INSIGHT SERIES

The coaching and mentoring revolution – is it working?

Contents

ALSO IN THE SERIES

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Paths to the Top – Best Practice Leadership Development for Finance Professionals (2007)

Talent Management in the Finance Profession (2006)

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Introduction

Welcome to our Insight series. We recognise the importance you place on having an opportunity to explore, reflect and plan for managing the impacts of current and anticipated challenges and opportunities.

Our Insight reports are intended to provide you with that 'space' and an insight into the key issues around the recruitment, retention and development of finance professionals. This instalment is based on a global survey of finance professionals who had previously registered an interest or involvement in coaching and mentoring as a professional development process.

In this research we sought to answer the following questions.

- What do we understand by coaching and mentoring, and is there anything unique about the finance profession and role that makes coaching and/or mentoring a particularly valuable development tool?
- What are the objectives of coaching and mentoring programmes for finance professionals?
- What is the business case for coaching and mentoring programmes?
- How widely are coaching and mentoring processes currently adopted across the finance community, and how is success measured?
- How do we expect coaching and mentoring to evolve in the future – what does good practice look like?

I trust you will find this information useful in furthering your understanding of coaching and mentoring for finance professionals.

Finally, I'd like to acknowledge the input we have had from ACCA members who helped shape this study, and in particular I would like to express my thanks to a number of key organisations who offered their highly valuable time and insights to provide case studies to ACCA as part of this research.

Best wishes

Aude Leonetti
Director of education and professional development

Executive summary

The role of the finance professional is changing. Core accounting skills are still a prerequisite, but increasing competition, globalisation and business regulation have resulted in an expectation that the finance professional is now an essential contributor to strategy, risk management and business performance. Finance professionals must develop not only their 'finance' technical skills but they must embrace the competencies of business leaders: analysis, planning, risk identification, team building, leadership, communication and control. Finance professionals and their employing organisations often refer to these as the 'softer' skills. A more contemporary description of these 'soft' attributes would be 'high performance' behaviours, attitudes and styles. The challenge for all organisations is to ensure that their finance professionals and finance leaders have these attributes.

Learning and development strategy has had some success in equipping finance professionals with the competencies they require, and in being a key element of the incentive/retention package in the 'war for talent'. The total number of days devoted to technical and soft skills training has been increasing, and options to gain further knowledge through MBA programmes and secondments are embedded in many of the larger organisations.

We must, however, ask whether sufficient resources are being devoted to that most powerful of learning tools – coaching. In ACCA's Professional Insight Report *Talent Management in the Finance Profession*[1] we discovered that coaching and mentoring interventions were rated as the most effective development tool for the finance professional aspiring to be a finance leader.

It is, therefore, time for global organisations to reassess these valuable tools. The finance professional evolving into a finance leader is, and will become even more so, an essential element of the successful business entity. The business will need to develop and harness this talent and nearly 90%[2] of respondents to our research confirmed that they see coaching and mentoring as a key development process.

Most organisations have embraced coaching and mentoring to some extent but a key conclusion from this research is that there is a wide variation in the sophistication and effectiveness of coaching and mentoring processes adopted, and measures of success continue to be elusive. The evidence suggests the following inferences.

- Coaching is provided to senior management as a development tool where they deem it helpful. Coaching as an explicit development tool is not provided below that level.
- While every employer aspires to it, tripartite monitoring of the coaching programme (learner, coach, line management/HR) is still not fully undertaken. Coaching is often organised by the learner, who controls selection/objective setting and measurement of success.
- The larger the entity the more likely that both internal and external coaches will be available. The internal coaching resource is often stretched owing to lack of trained personnel. In certain cases, the external or internal coach was not being vetted for suitability or experience.
- The 'manager as a coach' is a developing theme. It appears that many employers will include coaching as a style of leadership in their management training programmes. It is not always seen as a compulsory requirement of management.
- Mentoring is provided but often on an informal basis. The relationship is often not defined and so frequently leads to no definable benefit.
- Only a small number of organisations are explicitly stating that embedding a coaching culture as a philosophy is a key element of management strategy.

To gain the full benefits of coaching and mentoring as learning and development tools our research supports the following recommendations.

- Coaching is a facilitative method of learning and communication that all finance professionals should be practising from the moment they first interact with colleagues, stakeholders and clients.
- The coaching culture should feature prominently in the organisation's values and strategies and be evident in everything it does and says.
- The coaching culture needs the commitment and support of the board/partners, who must champion the philosophy and processes.
- The 'manager as a coach' should be an integral part of the organisation's leadership training.
- To develop finance professionals at all levels, 'coaching' should be in the 'toolkit' of the manager, who uses it for both technical and behavioural training/managing of others.
- Accredited and experienced internal and external coaches should be made available to the finance professional who would benefit from this more focused development.
- Coaching and mentoring are about enhanced performance. They must therefore be planned and monitored and tested for effectiveness.
- The mentor is a key resource for the finance professional who wants to learn from the 'best'. Mentoring should be an established and accessible service.

1 *Talent Management in the Finance Profession* (2006)
2 *Paths to the Top – Best Practice Leadership Development for Finance Professionals* (2007)

Coaching and mentoring for the finance professional

In two of our previous papers *Paths to the Top – Best Practice Leadership Development for Finance Professionals*[3] and *Talent Management in the Finance Profession*[4] our research found that coaching was perceived as the most effective development tool for finance professionals. With this in mind, we wanted to discover the extent and nature of coaching available to the finance professional and assess whether coaching is just another tool in leadership training or whether, along with mentoring, it is more widely applied and appreciated at all levels.

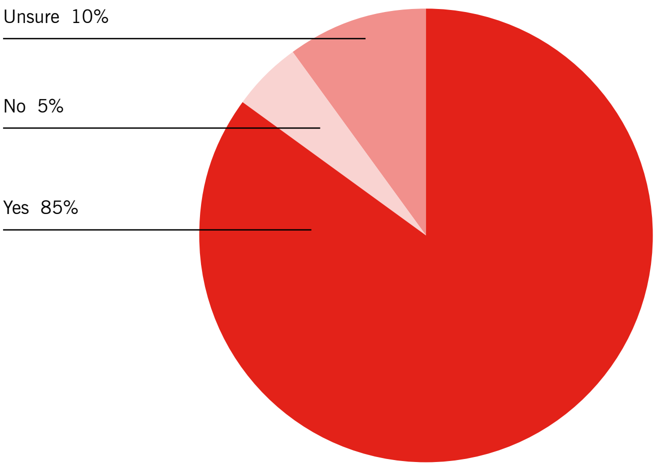
Specifically, we wanted to find answers to the following questions.

- What do coaching and mentoring mean, and what do we understand by a coaching culture?
- How do coaching and mentoring specifically apply to the finance profession?
- What are the objectives, costs and benefits of coaching and mentoring and can they be measured?
- To what extent has the coaching culture been embedded to date and what lessons have been learned?

