

HBR

January 2009

What Can Coaches Do for You?

The coaching field is filled with contradictions. Coaches themselves disagree over why they're hired, what they do, and how to measure success. Here's what you should know.

by Carol Kauffman and Diane Coutu

In the seventeenth century, the French statesman Cardinal Richelieu relied heavily on the advice of Father François Leclerc du Tremblay, known as France's *éminence grise* for his gray monk's habit. Like the famous cardinal, today's business leaders have their gray eminences. But these advisers aren't monks bound by a vow of poverty. They're usually called executive coaches, and they can earn up to \$3,500 an hour.

To understand what they do to merit that money, HBR conducted a survey of 140 leading coaches and invited five experts to comment on the findings. As you'll see, the commentators have conflicting views about where the field is going—and ought to go—reflecting the contradictions that surfaced among the respondents. Commentators and coaches alike felt that the bar needs to be raised in various areas for the industry to mature, but there was no consensus on how that could be done. They did generally agree, however, that the reasons companies engage coaches have changed. Ten years ago, most companies engaged a coach to help fix toxic behavior at the top. Today, most coaching is about developing the capabilities of high-potential performers. As a result of this broader mission, there's a lot more fuzziness around such issues as how coaches define the scope of engagements, how they measure and report on progress, and the credentials a company should use to select a coach.

The Survey Methodology and Respondents

Do companies and executives get value from their coaches? When we asked coaches to explain the healthy growth of their industry, they said that clients keep coming back because "coaching works." Yet the survey results also suggest that the industry is fraught with conflicts of interest, blurry lines between what is the province of coaches and what should be left to mental health professionals, and sketchy mechanisms for monitoring the effectiveness of a coaching engagement.

Bottom line: Coaching as a business tool continues to gain legitimacy, but the fundamentals of the industry are still in flux. In this market, as in so many others today, the old saw still applies: Buyer beware!

What the Coaches Say

Did you know...

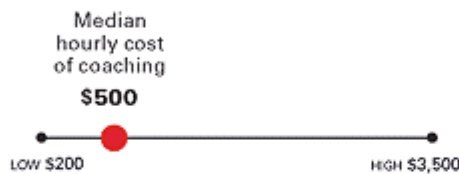
Top 3 reasons coaches are engaged

Coaches are no longer most often hired to usher toxic leaders out the door.

- 1 Develop high potentials or facilitate transition **48%**
- 2 Act as a sounding board **26%**
- 3 Address derailing behavior **12%**

How much it costs

Most often you can expect to pay about \$500 an hour – the cost of a top psychiatrist in Manhattan.



Is coaching personal?

Companies may not hire coaches to attend to issues in executives' personal lives, but more often than not, personal matters creep in.

Are you frequently hired to address personal issues?

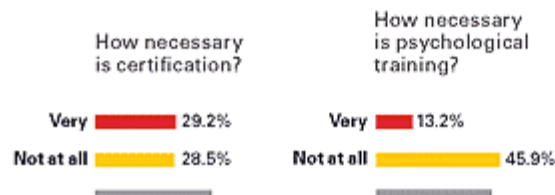


Have you ever assisted executives with personal issues?



What to look for in a coach

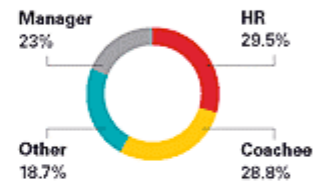
Respondents had mixed views on what qualifications are important.



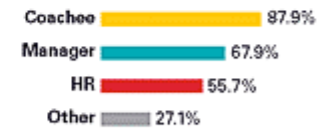
Who is involved?

Though they acknowledged that confidentiality was central to successful coaching, respondents said that in most cases, they gave updates on coachees' progress to other stakeholders in the organization.

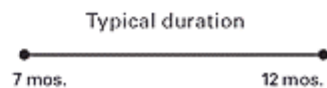
Who typically initiates the coaching relationship?



Who is kept apprised of progress?



How long it takes



What the Survey Says

Ingredients of a successful coaching relationship

Is the executive **highly motivated** to change?

Yes : Executives who get the most out of coaching have a fierce desire to **learn and grow**.

No: Do not engage a coach to fix behavioral problems. Blamers, victims, and individuals with iron-clad belief systems don't change.

Does the executive have **good chemistry** with the coach?

Yes: The **right match** is absolutely key to the success of a coaching experience. Without it, the trust required for optimal executive performance will not develop.

No: Do not engage a coach on the basis of reputation or experience without making sure that the fit is right.

Is there a **strong commitment from top management** to developing the executive?

Yes: The firm must have a true desire to **retain and develop** the coached executive.

No: Do not engage a coach if the real agenda is to push the executive out or to fix a systemic issue beyond the control of the coached individual.

Does the focus of coaching engagements shift?

