



Impact Coaching: Focusing Coaching on Purpose-Led Work.

ABSTRACT

In today's business environment, there's a growing dichotomy between profit-centric approaches and those that incorporate considerations of social and environmental impact. While conventional businesses prioritize revenue generation, impact-driven enterprises concentrate on the broader consequences of their work, striving to achieve a balance between measurable impact improvements and financial performance. Tracking of non-financial factors in business performance, including well-being, is becoming increasingly important to company prosperity. Authentic leadership is fundamental to the success of an organization and Impact Coaching® fosters the cultivation of authentic leadership by helping leaders align their personal purpose with the purpose goals of the company. Achieving alignment between business mission and financial goals is vital and misalignment perceived as being hypocritical, can have significant ramifications beyond the walls of a business. In this context, Leadership authenticity becomes paramount and leaders exhibiting behaviors consistent with stated values foster alignment and trust. By aligning individual purpose with organizational purpose, centered on leadership authenticity and collaboration across silos, Impact Coaching is a powerful agent for culture transformation within a company, facilitating a shift towards understanding and desired behaviors around an organization's profit and purpose.

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IMPACT-DRIVEN BUSINESSES AND INVESTMENTS

Most business models prioritize income generation, meaning that most decisions, effort and resources are directed towards maximizing revenue. Typical for-profit businesses – from small startups to major corporations – measure success through demonstrated revenue and profits (Blank and Dorf, 2012). In contrast, impact-driven businesses prioritize decisions, effort and resources based on the impact the work is having, understanding that profitability may be less as a result (Shaw, 2022). Success for impact-driven businesses lies in the balance of measurable impact improvements and financial performance.

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The Global Impact Investment Network (GIIN) defines impact investments as "Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return." Unlike traditional financial investments, impact investments prioritize not just on financial outcomes but also social and environmental considerations. The core components of impact investing, as outlined by GIIN, include (1) intentionality and (2) impact measurement as necessary parameters of investment performance. In impact investing, the goal is to provide value far beyond return on investment (ROI), with investors committing to reporting social and environmental

performance in addition to financial performance.

The rise of environment, social, and governance (ESG) factors in business has led to a focus on reported metrics and their use in investment decisions (OECD, 2021). ESG, however, is not impact investing. ESG refers to a framework, whereas impact investing refers to a strategy. While ESG frameworks provide a foundation, impact investing goes further by committing to *measurable improvements*, not just measurement alone, of social and environmental directives (Foroughi, 2022).

Tracking of non-financial factors in business performance is becoming increasingly important to company success. The benefits gained by a successful impact-driven business extend well beyond revenue and profits. A major takeaway from the work by OECD and others focused on impact measurement is the improvement on the experienced well-being of employees, customers and society at large. Employee well-being is one of the greatest measurements a business can take to assess the current situation, since healthy and happy employees contribute positively to a business's financial performance (OECD, 2023).

There exist important codependencies of well-being of employees internal to an organization and health, trust and experienced well-being with society as a whole (Siegerink, et al., 2022). Just as businesses assess performance and well-being of employee and financial factors, there is incentive for assessing impact from the business on its stakeholders and society at large. The OECD framework on well-being considers both current and future well-being and marks sustainability as an integral component in the assessment of future well-being (Shinwell and Shamir, 2018).

Supporting and continuously improving well-being is one of the foundations of B Corporations (B Labs Global, 2024). B Corporations are defined as mission-driven companies that balance profit and purpose with initiatives that go beyond the typical reporting requirements of other corporations. B Corporations that continuously improve well-being initiatives, including financial, physical and mental well-being, have

found enhanced worker wellness and the creation of better work environments for everyone. Leadership of these companies embrace and effectively serve these initiatives.

LEADERSHIP CHALLENGES WITHIN TRADITIONAL AND IMPACT-DRIVEN BUSINESSES

Employees across industry verticals are increasingly restless and view companies as stagnant, in need of change. Nearly 30% of younger employees expect to leave their jobs within the next year and nearly 50% of younger workers don't believe their company will survive another 10 years if there isn't significant change. Management is viewed as stifling innovation, resisting change and not aware of how they impact the broader organization (PwC, 2023). A meta-analysis study in occupational health across multiple categories of mental health-related outcomes resulted in findings that emphasized the role of leadership as an important factor in occupational health and resulted in a link between leadership and job performance (Montano, et al., 2016).

