Executive coaching: A catalyst for personal growth and corporate change

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By Murray Axmith

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Executive coaching is a relatively new area of management consulting that has emerged primarily because of the increased pressure on senior executives. Pinning down exactly what executive coaching entails is difficult, because there are probably as many definitions as there are practitioners.

There are, however, two key attributes present in the practice of executive coaching. The first is its overriding purpose—that is, to enhance the individual executive's contribution to organizational performance. If coaching can't be directly and positively correlated to performance, it will eventually become just another forgettable management fad.

The second attribute involves ownership—the executive, not the coach, owns the decisions and actions arising from the coaching process. As in any true coaching relationship, it is understood that the coach does not bring function-specific or operational solutions to the table, unlike many other types of consulting.

Executive coaching is most often used by organizations in the following situations:

- Assisting a newly appointed leader to make a successful transition into a key role, particularly when the individual is new to the organization;
- Helping a valued executive with a specific performance problem to develop new skills and make necessary, often difficult, behavioral changes;
- Assisting a high-potential employee to fast-track by developing his or her leadership skills in order to expedite their readiness for a more senior role;
- Acting as a confidant to senior executives (especially CEOs) as they wrestle with difficult strategic and operational decisions. As both a sounding board and devil's advocate, the coach helps the executive analyze issues, generate and test different courses of action, identify obstacles and move toward successful implementation.
Given the intense pressure and onerous responsibilities shouldered by most CEOs, it is not surprising that executive coaches are in demand. This article will describe four typical situations in which an executive coach can help. It will then outline the conditions and requisite factors that enable an executive coach and a senior executive to work together effectively.

1. The encroacher

The CEO of a large communications company was working 70 hours a week, and as a result he was tired, tense and short-tempered. By the CEO's own definition of leadership—"the ability to inspire others to work toward objectives which they have come to accept as their own"—this individual was clearly failing. He was a living example of, "How can I hope to inspire others when I feel burnt out and uninspired myself?"

After considerable discussion with the CEO, the executive coach observed a common pattern of behaviour. The CEO was using his direct reports like executive assistants, distracting them from focusing on their own priorities and responsibilities. At the same time, he was encroaching on areas of the business that were clearly the functional responsibility of his direct reports, causing duplication, resentment and animosity.

The executive coach suggested that the CEO meet with each of his direct reports to begin building a trusting relationship. Prior to the meetings, each person was told to draw up a list of what the other should do more of and less of, and what each should stop doing altogether. They also drew up what is known as an empathy list—what they thought would be on the other person's list. Facilitated by the executive coach, the meetings allowed the CEO and direct reports to discuss how they could support each other and do a better job. Throughout this process, each person had the right to convene a meeting to discuss any friction.

The human resources VP adapted the process and made it work for the entire organization. The company was totally revitalized, because people were able to talk openly about their problems and concerns, eliminating a lot of role confusion, redundancy and interpersonal stress.

2. The reluctant stock promoter

Many CEOs and their boards say their primary role is to create long-term value for shareholders. But a recent study by DBM, a human resources consulting firm, shows that over the past decade the average tenure of CEOs at any one organization has dropped from 10 years to less than three years. This puts an enormous amount of pressure on CEOs to produce in the short term.

The CEO of a manufacturing firm found himself at odds with his board when his company experienced successive quarters of flat earnings. He had factored flat earnings into his business plan, but the board wanted to keep the share price buoyant. For one thing, the board members themselves held many stock options (as did the CEO), but they also wanted to avoid a drop in the share price so the company could use shares...
rather than debt in an acquisition.

The CEO became disconnected from his own feelings because the board wanted him to put a positive spin on a mediocre performance, rather than talk about the real risk factors facing the company. The board decided that if the numbers weren't going to meet expectations, they wanted an announcement that focused on cutting expenses, staff layoffs, cutbacks on research and development, and possibly selling off non-core business assets.

After considerable dialogue with the executive coach, the CEO strongly urged the board to stay the course on what he believed to be a sound business plan. He felt the company's performance would be seriously undermined by the board's proposed actions. The CEO wanted the board to allow him to focus on the fundamentals of the business and highlight the real risk factors in his presentation to the financial community. He believed that this was a better way to develop credibility with investors for the longer term.

The CEO lost his battle with the board, and soon after he left with a severance package. He is now the CEO of a private company where the majority owners appreciate his candour and don't worry about a daily share price. He is able to focus his efforts on the real issues facing the business, and a lot of his stress has disappeared.

3. Pollution dilemma

The CEO of a Canadian-based multinational in the natural resources industry had been agonizing for years over his company's pollution record and the costs of a cleanup. Part of the problem was solved when Canada signed the Kyoto Protocol, because he then had no choice but to follow the timetable and standards in the accord. But a complication arose because the company had plants in two countries that were not signatories of the accord. The question was, should he go ahead with the cleanup in Canada and simply ignore problems outside the country?

The executive coach introduced the CEO to a value-driven decision-making process in which a measurement of the impact on all key stakeholders is included in the criteria for reaching a decision: Does the decision treat employees, customers, investors, suppliers and the community with respect, appreciation and integrity?

