

ARTICLE

Developing future-ready leaders: When—and when not—to invest in coaching

Developing and retaining the right leaders is more crucial than ever. Coaching can be a powerful part of leadership development, but most companies don't have clear standards for its use. Three considerations for prioritizing coaching investments will improve results.



This article is one in an ongoing series of articles, discussions, and interviews exploring how leaders are building lasting competitive advantage by treating their leadership pipeline as a strategic asset.

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It is becoming increasingly challenging to find and retain good leaders. Faced with this, companies are recognizing many longstanding flaws in their executive development and succession planning processes, including how and why they offer executive coaching. Coaching can be a critical way to help leaders develop the mindsets and behaviors they need to succeed—but only 40% of executives are mostly or entirely satisfied with their company’s coaching offerings today, according to a recent survey we conducted of executives across functions.¹ Indeed, we see many organizations over- or underinvesting in coaching or applying it to leaders and teams without clear standards or criteria for doing so. It’s no surprise, then, that many organizations are seeing less than satisfying results.

In our experience, when companies apply three criteria as they think about who and when to coach, coaching can be a tool that brings value both to individuals and to organizations. The three criteria are: that the mindsets or behaviors leaders need to work on developing are in fact coachable; that the leaders must themselves be at an inflection point; and that the leaders must have already demonstrated a capability to take in feedback and change. It is when these conditions aren’t met that coaching can become a significant investment with questionable value and outcomes for the organization, even if the leader receiving coaching appreciates the experience.

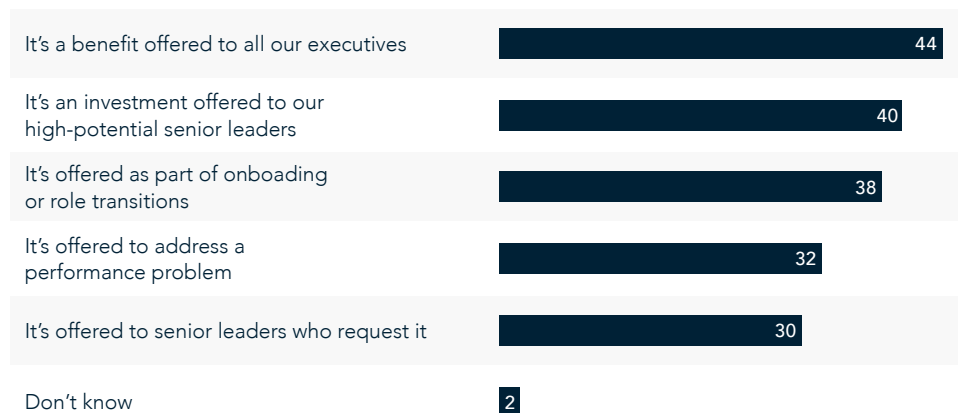
How companies are using coaching today

Over decades of work across industries, we have seen no consistent standards regarding how and to whom to offer coaching. Sometimes it’s left up to managers or the board; sometimes it’s offered because of a performance issue or as a blanket benefit for high performers; sometimes it’s simply offered to anyone who requests it. Our surveys² underscored the wide range of reasons companies offer coaching.

Given this inconsistency, it’s not surprising that 79% of HR leaders say their coaching offerings are somewhat connected, at best, to their leadership development programs. Or that executives, for the most part, are not entirely satisfied with their company’s coaching offerings.

However, as leadership development and retention becomes a more pressing need than ever, companies can’t afford *not* to make every investment as effective as possible.

HR leaders cite a variety of reasons for offering coaching (%)



Source: Proprietary analysis from a survey of a total of 251 HR leaders and 150 executives in other functions in Canada, the United Kingdom, and the United States, 2022

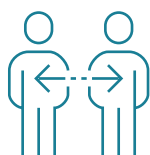
1 Proprietary data and analysis from a survey of 150 executives not in HR conducted in summer 2022.
 2 Proprietary data and analysis from a survey of 150 HR executives conducted in summer 2022.

When coaching actually works

Coaching done most skillfully is distinct from other related development practices such as training, consulting, or mentorship. Coaching is not about transferring knowledge but about drawing potential out of someone that's already there but not being deployed. In true coaching, the coach's job is to ask the right questions and to support and challenge the leader's thinking, while the leader does the actual problem-solving work. Coaching, then, is a sustainable form of development; if the leader has already done the hard work of problem solving in the coaching context, the next time an issue arises or they need to reach for a specific capability they've developed, they can find it independently. Of course, from time to time, a coach may offer a perspective or help a leader answer a question. But if knowledge transfer is the main need for a leader, coaching is not the right avenue.

In practice, this means a coach will sit down with a leader and ask questions. For example: "You want to work on decision making and prioritization. What are the issues there? What have you tried? How is that working?" Leaders may be frustrated by this approach at first, but, as one CEO said to their coach, "When we started, all your questions were annoying, until later I realized you were challenging me to challenge my assumptions, which I did, and that helped me shift how I lead this company."

That understanding of coaching's role is what makes the three aforementioned criteria relevant.



