



White Paper

Develop or Perish: Building Executive Capability through Executive Coaching

By John Parker Stewart & Daniel Stewart

Over the last twelve years, executive coaching has become a popular and effective method for growing talent and filling the leadership pipeline. Many board members and executives have heard stories and trends about executive coaching or have experienced it themselves. They may wonder how effective it is or how it should best be used. It is now time to make sense of it all.

As Ram Charan, Steve Drotter, and Jim Noel, explain in their book, *The Leadership Pipeline*, “Today the demand for leadership greatly exceeds the supply. Aggressive, sometimes desperate attempts to recruit outsiders suggest that the leadership pipeline is inadequate. Internal training, mentoring, and other programs aren’t keeping the pipeline full. The problem, of course, is that there are only so many full-performing leaders to go around. Everyone is fighting over a small group of stars who tend to move from company to company with alacrity. What’s needed is an approach that allows organizations to keep their leadership pipelines full and flowing.”

A few years ago, Ralph S. Larsen, the chairman and CEO of Johnson & Johnson said, “As you look at our growth projections over time, we’re going to need more and more leaders. Leadership is the biggest single constraint to growth at Johnson & Johnson, and it is the most critical business issue we face.” No doubt, your organization is in a similar situation. Leadership development is serious business if organizations want to be competitively successful in the future.

The old academic adage, “publish or perish,” could be changed to “develop or perish.” Few methods develop leadership capability like one-on-one executive coaching. The fact is board members and high-level executives must be aware of and know how to productively use this beneficial method of growing leaders or their organizations may suffer. This article will guide busy executives in deciding how, why, and when to engage an executive coach.

John Parker Stewart is a leadership and communication consultant, and has been coaching and training thousands of leaders in Fortune 500 companies and large government agencies for over twenty-five years. Some of his clients include Boeing, Bank of Hawaii, BP Oil, Castrol of Malaysia, Citibank, Chevron, Durham Transportation, General Electric, IBM, Kennedy Space Center, Lockheed Martin, NASA, Nestle/Carnation, Pacific Bell, Raytheon, Thiokol, Toshiba, U.S. Department of Energy, Waste Management, ViaSat, and Xerox. John is based in Portland, OR: jps@johnparkerstewart.com.

Daniel Stewart is a communication and organizational development specialist consulting and improving performance at companies like Avaya, Deloitte & Touche, and Starbucks. Daniel is based in Boulder, CO: daniel.stewart@johnparkerstewart.com.

Stewart Systems, Inc.

PO Box 1527

Lake Oswego, OR 97035

v 503.638.1106

f 503.638.4803

www.johnparkerstewart.com

The Heart of Executive Coaching

Executive coaching is a strategic, focused and individualized approach enhancing one's ability to lead and achieve results in the organization. In essence, coaching is an intense, personal leadership course for talented people. Coaching engages executives to recognize the previously unseen possibilities that lay embedded in their existing circumstances.

The mission of every good executive coach is to partner with organizations to assess strengths and weaknesses of their current and potential top performers and work with them to build leadership capability. These gifted leaders are expected to assume multiple roles in influencing others, building commitment and directing change. Executive coaching clarifies organizational roles the client plays, the expectations of each, and how the client manages these expectations. It identifies critical competencies for the roles and assesses the client's ability to perform them.

Coaching is time sensitive, on-the-job improvement that usually lasts from 3 to 12 months. Through a series of face-to-face and/or telephone sessions, the coach and client work jointly to assess and develop a plan of attack to overcome performance concerns and learn essential executive skills. Interviewing, shadowing, 360° assessments, and videofeedback all are commonly used coaching methods.

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Every coach should leverage the individual executive's unique style, in designing a coaching program that will fit the company's culture and sharpen the executive's distinct ability to energize and persuade. Though executive coaching is often used to resolve poor executive performance, it is more frequently used to raise the bar on existing high performance—helping the executive perfect existing leadership strengths. In summary, the coaching process is uniquely designed to accelerate the leadership development of:

- Senior-level executives being developed to take on new or expanded roles and responsibilities.
- Leaders needing developmental fine-tuning or interpersonal re-calibration.
- Talented executives wanting to sharpen particular leadership skills or selected by top-management for development opportunities.
- Key technical individuals being developed to move into general manager roles.

Lastly, some believe that executive coaching is merely another form of psychotherapy. However, executive coaching does not always explore someone's psyche. It primarily focuses on current performance and how to improve it. Admittedly, some executive coaches are clinical psychologists or use psychotherapy in offering personality assessments and delving into the impact of an individual's psychological and emotional history on his or her current situation. This may be needed in some cases. However, the real focus of executive coaching is on the here and now emphasizing how to substantially improve the executive's current and future leadership performance. Anything beyond analyzing performance should only be addressed with a trained and accredited professional therapist.

