How coaching delivers real ROI
The average large company with 10,000+ employees budgets nearly $20MM annually on learning and development, with employees spending more than one week per year in training. Based on data from McKinsey, Gallup, and the Center for American Progress, for a company this size, the hidden annual costs of skill gaps, disengagement, and turnover are estimated conservatively at -$135M. Following the status quo will undoubtedly cost your company, too.

It’s unrealistic to think that any organization can backfill a hole this big by staying the course on traditional learning and development solutions—for example, instructor-facilitated leadership training seminars—for which we might conservatively anticipate a 0x to 2x ROI. The problems with these solutions are well documented. In addition, a lack of personalization and fidelity to the work being performed further contribute to low impact.

Why this matters.

Research on the forgetting curve, suggesting that newly learned concepts dissipate aggressively, with as little as 25% retention after 1 week.

Estimates of the percentage of training that “transfers” reveal a similar decline over time, with as few as 34% of trainees reporting sustained behavior change one year later.

Zooming in where the investment is greatest—on leaders and managers—exposes real gaps in our historical failure to prepare people to play these crucial roles by any measure of success, with the estimated fall-out rate for managers ranging from bad (6 in 10) to unforgivable (8 in 10).
Evidence-based methodologies drive “real learning” ROI

One of our goals in building BetterUp is to provide both our members and our customers with a validated, quantitative measure of the impact of our service. This work started with an investment in developing our assessment tools, including our Whole Person Model, which illuminates those behavioral capabilities and mindsets that are both amenable to improvement through coaching and closely linked to the performance of individuals and organizations. These measures have been informed by decades of research at Harvard, Stanford, Claremont, University of Pennsylvania, and many other institutions that have invested in quantifying behavior change.

Repeatable assessments for measuring & tracking change & growth

With BetterUp coaching, every user completes an assessment at the beginning of their journey, and then repeats that assessment at intervals over the course of the coaching relationship. Our assessment looks at behaviors, traits, and psychological resources in one comprehensive survey. These individual outcomes are powerful in and of themselves, but we also use them as inputs into our ROI algorithm, which translates individual outcomes into business level impact.

To do this we have amassed a large user database to establish benchmarks for comparison purposes at each stage of the coaching journey, as well as for age and demographically matched employees who don’t receive coaching.
Our investment in measuring coaching’s impact enables us to not only measure different types and units of behavioral change, but to also then map those changes, item by item, to specific business outcomes. We think about these business outcomes in three separate buckets:

**Performance**

We want to know that our coaching improves an individual’s performance on the job. A specific group of the measures that we track is designed to tell us how our service affects the individual resources most critical to job performance. The size and nature of that impact has been demonstrated over decades of research, some of which we have replicated, so that we can separate out the impact of our coaching from the impact of, say, some new software on the employee’s performance.

Performance also includes days on the job. People miss work for all kinds of reasons, from sickness to vacation to leave. Different psychological factors are at play in determining whether, short of a medical emergency, an individual chooses to come to work. Our ROI algorithm accounts for this, and isolates the factors that our coaching service impacts. For any given population, we can predict the number of increased days on the job we would expect our service to provide.

**Retention**

87% of employers believe that improving retention is “a critical priority for their organization.” As retention efforts ramp up across industries, turnover can in some cases serve as the main driver for an investment in coaching. Coaching provides individuals with a clear opportunity for growth and development that can sustain them in otherwise difficult or stagnant operational stretches. It effectively helps bolster psychological resources that drive retention, independent of confounders at home or in the workplace.

The other important component of retention is retention of the team members who report to the coachee. The old truism that people quit managers not companies has been well supported in the literature. On a deeper level, we can disentangle the behavioral and psychological traits of a leader that produce loyalty. Coaching the leader to increase those strengths leads to greater retention among members of that team, a powerful force multiplier of the ROI.
Well-being

BetterUp’s ROI algorithm includes a new and critical perspective: wellness. Executive-level coaching programs rarely account for well-being as a component of ROI.

BetterUp’s coaching has been shown to decrease stress by 12%, across all of our populations. That yields returns in terms of performance, but it also yields returns in terms of team member health. People who are less stressed are healthier overall, and spend less on healthcare services, decreasing employer spend in that area.

By analyzing savings in these three key categories, we’re able to offer our customers a holistic understanding of the financial impact of coaching for their organization. We’re also able to use our findings to refine our coach training and approach in order to drive even greater results for our users and their employers.

