

# 3

## The Coaching Organization Assessment

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In this chapter, we present the Coaching Organization Assessment Exercise:

- This exercise helps decision makers consider in some detail the degree to which the organization is ready for a coaching initiative.
- The factors most associated with readiness for a coaching initiative are explored through a careful examination of the organizational culture, the business context, and, in particular, the business strategy, the human resource management context, and the organization's experience to date with coaching.
- The Coaching Organization Assessment Exercise can also serve to help organization decision makers consider how to best approach building a coaching capacity in their organizations.

**A**s we've already indicated, the organizational context within which coaching takes place has a critical impact on the likely success of a coaching initiative and the potential value that will result. In addition, the organizational context will very likely shape the decisions that organizational leaders, human resource/organizational effectiveness professionals, and practicing managers make regarding how the organization should approach a

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coaching initiative. In this chapter, we more systematically articulate the factors in the organizational context that impact the process and outcomes of coaching efforts. This exercise builds on the Coaching Value Chain Exercise, presented in Organizational Assessment 1.1, at the end of Chapter 1.

We present our discussion of contextual factors in the form of a self-study exercise that, ideally, will provoke thought and discussion among decision makers as well as those charged with helping decision makers consider their options. In subsequent chapters, we will present a variety of organizational-level coaching solutions and consider how the factors articulated in this chapter were addressed across a range of situations.

As with all human resource efforts, and we do position a coaching initiative as a human resource initiative, decision makers are faced with the question of alignment. Ideally, human resource practices fit together in support of one another, have an appropriate relationship to the organization's culture, and support the organization's larger goals. An in-depth organizational assessment helps decision makers think through how a particular coaching initiative would align with and support other organizational activities.

At the most general level of abstraction, four factors appear to be important in shaping the potential for an organizational coaching initiative. The reader will note that these factors both overlap and interact with one another. The first three include the organization's culture, the business context/strategy, and existing human resource management practices. The final and often overlooked factor to consider is the experience of organizational members, particularly leaders, with coaching itself. In our experience, this latter factor can be enormously powerful in shaping the evolution of the use of coaching within an organization. The reality is that most organizations have at this point had some experience with an activity labeled "coaching." The organization's experience with coaching, if positive, can be leveraged to support additional initiatives. If negative, those interested in promoting a coaching initiative may have some repair work to do.

Our intent here is not to suggest that all of these characteristics are necessary for an organization to embrace one or more forms of coaching as a means of developing talent. However, the presence of one or more of these characteristics supports the organization's readiness for a coaching initiative. If almost none of these factors is present, then those contemplating an organizational-level coaching initiative should consider whether or not such an investment of time, money, and sweat is likely to pay off. If, as is more likely the case, some factors are present while others are absent, then a force-field analysis or other diagnostic tool for change might be appropriate. Some of the factors that are absent may have to be managed, while others can be safely ignored.

Likewise, the factors that are present may call attention to linkages that can be reinforced by a coaching initiative and other cultural assumptions, business issues, or human resource management activities. For example, organizations with cultures that strongly hold to the value of promotion from within will be able to reap considerable return on their coaching investments, by offering coaching to recently promoted managers, for instance, to strengthen the likelihood that they will be successful in their new roles. Organizations undergoing a strategic transformation will gain by making sure that they direct their coaching initiatives at least in part at those responsible for leading the transformation.

The Coaching Organization Assessment is presented in Box 3.1. A “check” by a particular item indicates both that the individual item lends support to a coaching effort and that the particular factor may also suggest an opportunity to shape a coaching program in a particular way. We first present the assessment exercise in its entirety for readers who want to get right down to the business of assessing their own organizations. Following our presentation of the assessment tool, we offer in-depth explanations for the various items. In the close to this chapter, we discuss the implications of this assessment with regard to the options for executing an organizational coaching initiative and offer an illustration of its use.

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### ORGANIZATIONAL ASSESSMENT 3.1 The Coaching Organization Assessment

Review the statements in Box 3.1. Check those that apply in your organization. Each statement is worded so that a “check” indicates that the characteristic described would work to support a coaching initiative in your organization. Because of the difficulties of describing an organization’s culture, we offer several examples, where appropriate, of the behaviors or other cultural artifacts that indicate the potential presence of the underlying value or assumption described as the heading for each characteristic (Schein, 1985). We do caution, however, that *these are only examples*, chosen to illustrate the cultural issue in question.

