Industry Research:

The Critical Role of Leadership Coaching:

a Business Imperative for the Future of Work

Sounding Board

executive networks

Table of Contents

Executive Summary

Companies are facing a time of extraordinary upheaval caused by everything from increasing global economic and political uncertainty to employee expectations for re-imagined flexible work. These challenges translate into a complex role for HR and talent leaders grappling to ensure their organizations can thrive in an environment of constant disruption.

One powerful, proven solution that is gaining traction across organizations of all sizes is technology-enabled leadership coaching. Our research among 405 learning leaders from U.S. companies with at least 1,000 employees revealed that, not only are most learning leaders embracing coaching, they're using it to future-proof their companies by strengthening mission critical skills and capabilities. In fact, we found that 95% of learning leaders are currently leveraging technology-enabled coaching, and out of those who are not, 62% believe they will by 2025.

As organizations seek to develop current and future leaders at all levels, high-potential employees are a critical target. Sixty-one percent of learning leaders cite those individuals, who are most likely to help steer the company through turbulence and toward growth, as the most important audience for leadership coaching. Further, 32% of learning leaders ranked managing change as the top leadership capability for their businesses.

Leadership coaching also provides a potent tool to address a troubling gap between the leadership skills needed and the ones people currently have. A 2022 study from LinkedIn Learning found that 46% of learning leaders say there is a skills gap, compared to 42% in 2021. Additionally, 49% report that executives are concerned about employees who lack the right skills to execute business strategy, up from 40% in 2021.

Key Findings and Insights

Our research examined the evolving role of leadership coaching and how learning leaders are using it to prepare their organizations to succeed in a marketplace and workplace marked by continuous change. In addition, when we compared these findings against conclusions from our 2021 survey, we saw several noteworthy changes including: a greater emphasis on business skills, such as strategic thinking and decision making, as well as a keen focus on leaders who can effectively support their organization's diversity, equity, and inclusion goals. What follows are the six most urgent areas that should be top-of-mind for learning leaders:

|	
1	Understand the key business-critical capabilities needed for success.
2	Develop a strategic focus on the future of work.
3	Identify barriers to implementation and have a plan to address them.
4	Lead and support your organization's diversity, equity, and inclusion goals.
5	Examine why and how group coaching could deliver results for your organization.
6	Measure the results of leadership coaching.

Six Key Findings:

What follows are key findings gleaned from our research, "The Critical Role of Leadership Coaching: a Business Imperative for the Future of Work," and what they mean for leaders. These insights shed light on how forward-looking organizations are turning to leadership coaching to address myriad future of work challenges, from developing high potential employees as team leaders to supporting diversity, equity, and inclusion initiatives, and addressing skills gaps in the marketplace, all while leading in a fast-moving world of relentless disruption.

1   Understand the key business-critical capabilities needed for success.

As more learning leaders leverage technology-enabled coaching, they're increasingly using it to target bottom-line-oriented competencies.

Amid a background of turmoil, learning leaders face heightened pressure to ensure that leaders are prepared to meet the challenges for a new business environment. It's a daunting task. With that in mind, many learning leaders are turning to technology-enabled coaching to make sure leaders are equipped to execute strategy. Further, learning leaders who don't use coaching now, plan to do so soon (Figure 1).