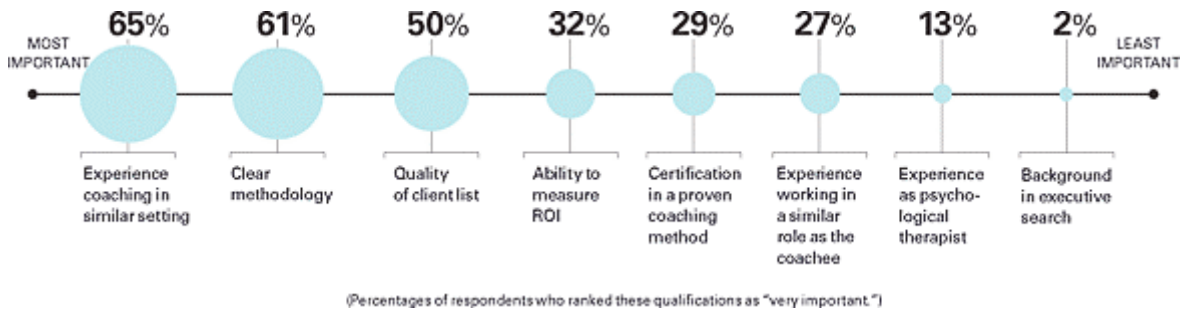
All but eight of the 140 respondents said that over time their focus shifts from what they were originally hired to do.

“Absolutely! It starts out with a business bias and inevitably migrates to ‘bigger issues’ such as life purpose, work/life balance, and becoming a better leader.”

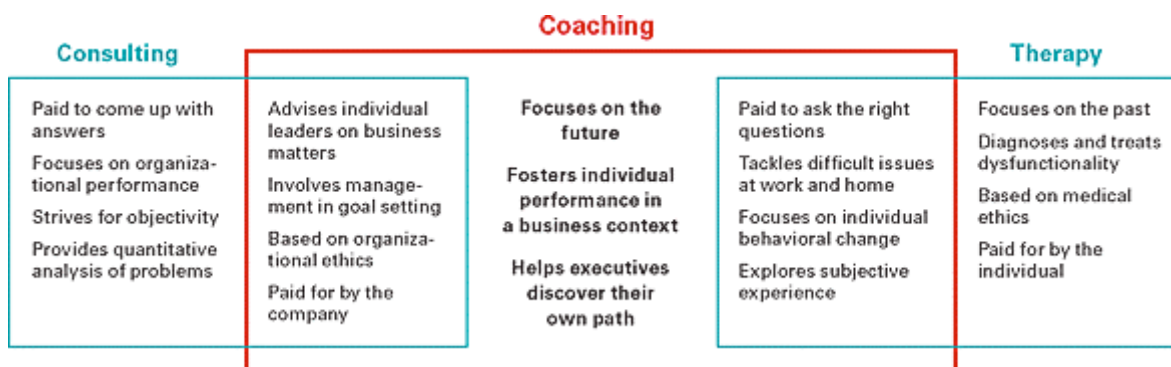
“Generally no. If the assignment is set up properly, the issues are usually very clear before the assignment gets started.”

Buyer's Guide

We asked the coaches what companies should look for when hiring a coach. Here's how various qualifications stacked up.



Coaching borrows from both consulting and therapy



What the Experts Say

The Coaching Industry: A Work in Progress

by Ram Charan

There's no question that future leaders will need constant coaching. As the business environment becomes more complex, they will increasingly turn to coaches for help in understanding how to act. The kind of coaches I am talking about will do more than influence behaviors; they will be an essential part of the leader's learning process, providing knowledge, opinions, and judgment in critical areas. These coaches will be retired CEOs or other experts from universities, think tanks, and government.

Clearly, this is not a description of what most coaches do today, as the survey results demonstrate. What we think of as coaching is generally a service to middle managers provided by entrepreneurs with a background in consulting, psychology, or human resources. This kind of coaching became popular over the past five years because companies faced a shortage of talent and were concerned about turnover among key employees. Firms wanted to signal their commitment to developing their high-potential executives, so they hired coaches. At the same time, businesspeople needed to develop not just quantitative capabilities but also people-oriented skills, and many coaches are helpful for that. As coaching has become more common, any stigma attached to receiving it at the individual level has disappeared. Now, it is often considered a badge of honor.

The coaching industry will remain fragmented until a few partnerships build a brand, collect stellar people, weed out those who are not so good, and create a reputation for outstanding work. Some coaching groups are evolving in this direction, but most are still boutique firms specializing in, for example, administering and interpreting 360-degree evaluations. To get beyond this level, the industry badly needs a leader who can define the profession and create a serious firm in the way that Marvin Bower did when he invented the modern professional management consultancy in the form of McKinsey & Company.