#### Box 3.1 The Coaching Organization Assessment Exercise

##### The Cultural Context

- In general, the level of trust within the organization is relatively high, as exemplified by the following:
  - Decision making regarding employees driven by organizationally held values, business strategy, and goals rather than by arbitrary, individual judgments

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- Leaders following through on commitments
  - Sharing of appropriate business information
  - Respect for confidential employee information
  - Tolerance for reasonable levels of dissent
- In general, employees are viewed as ends in themselves rather than just means to a business end, as exemplified by the following:
- Actions that demonstrate an interest in helping employees at all levels try to match their work to their interests and career plans
  - Concern about stressful or unsafe working conditions and the taking of actions necessary to deal with such conditions when possible
  - Follow-through on manager/direct report scheduled meetings
  - A tendency to view employees at all levels as assets rather than as costs
- In general, relationships between peers, employees, and managers are valued in and of themselves, as exemplified by the following:
- A trend toward teamwork
  - Efforts being made to bring employees together for both business and nonbusiness reasons
  - Recognition of the importance of acknowledging relationship transitions, such as when the life of a team draws to a close or during an organizational reorganization
  - Recognition of the importance of work-life balance concerns, community involvement, and the need for special responses to special employee needs, such as crises.
- In general, learning is valued, as exemplified by the following:
- The provision of appropriate formal learning interventions through activities such as providing on-site courses and seminars, tuition reimbursement, and executive education
  - Assigning work that will require learning on the part of the employee
  - The telling of stories about valuable lessons learned, including lessons learned through mistakes
  - The use of formal or informal action reviews or postproject reviews to assess “lessons learned”

- ❑ In general, it is accepted that employees who are dealing with challenging tasks are likely to benefit from the opportunity to seek guidance from others, as exemplified by the following:
  - Employees asking for opportunities to discuss their concerns about jobs or challenges with their managers and/or peers
  - The alternative, which would result in no check here, is the organization valuing individuals who survive and succeed with very little or no help (i.e., “sink or swim”)
- ❑ In general, organization-specific knowledge and experience are valued, as exemplified by the following:
  - A bias toward promotion from within
  - Respect for specific knowledge, often communicated in the form of stories, regardless of position in the hierarchy
  - Discussions of “Our Company Way” (e.g., the “HP Way” [Hewlett Packard]) that imply that “Our Way” is a positive differentiator.
- ❑ In general, the role of “manager” and the skills required to manage (whether dedicated manager or “working manager”) are valued within the organization, as exemplified by the following:
  - Promising talent being encouraged to take on managerial responsibility
  - The provision of educational and other developmental experiences specifically directed at the challenge of learning the skills associated with management
- ❑ In general, there is a value placed on job performance and telling people the truth about their performance, as exemplified by the following:
  - Completion of performance appraisals on time.
  - Substantial time and effort being made by most managers to make the appraisal process useful.
  - Differentiation of rewards based on performance.
- ❑ In general, diversity is valued within the organization, as exemplified by the following:
  - Meaningful efforts to actively recruit, select, develop, and promote women and members of various minority groups
  - The provision of opportunities to discuss the challenges associated with career management for those in minority positions
  - The provision of career development support systems for women and members of minority groups

- ❑ In general, innovation is valued, as exemplified by the following:
  - Open encouragement by managers to employees at all levels to give voice to their “good” and/or “new” and/or “creative” ideas
- ❑ In general, there is a value placed on continuous improvement, as exemplified by the following:
  - Total quality management practices
  - A culture that encourages employees at all levels to openly discuss reasonable mistakes or problems, without threat or blame

### **The Business Context**

#### The Business Strategy

- ❑ The organization’s strategy is relatively clear and well-known by organizational members.
- ❑ The organization’s strategy requires a future-oriented view of the organization; in other words, the strategy is a long-term one.
- ❑ The strategy requires at least some degree of organic growth.
- ❑ The strategy requires new leadership skills on the part of the current and future organizational managers to enact the business strategy.
- ❑ The strategy requires large numbers of employees to develop new skills and competencies to enact the business strategy.
- ❑ The skills and competencies required of managers and employees to execute the strategy have been at least somewhat clearly articulated.

### **The Human Resource Management Context**

#### Human Capital Strategy and Challenges

- ❑ The labor market that supplies the organization is constrained; that is, there are fewer candidates available to fill job openings.
- ❑ The age distribution within the organization is such that large numbers of retirements may occur in the next decade.
- ❑ The organization has a relatively large number of individuals moving into managerial roles from individual contributor roles.
- ❑ Senior leaders perceive that there is a need to build leadership and/or managerial “bench strength.”
- ❑ The organization appeals to individuals who will likely be interested in growing within their jobs and/or careers.

- The organization advertises itself in the labor market place as one that encourages employee development.
- The organization selects talent for a broad array of competencies rather than narrowly for technical skills.
- The organization selects for “cultural” fit in addition to selecting for individual-level competencies.