If you do not use leadership coaching, do you plan to do so by 2025?
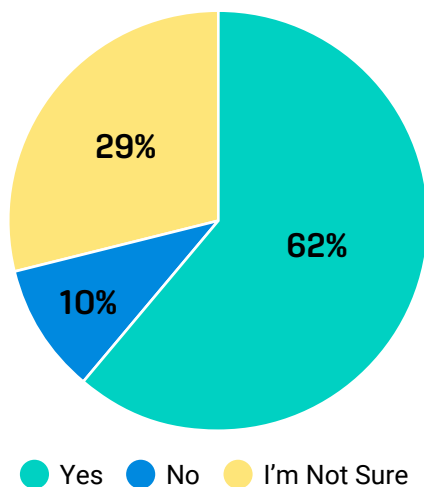
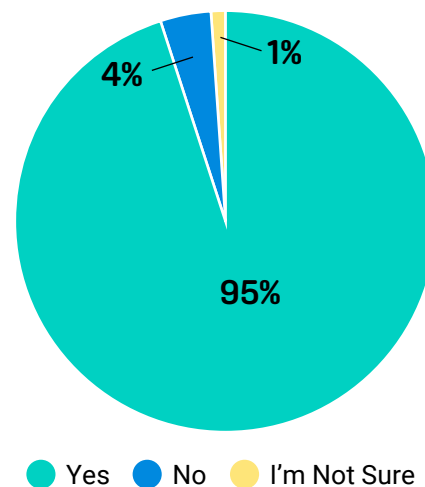### Does you organization currently leverage technology for leadership coaching?

Figure 1: Learning leaders embrace technology-enabled coaching

- **95% of learning leaders are currently leveraging some sort of technology-enabled coaching.**
- **Out of those who don't, 62% believe they will by 2025.**

One reason for the rising interest in technology-enabled coaching may be its utility in addressing the gap between the leadership skills organizations need and the ones they have, as well as the need to develop mission-critical leadership skills and capabilities at scale.

More companies cite leadership capabilities such as strategic thinking and decision-making as the most important for their business (Figure 2). By contrast, in 2021, self-awareness and communication were consistently ranked among the top capabilities for leaders at all levels.

Skills vs. Capabilities

While both skills and capabilities are vital to develop leaders who are equipped to meet the challenges facing organizations today, they differ in scope. Skills involve the competencies needed to execute a job. Marketing talent, for example, must be able to navigate a variety of technological tools, from using Slack to HubSpot. Thus, to be successful, they require information and knowledge about how these systems work and how to incorporate them into their daily activities. Capabilities, on the other hand, are more sophisticated ways of functioning that allow leaders to be successful and have a situationally effective impact. Capabilities allow leaders to thoughtfully apply their skills and knowledge to expand their influence and achieve strategic priorities.

Most Important Leadership Capabilities

Capability	Percentage
Strategic Thinking	**44%**
Decision-Making	**40%**
Diversity, Equity, and Inclusion	**36%**
Communication	35%
Leading High Performance Teams	35%
Managing Change	32%
Interpersonal Skills	31%
Collaboration	31%
Developing Others	30%
Time Management	29%
Setting Vision and Direction	29%
Conflict Resolution	29%
Influencing Others	26%
Self-Awareness	25%
Execution	25%
Executive Presence	23%

Figure 2: Top leadership capabilities

o **Learning leaders believe that strategic thinking and decision-making (44% and 40%) are the most important leadership capabilities.**

2   Develop a strategic focus on high-potential frontline workers for development.

In a workforce marked by intense and continuous technological and business changes, developing new and emerging leaders is of critical importance.

In the current environment of near constant disruption, organizations need to equip talent in all segments, including both knowledge and frontline workers, with the skills required to navigate the future of work. For example, 2022 McKinsey survey Race in the Workplace: The Frontline Experience reports that three in four frontline workers want to be promoted, but less than one in four achieves that goal. But with 95 million such workers in the US in salaried and hourly roles, they form a vital part of our workforce.

Companies should acknowledge the essential nature of these functions by exploring use of technology-enabled leadership coaching as a proven vehicle to develop their frontline talent management systems. Organizations are likely to find in their frontline workforces many high-potential employees who would benefit from coaching and seed their talent and leadership benches. In addition, as companies increasingly hire more gig workers, leadership coaching can better enable these individuals to perform at optimal levels.

Our research shows one of the key target segments for leadership coaching is high potential employees (Figure 3). These individuals can help support the organization in myriad areas during a time of massive change.

