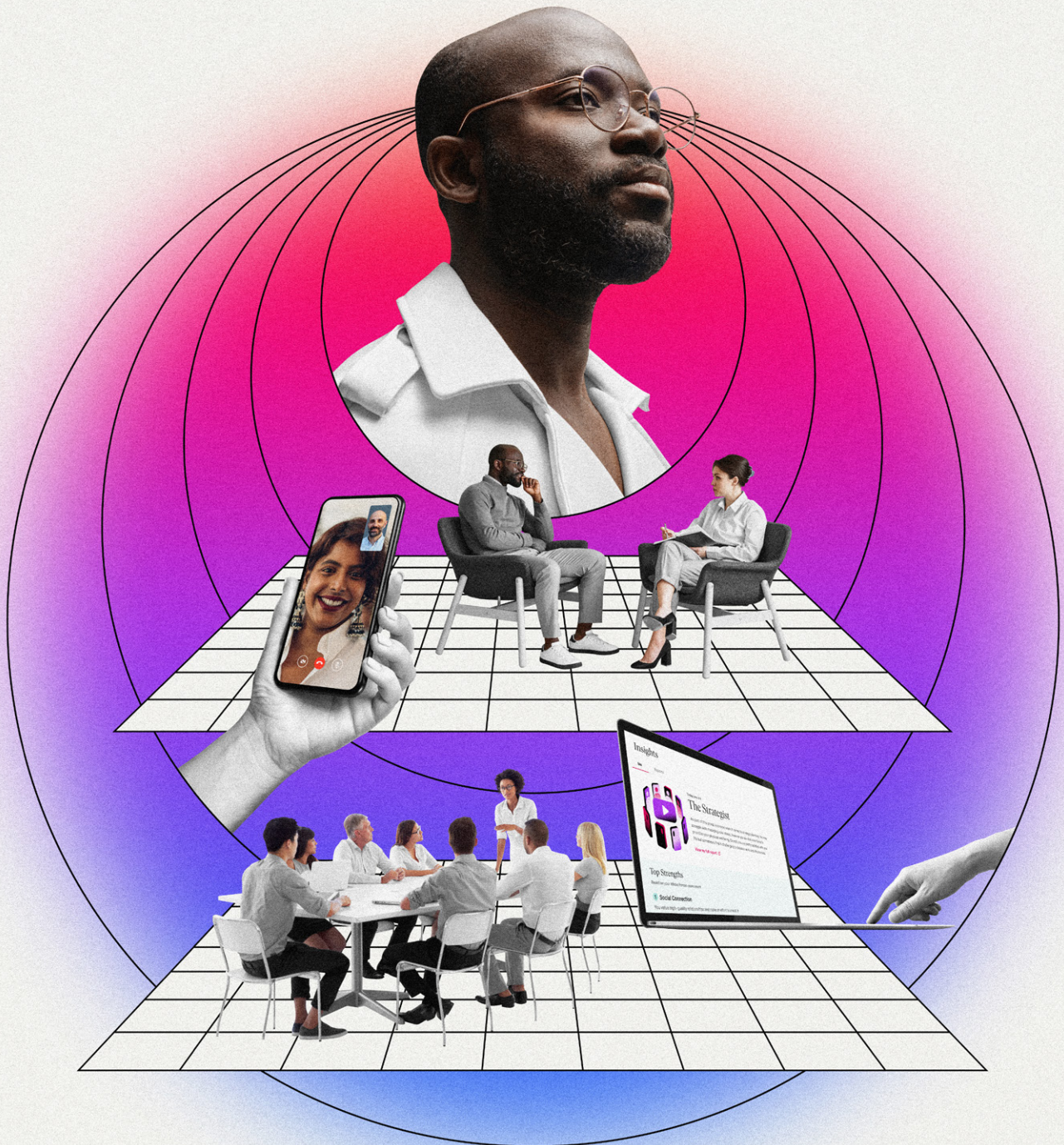


BetterUp

INSIGHTS REPORT
2023

Unlocking performance: Transform your people and teams with a Coaching Culture



Unlocking performance: Transform your people and teams with a Coaching Culture

TABLE OF CONTENTS

1	Coach your people, transform your business	05
2	How Coaching Culture cultivates mindsets for performance	29
3	The business and human case for building a Coaching Culture	41
4	How to strengthen your organization's Coaching Culture	65



SECTION 01

Coach
your people,
transform
your business

Right now, the most important factor in whether an organization will survive is its ability to transform and keep transforming.



To meet the business challenges of a whitewater world, leaders need a continuously adapting workforce that understands what's relevant, can rapidly acquire new skills, embrace challenges, and problem solve no matter when or where they're working. To retain that talent, organizations must provide growth and development opportunities to help employees stay relevant and valuable in an environment that supports learning through experimentation and risk-taking, a sense of mattering, and movement toward their goals.

Successful transformation requires **performance**, but more digitization, point solutions, or processes aren't the only answers. Over 70% of transformation efforts fail¹ — why? Because at the core of every transformation effort is a set of leaders and employees who have to embrace a new approach to their work, their customers, and their challenges.

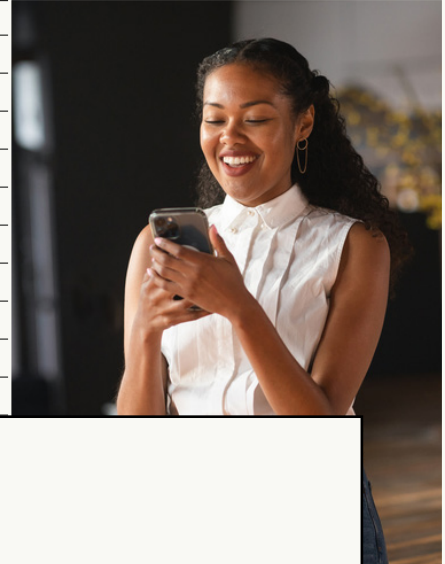
The capacity to transform your business hinges nearly entirely on your people, all across the organization, being able to continuously transform themselves — in mindset, behaviors, and skills. **People** are the ones who change strategy, the tactics, adapt behavior, and find new solutions. **People** hold the most significant lever to accelerate or stagnate. **People** are the beating heart of every culture.

But why aren't
people *performing*?
And what can leaders
do about it?

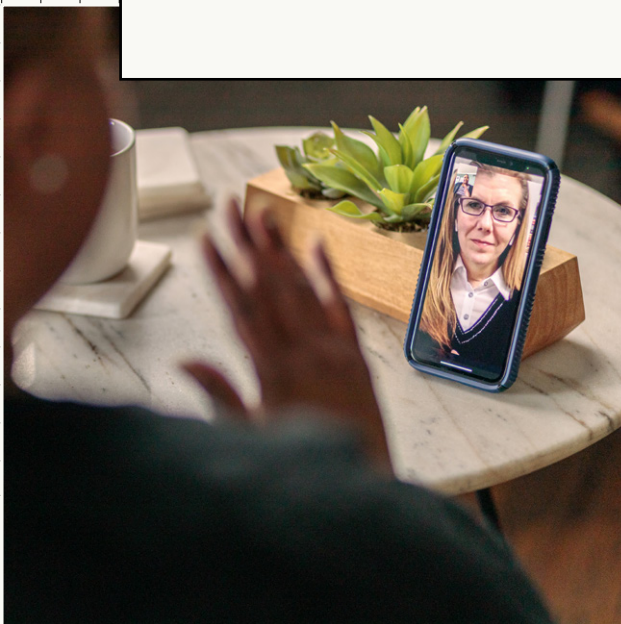
Our latest research highlights an effective and sustainable approach to boost performance and drive transformation: build a strong **Coaching Culture** to create an environment where employees can lead, take initiative, and exercise creativity, judgment, and decision-making despite uncertainty and rapid change. That means fostering coaching behaviors and skills in your leaders, developing manager-coaches, creating the foundation for peer coaching, and providing access to personal development experiences for all employees.

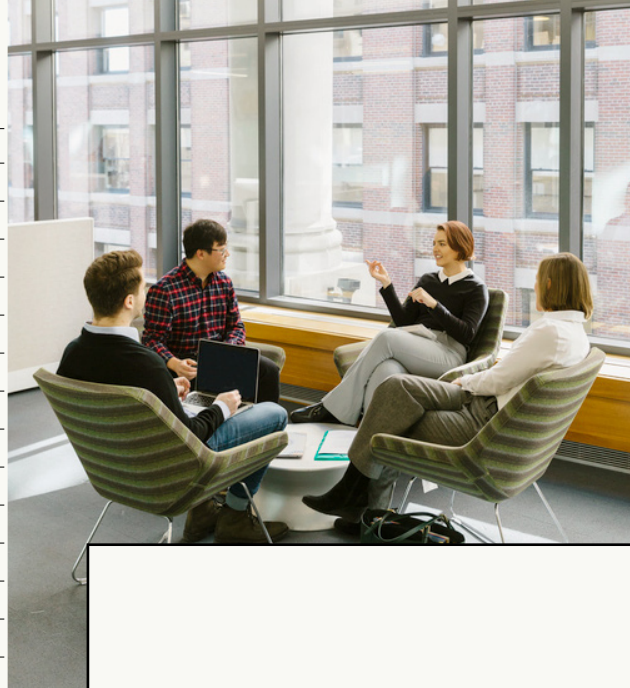


In organizations we identified with a strong Coaching Culture, coaching goes above and beyond programmatic or tactical use. Instead, everyone has access to personal support and coaching in critical moments. Coaching happens at an embedded, self-sustaining level both through formal channels organized and supported by organizational investments (third-party trained coaches) and informally at different levels of the employee population (manager-as-coach, peer-to-peer coaching).



We studied
852 organizations
around the globe —
spanning industries —
comprising **30,000+**
individuals to better
determine the impact of
Coaching Culture.





What we found

Organizations with strong Coaching Cultures see far more significant gains in revenue, growth, and return on shareholder value than their competitors.

Their employees also experience important differentiators in productivity, performance, and every single marker of well-being that BetterUp measures. Simply put, if your leadership team is looking to gain a competitive edge, overcome uncertainty, or boost performance — a strong Coaching Culture will get you there.

Is your team ready to do what it takes to make transformation successful? To transform your business, you need to help your people transform first. Here's why and how to do it.



1. The transformation challenge — and opportunity



In practice, organizational transformation should start with taking an "outside-in" perspective, looking first at broader, long-term trends reshaping markets (including the labor market) and the business environment to create a shared understanding of the relevant future. But we're not in a normal business environment.

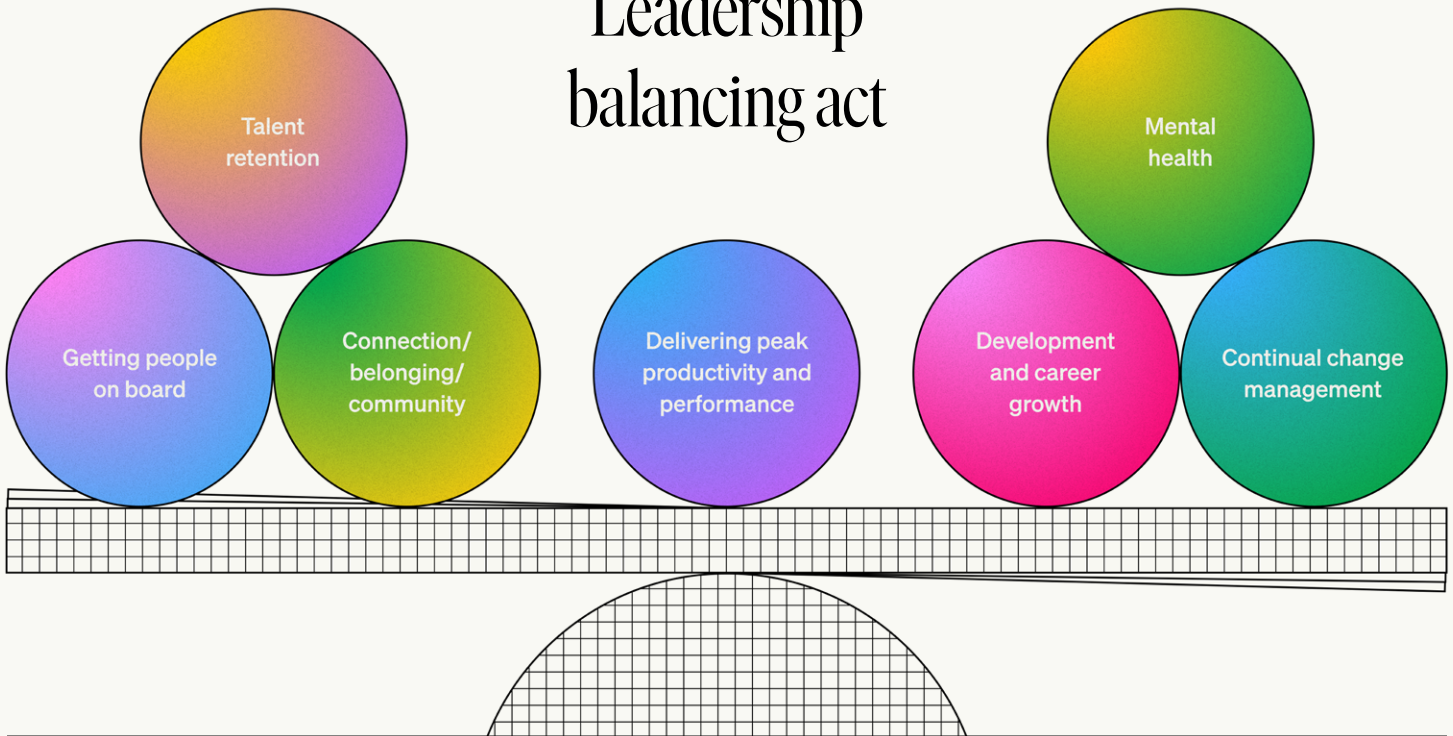
*“Change before you
need to.”*

Jack Welch



CHROs now understand that they are a key player, responsible for driving business outcomes. They also know that building an agile, resilient workforce is not only a necessity, but a priority and that the continued growth of individuals and improved performance of teams will drive the organization forward. But they also feel intense pressure to react to what's happening around them — instead of looking ahead to the type of organization they want to be and charting a course to develop the capabilities they'll need to compete and succeed in that future.

Leadership balancing act



To survive now and thrive in whatever is coming requires organizations to embrace transformative change and build a culture that prioritizes and nurtures performance. A recent PwC global CEO survey² found that over 60% of respondents say they “feel their companies are still too focused on the short-term,” and not prepared for the longer-term.

For many, the future seems impossibly obscured, unreachable or untenable, and employees are left spinning circles. Megatrends are colliding and reshaping the business environment. Climate change, technological disruption, demographic shifts, a fracturing world, social instability, and more — we're all left to navigate volatility, rapid change, and continuous, sometimes debilitating, uncertainty. Without mindset shifts, any attempt to meet the unique challenges of this dynamic landscape or achieve organizational transformation is destined to fail.

NEARLY

40%

of CEOs said changes would need to be made for their organizations to be economically viable in the next decade. In addition, CEOs' confidence in their companies' growth capabilities dropped 26% from 2022².

2. Uncertainty takes a bow

Collective anxiety across the workforce about the short- and long-term future has gone from crawl to sprint in short order. Employee and employer trend cycles are faster and more furious than ever before. Sentiment is changing quicker, too. These dramatic shifts can have a detrimental impact on not just day-to-day operations, but the success of any transformation effort.