#### Human Resource Management Practices

- The organization has competency models or descriptions of highly effective performance that inform managers regarding appropriate selection and development targets and that can help employees plan development activities.
- At least some senior line managers are actively involved in the development and use of competency models or descriptions of highly effective performance.
- The organization provides feedback to employees with regard to their levels of effectiveness in demonstrating important work-related competencies through the appropriate use of 360-degree-feedback mechanisms or other related processes.
- The organization has an adequate performance management system leading to effective performance appraisals.
- The organization strives to learn from employees through the use of tools such as employee surveys, upward feedback, skip-level meetings, after-action reviews, and other means for attaining and disseminating employee learning for the purposes of organizational development.
- Managers are expected to actively intervene when direct reports have performance problems and receive support from the human resource function in doing so.
- The compensation system of the organization encourages managers to spend time on employee development or at least does not punish them for doing so.
- Compensation and promotion systems encourage employees at all levels to be helpful to one another. They encourage managers to take the time necessary to develop their direct reports, and they do not encourage a spirit of unhealthy competition.

#### Other Strategic Human Resource Development Practices

- There are ongoing, budgeted executive, and/or management development programs in place.

- Development activities tend to focus on strategy formulation, execution, and opportunities for improvement. Development is not limited to unrelated “events” or remedial “fixes” for performance problems.
- Senior managers are involved in the planning and delivery of executive and management development programs.
- Executive education activities are used to disseminate strategy and values, build leadership skills, and/or provide opportunities for groups of managers to build relationships.
- The organization has regular “talent review” meetings for the purpose of assessing and promoting the development of managers and senior-level individual contributors.
- The organization engages in a succession-planning process.
- Managers are expected to consider the development of their direct reports as an appropriate and necessary activity.
- The organization uses 360-degree assessments for development purposes in particular.
- The organization has encouraged the development of formal or informal mentor relationships.
- The organization plans to or already does assess the business impact of training and development interventions.

#### **Organizational Experience With Coaching-Related Activities**

- High-profile senior managers have had satisfactory experiences with external, executive expert coaches, and they are willing to talk about those experiences.
- A number of senior managers have recommended external, expert executive coaching to others.
- External, expert, executive coaching is generally seen as a positive for one’s career; it is not stigmatized.
- The organization has not made extensive use of external, expert executive coaches for the purposes of assisting those with serious performance problems or for the purposes of terminating employees with serious performance problems.
- In general, the organization has been satisfied by coaching provided by internal human resource management and/or organizational effectiveness staff.
- The coaching provided by human resource and organizational effectiveness professionals is generally seen as being conducted with an appropriate sensitivity to confidentiality.



- The coaching provided by human resource and organizational effectiveness professionals is generally seen as being objective, that is, balancing the needs of both the organization and individual employees or managers.
- Some senior managers are seen as being good coaches, interested in the development of their own direct reports.
- Managers are encouraged to tend to the developmental needs of both good and great performers as well as those with performance problems.
- High-profile senior managers have been known to act as mentors to others in the organization.
- Managers who have demonstrated particular talent in developing others have received some recognition and/or reward for their work.
- Organizational peers are encouraged to be helpful to one another whenever possible.

## The Cultural Context

An organization's culture is manifested in employees' beliefs, values, and assumptions regarding what it takes for the organization to be successful in relationship to its external environment and in its integration of organizational members into a working structure (Schein, 1985). Culture is learned through participation in the organization and, over time, serves as a powerful behavioral guide. It isn't always easy to articulate such underlying values and assumptions, as they are often not discussed and sometimes not discussable. (These underlying assumptions and beliefs, however, are often reflected in and by the business and human resource practices we will discuss in the next section.) We suggest that those who are interested in exploring an organization's culture and its impact on a coaching effort spend some time talking in groups about these manifestations of culture. Consider the degree to which your organization shows the following characteristics.

### There Is an Adequate Level of Trust

Trust is a cornerstone of any learning effort, and coaching is no exception. Indeed, because coaching, whether by managers or by experts, is so personal and so intimate, a coaching effort may be more dependent on trust than are other learning methodologies. In the classroom, the putative learner

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can nod dutifully and still ignore really engaging with the teacher. Not so when it comes to coaching.

In a low-trust environment, it may still be possible to use expert external coaches, if what is said in the coaching engagement can remain confidential (though the outcome might not be as positive; see Hunt, 2004). In the absence of trust or some kind of safeguard, such as a guarantee of confidentiality, employees will not be open about what they don't know. And who can blame them? If you believe that admitting what you do not know will open you up to punitive career actions or emotional humiliation, it is unwise to discuss the matter.

