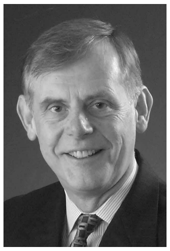
Making Coaching Strategic: How Your Company Can Get the Most Out of One-On-One Leadership Development



Richard C. Harris
Senior Advisor
ICEDR

For more than 20 years Rick Harris has been a leadership coach for senior managers at BP, GE, Glaxo, The New York Times, TD Bank Financial Group, and UTC. He also advises companies on executive development strategy. Dr. Harris is a former senior officer of The Forum Corporation, a global work-place learning company. Positions have included Managing Director for Great Britain and Head of Global Research. He has also overseen Forum operations in Prague and Hong Kong. His leadership positions in the firm included membership in Forum's Management Committee and Board of Directors.
richard28harris@yahoo.com

Coaching—Why the Boom?

The last five years have seen an explosion in the use of coaches across several levels of the organization. Originally viewed as a vehicle to help management at the highest levels, one-on-one coaching is now reaching into the operating ranks of management and individual contributors in an attempt to improve performance, increase retention, build collaboration, and assure results. One-on-one coaching is becoming one-on-one leadership development[1] for the entire organization.

Why the boom? There are several reasons. First, one-on-one leadership development meets a very practical need—the need to manage one's schedule. Time to participate in traditional leadership development programs is getting squeezed. For many, coaching represents a more efficient way to learn when compared to the time investment required for other types of development experiences.

Second, there is the growing realization that progression from one level of responsibility to the next is chaotic in most companies. Far from the orderly progression that promotion once represented (there's a reason they called it "climbing the ladder"), people often find themselves in jobs they are ill-prepared for. Coaching can provide a lifeline to those newly-promoted who otherwise would be in over their heads.

Finally, the demands of business are not just redefining job requirements—they are redefining the role of leaders. People talk about needing to reinvent themselves every 3-5 years. They talk about the need to transform themselves and how they approach their work. You can't meet this need with e-learning modules. You can't meet this need with an executive MBA. Change that is this fundamental must take place in an atmosphere of trust—which is at the core of every successful coaching relationship. Coaching meets a learning need that previous generations of management were not faced with: Namely, to transform both your organization and yourself.

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[1] *One-on-one leadership development* is a term used by Pierre Robitaille, CEO, Corporate Coaching International, Inc., Toronto. Used with permission throughout this Working Paper.

Caveat Emptor

It seems obvious that coaching , by meeting these very real needs, is poised to become a major tool in the development of the next generation of business leadership. However, there is plenty of reason for caution. In the first place, it's expensive. The cost of a coach ranges from US$10,000-20,000 for mid-level executives up to high five figures for senior executives. If you're concerned about retaining a high-six-figure executive, then these numbers look like bargains. However, if having a coach is turning into a must-have rite of passage, these numbers will quickly spiral out of control.

There's also the issue of competence. Coaching certification is in its infancy. Besides, it's an unregulated market. If someone decides to invest in marketing, not certification, there are no sanctions. So not only is coaching expensive, but you could be getting scammed.

Add one more thing to worry about: As long as coaching remains primarily a one-to-one service, a corporation represents not one market, but thousands of individual markets for professionals seeking to offer coaching services. For human resource professionals, this condition is akin to the situation IT faced 15 years ago when individual department managers began to make their own decisions about hardware and software, frustrating the potential for everything from communications compatibility to buying efficiencies.

Making Coaching Strategic

More and more companies are treating coaching as part of an executive development plan that needs to be managed. This management effort is not intended to pry into the coaching relationship, which relies on confidentiality and trust. Instead, management of coaching is becoming more strategic. The focus is on assuring a consistent quality of service from one professional to the next, aligning coaching to other forms of executive development, and ensuring that strategy implementation, not just behavior change, are at the heart of coaching outcomes.

To make coaching more strategic, a set of practices is emerging that keeps intact the unique one-to-one nature of the coaching process, while still allowing for management oversight. Here are four things that strategically-focused HR organizations are doing.