When the leader's development need is coachable

When targeted well, coaching is appropriate to build on strengths, address a gap, or both, in the context of how a leader affects others. This is because many leaders have blind spots of some kind regarding how their leadership approach may be getting in the way of their team operating most effectively. For example, our work coaching CEOs often involves assessing and then optimizing how a CEO works with their board. Among leaders at other levels, coaching often relates to how they lead their teams. Frequent coaching needs include building greater clarity in communication, making decisions either more rapidly or more deliberately, and balancing "hands-on versus hands-off" management. Fundamentally, what is coachable is what can be addressed by supporting and challenging a leader to think and operate differently but still well within their character and personality. Coaching won't help leaders change their stripes to spots, rather, it will help them think and operate with an enhanced set of tools and a shifted point of view.

For example, many years ago, the CEO of a growing healthcare company had been given feedback as part of their coaching work about being a micromanager, while he expressed frustration about his team's inability to be autonomous. "You can't buy a coffee pot for the break room without his approval," a colleague said. Indeed, the company's rate of growth was limited by the CEO's involvement with everything. A coach helped the CEO realize that his mindset was rooted in the notion that he couldn't take a day off or everything would come skidding to a halt. His coach then challenged him: "Is this mindset going to lead to the result you want?" And then, "What mindset will enable you to optimize your time and your team's time when it comes to decision approvals?" Ultimately, the CEO realized he needed to trust that his team was capable and let them operate independently. And, critically, he arrived at that solution on his own. When his mindset shifted, the limitations in the growth of the company were removed; it quadrupled revenue over three years with healthy margins. And the CEO was finally able to take a vacation.

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When the leader is at a learning inflection point

An inflection point can be any number of things—someone could be joining a company or taking on a new role, be in line for a promotion or recently promoted, or have just gotten some important feedback and be welcoming of support to address it. Examples include a moment of realization (“Wow, I really need to show up differently with my teammates”), challenge (“We challenged him to think about scaling his leadership by letting his team do more of the day-to-day”), or dissonance (“I got some feedback that the conflict I’m having with my CFO is making the wrong waves”). Whatever it is, the leader and the organization must both recognize that the leader has a learning need or an opportunity to make some sort of adjustment. These inflection points are the right fuel in the tank to spark the focus and learning needed for coaching success.

This is because, as humans, we learn and evolve—or not—in similar ways over time. The Swiss psychologist and stages of ego development researcher Dr. Susanne Cook-Greuter explained adult development as follows: “Overall, world views evolve from simple to complex, from static to dynamic, and from egocentric to socio-centric to world-centric.”³ This progression in earlier stages is propelled by pain—situations that challenge our ability to make meaning—and in later stages by the ongoing desire to learn and evolve.

Many executives and leaders fall into the middle of that continuum and, unless there’s a real need for change, they won’t, because how they operate has been successful so far. Just wanting coaching because it’s a perk, or wanting high performers at the organization to get coaching, isn’t tied to lasting improvement often enough to justify the investment for organizations (though there’s no reason not to encourage such people to seek coaching on their own).

And an inflection point is not only a general need for change. It needs to be defined by specific goals—a defined point A to point B in terms of what needs to change and the timeline for change. For example, one global consumer-facing organization was planning the CEO’s succession and had several potential internal candidates for consideration, as well as external candidates. The inflection point was clear: an opportunity to become CEO. And there was a firm endpoint—the CEO’s retirement, at which point one of the three candidates might be given the job.

In the 18 months leading up to the CEO’s retirement, three candidates each received individualized assessments that, alongside board input and colleague feedback, identified specific development areas. Each leader developed individual coaching plans with up to three specific goals in mind. Across the leaders, these included “compelling board presentations and exposure,” “strategic operating on a global scale,” and “developing greater internal influence through followership.” Each of the leaders had a number of strengths already, and the need was to build on those strengths and, occasionally, to address a gap. While the board ultimately chose an outside CEO from a different industry and with a track record of organizational transformation, each of the internal succession candidates received meaningful upgrades to their ability to lead, and all continue to be successful.⁴

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3 Kyle Kowalski, “An Introduction to “Ego Development Theory” by Susanne Cook-Greuter (EDT Summary),” *Sloww, sloww.co*.

About the author

David Peck

is a partner in Heidrick & Struggles' Los Angeles office and leads the Executive Coaching Practice.

dpeck@heidrick.com

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Managing Partners of Heidrick Consulting

Global

Andrew LeSueur
New York
alesueur@heidrick.com

Europe and Africa

Dustin Seale
London
dseale@heidrick.com

Asia Pacific, Middle East,
and Emerging Markets

Markus Wiesner
Dubai
mwiesner@heidrick.com

CEO & Board and
Team Acceleration

Alice Breeden
London
abreeden@heidrick.com

Organization Acceleration,
Culture Shaping, and
Diversity & Inclusion

Rose Gailey
Costa Mesa
rgailey@heidrick.com

Leadership Assessment,
Development, and Coaching

Sharon Sands
London
ssands@heidrick.com

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