We are quite aware that no organization is perfect in this regard. Competitive pressures, stress, personal pettiness, societal trends, the behavior of individual managers as well as the challenges of managing and working in a diverse setting lead to natural tensions that can impact the level of trust within the organization. However, organizations in which a majority of employees assume that the organization will try to act in good faith most of the time are more likely to generate the maximum return on their coaching investment, particularly if the ultimate goal of the effort is widespread coaching by managers. Organizational leaders encourage a culture of trust when they act as role models for the organization's stated goals and values, rather than as individuals attempting to manipulate the organization solely to meet their needs.

### Employees Are Viewed as Ends Rather Than as Means to an End

This assumption holds that organizational members have an inherent value and certain basic rights, regardless of their status. While most organizations cannot guarantee employment, for instance, the organization's leaders can help to promote a culture that encourages respect and takes the relationship between the individual and the organization seriously. Perhaps more important in the context of this discussion, the view of employees as ends rather than as means acknowledges the two-way nature of the employment relationship. Such a perspective suggests the value of seeing employees as human capitalists, individuals who are choosing to invest in the organization by virtue of their labor. As investors, they seek value, and the wise organization strives to maximize their value proposition beyond that of the paycheck (Davenport, 1999). Supporting employee development through coaching is one critical means of doing so. Perhaps no activity is quite so attentive to an employee's individuality.

## Relationships Are Valued

Developmental coaching is not the same as mentoring, but it is a relationship-based activity. Some organizations move people around, breaking relationships in the process, with little thought to what this does to the organization's "social capital." Relationships are the highway over which knowledge transfer takes place. Knowing whom to talk to about what, when one is in need, can be among the most valuable of competencies. Coaching requires relationship time. Coaching, particularly that provided by managers, often takes place informally. Ongoing relationships provide opportunities for individuals to get to know one another's strengths and weaknesses. Ongoing relationships also provide opportunities for trust to develop.

It is true that an excessive value placed on relationships (over performance, let's say) can theoretically inhibit direct feedback regarding an individual's weaknesses. You may not wish to offend a close friend or a direct report who has done you a significant favor. This is where the skill of coaching can be most helpful, a subject to which we will return. However, in the absence of an adequate relational context, there is little opportunity for coaching to take place.

## Learning Is Valued

It goes without saying that an organization that does not value learning will likely not value coaching. Most organizations espouse a value for learning. However, many organizations don't, or rather they don't value individual learning. If the cultural assumptions held by most in the organization support the expectation that all individuals are fully up to the tasks required of their work when they arrive on the job, they will likely view the need for individual learning as a barrier to performance. Of course, most organizational leaders will likely respond, rather quickly, that this is not true—and that in a rapidly changing business context, we're all learning, all the time. They may not, however, do the things that indicate that they truly value learning. The problem seems to be related to the conditions under which most organizations are founded and organizational control mechanisms that subsequently emerge from these conditions. The primary task of the emerging organization is survival: Find customers with a need and respond to that need in an economically viable fashion. The primary task of most organizations is not to promote learning. The control measures that are put into place subsequent to the organization's founding represent a means for accounting the critically important economic results of the business. Under traditional

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accounting rules, time and resources spent on learning are seen as costs—costs that ultimately weigh down on the organization's primary task.

Recent efforts to quantify the economic value of employee development from the human capital school of inquiry may lead to changes in this regard. However, even such enlightened accounting procedures are unlikely to change the basic impact of the lessons learned in the start-up phase of the organization until the organization is more mature. Learning under start-up conditions can too easily be viewed as a luxury rather than a necessity.

### Those Facing Challenges Should Seek Out Guidance

This set of cultural beliefs relates to fundamental questions regarding *how* people develop. Does development take place solely by struggle, by sinking or swimming? Or does development occur when challenges are coupled with appropriate feedback and support? Assessing an organizational culture along this dimension can be confusing.

We have known of organizations in which it would be seen as a weakness to ask one's supervisor for help with a problem: "Don't come to me with problems, come to me with solutions!" Amazingly, some of those organizations have been rather successful in making use of expert designated coaches (both internal and external) if the coaching takes place in a confidential context. (But note that *confidential* does not equate with *anonymous*. In the organizations we have in mind here, the fact that people are working with expert coaches is quite well-known.) This provocative observation reflects, we feel, the deep sense of conflict that many organizational leaders have about engaging actively in the development process and about the sense of vulnerability that by its very nature accompanies the development process. They may espouse a world in which only the strong survive and at the same time pay handsomely for coaching many individuals in their organizations.