96%

of workers say they are looking to change jobs this year³

74%

of Gen Z and Millennials are ready to quit over lack of development⁴

32%

of U.S. full- and part-time employees are engaged⁵

18%

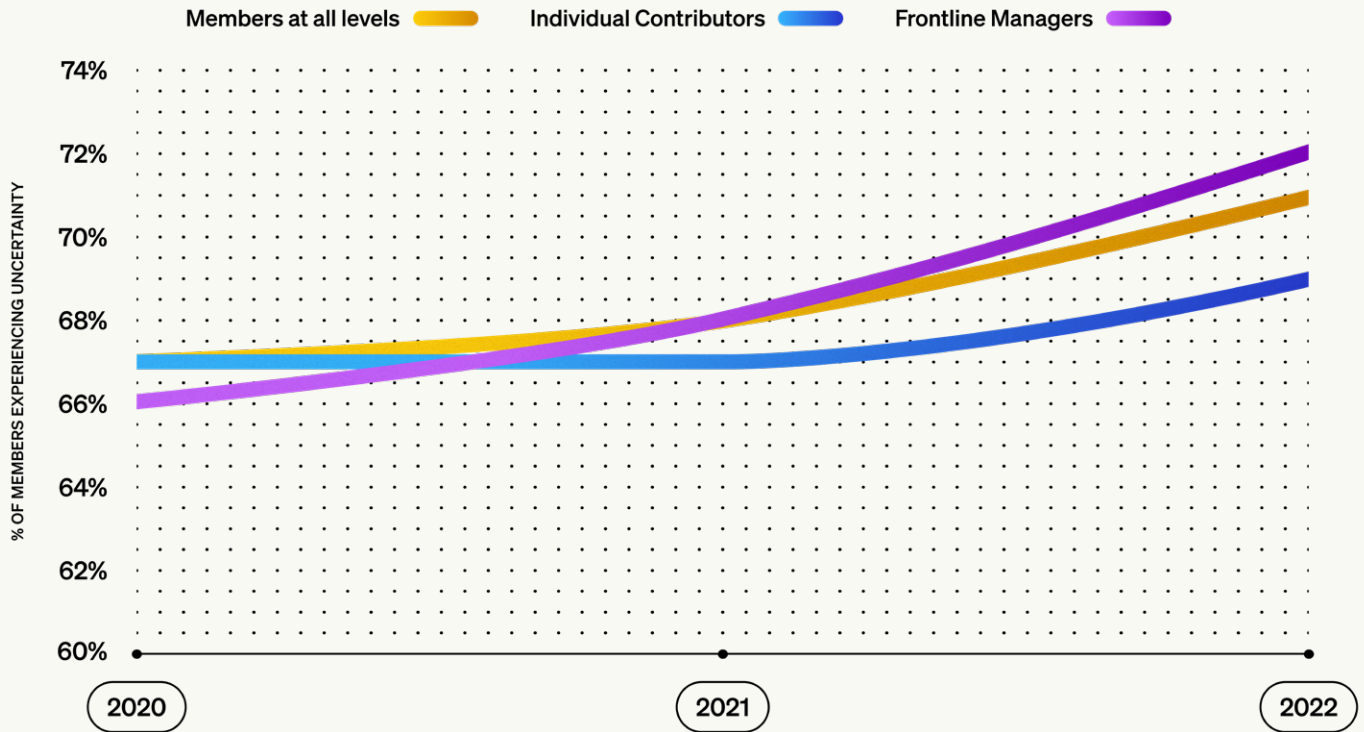
of U.S. full- and part-time employees are actively disengaged⁵

14%

of employees in Europe are disengaged, ranking the region with the *least* engaged employees worldwide⁶

Uncertainty on the rise

Percentage of Members who report workplace uncertainty at onboarding with BetterUp

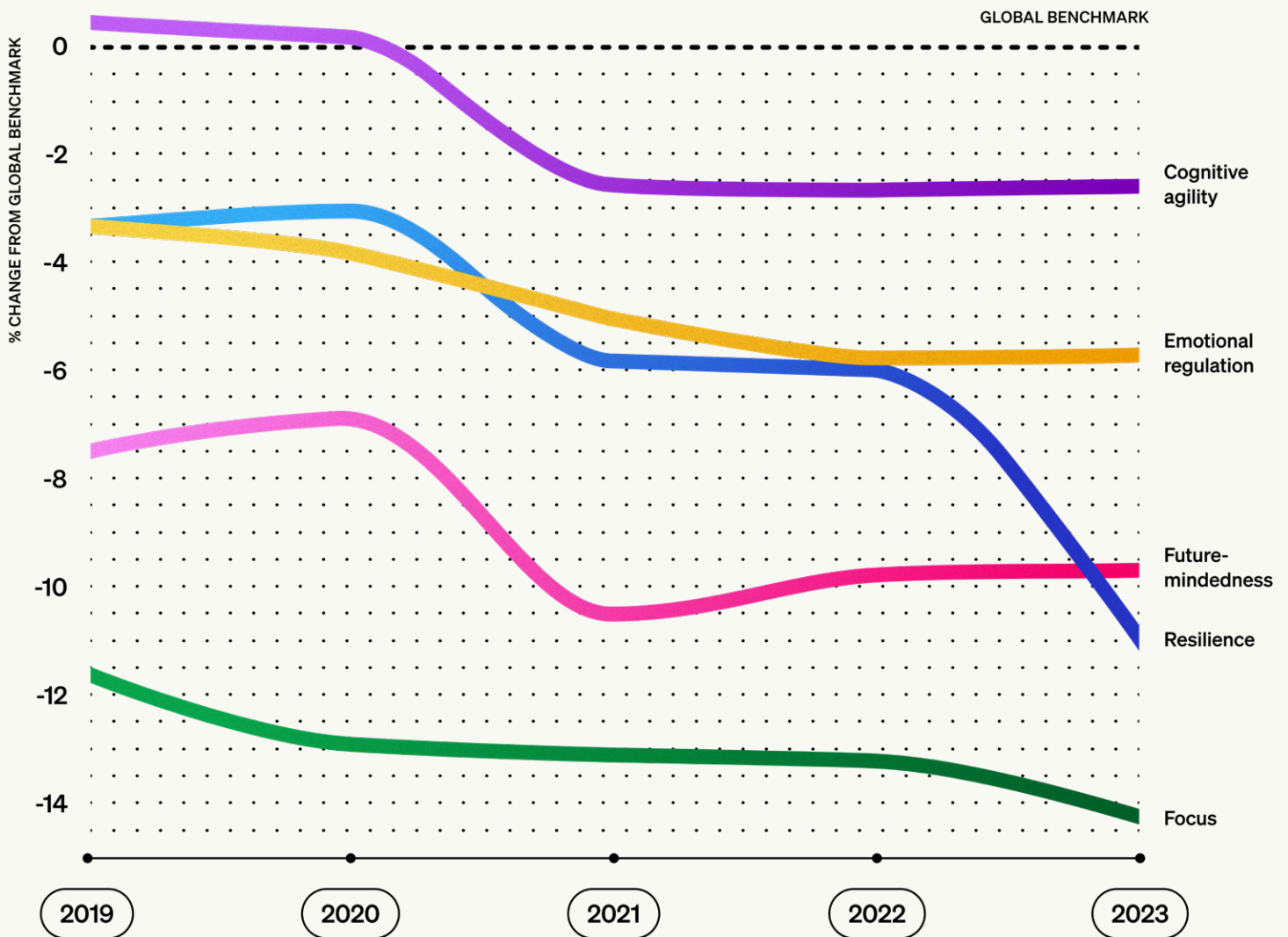


For employees, the ways of working and skills needed to meet the moment's challenges are changing rapidly, creating a constant pressure to keep up. As quickly as your people can accept and orient toward one paradigm shift (*remote work, the Great Resignation*), a new, more confounding one comes barreling toward them. Workplace trends and norms that used to take years to evolve are happening in months, leaving people feeling off guard and on edge.

As new Members onboard with BetterUp to start their coaching journey, we gauge the health of their work and personal lives through a rigorous scientific assessment. Our data shows that organizations as a whole aren't so good at embracing and reorganizing around change and uncertainty, and employees are becoming far less resilient and agile.

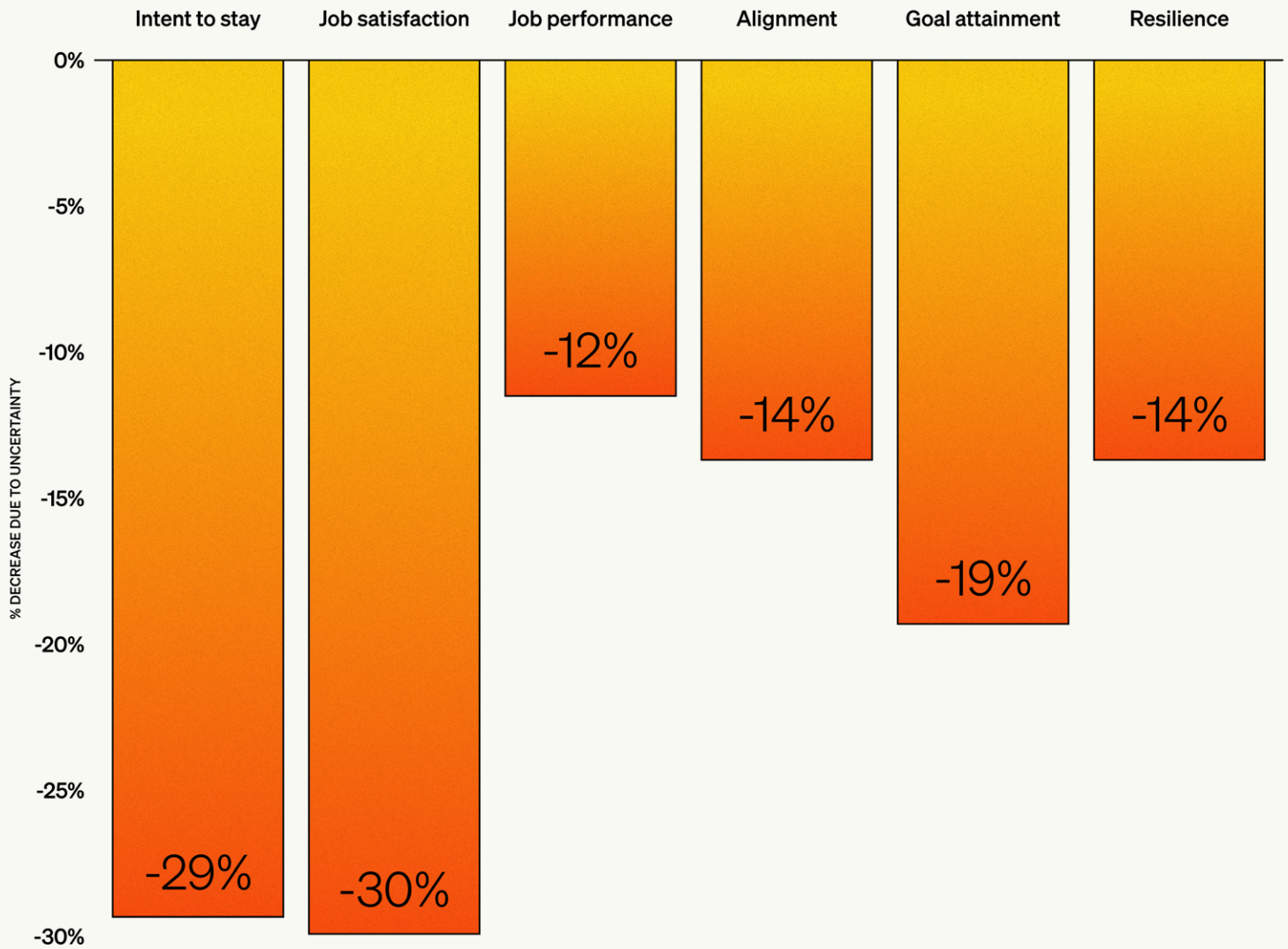
Mindsets to handle change in decline

Along with this rise in perceived uncertainty, our initial BetterUp Member assessments show an alarming decline in the critical behaviors that enable people to adapt to rapid and continuous change in the workplace. Resilience has dropped most precipitously, but every marker of adaptability has declined in the workforce.



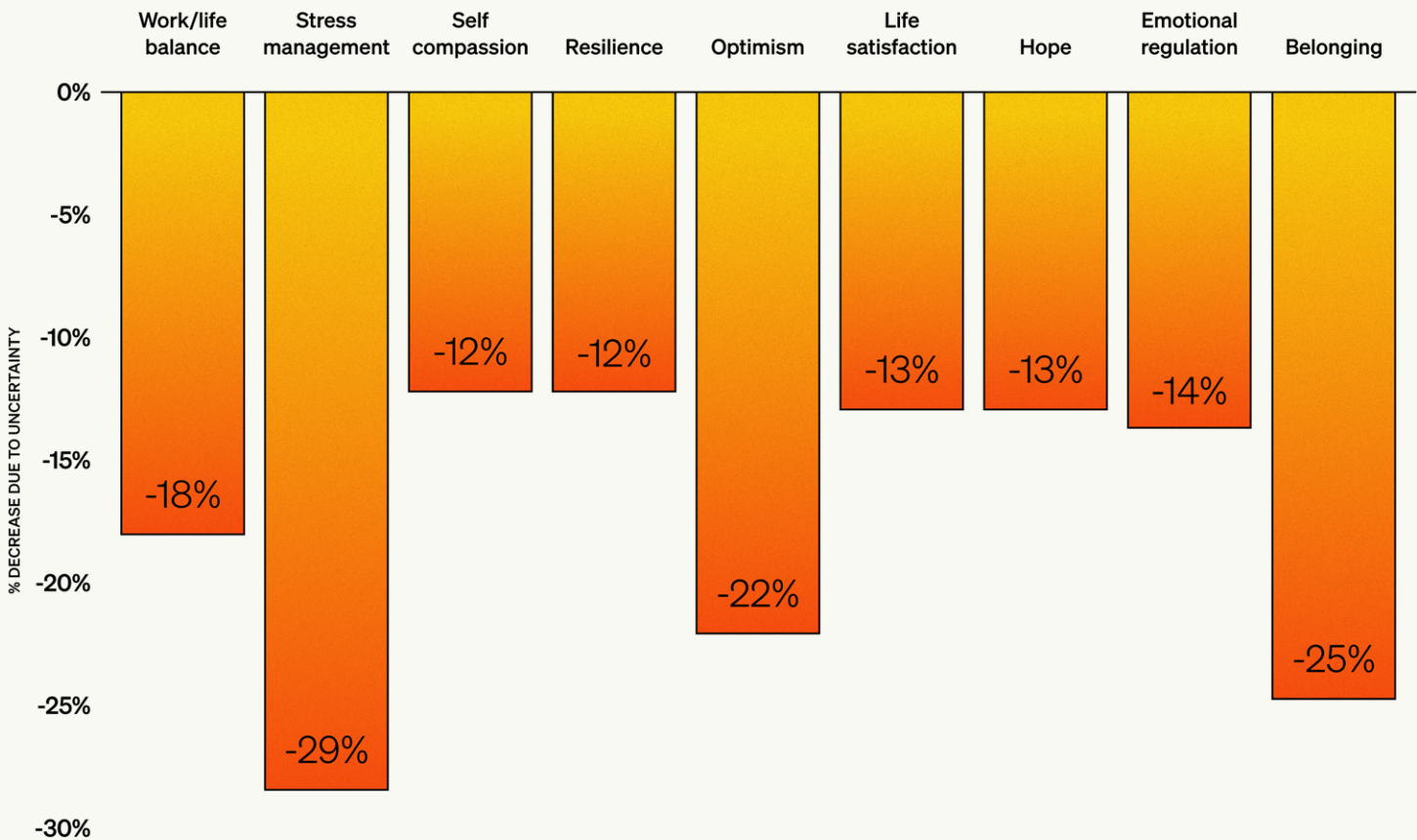
Impact of uncertainty on performance and retention

This marked decline in change capacity has consequential downstream impacts on performance for every organization.



Impact of uncertainty on well-being

Key underlying contributors to individual well-being are eroding, as well, further dragging down capacity to change — or at the very least, the ability to manage through it. Employees feel they have no lifeboat to weather this storm. Without an effective way of strengthening these key capabilities, we expect the downward trends to continue.



