

Chapter 6: Future Trends / Innovations / Fees

Turning the focus towards the future, often the most popular portion of our research concerns future trends in the executive coaching industry. We asked participants, “How likely are the following trends in the executive coaching industry in the next 3-5 years?” (Although we asked this question in 2013, we did not specifically provide respondents with a range of time for the 2013 study, e.g., 3-5 years).

In 2017, organizations (86%), internal coaches (89%), and external coaches (89%) agreed that *Leadership development programs with additional coaching* will be the most likely ensuing trend over the next couple of years. On average, *Leader-as-coach training* was the second most likely trend moving forward and *Team coaching* was the third most likely trend for 2017. Interestingly, when not averaged across the rater groups, only *Leadership development programs with additional coaching* was the only agreed upon trend at number one. Organizations (83%) and internal coaches (89%) chose *Leader-as-coach training* as their second most likely trend, whereas 85% of external coaches chose *Coaching for millennial leaders* as their second most likely trend.

Regarding the third most likely trend based off individual rater groups, 80% of organizations selected *External executive coaching increasing*, 84% of internal coaches chose *Internal coaching*, and 84% of external coaches responded with *Team coaching*. Potentially due to biases (e.g., internal coaches ranking internal coaching as a top three trend), these differences among the groups display that there is some misalignment among the rater groups concerning the future of executive coaching.

On the other end of the scale, however, all three groups selected *Artificial intelligence will eventually replace human coaches* (38%) as the least likely future trend. Figures 39 and 40 display the potential trends in the field as averaged and ranked from most popular to least likely. Also, Figure 41 lists the trends as ranked from most likely to least likely as determined by each respective rater group.

Upon comparing the 2017 results to the 2013 study, internal coaching was selected with higher frequency this time around (average of 69% across groups in 2013, average of 79% across groups in 2017). This increasing trend might speak to the notion that organizations might increasingly want to hire internal coaches to spread coaching further in the organization. Instead of spending company resources on searching for external, and non-permanent coaches, larger companies may seek to acquire an in-house cabinet of coaching professionals.

"Just in time coaching – in the moment opportunities."
- Organization Participant

"Peer coaching. Not calling coaching 'coaching,' but rather embedding the skills into broader leadership."
- Organization Participant

"More desire for coaches with 'Niche' expertise – not just interested in generalists."
- Organization Participant