Those who move up the organizational ladder under a "sink-or-swim" set of developmental assumptions often are able to do so because they have been successful at achieving the desired results. However, in doing so, they do not receive much guidance with regard to the processes by which results should be achieved. They don't necessarily know that their way is the best, most efficient, or most appropriate way, only that it happens to work. They don't know because they haven't really talked it over with another person. The lesson they have learned is "This is how you develop; you struggle, on your own, and you keep your uncertainties to yourself." While this may be the lesson learned by many leaders, they don't necessarily endorse the sink-or-swim approach—rather, it is what they know. So some leaders are aware that there is another way and are open to efforts (executed by others) to give

a different approach a trial. They are not, however, in a position to lead that effort themselves. This factor in and of itself can create a sense of conflict for some senior managers.

Another and perhaps more subtle factor that can lead to a sense of conflict on the part of some leaders who were raised in the sink-or-swim school is their experience of vulnerability in the development process. The sink-or-swim development process encourages those who survive it to keep their own sense of vulnerability to themselves. As a result, it is difficult for them to conceive of how an intimate discussion about what one doesn't know, that is, a coaching discussion, could be appropriate. That kind of "letting down your guard" can appear threatening on both a political and a psychological level. On a political level, to discuss what you don't know with someone else creates the risk that your weaknesses will become public knowledge and undermine your credibility. On a psychological level, an admission of one's vulnerabilities to others could lead to a sense of shame and negatively impact the leader's self-image.

It is worthy of note that even the most "pro-coaching" cultures will likely experience some sense of tension over whether or not it is okay to ask for coaching support from others. This is likely to be particularly true at the higher levels of management in the organization. If there are significant examples of individual situations in which asking for help turned out well, that is a very positive indicator.

## Organization-Specific Knowledge Is Valued

*Organization-specific knowledge* refers to knowledge of products, services, and processes that are unique to a particular organization and that don't necessarily transfer easily to other organizations. It would appear on the surface that organization-specific knowledge would always be valued, but there are times when this is not the case.

When an organization is undergoing a radical change in strategy, the "old ways" may not be seen as being helpful. Rather, they can be viewed as barriers to change. Under those circumstances, wisdom, to the extent it is acknowledged at all, is usually imported from outside the organization. More commonly, however, organizational members are aware that those who have been around for a while may have valuable knowledge. Under such circumstances, there often may arise individual managers or contributors who are "natural" coaches. Their wisdom is acknowledged by many. Learning from them is seen as important.

Perhaps most commonly, however, firm-specific knowledge, particularly knowledge related to skills such as managing the political environment,

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handling culture appropriately, and knowing whom to ask for what, for example, is tacit rather than explicit knowledge, as already discussed. As tacit knowledge, it may be underappreciated. Even those in possession of such knowledge may not realize that what they know is actually quite valuable. In organizations that are most coaching-friendly, at least some key leaders are aware that firm-specific knowledge, both “hard” knowledge about products and processes as well as “soft” knowledge about people and culture, is valuable and that the transmission of this knowledge, often via relationships rather than the classroom, is a worthwhile activity.

### Management Is Valued

The (much-maligned in some companies) practice of management is critical to the success of a coaching initiative. Individual effort has to do with gaining results. Management has to do with helping other people gain results. In organizations in which the practice of management is not seen as valuable or relevant, coaching, as a management activity, may not be valued. Furthermore, those in management roles are not likely to allocate time toward learning processes, either for themselves or for others. As a result, their own skill sets are not likely to be strong, and unless they come by an ability to coach intuitively, they are not likely to be skillful in doing so. Furthermore, they are not likely to support the efforts of expert coaches, be they internal or external experts.

### Performance and Performance Management Are Valued

Organizations vary in the extent to which they emphasize individual accountability for job performance, typically expressed in the performance management process, as will be discussed further in the section on human resource practices. The cultural issue is the degree to which there is congruence in the organization between what is said about performance management and what really happens. Performance management, letting employees at all levels know where they stand in relation to their contributions to organizational goals, is often viewed ambivalently in organizational life. However, performance management, valuing performance, also has a significant cultural dimension. Organization members sometimes say they value performance, but they don’t necessarily behave as though they do.

Discussions about performance and holding people accountable for performance is seen in some organizations as burdensome or bureaucratic. The manifestations of such a set of beliefs are plentiful. Reviews aren’t completed on time, if at all. Their quality may be poor. Reviews may be done quickly,

over the phone, with little or no preparation or care. Such behavior can reflect an underlying lack of interest in the managerial work of aligning individuals and the organization.

