

Concept Summary
Trends in Corporate Executive Coaching

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This paper represents a step in my own transition to working differently with corporate executives- that is, as a coach. It provides a scan of the literature to characterize the current state of executive coaching, and highlights results of a qualitative study.

To better understand patterns in the way executive coaching is viewed in corporations today, and to get a real-time test of hunches about where things are going, nine in-depth interviews were completed. Respondents included three individuals in leadership roles inside corporations, and four thought-leaders currently delivering executive coaching services to corporations. In addition, two interviews were completed with senior management professionals who are 'high performers' and have experienced coaching.

The picture that emerged from the interviews shows that executive coaching today is in a stage of transition. It had been *undifferentiated*, previously, and was little understood by business leaders, considered elitist, expensive, something 'anyone can do', and virtually unproven. Today, it is seen as widely understood and accepted as a key strategy in leadership/executive development. Overall, interviews assumed a continuation of corporate executive coaching as it is now being delivered, with these qualifiers:

- It is being pared down in terms of who receives it; external coaching has almost disappeared at the mid-management level
- It is being defined by measurable characteristics and with a direct tie-in to 360-type assessment feedback; return-on-investment (ROI) is in the contract with external coaches
- Executive coaches are expected to 'bring references' and to be 'experienced business people', past executives; certified
- Going forward, the model of coaching must fit the corporate culture...more adaptability, agility, team coaching, Web-services
- The corporate pace of work life stimulates investment in coaching; outside resources can accelerate learning to keep up with the demands of the job

As a way to build on the qualitative findings from the interviews, a model of 'Stages of Corporate Executive Coaching' is presented. The model shows the evolution of coaching in companies and characterizes the coaching in its infancy, moving to a more stable, predictable set of offerings, and – eventually – becoming more of an internally driven, integral part of executive development.

Discussion: Trends in Corporate Executive Coaching

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In mid-2005, I received a telephone call from a mid-management professional we'll call Olivia. Based in Beijing, she was reaching across time zones to find 'an objective voice to help her' weigh her career options before having to return to her dreaded role as a marketing mover-and-shaker at Intel Corporation. Over the next months, 'I heard the call' as Richard Leider describes it, and began reshaping my own consulting practice to include executive coaching activities. (As for Olivia, when our collaboration gave her the chance to take a strategic look at her career and her work-life balance, Olivia grabbed the baton and ran with it. Today she is at a new firm, enjoying early success that she attributes to her 'courage' in shaking everything up.)

This discussion paper is a step in my transition to working differently with corporate executives- that is, as a coach. It provides a scan of the literature to characterize the current state of executive coaching, and highlights results of indepth interviews with thought-leaders involved in executive leadership and coaching.

Background: Snapshot of a Moving Target

The first thing that becomes clear is that the whole topic of executive coaching is a moving target. From the high-flying early days, when Marshall Goldsmith recalls that just about "anyone could hang out a shingle and start doing executive coaching"ⁱ, to the current emphasis on measurable results delivered by 'qualified professionals' – the single constant in executive coaching has been a steady state of change. In the U.S., coaching may have long been a fixture in many parts of community life, but executive coaching in the business environment only surfaced as a fledging component of leadership development programs in the late 1980s.¹ O'Neill defines *executive coaching* as "the process of increasing the leader's skill and effectiveness in accomplishing [the] responsibilities of leadership". By *executive* O'Neill refers to "leaders who are in the top and upper levels of their organizations – the CEOs, VPs, plant managers, and executive directors of organizations".² Jim Bolt, of Executive Development Associates (New York) punctuates the definition of executive coaching when he notes that the sheer increase in numbers of executive coaches over the last ten years has created a 'billion dollar industry'.³

❖ Corporate Adoption

ⁱ Marshall Goldsmith, personal communication, December 9, 2006.