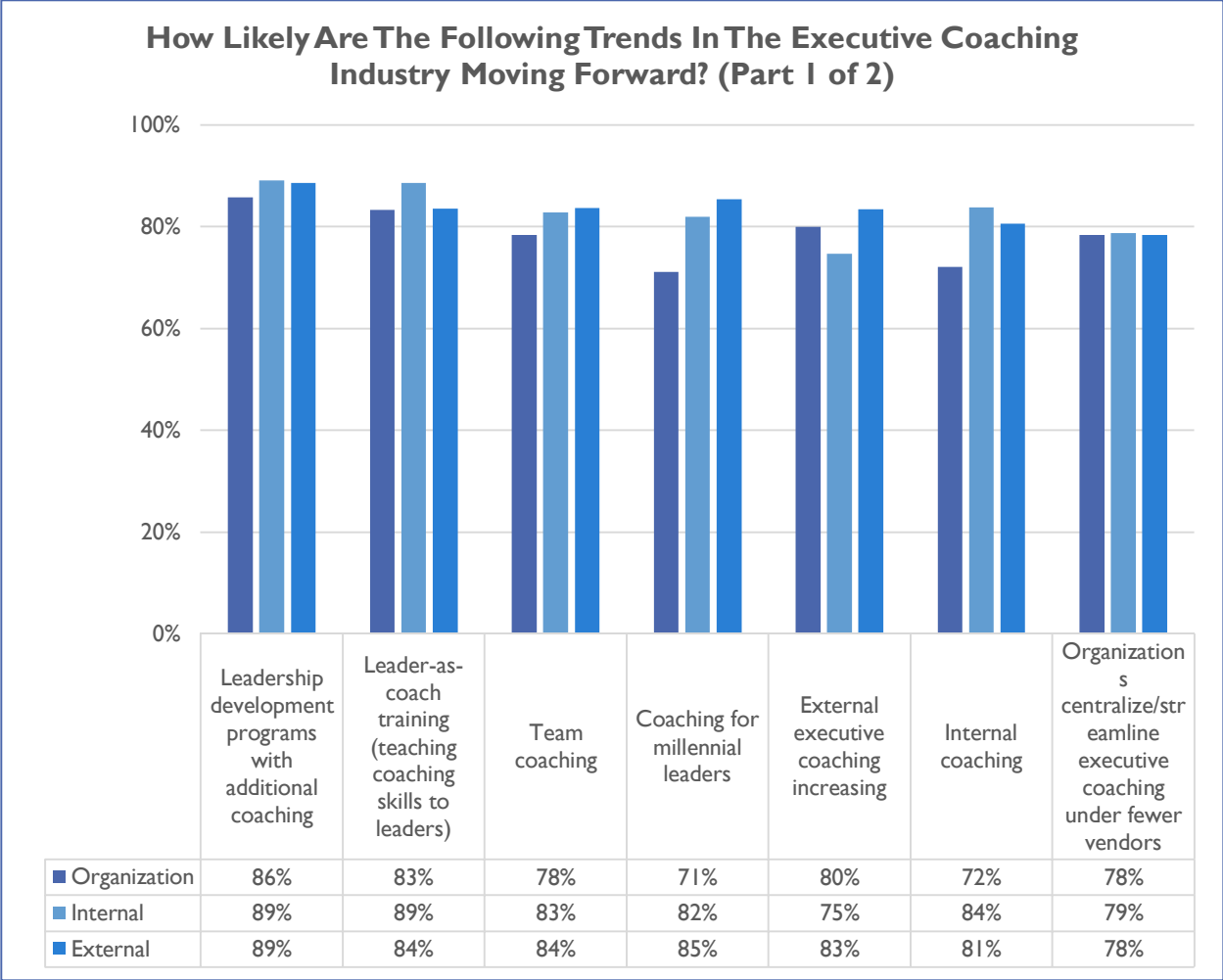


Figure 39. Trends in the Executive Coaching Industry (I of 2)

Note. The criteria are listed in a ranked order from most likely to least likely as determined by the average of a criteria across the three groups.

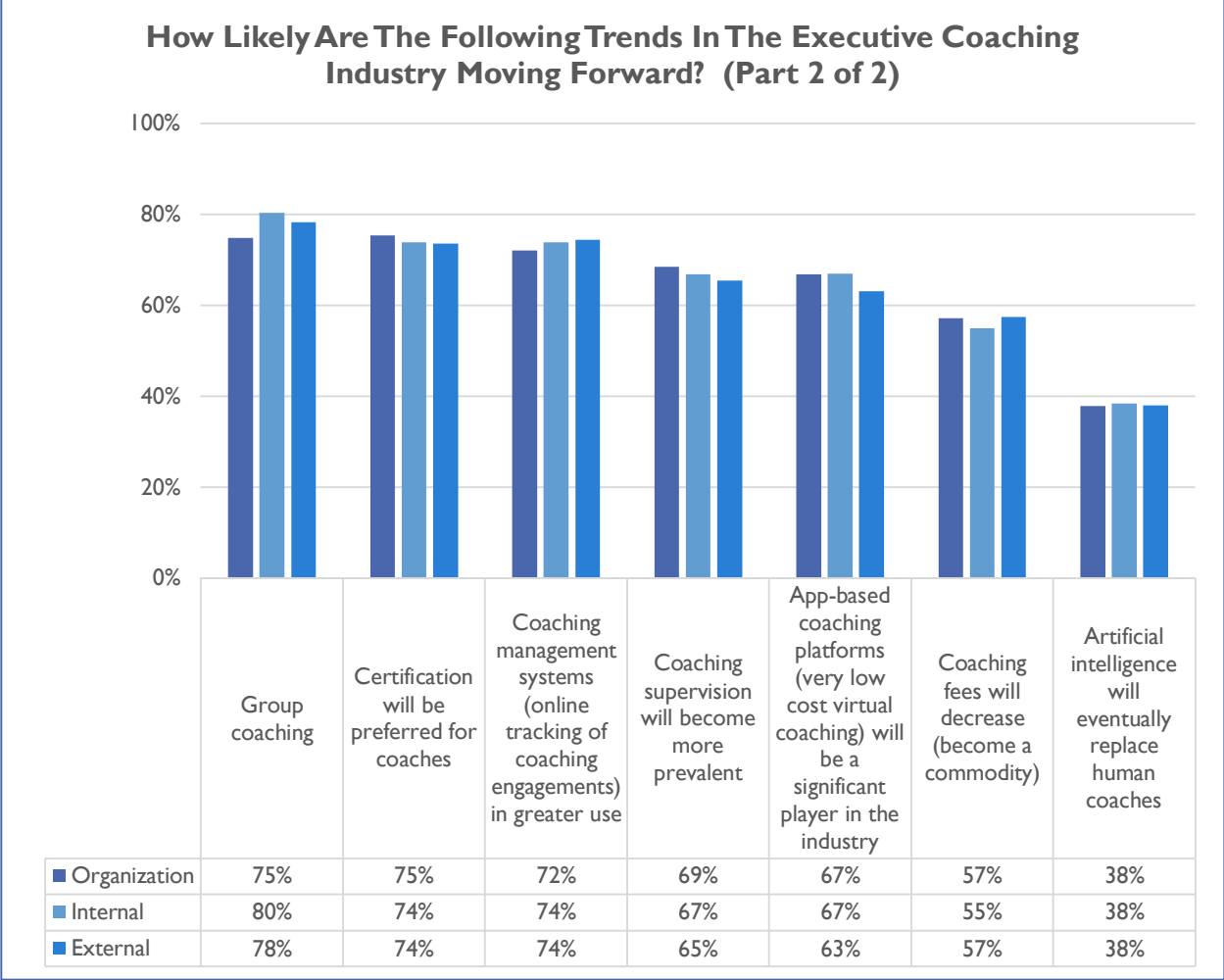


Figure 40. Trends in the Executive Coaching Industry (2 of 2)

