



ONLINE TOOLKIT

Coaching and Philanthropy

Executive Summary: An Action Guide for Grantmakers

Leadership development can mean a lot of different things — from MBA-style programs and sabbaticals for executives to classroom training and wilderness outings for current and future leaders. Coaching, which the business sector has long viewed as a way to support current and emerging leaders, is just beginning to take hold in the nonprofit world. This guide reviews how grantmakers can help promote and advance coaching as a core leadership development activity and a tool for improving organizational results.

In partnership with Grantmakers for Effective Organizations, BTW informing change and Leadership that Works, CompassPoint Nonprofit Services launched the Coaching and Philanthropy Project to assess and advance coaching as a strategy for building effective nonprofit organizations. For more information about the CAP Project, please visit the CAP Project's Online Toolkit at www.compasspoint.org/coaching. Also available from www.geofunders.org.

MASTER THE BASICS

WHAT IS COACHING?

The CAP Project defines coaching as a process that supports individuals to make more conscious decisions and take more effective action. In a coaching relationship an individual with leadership and coaching experience (the coach) provides customized support to one or more nonprofit leaders (coachees) for a limited period of time.

In contrast to some other forms of leadership development support, which often provide general guidance applicable across a range of situations and organizational contexts, coaching is tailored to the coachees. The content of coaching is based on coachees' experiences and their reflections on

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their strengths and weaknesses, the specific contexts in which they are working, and their hopes and aspirations for themselves and their organizations.

Several different types of coaching are available, including organizational, life and career coaching. The focus of the CAP Project's work is organizational coaching. While this type of coaching inevitably touches on personal and career issues confronting the leader, the focus is on the needs of the leader within the context of the organization.

HOW COMMON IS COACHING?

Coaching has become a popular form of leadership support among private-sector businesses. A 2008 survey by the American Management Association found that 52 percent of North American companies use coaching, and more than half of these are using coaching more now than in the past. According to the *Harvard Business Review*, the private sector in the United States spends more than \$1 billion on coaching each year.¹

By comparison, coaching remains an emerging practice in the nonprofit sector. The 2006 study "Daring to Lead" found that 25 percent of nonprofit leaders said they had used a coach, although the report's authors acknowledge that the term coaching can mean different things to different people.² In GEO's 2008 survey, *Is Grantmaking Getting Smarter?*, 27 percent of grantmakers who supported leadership development in the previous two years said they provided grants for coaching; 24 percent reported supporting coaching through direct assistance within the same period.

IN WHAT FORMS IS COACHING OFFERED TO NONPROFIT LEADERS?

Coaching for nonprofit leaders can come in a variety of forms, from one-on-one coaching to team coaching, blended coaching (which combines coaching with other forms of organizational development support) and coaching by peers. Grantmakers and nonprofits should consider which type of coaching to use, based on the needs, interests and characteristics of the organization and the coachee.

WHAT DO NONPROFIT LEADERS WANT TO GAIN FROM COACHING?

Many nonprofit leaders view coaching as a way to develop and hone key leadership and management skills. Asked why they wanted a coach, 67 percent of coachees surveyed by the CAP Project chose "to develop leadership skills/confidence" as a high priority. A majority of coachees also gave high priority to enhancing management skills or confidence, developing a better balance of the personal and professional in their lives, and managing organizational change more effectively. Nonprofit leaders using CompassPoint's coaching referral and matching service have cited a similar assortment of motivations and goals.

¹ Stratford Sherman and Alyssa Freas, "The Wild West of Executive Coaching," *Harvard Business Review*, November 2004.

² Jeanne Bell, Richard Moyers and Timothy Wolfred, *Daring to Lead: A National Study of Nonprofit Executive Leadership*, 2006, p. 23, a joint project of CompassPoint Nonprofit Services and The Meyer Foundation, available from www.compasspoint.org.