For a business to be successful at driving impact, there needs to be a measurable outcome of social or environmental impact beyond the company. This is expected from employees and consumers alike. Both employees as well as consumers are increasingly likely to walk away from a company if they don't like or agree with company actions misaligned with the mission (B Labs, 2023). Leaders of an impact-driven business are keenly aware of this behavior and address it through measurement, programs and initiatives meant to demonstrate its effectiveness.

Alignment within an organization on business goals, including the mission of business and its desired impact, is paramount to achieving mission success. When leadership is misaligned, it becomes one of the primary causes of mission failure. This misalignment occurs when there is a disparity between words and deeds; essentially, when a leader says one thing and does another. Such discordance in leadership results in employees feeling disconnected from a sense of purpose, posing a significant threat to the company's chances of success.

Misalignment on its own doesn't always lead to failure; however, misalignment when viewed as hypocritical, can carry substantial repercussions for an organization (Cornell, 2019). The perception of word-deed inconsistency exists on a spectrum and the greater this misalignment, the more likely it is perceived as hypocrisy (Efron, O'Connor, Leroy, and Lucas, 2018). Should a leader exhibit a significant word-deed misalignment, the integrity of the entire organization may be at risk.

In a traditional business, where there is notable disparity between words and deeds, any negative perception of managers not practicing what they preach can ripple across an organization, creating a much larger problem. This holds particularly true for businesses embedded in strong independent cultures, as those prevalent in the U.S. and Europe (Efron, Markus, Jackman, Muramoto and Muluk, 2018). In organizations with strong independent cultures, being seen as hypocritical can create significant levels of distrust, leading to increased attrition rates and reputational damage for the organization.

When an organization prioritizes financial performance above all else, then only a decrease or stagnation of financial performance will result in leadership interventions. In cases where there is a reasonable doubt or a lack of concrete evidence of hypocrisy, there may be hesitance or outright refusal to take disciplinary

action against the individual involved (Lönqvist, et al., 2015). This reluctance to act effectively condones the misalignment, potentially leading to negative impacts on the organization's culture and reputation.

With impact-driven businesses, which prioritize both financial performance and social impact, the authenticity and integrity in leadership cannot be overstated. Hypocrisy and word-deed misalignment by leadership carry heightened consequences in such organizations. When the organization prioritizes its impact alongside financial performance, any perception of hypocrisy stemming from word-deed misalignment of its leaders can resonate far beyond the walls of the organization, impacting all stakeholders, including the broader social or environmental ecosystems touched by the organization. Consequently, impact-driven businesses place a higher value on the behavioral integrity and authenticity of their leadership.

Leadership authenticity encompasses a blend of attributes such as self-awareness, balanced processing, relational transparency, internalized moral perspective and more. Authentic leaders consistently exhibit behaviors that align with their values, reflecting a heightened awareness of the principles guiding their decisions (Leroy, et al., 2012). While authenticity of leadership is an admirable trait in any business, it is especially important in an impact-driven enterprises due to the higher moral standard expected placed on such businesses. Leadership research indicates

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that authentic leaders are more respected, trusted and highly regarded by others and less likely to resist change (Neves P., et al., 2018), and have followers that exhibit higher levels empowerment, job performance, job satisfaction and organizational commitment (Gardner W.L., et al. 2011).

In impact-driven businesses, authenticity in leaders is critical to mission success. Perceived hypocrisy from misalignments in words and deeds, not practicing what a leader preaches, can result in significant deleterious effects. In any organization with clear impact goals alongside financial goals, authenticity in leadership is essential for setting a precedent that builds trust in employees and other stakeholders.

Empowered leaders at all levels of an organization have the ability to make decisions that uphold the organization's vision and mission. When the leadership is truly aligned, it provides a strong foundation for the entire organization to get behind (Gleeson, 2016). A mutual understanding of the organization's mission and vision help drive alignment of its leaders. The authenticity and behavioral integrity demonstrated by aligned leaders convey to all stakeholders that they are not just talking the talk, but also walking the talk, and fostering a sense that we are all in this together.

IMPACT COACHING® FOR SYNERGY

Leadership coaching is a valuable tool for leadership development in any context, particularly amidst organizational change, considering the significant business and human ramifications (Grant, et al., 2009). Research findings reveal that coaching programs yield increased effectiveness and lasting retention in contrast to traditional training methods (Boyatzis, R. et al., 2023). The outcomes of leadership coaching are varied, spanning from heightened self-awareness to enhanced self-discipline and self-confidence, bolstered emotional competencies and clarity of objectives and purpose (Halliwell et al., 2022). Beyond

guiding leaders through transitions, leadership coaching plays a pivotal role in fostering resilience and adaptability, ultimately contributing to the overall success of the organization.

