

Executive coaching

Corporate therapy

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Having an executive coach is all the rage

IT ALL sounds alarmingly like the process of self-criticism that kept Chairman Mao's China on the ideological tracks. Your company hires an outsider to grill your boss, your staff and perhaps even your spouse on the shortcomings (and strengths) of your behaviour. The outsider confronts you with the findings and together you draw up a plan for self-improvement. Your boss and staff undertake to help you to keep to the plan. From time to time, the outsider returns to check on how you are doing.

Yet top executives as self-confident as eBay's Meg Whitman and Unilever's Niall Ferguson have undergone "executive coaching". This week the International Coach Federation (ICF), the largest trade group, is meeting in Denver for its annual conference. Its global membership has soared from about 1,500 in 1999 to almost 7,000 today. The coaching market is now worth around \$1 billion worldwide, a number that Harvard Business School expects to double in the next two years. "It's going crazy," says Brian Edwards of Optima, a British coaching firm that has been in business for five years.

Coaching might seem an obvious second career for a former chief executive keen to profit from a little mentoring. Though a few coaches are ex-bosses, most have other skills, according to the ICF's recently completed first survey of members. Two-thirds are women, it finds; a substantial minority come from teaching or counselling backgrounds. Others are former mental-health workers. Jeremy Robinson, a coach from New York, began as a psychoanalyst and often counsels clients partly on their work problems and partly on those in their home lives. Many such workers are seeking fresh pastures as tighter government budgets and the trimming of the amounts which insurance firms spend on clinical psychology have taken a toll on their employment prospects, argues Edgar Schein, of the Massachusetts Institute of Technology's Sloan School.

Some coaches come to the office. But half, according to the ICF figures, do their coaching mainly by phone. Val Williams, an independent coach who was once an executive at a big health-care group, coaches a client in Finland by telephone every month, discussing what progress he has made in meeting the goals he set himself during their previous conversation.

Like personal physical trainers, some coaches work for individuals. Ms Williams reckons that a quarter of her clients pay their own bills. Five years ago, however, three-quarters did. Increasingly, firms are willing to pick up the tab.

Shrink or swim

Often, coaching is a way to give problem employees one last chance. Mr Schein says it is easier for managers to hire a coach than to give an unsatisfactory employee a bleak performance appraisal.

And yet such "derailment coaching" is not much fun for coaches either, and it rarely achieves much, so the coaching industry is increasingly trying to accentuate the positive, even urging companies to use their services as a perk to retain high-fliers.

Judging by how some American executives brag at dinner parties about their hot new coach, this strategy has potential.

Rohm and Haas, a specialty chemical company, picks half a dozen promising executives a year to go through a programme grandly called Leadership 3000. They undergo a battery of psychoanalytic tests, listen to feedback ("we like to call it feed-forward," says Joe Forish, the firm's head of human resources) which the coach collects from colleagues and subordinates, and agree an action plan that is discussed with the firm's top executives as well as with the person's immediate boss. "We make it clear that this is an investment in people's futures," says Mr Forish. At a cost of \$15,000-20,000 for up to a year of the coach's time, an investment it clearly is.

Most coaches are one-man bands or tiny firms. But a few big human-resources consultancies are moving in: Hewitt Associates has teamed up with Marshall Goldsmith, a celebrity in the coaching industry, who has coached top executives at Boeing, Motorola and General Electric, and more than 50 chief executives. Together, the two have a network of about 200 coaches, all using a proprietary method developed by Mr Goldsmith. This allows them to win big contracts, such as a recent deal with one multinational to coach 200 of its top staff. The two brands spell higher charges: typically \$30,000-70,000, and much more for Mr Goldsmith's personal services. But the venture also submits its bill only if the client agrees, a year after the coaching, that certain agreed goals have been met.

What does coaching actually achieve? Rigorous analysis of so touchy-feely an activity is probably impossible. Karol Wasylyshyn, a coach based in Philadelphia, has asked her clients to rate the "sustainability" of what they learned on a scale of one to ten. Over a third rate it nine to ten, she says proudly. However, this may reflect the attitudes of clients as much as real achievement. It seems that high-fliers compete as hard to improve their behaviour as in anything else. "They don't think I'm perfect? I'm gonna prove to them I am," mimics Marc Effron of Hewitt Associates.

Nevertheless, the perception of success may be as important as the reality. One reason why coaches strive to involve an executive's peers and boss at every stage is so that they, too, feel some responsibility for helping to bring about change. Not only does this reinforce a better approach; it may also persuade them that they are seeing the alteration they want to bring about.

The fact that the firm usually foots the bill for coaching has two big implications. First, says Mr Schein, it means that a lot of coaching is about "self-socialisation": getting the individual to conform to patterns of behaviour acceptable to the firm.

Then there is the issue of privacy. "I always tell people they have limited confidentiality," says Mr Robinson. Coaches may find themselves in an especially awkward situation if coaching persuades a client that the best way to develop his career is to quit the firm paying for the coach. Ms Wasylyshyn has formulated a way to tell the human-resources department that a high-flier she is coaching is restive, without breaching confidence. "I think you might lean in and do a reality check," she will say, with delicate circumlocution.