Employee Groups that Learning Leaders Believe are Best Targeted for Leadership Coaching in their Organizations

Employee Group	Percentage
High potential employees	61%
Team Leaders/Managers	60%
Vice Presidents, Directors, Senior Leaders, and other equivalents	45%
C-Level Executives (CEO, Chief Marketing Officer, Chief Information Officer, Chief Human Resource Officer, etc.)	39%
Recently promoted	38%
New hires	29%
Entry level employees	28%

Figure 3: Focus on developing high-potential employees

o   **The top audience for leadership coaching is high potential employees (61%), followed by team leaders/managers (60%) and vice presidents, directors, senior leaders, and other equivalents (45%).**

3   Identify the barriers to implementation and have a plan to address them.

While learning leaders cite multiple challenges with regard to program implementation, they also find more organizational acceptance of leadership coaching.

As learning leaders accelerate their use of leadership coaching, they still face plenty of challenges. These obstacles range from maintaining a consistent level of employee engagement in coaching to how to scale coaching programs and meet the demand for this development. (Figure 4).

Biggest Challenges to Implementing Leadership Coaching (2022)

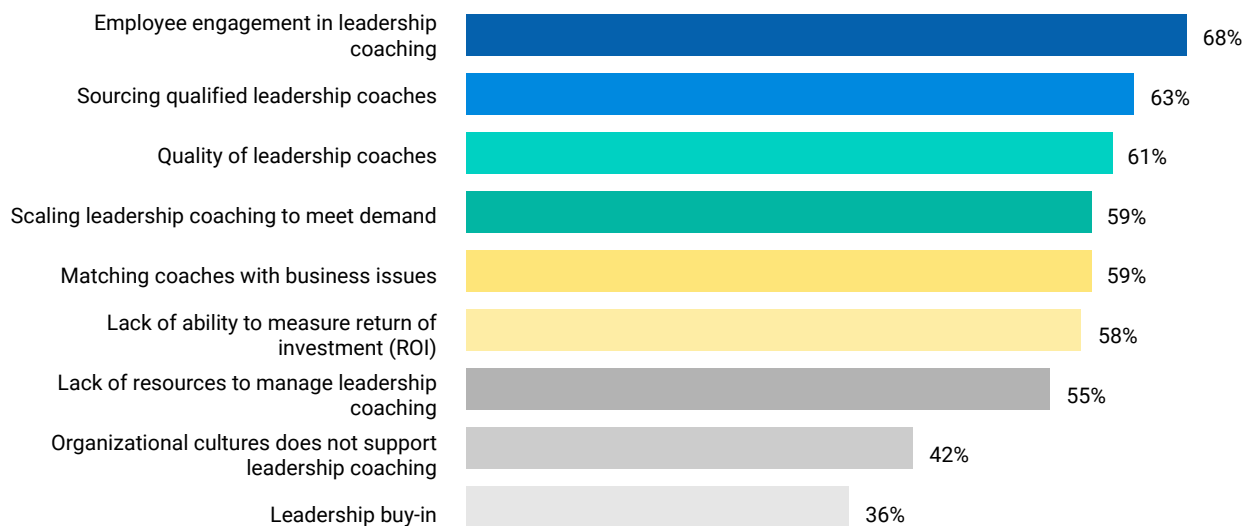| Challenge	Percentage
Employee engagement in leadership coaching	68%
Sourcing qualified leadership coaches	63%
Quality of leadership coaches	61%
Scaling leadership coaching to meet demand	59%
Matching coaches with business issues	59%
Lack of ability to measure return of investment (ROI)	58%
Lack of resources to manage leadership coaching	55%
Organizational cultures does not support leadership coaching	42%
Leadership buy-in	36%

Figure 4: Top challenges to implementing leadership coaching

o   **The top challenges to implementing leadership coaching included employee engagement in leadership coaching (68%), sourcing qualified leadership coaches (63%), quality of leadership coaches (61%), scaling leadership coaching to meet demand (59%), matching coaches with business issues (59%), and lack of ability to measure ROI (58%).**

Some of these challenges are clearly related. For example, it's likely that learning leaders are having trouble implementing their coaching programs and then ramping them up sufficiently to meet demand. That could be the result of an insufficient supply of coaching professionals, which indicates a need for organizations to either increase their internal coach resources or secure support from a reputable coaching partner.