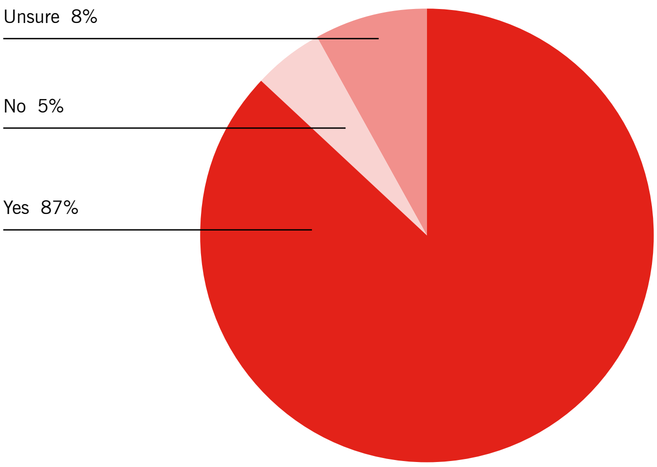
We wanted to analyse the evidence so that we could provide cost-effective recommendations to our members in their implementation or enhancement of coaching, mentoring or a coaching culture for the future.

Our first 'essential' finding was that finance professionals as a global group overwhelmingly support coaching and mentoring as means of their development – in other words, we know there is a need.

DO YOU THINK IT WOULD BE/IS BENEFICIAL FOR YOUR ORGANISATION TO USE INTERNAL OR EXTERNAL COACHES TO DEVELOP ITS FINANCE PROFESSIONALS?



DO YOU THINK IT WOULD BE/IS BENEFICIAL FOR YOUR ORGANISATION TO USE MENTORING TECHNIQUES/MENTORS TO DEVELOP ITS FINANCE PROFESSIONALS?



3 *Paths to the Top – Best Practice Leadership Development for Finance Professionals* (2007)
4 *Talent Management in the Finance Profession* (2006)

So what are coaching, mentoring and the coaching culture?

COACHING

If we are going to introduce a coaching philosophy into our learning and development strategy we should first define the term coaching. Two definitions appear to catch a theme that we have adopted.

... COACHING IS UNLOCKING A PERSON'S POTENTIAL TO MAXIMISE THEIR OWN PERFORMANCE. IT IS HELPING THEM TO LEARN RATHER THAN TEACHING THEM.[5]

... THE ART OF FACILITATING THE PERFORMANCE, LEARNING AND DEVELOPMENT OF ANOTHER.[6]

With this theme in mind, in undertaking the research with our global respondents we asked them to use the following as indicators of the nature of a coach or coaching as a process.

- A 'coach' will be independent of the line manager and may be internal or external to the organisation.
- A coach will be trained and accredited in coaching methodology and a variety of coaching techniques.
- Coaching is designed specifically to enhance performance in the work environment, so that the individual's objectives and key performance indicators (KPIs) can be achieved and exceeded.
- The coach will 'enable' individuals to set goals, reflect on their own current strengths and weaknesses, consider their options and design a strategy to move forward. Individuals take responsibility for their own performance enhancement.
- A coach need not be an 'oracle' of business acumen and will give feedback and offer experience and advice only if this creates greater awareness in the individual.

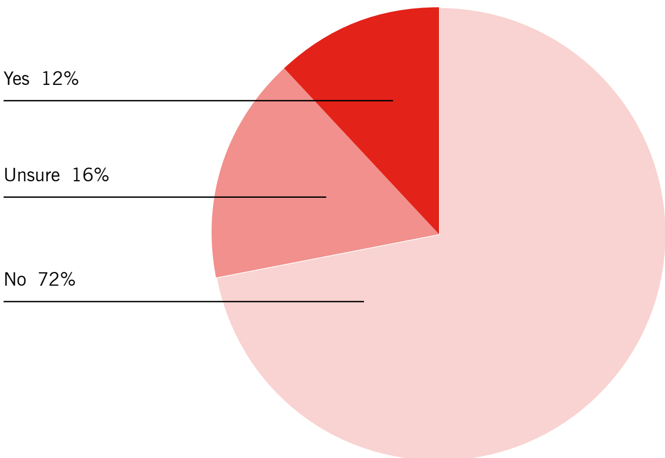
The key components of the coaching relationship are, therefore, that the coach enables or facilitates the learners to identify their own learning goals and solutions in a non-directional manner and that the learners own and take responsibility for their own coaching programmes.

The coach will have a toolkit of appropriate models and techniques that will create the best opportunity for the learner to develop, though most coaching interventions will, to a large extent, be based around the GROW[7] (goals, reality, options, what to do) model.

The GROW coaching programme

- Goals are defined by the learner – most effectively by using the criteria best remembered with another acronym: SMART (specific, measurable, aligned, realistic and timely).
- Reality – the learner will identify where they are in terms of values, beliefs, attributes, knowledge and skills. The coach may suggest the use of psychometrics or 360-degree feedback to assist in this.
- Options – a brainstorming session to identify opportunities to develop. Each option can then be explored in terms of resources needed and barriers to overcome.
- What will you do and when will you do it? This is when action is taken on the options available.

DO YOU THINK IT WOULD BE/IT IS BENEFICIAL FOR YOUR ORGANISATION TO USE ONLY EXTERNAL COACHES (NOT INTERNAL COACHES) TO DEVELOP ITS FINANCE PROFESSIONALS



5 Whitmore, John (1992), *Coaching for Performance*
6 Downey, Miles (1999), *Effective Coaching*
7 Whitmore, John (1992), *Coaching for Performance*

The GROW model will be the framework of a coaching programme where, on a regular basis, change and improved performance will be monitored primarily by the coach and learner. It allows constant experimentation and reflection, which are not usually found in classroom training.

It is again important to emphasise that the coach is there to facilitate not direct. The coach's role is to allow the learner to make all the decisions and choices. An empathy with the subject matter, the finance industry and development of finance professionals, can assist in establishing trust and building rapport. It can also help as the coach will be knowledgeable about the type of resources available to the learner. If the coach starts to direct, then responsibility for learning is shifted from learner to coach.

It is important to note that in our description of a coach we have made no distinction between the external and internal coach and it appears that our respondents value highly the presence of either.

In using the term coaching we should be clear that it is not:

- teaching or training – teachers and trainers pass on content in accordance with objectives or a syllabus
- therapy – coaching is not designed to address mental problems or issues from the past, which require exploration, though coaching may use cognitive techniques, such as the ability to look forward and manage situations with a knowledge as to where values and beliefs originated
- mentoring – a term that originates with Homer; in the *Odyssey* he tells of Mentor, who passed his wisdom and knowledge to others.

MENTORING

In considering mentoring as a tool of development we have tried to turn a sometimes-ambiguous activity into a commonly understood term. In answering our questions the respondents were given the following descriptions of the mentor.

- A person independent of your line manager.
- A person who is likely to be highly experienced in the organisation and industry – an 'oracle'.
- A person whose role is to tell the individual 'all they know' (technical, communication, strategic and management skills) in order that the individual can advance their career using the ideas of another as well as their own.
- A person who is unlikely to have any specialist communication skills other than being recognised as 'empathetic'.

Assessment, guidance, advice and, possibly, instruction are key activities in the mentoring role.

Many of our contributors wanted to emphasise that the terms coach and mentor should not be confused, as the latter has a much more directive style. The learner wants to emulate the mentor by adopting the latter's knowledge, style and behaviour. Both processes have their own advantages.

THE COACHING CULTURE

It is apparent that when questioned many respondents make the assumption that coaching is a discrete tool of learning and development provided by the 'independent' and specifically employed internal or external coach; likewise, mentoring is a distinct activity. Yet the finance professional is often participating in a 'coaching culture' without knowing it. Here are some examples.