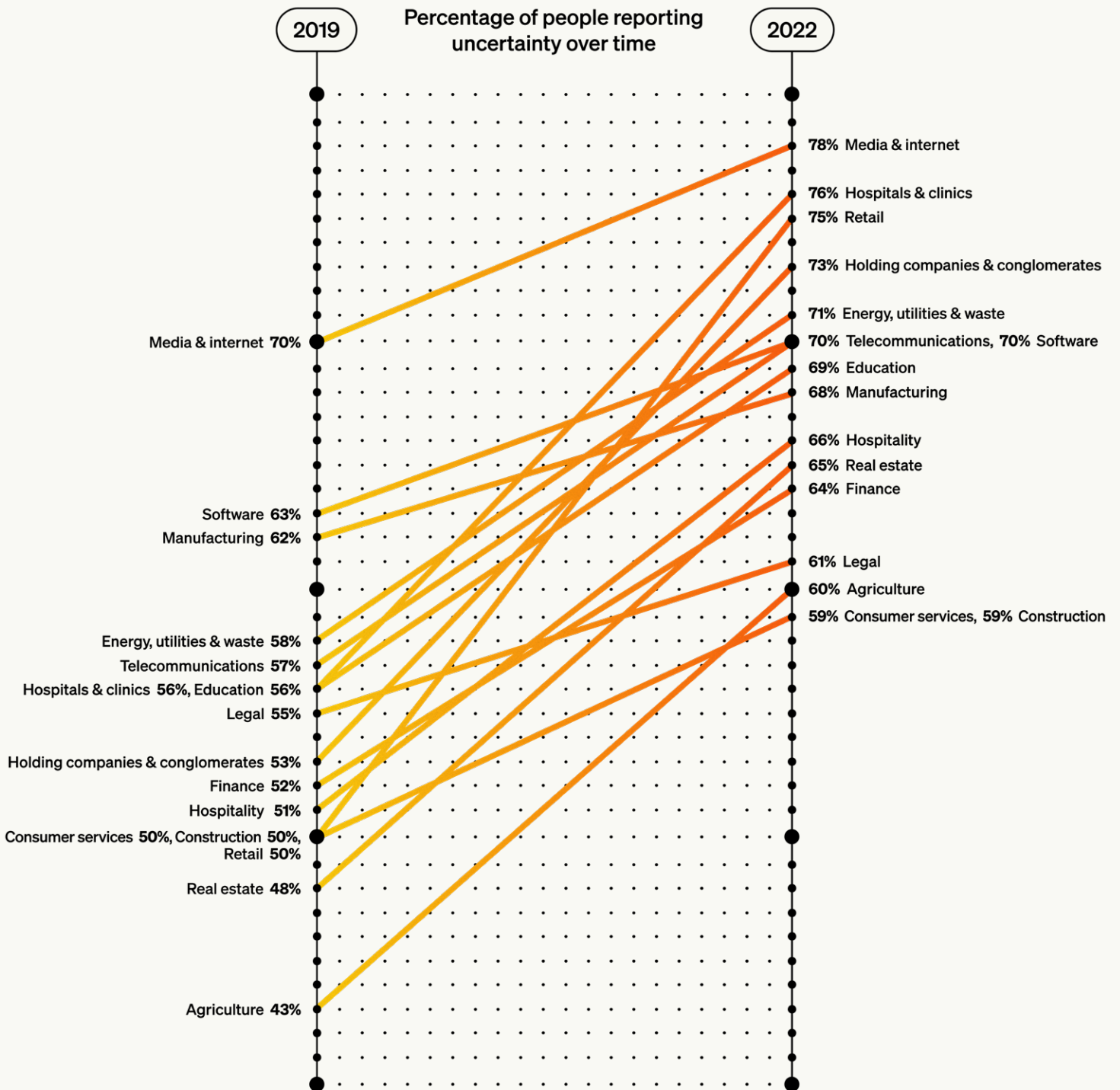
Impact of uncertainty on eNPS

-24%

These declines don't just negatively impact the individual. Collectively, uncertainty exposes the organization to increased risk as perceived organizational support craters — retention gets more difficult and engagement drops further.

Uncertainty is rising across industries...

No industry is immune from the impact of uncertainty, either.





3. Transformation failure is not an option. It's the norm.

Whether by choice or force, the demand for organizational transformation is all around us and cannot be ignored. One study by McKinsey estimates that **70% of business transformations fail**,⁷ while a 2021 Harvard Business Review study puts that figure closer to a **78% failure rate**.⁸ It's not for lack of trying.

Transforming an organization in ways that create value internally and externally is exceedingly tricky. Not only are there other competing organizational priorities, but

transformation adds more complexity to everyone's day-to-day work, it typically involves many stakeholders, and the markers for success can be nebulous at best.

The McKinsey study also found that for leaders who *could* implement their versions of transformation, **only one-third** said it was successful at improving organizational performance and sustaining those improvements over time.

SO, WHAT'S GETTING IN THE WAY OF REALIZING VALUE FROM THESE INITIATIVES?

1

Organizations are relying too heavily on tools or processes

Process tooling and software investments were vital at the onset of the pandemic, but digital transformation isn't enough to unlock the differentiated value creation that organizations need right now. While new tools and processes may yield more raw data than HR teams have ever had access to, they still can't help connect the dots to see what individuals need to perform better, grow, or what is most effective day-to-day or group-to-group.

2

Leaders don't know what skills to prioritize in development

Organizations going through transformation need a workforce that is agile and resilient enough to handle an unpredictable future, but over 70% of employees say they feel unprepared for the future of work⁹. At the same time, leaders are finding it increasingly difficult to predict future skills or to fill future talent gaps¹⁰.

3

Managers lack the necessary skills and mindsets to be effective

Manager effectiveness is the top priority of investment among HR leaders for 2023¹⁰. At the same time, leaders acknowledge their organization's development approach does not prepare managers for today's workplace realities. This cost of manager ineffectiveness alone can stymie transformation efforts, with the least effective managers having three to four times as many employees in the "quiet quitting" category versus the most effective.

Above all else: Transformations fail because they aren't people-centric

A broad study of transformation initiatives found the central thread that unites organizations who pull one off: **a focus on their people during transformation.**¹¹

Unlike digital transformation initiatives which tend to have an endpoint when the switch is flipped or the taskforce is disbanded and they declare transformation "complete," the type of people-centric transformation we're talking about isn't one and done — it's an ongoing process.

Our research found that organizations can't achieve real transformation, which

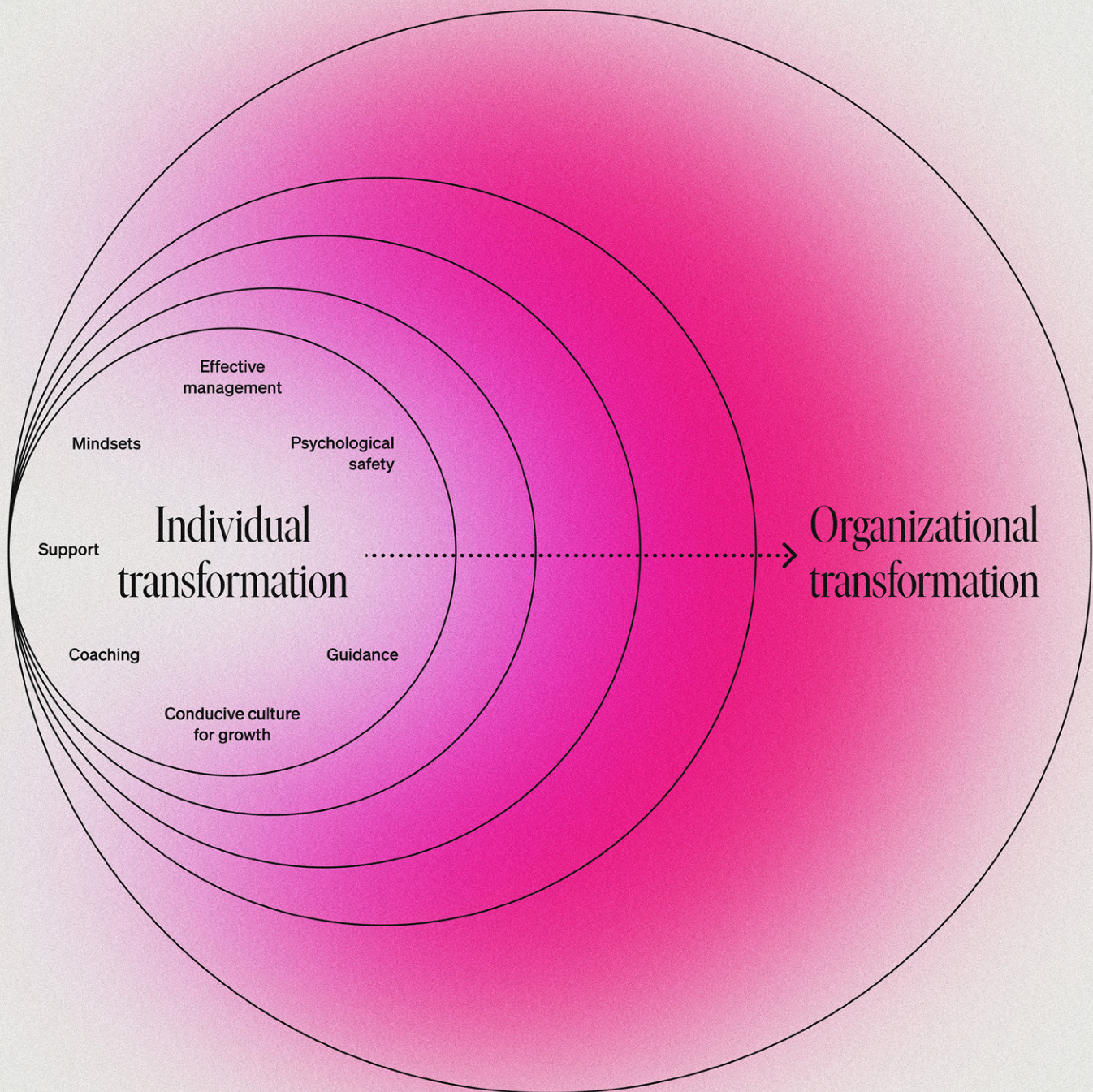
delivers performance improvement, without investing in the underlying mindsets, behaviors, and skills within people that create clarity of action across the organization. To make transformation efforts successful (and no matter what your criteria are for success because it's different for all organizations) — the people in your organization must transform.



Thoughtful companies “know that they need their really great people when times are uncertain to face all the challenges that their business is about to face.”

Michael Bush, CEO of Great Place to Work¹²

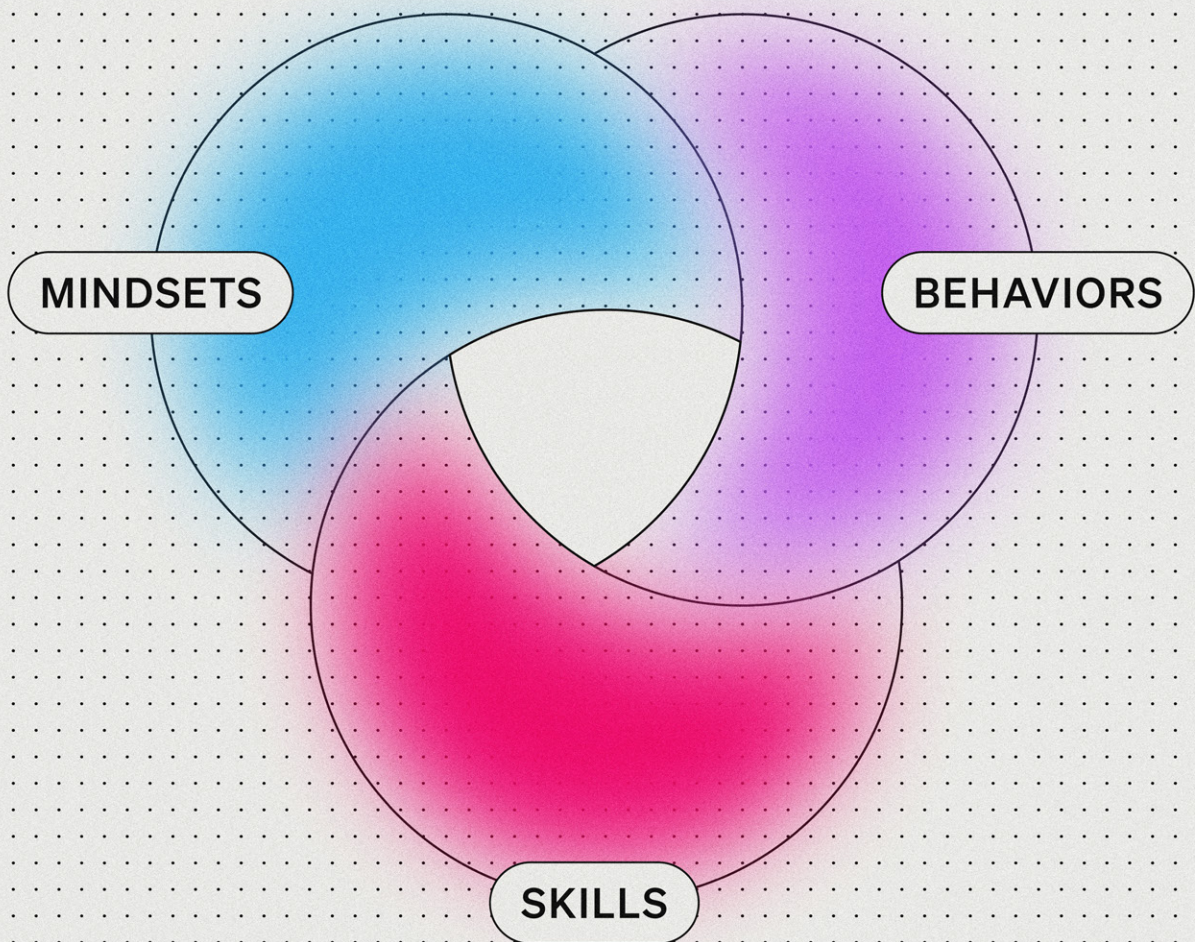
The ripple effect of individual transformation



Only people have the potential to drive more differentiated value and close the gap in business performance. **People** are the ones who change strategy, the tactics, adapt behavior, and find new solutions. **People** hold the most significant lever to accelerate or stagnate.

Skills are just one piece of the transformation flywheel

The shift we're describing is more than just upskilling or reskilling. While skills are essential, and the need for reskilling and upskilling with so much change in the workplace is obvious, the truth is that skills *change*. In this new world of work, skills have a shorter half-life than ever. While the ability to learn new skills is crucial, having employees that ask the right questions to use their tools and skills to get closer to the outcomes that matter is even more important. Ultimately, people are more than skills — they're also the mindsets and behaviors that make them capable, influence their teams, and make them great leaders.

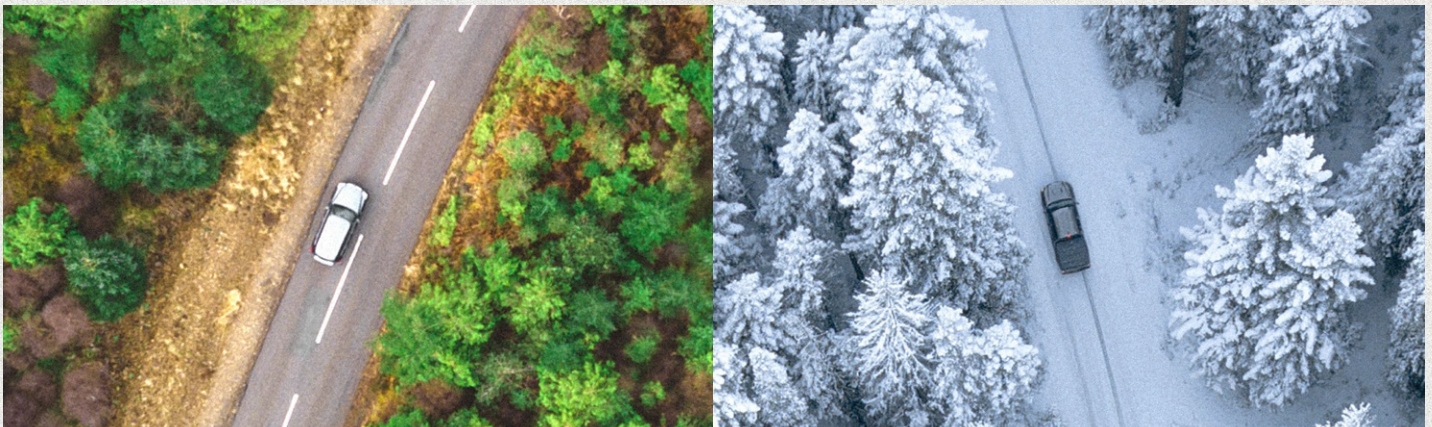


4. Changing mindsets requires changing the way we “drive”

People and teams often feel constrained or ineffectual through change, but instead, you need them to feel empowered and inspired. If you can successfully apply a model of developing your people **at scale** where everyone gets what they need, when they need it, where change and growth happen at an individual level in a self-sustaining way, the organizational transformation can **and will** follow suit.

Doing so ultimately requires changing the way we think and changing the way we behave. Consider how you would drive in summertime versus how you would drive in a severe winter climate. In the latter, you can have 4-wheel drive and brand new tires at the ready, but if you don't change how you *think* about driving — the road friction, how you will moderate your speed, your approach to inclines and sharp turns — those tools alone won't get you from A to B successfully.

TRANSFORMATION REQUIRES
A DIFFERENT WAY OF THINKING



Mindset can set people apart

Before you get behind the wheel in winter conditions, you have to think about how to implement a different strategy and approach to driving. In business, just as with our vehicles, that kind of shift in thinking will not handle itself. When the conditions around us change, our approach must also change.



“Progress is impossible without change; and those who cannot change their minds cannot change anything.”

George Bernard Shaw



We know that mindsets make all the difference when it comes to whether we will grow or change. For example, people with a high growth mindset are much more likely to have high engagement and much more likely to be high in meaning and purpose — **a 28% edge** due to growth mindset.

If challenge or failure is not seen as a hindrance, but rather, an opportunity for growth, a sense of meaning can be found in the effort in and of itself. If employees can tell themselves, “I can learn from this, I can grow, I can improve... therefore it has value” — that mindset shift and new approach to a problem, can make such a huge difference in whether it succeeds¹³.

To that effect, grappling with transformation efforts or maximizing employee performance due to rapid change and uncertainty renders policies and point solutions insufficient. Your people need ways to learn new approaches, navigate and create agile adaptation, and most importantly, not just do this once but continuously. You must build a system that enables them to do it again and again, because as we all know, the weather is constantly changing.