Note. The criteria are listed in a ranked order from most likely to least likely as determined by the average of a criteria across the three groups.

*“Continued move to cost-effective internal group coaching.”
- Internal Participant*

*“More and more organizations are building internal coaches to drive leadership development.”
- Internal Participant*

*“More ontological coaching. More neuroscience to support coaching.”
- Internal Participant*

How Likely Are The Following Trends In The Executive Coaching Industry Moving Forward?

Rank	Organization	Internal	External
1	Leadership development programs with additional coaching (86%)	Leadership development programs with additional coaching (89%)	Leadership development programs with additional coaching (89%)
2	Leader-as-coach training (teaching coaching skills to leaders) (83%)	Leader-as-coach training (teaching coaching skills to leaders) (89%)	Coaching for millennial leaders (85%)
3	External executive coaching increasing (80%)	Internal coaching (84%)	Team coaching (84%)
4	Organizations centralize/streamline executive coaching under fewer vendors (78%)	Team coaching (83%)	Leader-as-coach training (teaching coaching skills to leaders) (84%)
5	Team coaching (78%)	Coaching for millennial leaders (82%)	External executive coaching increasing (83%)
6	Certification will be preferred for coaches (75%)	Group coaching (80%)	Internal coaching (81%)
7	Group coaching (75%)	Organizations centralize/streamline executive coaching under fewer vendors (79%)	Organizations centralize/streamline executive coaching under fewer vendors (78%)
8	Internal coaching (72%)	External executive coaching increasing (75%)	Group coaching (78%)
9	Coaching management systems (online tracking of coaching engagements) in greater use (72%)	Coaching management systems (online tracking of coaching engagements) in greater use (74%)	Coaching management systems (online tracking of coaching engagements) in greater use (74%)
10	Coaching for millennial leaders (71%)	Certification will be preferred for coaches (74%)	Certification will be preferred for coaches (74%)
11	Coaching supervision will become more prevalent (69%)	App-based coaching platforms (very low cost virtual coaching) will be a significant player in the industry (67%)	Coaching supervision will become more prevalent (65%)
12	App-based coaching	Coaching supervision will	App-based coaching

	platforms (very low cost virtual coaching) will be a significant player in the industry (67%)	become more prevalent (67%)	platforms (very low cost virtual coaching) will be a significant player in the industry (63%)
I3	Coaching fees will decrease (become a commodity) (57%)	Coaching fees will decrease (become a commodity) (55%)	Coaching fees will decrease (become a commodity) (57%)
I4	Artificial intelligence will eventually replace human coaches (38%)	Artificial intelligence will eventually replace human coaches (38%)	Artificial intelligence will eventually replace human coaches (38%)

Figure 41. Trends in the Executive Coaching Industry (Table)

Note. The criteria are listed in order from most popular to least popular by the specific rater group. This table provides another illustration of how the trends rank amongst the three rater groups.

"Ability to coach in flexible, multi-platform ways. The model of 3 months, 6 months, 2x per month at 90 minutes per meeting isn't effective. Need to meet the executive on their terms."
- External Participant

"Executive onboarding and transition coaching will likely increase in organizations. Strengthening succession planning with coaching will also likely [increase]."
- External Participant

"I think AI will become more prevalent for situational/performance coaching. Unlikely for developmental coaching unless AI becomes very good at reading people."
- External Participant

Regarding write in input from organizations and coaches, respondents also believe that a more obvious form of return on investment (ROI) might be necessary for executive coaching. For example, an organization contact noted, “More accountability in terms of business results (looking for ROI)” will be increasingly important.

Coaches and organizations also identified a change in the style of coaching as potential theme. From comments such as, “Leader-led coaching” to “In the moment opportunities,” each rater group offered perspectives from those who believe that the way coaching is applied to organizational contexts will change. Such a potential shift from one-on-one coaching to a more group coaching atmosphere might signify that coaching in the workplace might be best suited for interactions amongst peers.

Region Versus Coaching Trends

By grouping participant's locations into the 4 global regions (e.g., North America, LATAM, Asia Pacific, EMEA), we were able to see if expected trends over the next 3-5 years differed by a participant's location in the world. Figures 42 and 43 display a breakdown by global region of expected future trends.