- In client development training, finance professionals will have learned about building rapport, listening to their client's issues and needs and guiding the client to suggest a solution. They are therefore coaching a client through the service provision.
- In management training, they will have learned about different styles of leadership and how it is appropriate to adapt the style to the environment and the person they are managing. Coaching has close links with delegation in that the learner is involved in defining the objective and then developing their solution with the facilitation of the manager.

Bridget Allen, head of coaching at KPMG, provided some useful examples of this in practice.

'MY TAX PARTNERS/MANAGERS KNOW THAT IN TEACHING TAX TECHNICAL SKILLS THEY CAN INSTRUCT USING THE 'I WILL TELL/SHOW YOU' TECHNIQUE, OR THEY CAN USE THE 'HERE'S A PROBLEM. WHAT DO YOU THINK IS THE SOLUTION?' APPROACH. THE FORMER MAY BE TIME EFFICIENT, THE LATTER MAY LEAD TO DEEPER UNDERSTANDING.'

MY TAX PARTNERS/MANAGERS HAVE LEARNED THAT IN TALKING TO CLIENTS, 'COACHING' THEM IS EXTREMELY HELPFUL. LET THEM DEFINE THEIR PROBLEMS, LET THEM CREATE THEIR OWN SOLUTION, YOU JUST LISTEN AND FACILITATE. THE CLIENT WILL NOT FEEL THEY HAVE BEEN 'SOLD' A SERVICE.'

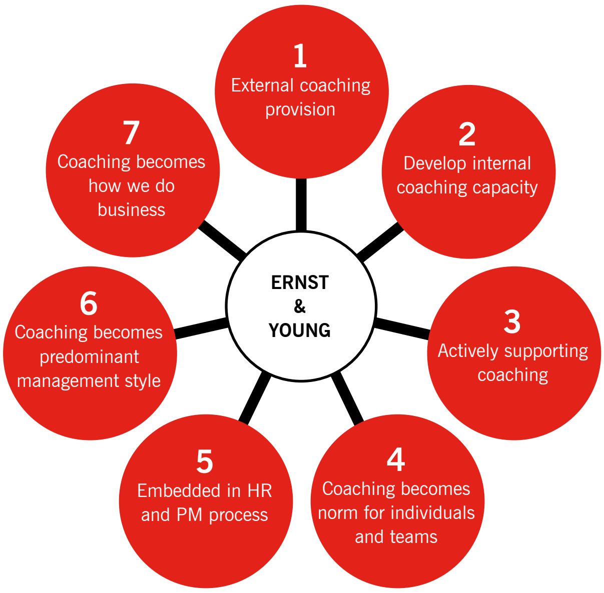
While there are specific coaches and mentors in KPMG, coaching is a behaviour and attitude that is endemic in the firm – the newest intern would be aware of coaching and its importance to KPMG as a tool of learning and communication.

In conclusion, we can define the coaching culture as one where the finance professional learns through coaching and the organisation as a whole uses coaching in all forms of communication. Can this be represented more formally?

Ernst & Young are in the process of embedding their coaching culture. Nicki Hickson, HR director, UK and Ireland, said:

'WE HAVE ADOPTED THE FOLLOWING MODEL[8] AND WE HOPE TO HAVE COMPLETED ALL STAGES BY 2010. WHAT IS IMPORTANT TO NOTE IN THE EY MODEL IS THAT COACHING IS NOT ONLY SEEN AS A DEVELOPMENT TOOL FOR FINANCIAL PROFESSIONALS BUT ALSO AS A BEHAVIOUR TO BE ADOPTED IN ALL ASPECTS OF WORK.'

ERNST & YOUNG:
STEPS IN THE EVOLUTION OF A COACHING CULTURE



The objectives, costs and benefits of a coaching culture for finance professionals

HOW AND WHY ARE COACHING AND MENTORING RELEVANT FOR FINANCE PROFESSIONALS?

The paper *Paths to the Top – Best Practice Leadership Development for Finance Professionals*[9] identified that the essential skills for the finance leader for the current and medium term are:

- strategic and business insight
- regulatory knowledge
- change management
- specialised financial knowledge.

The acquisition of such higher-level skills should not be underestimated, but with the prerequisite of underlying academic intelligence (IQ) such skills can be obtained through expert technical training and on-the-job experience. A finance professional who has attained one of the professional accountancy qualifications supplemented with an MBA, or a selection of appropriate management training, and who then takes an active stance towards CPD will have the technical knowledge. This, combined with a varied work experience involving participation in strategy, risk management and the evolution of an entity in a changing market, should place our finance professional in a strong position.

In addition to what can be described as 'technical' or 'hard' skills, the finance leader also needs to have underlying attributes, styles or behaviours. The research suggested that the following are key behaviours or styles:

- being able to demonstrate a clear vision
- exercising control and authority
- being optimistic and positive
- building strong teams
- being empowering and inspiring.

What is driving these changes? Why do finance professionals require this greater breadth and depth of skills and knowledge?

8 Hawkins and Smith (2006), *A Coaching Culture*
9 *Paths to the Top – Best Practice Leadership Development for Finance Professionals* (2007)

There are multiple causes. The role that finance professionals perform is evolving, and is now much more central to organisational success. Cross-functional working for finance professionals is the norm in many organisations: less back office, more front office. The business environment is multi-faceted and more complex, regulation continues to grow, and transparency demands on the performance of companies and their underlying financial integrity remain high. Accountants operate in multi-dimensional environments, information and analysis need to be more accurate, and disseminated more quickly. In response, organisations need bright, articulate, competent finance professionals with a broad base of technical and soft skills.

The acquisition of a behaviour or style is key but can, however, be more problematic. Finance professionals and their employing organisations often identify these as 'soft skills'. They acknowledge that they are essential in today's professional/leader, but by describing them as 'soft' skills they are denying their importance. Finance professionals need these behavioural attributes and styles to be ultimately successful in all parts of their work. They are the 'enablers' of superior delivery and competence and can be grouped within the overall attribute of emotional intelligence (EQ).

In his book *Emotional Intelligence*, Daniel Goleman[10] concluded, after a study of Fortune 500 entities, that the most effective leaders (defined as those achieving and exceeding KPIs) were those who possessed an IQ to EQ ratio of 1:4.

This indicates that the finance professional should be encouraged to attend more training in 'soft' skills. In practice, it is not easy to 'train' somebody to be optimistic, empowering, flexible, aware of others, authoritative, controlled and visionary, as these are personal behaviours. This is where one-to-one coaching is more likely to be successful in that it initially explores values and beliefs, so that subsequent changes in behaviour have more authenticity and integrity.

The organisations we have studied as part of this research have all followed a standard learning and development strategy. Learning and development should have a wide range of delivery methods to manage different learning styles and be cost effective. The initial focus should be on technical competence, then on 'soft' skills and behaviours. The model illustrated on page 10 shows the typical development of a finance professional across most organisations.

Coaching and mentoring, where offered, should be directed at the senior finance professional, on the assumption that it is only really cost effective at this level.

An important finding from this research is that finance professionals would value coaching throughout their careers, not just at the senior management stage. This indicates that they are not just welcoming the opportunity to be part of a coaching culture – they want to be part of a coaching programme.

Julie Sikora, director of core learning at Deloitte UK, talks of this type of inclusive coaching programme in Deloitte US.

'ALL OUR FINANCE PROFESSIONALS, AND OTHER TEAM MEMBERS ARE GIVEN ACCESS TO A COACHING FACILITY IN DELOITTE US....WE DO NOT YET PROVIDE THIS IN THE UK.'