First. Segment the Potential Audience

Managers' development needs vary widely, so some companies are taking a customer-focused approach to coaching by segmenting the potential audience. Consider…

- A marketing executive hired from outside the company uses a coach to help navigate a new set of relationships in a new company culture.
- The head of an integration committee uses a coach to merge two companies.
- A company treasurer being groomed for CFO uses a coach to learn how to work more effectively with the board of directors.
- A successful sales manager runs into difficulty and is at a loss to explain why and to know what to do next.

These examples represent four very different coaching audiences. Each audience has its own distinctive needs and, in many cases, a coach that's right for one audience could be a bad fit in another. The segments may be defined as:

- New Job—Managers or executives in new positions. Typically, these participants have been promoted, hired from the outside, or transferred from another part of the business.
- Strategy Linchpins—Managers or executives whose position is pivotal to the success of a business unit's strategy.
- Candidates—Individuals who are being groomed for additional responsibility.
- Turn-Arounds—People who have been identified through management referral as needing specific help.

Audience segmentation is not just useful as a tool for providing focused coaching. It also helps deal with one of the unintended side effects of coaching: Namely, that coaching has been used so extensively with the Turn-Around segment that it is tinged with more than a whiff of remediation.

It's hard to pick up an article about coaching that does not have a defensive tone to it. "Coaching is not remedial," they scream. "Look at Tiger Woods. Winners use coaches!"

But the sad fact is that, in a recent survey of 500 HR professionals, only 34% answered "Yes" to the question "Now that coaching is increasingly being used for high-potential people, do you believe that it is losing its stigma?" Talk about leading the witness! And they still only got a 34% positive response.[2]

If coaching is to lose its stigma, it's going to take more than appeals to Tiger wannabes. It's going to take involvement of high-profile leaders who participate in coaching at crucial points in their careers and who produce outstanding results that can be linked to their coaching experiences. Of the four coaching segments, only the Turn-Arounds are in the remedial category. The other three segments give HR professionals the chance to create a different value proposition for coaching in their company—a value proposition that promises both individual development and business performance.

Second. Match Coaching Competence to Needs

Coaches, like doctors, have professional lenses through which they filter "symptoms." Surgeon-coaches look for opportunities to cut, peel back layers, find the problem, and root it out. Chiropractic coaches look for problems of alignment so they can create a better fit. The analogy can get a little tortured, but the point should be clear. Just as physicians use their training and experience to diagnose and treat problems, so do coaches. What kind of coaches do you want operating on your leadership?

[2] Lee Hecht Harrison. "How is Coaching Used in Your Organization?" White Paper published on www.lhh.com. April 2002.

The most practical answer is that you want coaches that match the results you're trying to get. Are you trying to develop leadership bench strength? Help a manager who's struggling? Extend your company's global reach? Make job rotations more successful? Ensure that the leadership team of a business unit is prepared to execute the unit's strategy?

The table below shows how the results you want affect both the focus of coaching and the skill set of the coach you'll need. You can also look at the table from right to left: To a large extent, the skill set of the coach determines the results you'll get.

How Desired Results Influence Coach Selection

Personal Development Result	**Related Contribution to the Business**	**Coaching Focus**	**Skill Set of Coach**
Self improvement derived from increased confidence and behavior change	Leadership bench strength Organizational agility	360 feedback, psychological profile, action planning, and implementation support	Counseling
Business impact that leverages leadership behavior	Strategic results	Strategy implementation through relationship building	Strategic and Political
Specific solution to complex problem	Focused execution	Technical solution(s) and implementation tactics	Professional/ Technical Expertise

As the table indicates, there are three different personal development results that coaching can help you achieve. Each result will also have a different impact on your company. The first type of result is ***self improvement.*** If you do an internet search on "executive coaching," you are likely to come up with more than a half million references. Most of them refer to self-improvement coaching. This type of coaching is designed to help the individual take greater control of the situations shaping his or her life.

Additionally, with self-improvement coaching, your organization can expect a much deeper leadership bench, plus greater agility and flexibility. In order to generate this type of contribution, coaching tends to be focused on a 360-feedback tool, often supplemented by a psychological profile. The coach provides support with action planning and regular contact as the person attempts to implement his or her behavior-based plan. A coach for this type of outcome will be a good counselor.