On the advice of the executive coach, the CEO assigned the human resources manager to survey key executives at the plants outside Canada to determine what was at stake. The human resources manager, in turn, consulted with the plant manager, production manager and person responsible for marketing and sales at each plant. The HR manager found that all stakeholders would be affected by the decision, including employees, customers and investors -many of whom were local. As a result, the CEO decided to clean up all of the company's plants in Canada and abroad, to a standard that will actually exceed the Kyoto Protocol. The costs will be offset by greater employee pride and loyalty, increased appeal to investors and an enhanced community image.

4. The boss from hell

This CEO would have no trouble qualifying for inclusion in the Worst Bosses List. As the head of a medium-sized financial services company, he is very demanding and does whatever it takes to produce results, such as intimidating his staff and berating them in front of others. His toxicity affects the whole organization. The company had achieved good financial performance, but at significant cost: It was losing key people, and others were getting sick.

The CEO had developed a tough exterior to defend his soft, sensitive side, a defence mechanism that behavioral scientists refer to as "reaction
formation." He felt that if he showed his sensitive side to his subordinates, he would not be able to cut it as a strong leader.

The CEO recently had a wake-up call to change his style—he suffered a heart attack and has taken a year's leave of absence. We are working closely with him, the company's VP of human resources and an industrial psychologist to see whether he has the potential to change his leadership style so that it is consistent with his underlying, people-sensitive nature. The strategy includes role-playing to help modify his behaviour to suit the circumstances. In addition to external support, the human resources VP will "shadow" the CEO in meetings, providing feedback and counsel in private.

The conditions for successful executive coaching

It may be useful to look beyond these individual case studies, to identify some fundamental conditions that make for successful coaching at the CEO level.

1. The CEO must be receptive to new ways of looking at problems and solutions. He must be willing to look at whether he is "doing the right things" in terms of the company's strategic direction, and is "doing things right" in relation to operating policies and day-to-day business practices.

The coach plays an important role in helping the CEO to review his or her underlying assumptions. Are there new developments or a paradigm shift that require a different way of thinking about the business? At the same time, the coach encourages the CEO not to disregard his own intuitive responses to the changing business landscape. Applied intuition often underpins what turns out to be a very wise decision.

At the heart of good executive coaching is the ability to ask provocative questions. The coach must be prepared to challenge the CEO's thinking and judgment at any time. And the CEO must genuinely believe that new challenges add significant value to the problem-solving process.

2. The CEO must agree that the coach will act as an "ego check." A strong and healthy ego typically leads to considerable ambition and high achievement. At times, however, the CEO's ego may rev up, slip into overdrive and have a negative impact on his normally good judgment and interpersonal relationships. When the coach suspects that this is happening, he or she must be prepared to confront the CEO in a supportive manner. The CEO must be willing to examine the motives underlying this behaviour, as well as their impact on others. For example, the CEO who equates his self-worth with his net worth may make decisions that result in high short-term returns for himself and other senior executives, but the decisions may not be in the longer-term best interests of the company and its shareholders.

3. The CEO must feel and exhibit "values harmony." If the CEO's role -and required conduct in that role -is not consistent with his personal values and beliefs, the resulting dissonance can be extremely stressful. We know that people can alter their overt behaviour without changing their underlying belief system...but at what price? The executive coach must be alert to this potential problem.
If the CEO's behaviour manifests "values dissonance," the coach must encourage him to confront the issue rather than ignore it, although this is often the harder route. Sometimes, the best solution is the one chosen by the CEO in example 2 above: He moved to an organization where the demands of leadership were more in harmony with his personal values.

4. The coach must have the right background, credibility and skills. Someone who coaches senior executives requires superior cognitive ability, self-awareness, high levels of empathy, strong impulse control and sound judgment, as well as loads of wisdom and the patience of Job. Most of the time an additional criterion comes into play: CEOs want to work with a "peer," someone who brings real-world business credentials to their role and who knows what it is like to reside in the corner office where the buck stops.

One talent of the good executive coach deserves special mention - that is, the ability to make the CEO feel comfortable talking about what is keeping him awake at night. This helps the CEO and the coach to identify and focus on the highest-priority issues early in the relationship.

As a coach, I build this trust by disclosing up front some serious difficulties that arose in my personal and business life during my early days as the CEO of my own company. I explain how I decided to obtain outside professional assistance to help me overcome the problems and go on to build a highly successful international business. I have found that this personal disclosure serves as a powerful relationship-builder and as a model of the kind of frank discussion that forms the foundation of any worthwhile coaching relationship. The complexities of the challenges facing executive coaches who work at the CEO level are on a par with the complexities challenging CEOs, which explains why my partner, Barry Adamson, and I act as coaches for each other.

Recent developments in the business community give reason for cautious optimism about CEO conduct. The revelations of corporate malfeasance and executive greed, and a more moderate stock market, have led to more realistic expectations among the investment community. Perhaps more than ever before, investors are looking for credibility, transparency and integrity, not only in financial reporting but also in the way companies are being managed from the top on down.

Another positive development is the growing number of companies that are encouraging open, two-way communication between managers and their direct reports. This allows both parties to support each other in doing a better job, and adds trust to the supervisor-subordinate relationship.

More CEOs are using value-driven stakeholder analysis to assess the potential impact of important decisions on their customers, shareholders, employees and the communities in which they operate. Given the perilous debut of the 21st century, we expect that the emerging field of executive coaching will play a significant role in helping CEOs meet the challenges of managing their businesses and responding to the needs of stakeholders.