Alternatively, such behavior can occur in organizations that place such a value on relationships that organizational members are very reluctant to speak directly to one another about their performance. As discussed in the section on valuing relationships, the organization has to perform something of a balancing act in this regard. Relationships are important, yet performance is important as well. An imbalance occurs when accountability is completely sacrificed on the altar of the status quo. This imbalance can be accompanied by avoidance behavior, as described in the previous paragraph, or it can simply be manifested in a lack of straight talk between a manager and direct report about how the direct report is doing on the job.

Although we don't want to equate coaching and performance management, the two are related. When organizations believe in the value of effective performance management processes, they acknowledge that it takes work and careful attention to detail to make sure that people know what they are supposed to be doing, doing what they are supposed to be doing, and doing so by an appropriate process. A good performance appraisal takes an employee and his or her manager several hours to write and several hours more to discuss. It also takes a certain amount of courage to engage in direct and open talk about how each party to the employment relationship, the individual and the organization, are performing.

The setting and clarification of the link between individual and organizational goals provides a critical framework around which individuals can define learning goals as well as performance problems. As we will discuss in the chapter on defining success, in the absence of such clear linkages, individual learning projects, at all levels, may not contribute to the organization's progress. Organizations that value feedback also value telling employees the truth about where the organization is going and what individuals need to do to contribute.

## Diversity Is Valued

At first look, one may wonder about the possible link between a coaching organization and diversity. On closer inspection, however, it is apparent that the two are inherently intertwined. Organizations that truly value diversity, meaning building an organization that includes both men and women, people of color, and people of differing ages and is, in addition, global, creates a demand for on-the-job learning. Making a diverse organization work requires a great deal of on-the-job learning. Organizational members must

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learn to understand one another and be understood by one another. Leadership and teamwork, in particular, can be both more challenging as well as quite rewarding in a diverse organization. Diverse organizations that wish to be successful must in the long run create opportunities for people to learn from working with one another. Classroom learning about how to work in a diverse world is inadequate and must be supplemented by on-the-job learning.

It must also be stressed that in a diverse world, coaching can be more challenging and more rewarding as well. Diverse organizations must work very hard to make sure that expert coaches, be they internal or external, and managers who coach can manage relationships within that diverse context. This may require special training and development activities for coaches and managers.

### Innovation Is Valued

As when diversity is valued, placing a value on innovation will also require on-the-job learning if that value is to be exploited. Innovation requires change, whether it be in product or service design or delivery. Innovation challenges the status quo. Those leading innovation must learn to effectively communicate their innovative ideas to others. Beyond that, those leading change, a certain by-product of innovation, require more effective leadership skills, the kinds of skills that can be learned only on the job and with some help from managers, coaches, peers, and direct reports.

### Total Quality Management and Continuous Process Improvement Are Valued

Finally, we have noted that organizations that consider quality and continuous improvement to be of real importance create a demand for on-the-job learning as well. It is clear that disciplinary action and criticism will not root out people- and process-related errors. Indeed, such behaviors drive errors underground. Problems are hidden rather than addressed. Learning must be an integral part of the production or service process.

### The Business Context

Ultimately, it is the business context, the business policies, practices, and activities, that will likely have the greatest impact on the appropriateness and desirable shape of an organizational coaching initiative.



## The Business Strategy Requires Learning

Probably most central to the issue of whether or not a coaching initiative will be appropriate for a given organization is the degree to which (a) the business strategy requires an evolving set of skills and (b) organizational leaders believe that it is essential to a significant degree that organizational talent be “grown” instead of, or in addition to, “bought.” Work that is high in learning potential is work that involves challenge and typically a change in the status quo. Most organizations have more than enough of both, but their leaders don’t make the connection between business strategy and learning.

What kinds of strategic efforts are likely to promote a need for coaching? The list is quite long, but put simply, they are strategies that are future oriented (transformational strategies) and/or that rely on organic growth as opposed to growth solely through acquisitions. (We use the term *organic growth* here quite loosely. *Growth* may refer to growth in revenue or size, but it can also be thought of as an effort to become better and better at fulfilling a particular mission.) Obviously, organic growth implies that employees at all levels will be endeavoring to capitalize on new ideas and opportunities in the development and delivery of service or products and will be faced with the challenge of making the most of those ideas and opportunities. Customer intimacy, customer focus, and product leadership are just a few examples of the kinds of business strategies we have in mind here.

Regardless of the type of strategy pursued, the desired organizational goals will ultimately demand increasingly sophisticated efforts at execution. Execution requires leadership, organizational acumen, team building, performance management, and change management, just to name a few necessary skills. Depending upon the scale of the strategy and the challenges associated with its execution, many people may need to develop such skills. Furthermore, if organization-specific knowledge and values are critical to the success of the strategy, the organization’s leadership has no choice but to plan on building much of the talent required internally (though during periods of growth, some talent will likely have to be imported as well). It should be noted that for the most part, hospitals, human services, and government agencies all have strategies for enhancing their effectiveness (if not growing in size) that require the development of internal talent.