According to a 2004 survey by Executive Development Associates (EDA) of 100 major U.S. corporations, the coaching of executives can take place one-on-one, or as a part of larger efforts that involve team-building, formal leadership development courses and leader-training as an element of strategic business efforts.⁴ And, in reality, the *participants or beneficiaries* – when it comes to executive coaching – surface from all parts of the organization, depending on the purpose of the coaching (development of high potential mid-managers; retention strategy; succession planning; accelerated development of top leaders; on-boarding of new executives or mid-managers). The EDA survey was updated in 2006 and confirmed that use of executive coaching continues to increase in corporations; 56 percent rank it in the top five learning methods for executives.⁵

Today, the business journals make it clear that uses of executive coaching are myriad and, as importantly, that expectations for results can be wildly ambitious.⁶ Still, this is all good news. Where executive coaching was once considered a euphemism for 'problem coaching', today it is most often seen as a badge of honor, worn by those considered 'high potential' future leaders in the company. In 2004, a Right Management Consultants survey found that over 85 percent of responding companies used coaching to sharpen the skills of individuals identified as future organizational leaders.⁷ Brian Underhill of CoachSource looked at the characteristics and effects of *High Impact Executive Coaching* in a 2006 indepth study of 48 firms, with 86 leaders being coached; across respondents, 43 percent of the CEOs and 71 percent of the senior executive team had worked with a coach. Perhaps as importantly, 63 percent of the organizations say they will increase use of coaching in the next five years, and 92 percent of the leaders being coached will use a coach again.⁸

❖ Service Sector Response to Executive Coaching Opportunities

Despite what may be called *undifferentiated* product features associated with the early delivery of executive coaching, two structural changes in the marketplace can be traced to its emergence in the 1990s: 1) new coaching businesses and product offerings were launched, and 2) executive coaching as a profession gradually formalized and professional standards of excellence were developed.

New players and products. First, over the last ten years, service sector response to the demand for corporate executive coaching led to a continuum of new 'coaching' services and product offerings. Traditionally, the wallet for executive coaching rested with Human Resources (HR), so many of the early providers of comprehensive coaching programs were firms already doing business with corporate HR. For instance, firms that delivered outplacement and executive search/recruitment services added coaching to their portfolios. The major strategy consulting firms quickly developed responses to the demand, as well. Their buyer would either be the HR/leadership development program executive, or a department head, senior officer in the company. The management

consulting and strategy firms helped to expand and differentiate executive coaching, resulting in coaching engagements today that call for measurable links between strategic business goals and executive coaching goals. Chuck Bolton, of The Bolton Group (Minneapolis), sees an increase in requests for blended consulting and coaching. The unique value proposition of consulting/coaching firms seems to be “we’ve been in your seat, we know executive life and the challenges you face, and we get you and your business.”ⁱⁱ

New Professionals. In the 1990s, clinical psychologists, organizational development specialists and academic institutions (to name just a few) stepped up with *executive coaching programs* which were often embedded in overall corporate leadership development budgets, and many of these were recurring annual engagements, over several years. Not surprisingly, independent executive coaches also surfaced in large numbers over the last decade. Entry into the market space was unrestricted, in a sense. In any market, demand for an undifferentiated product – such as *executive coaching* – where barriers to entry were low and price was being set on an ad hoc basis (engagement by engagement) classically results in a rash of new offerings to meet demand and take advantage of early value– pricing.

More recently, as the corporate understanding of the usefulness of executive coaching grew in tandem with the rise in corporate development budgets earmarked for coaching, the stakes got high enough to create customer pressure for standards. Pioneers in executive coaching added their voices to a marketplace call for more explicit standards of excellence. The formalization of the field is reflected in the training and certification programs and new membership organizations that have surfaced in the last decade. For example, the International Coaching Federation (ICF) was established in the mid-1990s. In 1999, the first year that coach membership was surveyed, the ICF had 2,122 members, a small percentage of whom were doing executive coaching. In 2006, ICF membership was 11,100, with just under 6,000 members (54%) that include executive coaching in their practice. ICF is currently viewed as the foremost credentialing organization in the U.S., and boasts 2,300 ICF-certified coaches. Of these, an estimated 1200 are business/executive coaches.⁹

