EXECUTIVE COACHING for RESULTS

The definitive guide to developing organizational leaders

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Introduction

Coaching Has Come of Age

Coaching has now come of age.

Given the rapid and extensive growth of this industry, it is not surprising that there is confusion regarding the field of executive coaching among corporations, coaches, and the executives who seek a coach. There currently is no official voice of the corporate coaching industry. Thus there is a clear, unfilled need among corporate coaching practitioners for a definitive source on corporate coaching.

Organizations worldwide are scrambling to make the most of this highly touted, yet somewhat mysterious, development intervention. What is coaching? What happens in coaching? How do you find good coaches? How do you know whether coaching has been successful?

Why Now?

Just within the past ten years the coaching industry has realized explosive growth. There are now an estimated 40,000 coaches worldwide,¹ with an estimated $1–2 billion in yearly revenues. Many organizations are now making external coaching a high priority in their leader development strategies. Some are now five to ten years into an in-depth coaching implementation, serving hundreds—if not thousands—of their executives. Coaching has achieved a place as both a professional and a profitable business.
A 2004 Harvard Business Review article coined the industry the *Wild West* of coaching, in response to the prevailing mood of the time. Major organizations sponsored several industry-wide research studies to get a better handle on this promising methodology.

What explains this incredible growth? For one thing, the ever-increasing pace of change requires organizational leaders to develop quickly, and in the context of their current jobs. Traditional training programs are often set up to train or educate large numbers of people, but not to focus on a specific individual’s development needs. Coaching offers an individualized development option without removing leaders from their work.

Second, the war continues for leadership talent. As the hunt to find and retain talent intensifies, many companies have viewed coaching as a way to compete in the marketplace to attract and retain that talent. Several organizational leaders we met said they would not still be at their companies if they hadn’t received coaching.

Coaching in organizations grew with the rise of 360-degree feedback deployment in the early 1990s. Companies began offering one- or two-hour debrief sessions with an external coach to review the feedback. Organizations found that the feedback seemed to stick better, and leaders liked the opportunity to work with an unbiased external professional. More leaders, as well as many intact teams, found the process helpful for their development—and as leaders grew as executives, they recommended coaching to others.

Gradually, the standard coaching offer expanded to several sessions, several months, and eventually to 6- to 12-month assignments, and beyond. Coaches were a mixture of consultants and trainers, psychologists, and former leaders inside industry. Organizations began to target coaching for high-potential or high-performing leaders, rather than those experiencing performance problems.

Today, name-brand organizations such as Dell, Johnson & Johnson, Wal-Mart, and Unilever have large managed coaching programs serving countless executives and use pools of highly-screened coaches, in all parts of the world. Coach qualifications are now more consistently understood, and coaches operate in more countries than ever before. In addition to individual coaches, organized coaching networks, boutique firms, and large players serve the industry.

Coaching is also moving internally, with many organizations training internal practitioners to coach leaders. This idea is popular primarily for expense purposes and with companies who view their organizational culture as highly unique. Internal coaching is most frequently being implemented at the mid-manager and first-line supervisor level. External coaches remain the most popular solution for executives.

Coaching’s rise in popularity impacts the use of traditional executive development methods. We found that in-house training, formal mentoring, and external
education are at times being displaced by executive coaching. As a result, many trainers and consultants now deliver their specialized content with coaching included. For example, a time management class may now include follow-on coaching sessions.

We are also seeing more organizations looking to create a coaching culture. Companies are training their leaders to better coach others in work-related situations. As more organizations understand the results of coaching, they are offering leader-as-coach training.

The benefits include one-on-one focused development, specialized personal learning, confidentiality, and personal accountability for improvement. In addition, coaching provides leaders the opportunity to develop individual capabilities faster than most instructional programs can, and in areas where training programs do not exist. The main challenges for coaching remain its relatively high costs and difficulty in measuring results.

Generally, senior leadership’s support and enthusiasm for coaching is on the increase. This can easily vary from company to company, however. We also found a gap between leaders receiving coaching and those willing to publicly endorse coaching to others. Perhaps there is still a stigma attached to having a coach in some companies.

Although coaching is still a rapidly growing field, many answers and best practices are now available to guide the development of the industry. The industry is not as out of control as some would suggest. The Wild West is being tamed (as it was in real life).

The industry’s growth is showing no signs of slowing down. A recent Hay Group survey\(^3\) of HR professionals found that more than 50 percent had established a coaching program in the past 18 months. Coaching was estimated to be growing at about 40 percent per year. Another survey by The Chartered Institute of Personnel and Development\(^4\) found that 79 percent of responding companies were using coaching.