Why Executive Coaching

Too often, the board of directors does not have a clear and established process for providing sensitive feedback to top executives. Combined with the natural tendency to postpone action and hope that things will improve, delaying feedback can bring even more unpleasant “surprises” for the board and CEO later. Executive coaching provides a needed avenue for honest performance analysis, tactfully revealing blind spots and eliminating uncomfortable situations.

The fact is leadership at the top can be a lonely, unclear, and challenging experience. Any executive can temporarily lose perspective and feel isolated under these circumstances. In these highly political environments, coaches can assume the role of confidant and become a sounding board enabling executives to freely think out loud. Executive coaching provides an opportunity for executives to reflect on their challenges and dreams, to adjust their course, and to pursue the paths that are their highest priority.

Executive coaching is also a highly effective tool in retention and in creating organizational loyalty. Spending time and money to develop an executive will likely create greater commitment to the company. Besides, nearly 6 out of 10 organizations currently offer coaching or other developmental counseling to their managers and executives according to a survey by Manchester, Inc., a Jacksonville, Florida, career management consulting firm. Because so many other organizations are offering coaching, if the executive’s employer does not promote executive coaching, then he or she may feel less valued and seek career opportunities with other companies.

The biggest incentive to use an executive coach is for talent and leadership development. Talent management is a frequent concern for today’s top organizations. Executive coaching can effectively assess high potential individuals and teach them what they need to know to strengthen their company and lead change. Essentially, coaching can turn good performance into great performance. Thus, executive coaching is a productive tool for knowing who to place and keep in the leadership pipeline, and is also a strong sign that the executive is poised for great things.

Choosing the Right Coach

Selecting the right coach is the most important step to ensure a successful coaching relationship. Identify the motivations for seeking a coach. If it is to address skill deficiencies, then selecting a coach who is a subject matter expert in the needed area is appropriate. If the coaching is for assistance on a wide variety of topics, then choosing a coach who has held a similar position would be helpful.

However, the most significant consideration is if the coach and client connect on a deeper level—a level where they can trust and openly communicate with each other. If this connection is not there, the client should leave immediately and find a more compatible coach. Consequently, a coach should always be willing to spend some initial time with a client to assess compatibility.

Executives typically want someone with strong business experience and the ability to effectively listen, deliver honest feedback, provide an encouraging atmosphere, and suggest smart action items. According to the 1999 International Executive Coaching Summit, executive coaches should have:

- A firm grounding in business knowledge, as well as a thorough understanding of the world of the leader.

- Highly developed communication proficiency that enables them to operate comfortably in the executive's environment.
- Working knowledge of systems dynamics, and adult and leadership development.
- A stature and reputation that commands respect, with a commitment to lifelong learning.
- Ability to blend into the social environment of the leader while still challenging blind spots, and demanding that performance be constantly upgraded.

Also, do some homework on the coach. Talk with his or her previous clients and gauge their experience. The point is to not passively accept the first coach who comes around. Make sure the coach is familiar with your business and has the experience to justify what he or she brings to the table. You have every right to be picky about who you choose as an executive coach.

The Process

Multiple methods exist to guide the executive coaching process. They nearly all share some sort of assessment, action, and follow up phase. What each phase is called matters little as long as the coach identifies the root issue, jointly develops a plan of action, and measures and evaluates progress. The following is a more detailed summary of the executive coaching process:

1. The **Define Purpose** phase involves the client and the coach deciding the focus of the coaching engagement. They discuss existing concerns, clarify expectations of each other, ensure client commitment and organizational support, establish desired results, sign a coaching contract, and tentatively schedule the other phases. This intake session can last anywhere from 2 hours to a full-day.
2. The **Grow Awareness** phase includes conducting face-to-face interviews with key stakeholders. Videotaping, 360° assessments, and other instruments are often used to supplement the interviews, identifying strengths and areas for improvement. Typically, the coach will also observe, or "shadow," the executive at work in meetings, making presentations, and every day activities. Once the data has been collected, the coach meets with the executive to analyze the results. This usually involves an intensive feedback session lasting a half day to two days.
3. The **Take Action** phase begins with revisiting the focus of the coaching engagement and the creation of a Plan of Attack. The Plan of Attack is jointly created by the client and coach and is usually shared with the client's boss to obtain feedback. The Plan of Attack is then implemented. Each client's Plan of Attack is different, but at a minimum, the coach meets with the executive at least twice a month for one to four hours to assess progress, discuss roadblocks, and offer support. In some cases, the coach will continue to observe the executive in various interactions and provide on-the-spot feedback. Telephone follow-ups can also be scheduled. The coaching can include videotaping, having the executive read books or articles and debrief with the coach, and conducting role-plays. The coach usually continues to work with the executive until the Plan of Attack has been completely implemented and the executive has addresses the targeted competencies.