This stands in contrast to strategies that rely heavily on the importation of talent, such as growth through mergers and acquisitions. It is not that mergers and acquisitions don’t require learning on the part of those involved. In our experience, however, organizations that focus almost exclusively on growth through acquisition develop skills in, obviously, the management of mergers and acquisitions. Such organizations are less oriented

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toward the development of people, because that is not seen as explicitly related to the business strategy. There are only so many hours in a day.

As one interviewee from a financial services firm that had experienced repeated mergers over the past decade told us, "I've had seven bosses in seven years, and my chair hasn't moved." This employee had learned a lot about how to cope with changing authority relationships and changing visions. Most of that learning had, of necessity, been ad hoc and self-directed. The existence of some stability in relationships that might have allowed for thinking about the longer term was not there. Of course, many organizations pursue a blended strategy: Organic growth is coupled with some acquisition activity. Under these circumstances, employee development certainly does make sense, and, as such, a coaching initiative may be quite appropriate. Such an initiative might help to build the skills necessary to execute the firm's longer-term strategy while aiding in the integration of the merged organizations.

In addition to the content of a strategy, its articulation is also extremely important as a driver of the need for learning. It constantly amazes and alarms us how frequently the direction of the organization is for all practical purposes kept hidden from middle managers and employees. In the absence of a sense of direction that managers can comprehend and help their direct reports comprehend, people don't know what they are supposed to be learning. They may know what they are supposed to be doing today, but they will have much more trouble thinking about how to prepare for tomorrow.

Coaching and, indeed, all forms of executive, managerial, and employee development work best when the strategy is well articulated to the business unit, team, and individual levels and is stated as a set of outcomes and processes. The ability to execute the desired processes can then be somewhat easily translated into a description of the competencies required for doing so. These competencies will vary by function, level, and other contextual factors. They may not always be perfectly clear, particularly when the organization is moving into highly ambiguous but innovative areas. (One of the skills required for leaders in such a context is the ability to manage ambiguity on a personal level and the ability to help others manage ambiguity.) If the desired results, processes, and needed skill sets look at least *somewhat* clear, the opportunities for coaching, for helping people learn those needed skills, are enormous.

The importance of establishing the linkage between any coaching initiative and activities that are important to the primary task of the organization cannot be overstated. All human resource development activities must ultimately substantiate their value. As we will see when we discuss the question for understanding a coaching ROI (return on investment), the value of a

coaching initiative is greatly enhanced not just when the coaching is effectively delivered to individuals who want to learn, but even more so when the coaching is targeted at helping people learn that which is important to them *and* the business.

## The Human Resource Management Context

Increasingly, we find that business strategy isn't the only context in which to look for mission-critical linkages between a coaching initiative and the needs of the business. In a knowledge-based economy, the effort to make sure that a firm has the right human capacity in and of itself can be mission critical. It can be helpful, then, to scrutinize the human resource management context of a coaching initiative as well.

### Talent Is Critical to the Organization's Success

If the organization is pursuing a growth strategy or if large numbers of retirements are anticipated, the acquisition of talent will be a preoccupation of the organization's leadership. This is particularly true if job candidates are in short supply due to labor market conditions. Either way, the development of employees who are in the firm is critical to the avoidance of a human capital bottleneck. Unfortunately, when the labor market is bountiful, particularly with individuals who have the skills the organization requires, organizational leaders can get out of the habit of thinking about talent acquisition and management.

If the organization is considering outsourcing a group or function, for instance, managers may feel that talent development within that part of the organization is less important. We could argue the case for an opposite conclusion: Outsourcing places new demands on the organization's talent, particularly given the global nature of much of outsourcing. Outsourcing also presents an interesting opportunity to an organization, that of providing access to another organization's talent. Is the development of the outsourcing partner's talent any business of the organization? Quite possibly, yes. The outsourcing partner needs to learn a variety of important skills to be able to execute the outsourcing contract. Ultimately, competition through talent will ultimately be critical to the success of most organizations.

If the organization is short on managerial talent or needs to develop greater leadership bench strength and anticipates the promotion of a large number of individuals into managerial roles, a coaching initiative may be strongly indicated. Coaching, because it is driven by on-the-job learning

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opportunities, may be the single most important means of aiding in the development of the skills associated with leadership. Certainly, classroom learning by itself is not likely to have a significant impact on an organization's leadership capacity.

