

Online Coaching Is So Hot It's Now Disrupting Leadership Development

by *Josh Bersin*

Online coaching has become a white-hot market and it's totally disrupting leadership development. Vendors like BetterUp, Torch, CoachHub, Bravely, SoundingBoard, Pluma (owned by Skillsoft), and Ezra have now become some of the fastest-growing vendors in the training (and HR Tech) market.

BetterUp, the clear market leader, is now valued at over \$4 Billion and is preparing to go public. CoachHub just received \$80M in funding, SoundingBoard \$30M, Torch \$25M (and acquired Everwise), Pluma was acquired by Skillsoft, and Bravely just raised \$15M.

Why is all this money going into this space? The demand is there, and these are exceedingly good business models. Think about how a coaching network works: the vendor attracts and trains hundreds to thousands of coaches; the company builds an intelligent AI-driven matching system, and corporations buy subscriptions. It's not unlike Uber or Lyft: the vendor is mostly a sales and technology company. The cost of the service is handled by the coach.

For HR and leadership teams, online coaching is a proven and high-value investment. Bravely wants every employee in the company to have a coach. Torch and SoundingBoard integrate coaching into the company's leadership development programs. BetterUp offers a personality model as well as coaches dedicated to sales leadership, general management, and wellbeing. And most of the vendors offer assessments, 360s, and other feedback systems.

The stories from buyers are wonderful. Chevron has now deployed BetterUp for all its supervisors and managers around the world and reports that 94% of managers found high-value. Through BetterUp's Coaching Circles (groups of employees that meet to discuss resilience, navigating change, productivity, etc.), the average manager has made five new professional connections through the offering.

Zendesk, a Torch customer, integrated coaching and mentoring into its leadership program. With results even better than Chevron, Zendesk found that 93% of participants enjoyed the program and a similar 93% said it helped them improve their leadership capabilities on the job.

Valuable for Individuals, Leaders, and Companies

The corporate learning industry is filled with creative ideas. Today we see vendors like Mursion and STRIVR who provide VR and Metaverse solutions for leaders. Vendors like Harvard Publishing, DDI, Ken Blanchard, and LinkedIn Learning provide online self-study on almost every topic. And fast-growing startups like Hone and Modal offer live programs and workshops in new online experiences.

But underneath all this is the fact that leadership, management, and behavioral work issues are often personal and private to each person. We all go through challenges at work, and often the biggest problem we have is self-awareness. Why, for example, did that meeting not go well? Was it me? Did I misunderstand that person's question? Am I just stressed out? What can I do to improve next time?

In other words, leadership development is a personal journey, not just a lot of business school topics. We are all leaders in some way, and sometimes we need someone to talk to about our own personal challenges at work. This is what coaching is all about.

Coaches are trained and certified, most of them have held executive or senior positions, and they know how to ask questions, listen, and guide people to solutions. Coaching is nothing like going to a training course. In a traditional (or online) training program you "consume" information or advice. In a coaching session, you think, you're challenged, and you get a chance to be vulnerable. No wonder it's so popular right now. We all need help with work, life, wellbeing, and balance.

Coaching can be personalized, self-directed, and developmental. Or it can be directed, strategic, and business-focused. Many companies, for example, focus their coaching investments on particular strategies. Chevron, for example, used BetterUp to help reinvent its performance management process, improve change agility and resilience, and let managers build broader internal networks.

As one of the participants in the Chevron BetterUp program put it:

"Through the 1-1 coaching, along with articles and videos, has changed my whole life. I am more effective, satisfied, and confident to be the leader that Chevron needs me to be."

Another stated:

“Through this experience, I believe I’m a better listener and I’m able to let others know I value their opinion. I have become more confident in providing feedback and I listen more when I have conversations with my direct reports.”

These are vital self-development experiences.