A big problem that tomorrow's professional coaching firm must resolve is the difficulty of measuring performance, as the coaches themselves point out in the survey. I'm aware of no research that has followed coached executives over long periods; most of the evidence around effectiveness remains anecdotal. My sense is that the positive stories outnumber the negative ones—but as the industry matures, coaching firms will need to be able to demonstrate how they bring about change, as well as offer a clear methodology for measuring results.

Despite the recession, I agree with most survey respondents that the demand for coaching will not contract in the long term. The big developing economies—Brazil, China, India, and Russia—are going to have a tremendous appetite for it because management there is very youthful. University graduates are coming into jobs at 23 years old and finding that their bosses are all of 25, with the experience to match.

Ram Charan has coached CEOs and other top executives of Fortune 100 companies. He is the author of 14 books, including Leadership in an Era of Economic Uncertainty (McGraw-Hill, 2009).

Does Your Coach Give You Value for Your Money?

by David B. Peterson

Forty years ago, no one talked about executive coaching. Twenty years ago, coaching was mainly directed at talented but abrasive executives who were likely to be fired if something didn't change. Today, coaching is a popular and potent solution for ensuring top performance from an organization's most critical talent. Almost half the coaches surveyed in this study reported that they are hired primarily to work with executives on the positive side of coaching—developing high-potential talent and facilitating a transition in or up. Another 26% said that they are most often called in to act as a sounding board on organizational dynamics or strategic matters. Relatively few coaches said that organizations most often hire them to address a derailing behavior.

The research also revealed an important insight about what companies ask coaches to do and what they actually end up doing. Consider work/life balance. It's rare that companies hire business coaches to address non-work issues (only 3% of coaches said they were hired primarily to attend to such matters), yet more than three-quarters of coaches report having gotten into personal territory at some time. In part this reflects the extensive experience of the coaches in this survey (only 10% had five years or less experience). It also underscores the fact that for most executives, work and life issues cannot be kept entirely separate. This is particularly true of senior executives who spend grueling hours on the job and are often on the road and away from home. Many of them feel some strain on their personal lives. Not surprisingly, therefore, the more coaches can tap into a leader's motivation to improve his or her home life, the greater and more lasting the impact of the coaching is likely to be at work.

The problem is when organizations ask for one thing and get something else. Often companies have no idea what the coaches are really doing.

One reason seems to be that coaches can be very lax in evaluating the impact of their work and communicating results to executives and stakeholders. While 70% of coaches surveyed said they provide qualitative assessment of progress, fewer than one-third ever give feedback in the form of quantitative data on behaviors, and less than one-fourth provide any kind of quantitative data on business outcomes of the coaching engagement. Even this may represent a somewhat optimistic picture, given that this data comes from the coaches themselves.

While it can be difficult to draw explicit links between coaching intervention and an executive's performance, it is certainly not difficult to obtain basic information about improvements in that executive's managerial

behaviors. Coaching is a time-intensive and expensive engagement, and organizations that hire coaches should insist on getting regular and formal progress reviews, even if they are only qualitative. Judging from this survey, companies won't get them unless they ask for them.

David B. Peterson (david.peterson@personneldecisions.com) is a senior vice president at *Personnel Decisions International* in Minneapolis and leads PDI's executive coaching practice.

The Dangers of Dependence on Coaches

by Michael Maccoby

All coaches recognize that they should be making you more competent and self-reliant. If the coaching relationship isn't doing that, it's very likely that you're becoming overly dependent. Dependence isn't always bad, of course—friends relying on one another, for example, is a good thing. But we all know people who can't make a decision without first talking to their psychotherapists, and some executives defer to their coaches in the same way. They have conversations with the coach that they ought to be having with other executives in the C-suite or with their teams.

The data in this survey show that more than half of the respondents think their clients do not become overly dependent on them. In my view, that's unrealistic. Coaches have an economic incentive to ignore the problem of dependency, creating a potential conflict of interest. It's natural for them to want to expand their business, but the best coaches, like the best therapists, put their clients' interests first. Harry Levinson, the father of coaching, worked with the top executives of his day. He said that if a coach wasn't aware of the dependency dynamic, then he had no right to be a coach. What this means for you is that before you hire a coach, you should ask him how he handles dependency in relationships.

A related finding of the survey deserves special attention: Although almost 90% of the respondents reported that they establish a time frame prior to starting an engagement, all but eight said that the focus of the assignment shifts from the original intent. There are no data in the survey about the mechanics of how those engagements shift, but in my 35 years of working in the field, I have observed that it's typically a matter of coaches recontracting with executives. Coaches who are essentially consultants may have a contract with you to work out strategy, for example, and then may offer to stay on to help with implementation. Or if you hire a coach to help you be a better team player, she may suggest that you need additional work in managing upward or working with difficult but creative subordinates. All this takes more time—and money. Extending contracts is not necessarily unethical. Just be aware that your coach may be asking you to recontract for more than you bargained for or really need.

