Measuring ROI in Coaching Relationships

Many of us believe that terms like ROI are strictly for the MBA crowd: the hard-core business people who live, breathe and actually enjoy talking about things like financial performance and indicators.

Not true.

ROI, or Return on Investment, is a concept we all live with and by on a regular basis. Let me give you the definition and then show you what I mean. When we talk about ROI, we're measuring the amount of profit (or cost savings) for a given use of money. So, think of it like this: If you buy a house for £200,000 (or roughly $375,000) and then sell it two years later for £260,000, you’ve made a 30% profit.

So now let’s turn to coaching. When we ask our clients to pay for our coaching services, we are asking them to invest in coaching and we are “promising” a solid return:

- Greater awareness of personal values
- Ability to see different perspectives
- Awareness of what fulfillment means to the client
- Naming and shaming of gremlins
- Limitless sense of possibility
- Commitment to live the life you want

In corporations, the promise may take a slightly different flavor, i.e., working more efficiently, getting buy-in on the corporate or departmental mission, or improving the company’s bottom line.

I make ROI a part of the Intake. I talk with my clients about their expectations around the coaching—what they hope to gain. Together, we work on developing a list of two to three things they feel they’d need to achieve in order for them to consider the coaching successful.

This can be tricky for two reasons. First, clients will sometimes say they don’t know what they want and that’s why they’re coming for coaching. Second, the client may have expectations that are simply not realistic (an example of this is the two clients I’ve had who wanted me to choose a new career for them).

Let’s take each of these situations separately:

For the client who says he/she doesn’t know what success (or acceptable ROI) would be, I use the basic coaching rule—Get Curious!

Fiona: “I just want my life to be better.”
Amy: “Great. What would a better life look like?”

Fiona: “I’d be happier.”

Amy: “And what’s one thing you’re doing differently when you’re happier?”

Fiona: “I’m not having to go to this stupid job.”

Amy: “And where are you going if you’re not going to that stupid job?”

Fiona: “I’m traveling. I’m in Spain or Australia or somewhere hot and sunny.”

Amy: “Great. Should we make one of your coaching goals travel to a hot and sunny climate?”

(This conversation is obviously abbreviated for the purposes of this article. We also looked at taking a career break, relocating, etc.)

It turns out that what Fiona really wanted was to have the “guts” (her word, not mine) to take a three-week holiday. Which she later did. I have the postcard from Tanzania to prove it!

Let’s consider the situation in which the client believes I’ll choose a career for him. After explaining that my doing this might actually make things worse (Hey, what if I picked financial analyst when what he really wanted was to become a pastry chef?), we agreed that what we could do together were some visualizations around different careers and different locations (e.g., “What if you picked up and moved to San Francisco? Tell me what that’s like.”). Our commitment during the coaching was to do a different visualization every week. That was measurable. And, as it turns out, unnecessary. After three visualizations, Tom decided that he really likes living in New York and he also really likes working in advertising. What he wanted was a new apartment. Three months into our coaching, Tom moved to a beautiful brownstone in Brooklyn.

That brings us back to measuring. I ask each of my clients, again during the intake, how important it is to them to measure the effects of the coaching. What we then design into our relationship is how often and by what means we’ll measure how we’re doing. Most clients say they’d like to do a monthly recap of the goals they set out to achieve during intake.

Here’s another real-life example from the corporate world. I was asked to make a team work more effectively together in order to increase profitability. I told the team during our collective intake (which I’ve started doing with groups of people when I’m coaching teams) of the goal set by their management. I asked them to come up with what they thought they could achieve against that aim. Ideas ran the gamut:

- A new performance incentive plan based on willingness to be a team player and ultimate team performance (sales)
- Launching a new service and generating more revenue
• Reducing overtime (and thereby improving profitability)
• Group exercise classes to enhance the sense of trust within the actual team and thereby reduce work duplication

Eventually, we decided on two goals: Group exercises and team building to increase trust and confidence; and a 10% reduction in overtime expenses. The reason we chose these two is that both were completely within the team’s control; much as they would all like a new performance incentive scheme, it would be up to management to approve it.

Return on Investment is absolutely critical, whether we’re setting out to buy groceries or to hire a coach. It is part of the equation that helps us determine whether we got our money’s worth. By building this into the actual coaching relationship, and by establishing with our clients where they are on their personal balance sheets, we’re able to keep the coaching on track and focused. We’re delivering results that really matter to the client. That’s holding the client’s Big A agenda in not only a big but also a meaningful way.

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