The second type of leadership coaching helps the individual to ***achieve specific business impact***—integrating an acquired business unit, for example, or opening a new division in a foreign country. The business results are, by definition, strategic, and the coach must be well versed in the company's strategy to be effective. The coach, however, is not a strategy consultant. Instead, the coach helps the leader to focus his or her strategic approach and to identify the key players who need to be involved. Some people call the skill set that this type of coach employs "change management" skills, but let's not sugar-coat it. A coach for this type of outcome knows strategy and politics, and the person being coached will develop at least as much political savvy as self-awareness while achieving a significant business objective.

The third type of coaching outcome is a ***specific solution to a complex problem.*** In this situation, an expert is brought in to help a manager think through a complex problem. Unlike a consultant who may analyze the problem for the manager and propose a solution, the expert coach ensures that the solution is one the manager develops and owns. The coach is there to educate and to ensure that there is more than a superficial understanding of the options.

Third. Use a common protocol

The coaching relationship defies close scrutiny from the outside for the simple reason that the relationship between the participant and the coach is based on confidentiality. So how does an HR organization provide the guidance needed to assure a consistent, high-quality professional experience for its leadership cadre? How does an HR organization allow for differences in professional approach when providing coaching to hundreds of participants through dozens of coaches?

The TD Bank Financial Group has addressed this question through the use of a common coaching protocol. This protocol is defined by a set of Six Core Steps that each coach is expected to follow. Step 1 starts with identifying the participant and conducting a chemistry check between coach and participant. Other steps include joint objective setting, action planning, and assessing results. While there are tools for each step in the process, the actual content of the coaching engagement is driven by the participant's needs and the coach's professional experience.

While the protocol provides a common framework across the organization, the bank encourages coaches to use their professional experience and judgment in working through the various steps in the protocol.

According to Senior Vice President Ken Pustai, who oversees the coaching program, when coaches agree to work with TDBFG, they agree to follow the terms of the protocol. This provides both Ken and the coach with the framework for a management dialogue about each coaching engagement while still protecting the integrity of the coach-client relationship.[3]

Fourth. Measure Before You're Asked

Early in their life cycle, innovative ideas are typically adopted without a business case. This is as true for "hard" ideas like business process reengineering as it is for "soft" ideas like leadership development. The compelling nature of the idea itself is sufficient to generate support. But somewhere along the line, the desire for economic accountability will grow.

For most organizations, coaching is still in that honeymoon period where the compelling nature of the idea, not the hard results it produces, determines whether more corporate resources are

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[3] Interview. April 24, 2002

invested in it. Leading companies are anticipating the change and are beginning to look now for measurable results in two broad areas: participant satisfaction and economic benefit.

Participant Satisfaction

An important source of information on the success of any program is whether the customers perceived it was useful. For example, in interviews with 75 executives in Fortune 100 companies such as Levi Strauss and Motorola, Tim Hall and his colleagues at Boston University's Executive Development Roundtable reported participant satisfaction ratings as "Very Satisfactory."[4]

Participant reports are an efficient way to take the pulse of a group, and, as long as the findings are not forced to explain things they cannot explain, then this type of measurement can be a credible source of information for all parties involved. Think pragmatically: If people say they liked something, that's probably good. If they didn't like something, you should look into it. But if you or your management is looking for information that can't be generated from self-reports, you should measure something else, probably economic benefits.

Economic Benefit

Studies that measure the impact of coaching on economic variables are also being done. For example, the nationally-known evaluation and research firm Triad conducted such a study to measure the impact of Coaching.com's coaching program on a company they call "Client Company" (a real company that they gave a generic name).

Coaching was provided to 67 managers "from executive level to District Sales Managers" over a 6-month period. Triad's conclusion from this study: "Overall, the investigators are confident that Client Company has achieved total impact in the millions. The immediate return on investment will be in the 10 to 1 range. The long term return will be even higher." Triad draws these conclusions from studying nine coaching situations in depth and deriving monetary values from the following four outcomes:

- Retention of top-performing staff
- A positive work environment
- Revenue increases created by coaching average sales performers toward above-plan performance
- Customer retention[5]

Economic studies require a degree of research rigor that goes beyond satisfaction questionnaires. Results expectations have to be defined, variables have to be quantified, and data analysis may require specialized help.