Indepth Interviews with Thought Leaders

To better understand patterns in the way executive coaching is viewed in corporations today, and to get a real-time test of hunches about where things are going, nine in-depth interviews were completed. Respondents included three individuals in leadership roles inside corporations, and four thought-leaders currently engaged in delivering executive coaching services to corporations. In addition, two interviews were completed with senior management professionals

ⁱⁱ Chuck Bolton, The Bolton Group (Minneapolis), personal communication, December 11, 2006.

who are 'high performers' and have experienced coaching. Characteristics of the respondents are shown in Table 1 below.

❖ **Methods**

In-depth telephone interviews were conducted, using an Interview Guide with five structured questions and several probes; they took place between November 5, 2006 and mid-January, 2007. Respondents were asked for their observations and views about the uses of executive coaching and any changes in how executive coaching will be delivered and used in the future. They were queried about the drivers of change, who the winners and the losers are, and what new additions or coaching models may surface in the future.

Table 1
Interview Respondents – Executive Coaching

Respondent Type	Role in Organization	Focus Area
External – National Firm	Vice President	Oversight for corporate services, including coaching; clients across the southern region
External – National Firm	Member, Marshall Goldsmith Networks	CEOs; C-Suite; women executives
External – Small, Specialized Firm	President, The Bolton Group	Development Advisor/Executive Coach with Sr. Mgt. Teams
External – Independent Consultant	Principal, SK Smith	Entrepreneurs, Start-up Firms
Internal, Corporate	VP, Human Resources,	Senior management; div. CEOs; high potential mid-managers
Internal, Corporate	Dir-Exec Assessment & Coaching	Corporate-wide initiative in Coaching and Leadership Dev.
Internal, Corporate	Director – Leadership Development	Cross-corporate clients; senior executives
Coachee	CFO, Tokyo	Asia; 150 direct reports
Coachee	Director, R&D	Member, 6 person R&D team, reports to EVP; cross dept. resp.

❖ **Study Themes**

The interviews produced a rich mix of information, opinion and executive coaching 'war stories'. Depending on the respondent vantage point (respondent type), there were differences of opinion in some areas. For instance, the national, external respondents are the most optimistic about the future and spoke of issues related to increased competition and more discriminating buyers. The regional respondents are upbeat about continued growth in executive coaching, but see it coming with more requirements for proof of impact and use of innovative approaches. Internal corporate respondents framed executive coaching in terms of overall executive development approaches and noted the budgetary trade-offs. (The high performers are discussed separately below.) Despite these differences, respondents agree on some core issues.

There is general agreement that executive coaching is in the middle of a transition. It had been *undifferentiated* previously, and little understood by business leaders, considered elitist, expensive, something 'anyone can do', and virtually unproven. Today, it is seen as widely understood and accepted as a key strategy in leadership/executive development. Overall, respondents are supportive of executive coaching as currently delivered, with these qualifiers:

- It is being pared down in terms of who receives it; external coaching has almost disappeared at the mid-management level
- It is being defined by measurable characteristics and with a direct tie-in to 360-type assessment feedback; return-on-investment (ROI) is in the contract with external coaches
- Executive coaches are expected to 'bring references' and to be 'experienced business people', past executives; certified
- Going forward, the model of coaching must fit the corporate culture...more adaptability, agility, team coaching, Web-services
- The pace of work life stimulates investment in coaching; outside resources accelerate learning to keep up with demands of the job

"Coaching will never go away. It just ebbs & flows in popularity. Today, it centers on 360s..."

(Internal Corporate Respondent)

❖ Findings by Respondent

There has been a lot of change taking place in executive coaching. The drivers of this change are described below, as are the perceptions of who the winners and losers will be. The picture of executive coaching in the future is colored by the role of the respondent in the coaching market.