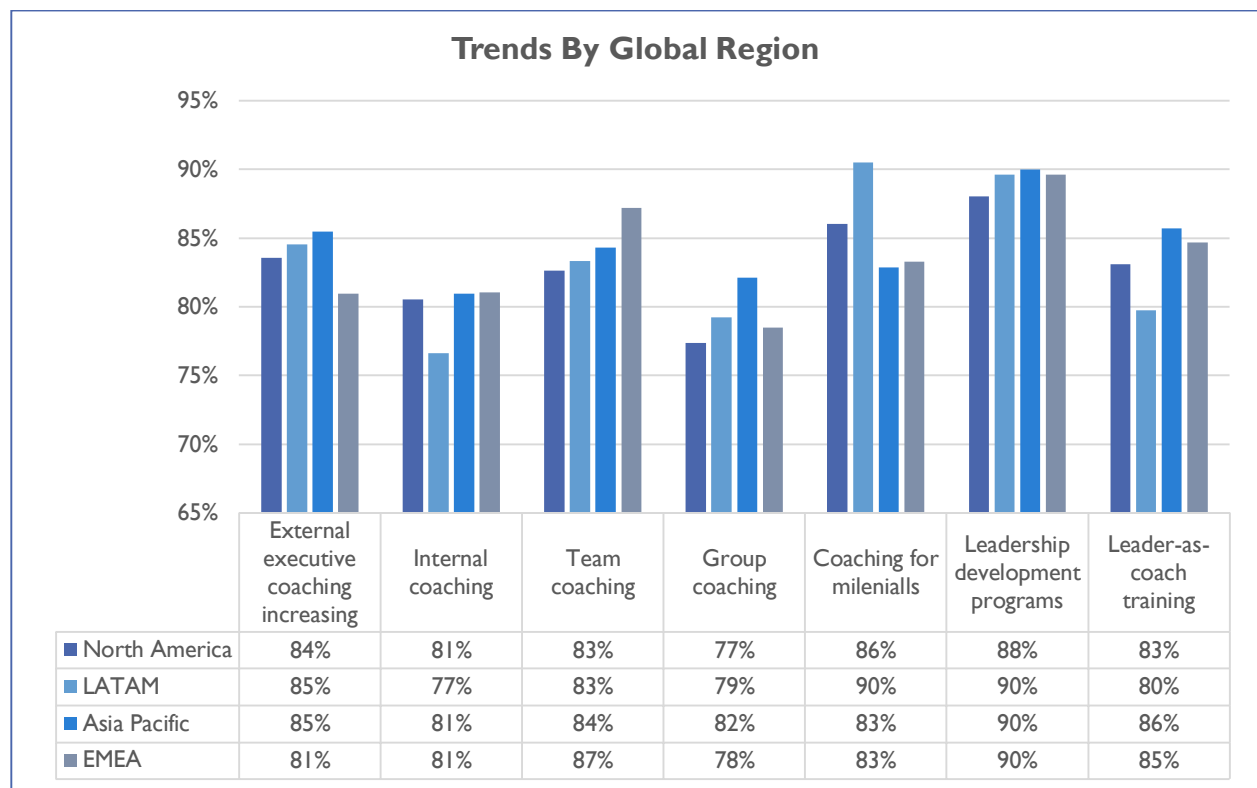


Figure 42. Global Region Versus Trends (1 of 2)