In the following review of coaching, The Conference Board shares trends from its industry-leading conferences.

Executive coaching has become an accepted best practice in the field of executive and management development, evidenced by the fact that two conferences and two seminars staged by The Conference Board are dedicated exclusively to the topic of executive coaching.

Begun in the early 2000’s, the first coaching conferences attracted audiences seeking basic knowledge about an emerging field, which commonly focused on executives who needed fixing. As coaching evolved from a remedial
intervention into a perk for C-suite and high-potential executives, knowledge and sophistication about coaching practices have increased. In response, The Conference Board added seminars and forums in 2004 to satisfy the interests of more senior-level practitioners.


New directions and trends in coaching best practices were striking in these exemplary recent presentations:

- Intel—presented a study citing an ROI of its coaching program of more than 600 percent;
- Goldman Sachs—links coaching to specific business goals;
- Weyerhaeuser—the key role played by coaching in a rapid transformation and new identity for the sales organization;
- Wachovia—expects tight partnerships of internal HR and external coaching providers;
- GE and American Family Insurance—developed an internal coaching cadre of HR and OD professionals;
- MTV—increasingly recognizes the significance of adult learning and development theory in informing their coaching program;
- Avon—as part of global talent management, it prefers only coaches whose work is results-guaranteed for high potentials;
- Hasbro—links coaching to off-site executive development and strategy seminars held at Dartmouth;
- Deloitte—now requires training in coaching skills for all of its partners;
- ABN/AMRO—trains line managers from their business units in coaching skills.

Going forward, seminars and forums will continue to keep pace with trends in the field of coaching. Themes frequently mentioned on evaluations include:

- What are the best coaching models? What are the implications of adult learning theory? Is there a physiological basis for good coaching methodologies? What is the connection between coaching and psychology?
• How do you effectively introduce a coaching program within a corporation, ensure consistency in global coaching programs, and create a coaching culture?
• The critical link of coaching to leadership development, talent management, organization design, and business strategy.
• Coaching credentials.
• When should internal coaches be used? In what situations are external coaches more effective?
• How do you match coach to coachee? How do you measure results, including ROI? What about the issue of confidentiality?
• Do women leaders require different approaches to coaching? Are there diversity and generational implications in coaching?

Based on our research, we know that executive coaching is not just a fad, but a permanent mainstay in the development marketplace. Sixty-three percent of organizations in this study expected to increase their use of coaching over the next five years. Nearly all the remaining companies plan to continue with their current spending, and only 2 percent plan to decrease their coaching budget.

The most encouraging statistic came from the customers of the process—the leaders themselves. Ninety-two percent of leaders who have been coached indicate they would hire one again when the time is right.

About the Book

This book will serve as the definitive guide and should be required reading for anyone responsible for designing and/or managing a corporate coaching program. It is written for leadership development practitioners, strategic HR, the talent management group, internal and executive coaches, as well as for executives and leaders seeking to make the most of their coaching experiences.

The vast majority of learnings and examples could be applied to any industry, company, or organization. Likewise, the examples and experiences could occur in large, mid-size, or small organizations; private or publicly held firms; government entities; or start-up or established companies.

This book offers a robust 3-D view of the industry, depicting the similar and contradictory perspectives of organizations, coaches, and leaders. No other publication on the market today can make this claim. This information is invaluable in its contribution to a holistic approach to coaching and the evolution of the industry. Although the book approaches the coaching field from the viewpoint and experience of the three authors, it is influenced by the research study and participation of organizations that have contributed feedback, callouts, and insight into their company’s practices.
We invite you as the reader to join the author, coaches, and practitioners from leading Fortune 1000 and Global 500 organizations in a journey to understand the state of the art in executive coaching and extend its impact in the business world. Yes, coaching has clearly come of age.
1 • Understanding the Coaching Field

The word coach derives from 15th-century Hungary,\(^1\) referring to the village of Kocs, where fine transportation coaches were first constructed. The purpose of a coach was to transport people from where they were to where they wanted to go.

Similarly, executive coaches facilitate the transportation of leaders to new levels of development and effectiveness. The optimal conditions for the journey include an integrated organizational system and human resources (HR) or leadership development (LD) practitioners to facilitate the journey, a coach trained and appropriate for the job, and a leader eager (or at least willing) to be transported somewhere.