One way leaders have thought to tackle this in the past is to find a point solution that would help with one specific problem: boosting agility, resilience, or change readiness. This is still more like symptom management in medicine than addressing the underlying issue. We can flag symptoms. We can deploy a point solution to help address that symptom. But it's akin to handing out aspirin for a collective headache. Changing a culture this way comes slowly and perhaps painfully — drip by drip. **Does your organization have time to wait?**



When it comes to transformation,
**a one-size-fits-all approach means
a one-size fits none solution.**

That's because every person is different, has a different context, profile, and readiness.
What it means to adapt, innovate, and grow is unique to each person and their role.



How Coaching Culture cultivates mindsets for performance



How do you give employees what they need at the precise moment they need it?

How do you make learning personalized, in the flow of work, with built-in accountability and ways to apply learning? How do you leverage these mounds of data to make sure people get what they need, but also that their individual growth ladders up into organizational change and outcomes? **It all comes down to building a Coaching Culture.**



While people may have different ideas of what Coaching Culture is, we use the term to mean an integrated mix of coaching (formal/informal, different levels, team and individual, expert/manager/peer, internal/external), managers adopting a coaching mindset, leaders adopting a “coaching style,” and an orientation toward learning, growth, and performance.

Cultivating a strong Coaching Culture within your organization means setting up the foundation of that **continuous delivery system**, pathways, and conduits by which any organizational transformation and business needs can be addressed dynamically over time. That means fostering coaching behaviors and skills in your leaders, developing manager-coaches, creating the foundation for peer coaching, and providing access to personal development experiences for all employees.



1. What is coaching, and why does it drive performance and transformation?



The non-profit International Coaching Federation (ICF) defines coaching as a partnership between coach and clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential. Importantly, coaching can show up in different ways in an organization.

Coaching addresses the challenges that typically prevent personal transformation: mindsets and behaviors. Just like we would never expect a leading athlete to achieve peak performance without a skilled coach's advice before, during, and after the season, to achieve sustainable performance at work, we also need personalized, ongoing support that helps us reach our potential.



Coaching vs. other forms of development



NON-DIRECTIVE; ASKING, GUIDING¹⁴

COACHING

Encouraging, empowering, and supporting self-improvement, mastery, or problem solving

MENTORING

Developing a less experienced individual by assisting in their learning and understanding of a subject

TRAINING

Teaching or educating, using both directive and non-directive methods

CONSULTING OR ADVISING

Recommending or suggesting specific approaches to solve a problem

TELLING OR INSTRUCTING

Providing specific direction or instruction regarding a particular subjects

DIRECTIVE TELLING



PROFESSIONAL COACHING

Professional coaching is facilitated by a trained third-party coach who is uniquely able to provide objectivity to help shift perspective. Typically, professional coaching represents a high level of expertise, skill, and training to help a coachee find their biggest levers toward optimal well-being and performance and work toward pushing them through a structured process marked by accountability to progress.

In practice, this kind of professional coaching is forward-looking action versus backward-looking evaluative (which is what manager feedback often looks like). Coaching is when development is guided through new or existing skills during the practice of those skills and promotes behavioral changes to improve performance in any given area of focus.



INFORMAL COACHING

Informal coaching typically appears as an approach to communication and relationships where questions are asked instead of answers provided, support is offered without judgment, and development is facilitated rather than dictation or commands. Informal coaching approaches in organizations require that managers or leaders have proficient coaching skills so that coaching approaches can be successfully translated to work.



In practice, informal coaching could look like a manager not telling a direct report what to do or evaluating whether they've done what was expected, but rather helping them make sense of and reflect on their performance as well as their strengths, values, and aspirations within the context of the organization and its objectives.

Professional coaching and informal coaching are both components of a Coaching Culture, each offering a unique contribution to the experience of employees. Both can uncover people's natural strengths and opportunity areas, build awareness, and provide critical skill building, mindset shifts, and behavior change that drives optimized individual, team, and organizational performance.

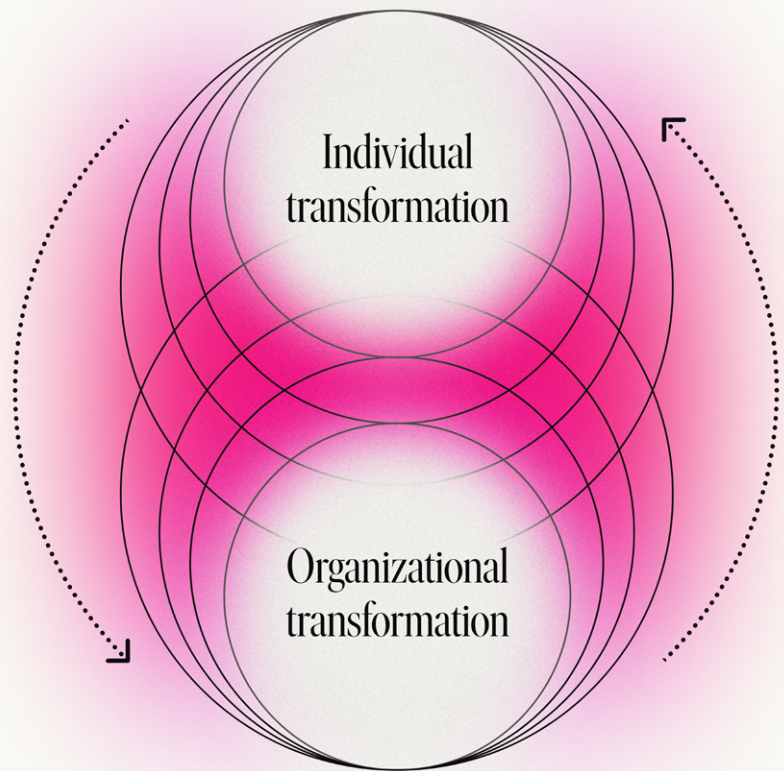
2. What defines a Coaching Culture?

With change all around us, a **Coaching Culture** is one where managers coach their teams, leaders coach mentees, peers provide healthy feedback and support each other to learn faster, and people feel inspired to leverage professional coaching and self-development tools to evolve their skills and themselves with the business — that is the culture organizations need to win. Coaching practices are integrated into the formal and informal organizational processes, and there is a climate that supports feedback and continuous development, and where coaching is seen as a valuable practice at all organizational levels to drive performance.

Culture is powerful because it informs everything we do. Culture guides decision-making to stay aligned to shared values, beliefs, and expectations. During transformations or change, everyone needs to have the same information through a clearly articulated vision and people leaders need the raw skills to coach people through it. Top-down vision and information is necessary, but for organizations to respond agilely to emerging challenges and opportunities, they also need to provide freedom for people to create their own solutions according to the unique context of each person, team, and situation.



Culture shifts can be self-perpetuating and reinforcing



Coaching is uniquely positioned to meet this need because it develops core skills (e.g., goal setting, self-regulation/awareness, cognitive flexibility) and can help address blockages (e.g., fear) and mindsets. Coaching executives and hoping that the impacts trickle down will **not** work. But a **culture of coaching**—where value is placed on continuous learning, growth, and empowerment — allows each person to re-calibrate as conditions change, and drives them to find solutions that allow them – and others – to reach peak performance.

As roles, jobs to be done, organizational context, and the world changes, organizations with strong Coaching Cultures can absorb and productively move forward quickly. That is because the foundation is set up to not just handle change and new demands, but to maximize each person's contribution to the organization by developing their confidence and capabilities and empowering and supporting them flexibly through coaching.

3. What does a Coaching Culture look like?

There are four contributing factors to a strong Coaching Culture. When these start to show up, the organization moves toward a more embedded state of coaching that positively shifts organizational outcomes.

COMPONENTS OF A COACHING CULTURE

Co-worker practices

Organizational practices



Manager practices

Psychological safety

1. CO-WORKER PRACTICES

In a strong Coaching Culture, co-workers approach their work with curiosity, a growth mindset, and a desire to improve, individually and as a team. Peers build trust-based relationships and contribute to self-awareness, constructive feedback, and social learning to help raise the bar for everyone.

2. MANAGER PRACTICES

In a strong Coaching Culture, managers don't just have management skills, they have coaching skills. These skills show up in how they lead, help teams overcome challenges, and provide support and guidance for their people. Managers who take a coaching approach will help people adapt and grow, driving peak individual and team performance. They scout opportunities for "coachable moments" to serve the individual and the organization. They use team coaching to accelerate social learning and alignment.

3. ORGANIZATIONAL PRACTICES

Organizations with some level of Coaching Culture make institutional investments in leaders, reward coaching skills, and create the structure and systems to support growth for every individual, not just the top layers of hierarchy. Opportunities for ongoing growth, learning, and development are prioritized, such as professional coaching, learning experiences, stretch and strengths-based work assignments. The value of informal coaching is reinforced by the organization through a value emphasis on manager coaching skills, which may show up in competency models or performance evaluations.

4. PSYCHOLOGICAL SAFETY

In a strong Coaching Culture, the environment is defined by psychological safety with a shared goal of improved self-awareness, learning, and performance. This means people feel safe to take risks, push themselves beyond their comfort zone, experiment, share new ideas, ask questions, learn from failure, and be vulnerable – all without giving up the pursuit of individual and business outcomes.



The business and human case for building a Coaching Culture

In our latest research, we studied **852 organizations** around the globe and across industries, comprising **30,000+ individual employees**, to understand the impact of Coaching Culture on transformation initiatives, performance, well-being, and more.



We found that organizations where both formal and informal coaching practices are woven into the culture, operations, and norms realize significant gains in revenue, growth, and return on shareholder value relative to their competitors. Employees in these organizations also experience vital gains in productivity, performance, and across every single marker of well-being that BetterUp measures.



Simply put,
if your organization
is looking to

gain a competitive edge,

overcome uncertainty,

or boost performance

a strong Coaching Culture will get you there

1. Coaching Culture is organizational “bubble wrap” against uncertainty

Uncertainty’s impact on employees across your organization determines whether they can flex and grow to the needs and demands of your transformation efforts (and how likely those efforts are to succeed). Right now, most people are stressed about the uncertainty they face daily, which negatively impacts everything from their resilience to agility to their ability to make fundamental decisions about the future.



Uncertainty in the U.S.

2/3

said they're stressed by uncertainty about what the next few months will bring

1/2

said the pandemic makes planning for their future feel impossible

1/3

are struggling to make basic decisions due to ongoing stress about the pandemic¹⁵

Uncertainty across Europe

39%

said they are stressed a lot of the day

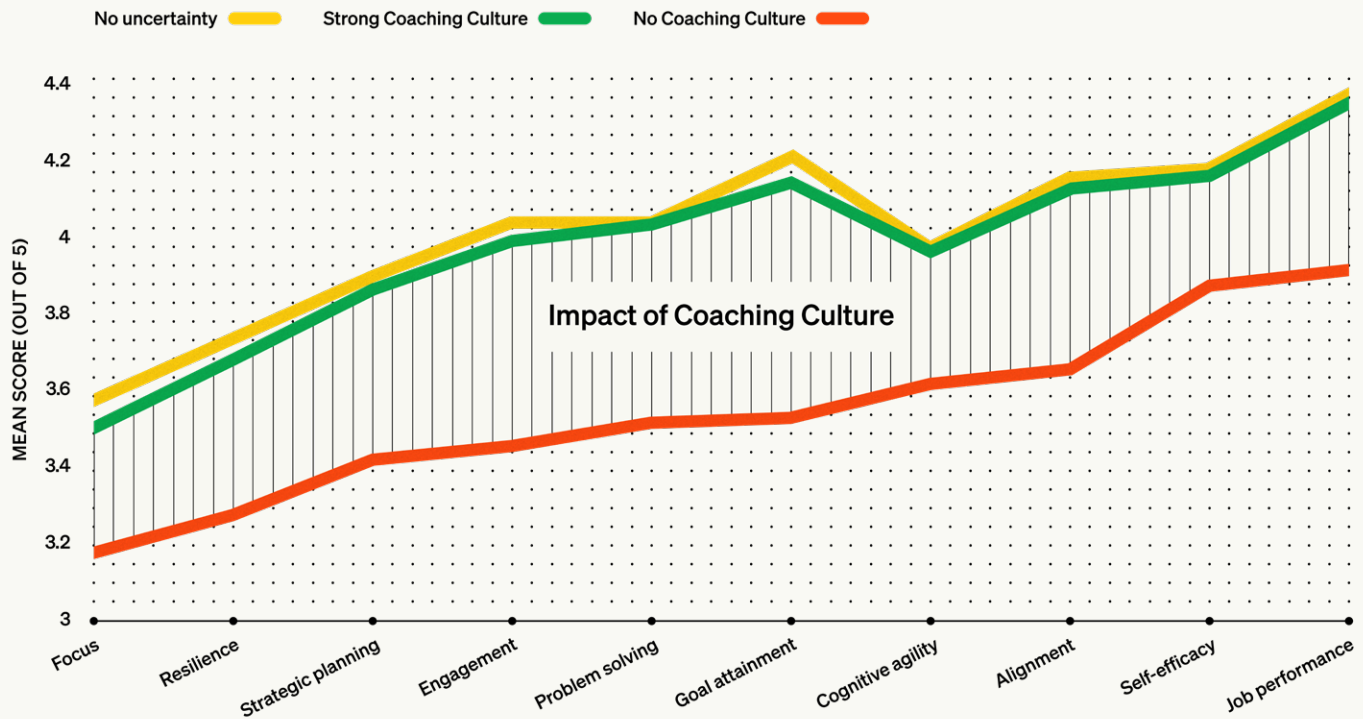
37%

said they are worried a lot of the day

5%

dip in well-being, signifying people felt their current life was worse, and their hope for the future dropped as well¹⁶

Impact of Coaching Culture during change and uncertainty



In one analysis of 55,000 people, we looked at those who told us **yes**, “the organization I am in is going through either significant disruption, uncertainty, or change.” We separated those respondents into two groups: those in organizations with a Coaching Culture in the highest quartile of scores of key well-being and performance markers like focus, resilience, engagement, goal attainment, agility, performance (green line), and those with no culture of coaching (red line).

The difference is striking. For those in organizations high in Coaching Culture, the damaging effects of uncertainty are almost eliminated. A Coaching Culture buffers against the negative hits on key drivers of individual performance and retention. And thanks to the strong foundation a Coaching Culture provides, individuals experience lower declines across the board, and organizations see less volatility.

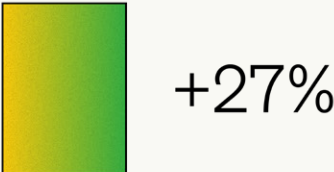
Overall, organizations with strong Coaching Cultures had **26% less disruption to productivity** than organizations without a Coaching Culture.

Business impact of strong Coaching Culture in times of uncertainty

High levels of uncertainty put all organizations at risk, yet those with a strong Coaching Culture still perform. Whether it's reorganizing, restructuring, or taking time to reassess, the consequences of uncertainty can snowball into competitive disadvantages. However, building a high level of Coaching Culture within an organization appears to have the opposite effect — even as uncertainty grows, so do profits and revenue. When people are happier and feel more supported, they are more effective, innovative, and committed in their work.

Advantage shown in strong vs. weak Coaching Cultures (2020-2022):

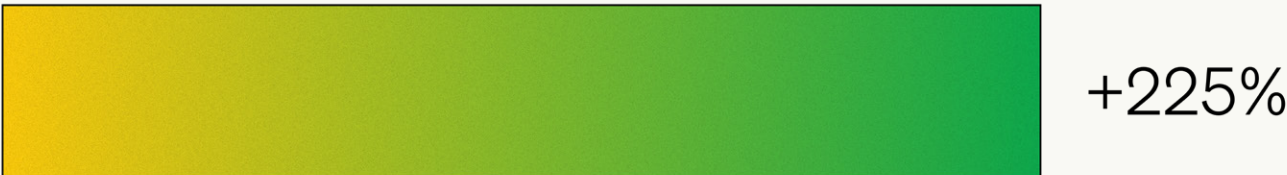
Y/Y revenue growth



Net profit margin



Revenue growth (5-year average)



EMPLOYEES ARE WILLING TO DO THE WORK

We've also measured an increase across all employee populations saying they would be more willing to engage in coaching to help offset negative outcomes if they were given the chance by their employer.



18%

Employees who are experiencing uncertainty are more likely believe they can achieve meaningful change with a coach

EMPLOYEES FACING UNCERTAINTY ARE MORE OPTIMISTIC THANKS TO COACHING

Coaching limits the negative impacts of uncertainty by offering an opportunity for acceptance and a way for employees to recognize what and how they can change, in addition to practical techniques for dealing with the aspects of uncertainty they cannot.

2. High Coaching Culture drives performance and key business outcomes

A strong Coaching Culture doesn't just safeguard against uncertainty. Even when times are good, organizations with strong Coaching Cultures outperform their peers and competitors by significant margins. Our data show that organizations with high levels of Coaching Culture enjoyed healthy and considerable growth compared to their peers.

