AVION CONSULTING

EXECUTIVE PERSPECTIVE

# Coaching as Risk Mitigation, Not Perk

*The case for executive coaching is usually made on upside. The sharper argument, and the one that gets budget approved, is downside math.*

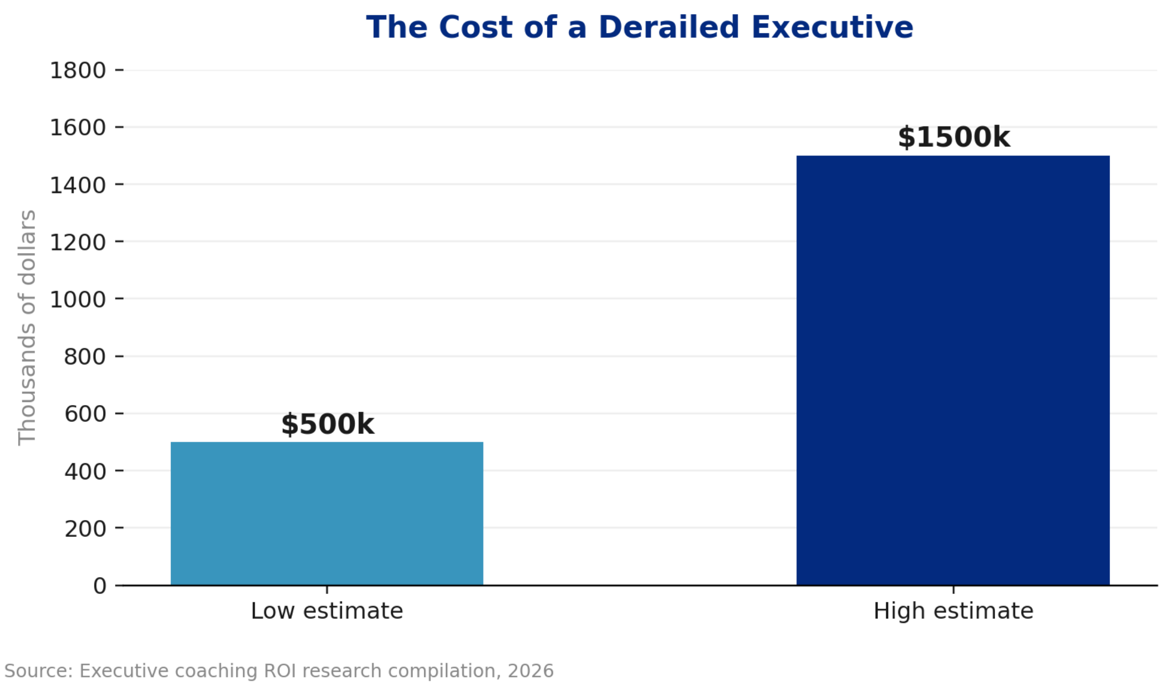
**40%+**

Of executive transitions fail within eighteen months, at a cost far exceeding what coaching would have required