4. The **Conduct Follow-Up** phase will help ensure long-term retention of skills. Usually, the coach will spend some time with the client several months after the last coaching session to discuss and evaluate progress and provide needed support. At that time, the coach may also interview colleagues such as the client's boss, direct reports and peers, videotape and observe the client in action, and set additional improvement goals and objectives.

The entire executive coaching process usually takes 3-12 months.

The Make or Break Rules

Throughout the process, four rules must be followed. The violation of any of these rules will significantly decrease the success of the coaching engagement. Based on Matt Bolch's *Training Magazine* article, "Proactive Coaching" (2001), the four make or break coaching rules are:

1. **Maintain Coaching Fit:** The most important element in a successful coaching relationship is the fit between client and coach. A compatible client and coach will have the necessary trust to enable genuine growth to occur.
2. **Engage a Motivated Client:** The client has to want to improve. The finest coaching will be to avail, if an executive is averse to personal development.
3. **Retain Organizational Support:** Both the coach and the client cannot forget they are working within a larger organizational structure. The client's boss should always be kept apprised of the client's progress, and upper management's approval should periodically be confirmed. Also, the coaching process may reveal deeper organizational problems that need to be addressed on a broader level. Little progress can be made, either on a personal or organizational level, when the powers that be do not support the coach or the client's association with the coach.
4. **Set and Track Goals:** Feedback alone does not cause behavior change, it is the specific goals that people set in response to feedback. Coaching is nothing without specific, realistic, and timely goals. Each goal must have measurable objectives. These goals and objectives can be short or long-term. The point is without measurable benchmarks, coaching is just a paid listening ear instead of a strategic intervention for executive development.

Executive Coaching's ROI

Fortune Magazine (2/19/01) reported the results of a poll of executives and upper level managers who had six to twelve months of coaching with a Masters or Doctoral level executive coach. Anne Fisher writes, "Asked for a conservative estimate of the monetary payoff from the coaching they got, these managers described an average return of more than \$100,000, or about six times what the coaching had cost their companies." In other words, a nine-month, \$30,000 executive coaching program investment for a VP, was worth six times that—\$180,000.

Another study, published in the Manchester Review (2001, Vol. 6, 1) surveyed 100 executives who had received coaching. Trained professionals with Ph.D's or Master's degrees and at least 20 years' experience performed the coaching. The

coaching process ranged from 6 to 12 months in length. The executives were both male and female and 50% held positions of vice president or above.

The results showed that return on investment for executive coaching was 5.7 times the initial investment. Eighty-six percent of the executives said they were “very satisfied” or “extremely satisfied” with the results, and 73% of the executives said they achieved their developmental goals “very effectively” or “extremely effectively.” The general conclusion is coaching is a valuable tool for executive development. In fact, the studies advocate executive coaching should be used more often. Executive coaching improves a company’s bottom line and effectively develops executive leadership capability.

The advantages to executive coaching are plentiful. The following list summarizes the many abilities and benefits the executive can gain from executive coaching:

- Enhanced executive presence
- Increased ability to influence and persuade
- Superior capability to initiate and lead change
- Better relationships with key constituencies
- Improved organizational visibility
- Greater effectiveness through self-knowledge
- Prognosis for future executive development potential
- Better adaptability
- Enhanced overall performance
- Reduced stress levels
- Increased promotability
- Higher job satisfaction
- Smarter goal setting

In addition to the growth the individual executive receives, the organization greatly benefits from executive coaching in the following ways. An organization can gain:

- Superior leadership
- Stronger culture
- Elevated staff productivity
- Greater profitability
- Higher morale
- Increased competitiveness
- Lower turnover

So, What Now

Here is where the real work begins. You now know what executive coaching is and how to evaluate why an executive or organization should engage in it. You know how to choose the right coach and the make or break rules behind a successful coaching experience. You even know the answer to the biggest executive coaching question out there: what value it adds to the organization?

Keep in mind Robert Fulmer and Marshall Goldsmith’s stellar quote from their book, *The Leadership Investment*, “Best practice organizations grow leaders as opposed to buying them. Their top leadership comes from within the company. Senior executives tend to be products of the leadership development system, groomed from the beginning to take on increasing responsibilities. Their leadership development begins with a unique commitment, and from that solid foundation, the organization builds superb programs and processes.”

What will be your unique commitment? Will it be to actively develop leadership throughout the organization, especially at the executive level? Or will it be to allow executive leadership to continue the game of hit or miss—leaving it up to fate? Your organization need not take chances and inevitably lack effective leadership. Executive coaching pays for itself many times over and it consistently produces superior results. As a board member or high-level executive, you now have a tool that can promote development. It all comes down to the old adage, “develop or perish.” What is your choice?