A good place to start is to set the executive coaching foundation and build from there. What is coaching? Why do coaching? Who receives coaching? We’ll take a further look into these basics in this chapter.

What Is Coaching?

Scroll through the academic, consulting, and other literature and you will find about as many definitions of executive coaching as there are coaches in the marketplace. Here are a few examples:
The essence of executive coaching is helping leaders get unstuck from their dilemmas and assisting them to transfer their learning into results for the organization. —Mary Beth O’Neil

Action coaching is a process that fosters self-awareness and that results in the motivation to change, as well as the guidance needed if change is to take place in ways that meet organizational needs. —Dotlich and Cairo

A helping relationship formed between a client who has managerial authority and responsibility in an organization and a consultant who uses a wide variety of behavioral techniques and methods to help the client achieve a mutually identified set of goals to improve his or her professional performance and personal satisfaction and, consequently to improve the effectiveness of the client’s organization within a formally defined coaching agreement. —Kilberg

Executive Coaching is a one-on-one training and collaborative relationship between a certified or self-proclaimed coach and an executive interested in improving him- or herself primarily in career or business related skills. —Wikipedia, today’s leading “Web 2.0” resource for user-generated content

We see executive coaching much more simply and offer this definition:

Executive coaching is the one-to-one development of an organizational leader.

Executive coaching is one leader, one coach. The purpose is the development of the leader’s skills, and executive coaching is intended for organizational leaders (whether or not they are in actual leadership positions). It doesn’t matter if the company is large or small; for profit or nonprofit; private, governmental, or publicly held—the purpose remains the same.

Most emerging disciplines face a great variation in definitions. But there is no doubt that the practice of executive coaching is here permanently, regardless of how it is defined.

The Purpose of Coaching—Why?

Many leaders believe that they need to get a coach, without fully understanding why they need one. Plenty of organizations are guilty of this, too.

What is the point of coaching? Why do companies hire coaches?
At conference presentations, we often meet corporate practitioners asking about the different types of coaching. The confusion is understandable—there are lots of reasons to hire a coach. One executive development manager put it this way: “Executive coaching could be anything from building and sustaining leadership capacity, which is very difficult in these challenging times—to an executive with a leadership issue that needs remediation—to a leader in transition who is moving into a new role.”

The top reason companies hire coaches is to develop the leadership capabilities of their executives. In our research, organizations, leaders, and coaches unanimously agreed that this is the primary purpose of coaching.

On a much smaller scale, coaching is also used to enhance career development, fix performance problems, retain high-potential employees, and manage leadership transitions.

A company’s human resources or leadership development group can be of tremendous help in identifying how coaching will be used and linking it to the company’s business strategies.

Let’s review the leading answers from the research regarding the purpose of coaching (Fig. 3).

**Leadership Development**

Our study findings confirmed leadership development to be the clear purpose of most coaching engagements. The good news is that organizations and coaches were in nearly exact agreement regarding this point. They ranked leadership development the clear winner and agreed on the relative importance of the remaining options.

**Leader Transition**

Leader transitions, such as promotions, lateral moves, or international assignments, are all coaching opportunities. The scarcity of leadership talent combined with the rapid international expansion of many organizations requires leaders to make successful transitions quickly.

Playing off the success of *The First 90 Days* and other books, more organizations are using coaches to facilitate leader transitions. One organization explained that they are now “doing some coaching around transitions and promotions or movements in the organization when we send somebody off on an expatriate assignment.”

Other firms automatically assign a coach when a major transition occurs. One company says, “We use coaching as a development strategy, oftentimes aligned with new leader transitions—those who are stepping up into a new
role—to make sure that they are set up for success in that important first year.”

We expect that more companies will begin to use coaching to help leaders transition between positions, with new promotions, or to help them during orientation (on-boarding) to a new environment. For example, Thrivent Financial for Lutherans has made good use of coaches during on-boarding transitions.
At Thrivent Financial for Lutherans we use executive coaches as part of our Start Right program—our roadmap for on-boarding new senior sales leaders. Start Right has two key components that make up what we refer to as the 100-day plan—the development and initial implementation of a business plan for their region, and the identification and launching of their new team. An executive coach is provided to help support the execution of the plan and to create and begin the implementation of an individual development plan. The coach is in place for the first six months post-transition.

Transitions often involve a geographic move. We provide a coach in the area where they now live; an added benefit providing an opportunity to learn more about and build relationships in their new city.