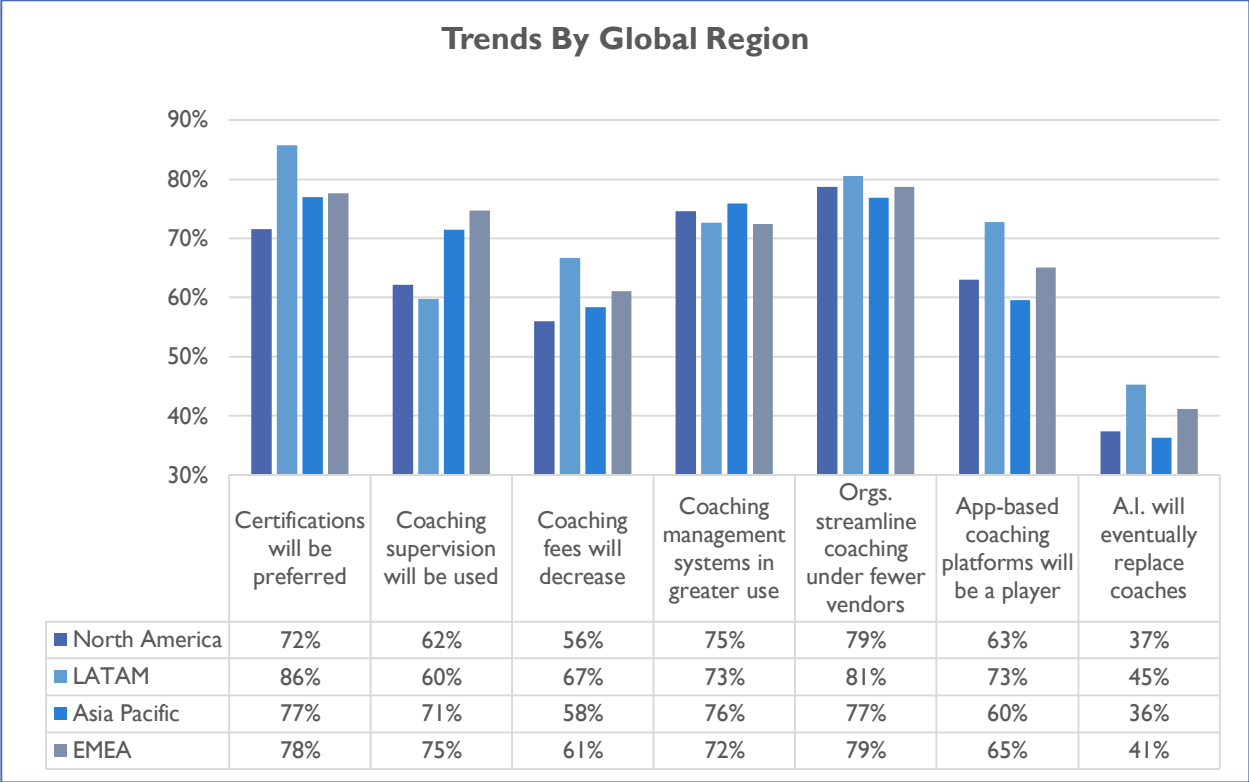


Figure 43. Global Region Versus Trends (2 of 2)

Similar to the overall responses of expected future trends, participants from all four global regions agree that the trend *Leadership development programs with additional coaching* will be the most likely trend in the coming years. Also, similar to the overall responses, participants from all four global regions agree that the trend *Artificial intelligence will eventually replace human coaches* will be the least likely trend moving forward.

Innovation in Coaching

We asked internal coaches, external coaches, and organizations to answer, “What would you consider to be the ‘most innovative’ aspects of any organization's executive coaching approach/process?” We received a wide variety of responses and did a qualitative theme analysis to pick out the most common responses.

One salient theme was *new and different ways of using coaching*. Many noted team and group coaching as innovative, as well as blended and reverse coaching practices. One external coach wrote “Group coaching across business units to accelerate cultural change.”

Managerial coach training was also an innovative practice suggestion. Specifically, an external coach wrote “Manager as Coaches, i.e., they accept that a key aspect of their role is to develop their people and they are being assessed on how effectively they are coaching their people.”

A second common theme was support. Participants found a boss' involvement or support to be innovative. Additionally, involvement of stakeholders was noted. For example, an external coach wrote “Involvement of multiple stakeholders including internal and external clients or customers.” Overall, commitment or encouragement by others was a common theme.

The third most common theme was linkage to business results. Business metrics such as ROI can be exceptionally difficult to measure and quantify, thus this was noted often as innovative. One external coach wrote “ROI continues to be an innovative aspect of the process. I still haven't seen it applied to government organizations, which, more and more, are frequent users of executive coaches.” See Figure 44 below for verbatim comments across all themes.

What Would You Consider To Be The "Most Innovative" Aspects Of Any Organization's Executive Coaching Approach/Process? (Qualitative Comments)

"Having a coaching success team of people that surrounds the coachee, and this includes the executive coach, the manager, the 2nd level manager, trusted peers, another internal stakeholder, and possibly a mentor outside of the direct chain of management. The team is an active part of the action plan and feedback." – *External Participant*

"Integrated professional development programs, using a variety of methods, under direction of talent management." – *External Participant*

"True commitment to coaching as a developmental, not remedial, activity." – *External Participant*

"Commitment to measure results in terms of both improvement by leader or team, and ROI." – *External Participant*

"Having a terrific ROI evaluation system at the end of the engagement that works for the CFO, and all stakeholders." – *External Participant*

"Use of both internal and external coach over the course of a 6-month engagement. Allows for a mix of external input and the input of an internal coach to help leaders to integrate the coaching into the day to day environment and culture of the organization (which [the] internal coach understands)." – *Internal Participant*

"Combining coaching with Action Learning Projects." – *Organization Participant*

"Automate the coach selection process for the potential leaders and give them the freedom to decide their budget and number of sessions needed." – *External Participant*

"Using technology to deliver on demand coaching when required to resolve a particular issue." – *External Participant*

"Building online tools to help managers monitor their effectiveness as Coaching Managers" – *External Participant*

"Coach Management systems that provide efficiency for volume. Point and click for survey, indicators, etc." – *Internal Participant*

"Developing business leaders as internal coaches through a rigorous coaching training program." – *Internal Participant*