We have found the learning objectives of mentoring to be relatively specific. An experienced and successful member of the organisation will pass on their technical, leadership and client knowledge to the aspiring professional on a one-to-one basis. They are giving advice that will clearly benefit the individual and the organisation. The finance professional is likely to have been informally mentored by their line manager/partner since joining the organisation. Mentoring that will really advance the individual, and is of a commercially focused nature, is unlikely to occur until the senior management phase.

Again, a significant minority of our respondents would welcome more substantial mentoring at an earlier stage.

THE COST/BENEFIT ANALYSIS

The costs of a fully implemented coaching culture can be high, including some or all of the following.

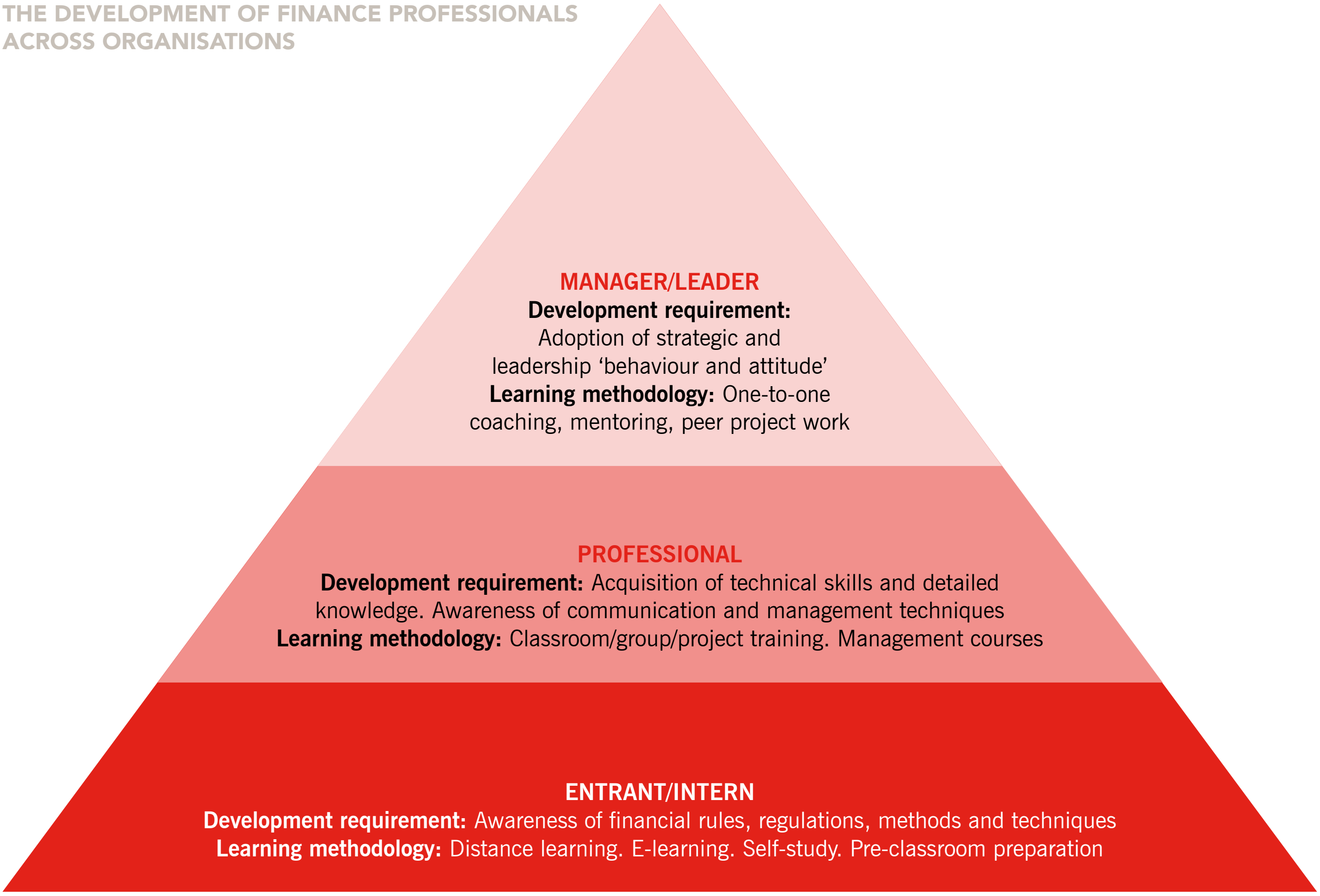
- Fees of external coaches.
- Training costs of internal coaches and continuing fixed costs.
- Lost chargeable time while individual coaching/mentoring is undertaken.
- Training costs of finance professionals who wish to coach/mentor in their management and client roles (both in the cost of training them and in the loss of time given up to coaching).
- Increased time in using coaching as a learning tool (learning is a two-way process and takes longer).

With such easily measured costs there will always be a challenge as to the benefit. This is a significant challenge for many organisations but as Bridget Allen, head of coaching at KPMG said:

'KPMG IS A HIGHLY SUCCESSFUL COMMERCIAL ORGANISATION AND DOES NOT ADOPT STRATEGIES AND ACTIONS LIGHTLY...WHILE WE MAY NOT MEASURE THE BENEFITS OF THE COACHING CULTURE ON A SCIENTIFIC BASIS...WE WOULDN'T DO IT IF IT DIDN'T WORK'.

10 Goleman, Daniel (2002), *Emotional Intelligence*

THE DEVELOPMENT OF FINANCE PROFESSIONALS ACROSS ORGANISATIONS



How should organisations measure the benefits of a coaching culture more systematically? The organisation could start with one-to-one coaching and individual performance (or possibly performance of their division/department). Success could be defined as a return on their expectations, which would be to achieve their coaching objectives. The success of the coaching programme could be monitored using the following steps.

1 Objectives are set and agreed, and a timescale is set (agreement between line manager, learner and perhaps the learning and development function, using measurable outcomes).

2 The learner then reflects on what has been learnt, and the success of the programme, through formal feedback. Do they believe their skill base and management behaviour have improved?

3 Those working with the learner can then give feedback through a pre- and post-coaching 360-degree exercise. Do colleagues, peers, team members and other stakeholders believe that the learner's behaviours and skills have measurably changed?

4 KPIs of the areas for which the learner is responsible can be measured after the coaching. Have retention of staff rates improved? Have profits grown? Are clients measurably happier?

Most of the organisations we spoke to have evaluated coaching using steps 1 to 3, and appear highly satisfied with the results. Relationships with team members and clients have measurably improved, staff issues are managed with sensitivity, finance professionals and finance leaders are more strategic and risk focused.

Step 4 is where problems commonly arise. Coaching is often one of many internal initiatives and the external environment can clearly influence results. Stripping out other influencing factors and proving the KPI benefits of coaching was impractical. One of our interviewee's commented:

'WE HAVE SEEN A LARGE REDUCTION IN STAFF TURNOVER, BUT ALONGSIDE COACHING WE HAVE MADE OTHER POSITIVE HR STEPS AND, OF COURSE, WITH THE FINANCIAL CRISIS PEOPLE MAY NOT WANT TO LEAVE'.