Initially, we took the approach that individuals could choose whether they would have an executive coach. But over time we have learned it is such an important element of their future success that we now require it. We typically provide information to new leaders about the transition coaching process and their coach within a few weeks of being named to their new role. We choose a coach for them, with the option of switching if the relationship isn’t working. This simplifies the process and gets the coach in place more quickly.

A fundamental step in the formation of the relationships is conversation between executive coaches and the sponsors/managers of individuals. The purpose of these calls is to provide the coaches with background about the nature of transition and key information that can contribute to the effectiveness of coaching. Because the leaders are in new positions and often don’t know what they don’t know, these conversations save time and contribute to the coaches’ understanding of their work and our organization.

The executive coach provides reinforcement at a time when derailing is a real possibility by ensuring that these two areas remain a top priority. The coach is essentially our secondary support system and safety net to ensure that the individual stays on track during this crucial time in his or her career.

**High-Potential Retention**

Many companies have realized the value of coaching for leadership development as a means of retaining executives. Offering coaching is viewed as demonstrating the company’s commitment to developing key leaders and internal talent. Leaders recognize the company’s investment in their success and appreciate receiving this individual attention.

It’s a win-win situation for both the leader and the company. The leader wins by receiving individual attention and increased developmental opportunity. The company wins with a faster-developing leader who is stronger, contributing to
both current and future business. Several leaders we’ve met over the years credit coaching specifically as the reason they’ve stayed at their firms.

**Performance Issues**
In the early years, coaching was more often to correct an employee’s performance who had gotten off track (derailing). In some organizations, it is still used in this way. But the trend, and most certainly the desire of practitioners, is to use coaching as infrequently as possible for performance issues.

Many companies have decided that other performance management practices are more appropriate for correcting poor performance, and they now reserve coaching—and its investment costs—for stronger performers. One organization says that, “One of the biggest changes that we have been able to institute over the last five years is moving executive coaching from a remedial to a development tool.”

Companies that still use coaching to address performance problems may find a lack of interest in coaching from their star performers. Our recommendation is to discontinue the practice of performance problem coaching and reserve executive coaching only for those with bright futures at the company.

**Career Coaching**
Career coaching is primarily about assisting an individual with an assessment of where their career is now and where it may go next. This coaching is paid for by either individuals themselves or a company. Some well-known career management consultancies are now offering individualized coaching to support their efforts.

Leaders ranked *career coaching* as most frequently used after leadership development. Whereas companies want to use coaching for developing leaders, leaders also view coaching as a tool to personally enhance their individual careers. Interviewed leaders offered many comments about how the coaching experience played such a major role in their career development.

Many coaching programs exercise tight control regarding the purpose of coaching and the number of hours allocated to achieve that purpose. Coaching programs may enhance leader support by allowing a place and funds for such conversations during the engagement. One leader told us, “I think what a coach provides to me is a mirror—and facilitates me solving my own problems. I feel like I will always want a coach to work on my own development.”

**Life Coaching**
Life coaching focuses on assisting clients to set and achieve goals in other aspects of their life rather than focusing exclusively on business objectives. In these cases,
people choose areas of their life to improve, such as obtaining a personal goal (i.e., overcoming a financial or physical challenge), successfully making changes or transitions (i.e., career planning or relationship changes), or helping them manage a part of their life better (i.e., stress or time management).

Life coaching is not therapy, and these coaches are not therapists—although therapists may also be life coaches. Life coaching is almost always funded by the individual.

We believe that the coaching industry is currently at a crossroads; life coaching and executive coaching will likely diverge into separate industries. Each would offer distinct practices, certification requirements, and unique value propositions to their respective customers.

**Content-Specific Coaching**

At times, coaching is used to enhance traditional training programs. We’ve seen examples such as time management coaching, public speaking, financial literacy, communication skills, etc. Corporations use coaching in this way to continue the learning after the classroom training by adding follow-on coaching sessions.

General Mills offers coaching through a variety of different programs. They have found great success in their personal productivity coaching, as Kevin Wilde explains in the following excerpt.

General Mills provides coaching through three avenues: strategic leadership development coaching (associated with a program for the CEO and senior team), a coaching *clearinghouse* for individual assignments, and Getting Things Done (personal productivity coaching). It is the latter that has garnered particular attention for its innovative and successful approach to coaching.

Specific coaching in personal productivity is known as Getting Things Done. The program was designed by David Allen, author of the book by the same name. The focus is on helping executives be more productive in the workplace.