Coaching
Culture drives
more revenue

+131%

Revenue 5-year
average growth

+59%

Net profit margin

+37%

Y/Y revenue
growth

Compared to their peers with low-to-no Coaching Culture, companies with strong Coaching Cultures enjoyed the following in 2020 - 2022:

During this same period, having a high Coaching Culture helped organizations deliver more shareholder value.



Coaching Culture increases shareholder value

Compared to their peers with low-to-no Coaching Culture, companies with strong Coaching Cultures enjoyed the following in 2020 - 2022:

+201% 5-year EPS growth

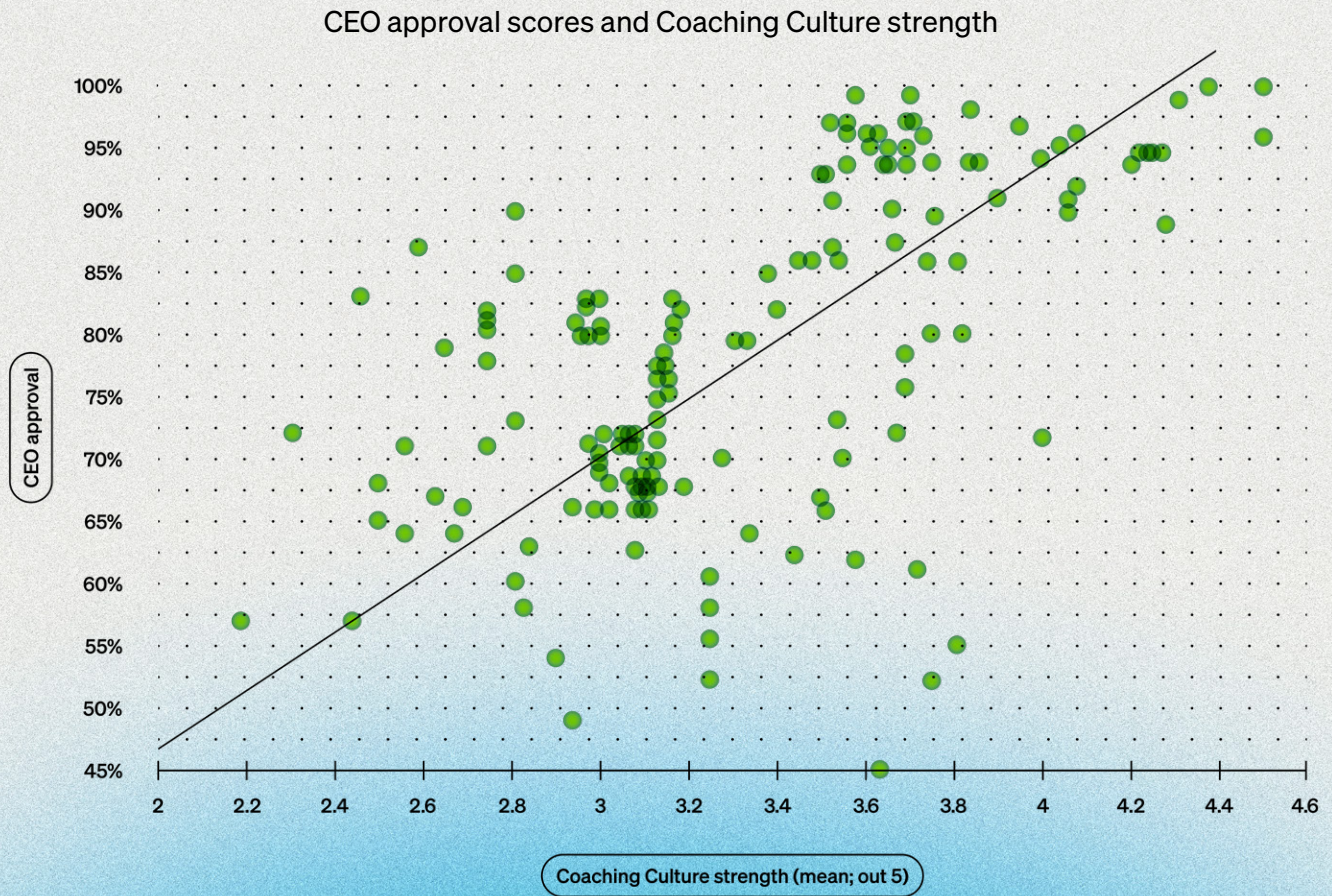
+94% Return on equity

+64% Return on assets

The bottom line isn't the only benefit — CEOs in organizations with a high level of Coaching Culture are seen more favorably by their employees.

For organizations struggling to retain top performers or ensure their organization is an attractive landing spot for in-demand talent, high levels of Coaching Culture once again offer a competitive advantage.

Coaching Culture creates higher CEO approval



Another thing we looked at was the role Coaching Culture can play in helping a company be named on the Best Places to Work list¹⁷. We see that when an organization has a strong Coaching Culture, the likelihood of being on a Best Place to Work list more than doubles, and for talent populations of interest like women, Millennials, and BIPOC, the chance of making those lists is up to 15x greater.

Coaching Culture sets the bar for workplace excellence

15x

More likely to rank as a best place for Millennials to work

13x

More likely to appear in the top ten on best places to work lists*

8x

More likely to rank as a best place for BIPOC to work

6x

More likely to rank as a best place for women to work

2.5x

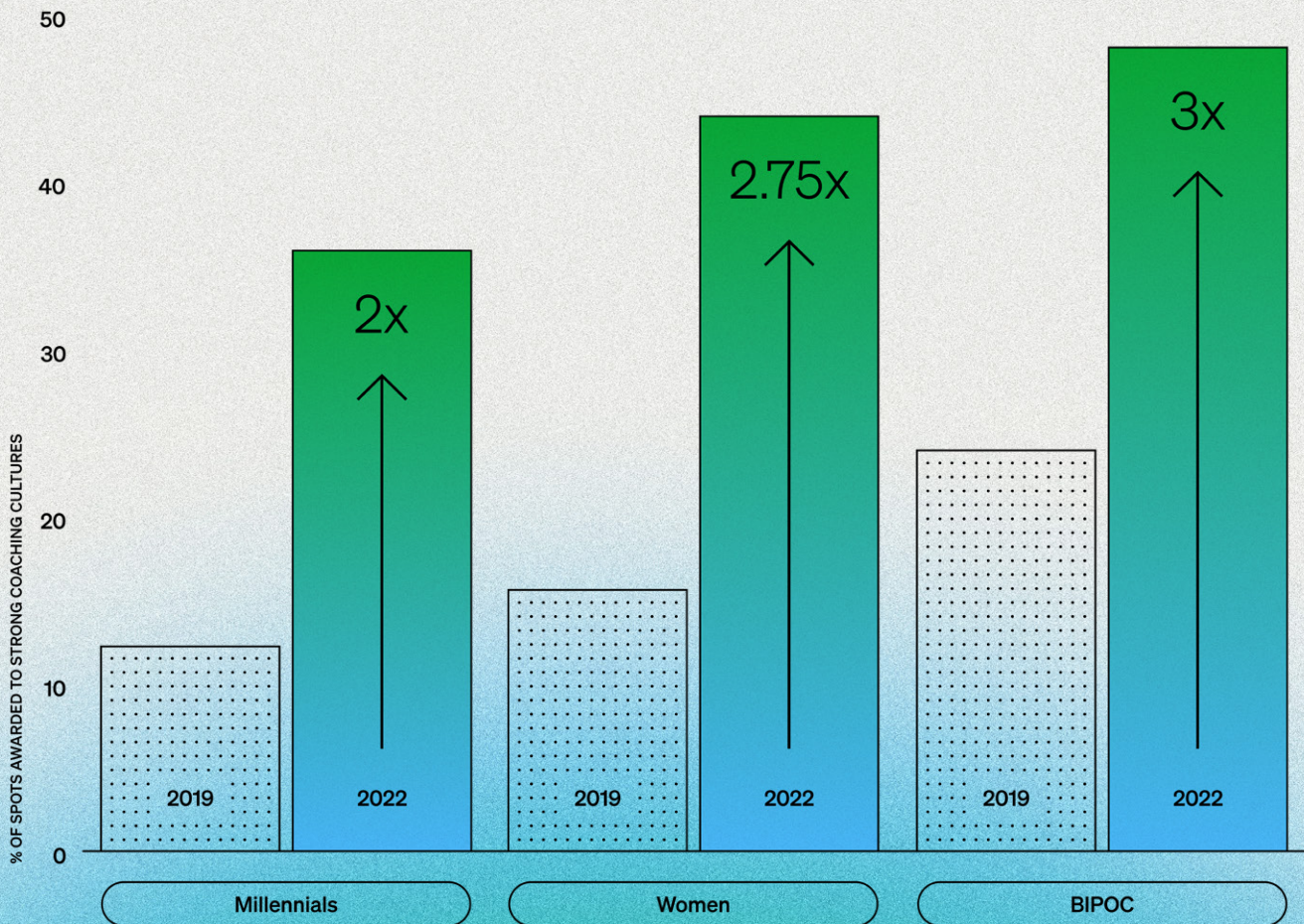
More likely to appear on best places to work lists

*When a high Coaching Culture company does appear on a best places to work list, it's also much more likely than other companies to be very high on the list

This means that when you build a culture of continuous growth and learning, where support, development, and coaching are truly embedded into the flow of work — where people can adapt and innovate through change, you are not only more likely to see those bottom line effects and business outcomes, but employees that are more satisfied with their work experience, too.

Strong Coaching Culture attracts in-demand talent

Increased representation of strong Coaching Cultures as best places to work for top talent demographics



3. Coaching Culture unlocks individual transformation at scale

To drive broader organizational transformation, individual transformation must be personalized, continuous, and on-demand to help employees grow and adapt as your business does. The data on how Coaching Culture does this through the combination of both formal and informal coaching practices is stunning.

In every metric BetterUp measures (52 dimensions) across different functions, roles, and job levels, members who were part of organizations high in Coaching Culture experienced a significant edge versus their peers in organizations with low or even no Coaching Culture ... **every single time.**

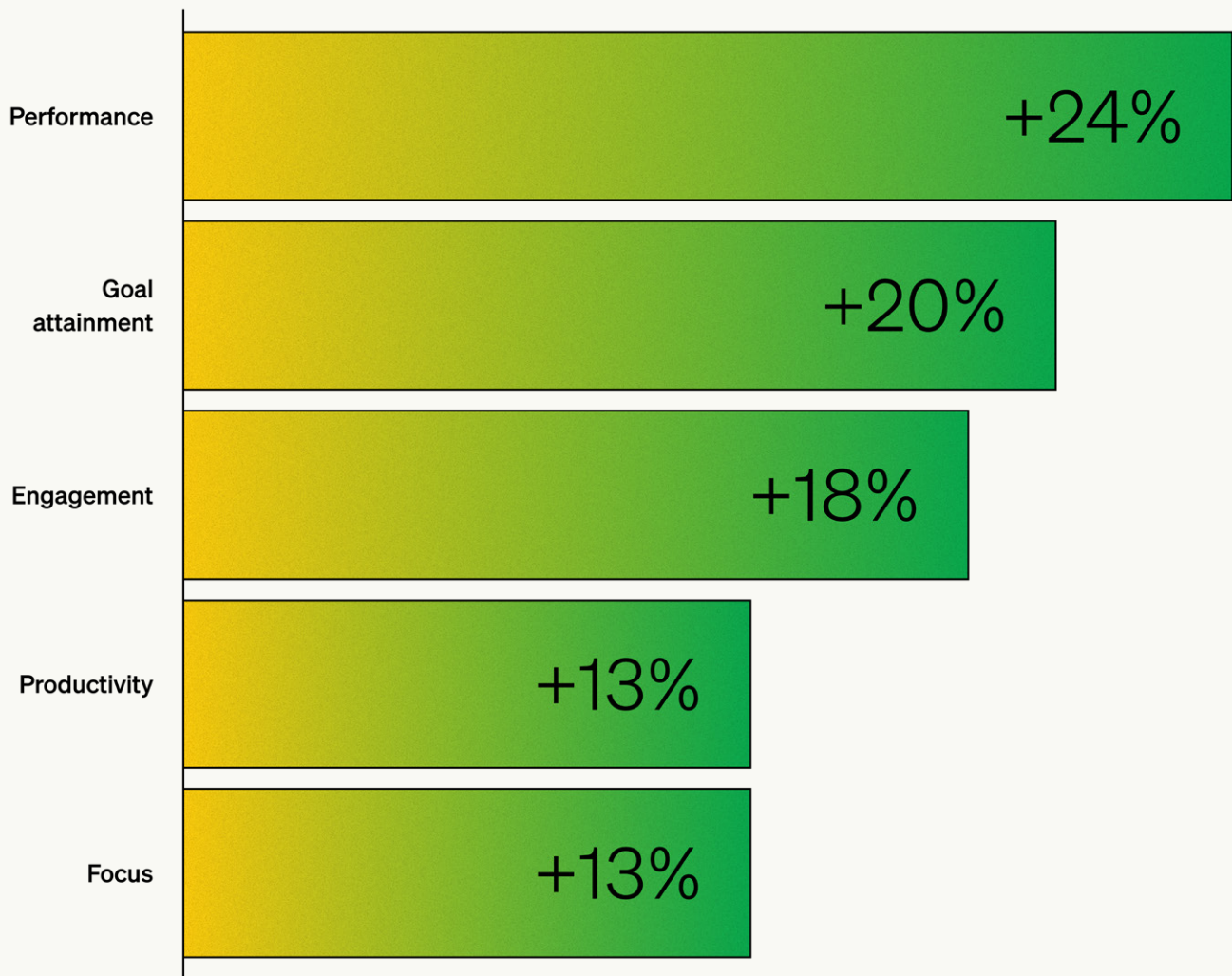


HIGH COACHING CULTURE PROVIDES A PERFORMANCE EDGE

Not only do productivity and performance see a significant boost in organizations with high Coaching Culture, but individuals are better equipped to meet new and challenging demands in the workplace thanks to associated increases in focus and engagement.

Coaching Cultures are better for performance

Impact of Coaching Culture on employee performance & productivity



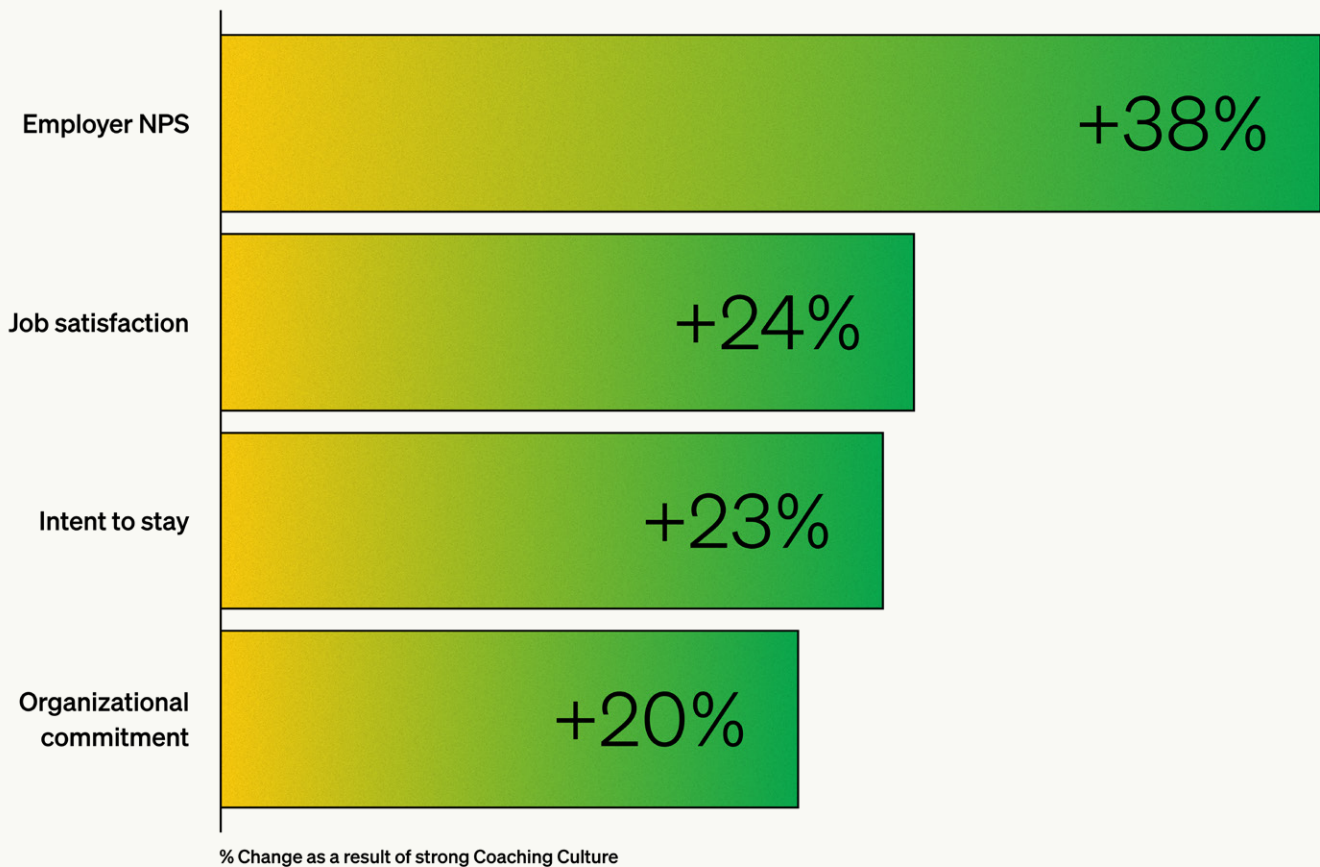
% Change as a result of strong Coaching Culture

HIGH COACHING CULTURE BOOSTS RETENTION AND LOYALTY

In organizations with high Coaching Culture, employees feel more supported and invested in by their employers, managers, and peers. This support and corresponding psychological safety result in a boost in employee perception of their organization, in addition to increased commitment, intent to stay, and job satisfaction.