**Nazma M. Rosado**
Principal Consultant, Avion Consulting
nrosado@avionconsulting.com | avionconsulting.com

## The Argument That Actually Lands With a CFO

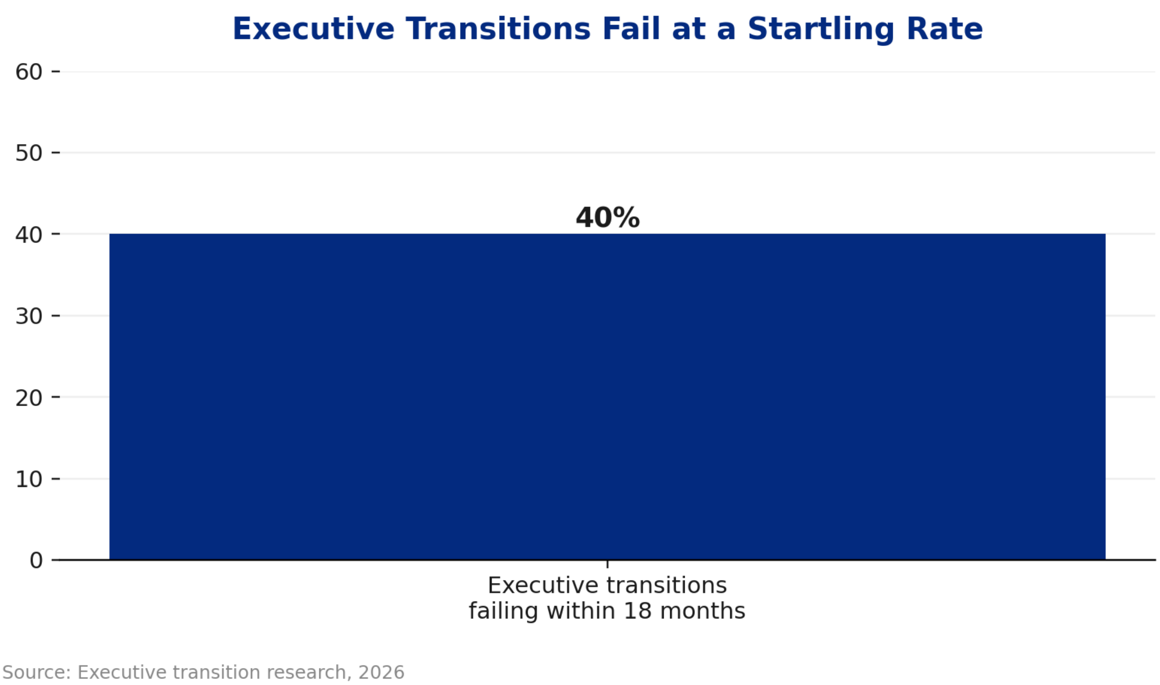
Executive coaching gets pitched, more often than not, as a development benefit, something offered to high potential leaders as recognition or reward. That framing undersells it and makes it an easy line item to cut when budgets tighten. The stronger argument is risk based. A derailed vice president costs an organization an estimated 500,000 to 1.5 million dollars once you account for severance, replacement search, lost productivity, and team disruption. A coaching engagement typically runs 1 to 3 percent of the leader's total compensation.




*The estimated cost range of a derailed executive, before any coaching investment.*

## The Base Rate Is Higher Than Most Boards Assume

This is not a remote risk being insured against. Forty percent or more of executive transitions fail within eighteen months, a base rate high enough that most organizations are effectively certain to experience it somewhere in the leadership team within a given planning cycle. The question is not whether a transition will struggle. It is whether the organization has already priced that risk into how it supports new and existing executives.




*Executive transition failure within the first eighteen months.*

## The Numbers at a Glance

| Metric | Figure | Source |
|---|---|---|
| Cost of a derailed VP, low estimate | $500,000 | Executive coaching ROI research, 2026 |
| Cost of a derailed VP, high estimate | $1,500,000 | Executive coaching ROI research, 2026 |
| Typical coaching engagement cost | 1-3% of total compensation | Executive coaching ROI research, 2026 |
| Executive transitions failing within 18 months | 40%+ | Executive transition research, 2026 |

## Why Coaching Gets Cut First Anyway

Development spend is visible and easy to defer. Derailment cost is diffuse, absorbed across severance, search fees, and months of reduced team output, and rarely gets tallied against the decision that caused it. That accounting gap is why coaching survives budget season as a nice to have rather than surviving as the insurance policy the numbers actually describe.

## Where Coaching Actually Pays Off Fastest

The clearest returns tend to show up not with underperformers, but with newly promoted or newly hired executives in the first six months of a role, precisely the window when derailment risk is highest and habits are still forming. Coaching aimed at that specific window, rather than offered generically across the leadership population, is where the cost-to-avoided-loss ratio is strongest.

## Two Different Jobs to Do

### For the CEO

Every executive transition, promotion, external hire, or expanded scope, carries a real probability of derailment that is higher than most leadership teams acknowledge out loud. Treat coaching for new executives the way you treat insurance for a major asset, as a cost that is obviously smaller than the loss it is priced against.

### For the CHRO

Reframe the coaching business case before it goes into next year's budget conversation. Lead with the derailment cost avoided, not the development narrative. A number the CFO can compare against a known failure rate will survive a budget cut in a way a development story will not.

## The Better Question

The question worth asking is not whether coaching is worth the cost. At 1 to 3 percent of compensation against a 500,000 to 1.5 million dollar downside, that math answers itself. The better question is which executive transitions in the next twelve months are currently unsupported, and what that gap is actually costing if even one of them goes the way the base rate says roughly four in ten will.

## References

1. Executive coaching return on investment research compilation, 2026, aggregating multiple industry studies on derailment cost and coaching spend.

2. Executive transition failure rate research, citing multiple leadership transition studies, 2026.