Coaching is built around a two-day office experience. An external coach and the leader review the basic concepts of the productivity methodology. The remainder of the time is spent applying practices with the most impact for the executive. The work often includes going through the entire office, collecting e-mails, paper, voice mails, and organizing everything into a workable system. The administrative assistant is often in attendance to support the leader.

As part of the follow-up process, coaching touchpoints are then built in for up to two years. A number of internal support processes have evolved that help executives continue their application. For example, 12 trained
internal coaches often provide touch-up sessions to reinforce and extend the productivity practice for executives.

The program is incredibly popular as a career competitive edge or for those trying to achieve a better work–life balance. Coaches are assigned to leaders, as opposed to letting a leader choose, because the work is more about content than about chemistry. A small and nimble number of David Allen coaches handle the various leadership layers well.

Approximately 200 to 225 executives receive some form of training or coaching in a typical year. Of those, roughly 25 are engaged in Getting Things Done coaching yearly. The program has continued its increase in popularity. An internal staff of specialists will continue its support of the program, reinforcing the concepts among the recipients.

What Does Coaching Replace?
Coaching plays a growing role in the total arsenal of development options. In the Web research, 86 percent of the responding organizations indicated that coaching represents up to nearly a third of their total development offering. Leaders rated coaching even higher, with 91 percent also attributing nearly a third of their development to coaching.

What are generally considered the alternatives to executive coaching? Figure 4 shows the available options named by organizations and leaders. The three most popular answers from organizations were traditional internal training, mentoring, and developmental job assignments.

Leaders prioritized these alternatives differently. Although they agreed on internal training and external training, leaders placed a much lower priority on developmental job assignments (25% difference) and mentoring (37% difference) than organizations did.

With the growth of coaching, we believe that executive coaching will more regularly substitute for some of the more traditional methods over time. This would mean a shift from more general education to personal, one-on-one development.

Who Gets Coaching?
Many organizations are trying to determine which leaders should receive coaching. Should coaching be available only to vice presidents and above? To all executives? To high-potentials supporting the talent pool? Who would benefit the most?

A better question to ask is: What would have the greatest impact on the company—today and into the future? In our experience, this is best answered by considering three factors: the position level of the leader (today and in the future),
leader’s performance and potential, and/or which leaders are most motivated to make the best use of coaching.

If coaching is new to your organization, use extreme care in determining which leaders would benefit first. These early adopters should be viewed as high-performing, highly influential leaders who will publicly endorse the value of their coaching experience. Building a coaching program from initial performance problem assignments sets a negative tone within the organization. It can be confusing to have a coaching program used for both poor performers and high achievers.

We looked at the level of leaders receiving coaching (Fig. 5). Vice-presidents are the most frequent customer group, then senior vice-presidents, followed by directors. This shows that coaching is still primarily reserved for executives in a company.

Surprisingly, high potentials were chosen in only about two-thirds (67%) of the companies. This suggests one great opportunity is to expand coaching programs to include high-potentials. As the future executives of tomorrow, companies would gain a great deal by dedicating resources to this group, thereby improving both retention and succession planning.
Also interesting was the number of organizational interviewees who did not know their company’s general statistics. In many companies coaching is a decentralized activity. As a result, interviewees indicated they did not know these figures, or that they could comment only from the perspective of their own division, group, geography, etc.

As said at the outset, coaches facilitate the transportation of leaders from where they are to where they want to go. This process begins with being clear about the definition of coaching, its purpose, and who should get it.

There are many definitions for coaching. Simply put, Executive coaching is the one-to-one development of an organizational leader. Ideally, coaching includes an integrated system with human resources or leadership development practitioners to facilitate the journey, a coach trained and appropriate for the job, and a leader eager to be transported.

- **Define coaching’s purpose.** Be clear about the definition of coaching, its purpose, and who should receive it. The top reason companies hire coaches is to develop the leadership capabilities of their executives. On a much smaller scale, coaching is also used to enhance career development, fix performance problems, retain high-potential employees, and manage leadership transitions.

- **Decide where coaching will have the greatest impact.** Consider three factors: the level of the leader (today and in the future), leadership performance and potential, and/or which leaders are the most motivated.
• **Avoid using coaching for performance issues.** Building a coaching program from initial *performance problem* assignments sets a negative tone within the organization. It can be confusing to have a coaching program used for both poor performers and high achievers.

• **Leverage the company’s human resources and/or leadership development group.** These professionals can be of tremendous help in identifying how coaching will be used and linking it to the company’s business strategies.