External, National Coaching Firms

Changes

- Today, there is more differentiation; more refinement in what coaching is who needs it, how long it will go on.
- Corporate buyers more selective about who is an executive coach.
- More uses with 'talent' – the high potential managers being groomed for future leadership, on-boarding and retention of star material from outside, leaders earmarked for 'succession' roles needing accelerated growth.
- There is less and less use of coaching when there is a problem to fix or just to soften the exit
- There is a shortage of qualified executive coaches, expect to see more high caliber, seasoned executives enter the field in the next few years

"Most people in the field are well-meaning, although some aren't really that bright. They don't recognize when they don't know enough to accept an assignment...like when the client wants coaching and help with strategy...they say, 'Oh, OK, I can do that part too!'"

(External, Natl. Perspective)

Drivers of Change & Winners/Losers?

- HR is much more sophisticated and demanding, more knowledgeable about the appropriate uses of executive coaching...running a tighter ship.
- Boards and CEOs worried about bench-strength when baby-boomers exit management roles; investing in executive development in multiple ways
- Succession planning leads to gap identification, leads to executive coaching
- Losers are the independent players. It is increasingly difficult for individual coaches and small networks out there; buyers are looking for guarantees and quality controls, want to do large contracts where they have leverage on quality expectations, timing and price
- Pace of change inside companies is increasing in response to globalization, competitive uncertainty, rush to innovation – demands rapid response when leadership needs surface

External, Regional Coaching Firms

Changes

- Coaching is more widely understood. 50%-75% of corporations have some experience with executive coaching; the marketplace is much more discerning, shopping for exactly the right fit
- Buyers looking to networks of preferred coaches who have met company threshold of quality/credibility
- Buyers want leverage; they want to see 360-type assessments for measurable results, they want to combine coaching with consulting
- Disappointingly, coaching is being more standardized and pigeon-holed for specific levels in the corporation
- More team-coaching is happening, and there is less one-on-one. The collective coaching has wide appeal, because the impact is greater if the team makes the behavioral changes. The company climate is impacted.

Drivers of Change & Winners/Losers?

- Executives are winners...coaching is 'back in vogue'; time pressures on the companies are motivating them to bring in coaches to help accelerate changes
- Independent coaches and small firms are competing in two ways – for the time of high performers and for the business that is going to larger, responsive coaching enterprises

- Demand for demonstrated results (ROI)
- Grand expectations

"Yes, there is pressure for results right away. I was asked to do 90-minute Web cast training and to guarantee that all of those attending would be able to use the experience immediately after getting off the call." (External, Regional)

Internal Corporate Respondents

Changes

- Landscape has changed. Today there is a higher tolerance than ever for coaching, but for fewer people – only the 'right talent gets a coach.
- Coaching must fit with the business strategy; it has to change as business goals change
- Smart leaders are now 'informed consumers' and hold the wallet (for their own coaching); they know enough to walk away when the coaching is not getting it done

"Coaching is like personal trainers were five or six years ago...today, all the high performers, the accelerated leaders have to have 'their coach'!"
(Internal Corporate View)

Drivers of Change & Winners/Losers

- It's all about leverage; want to see the ROI and use coaching only if the person can use it, the team can use it, and the behavior can change.
- Succession pipeline development drives this. Companies don't have the feeder group coming up.
- Corporate funding for the 'practice of coaching' has essentially supported the development of leadership programs that integrate sophisticated coaching expectations
- Today, individual executives treat it more like 'personal consulting'; they design a plan, with goals, milestones, deliverables and work with a coach to achieve it
- Losers are mid-managers and people with performance problems. The 'math' doesn't support the investment in them. They don't have access to outside resources.
- Winners are internal coaches; there are more of them, and they understand the company culture, are increasingly sophisticated and able to work with high performers and teams.

"Our CEO asked for the number of people, what the coachable issues were, how much money we were spending, what our ROI was...the answer was not a pretty story!"
(Internal Corporate View)

About the High Performer 'Coachees'. The high performers question the usefulness of coaching as a mainstream approach to executive development. They reflect a sense that coaching remains a 'special' intervention, either designed to jump-start someone or reserved for the most senior leaders. They also question its value when compared with team-training or leader-mentoring.