MAKE THE CASE

WHY SHOULD GRANTMAKERS CONSIDER SUPPORTING COACHING?

Coaching can provide nonprofits and their grantmakers with a powerful, cost-effective strategy for developing and supporting current and future leaders. Especially at a time when many nonprofits are facing enormous financial and operational challenges brought on by the economic crisis that began in the fall of 2008, grantmakers see coaching as a way to help ensure that nonprofit leaders have the time and space to make careful decisions.

In addition, by helping current and future leaders manage and reduce stress and find answers to personal and organizational challenges that keep them up at night, coaching can make an important contribution to keeping more good people in the sector and helping them grow as leaders.

In the CAP Project's survey of coachees, almost two-thirds said coaching was "very effective" compared with other types of leadership development support and tools for organizational effectiveness, such as training, workshops, classes or seminars.

WHEN DOES COACHING WORK BEST?

The top reason why private-sector companies turn to coaching is to develop "high potentials" or to facilitate transition, according to a 2009 *Harvard Business Review* article. In the nonprofit sector many coaches, coachees and grantmakers consider coaching to be especially valuable at an "inflection point" in the life of an organization — for example, when its leaders and senior staff are dealing with an executive transition, the organization is embarking on a new mission or strategic plan, or the organization is undergoing an expansion in programs or funds. Grantmakers and nonprofit leaders also value coaching as a catalyst for enhancing the effects of other interventions designed to develop leadership and organizational effectiveness.

HOW DOES COACHING CONTRIBUTE TO THE DEVELOPMENT OF THE INDIVIDUAL NONPROFIT LEADER?

Coaching provides nonprofit leaders with the opportunity to grow as leaders through a process that combines self-directed learning with guidance from a coach. Among the many benefits of coaching for the individual leader:

- » A Safe Space for Reflection. Coaching provides a safe space for leaders to air their concerns about their jobs and about the problems facing their organizations — and to consider solutions.
- » Increased Self-awareness. A major outcome of coaching for the individual leader is a higher level of self-awareness, which, along with self-management, many consider to be a prerequisite for strong leadership.
- » Higher Levels of Confidence, Clarity. Coachees regularly report that coaching strengthens their ability to step into their leadership roles with greater confidence. Coaching also has helped many participants clarify specific aspirations that relate to their development as leaders, including

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decisions to continue their education, gain or strengthen specific skills, or shift their current job responsibilities.

HOW DOES COACHING CONTRIBUTE TO THE SUCCESS OF THE LEADER'S ORGANIZATION?

Nonprofit leaders, grantmakers and other coaching proponents regularly refer to the ripple effect coaching can have on organizations. As an individual or team begins to realize personal benefits from coaching, those benefits can spread throughout the organization to enhance its overall efficiency and effectiveness. These benefits include:

- » **Better Leadership and Management.** The CAP Project's survey of individuals who have worked with an executive coach for at least three months found that respondents believe coaching contributed to significant improvements in key leadership and management skills. Nonprofit leaders also reported to the CAP Project that coaching helped them lead their organizations through a variety of changes, including mergers, quick program growth and organizational restructurings.
- » **Smoother Transitions.** Coaches, coachees and grantmakers alike especially value coaching as a means of helping organizations manage executive transitions successfully.
- » **Stronger Leadership Teams.** Last but not least, coachees note that coaching has helped them understand that they cannot do the job of running their organizations on their own; they say coaching helped them take steps to strengthen staff and board leadership teams and to improve communications and interpersonal relationships with colleagues.

MAKE IT WORK

WHAT IS THE ROLE OF GRANTMAKERS IN SUPPORTING AND ADVANCING COACHING?

In order for coaching to take hold and reach usage rates comparable to those in the business world, grantmakers will need to invest more in coaching for their grantees. The CAP Project's research has shown that coaching can have a positive impact when grantmakers offer it to nonprofits in the context of larger grantmaking efforts, such as leadership development programs and organizational effectiveness initiatives.