At the same time, learning leaders are receiving more overall support for leadership coaching throughout the organization and among business leaders. For example, aside from budget concerns, in 2021, the top challenges they faced included ROI measurement, an organizational culture that did not support leadership coaching, and leadership buy-in. These challenges came in at the bottom of the list in 2022, indicating the reluctance to embrace coaching has decreased significantly from just a year ago. Concerns are no longer about buy-in for leadership coaching, but the quality of the coaching itself.

4   Lead and support your organization's diversity, equity, and inclusion goals.

Supporting DEI capabilities among leaders is a priority for learning leaders.

Diversity, equity, and inclusion is now a top priority at most organizations, with vocal backing from top leadership. An October 2020 report from Fortune and Deloitte found that almost all CEOs surveyed — 96% — agree that DEI is a strategic priority or goal, with 90% focusing on talent recruitment, development, advancement, and retention.

Leadership coaching can support all of these talent functions, and learning leaders are putting the necessary programs in place. They point to supporting DEI as one of the most important needs for leadership coaching (57%), (Figure 5), surpassed only by increasing employee engagement and improving leadership skills for specific individuals.

Principal Needs for Leadership Coaching

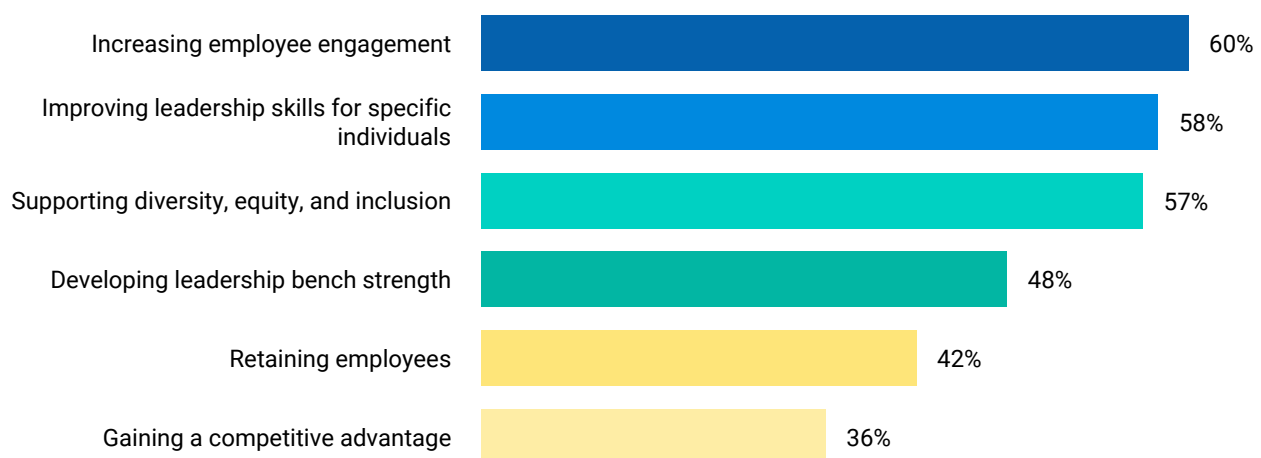| Need	Percentage
Increasing employee engagement	60%
Improving leadership skills for specific individuals	58%
Supporting diversity, equity, and inclusion	57%
Developing leadership bench strength	48%
Retaining employees	42%
Gaining a competitive advantage	36%

Figure 5: An increase emphasis on DEI for coaching

o   **The most important need for leadership coaching is supporting DEI (57%), after increasing employee engagement (60%) and improving leadership skills for specific individuals (58%).**

The current emphasis on DEI in leadership coaching stands in sharp contrast to responses in 2021's report. Just a year ago, supporting diversity and inclusion was a distant fourth on the list, significantly overshadowed responses around improving leadership skills for specific individuals and developing leadership bench strength.

