

Twenty-First Century Executive Coaching:  
*Seven Reasons to Invest in Executives' Futures*

by

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# **Twenty First Century Executive Coaching:**

## *Seven Reasons to Invest in Executives' Futures*

*To say that executive coaching has increased in popularity over the last ten years would be a gross understatement. In 2004, the Harvard Business Review estimated the spend for executive coaching at \$1 billion.<sup>1</sup> Forward-thinking companies are engaging executive coaches—whether external or internal—in increasing numbers. But why? Of what benefit is an executive coach—and why should you (or anyone else for that matter) consider hiring one?*

When confronted with the “latest and greatest,” one of the most important questions a leader must ask is whether that “latest and greatest” is a fad or a trend. Fads are those interests and activities that come and go. Their shelf lives are quite brief because the goal of the fad is not to create long-lasting benefit but to offer a quick hit—something interesting, something fun—a diversion. A pet rock is a fad.

A trend, contrarily, is a shift in public conscience that may have long-term implications. An individual paying closer attention his or her health, diet, and lifestyle is a trend.

Is executive coaching a fad or a trend?

### **Executive Coaching is a Trend**

Despite the downturn in the economy, companies still invest in their leaders for a number of reasons that will be clarified in this article. Fundamentally, these forward-thinking companies have come to realize that investing in the development of highly-competent executives is an investment that cannot be deferred. If organizations are to be ready for the future, it is because they have prepared executives to meet the challenge. It is reminiscent of the old saying, “You can pay me now, or you can pay me later.” Executive coaching takes payment now for the long-term benefit of the individual leader and the company.

### *What is Executive Coaching?*

Executive coaching is a process by which either practicing or emerging leaders receive guidance, insight, challenge, and/or support to move into an enhanced level of performance. The benefits of executive coaching are most readily seen when leaders have specific, observable goals to achieve. In a relatively short period following the initiation of executive coaching, individuals' abilities begin to show signs of improvement. It is not uncommon for peers, bosses, and customers to notice changes

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<sup>1</sup> <http://hbr.org/2004/11/the-wild-west-of-executive-coaching/ar/1>

in individuals' behavior in specific areas after a very short time of coaching with a competent coach.

Many executive coaches subscribe to a multiphase process of coaching consisting of:

1. Determining how the individual is performing currently. Any number of means may be employed to gather this data, but all methods used are designed to answer the question, "How is 'X' doing today?"
2. Examining the information regarding the current performance and setting goals for the future. This stage of the process typically includes the individual, the coach, and the individual's supervisor, so that the focus addresses those areas regarded as most important by these key parties.
3. Providing periodic awareness building, insight, and recommendations for performance improvement. This phase of the coaching relationship typically requires the greatest investment of time (three months to multiple years is not uncommon). Here the coach works with the client (either in person, by phone, video or audio conference or other means) to provide insights designed to enhance the performance.
4. Measuring improvement. Regularly, the coach and client must determine that progress is being made and that some progress has been made. This improvement (or lack thereof) is key for many organizations that must show some level of ROI for the investment made in executive coaching.
5. Repeating. It is not uncommon for individuals to have multiple areas of need for performance improvement. If this is the case, improving on the first area of focus is only the beginning. Other areas may be pursued—whether immediately or at some point in the future.

## **Why Engage in the Executive Coaching Trend**

Historically, individuals worked with an executive coach when they were either senior executives and needed guidance on an issue of great complexity or when the individual was on the verge of termination. In those instances, executive coaching became the last stop between the company and an outplacement office. Such was the historical value of executive coaching. In the twenty-first century, however, there are a number of reasons that individuals, leaders, or organizations would engage in executive coaching. These include:

### *1. 'Supersizing' Performance*

Probably the most compelling reason for executive coaching is the need to "super-size" performance. Whether the coach is working with a strong performer, a marginal performer, or someone whose performance is in-between, performance enhancement makes it possible for the company to receive tangible benefits from individuals' enhanced performance.