Grantmakers also can support grantees to become more conscious consumers of coaching by helping them clarify the purposes of a coaching engagement and providing them with information about what coaching is, what it is not, how to screen and select a coach, and how to tell when coaching is not working.

HOW CAN WE KNOW WHAT STRATEGIES ARE RIGHT FOR US AND OUR GRANTEES?

Every grantmaker will need to figure out an approach to supporting coaching that addresses the specific needs of its grantees, as well as the foundation's mission and operating style. Grantmakers

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that are new to this work — or that want to expand and refine what they are already doing to support coaching — need to consider a number of important questions, such as:

- » What are the foundation's goals for strengthening the leadership and organizational effectiveness of grantees, and how can coaching support those goals?
- » What is the most effective way for the foundation to invest in coaching, and in what instances will it work best for grantees?
- » What form of coaching will help grantees the most?
- » Are there ways to integrate coaching into other organizational effectiveness and leadership development programs that the foundation already supports?
- » How can the foundation provide nonprofit leaders with resources and encouragement to apply coaching skills in their day-to-day work with others so that coaching becomes more embedded in the organization?

HOW CAN WE KNOW IF A GRANTEE IS READY FOR COACHING?

Coachees report that other tasks within their organizations can sometimes take precedence over coaching. That is why it is important for grantmakers to be clear at the outset about the level of time and energy required to ensure successful coaching. It is also important to assess the capacity of participants to make coaching work within their schedules, and to gauge their willingness to learn and to adapt their leadership styles as a result of coaching.

Beyond assessing the readiness of coachees, it is important to consider the readiness of grantee organizations for coaching. Coaching will be more successful if it garners the support of an array of board members and staff leaders in an organization. This means grantmakers should take steps to ensure that key individuals, such as board members, senior leaders and supervisors, understand and support coaching for the organization's staff.

IS THIS SOMETHING WE SHOULD DO ON OUR OWN OR THROUGH AN INTERMEDIARY?

Many grantmakers that provide support to their grantees for coaching do so through intermediaries — individuals and organizations assigned to manage the day-to-day work of maintaining a stable of coaches for grantee use, ensuring good matches between grantees and their coaches, keeping tabs on how coaching is going and performing other related tasks.

Using an intermediary can have a number of benefits, starting with saving grantmakers money and time they might otherwise devote to building a staff team to manage the coaching process. Intermediaries also can bring expertise to the process so grantmakers can be more confident that coaching is based on proven methods. Last but not least, intermediaries can help create a buffer between the grantmaker and the coaching engagement. If a grantmaker is not involved in the day-to-day oversight of coaching, grantees may feel more comfortable sharing their challenges and frustrations with a coach.

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Of course, not all grantmakers feel a need to manage coaching through an intermediary organization. Some provide grants to grantees for coaching and allow them to manage the process of finding a coach and structuring the engagement themselves, while the foundations provide referrals and advice as needed.

HOW CAN WE KNOW THAT GRANTEES ARE WORKING WITH THE RIGHT COACHES?

Like any other relationship, the success and endurance of the coaching relationship relies on strong chemistry between coach and coachee. Where coaching fails, it is often because the coach and coachee failed to “click.” Grantmakers should therefore make sure that grantees have a choice of coaches. This can mean building a diverse pool of available coaches (based on age, race or ethnicity, gender and other factors) and allowing grantees to conduct sample sessions and interviews before making a decision.

Of course, chemistry is not the only consideration in ensuring a successful match between coach and coachee. Grantmakers also should make sure that the coaches who are working with grantees have appropriate coaching experience and skills, as well as an understanding of the unique challenges facing nonprofit leaders.

HOW DO WE ENSURE THAT COACHING DELIVERS RESULTS FOR INDIVIDUALS AND THEIR ORGANIZATIONS?