"Rigorous process, especially at the beginning of an engagement to ensure alignment – plus check-ins. Mini-survey for all engagements to track progress at the end of coaching." – *Organization Participant*

"Coaching acclimation process aligning external coaches to our business and leadership frameworks within our business to ensure common leadership language." – *Organization Participant*

Figure 44. Innovation in Coaching

Dollars Spent Per Executive

We asked organizations, “For executives (Director/VP, SVP/EVP) who receive executive coaching, how many dollars (USD) on average are spent for coaching per executive?” On average, \$19,060 is spent per executive by an organization. Values ranged from \$3,000 to \$45,000. The standard deviation was \$9,083, implying that most organizations responded with a value between \$9,977 and \$28,143. A standard deviation this large demonstrates that the average spend per executive can vary *greatly* by organization. See Figure 45 below.

Dollars Spent Per Executive	
Average:	\$19,060
Minimum:	\$3,000
Maximum:	\$45,000
Standard Deviation:	\$9,083

Figure 45. Dollars Spent Per Executive

Coaching Fees

For the current study, we desired to gain a comprehensive point-of-view from organizations pertaining to the pay of coaches. Particularly, we asked organization contacts to report on who typically pays for coaching. At 63%, most organizations responded that *[coaching fees were] paid out of the leader's department budget*. The other 37% of organizations were split between *Our centralized HR/LD function pays for it*, *Each division's HR/LD pays for it*, and *Other*. Figure 46 displays the total breakdown of the respondents' selections.

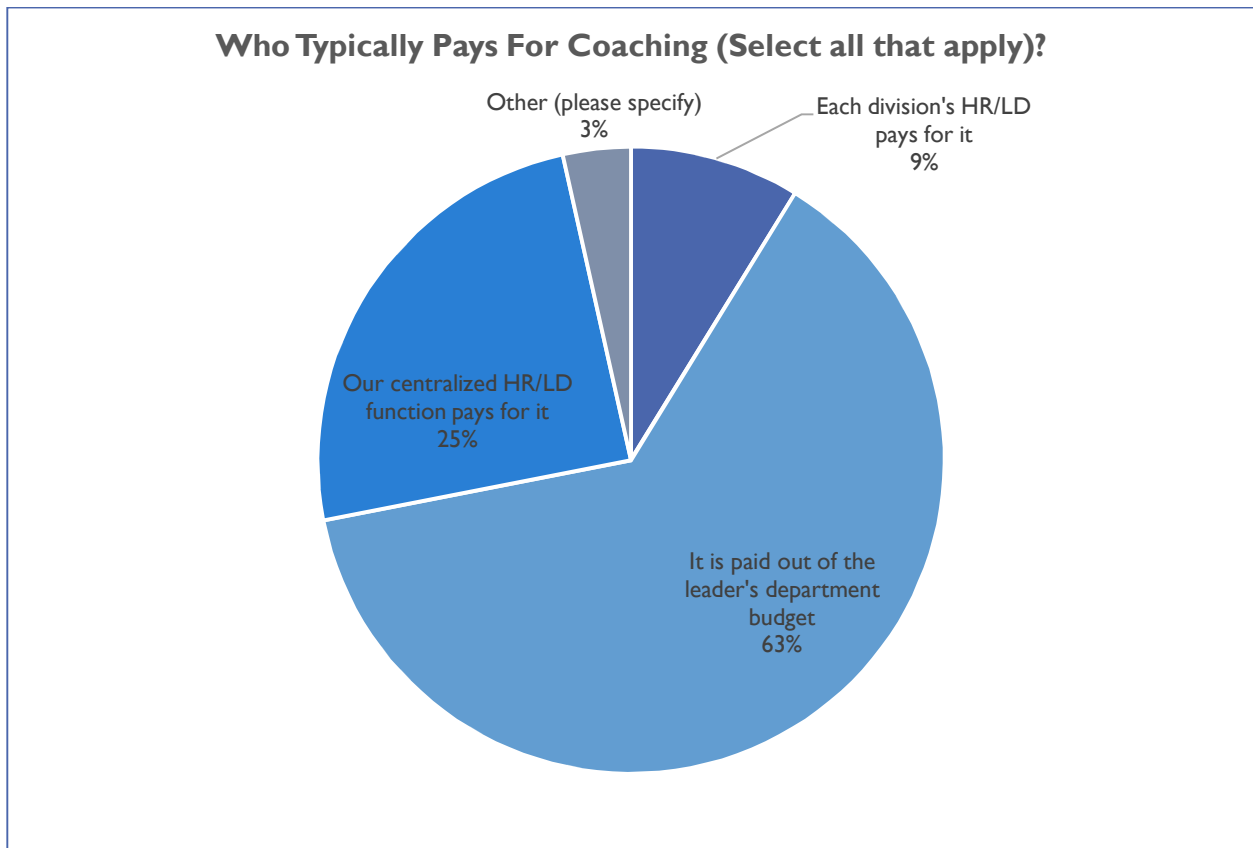


Figure 46. Who Pays For Coaching

Additionally, we also asked organizations to enter the cost they pay on average by the hour, by the 6-month assignment, and by the year. Figure 47 displays the distribution of these costs on average amongst organization respondents. (Not enough meaningful data was collected for the yearly pay, so we are unable to report on it.)