5   Group coaching can accelerate results for your organization.

Most learning leaders value group coaching as a tool to develop key leadership capabilities.

In a world that is increasingly interconnected, more learning leaders are turning to group coaching for leadership development. Nearly 9 in 10 learning leaders (87%) point to group coaching as a viable alternative, thanks to a variety of benefits (Figures 6 and 7) that include: improving teamwork problem-solving skills, promoting collaboration and idea diversity, and developing deeper team relationships.

Group coaching can be especially valuable as more organizations grow their globally distributed workforces. Further, organizations are increasingly thinking beyond their location-dependent labor force strategies in order to hire the best talent available anywhere in the world. Group coaching is also a proven vehicle to scale coaching efficiently, and promote employee interest in participating in coaching programs.

Organizations can use this investment to give their leaders an exploratory space to gather and dig into topics that matter most, and challenge them to pause, reflect, and work to develop themselves in meaningful ways that ripple out into how they lead themselves, amid the peer groups with whom they experience coaching, and within their teams.

'Group coaching would be beneficial for developing leaders at my organization.'

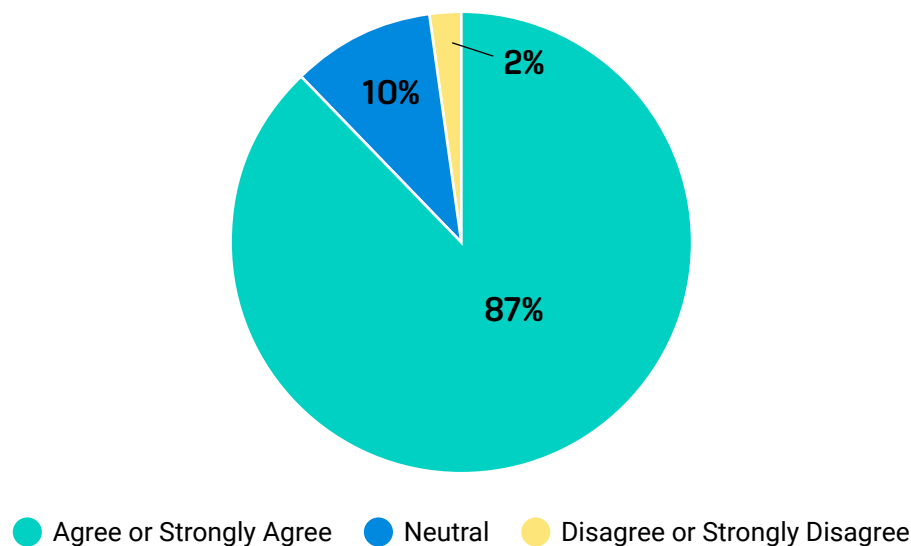● Agree or Strongly Agree   ● Neutral   ● Disagree or Strongly Disagree

Figure 6: A majority of leaders recognize the benefits of group coaching.