Our model conservatively predicts a 3.5x to 5x ROI on an investment in BetterUp coaching for a given employee population.

ROI on BetterUp Coaching

Our model conservatively predicts a 3.5x to 5x ROI on an investment in BetterUp coaching for a given employee population. This includes performance, retention, and wellness impact. One of the most important determinants of the ROI that an employer can expect to see on BetterUp coaching is the profile of the individuals who receive coaching.

Our research has shown that core managers — managers who sit two to three levels below the C suite, and who manage a team — yield the greatest ROI on coaching. Individual contributors and executives both yield a positive ROI, but at a lower return than that we see for core managers. We’ve also seen that high performers yield a higher ROI for coaching than standard performers. Taken together, this suggests a useful rule of thumb. Prioritize coaching on priority people and roles — those with disproportionate influence and contributions.
What’s *driving* the ROI?

- Technology
- Personalization and Customization
- Our Coaches
- Evidence-Based Practices
Coaching to the Core

Why and how does coaching drive such impressive ROI for the core in particular? This happens first through performance. When you help leaders unlock their own potential, they’re able to drive greater engagement and performance not only from themselves, but also from their teams. Second, the core manager ROI is about retention. Coaching leaders improves retention not only for the leader, but also for their team. This has been experimentally proven in studies that untangle the correlation between a leader’s psychological resources and their team members’ risk of turnover. And it becomes critical for employers looking to target coaching for the audience with the greatest ROI. And finally, it’s about wellness. A leader has to be able to manage their own stress, and to model that for their team. Lowered stress levels help the company save on poor health outcomes.

Having completed our ROI study, our next steps in this research involve understanding which components of our coaching are responsible for our best outcomes. We have a few hypotheses.

Our Technology

We’re leveraging technology in ways coaching has not been able to in the past. One example of this is our coach matching algorithm. We know that 70% of the success of coaching is determined by the coach-coachee relationship. Standard coach matching has happened in the past mostly through geographic constraints, and through the local networks of the coach and the coachee.

Our algorithm takes luck and geography out of the picture, and instead matches each of our users to coaches across our pool of hundreds of coaches based on the styles, preferences, and needs of each. We believe innovations like these are a critical component of the ROI we drive.

Personalization and Customization

Both personalization and customization are critical to a successful coaching service. Our coaches tailor their resources and styles to the needs of each user. And at a cohort level, we tailor each deployment to map to the organizational priorities of each of our customers.

Our Coaches

We use the best of the best certified, highly experienced executive-level coaches across the globe. And we enable them to do their best work. Consistently excellent outcomes come from consistently excellent coaches.

Evidence-Based Practices

We leverage the latest science across a wide range of disciplines to boost our coaching and assessment practices. We measure everything we do, and we learn from our population of coaches and users to improve each deployment.
Looking ahead

We expect to see a greater emphasis on metrics across the field of coaching, with quantitative measures complementing qualitative reports. The opportunity this shift presents for coaching is to hone its focus on outcomes and organizational impact. The discipline required by this endeavor will afford coaching the push needed to evolve the state of its science more rapidly, and with a finer lens. It can also motivate the field to integrate the latest and greatest discoveries from the behavioral sciences into practice in the service of our members, and of the organizations they serve.

Coaching

Our certified coaches tap into the individual’s personal motivation and values to improve mental fitness and foster a sense of belonging. Specialist and group coaching help address the whole person by providing meaningful development on topics like communication, collaborating and leading remotely, inclusive leadership, and well-being.

Science

Using the world’s largest dataset on coaching for human development, BetterUp identifies the most important skills for driving productivity, engagement, and performance in a hybrid world. Our validated assessments personalize the experience by identifying the specific strengths and development areas and targets those with coaching and tailored resources. Track progress and compare your organization to industry benchmarks with a robust suite of assessments, including BetterUp’s Employee Experience Index and Belonging Index, proprietary metrics that combine key behaviors and mindsets that our research suggests are the strongest predictors of positive business outcomes, belonging, and inclusion.

Technology

BetterUp’s platform builds focus and accountability through personal goal tracking, handpicked resources mapped with those goals, and nudges to keep users on track and notify them of other learning opportunities.

Improve the well-being of your entire workforce.

Schedule a demo