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[4] Hall, Douglas T.; Otazo, Karen L.; Hollenbeck, George P. "Behind Closed Doors: What Really Happens in Executive Coaching." *Organizational Dynamics*, Winter 99, Vol. 27, Issue 3, p. 39.

[5] Triad. "Impact Evaluation Paper on the Coaching.com Intervention for [Client Company]." October 2001. See www.triadperform.com.

However, companies that have already segmented their coaching audience and defined the intended results as a condition for setting up their coaching program (as was the case in the Triad Study) only need to collect and analyze the data. And there are two key benefits to having economic data that make the effort worthwhile: First, it tells you how you're doing, and second, it makes your story more compelling.

What's on the Horizon?

It has never been more true that the performance of even the largest, best-capitalized companies hinges on the people in those organizations. The old notion of the individual as an interchangeable part is giving way to a new vision of the individual as contributor and creator of value. The idea itself is not new. Employee participation schemes go back more than 75 years. What is new is that the idea is taking root. And coaching is one way that this idea is being recognized.

But it's not a slam-dunk. There are key decisions to make—selecting the right coaching participants, matching the right participant and coach, coaching the coach at key steps in the coaching process, and demanding accountability. While we may expect coaching professionals to continue to evolve their craft, an equally important influence on the quality of the coaching experience is likely to come from HR organizations that take an active role in managing the entire coaching process. Here are five challenges that HR departments need to be prepared for if they want to be able to deliver on the potential that leadership coaching has to offer.

Challenge 1: Get more leverage out of coaching.

Most companies have not integrated coaching with other executive development offerings. Coaching has been treated as a free-standing offering—for some very sound reasons. Keeping it at arm's length from succession planning, for example, helps to protect the integrity of the coach/participant relationship. Also, coaching highly valued managers who were struggling did not require further integration with other programs; it was intended to be a one-off service. However, opportunities are being missed:

- When managers complete an intensive assessment-center program, why not provide them with a coach to harness the insights that they generated?
- When managers are given new job assignments for developmental purposes, why not provide coaching to accelerate the learning curve into the new job?
- When the company spends several thousand dollars on an executive MBA program for a high-potential leader, why not provide coaching to help that leader transfer learning to specific job situations?

In keeping coaching at a distance from other executive development opportunities, companies are unwittingly depriving themselves of one of coaching's built-in benefits. Good coaching helps people make sense of their experience and apply those insights immediately to specific situations. Most other executive development processes concentrate on the "making sense" side of the equation and leave the application to an action plan. Coaching actually brings the two parts together.

Implications for HR Organizations

1. Audit existing development experiences and identify places where coaching could create more leverage.
2. Identify those experiences where coaching could bring the greatest returns (e.g., the retention rate of repatriated expats is generally considered an embarrassment in most companies. Coaching could make a measurable difference.).
3. Ensure that your own "stovepipes" (succession planning, HRD, compensation, etc.) are not building artificial barriers to better leverage.

Challenge 2: Put strategic requirements at the center of the work that coaches do.

Strategy-based coaching is gaining in popularity as it becomes obvious that this type of coaching produces measurable results sooner than self-improvement alone. The message to participants is, "If you've got strategic responsibility, we're going to provide a coach to help you navigate the waters." This shift is likely to put a strain on coaches who have made their living helping managers develop greater self awareness. The ante is going up. The performance criterion for successful coaching will be how well business results are achieved.

Implications for the HR Organization

1. Identify strategic linchpins.
2. Define coaching success criteria in terms of business performance.
3. Ensure that coaches have the strategic briefing they need to be successful.
4. Measure and report on strategic impact.

Challenge 3: Make the sponsoring manager an active partner in the coaching experience.

The days when the sponsoring manager outsourced responsibility for "fixing" a problem employee are coming to a close. Managers who see a need for coaching individuals in their organization are looking to both the employee and the coach to address the need with urgency. Many sponsoring managers are actively participating as partners in the process.

The 360 tool remains an important diagnostic, particularly in companies that use those items as their leadership language. But another important part of the diagnosis comes from the sponsoring manager's understanding of the job's performance standards. After all, the sponsoring manager's performance is constrained or enhanced by the ability of those in his or her organization.

As coaches create three-way partnerships among themselves, the employee, and the sponsoring manager, they are finding themselves having to manage two privileged and potentially conflicting relationships. This puts added pressure on the professionalism of the coach, but the added benefit in terms of day –to-day management sponsorship more than outweighs the risk.