o   **87% of learning leaders say that group coaching would be beneficial for developing leaders at their organizations.**
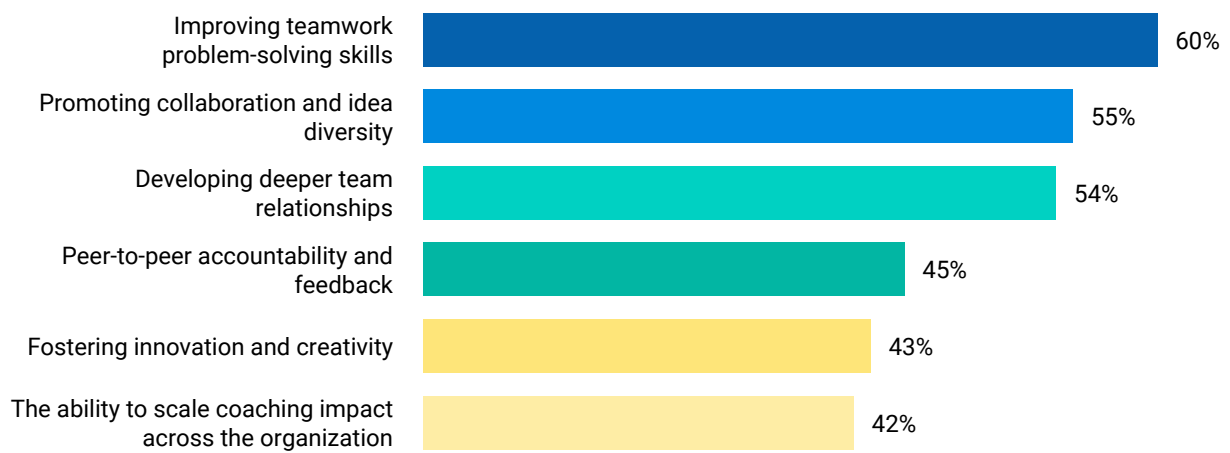
Top Benefits of Group Coaching

Benefit	Percentage
Improving teamwork problem-solving skills	60%
Promoting collaboration and idea diversity	55%
Developing deeper team relationships	54%
Peer-to-peer accountability and feedback	45%
Fostering innovation and creativity	43%
The ability to scale coaching impact across the organization	42%

Figure 7: top benefits of coaching.

o **The top three benefits of group coaching are improving teamwork problem-solving skills (60%), promoting collaboration and idea diversity (55%), and developing deeper team relationships (54%).**

There's also a noteworthy connection between the use of technology-enabled coaching and an interest in group coaching. Those who currently leverage technology for leadership coaching (44%) are more likely to strongly agree that group coaching would be beneficial to develop leaders at their organization than those who do not currently leverage technology for leadership coaching (19%).

6   Measure the results of leadership coaching.

Amid concern about the Great Resignation and "quiet quitting," the preferred metrics to measure business impact focus on employee engagement and retention, as well as the ability to enable increased speed to competency.

In both 2021 and 2022, learning leaders consistently pointed to employee engagement and retention as key metrics with which to measure business impact. But as they place more importance on developing business-critical capabilities, they're also emphasizing bottom-line oriented metrics like speed to competency and financial measurement. (Figure 8).

Most Important Metrics For Measuring the Business Impact of Leadership Coaching

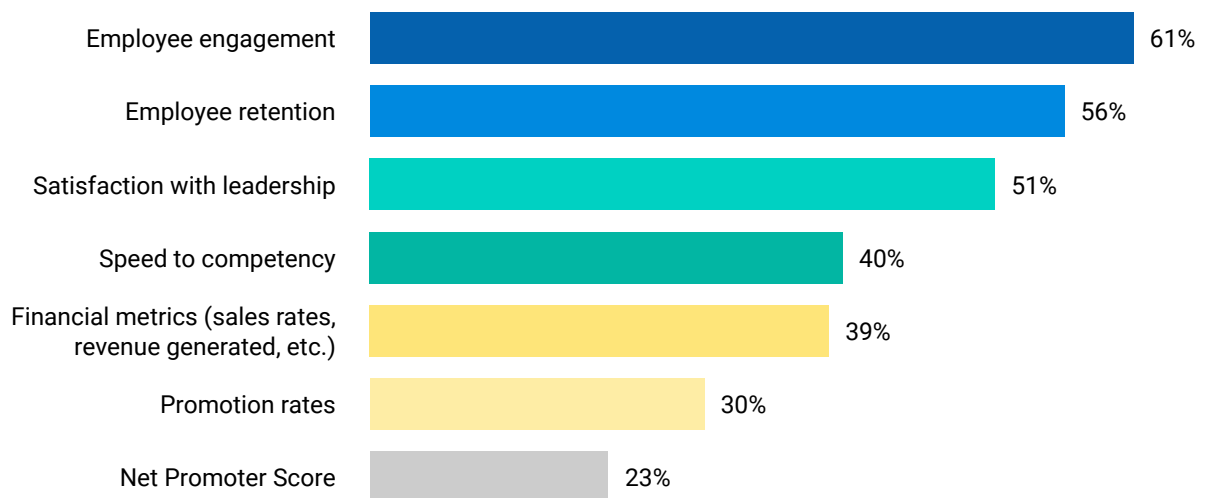| Metric	Percentage
Employee engagement	61%
Employee retention	56%
Satisfaction with leadership	51%
Speed to competency	40%
Financial metrics (sales rates, revenue generated, etc.)	39%
Promotion rates	30%
Net Promoter Score	23%