## *2. Managing Organization Change and Transformations*

Current economic realities have generated the need for organizations to change. These changes may have been caused by any number of factors; regardless of the catalyst, executives must lead the charge while maintaining a clear head. Individuals who are accustomed to having clear plans and executing on those plans may find themselves hamstrung when the plan is not clear, when the direction is undetermined, and when leadership is demanded. Katherine had been a highly-respected leader in her organization. Year after year, she posted results that were the envy of her peers. When the organization demanded a shift in organizational focus, Katherine was stunned, confused, and seemed to lose her leadership edge. Fortunately, we met briefly while making connections in another city and an initial conversation turned into a three-month intensive coaching engagement that enabled both Katherine and the organization to transition well.

## *3. The Need for 'Frantic Learning'*

In 1988, the author had opportunity to attend a five-day seminar conducted at the Cape Code Institute where author and thought leader, Warren Bennis was the speaker. In his presentation, Bennis spoke of the need for "frantic learning," where technology and other factors were radically increasing the pace and the decision-making speed essential for leaders.<sup>2</sup> Leaders, he contended, would no longer be able to afford the luxury of overly labored decision-making processes. Decisions would have to be made quickly and the leader's centrality to the decisions made reinforce the requirement for quick, effective decisions. The coach's role is often one of challenging prevailing thinking. In this instance, the coach executing his or her role enabled quicker, more effective decisions and results.

## *4. Discovering What 'I Don't Know'*

Central to any effective executive coaching experience is the coach's ability to point out blind spots in the leader's performance that may have gone unchecked for decades. One client, whom I shall call Gary,<sup>3</sup> was a highly effective leader in many respects. In interviewing Gary's direct reports prior to the coaching assignment, the comment, "Gary doesn't pay attention to us. He seems to be in his own world." During the data review period, Gary found the comment puzzling. He saw himself as a focused, employee-centered leader. Rather than debating the accuracy or inaccuracy of the employees' comments, the coach responded, "If it's a pattern, it will likely show up at some point in our work together." Gary agreed.

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<sup>2</sup> Warren Bennis, "Leadership Development for the Twenty-First Century," Cape Cod Institute, Wellfleet, MA, August, 1988.

<sup>3</sup> Names and company affiliations have been changed to protect client confidentiality.

It did not take long for the employees' assertions to materialize. At a team meeting, Gary's cell phone rang. Because he was in the middle of a spirited conversation, most assumed that he would allow the phone call to go to voicemail and continue with the team's dialogue. He did not. Answering the phone, Gary stood up from the table and walked slowly into the hall to continue the call. Perplexed, group members looked at each other—and then the executive coach—before determining that they should end the conversation, given the fact that Gary insisted on being involved in any decision made.

While debriefing with Gary after the meeting, the executive coach mentioned the behavior of the earlier meeting in the day. After explaining the group's clear confusion regarding Gary's sudden departure, the coach asked, "Is everything OK? It seemed as if you were involved in the call for quite some time." "Oh," Gary responded, "It was a wrong number." Point made; insight received.

### *5. Planning Succession Successfully*

Seldom are individuals who are identified for promotion completely ready for their next assignments. A broader perspective on the business may be essential, along with new skills to function at a level not previously occupied. In this instance, the coach's role is that of preparing the candidate with the skills, perspectives, and competencies necessary for success at the new level.

Organizations that have invested significant dollars in succession planning will reap the greatest benefits when targeted executive coaching accompanies the succession planning commitment.

### *6. Transitioning with Speed*

The need for leaders to "hit the ground running" gives rise to another area of consideration for executive coaching. Whether the challenge is moving individuals who are external to the organization into internal organizational roles or moving individuals into lateral assignments, speed is critical. As organizations address the "brain drain" that will likely occur with the retirement of baby boomers, new hires will start to enter organizations at levels higher than the typical entry-level roles. The coach's role in helping individuals transition quickly will be invaluable.