What Fees Do You Typically Pay For Executive Coaching?			
	Average Wage	Standard Deviation	Range
By hour	\$497	\$225	\$250 – \$1,100
By 6-month assignment	\$20,481	\$8,570	\$400 – \$35,000

Figure 47. Coaching Wages (Organizations)

From the perspective of external coaches, we also sought to determine average coaching fees. Thus, we asked coaching participants to enter their earned coaching fees for three different lengths of time per coaching engagement. Figure 48 displays coaching wages on average amongst coaches, whereas Figure 49 displays the average dollar amount that female and male coaches earned by the hour, the 6-month assignment, and per year per coaching engagement.

What Fees Do You Typically Charge For Executive Coaching? (Part I)			
	Average Wage*	Standard Deviation	Range
By hour	\$388	\$183	\$75 – \$1,009
By 6-month assignment	\$15,721	\$7,972	\$1,000 – \$50,000
By year	\$27,125	\$13,322	\$10,000 – \$60,000

Figure 48. Coaching Wages (Coaches)

* Note. Fees generally do not include management services, assessments, travel, etc.

In our experience, fees charged by coaches has great variation by coach, and definitely by region. CoachSource’s own *Fee Study* document (available to clients) offers much greater visibility into coaching fees by region. The fees presented here are also generally what a coach might charge directly, but don’t necessarily include management coordination, assessments, travel, and other charges.

Figure 49 splits the fees out by gender:

What Fees Do You Typically Charge For Executive Coaching? (Part 2)*		
	Females	Males
By hour	\$388.21	\$389.53
By 6-month assignment	\$15,089	\$16,432
By year	\$25,708	\$26,458

Figure 49. Coaching Wages by Gender (Coaches)

* Note. Fees generally do not include management services, assessments, travel, etc.

Regarding gender, there is still much to debate about the wage gap in the corporate world. This study certainly bolsters the argument that females have yet to earn equally as much as their male counterparts on average. Coaches are free to set their own pricing – so it could be that male coaches are somewhat more likely to ask for higher fees than female coaches (particularly in packages for 6-12 months of coaching)

Through further analysis, we were able to determine how much, on average, coaches charge in regard to the number of years they have spent coaching. Unsurprisingly, the general trend was that the longer a coach had been practicing, the more they charged for engagements. Figure 50 displays the average cost of reported coaching engagement in 5-year increments.