Coaching Formally Designed Into The Leadership Program

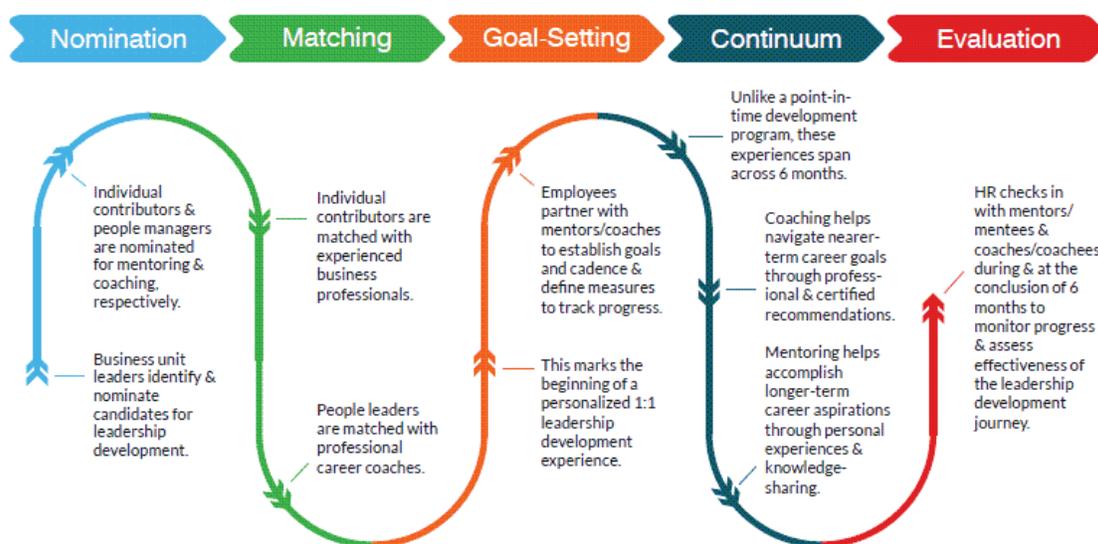
Many of the vendors (Torch, SoundingBoard) focus heavily on the use of coaching (and mentoring, in the case of Torch) in a formal leadership development program. This enriches the leadership journey and creates a new level of self-discovery to the process.

Traditional leadership development is a multi-year program that includes training, expert seminars, executive education, job rotation, 360 assessments, and feedback. Coaching is often used to smooth over problems.

Now, thanks to the online coaching model, companies can integrate coaching (and mentoring) into the formal program for everyone.

Torch specializes in this approach. FICO (the credit scoring company), develops hundreds of leaders through a four-level program. Using Torch’s platform and solution, they integrate coaching (professional coaches) and mentoring (internal business leaders as mentors) right into the curriculum.

Figure 2: Key Touchpoints in FICO's Development Journey



Source: The Josh Bersin Company, 2021

The Democratization of Coaching

When I first started working as an analyst, I ran into many large companies (BAE Systems was one I remember well) spending \$2000-3000 per session on executive coaching. These companies hired specially selected coaches for executive development, performance improvement, and problem resolution. It was expensive, rationed, and reserved for the highest performers. (Companies like Korn Ferry, RHR International, Ezra, CCL, and AiiR focus here.)

The new market democratizes this solution. Every employee, every supervisor, and every manager can now have a coach. When you do business with the vendors listed above, per-session costs can be as low as \$200, letting companies invest in coaching for everyone.

Behind this market, there is an important industry of coach certification (International Coaching Federation), coach development (World Business and Executive Coach Summit), and support from vendors (Bravely, Torch, SoundingBoard, and BetterUp train and coach their coaches). And AI is coming as well.

BetterUp and SoundingBoard, for example, have tools that monitor the session to help the coach (and participant) identify key issues and make the sessions better. This type of AI is becoming more sophisticated every day, and I would not be surprised to find online coaching tools giving participants (and coaches) nudges during the actual coaching session.

Cultivate goes even further, delivering an AI-based coach to supplement your human coach. Companies like PwC, BASF, and SAP use this to help leaders be more inclusive, communicate better, and manage collaboration. Humu also does this, using a unique nudge system to help you learn softskills in the flow of work.

There's Much More To Come

This is a massive market that's still in its early days. Not only is online coaching one of the fastest-growing segments in the \$360 Billion corporate training industry, companies are using these platforms to find psychologists and mental health experts also. BetterUp Care and SpringHealth, for example, apply this type of marketplace offering for resilience, stress reduction, and mental health intervention.

And just imagine how the Metaverse will impact this space. Mursion offers avatar-based coaching and development (a live person coaches you through a simulation through an avatar), which makes the experience feel even safer and more “game-like.” I’m not saying all these coaches will turn into avatars, but you can see where this is going.

It’s time to rethink your leadership development strategy. Online coaching is clearly here to stay.