### *7. Enhancing Interpersonal Effectiveness*

The days of "high tech and high touch," identified by John Naisbitt<sup>4</sup> require a set of executive interpersonal skills that are not as plentiful as current times necessitate. The Center for Creative Leadership,<sup>5</sup> in their studies of the causes for executive de-

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<sup>4</sup> John Naisbitt and Patricia Auberdeno, *Megatrends*, Simon and Schuster, 1981.

<sup>5</sup> [http://www.ccl.org/leadership/pdf/assessments/skills\\_intelligence.pdf](http://www.ccl.org/leadership/pdf/assessments/skills_intelligence.pdf)

railment has consistently identified ineffective interpersonal relationships as a major cause of executive failure. Ensuring that promising leaders develop the essential human skills for long-term executive success is an important purpose for executive coaching.

The pace of change, when mixed with the demands for better performance, at all levels, may have the unintended effect of leaving individuals without the essential human skills to work others in lateral, vertical, or diagonal relationships.

## Selecting an Executive Coach

Determining where to invest your executive coaching dollars can be one of the most difficult decisions a decision maker or coaching client can make. These factors should weigh heavily in that decision:

- **Relevant Experience**—The current market for executive coaches is substantial. Many have flooded to this field from related fields such as social work, psychology, education and counseling. Aided by short training programs in executive coaching, these individuals may offer a competitive rate for their services. Caveat emptor. Ideally the coach's coaching experience will be related to the client's need, although seeking an expert in the area of focus is not a guarantee of success.
- **Appropriate Training and Education**—Although doctoral degrees are not essential, they do prove useful in some areas where the client may have substantial education and may expect what he or she perceives as an intellectual peer. The International Coaching Federation provides levels of coaching certification. These certifications may be worth exploring—particularly with those coaches who have limited experience, but they should not be seen as a substitute for proven results and impact.
- **Client Rapport**—The work of executive coaching occurs within a close, personal context. The coach will be expected to speak directly and confidentially. This being the case, the client's sense of rapport is an indication of the potential for effective coaching work.
- **Cultural Understanding**—Every client operates within a cultural context consisting of the work group, the team, or the setting within which the individual performs. The client's ability to fit in successfully within that culture is a key to the client's success.
- **Commitment to Excellent Results**—The executive coach also needs to have a strong sense of his or her readiness to take on this assignment and the ability to deliver the desired results.

Notice that "price" was not included in this list. Although price certainly plays a factor, in many instances decision makers ultimately discover that the goal of the process is not to "save a buck" by choosing a coach of lesser quality—leading to less-than-ideal results. Most executive coaches charge in the range of \$2,500 to \$8,000

per day. The range is based on factors such as the coach's experience, the level of executive being coached, and the coach's history and reputation. Some coaches charge on an hourly basis that may suggest an amount higher than the range proposed earlier. Those who charge much less often do so as a means of developing experience.

## Summary

Though often seen as a corporate luxury, many companies are recognizing the centrality of executive coaching to building competent present and future leaders. Preparing leaders early for present and future challenges cannot be seen as a luxury—but as a wise investment that has proven to payoff handsomely in countless previous investments.

### *About the Author*



Dr. Ollie Malone is President and Principal Consultant of Olive Tree Associates, a Kansas City-based organizational consulting firm that he founded in 1993, after having worked as an executive in for-profit and non-profit organizations. His professional experience includes executive assignments with Sprint, The Mead Corporation, and Pennzoil-Quaker State.

Since founding Olive Tree Associates, Dr. Malone has been privileged to work as a consultant and coach with a diverse client base including executives in American Century Investors, American Express, Boeing, Shell, State Farm Insurance, and the United States Secret Service.

Dr. Malone is author of *101 Leadership Actions for More Effective Presentations*, *101 Leadership Actions for Performance Management*, *101 Leadership Actions for Creating and Managing Virtual Teams*, and *101 Leadership Actions for Managing Change in the 21<sup>st</sup> Century*. He has also been published in *Research in Psychological Type*, *Journal of Lifelong Learning*, and *Journal of Staffing and Recruiting*.