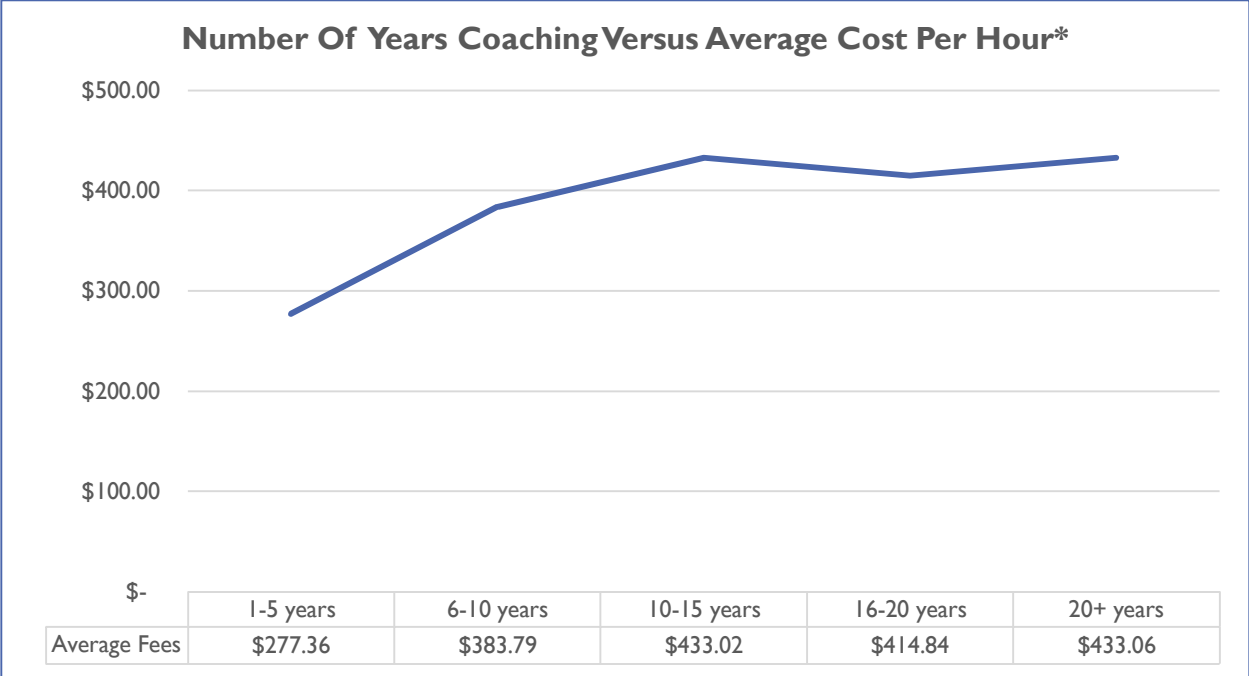


Figure 50. Coaching Experience Versus Coaching Wages

* Note. Fees generally do not include management services, assessments, travel, etc.

As stated, the fees that coaches charged increased on average over 5-year time periods. However, during the range of 16 - 20 years, the average cost of engagement dropped from the previous interval. Though this might simply be due to the sample that we analyzed, it might bring into question if a coach’s ability to charge more and more money due to experience might eventually plateau.

Conclusion

We hope *Executive Coaching for Results*, the “industry’s most-ambitious” research study, has further educated and outfitted the reader with the latest knowledge in the field of executive coaching. And we hope every reader has taken away insightful learnings to further upgrade their organizational and external coaching practices. Our industry benefits as each practitioner – whether organization practice manager, internal coach, external coach - improves. Hence, it is our aim to continue to professionalize this industry through vital research efforts such as this.

It is very encouraging that this longitudinal study continues to show a decline in the use of executive coaching for performance management situations. Coaching is more and more seen as a vital development tool for the high performers and/or high potentials – and this research indicates that this trend will continue for many years to come.

However, while those of us in this profession well know and understand the value of executive coaching, our industry has a long way to go in establishing itself as a “legitimate profession” – one with the same household name familiarity as any other known profession. If we do not wish to remain a fad, we must continue to build the collective brand of the executive coaching industry.

How might we know when we are getting closer to this goal? Perhaps the ability to explain what we do to a stranger in just a few words, not multiple paragraphs. Or perhaps when the general news media no longer portrays the term “executive coach” in quotation marks (i.e. *City manager hires an “executive coach”, costing the city \$X in public funds.*) Maybe once we are able to shake these quotation marks, we’ll know we’ve made great inroads.

The practice of executive coaching has already unlocked massive potential in hundreds of thousands of leaders worldwide (at least). This is only scratching the surface of what is still possible. This industry can strive toward even greater professionalization, made possible by such evolving trends such as empirical and descriptive research studies, standardized practitioner criterion, greater impact measurements, and even a unified body speaking on behalf of the entire industry, and much more. With that – and more - imagine what this field can become!

Acknowledgments

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A chance meeting on a Boston city bus after a coaching conference quickly led to a great partnership between CoachSource and Dr. Joey Collins and the Seattle Pacific University Industrial-Organizational Psychology program. The vast majority of this research was conducted by teams of very talented doctoral students, led by Amanda Munsterteiger, M.A. and Mike Nelson, who have done a phenomenal job in bringing this study to life. Additional SPU researchers included Clare Ellis, Megan Schuller, Michele Skogerboe and Julie Song, M.A. Heartfelt thanks to the entire research team!

Even greater thanks must go out to each and every individual who took their valuable time to complete our surveys diligently and thoughtfully. There would be no study without them!

Finally, Dr. Underhill would like to acknowledge the support of his beautiful bride Julie, and fabulous teens Kaitlyn and Evan.

January 2018, San Jose, CA
Phil 4:20.

About the Researchers

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Brian O. Underhill, Ph.D. is an industry-recognized expert in the design and management of worldwide executive coaching implementations. Brian is the author of *Executive Coaching for Results: The Definitive Guide to Developing Organizational Leaders* (Berrett Koehler: 2007). He is the Founder of CoachSource, the world's largest executive-coaching provider, with over 1,100 coaches in 100+ countries. He previously spent 8 years managing executive coaching operations for Marshall Goldsmith. Brian is an internationally sought-after speaker and holds a Ph.D. in Organizational Psychology from Alliant International University (CSPP) as well as a PCC from the International Coach Federation.

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Joey A. Collins, Psy.D. is a core faculty member in the Industrial-Organizational Psychology graduate program at Seattle Pacific University (SPU) and oversees a team of doctoral level scholar-practitioners conducting research in leadership and coaching. He is a founding member of the SPU Center for Leadership Research & Development (CLR&D) that serves individuals and organizations internationally. Joey also collaborates with the University of Washington's Center for Leadership and Strategic Thinking in various engagements.

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