Many grantmakers and their partners have created successful systems for ensuring that coaching is delivering results. It all starts with connecting coaching to specific goals and outcomes for individuals and organizations. These goals, in turn, can become the basis for assessing coaching’s impact. Assessments can look at progress toward reaching coaching goals, as well as how specific design elements contribute to the successes or shortcomings — or both — of coaching.

Currently, the degree to which information is collected about coaching experiences and effects varies considerably. Some grantmakers and their partners take a completely hands-off approach and request no information at all, while others have conducted more rigorous evaluations of coaching. Most supporters of coaching fall somewhere in the middle. They request information through simple work plans and brief progress reports that indicate whether the coaching process is on schedule and whether goals are generally being met. Some grantmakers (or their intermediaries or both) also hold debriefing meetings with coaches, coachees, supervisors or others following a coaching engagement.

In addition to providing opportunities for “self-reporting” by coachees, some grantmakers collect complementary information from others who work with coachees, including organizational peers, supervisors and direct reports.

While the CAP Project found widespread interest in stronger assessments of the impact of nonprofit coaching, it is important to note that some proponents of coaching disagree about the feasibility and importance of strictly quantifying its results. For example, coaches Stratford Sherman and Alyssa

Freas, in a 2004 article in the *Harvard Business Review*, argue that “the essentially human nature of coaching is what makes it work — and also what makes it nearly impossible to quantify.”³

In addition, grantmakers and their partners need to have realistic expectations when assessing organizational outcomes connected to coaching. Coaching, for example, cannot by itself solve the problems or challenges facing an organization. Similarly, because the personal benefits of coaching usually come first, nonprofits, grantmakers and others might need to wait longer than they would like to see organizational outcomes from coaching.

HOW SHOULD WE PAY FOR COACHING — AND HOW MUCH?

Grantmakers and other supporters of coaching vary widely in how they compensate coaches. Aepoch Fund and other grantmakers often ask coaches to discount their standard hourly rate for work with nonprofit grantees. However, Blue Shield of California Foundation compensates coaches in its Clinic Leadership Institute at their regular rates. The grantmaker explains that it wants to pay “full freight” to ensure that coaches are fully engaged in the work.

One trend of note is an increase in pro bono coaching by coaches who feel called to contribute their time to nonprofits.⁴ While pro bono coaching can certainly be helpful, the CAP Project, as well as many of the grantmakers we talked to, has some reservations about this growing practice. Specifically, when the coachee is contracting directly with the coach, pro bono coaching can often contribute to their perception that coaching is not especially valuable or important.

Another cost consideration for grantmakers is whether to have grantees pay a percentage of the costs of coaching. While many grantmakers would like to completely subsidize coaching fees, the CAP Project recommends that grantees pay some money in order to be personally invested in the process.

DELIVERING ON COACHING’S PROMISE: RECOMMENDATIONS FOR THE FIELD

Grantmakers, working collectively and individually, can play an essential role in helping the sector realize coaching’s potential as a leadership development and organizational effectiveness tool. For individual grantmakers, the authors recommend a thorough examination of how to make coaching work for their grantees, based on some of the ideas and suggestions included in this guide. Meanwhile, for the field of philanthropy as a whole, we offer the following recommendations for advancing the understanding and practice of coaching:

- » Document and share coaching practices, models and impacts.
- » Support more rigorous standards.

³ Stratford Sherman and Alyssa Freas, “The Wild West of Executive Coaching,” *Harvard Business Review*, November 2004.

⁴ The Harnisch Foundation has created a special Web page devoted to pro bono coaching on its Coaching Commons Web site at www.coachingcommons.org/category/gift-of-coaching/.

- » Invest in coach recruitment and training and build coaches' capacity and effectiveness.
- » Consider issues of diversity in coaching.
- » Explore coaching as an opportunity for “second acts” for executive directors who are transitioning out of their organizations.