Figure 8: The top metrics to measure business impact.

o   **The preferred metrics to measure the business impact of leadership coaching include: employee engagement (61%), employee retention (56%), satisfaction with leadership (51%), speed to competency (40%), and financial metrics (39%).**

The top metrics to measure overall success include manager assessment (66%), followed by user satisfaction/engagement (65%), and individual self-assessment (63%). (Figure 9).

Most Important Success Metrics for Leadership Coaching Engagements

Manager assessment	66%
User satisfaction / engagement	65%
Individual self-assessment	63%
Completion rate	56%
360 peer assessment	51%

Figure 9: The top preferences to measure success

o   **Learning leaders' preferred success metrics for leadership coaching include: manager assessment (66%), user satisfaction/engagement (65%), and individual self-assessment (63%)**

Recommendations

Talent Leaders Need	Recommendation
Understand the key business-critical capabilities needed for success.	Offer leadership coaching to develop strategic thinking, decision-making and other core capabilities, as well as close critical leadership skills gaps.
Develop a strategic focus on the future of work.	Ramp up leadership coaching for new and emerging leaders to prepare them to evolve in tandem with changes in work and the workforce.
Identify the barriers to coaching program implementation.	Create a detailed plan on how to address these challenges and create, deploy, and manage leadership coaching programs effectively.
Lead and support your organization's diversity, equity, and inclusion goals.	Elevate DEI capabilities at all levels, and promote inclusive behaviors with leadership coaching.
Examine why and how group coaching can deliver results for your organization.	Deploy group coaching programs to promote collaboration, reveal new ways of thinking, promote valuable cross-functional relationships, knowledge sharing, and build organic interpersonal support systems.
Measure the results of leadership coaching.	Pinpoint the right success metrics with which to demonstrate program success and inform decisions related to leadership development investment.

Organizations can take the following steps to act on our findings and leverage leadership coaching to develop leaders who are equipped to meet the challenges associated with a rapidly changing workplace and marketplace.

Need: Understand the key business-critical capabilities needed for success.

Recommendation: Offer leadership coaching to develop strategic thinking and decision-making, as well as close critical leadership skills gaps.

To remain competitive, learning leaders need to ensure that current and future leaders have the skills and capabilities they need to drive organizational success. Doing so requires reshaping traditional leadership coaching to emphasize certain mission-critical capabilities.

Specific actions:

o   Shape leadership coaching content to fit the most appropriate segment of your workers. New leaders have different needs and organizational responsibilities than senior leaders, for example, that should be addressed directly. Similarly, high-potential frontline workers have different needs than high-potential knowledge workers.

o   Tie leadership coaching work to specific business challenges the organization is facing to help ensure business impact and ROI.

o   Assess the leadership skills gaps in your company and identify how leadership coaching can elevate or build those skills.

Need: Develop a strategic focus on the future of work.

Recommendation: Ramp up leadership coaching for new and emerging leaders.

Savvy learning leaders are exploring leadership coaching as a development option for everyone from team managers to senior leaders. This enterprise-level development can help future-proof organizations with a strong, engaged leadership bench filled with talent who are equipped to thrive amid constant disruption.

