

SME Business Performance and The Impact of Business Coaching Study

A Research Summary Report Prepared

for



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1.0 Executive Summary

- ActionCOACH's South Central England team commissioned Cogent Research & Analysis Ltd to conduct a telephone study amongst small to medium sized businesses (SME's).
- The main objective of the survey was to determine SME business owner perceptions of performance and to contrast situations of those having undertaken business coaching versus those who had not.
- The research involved the business owner or a senior member of the business management team.
- The survey involved 166 telephone interviews with coached (66 interviews) and non coached (100 interviews) SME's located in the South Central England regions.
- Over half of coached businesses (56%) had increased their workforce in the past twelve months, compared with just 14% of the non coached businesses questioned. The majority of non coached businesses (60%) reported their staff levels had remained constant over this timeframe.
- For businesses that had increased their workforce in the past year the average increase was 4.3 staff members for coached companies who outperformed non coached businesses where on average these businesses had increased staffing levels by 3.2 new staff.
- For businesses that had reduced their workforce there was again a stark contrast between coached and non coached businesses with non coached organisations making deeper cuts with average reductions of 1.3 and 4.8 staff, respectively.
- Significantly more companies who had experienced coaching reported they expected their workforce to increase throughout the next twelve months compared with non coached companies. 73% of coached companies stated staffing levels would rise compared with 27% of non coached businesses.
- Around three quarters of coached businesses (74%) indicated that their revenue had increased over the past twelve months, a significantly higher proportion of companies than the two fifths of non coached businesses citing this positive response.
- Coached businesses experiencing a growth in sales over the past twelve months had grown on average by 30%, whereas for non coached companies the figure was 13%.

- Coached businesses indicating a decline in sales during the period on average had suffered a 15% drop, slightly less severe at compared with a 21% decline for non coached businesses.
- A significantly higher proportion of coached businesses were upbeat about future sales growth when compared with their non coached peers. The majority of coached clients (82%) expected to increase sales in the coming twelve months compared with just over one half of non coached businesses (54%).
- In terms of levels of anticipated growth, projected figures were broadly in line with the growth achieved over the past twelve months. On average, coached businesses expected sales growth of 26% whilst non coached business leaders predicted a more modest average figure of 18%.
- Coached businesses were significantly more likely to have a more in depth understanding of how their company's profit margins were changing.
- Significantly more coached companies increased profits than non coached with 53% of coached clients indicating an increase in profits versus 35% of non coached SMEs.
- 83% of the coached businesses surveyed stated they were effectively setting and measuring performance levels in their business versus 71% of non coached businesses although a slightly higher percentage of non coached businesses claimed they were 'very effective' compared with coached counterparts (40% and 36%, respectively).
- The deployment of workflow procedures was most prevalent amongst coached businesses with 86% adopting this approach compared with 74% of non coached companies.
- More than two thirds of coached companies (68%) had a written business plan in place compared with less than half of non coached businesses (47%).
- Coached companies were more likely to have a twelve month budget in place compared with non coached companies (65% versus 55%, respectively).
- Of the sample who reported having goals and targets set for the next business quarter, the numbers were significantly higher amongst coached businesses with 91% claiming to have these in place compared with 63% of non coached businesses.

- Reflecting on the past twelve months, on average coached business owners were spending forty seven hours a week working compared with non coached owners averaging forty nine hours.
- When questioned about the number of days holiday taken during the past twelve months the findings were comparable for both coached and non coached business owners. On average coached business owners had taken twenty days holiday during the past twelve months compared with eighteen days for non coached owners.
- Significantly more coached businesses reported having greater clarity of their business vision than non coached peers. 94% of coached owners reported to be clear of their business vision compared with 86% of non coached owners.
- Confidence levels in achieving their business vision were comparable in both coached and non coached businesses.
- The overwhelming majority of coached clients consulted (97%) reported to have benefited from their business coaching experiences.
- 97% of coached companies would recommend business coaching to other SME business owners/directors.
- Coached businesses outperformed non coached companies by significant margin in almost every performance area with the exception of satisfaction with hours worked and holiday taken.
- ActionCOACH's clients had recruited more employees, made fewer redundancies and were optimistic about future increases in their workforce.
- Coached business leaders were more likely to have enjoyed increased sales and for these figures to have grown by greater percentages than their non coached peers.
- Coached business owners were more confident about future company growth and tended to have an increased awareness of profit levels.
- Businesses generally who had adopted formalised procedures such as those recommended by ActionCOACH (e.g. workflow procedures, twelve month budgets, written business plans, KPI's) appeared to not only have weathered the adverse trading conditions of the previous twelve months, but have actually increased sales, profits and workforce.

- Coached clients tended to have documented goals and targets to work towards which in many cases they were managing to reach. ActionCOACH appears to be equipping owners/directors with the tools required to achieve success.
- There appeared to be a working culture where long hours were accepted by business owners as 'part of the Job' and a perception that foregoing days off and holidays is an intrinsic part of the business owner/director's role.
- Business owners from both coached and un-coached sectors were currently spending three quarters of their time on day to day running of the business with the remaining quarter spent on the strategic growth of the business, perhaps an area that needs addressing generally freeing up more time for strategic planning.