A complementary piece of research was undertaken by the Chartered Institute of Personnel Development recently. It asked a number of leading global companies the simple question 'Does coaching really work?'[11]

- 96% of respondents thought internal and external coaching were highly effective.
- Yet again, only 32% suggested that this conclusion could be based on KPI improvements; the remaining respondents agreed their conclusions were more subjective.

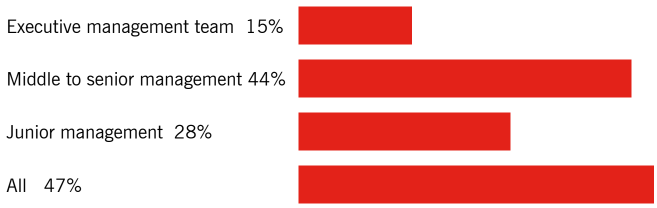
Nonetheless, a more systematic way of measuring benefits from coaching programmes is possible and the results are compelling. In 2001, a US entity, Manchester Consulting Inc[12] undertook a return on investment exercise (using Fortune 1000 entities), comparing the costs of introducing a coaching programme (as identified above) with the benefits, as measured by increased revenue, cost savings and estimated financial gains from better relationships and improved KPIs. The overall return on cost (ROI) investment was calculated at some 600%.

Manchester Consulting also looked at percentage changes in individual KPI's for the same entities (not all measured in cash terms), as shown in the following table.

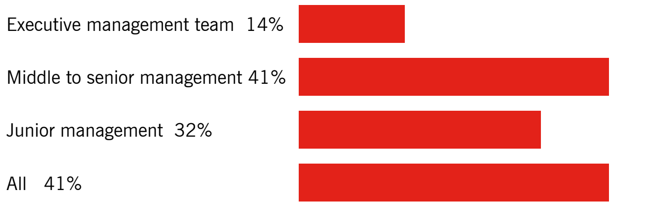
KPI	% improvement in KPI
Profit	22
Cost reduction	23
Retention	32
Work relationships	77
Relationships with clients	39
Productivity	53
Quality	48
Conflict reduction	52

We find, therefore, that while some organisations believe coaching gives a return on investment and measurable benefits, the overwhelming majority believe the benefits are not capable of such precise measure. The perceived benefits of coaching are strongly felt by our global respondents.

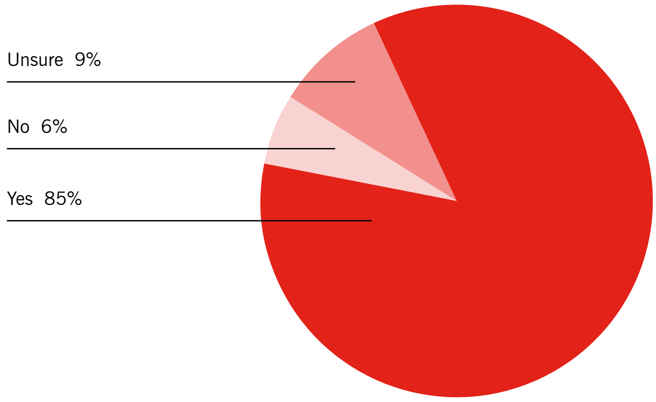
WHICH FINANCE PROFESSIONALS WITHIN YOUR ORGANISATION DO YOU THINK SHOULD BE THE TARGET AUDIENCE FOR COACHING PROGRAMMES?



WHICH FINANCE PROFESSIONALS WITHIN YOUR ORGANISATION DO YOU THINK SHOULD BE THE TARGET AUDIENCE FOR MENTORING?



DO YOU BELIEVE YOUR ORGANISATION WOULD BENEFIT FROM THE INTRODUCTION OF A COACHING CULTURE (MANAGERS TRAINED TO COACH, INDEPENDENT INTERNAL AND EXTERNAL COACHES USED WHEN APPROPRIATE)?



11 Chartered Institute of Personnel Development (2006), *Does Coaching Work?*
12 Manchester Consulting Inc (2001), *Coaching – the ROI*

Coaching the finance professional – where are we today?

We have now gained a full understanding of what coaching, mentoring and the coaching culture mean to our respondents, and looked at some examples of how they may be contextualised specifically for finance professionals. We can also see the clear and perceived benefits of the provision of coaching and mentoring to the finance professional.

OUR CASE STUDIES

The organisations we have studied as part of this research shared with us their experience and application of coaching in the workplace. A detailed study of each of the interviews is contained in the Appendix. The following represents a summary of where these organisations are today in implementation or partial implementation of a coaching culture.

A learning tool but not at all levels

Coaching as an explicit development tool is provided at a senior management level and beyond. It remains an optional learning choice for most managers (occasionally they are required to accept it as a condition of advancement). Acquisition of knowledge-based skills is more cost effective through more traditional education methods. Advanced behavioural skills are required at a later stage in development and this is where coaching can really make a difference.

Those in the talent pool below senior management level are not invited to join coaching programmes. This research has identified that the global financial professional believes that coaching should be introduced at all levels, not just senior management. The costs of individual coaching are high but in the 'war for talent' organisations may need to reflect on the cost of not introducing coaching at a lower level.

The effectiveness of coaching is 'often' monitored

While every organisation aspires to it, tripartite monitoring of the coaching programme (learner, coach, line management/HR) is still not fully undertaken. We found that in 25–50% of coaching interventions, managers selected their own coach and self-assessed the effectiveness and outcome without reference to any others in the organisation.

Since its inception, coaching has been seen as a method of self-learning and learning with personal responsibility. It can also involve some degree of confidential self-analysis, which can explain the reticence of a senior manager to share in the coaching experience. A slightly frustrated head of coaching said: 'I'm not always sure what goes on. They select coaches more on hearsay than through HR recommendation…I think some of the coaching goes on in the pub…they think it's good though'

The danger is that coaching is then perceived as ornamental, a no-substance accessory to the executive rather than a tangible, necessary and quantifiable benefit.

An experienced and accredited internal coach is as valuable as the external coach – but is a fixed cost

The larger entities have found introduction of an internal coaching faculty can be cost effective. The internal coach can come from a financial or human resources background (or any other professional experience). The prerequisite is that the coach undertakes appropriate training and CPD. The internal coach has proved to be as valuable as the external coach to the learning function, being part of the culture and being very accessible. External coaches will continue to be used because of their specialist knowledge and capability, and because of their independence.

The cost of coaching is scrutinised

All our organisations are naturally cost conscious and the costs of all training initiatives are being scrutinised in this current worsening financial environment. As learning and development have a measurable cost but a less easily measurable benefit, such an overhead could be cut in an attempt to improve margins. We have found no evidence of this to date but there is a constant challenge. As Edwin Van Der Drift, from Shell internal audit, comments: 'There will always need to be a business case for coaching, regardless of their [employees'] seniority'.

The 'manager as a coach' is becoming a recognised role

All our organisations see the importance of their managers having a 'toolkit' of management skills. A directional approach when managing their teams can be used, especially where time is of the essence. The non-directional transformational approach is, however, more inspirational and motivational over the long term.

In communicating with clients and stakeholders, coaching, as a style of communication, will lead to more fulfilling and long-term relationships. Clients want their problems resolved – they don't want to be sold to. Organisations are offering more training in the 'coaching style' of management for finance professionals.

The 'coaching culture' is an aspiration for most

Only EY and KPMG explicitly stated that they were embedding the coaching culture as a philosophy and key element of management strategy. Others were in the process of trying to establish this, but lack of understanding and 'buy-in' by executives were seen as obstacles. Nonetheless, all the companies were positive about increasing the presence of coaching and mentoring, subject to the demonstration of a business case.