Impact Coaching® aims to support leadership authenticity, openness and coordination among siloed business units and the integration of profit and purpose initiatives throughout the organizational culture.

Whereas leadership coaching in the form of business coaching focuses on profit-related tactics and outcomes, Impact Coaching balances both profit and purpose, harmonizing the company's financial objectives with its broader social and environmental aspirations. Impact Coaching fosters alignment and injects greater precision into coaching engagements by establishing dual profit and purpose intentions upfront — a transparency that spans the entire process. While coaching approaches vary and sessions remain coachee-driven and confidential, intentions are clear among all parties from the onset. Impact Coaching is particularly well-suited to support leadership authenticity, openness and coordination among siloed business units and the integration of profit and purpose initiatives throughout the organizational culture.

As mentioned previously, authentic leadership is fundamental to the success of an organization. Authentic leaders embody a clear sense of purpose, enduring values such as integrity, heartfelt leadership, establishment of lasting relationships and demonstration of self-discipline (George, 2003). Impact Coaching fosters the cultivation of authentic leadership by helping leaders align their personal purpose with the purpose goals of the company. Through Impact Coaching sessions, leaders explore their core essence and values, essential to ascertain their purpose. This integration creates a powerful synergy, where individual aspirations harmonize with the collective mission, nurturing a profound sense of shared ownership and dedication and cultivating practices to build agency around purpose.

The longevity of organizations relies on activities such as organizational learning (Smith, 2012) and knowledge exchange (Cugueró-Escofet, et al., 2019). Yet many organizations face challenges arising from siloed work practices, which divide verticals, departments or teams within horizontal functions. Impact Coaching introduces a structure that fosters clarity and improves collaboration within the organization by establishing a central place where departments such as strategy and human resources converge. This integration facilitates a cohesive approach to human development at the organization, ensuring alignment with both organizational purpose and profit goals and human capital needs. Indeed, Impact Coaching promotes open communication and collaboration around a common topic, even before the formal coaching engagement begins.

Culture is understood as shared values, beliefs and behavioral norms. It serves to align effort, foster shared sensemaking, enhance predictability and encode organizational wisdom about what works. A strong culture is indispensable for the health and competitiveness of a company. Now, more than ever, leaders face the challenge of establishing learning organizations, communities of practice and systems that empower each worker to realize their full potential, all while meeting or exceeding organizational expectations and goals (Hollywood, et al., 2016). In an impact-driven business, this challenge is magnified.

Centered on leadership authenticity and collaboration across silos, Impact Coaching is a powerful agent for culture transformation within a company, facilitating a shift towards understanding and desired behaviors around an organization's profit and purpose. Each coaching program is guided by a dual purpose, setting cultural expectations, identifying areas of opportunity and developing strategies to embody desired behaviors. This framework fosters a sense of accountability among leaders, who, leading by example, catalyze cultural change from within. As leaders demonstrate commitment to the desired culture through their actions and decisions, others are inspired to follow suit. Strong leadership alignment with cultural values reinforces the importance of culture throughout the organization and accelerates the pace of change.

Impact Coaching serves as a strategic advantage for organizations aiming to enhance their endeavors in both profit and purpose. In numerous respects, Impact Coaching aids organizations in gaining a clear understanding of their current reality, integrating initiatives and outline the changes necessary to move forward. Our objective is for Impact Coaching to engage leaders committed to fostering positive change globally. By expanding what's possible, removing barriers and bolstering leaders along this ambitious journey, we strive to contribute to a better world.

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About Evolve Impact

Evolve Impact® is a coaching services firm specializing in Impact Coaching®, a framework designed to promote solutions that benefit nature, people and the planet. We form strategic partnerships with our clients by establishing a shared vision in every coaching engagement that balances both profit and purpose. Our services include executive and founder coaching, team and group coaching, as well as scaled coaching tailored for middle managers and management team due diligence to aid investment decisions. We support companies committed to making a positive impact, spanning from burgeoning startups to Fortune 100 companies. These organizations demonstrate a dedication to social and environmental causes, whether through their products and services or internal initiatives like diversity and inclusion and sustainability.

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