- No immediate need for a coach; "Why would I? People would ask me 'what's the problem'?!"
- Most helpful when on-boarding, when looking to get out of 'old mindset' and embrace new models, ways to approach problems. Times of transition.
- Would rather be sent to a formal, theoretical training program than have coaching. More return for the investment.
- Far prefer leader-mentoring; "Company's leaders know our culture, our business..."

❖ Whither Coaching in the Next Five Years?

In the interviews, external 'national' respondents are decidedly more optimistic about the future of coaching and more committed to the belief that coaching delivers important value to leaders. They are also hopeful that new models of coaching will emerge and be adopted.

By contrast, the Internal respondents are less ambitious about the growth of coaching. There is some residual disappointment from the earlier coaching experiences. They feel, too, that external coaching can be too 'inflexible' and limited to the coaches 'favorite' techniques. They want new coaching approaches that demonstrate agility and flexibility, mirroring the pressures that they themselves feel inside the firm. It is still too costly; in the future they see more carefully meting coaching out to those below the senior executive leadership.

Ripple-effect. In one form or another, all of the respondents believe corporations can further embed the spirit of coaching into the culture. Even the high performers could imagine something less gratuitous, more pervasive and *real* happening in an ongoing way. It is no wonder that the search for *leverage* leads thought leader Marshall Goldsmith to a model where large groups of people receive behavioral coaching, do peer-coaching, measure their own behavior change and ask for 360 feedback in quick turn-around surveys. Imagine that

group then providing coaching support for the next large group? He wants to help build much bigger ripples across the organization.ⁱⁱⁱ

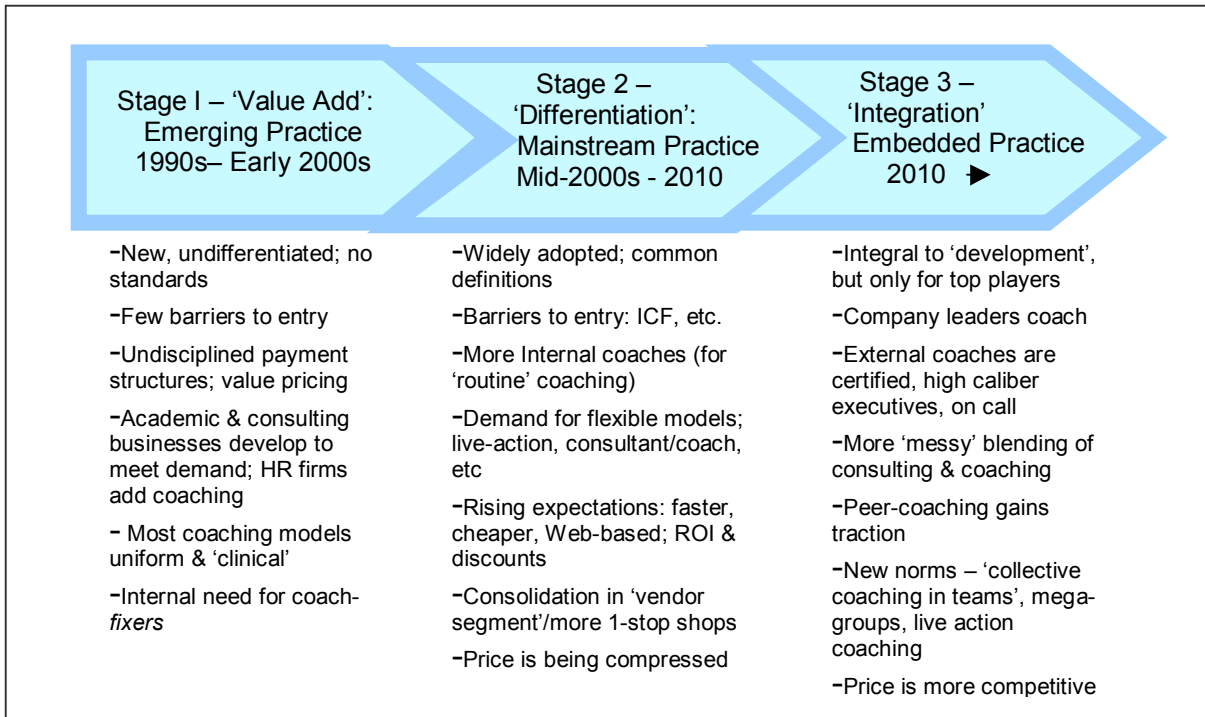
New Forms of Coaching. A related theme running through the in-depth interviews is that corporations will continue to employ coaching in their executive development programs, but HR and company leadership will be looking for much greater leverage. (Remember the theme of wildly ambitious expectations?) One-on-one coaching may not be the norm; instead, models of 'collective coaching' that involve teams of coaches and teams of employees will evolve. Coaches still need to have 'systems thinking' and to understand the consulting part of engagements. There will be more strategic coaches entering the field with strong credentials and years of being on the front lines. Coaches may often be expected to set goals around strategy. Return-on-investment will become a fixed part of the coaching partnership; these will include measurement from the end goals, with milestones and cost: benefit calculations. Peer-coaching, where there is little ongoing direct expense but lots of 'ripples' in the organization, may become more prevalent going forward.