THE GLOBAL PICTURE

Aside from the organisations in the case studies listed in the Appendix, what does the global picture of current coaching and mentoring practice look like? Specifically, we wanted to understand:

- how widespread the use of coaches or mentors is, and
- what key challenges have been identified in establishing a coaching culture.

Our first observation is that formal coaching or mentoring processes are not widely established across the global finance community. Over 40% of organisations train their managers in a ‘coaching’ style of management, but only a minority of organisations use accredited internal or external coaches to develop the competencies of their finance professionals. A similar minority use mentors.

There are a number of reasons for this. In reality, current coaching and mentoring processes appear to be restricted to the larger organisations with sufficient resources to implement coaching and mentoring practices (though sometimes informally). There is also the question of cost–benefit. Typically, the costs of any learning initiative are more closely scrutinised and coaching programmes can be expensive in cash-input terms, relative to the size of smaller organisations.

Culture is also an important issue. Coaching as a means of learning, whereby the learner takes a greater, or total, responsibility for the outcome, is suited to more western styles of education. In Asia, Africa and the Middle East, education may sometimes be more directional and ‘tuition’ led. It is therefore not surprising that coaching is less embedded. Edwin Van Der Drift, Shell internal audit comments:

‘WHILE COACHING IS A CLEAR PHILOSOPHY IN OUR LEARNING AND COMMUNICATION, THE EXACT EXTENT OF ITS APPLICATION WILL VARY FROM REGION TO REGION AND WE ARE RESPECTFUL OF THIS DIVERSITY.’

Lack of senior management ‘buy-in’ is also a challenge. In our survey, almost one-third of respondents cited a deficit of senior management support in establishing coaching cultures. This could be linked to the inability of many organisations to quantify benefits transparently. If many organisations struggle to identify the true financial benefit to the organisation of coaching and mentoring practices, it can be more difficult to engage senior management in adopting the process. Engagement at all levels is vital to the success of a coaching programme.

Our conclusion is that many organisations have an ambition to establish sound coaching and mentoring processes, but currently fail to do so properly. In the minority of cases where these are adopted, they are informal, and not particularly well quantified. For the vast majority of organisations and finance professionals, such processes remain an aspiration rather than a reality.

DOES YOUR ORGANISATION CURRENTLY USE ACCREDITED AND INDEPENDENT INTERNAL OR EXTERNAL COACHES TO DEVELOP THE COMPETENCIES OF ITS FINANCE PROFESSIONALS?

DOES YOUR ORGANISATION CURRENTLY USE MENTORING/MENTORS TO DEVELOP ITS FINANCE PROFESSIONALS?

DOES YOUR ORGANISATION TRAIN OR DEVELOP ITS MANAGERS IN DIFFERENT LEADERSHIP AND MANAGEMENT STYLES (PERHAPS WITHIN A LEADERSHIP PROGRAMME)?

DOES YOUR ORGANISATION TRAIN OR DEVELOP ITS MANAGERS INTO USING A ‘COACHING’ STYLE OF MANAGEMENT?

The way forward

We believe all organisations would benefit from more coaching and mentoring for their finance professionals. Respondents to our survey particularly wanted to see the following in place in their organisation.

- Coaching and mentoring of all finance professionals, not just those at the senior management level.
- A coaching culture where management styles and behaviours included using a coaching style when working with internal team members and external stakeholders.
- Coaching and mentoring to be used as a learning and development tool across all disciplines – technical and 'soft' skills, and behavioural aspects.

ESTABLISHING A COST-EFFECTIVE COACHING CULTURE

To achieve these objectives there are a number of practical steps organisations can take in introducing or enhancing their coaching or mentoring offer. Our suggestions are based on the approach taken by our interviewee organisations and by reference to commonly accepted best practice. The suggestions are capable of being implemented across all different sizes of organisation.

Recommendation 1: The finance professional as a coach

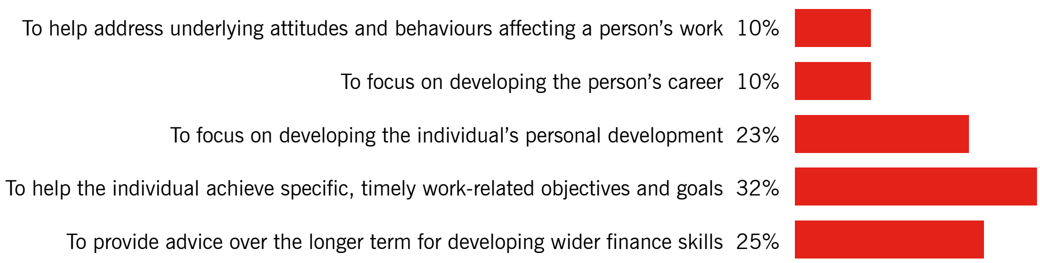
Finance professionals should be trained in coaching communication techniques as part of their induction into the organisation
The finance professional's communication skills with colleagues and clients will be enhanced.

In providing on-the-job training, the organisation will adopt a style which leads to deeper learning in both technical and behavioural areas.

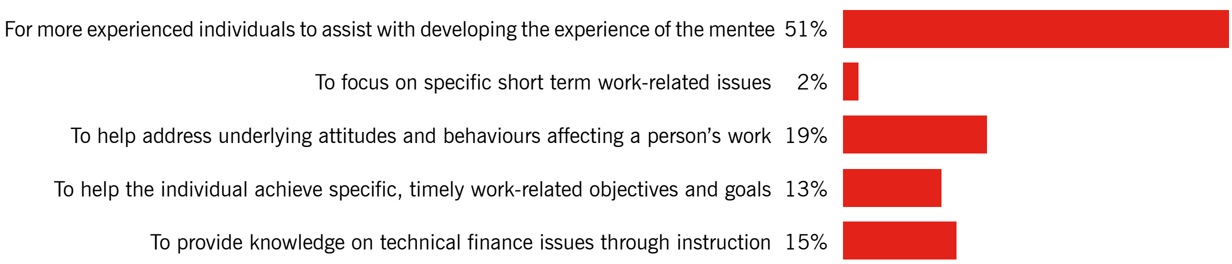
More advanced coaching techniques should feature strongly in management and relationship training
In managing the team, motivation, delegation and supervision will be more transformational in style (working closely with values, emotions and higher needs) and, therefore, be suited to the current changing environment.

In communication with clients, the relationship will be based on identifying problems and suggesting solutions rather than selling.

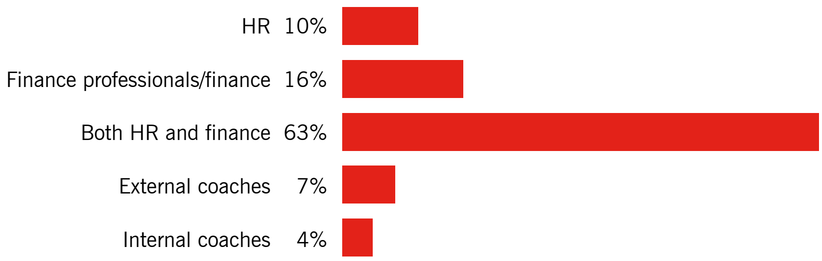
WHAT DO YOU THINK SHOULD BE THE PRIMARY OBJECTIVE OF A GOOD COACHING PROGRAMME FOR FINANCE PROFESSIONALS?