Two particular kinds of shift in focus, though, are dangerous and should be avoided. One is when a behaviorist coach (my term for someone who monitors your behavior) seduces you into a form of psychotherapy without making that explicit. For example, he or she may say that you are now ready to explore deeper issues that keep you from realizing your full potential. The other is when personal coaches morph into business advisers. In these cases, your coach becomes a kind of speaking partner—someone you can bounce strategic ideas off of. That can be just as dangerous because it's a rare coach who has deep knowledge about your business.

Michael Maccoby is the president of the Maccoby Group in Washington, DC, and is the author of *Narcissistic Leaders: Who Succeeds and Who Fails* (Harvard Business School Press, 2007).

How Do You Pick a Coach?

by P. Anne Scoular

There are two basic rules for hiring a coach. First, make sure that the executive is ready and willing to be coached. Second, allow the executive to choose whom he or she wants to work with, regardless of who in the organization initiated the engagement. The survey data support this emphatically: Willingness and good chemistry were by far the most frequently cited ingredients of a successful coaching relationship. Beyond that, respondents had strong and sometimes divergent opinions about what matters most in hiring a coach.

The surveyed coaches agreed for the most part that companies need to look for someone who had experience coaching in a similar situation, but hadn't necessarily worked in that setting. Organizations should also take into account whether the coach has a clear methodology. According to the survey data, different coaches value different methodologies. Some coaches begin with 360-degree feedback, for example, while others rely more on psychological feedback and in-depth interviews. From an organization's perspective, methodology is a good way to winnow the pile. If a prospective coach can't tell you exactly what methodology he uses—what he does and what outcomes you can expect—show him the door. Top business coaches are as clear about what they don't do as about what they can deliver. For example, a good coach will be able to tell you up front whether or not she is willing to serve as a sounding board on strategic matters.

Significantly, coaches were evenly split on the importance of certification. Although a number of respondents said that the field is filled with charlatans, many of them lack confidence that certification on its own is reliable. Part of the problem is the number of different certificates: In the UK alone about 50 organizations issue certificates; buyers are understandably confused about which ones are credible. Currently, there is a move away from self-certification by training businesses and toward *accreditation*—whereby reliable international bodies subject providers to a rigorous audit and accredit only those that meet tough standards.

What should be the focus of that accreditation? One of the most unexpected findings of this survey is that coaches (even some of the psychologists in the survey) do not place high value on a background as a psychologist; they ranked it second from the bottom on a list of possible credentials. That's surprising; some of the organizations I've worked with will hire *only* psychologists as coaches. It may be that most of the survey respondents see little connection between formal training as a psychologist and business insight—which, in my experience as a trainer of coaches, is the most important factor in successful coaching.

Although experience and clear methodologies are important, the best credential is a satisfied customer. A full 50% of the coaches in the survey indicated that businesses select them on the basis of personal references. So before you sign on the dotted line with a coach, make sure you talk to a few people she has coached before.

P. Anne Scoular (annesoular@meylercampbell.com) is the managing director of Meyler Campbell, a global provider of training for executive coaches. She also teaches coaching at London Business School in England.

Coach or Couch?

by Anthony M. Grant

Coaching differs dramatically from therapy. That's according to the majority of coaches in our survey, who cite distinctions such as that coaching focuses on the future, whereas therapy focuses on the past. Most respondents maintained that executive clients tend to be mentally "healthy," whereas therapy clients have psychological problems. In the respondents' view, coaching does not seek to treat psychological problems, such as depression or anxiety.

It's true that coaching does not and should not aim to cure mental health problems. However, the notion that candidates for coaching are usually mentally robust flies in the face of academic research. Studies conducted by the University of Sydney, for example, have found that between 25% and 50% of those seeking coaching have clinically significant levels of anxiety, stress, or depression.

I'm not suggesting that most executives who engage coaches have mental health disorders. But some might, and coaching those who have unrecognized mental health problems can be counterproductive and even dangerous. The vast majority of executives are unlikely to ask for treatment or therapy and may even be unaware that they have problems requiring it. That's worrisome, because contrary to popular belief, it's not always easy to recognize depression or anxiety without proper training. An executive is far more likely to complain of difficulties related to time management, interpersonal communication, or workplace disengagement than of anxiety. This raises important questions for companies hiring coaches—for instance, whether a nonpsychologist coach can ethically work with an executive who has an anxiety disorder.

Given that some executives will have mental health problems, firms should require that coaches have some training in mental health issues—for example, an understanding of when to refer clients to professional therapists for help. Indeed, businesses that do not demand such training in the coaches they hire are failing to meet their ethical obligations to care for their executives.

Anthony M. Grant (anthonyg@psych.usyd.edu.au) is the founder and director of the Coaching Psychology Unit at the University of Sydney in Australia.