Stages of Corporate Executive Coaching

Overall findings from this study are graphically depicted in the figure below. Each stage of corporate executive coaching is characterized by market behavior, coaching practices and corporate responses.

Figure 1. Model Stages of Corporate Executive Coaching

ⁱⁱⁱ Personal communication, December, 2006.



Note that the ‘stage’ itself may vary by geographic area. For instance, in areas of little corporate competition and high employment, companies may still be operating in Stage 1. Corporate segments will differ, as well. Start-ups and small to mid-size companies will be slower to adopt new approaches and disciplined models, simply because they can make more arbitrary choices; large firms are setting precedents and establishing budgets that require systematic planning.

In Closing

This paper offers a glimpse into the world of executive coaching, complete with the fuzziness of its uses, and its future applications described in a handful of interviews. A door is open for coaches to partner with businesses to create new responses to executive development challenges. It should be interesting.

Notes

¹ Frederick M. Hudson, *The Handbook of Coaching* (John Wiley & Sons, San Francisco: 1999) 4-5

² Mary Beth O’Neill, *Executive Coaching with Backbone and Heart* (John Wiley & Sons, San Francisco: 2000) 5-6

³ James Bolt, “Coaching: the Fad that Won’t Go Away”, (Executive Development Associates: 2006) 4

⁴ James Bolt, Michael Dulworth, Michael McGrath, *Strategic Executive Development* (Jossey-Bass, San Francisco: 2005)

⁵ In James Bolt, “How Leaders Learn” (EDA, New York: 2006) 2-3

⁶ John Stevens, “Executive Coaching from the Executive’s Perspective” (Consulting Psychology Journal: Vol. 57, No. 4,) 274-285; Jeffrey Cohn, Rakesh Khurana, Laura Reeves, “Take Responsibility for Rising Stars” (Harvard Management Update: Cambridge, February 27, 2006);

John Alexander, "The Challenge of Complexity", The Leader of the Future 2 (Leader to Leader Institute by Jossey-Bass: San Francisco, 2006) 92 – 93; Center for Creative Leadership, Triggers and Responses to the Changing Nature of Leadership, 2006.

⁷ In Paul Michelman, What an Executive Coach Can Do for You (Harvard Management Update, Cambridge: June, 2005) 1

⁸ In James Bolt, op cit, 2006) 4

⁹ International Coaching Federation; www.coachfederation.org; and personal communication with Kim Livingston, Media Relations, January 3, 2007.