WHAT DO YOU THINK SHOULD BE THE PRIMARY OBJECTIVE OF A GOOD MENTORING PROGRAMME FOR FINANCE PROFESSIONALS?



WHO DO YOU THINK SHOULD BE RESPONSIBLE FOR IMPLEMENTING COACHING PROGRAMMES FOR FINANCE PROFESSIONALS WITHIN YOUR ORGANISATION?



Recommendation 2: The mentoring system

There should be a team of identified mentors at each level of the organisation. There can be more informal relationships at the lower level
Finance professionals will receive technical, behavioural and career guidance from the earliest opportunity and, therefore, have more direction from the start.

Mentors should be selected for their technical/behavioural skills appropriate to each level
The use of mentors ensures that acknowledged experts in their field 'grandfather' their knowledge to the next level.

A mentoring relationship should have defined goals and regular meetings to reflect and give feedback
In mentoring, the mentor directs the learner – but the need for help should be defined and measured to give satisfaction to both parties.

Recommendation 3: External and/or internal coach faculty

Accredited and experienced coaches should be identified as appropriate to the organisation
Accredited coaches will have a full toolkit to adapt to each circumstance and their work is supervised.

Coaches' relative experience can be matched to the level of finance professional and their needs
Costs of individual coaches can be managed by using 'lower level' coaches for less senior finance professionals or, where volumes are large, the internal coaching faculty can work.

The coaching contract should include objectives, methodology, progress milestones, and measurable outcomes
Coaching is about raising performance. The ROI can be more easily measured if benchmarks are set and monitored.

Coaching is about enhanced performance rather than remediation
Coaching is about getting from 'good to great'. It will raise the performance of all rather than correcting that of the few.

In implementing any of the above steps it is essential that the senior management team is supportive of the strategy. This will demonstrate that they believe that the coaching culture is part of the value system of the organisation and is a strategy that has beneficial business outcomes. Nicki Hickson of Ernst & Young has commented:

'WHEN RICHARD KING, ERNST AND YOUNG MANAGING PARTNER UK AND IRELAND, TALKS OPENLY ABOUT HIS OWN COACHING PROGRAMME AND THE NEED FOR "EMOTIONAL INTELLIGENCE" IN ALL LEADERS AND PROFESSIONALS, THAT'S WHEN THE FIRM KNOWS WE ARE SERIOUS.'

As coaching and mentoring are a learning and development initiative, it is also important that human resources experts are fully involved. They will have a detailed knowledge of existing elements of the learning and development package and how best to integrate coaching and mentoring. They will also have the expertise and independence to facilitate the appointment of coaches and mentors.

Our global respondents are of the view that a fully integrated approach involving finance, human resources and the management team is a prerequisite for success.

Conclusion

In bringing together our analysis of coaching and mentoring across the profession, a number of key issues stand out.

- There is a common belief that both coaching and mentoring processes would be greatly beneficial for organisations and the finance professionals they employ.
- The use of coaching and mentoring processes across the finance community is not widespread. Only one-third of organisations use coaching or mentoring processes to develop their finance professionals. At present, a small number of organisations are intent on establishing coaching culture as a business philosophy.
- Where coaching and mentoring processes are used, the practices are not particularly formalised, nor are they available across the organisation at all levels. Organisations would benefit from wider adoption of coaching and mentoring processes.
- Monitoring of the effectiveness of coaching and mentoring practices is not common. This is a major issue, and can contribute to lack of senior management 'buy-in'. Where engagement is not evident, this compounds the problem of trying to implement coaching cultures successfully.
- Research has demonstrated a positive correlation between the implementation of successful coaching and mentoring programmes, and corporate profit. Consequently, we may infer that by not implementing such programmes effectively, many organisations are not maximising their return on human capital employed. In other words, the finance function is under effective, talent is under utilised, and financial performance is compromised.

Appendix – the coaching and mentoring journey

The following organisations and their representatives have kindly shared their current practices in coaching and mentoring. Interviews were conducted in the period August to October 2008. Quotes taken from the interviews have been included in the main text of this paper.

FIRM: BDO STOY HAYWARD UK

Andy Hedge – head of learning and development (21 August 2008)

- Pre-qualification, the focus of development is on obtaining technical competencies via formal and on-the-job training. Individuals can obtain advice, coaching and mentoring on an informal basis from identified line managers and partners.
- Coaching is defined by BDO as a management style of 'enabling' and 'facilitating'. Managers, directors and partners attend leadership training, including training in the coaching style of management.
- Managers, directors and 'new' partners can use external coaches. Their objectives are to enhance their business development skills and commercial enhancement and KPIs.
- Existing partners will use coaching to assist in refreshing their attitudes and behaviours.
- The coaching culture is the responsibility of HR/learning and development and the aim is to achieve a central policy for 2009. The UK policy is 'sharing' with the international partnership to achieve consistency. The partnership has a total belief in the benefits of coaching. As yet, formal measurement of the ROI is not undertaken but this will be part of central policy.
- Selection of the coach in the past was personal and ad hoc. In future learning and development there will be a central list of preferred suppliers with defined expertise. This will prevent the philosophy of 'a coach is an accessory for every partner'.
- At the moment, 25% of external coaching is monitored by HR and/or the line manager. The remaining 75% is not monitored, with the individual controlling all parts of the process. BDO are aiming for 100% monitoring.

FIRM: DELOITTE UK

Julie Sikora – director of core learning (11 September 2008)

- The leadership development programme includes some aspects of coaching as a leadership style.
- A coaching skills for leaders programme (four hours) is in development.
- The *Director Development Programme* over a one-year period offers five 90-minute sessions of coaching for each new director.
- Deloitte has an internal coaching facility as well as an external resource.
- HR/learning and development vet some of the firm's external coaches through an external broker of coaching services; otherwise, coaches are chosen by the individual.
- Tripartite coaching with measurable objectives and outcomes operates for 75% of coaching that occurs within the firm. It is estimated that 25% of coaching that is actually taking place continues to be unmonitored (centrally).
- Coaching is typically used to work on behavioural not technical development.
- A formal mentoring programme (where partners mentor other partners) has been recently launched.
- A proven expert in the field undertakes mentoring of partners by other partners on the basis of development. The mentors are not trained in any style.
- Deloitte may aspire to a coaching culture but the stakeholders have not yet fully endorsed such a strategy.