Employees are more satisfied and loyal in high Coaching Culture organizations

Impact of Coaching Culture on retention outcomes

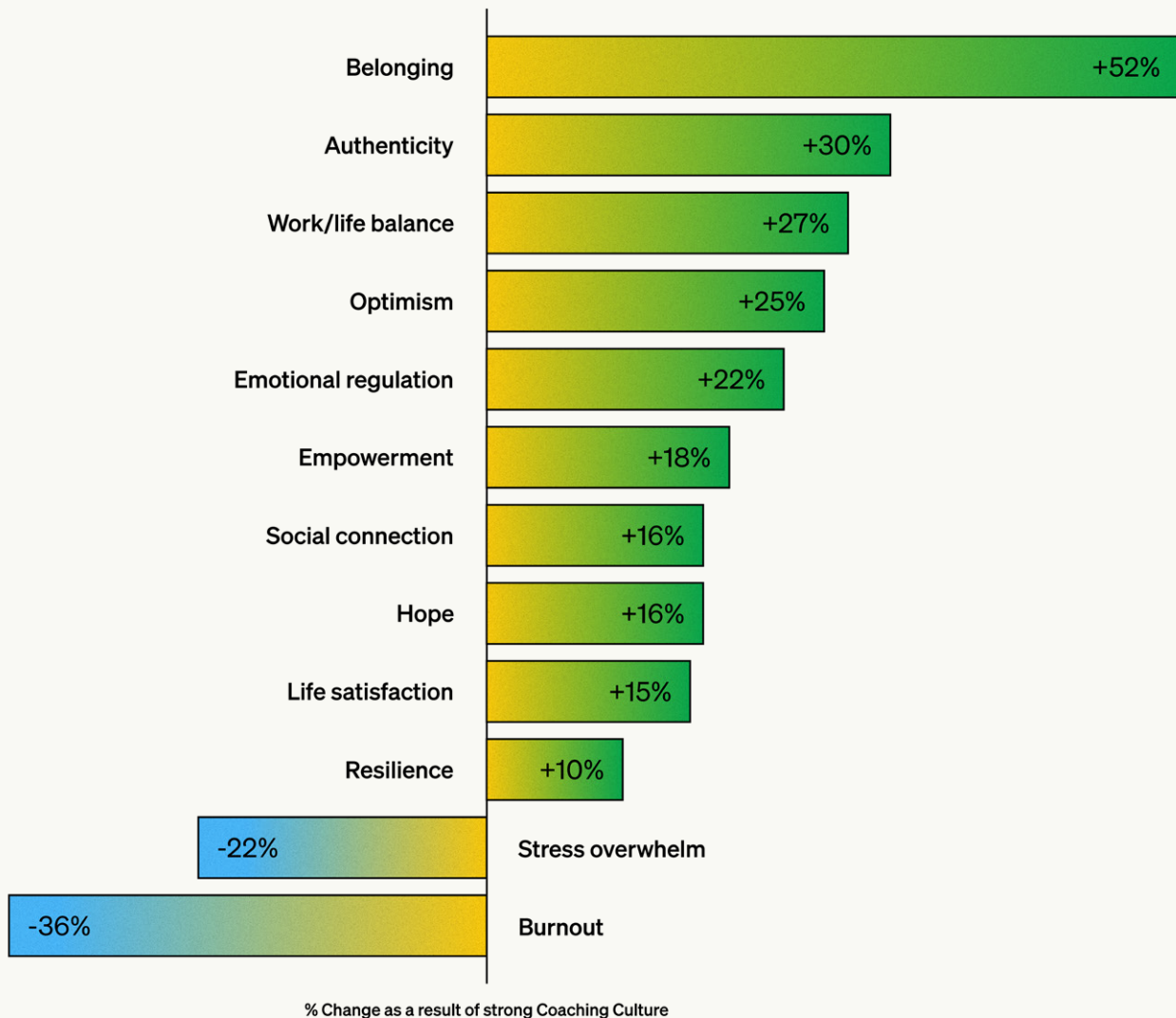


HIGH COACHING CULTURE IMPROVES ALL ASPECTS OF WELL-BEING

Those in high Coaching Culture organizations experience far more positive outcomes regarding the key drivers of individual well-being, like belonging, purpose and meaning, optimism, and work-life balance. On the flip side, negative outcomes such as stress and burnout are greatly reduced as well.

Coaching Cultures are better for people

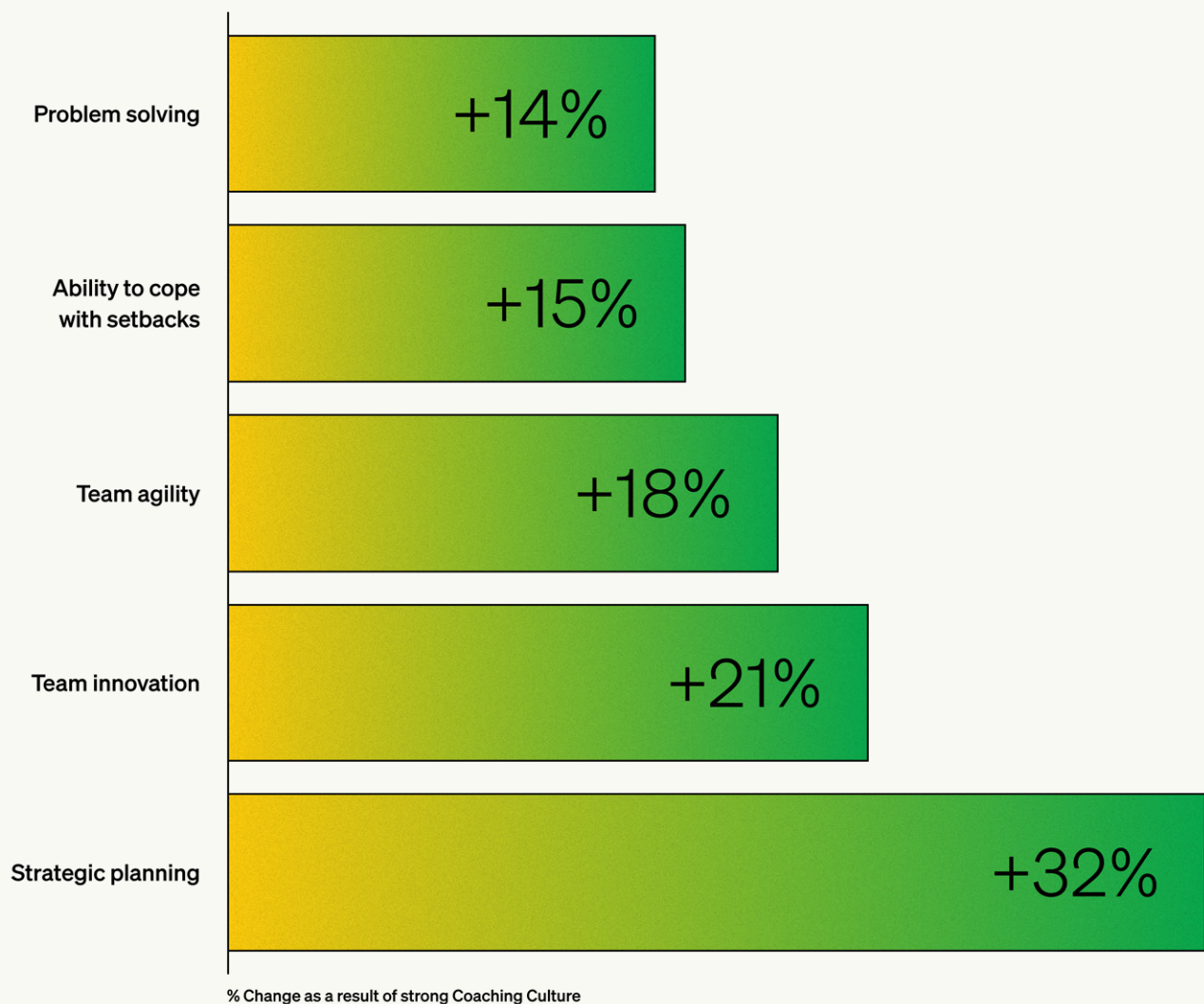
Impact of strong Coaching Culture on employee thriving



HIGH COACHING CULTURE LEADS TO MORE INNOVATION AND CHANGE READINESS

In organizations with a high Coaching Culture, employees are more innovative, resilient, and tend to bounce back quicker and stronger than their peers in a low Coaching Culture.

Impact of strong Coaching Culture on change readiness

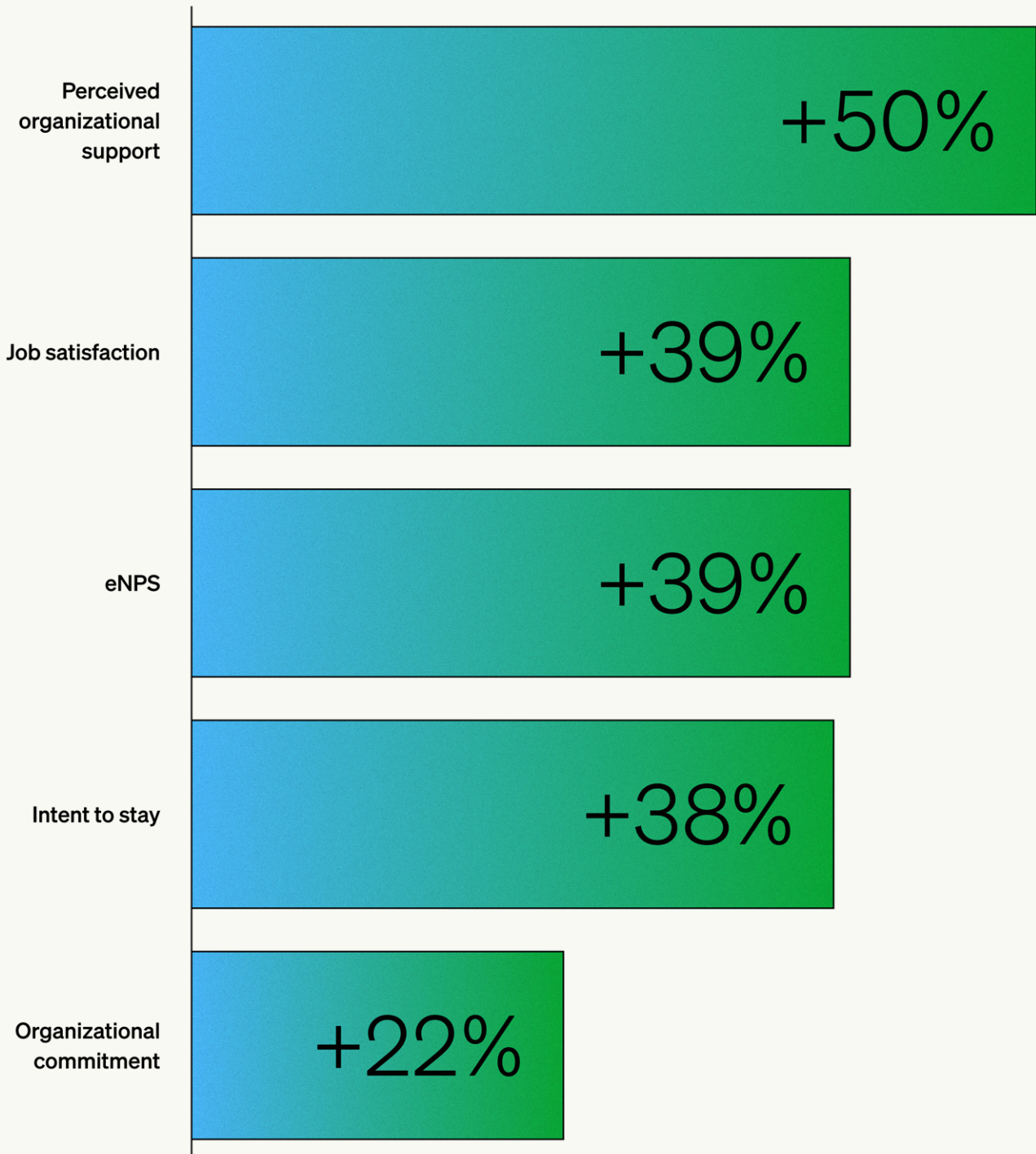




4. Coaching Culture helps remote teams keep up

Remote teams and individual contributors can become isolated and lose sight of shared outcomes or relevant resources. However, our research shows that for remote workers in organizations with a high Coaching Culture, those barriers are more easily overcome, which means stronger teams, higher performing remote individuals, and more effective managers.

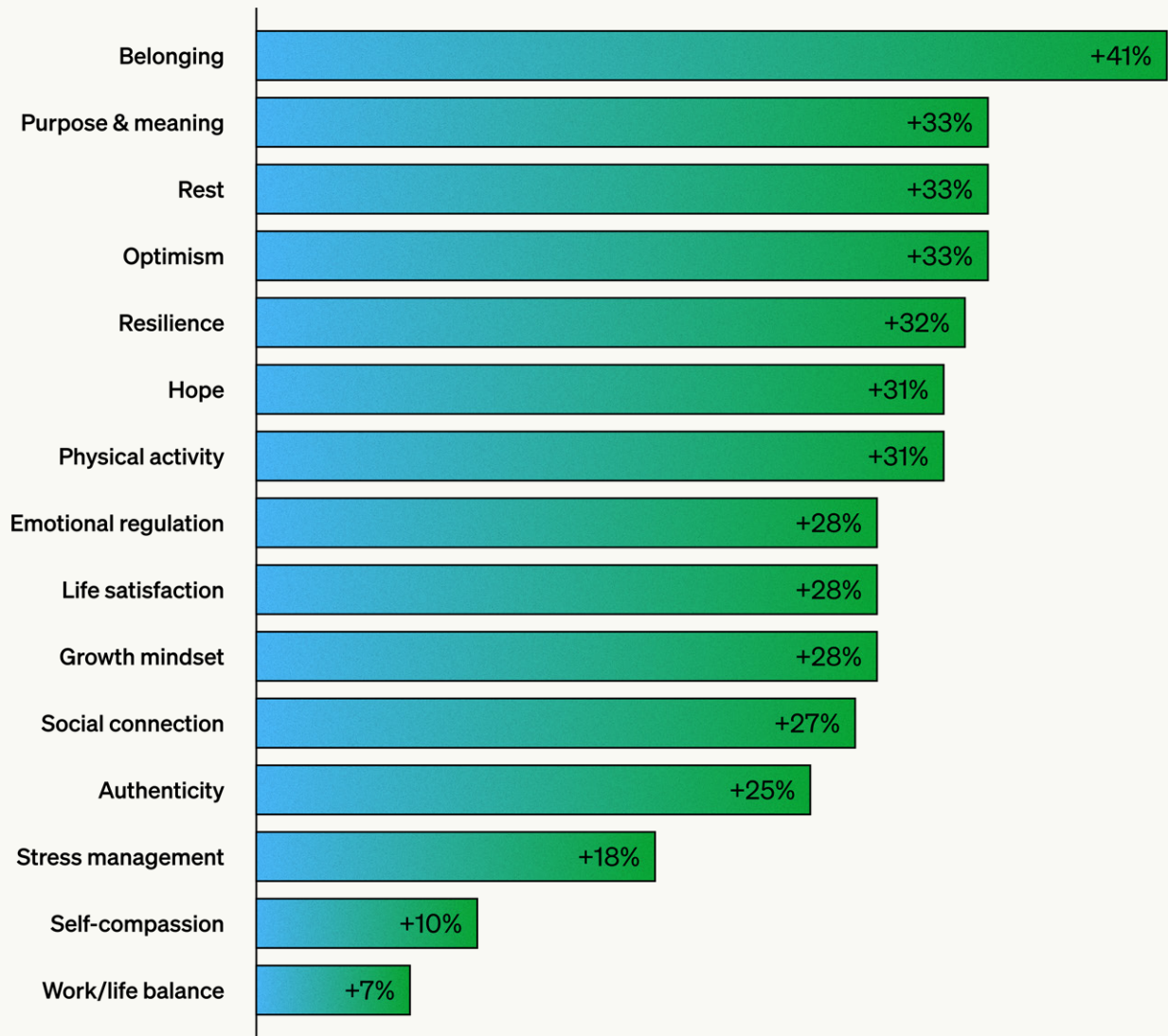
Impact of strong Coaching Culture on remote workers' retention



% Improvement as a result of a strong Coaching Culture

Also similar to their in-office peers, remote individuals of high Coaching Culture organizations also experience boosts in well-being outcomes that are vital for performance, like optimism, growth mindset, stress management, social connection, and work-life balance.