To make that happen, it's critical to include high-potential employees in this type of leadership development, as they will one day be called upon to execute company strategy. Therefore, learning leaders will need to finetune systems to identify high-potential employees, and highlight change management in leadership coaching to provide new leaders with tools to handle workplace and global marketplaces marked by change.

Need: Identify the barriers to coaching program implementation.

Recommendation: Address leadership coaching implementation challenges.

Building and deploying effective leadership coaching programs comes with a variety of challenges. One critical facet to consider requires that an organization use the right coaches, skilled experts who can help leaders to focus on the most critical business problems.

Learning leaders will need to:

o   Prioritize the identification and deployment of qualified coaches, whether these are sourced internally or externally.

o   Assess organizational demand to provide coaching for the cohorts whose development will benefit most.

o   Develop evaluation systems to match coaches with business issues.

Need: Lead and support your organization's diversity, equity, and inclusion goals.

Recommendation: Elevate DEI in leadership coaching.

At most organizations, addressing diversity, equity, and inclusion is a top priority. That means making those issues a key part of leadership coaching at all levels.

Specific actions:

o   Survey employees to identify issues they feel are most important for the organization to address.

o   Tailor coaching content so it not only emphasizes DEI, but also does so in a way that's appropriate for everyone's level in the organization.

Need: Examine why and how group coaching can deliver results for your organization.

Recommendation: Assess the need for group coaching.

Learning leaders increasingly are turning to group coaching for leadership development. Doing so successfully requires taking certain considerations into account.

o   Evaluate whether there are certain capabilities and skills that would be better served by group coaching.

o   Make sure the coaches selected have expertise in group work.

Need: Measure the results of leadership coaching.

Recommendation: Pinpoint the right success metrics.

Implementing leadership coaching to help drive business success requires using appropriate ways to measure progress. To that end, organizations must understand mission-critical needs, as well as metrics for evaluating how well leadership coaching is addressing them.

o   Determine top goals for leadership coaching and ways to measure how successfully it has helped meet those objectives.

o   Introduce methods for evaluating how successfully coaching is addressing employee engagement and retention.

Conclusion

Learning leaders and talent executives face a world of continual change caused by significant business, social, and economic disruptions. Against that backdrop, organizations are struggling to make strategic decisions leading to the growth of their businesses. In fact, according to a recent Gartner survey, 65% of respondents agreed that decision making has become more complex. Judgements about where to allocate resources, whom to promote, and what products or services to offer are just a few examples of the types of difficult determinations executives make every day. Facing an overwhelming number of choices and an abundance of information, leaders more than ever need strategic thinking and decision-making capabilities, the two areas that were rated the highest by the respondents in our research.

Leaders are also grappling with a myriad of issues surrounding the new skills and capabilities needed to navigate the changes in how employees work, where they work, and when they work, as well as the technologies they use to stay connected. Technology-enabled coaching provides one way to adjust to this sea change in the landscape of work, while giving workers the support they need to grow their skills and capabilities, and organizations an effective vehicle for improving employee engagement, retention, and speed to competency on-the-job.

About Sounding Board

Sounding Board is the first tech-led Leader Development Platform designed to bridge the leadership gap.

Aligned with decades of behavioral science-backed leadership development, our award-winning SaaS technology develops the world's most impactful leaders. Offering unparalleled flexibility and the data today's talent leaders need to prove measurable impact for leadership coaching engagements, our Leader Development Platform and global network of certified coaches reduce administrative burden, and give enterprise-level organizations the power to develop leaders at scale.

About Executive Networks

Global 1000 Human Resources Leaders trust Executive Networks to facilitate safe, meaningful, and innovative peer conversations that deliver accelerated, relevant insights and solutions. Heads of Human Resources and their teams will find networks that apply directly to their role and support their company's strategy and growth plans. Leaders who are looking for authentic peer connections and the assurance of confidentiality, while adding value for their organization, appreciate the support and research Executive Networks can provide. Visit executivenetworks.com to learn more.