Implications for the HR Organization

1. Clarify role boundaries for all stakeholders at the outset of the coaching assignment.
2. Acknowledge openly the potential for conflicts.
3. Have a process for addressing concerns and conflicts.
4. Support coach/participant confidentiality in writing and in practice.
5. Be prepared to provide advice to the sponsoring manager on how best to play that role.

Challenge 4: Manage the volume with alternative delivery models.

The segmentation strategy described here identifies four distinct audiences for coaching in the organization. Individuals within each of these segments could conceivably need coaching for self development, or strategy implementation, or technical support. Do the math: Four segments times three needs creates a 12-celled matrix—all cells with legitimate candidates for coaching. The multi-month, dedicated-coach model will have to make room for additional means of delivering the service.

Cost-effective coaching for middle management masses is currently being delivered by commodity solutions—phone consultation with designated coaches, or perhaps dial-a-coach options, or e-coaching. These options are attracting a great deal of debate between those with an efficiency bias and those with a relationship bias toward coaching. If you're in the efficiency camp, you think it's just a matter of time and experience before humans master better ways to relate using technology. If you're in the relationship camp, you advocate peer coaching and manager-as-coach solutions. Relationship solutions provide a way to manage the volume without increasing the budget (if you assume that they were going to spend the time together anyway). These solutions also have the added benefit of actually increasing meaningful interaction in the organization. As they say, more research is needed.

For the highest-level executives and for any specialized needs, private, external coaching will likely remain the preferred solution.

Implications for HR Organizations

1. Set priorities for which segments get coaching, e.g.: New Job—40%; Strategy Linchpins—40%; Candidates—15%; Turn-arounds—5%.
2. Provide the most labor-intensive coaching to the highest-priority segments.
3. Insist on evidence of effectiveness and measurement plans for high-volume solutions.
4. Since high-volume solutions are in their infancy, experiment with pilots.

Challenge 5: Make the big players work for you.

The one-off nature of most coaching assignments has created a market that is suitable to small suppliers and university professors. However, as demand grows and companies sponsor coaching for larger numbers of managers, consulting firms and large training firms are repositioning themselves to pursue this opportunity.

For some professionals, the shift to coaching is a natural fit: Empathetic consultants, for example, have the basic wiring to make good coaches. Consultants with short tempers, limited experience, and congenital arrogance could wreak real havoc both for participants and for the HR managers overseeing a coaching program. Training firms have their own challenges in reeducating trainers to be coaches: Facilitators, for example, tend to make the transition with more ease than the "edu-tainers."

In addition to negotiating for professional coaches with the right skill set, it also important to vet the entire organization. Some firms are successful at reinvention while others don't get beyond superficial changes.

And then there's the issue of mission: Do you really want, for example, to introduce your top-potentials to coaches who work for an executive search firm? How will they manage that likely conflict of interest?

Contracting with a large firm for coaching services is not without its benefits. If the firm has developed its coaching brand, then you're probably getting a more consistent approach to coaching than you would with a collection of individual professionals. Also, the larger, better-managed firms tend to have project management systems that can provide their clients with staffing flexibilities and efficiencies. That can be particularly important when you want to provide coaching across a broad geographic area.

Implications for HR Organizations

1. Make sure you know exactly who your coaching cadre will be when negotiating with a firm.
2. Ensure the firm has a coaching approach that is consistent with the results you want to achieve.
3. Beware of the firm that has not invested in making coaching a core competence. You don't want your engagement managed by a junior partner with limited access to the firm's leadership.

Conclusion

As interest and investment in coaching continue to grow, it is important to keep in mind the underlying drivers that are putting coaching in demand.

- Business strategies are becoming increasingly dependent on talented people making the right decisions on a daily basis.
- The complexity of modern organizational structures is placing a premium on leaders who can challenge and motivate all these talented people.

- Leadership development is no longer thought of as a one-time event prior to promotion. Instead, it is ongoing and needs to be fed with a continuous stream of development opportunities.

As HR managers act on their mandate to strengthen the leadership of their companies, one-on-one leadership-development coaching gives them a powerful integrating tool for achieving that mandate, and for making strategy happen.