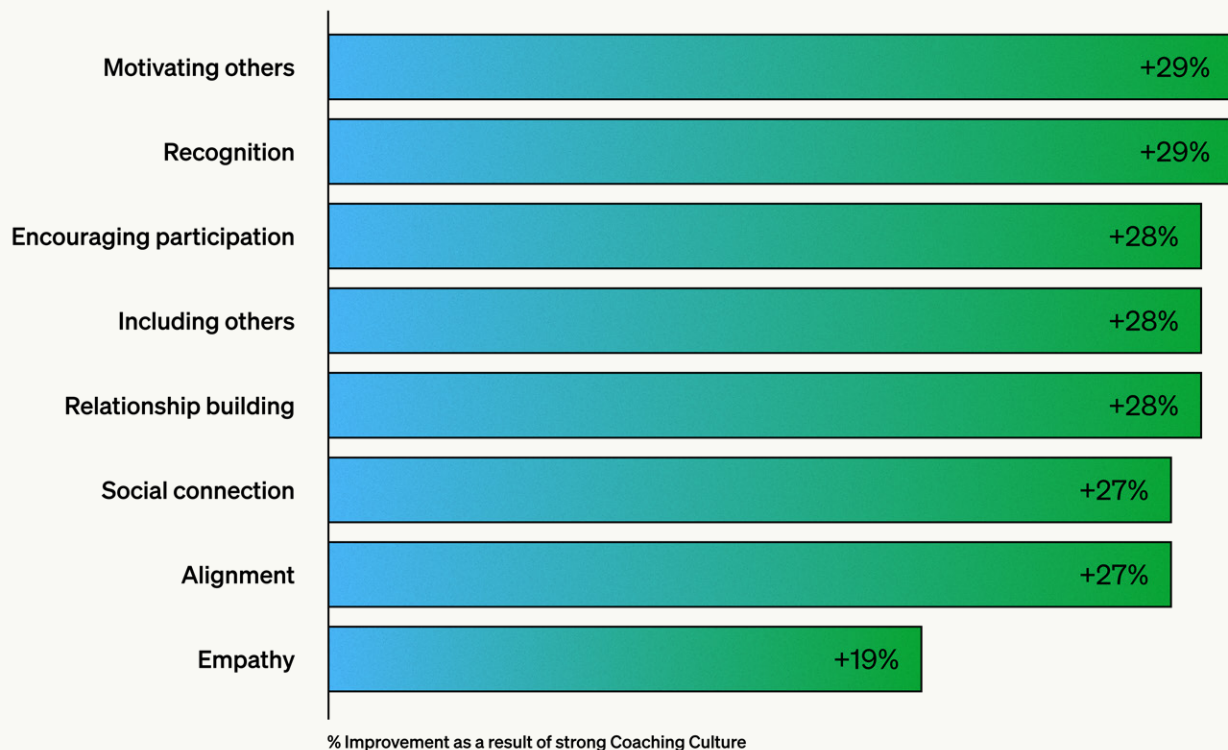
Impact of strong Coaching Culture on remote workers' well-being



% Improvement as a result of a strong Coaching Culture

Remote team interpersonal dynamics also improve significantly when there is a high level of Coaching Culture in the organization, making it easier for managers to enable positive outcomes and individual contributors to work better with their peers.

Impact of strong Coaching Culture on remote workers' team dynamics



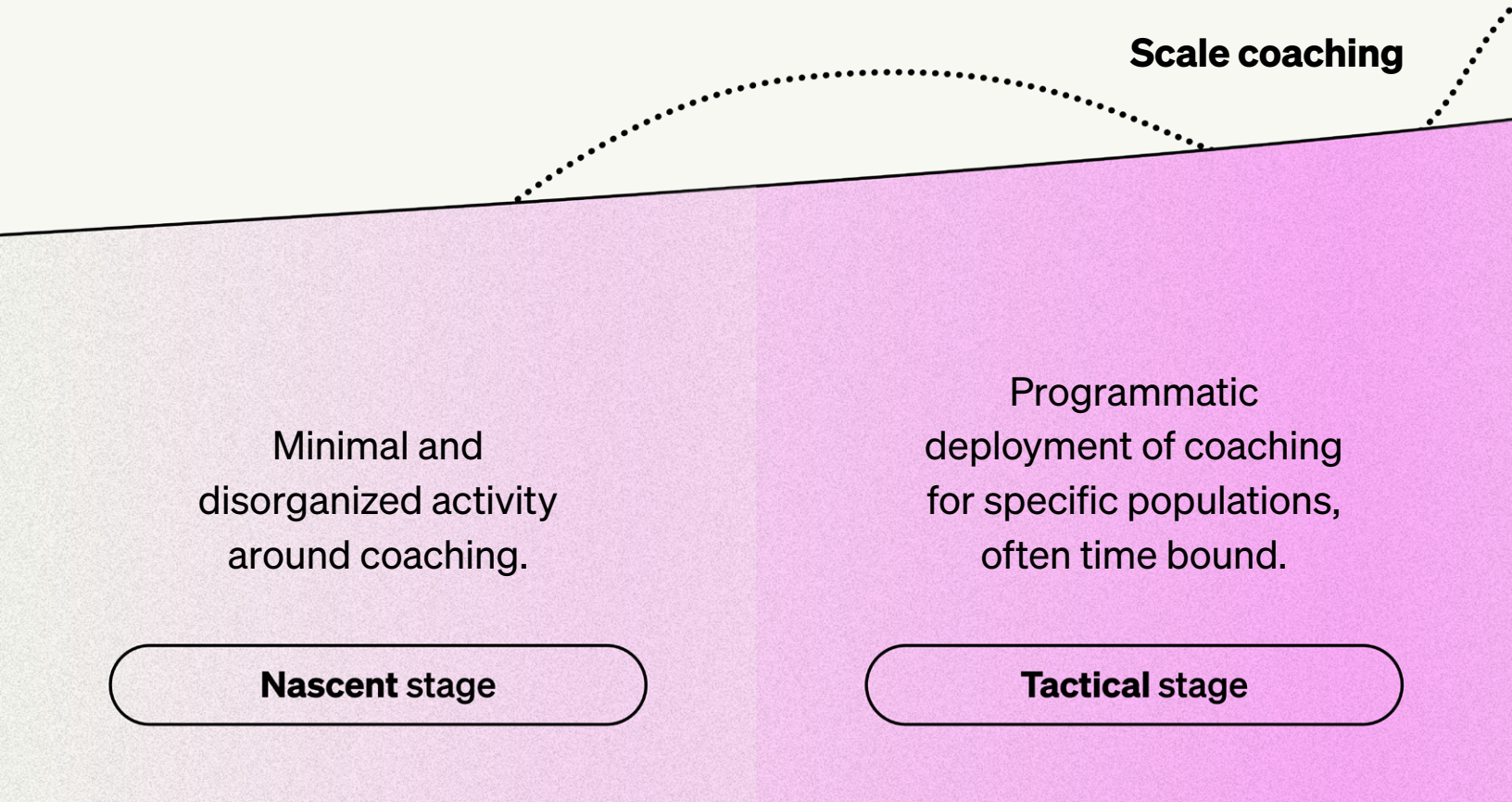
We've examined why traditional approaches won't unlock the individual transformation at scale needed to drive organizational transformation. We've also taken a closer look at how coaching and building a culture of coaching promotes a self-sustaining system for growth. But how do you get started building one? What practical ways can you invest in building a high level of Coaching Culture at your organization today?



How to strengthen your organization's Coaching Culture

1. Assess your stage of engagement

Think about the development of a Coaching Culture through stages. Where might you be on the spectrum of Coaching Culture, and what investments does your team need to make or practices it must adopt to move your organization forward?



COACHING CULTURE MATURATION CURVE

**Transform to
Coaching
Culture**

Recognized as a strategic skill for everyone and managers use coaching skills regularly, but not everyone has access to coaching or support.

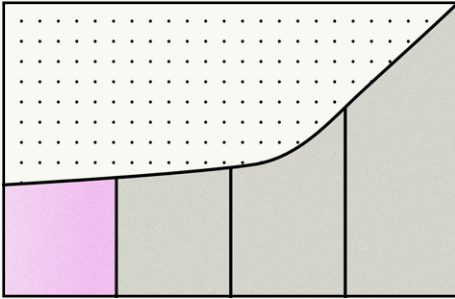
Strategic stage

Coaching is normative. Everyone has access to personal support and coaching (formal or informal) in critical moments and organizational practices support and reinforce personal growth.

Embedded stage

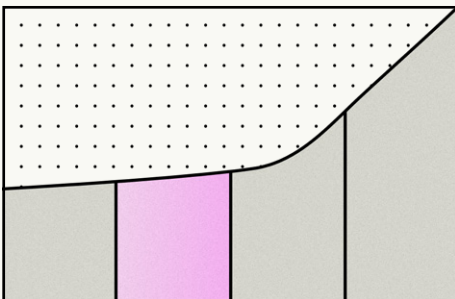
COACHING CULTURE MATURATION CURVE

NASCENT



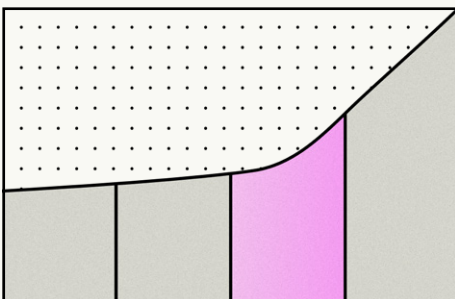
In the **nascent stage**, some coaching could be happening in an organization, but it's inconsistent due to a lack of commitment or investment. Coaching is likely to be disorganized, one-off, and perhaps not even organized by the organization but instead occurs privately between individuals or managers and direct reports. There is no formal organizational investment in coaching.

TACTICAL



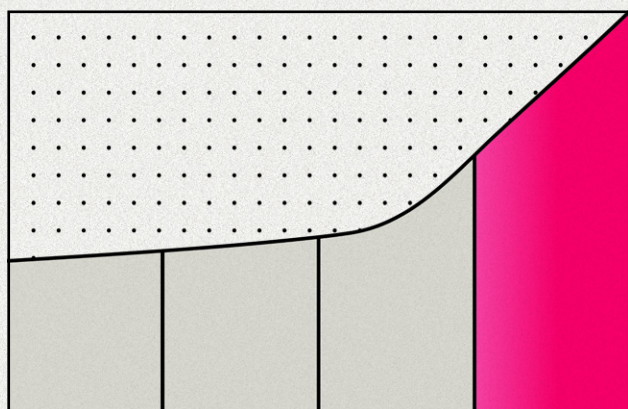
In the **tactical stage**, the organization values establishing a Coaching Culture, but may not yet be fully invested. There might be some systems in place for coaching, like manager-as-coach training or specific department-focused coaching, but these are not strongly linked with existing HR systems.

STRATEGIC



In the **strategic stage**, an emphasis on and importance of educating managers and employees on the value of coaching is promoted actively in the organization and is tied to formal processes and evaluations. It is a recognized skill for everyone, but not everyone can access coaching or get the support they need to implement a Coaching Culture.

EMBEDDED



In the **embedded stage**, all employees at all organizational levels are engaged in coaching, meaning it is now reflected in the language used, how 1:1s operate, and how conflict is approached internally.

Everyone has access to personal support and coaching in critical moments. Coaching happens both through formal channels organized and supported by organizational investments (third-party trained coaches), and informally at different levels of the employee population (manager-as-coach, peer-to-peer coaching). In this embedded stage, a Coaching Culture is considered high, and the associated benefits discussed in the data above start to show up more clearly, regularly, and drive long-term impact.

This stage is also when psychological safety becomes a core tenet of organizational culture. Psychological safety is necessary to get past coaching as an individual endeavor into a transformative one. With it, people stop keeping to themselves and start engaging in coaching in multiple directions, both formally and informally, allowing the change to have a ripple effect.

An embedded Coaching Culture means you can reach a new homeostasis and see sustainable and continuous agility through change — one where your organization isn't going to need to keep finding resources and tools to get people to rise to every occasion, but when change is welcomed as an opportunity for accelerated growth.

Once embedded, Coaching Culture becomes self-perpetuating, so it not only drives performance today, but sustainable performance over time, even as conditions change. This is because once a Coaching Culture is established, no matter the challenge du jour, people are seamlessly supported and empowered to find solutions, stretch in new ways, and seek the highest version of themselves, unlocking their performance potential.

2. Unlock more manager effectiveness

While organizational transformation is completely dependent on individual transformation at scale, that change **starts** with your people managers. In fact, when it comes to cultivating a strong Coaching Culture, they are the most powerful contributor to building it. Managers are the conduit for organizational change — the gatekeepers of information cascading, the alchemists between strategy and tactics, and the translators between the highest levels of decision-making and its meaning for individuals.

It's time for organizations to stop thinking about managers as "bosses" and more as "coaches."

Because of the changed nature of work, organizations need managers who can model behaviors and provide ongoing guidance as team members face a series of novel problems, tasks, and situations every day.

COMPONENTS OF COACHING CULTURE: PROPORTIONAL TO IMPACT

Co-worker practices

Organizational practices



Manager practices

Psychological safety

“Our emerging workforce is not interested in command and control leadership. They don’t want to do things because I said so, they want to do things because they want to do them.”

Irene Rosenfield - CEO, Mondelez International

While command and control style leadership *might* make sense when direct reports have a set of repeatable tasks to do, and productivity means performing those controllable tasks efficiently — this model is archaic in a whitewater world. Businesses context is changing constantly and there's no time to read conditions, send them up a chain of command, and still respond in an agile way, effective in the moment, be it a threat or an opportunity. Thriving now means that context and speed matter as much as distributed decision-making.

Instead, managers need to learn how to coach, be ready to receive and respond to coaching, and help facilitate open, psychologically safe peer-to-peer conversations that help their direct reports stay attuned and aligned to the most important areas for impact. Coaching managers to be “manager-coaches” themselves leads to a ripple effect across the employee base and teams. In this way, managers become the first “dot connectors” between individual transformation and organizational transformation. In short, helping managers become more effective amid the swirl is key.



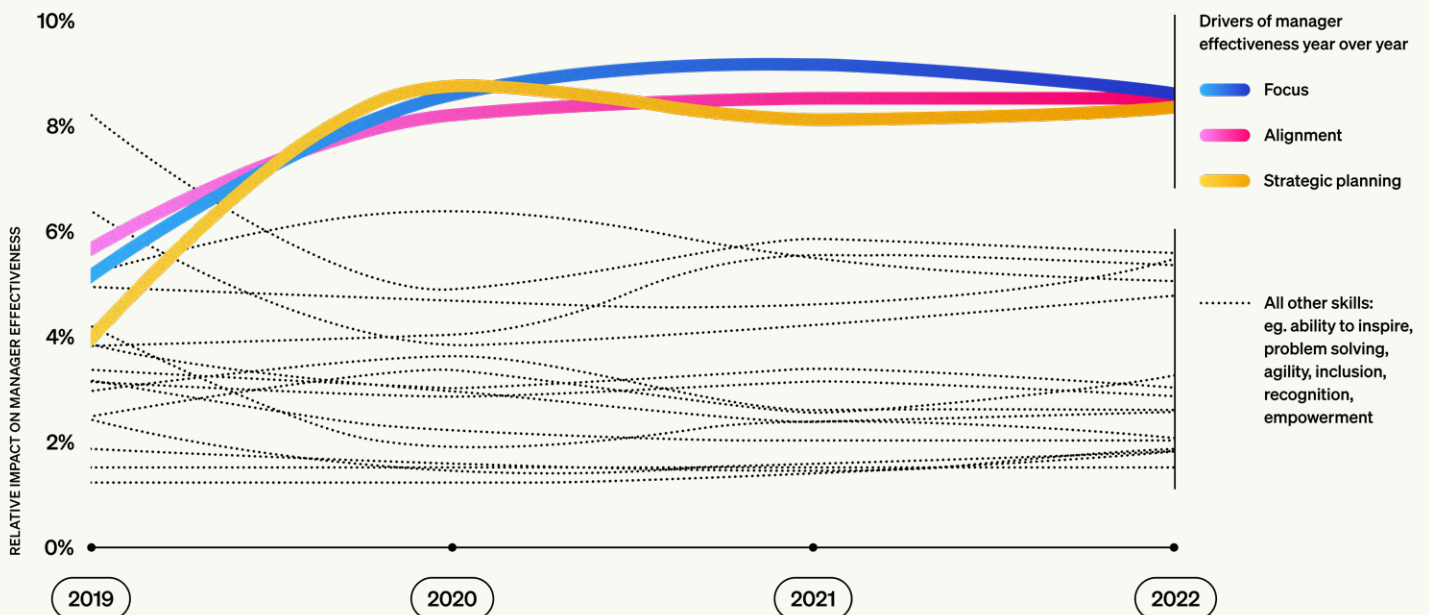
Unlike the most effective managers, the *least* effective will have three to four times as many employees in the “quiet quitting” category¹⁸. However, effective management is wildly different today than pre-pandemic. Today, organizations are more likely to have a dispersed workforce along with higher demands from the macroenvironment.