FIRM: KPMG EUROPE LLP
Bridget Allen – head of coaching (3 October 2008)

- Coaching as a style of management and learning is an integral part of management development from Assistant Manager level onwards.
- Every member of KPMG (student/service provider/manager/partner) is aware of the coaching style of management – an integral part of KPMG philosophy. It is practised in all aspects of work, including client relations, and is championed by the people manager leaders (PMLs) of each division.
- There is an internal coaching faculty where internal coaches have been developed using best-practice tools and techniques and have licences and accreditation as appropriate (GROW/MBTI/EI/EMCC/ICF/NLP). These coaches are available to all persons developing through KPMG in practice, from manager level upwards). Resource limitation means that it is more likely to be focused on the top talent. Referral is by choice/appraisal/PML. The aspiration is to make the facility more widely available.
- There is a list of preferred external coaches (vetted on the basis of experience, expertise and best-practice standards.) Accreditation and supervision are prerequisites.
- Two-thirds of coaching is fully monitored in the tripartite form. Without removing the benefits of confidential coaching, it is intended that sharing of the business objectives of coaching will be in the tripartite form. It is recognised that coaching has holistic benefits and the firm wishes to monitor objectives and impact as they affect KPMG.
- Measuring the impact of coaching is accepted as relatively subjective. Nonetheless, the use of diagnostics before and after coaching, and observation of KPIs for a division, have indicated that coaching does contribute to KPMG's success. A firm which has high values and commercial principles would not invest without an expected return.
- Coaching is primarily focused on relationship competencies but has been demonstrated to assist learners in their gaining of technical competencies (giving knowledge through direction is more time efficient in the short term while coaching results in a deeper learning).
- Mentoring is the use of the internal expert to develop the skills of the mentee. Mentors give advice on all competencies, based on their own experiences. KPMG encourages mentoring at all levels ('buddying' at lower levels) on the basis that individuals clearly benefit from 'wise' direction.
- KPMG UK coaching is based on the premise of getting from 'good to great.' The other European partners, Germany, Switzerland and Spain have until recently used coaches more as external facilitators in correcting poor competencies, ie remedial work. As the integration continues the international partnership will continue to share approaches with an eye to the culture of the country. Certain European countries may believe that directional coaching is more beneficial.

FIRM: HORWATH CLARK WHITEHILL
Peter Rogerson – director of training (7 August 2008)

- Training in coaching skills as a management competency is provided if requested by the manager/partner.
- 'Soft' behavioural skills, on a more general basis, include some base-level coaching skills provided at supervisor level.
- Senior managers going into partnership undergo full 360-degree analysis from which a 'development programme' will be designed. The HR partner and chosen partners will assist in achieving objectives. Where behavioural changes are needed, an external coach will work with the individual on that issue for a short period.
- Experienced partners will mentor less-experienced partners. The approach is directive rather than coaching.
- Performance criteria are focused on financial objectives not 'soft' skills.

FIRM: ERNST AND YOUNG – EMEIA (EUROPE, MIDDLE EAST, AND AFRICA)
Nicki Hickson – HR director UK and Ireland (14 August 2008)
Stephanie Jeffs – senior manager, area people team (3 September 2008)

- A coaching culture strategy was presented in April 2007 by Richard King, managing partner, UK and Ireland, and Mark Otty, chairman, EMEIA. They understand that change in culture will be a staged process and 2010 is a realistic target date for embedding. The examples in practice, set out below, have been taken from the UK and Ireland offices but this is very much part of a broader global programme in operation within the global firm (not just EMEIA), through which clear objectives and principles have been identified based on gathering best practices from our different practices. The global initiative is being led by Victoria Bouix.
- EY is convinced of the need for development to be achieved through emotional intelligence management as well as the absolute need for intelligent technical competence.
- The first step was the creation of an external coach facility numbering some 27 accredited coaches. The need for external coaches will continue owing to specialisms in coaching, confidentiality, and conflict of interest. The next step was to create an internal faculty of coaches. Existing members of the HR department with appropriate experience will receive further training and accreditation, by EMCC or ICF. In future, some internal coaches will also be selected from our senior manager/partner population.
- Coaching is a method of 'enabling' the individual. EY fully understand that internal and external coaches are trained not to direct or only to 'mentor'.
- Three-way coaching contracts are becoming the norm. Each party will be involved in the evaluation and monitoring of the relative success of coaching. For example, during transition/on-boarding of new partners, the ROI time period will be expected to fall from 18 months to 6–12. To date, formal ROI tests of the coaching culture have not been done, as enough time has not elapsed since this initiative began in Jan 2008.
- Refocus on core competencies of the manager/leader in EY: 'we expect them to be technically brilliant, fantastic at creating internal and external relationships and to be excellent developers of people.' This is a real challenge to them.
- Coaching is a management style that can be effective in advancing technical, relationship and management skills, so all managers will have 'coaching skills' included in their personal development; a current programme is *Coaching for Performance*.
- In EY, the term mentoring has always existed. The mentor will have been identified as an internal expert in technical and relationship skills and the learner will want to adopt these skills. Mentoring is about giving advice rather than coaching. The set up of formal mentors is not always necessary as in a professional firm there are established counsellors and subject experts. A formal relationship may not have specific intentions. It would be expected that coaching may result in the individuals themselves creating mentoring relationships.
- The *Accelerated Leadership Programme* is designed to assist finance professionals in advancing their leadership aspirations. The ALP candidates are largely directing their own learning within a framework of training interventions, team work and support, and the use of their own coach and mentor when helpful.

COMPANY: ROYAL DUTCH SHELL INTERNAL AUDIT (SIA GLOBAL)
Edwin Van Der Drift – leadership team (28 October 2008)

- Shell Learning, which represents the entire Royal Dutch Group plc, has a series of management/leadership programmes where coaching as a style of management is an elective module.
- Prior to management programmes, the participants will be self-assessed and group assessed and their learning will be based on competence gaps, so some people may receive more training in leadership styles such as coaching.
- As finance professionals/managers progress through the organisation they will each work with a mentor: an independent adviser not in the same division whose role is to pass on knowledge and advice.
- To date, only a limited number of the leadership team have used 'coaching' provided by an external. A business case would always have to be given.
- Coaching is a well-known term for facilitative learning within SIA. The leadership team and the manager/lead auditor will practise on-the-job training and appraisal using the coaching technique. Diverse cultures across the world mean that coaching is more, or less, important depending on where staff are based.

COMPANY: GLOBAL INVESTMENT BANK – LISTED ASIA PACIFIC (ANON)
Global learning and development (10 September 2008)

- There is no distinction between finance professionals and traders.
- Leadership training, including different leadership styles such as coaching, is compulsory for management grade.
- Comprehensive leadership management/leadership competencies are assessed annually on a 360-degree basis. Low grading on competencies can result in a recommendation for coaching.
- The external coaching team are selected by HR, all on a contractual basis with methodologies and objectives agreed. There are global HR policies and documentation. Line managers will request coaches for team members.
- Coaches are used primarily to assist in succession planning. Traders will initially work on their own. A move into a management role involves more strategic management behaviours, which is where coaching is focused.
- HR, together with line managers, complete a 360-degree assessment of the success of coaching. KPI measures, such as staff satisfaction/turnover, client satisfaction and increased volume of business are 'considered' as success factors.
- Global HR has produced a comprehensive guide on how to access coaches and mentors worldwide. In addition, full guidance on how to manage and appraise a coaching programme is given.

Research methodology

This research was undertaken between August and October of 2008 and is based on a quantitative survey of 735 global ACCA members, plus in-depth interviews with the following organisations and their representatives:

- BDO Stoy Hayward UK: Andy Hedge, head of learning and development
- Deloitte UK: Julie Sikora, director of core learning
- KPMG Europe LLP: Bridget Allen, head of coaching
- Horwath Clark Whitehill: Peter Rogerson, director of training
- Ernst & Young EMEIA: Nicki Hickson, HR director UK and Ireland, and Stephanie Jeffs, senior manager, area people team
- Royal Dutch Shell Internal Audit (SIA Global): Edwin Van Der Drift, leadership team
- Global Investment Bank (organisation name withheld).

We would like to extend our sincere gratitude to all our respondents and interviewees, without whom this project could not have been completed.

Acknowledgements and bibliography

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