With capable coaches at their sides, nonprofit leaders can learn more about themselves, about their organizations, and about how to manage people and conflicts, how to delegate responsibility for day-to-day tasks, and more. No other intervention can teach these things better than effective coaching, and the authors hope that grantmakers, both individually and as a field, will work hard to advance the application and practice of coaching in the years ahead — so that more nonprofit leaders and their organizations can see firsthand what good coaching can do for them.

GRANTMAKER CASE STUDIES

Grantmaker: James Irvine Foundation

More information: www.irvine.org/fla

The James Irvine Foundation created the Fund for Leadership Advancement to enhance the leadership capacity of executive directors of selected grantee organizations. Through the fund, the grantmaker provides what it calls “flexible and tailored support,” which may include coaching, executive education, organizational development consulting, and peer learning opportunities. “Coaching became an important intervention from the start of the program,” said Martha Campbell, Irvine’s former vice president for programs. “Coaches become a real focal point for all of the other leadership advancement work that grantees are doing. They bring it all together.”

Grantmaker Case Study: Aepoch Fund

More information: www.aepoch.org

In 2009 Aepoch Fund completed an 18-month pilot project that provided resources for coaching to 16 individuals. Aepoch’s foray into coaching was largely the result of the advocacy of Director Laura Loescher, who helped start the foundation in 2006. Loescher had experience and training as a coach. She said she views coaching as “a way to make a leveraged contribution to social change” by increasing the leadership capacity of nonprofit leaders.

Grantmaker Case Study: Fieldstone Foundation

More information: www.fieldstone-homes.com/foundation/LeadershipNetwork/TheCoachingNetwork.asp

The Fieldstone Foundation approaches selected participants in its Executive Learning Groups program about becoming peer coaches for other nonprofit leaders. The coaches are then enrolled in a four-day curriculum of intensive coach training that the grantmaker developed on its own. Once

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they have gone through the training, the coaches become part of the Fieldstone Foundation's Coaching Network, which offers a "12-month, one-on-one, peer coaching relationship" to nonprofit executive directors who apply to the grantmaker for coaching assistance.

Grantmaker: French American Charitable Trust

More information: www.factservices.org

The French American Charitable Trust supports coaching through the grantmaker's Management Assistance Program, which provides an array of effectiveness-building services to FACT grantees. After approving grantee requests for assistance, FACT matches the organizational development needs of specific grantees with the skills of a vetted pool of consultants and coaches. Overseeing the work on behalf of the grantmaker is Emily Goldfarb, an independent consultant and coach.

Grantmaker: Blue Shield of California Foundation

More information: www.blueshieldcafoundation.org/programs/healthcare-coverage/clinic-leadership-institute.cfm

The mission of Blue Shield of California Foundation's Clinic Leadership Institute is to prepare emerging leaders of California community clinics and health centers to be "effective and passionate agents of change in today's evolving healthcare environment." According to the foundation's director of health care and coverage, Brenda Solorzano, the institute considered coaching a crucial programming element from the start. "We recognized that these emerging leaders often do not have a confidential place where they can go to explore the things they need to be thinking about and doing as they advance in their careers," she said.

Grantmaker: Evelyn and Walter Haas, Jr. Fund

More information: www.haasjr.org

The Evelyn and Walter Haas, Jr. Fund supports coaching for participants in the grantmaker's Flexible Leadership Awards program, which offers an array of leadership development supports to selected grantees. In the first two years of the FLA program, participants' expenditures on coaching totaled \$495,000, or 20 percent of the program's total outlay of \$2.5 million. This makes coaching the single largest expenditure category in the program, and the fund a leading supporter of coaching. Recognizing that it is now in the vanguard of foundations that support coaching, the fund is engaged in a determined effort to capture lessons about how and when coaching works best. Evaluator William P. Ryan of Harvard's Hauser Center recently completed a review for the fund of the role of coaching as a leadership development strategy for the nonprofit sector; he also assessed it as a cornerstone activity of grantees of the FLA program.