We found that coaching managers in three core areas is vital:

- Supporting their teams via clear **alignment** to team and company goals
- Driving tighter **focus** in work to cut the noise and manage overwhelm
- Promoting future-mindedness and **strategic planning** for when inevitable change comes



Effective management looks different today

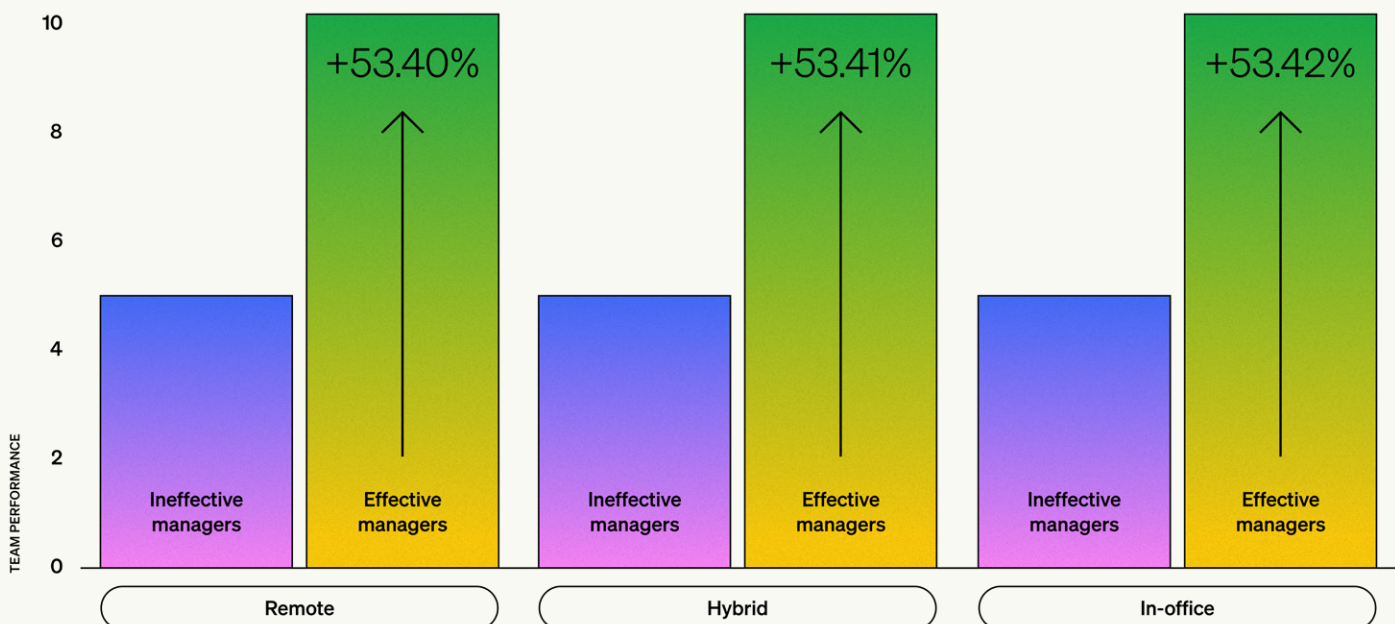




When managers excel in these areas, they see 53% higher performance in their teams, regardless of if that team is remote, hybrid, or in office¹⁹.

While coaching managers as a programmatic investment might seem enough, remember: it's only a **start** to building a robust, self-sustaining Coaching Culture. Managers alone cannot drive this change but are a necessary component and catalyst.

Teams with effective managers perform better



3. Give employees the type of growth they actually need



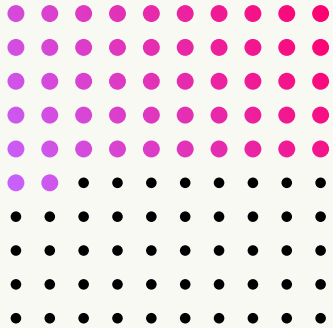
To shift culture and change norms across your organization, everyone from top to bottom must understand their role in the business's evolution.

55% of workers think that they need more training to perform their job effectively

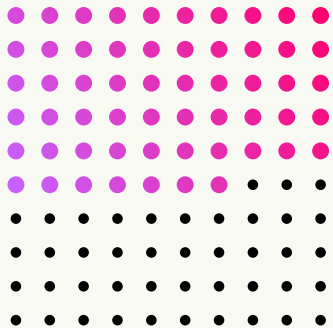
38% want more relevant training to their current role

1/3 say they want training to have a social element, such as peer-to-peer learning or learning groups, in addition to wanting more social connection²⁰

Fear of automation can't be ignored

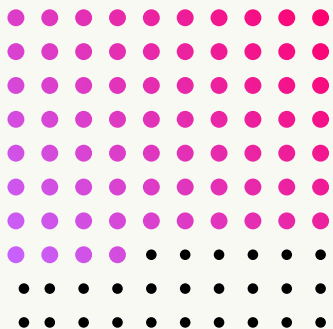


52% of today's employees believe they are "easily replaceable in their jobs"



57% of employers said the same of their employees²¹

Development is table stakes



74% of Millennials and Gen Z say they were ready to quit because of a lack of support from their companies regarding building skills and providing career mobility options²²



Organizations that foster a Coaching Culture that embraces continuous learning and provides employees with professional development tools and resources will be more competitive by avoiding outplacement, hiring, and knowledge-loss costs. While you need employees that feel invested in your transformation efforts and work to fit into that trajectory. **They** need opportunities to grow and stay relevant, to be competitive in their field or industry, and to get value out of their employment — not just learn to be a better lever for enhanced productivity or output.

Between hiring freezes, rightsizing, skills gaps, onboarding/ramp-up time to value of new hires, senior leaders and HR teams are rightly shifting the conversation away from acquiring talent to meet new challenges and instead investing more in the talent they do have.



To make this shift successful, we must learn how to **create a culture where learning tied to work is valued**, where aligning skills development with the organization's goals and meeting employees' training needs all occur.



4. Rethink your organizational practices when it comes to employee development

What if all this uncertainty isn't a complex and overwhelming mess but instead an opportunity to rethink the way we work, the way managers lead, and the underlying culture of how your organization functions day in and out? It can happen only by dismantling a status quo that is failing your people in this critical time. **Traditional L&D isn't designed to help them meet this moment.**

You may know that what got you here won't help you meet the moments ahead. Skills are becoming obsolete faster, and conditions are changing more rapidly. But from an organizational practices perspective,

learning and development can't be "set and forget"; it must be continuous and in the flow of work, so employees can self-serve to grow in ways relevant to them — and your business objectives.

Prioritizing this type of learning empowers employees and managers to be resourceful, confident learners who own their learning, identify when they need to learn new skills or behaviors, and who have the confidence to drop what isn't working and seek out new information. But traditional learning and development weren't designed for the unique challenges your organization faces today or those of tomorrow.

Thanks to the "forgetting curve," employees forget

75%

of what they learn in "one-off" training workshops or seminars, sometimes in as little as 24 hours

50%

of info is lost within just one hour²³

30%

of employees, after a year, successfully transfer their learnings to the workplace. Despite this, companies are spending **\$160B annually on L&D.**

Second, one-off programmatic training is mismatched to organizations' development needs and tends to be delivered without context. Right now, context means everything for how humans create value in a rapidly changing world (if something doesn't require context, a machine or AI can do it, right?). This type of learning doesn't offer the proper support to make it sticky — there's no partner to hold employees accountable for applying what they've learned.

Lastly, traditional learning content tends to be reduced to the lowest common denominator and is too broad to apply

to most people. Content is developed months or years in advance, making it stale and less relevant by the time it is delivered. The delivery of this type of learning tends to be on a schedule that makes sense to the organization versus in the flow of work (where it is more relevant, contextual, and easily absorbed by employees). The opportunity to practice and cement learnings is heavily curtailed, and meaningful practice is elusive. Without feedback, how are people learning and *applying*? They need accountability and self-reflection because change and growth cannot happen without them.

In closing

These converging needs may feel daunting, but right now, there is a confluence of positive factors that are creating a real opportunity for leaders to reimagine the way their organizations can transform and keep transforming. Science and technology can offer an antidote to the tumult.

Over the last 10 years, we've gained incredible ground in understanding human behavior and deep insight into how people learn, grow, and change. Thanks to advancements in behavioral science, psychology, and neuroscience, we better understand the inputs that foster real, long-term change through uncovering what is vital and detrimental to us in our personal and professional lives.

Pairing this understanding with the power of technology and data analytics at BetterUp, for example, we can seamlessly understand, in real-time, who is experiencing what and when and better deploy resources for what each individual needs. Based on millions of data points, we know the impact of those needs being met on the bottom line and can better connect them thanks to advances in technology like AI, machine learning, and virtual mediums. This results in rich and personal interactions that help fuel human transformation in a dispersed, digital world.

This comes at a time of major cultural shifts: the rapid reduction in mental health stigma, the reckonings with the once underestimated value of belonging and community, and new acceptance around support seeking across the workforce. Your employees have never been more open to change and growth, especially when you are helping to lead the charge.

This is a new frontier. But that shouldn't be any more daunting for organizations already facing tough challenges. On the contrary, it means that moments of uncertainty and change can create unique opportunities for business acceleration if people are a primary focus.

Helping people, coaching people, and creating healthy environments that foster successful transformation — in uncertainty or in times of relative stability — can create definitional, chasm-crossing moments for your business. Right now, we are at an incredible inflection point of science and technology for leaders worldwide to rethink what it looks like to optimize their human resources. If we can approach this problem anew, even when disruption, change, and demands for transformation are so high, we can leverage a Coaching Culture to build high performing organizations, agile teams, and unlock the full potential of our people.

Study design and methodology

DATASETS

The insights in this report are the product of analyses conducted by BetterUp, Inc. using data from three different sources. The details of each can be found below:

BetterUp Member Data (Internal)

Sample: Our member dataset includes survey responses from over 150,000 members from over 80 countries who gave permission for their responses to be used for research purposes. No identifying personal information was compiled. At times, and when applicable, member data was grouped by self-reported characteristics such as level and industry. All data collection and handling processes were in strict accordance with corporate security and privacy policies. Data included in this report were collected between January 1, 2019 - December 31, 2022.

Survey Items: The member dataset used for this report uses survey items from BetterUp's Whole Person Assessment (WPA), which members complete at a number of junctures throughout their coaching journey. Included in this report are data from Onboarding (which all members complete *prior to beginning coaching*), Reflection Points (which are optional every ~3-5 months), and 360 Assessments (which measure self, direct report, peer, and manager perceptions of a member's performance).

Global Benchmarking Data (External)

Sample: The external dataset used in this report is from a global benchmarking survey run by BetterUp Labs in June 2020. This dataset was collected using Qualtrics online sampling and includes survey responses from 4,200 people in Argentina, Brazil, China, Columbia, Germany, Mexico, Russia, and the United States of America. None of the participants represented in this dataset are affiliated with BetterUp, nor do they work for BetterUp partner organizations. Respondents who reported no experience '*working one-on-one with a coach for the purpose of personal development*' were used as our 'no coaching' baseline for comparative analyses in this report; this subsample of respondents included 13,189 people spanning a number of industries and geographies.

Survey Items: This external survey was crafted to provide an external source of truth for BetterUp's Whole Person Assessment (WPA) items, and thus includes nearly all of the same survey items.

Publicly Available Data Sources (External)

Sample: This report incorporates information from publicly available online sources, such as Glassdoor, Forbes, Fortune, and Great Places to Work. All data included in the report were compiled from these sites between November 2022 - January 2023. In addition, the financial data of publicly-traded BetterUp partner organizations used in this report were pulled from publicly available records for the time period spanning 2021-2022.

Items: Glassdoor CEO ratings for BetterUp member organizations were compiled in December 2022. Best Places to Work data from Glassdoor, Forbes, Fortune, and Great Places to Work included organizations ranking in the top 25 each year from 2019 - 2022.

ANALYSES

All data in this report was analyzed by researchers at BetterUp, Inc. Significance testing was used to determine if reported patterns were statistically significant at the $p < .05$ level; all insights included in this report are statistically significant, unless otherwise noted. Significant differences are often reported as percent differences between groups for ease of interpretation.

Throughout the report, both descriptive and inferential analyses were used and T-tests were run to compare between groups. Correlation and regression analyses were utilized to determine relationships between, and directionality of, variables. Relative weight analyses were used to determine the differential degrees to which variables impacted composite scores.

The Overall Coaching Culture measure used in this report is a composite of the four coaching culture subdimensions included in BetterUp's WPM: Organizational Coaching Culture, Psychological Safety, Manager Coaching Culture, and Coworker Coaching Culture. Subgroups based upon Overall Coaching Culture were created to assess the impact of coaching culture across a number of variables.

High/Strong Coaching Culture Organizations are those whose mean organization-wide Overall Coaching Culture scores ranked in the top 25% of organizations within our database ($n=208$). Individual onboarding data for members within these organizations were used for all analyses, unless otherwise stated ($n=16,851$). Low/Weak Coaching Culture Organizations are those whose mean organization-wide Overall Coaching Culture scores rank in the bottom 25% of organizations within our database ($n=219$). Individual onboarding data for members within these organizations were used for all analyses, unless otherwise stated ($n=13,533$). Control variables were used whenever possible to statistically control for confounding variables. Control variables used in this report include gender (when available), organization size, industry, work level (individual contributor vs. manager), experience with coaching, and employment status.

Index

- ¹ McKinsey - Losing from day one: Why even successful transformations fall short, Dec 2021.
- ² PwC - 26th Annual CEO survey, Winning today's race while running tomorrow's, Jan 2023.
- ³ CNBC - 96% of workers are looking for a new job in 2023, Jan 2023.
- ⁴ Fortune - Millennials and Gen Z want skill development or they'll quit, Nov 2022.
- ⁵ Gallup - U.S. Employee engagement needs a rebound in 2023, Jan 2023.
- ⁶ Gallup - State of the Global Workplace: 2022 Report, Jul 2022.
- ⁷ McKinsey - Losing from day one: Why even successful transformations fall short, Dec 2021.
- ⁸ Harvard Business Review - The secret behind successful corporate transformations, Sep 2021.
- ⁹ Fortune - Millennials and Gen Z want skill development at work, or they're out the door, Nov 2022.
- ¹⁰ Gartner - Leader and manager effectiveness tops HR leaders' top priorities in 2023, Oct 2022.
- ¹¹ Harvard Business Review - The secret behind successful corporate transformations, Sep 2021.
- ¹² Fortune - CEO Daily newsletter, Oct 2021.
- ¹³ BetterUp Labs - BetterUp Member data.
- ¹⁴ Waters, S.D., & Gregory Riordan, B. (2022). The Coaching Shift: How A Coaching Mindset and Skills Can Change You, Your Interactions, and the World Around You (1st ed.). Routledge.
- ¹⁵ American Psychological Association - Stress and decision-making during the pandemic, Oct 2021.
- ¹⁶ Gallup, State of the Global Workplace: 2022 Report, July 2022.
- ¹⁷ Best Places to Work lists pulled via Forbes, Fortune, Glassdoor, and Great Places to Work 2020-2022.
- ¹⁸ Harvard Business Review - Quiet quitting is about bad bosses, not bad employees, Aug 2022.
- ¹⁹ BetterUp Labs, 2022 Member data.
- ²⁰ Harvard Business Review - How to help your employees learn from each other, Nov 2018.
- ²¹ SHRM - Employees want additional opportunities for career, skills development, Mar 2022.
- ²² Fortune - Millennials and Gen Z want skill development at work, or they're out the door, Nov 2022.
- ²³ Murre JMJ, Dros J (2015) Replication and Analysis of Ebbinghaus' Forgetting Curve.

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