When knowledge workers become important to an organization's success, the organization's leaders must consider the value proposition that the organization offers to current and potential employees. Does the organization appeal to individuals who wish to learn and grow? If so, a coaching initiative can contribute to this value proposition. Like other development activities, the coaching initiative sends a powerful signal of the organization's interest in fostering that development and supports an organization's advertised claim of its interest in "growing our people." We also stress that when organizations launch a coaching initiative, it is critically important in most cases to consider how the initiative's existence can be used as a signal to the outside world of its intentions in this regard. A secretive coaching program does not serve to attract candidates interested in growth.

A coaching initiative may also be relevant to a variety of selection activities in addition to recruitment. A growing number of organizations seek to hire individuals who have the right fit or possess competencies or characteristics that can't be taught. The organization that desires a team player or someone who is highly effective at dealing with conflict, for instance, should consider how it can build the search for such competencies into its selection processes. Coaching and other development activities can be very helpful but are unlikely to be sufficiently powerful to turn an iconoclast or die-hard individualist into a highly effective team player (and one should also question the appropriateness of trying to do so). Likewise, the organization that values cultural fit, the match between the individual's personality and the organization's culture, should similarly try to match employee characteristics and the organization's culture in the selection process.

After the selection process has taken place, however, much remains to be done to ensure that the "onboarding" experience of the new employee is successful. The employee who meets the selection criteria with some desirable and hard-to-teach skills will likely need to learn some new skills. If some of those skills are best learned on the job, coaching is indicated. Often, the lack of coaching by a new employee's manager sets the employee up to fail.

### Human Resource Management Practices

We begin to see, then, that organizations most likely to benefit from a coaching initiative are likely to have given considerable thought to skills as organizational assets to be refined, if not nurtured. The existence of competency models is a formal articulation of such an insight.

Competency models, descriptions of skills and other individual attributes that distinguish superior performance (Spencer, McClelland, & Spencer, 1994) are typically the responsibility of the human resource department. We define *competency*, a term we've already used, as an underlying characteristic of an individual that is causally related to effective or superior performance (Boyatzis, 1982). Furthermore, competencies include the following:

Motives, traits, self-concepts, attitudes or values, content knowledge or cognitive or behavioral skills—any individual characteristics that can be measured or counted reliably and that can be shown to differentiate significantly between superior and average performers or between effective and ineffective performers. (Spencer et al., p. 6)

The investment of time and money required to accurately describe superior performance in key roles can be one indication of the strategic importance with which skills are viewed by an organization. It is an even more positive sign when senior line managers take significant responsibility for the stewardship of the competency model. It is one thing when human resource professionals talk in terms of the development of competency and quite another when senior line managers do so.

For a competency model to be of any use other than for selection purposes, employees must gain access to feedback regarding their effectiveness in relation to those competencies. The use of 360-degree or multi-rater feedback, particularly for development purposes, is a positive indicator of the need for coaching. Coaching can help employees who undergo a 360-degree-assessment process make sense of the feedback they receive and organize a development plan in response. We discuss the use and potential abuse of 360-degree-feedback processes in greater depth below.

Likewise, performance management practices can also be an impetus for a coaching initiative if, and only if, the performance appraisal process is effectively carried out. This requires that the manager and employee spend some quality time compiling and articulating performance data, which can then serve as the basis for a genuine discussion not only about performance results but also about skill strengths, weaknesses, and opportunities for development.

As discussed in the section on the cultural context, performance management is not typically on the short list of the favorite activities of most managers and employees. We would argue from a practice standpoint that a performance appraisal is among the most important services a manager can provide, as it serves to guide the employee as to the desired results and processes. Performance appraisal also plays an important role in the

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allocation of rewards and the promotion process. Finally, the performance appraisal meeting itself can serve as an important impetus to coaching discussions. Performance management and an effective performance appraisal system draw the attention of individuals to what they need to do to improve their performance. When this works well, it sends a powerful message.

Should performance management and appraisal include the use of 360-degree-assessment tools for administrative (salary and promotion, for instance) as well as developmental purposes? This has been the subject of a significant debate among human resource scholars and managers (see Eichinger & Lombardo, 2003, for a more in-depth discussion of these issues). In essence, there is evidence that when 360-degree data are shared with others in addition to the individual about whom data are gathered, raters tend to give higher scores to the individual being rated. The data then become less useful for the purposes of allocating rewards or development.

Moving beyond the simple application of 360-degree assessment to performance appraisal, in some firms, GE being among the best known, 360-degree data were used to sort out individuals into A, B, and C performers (Smart, 1999). Under such circumstances, a potential unintended consequence is that employees can feel pitted against one another. Performance ratings can then be seen as a competitive weapon rather than as a stimulus for continuous improvement (Lawler, 2003). There is no evidence that such practices actually result in performance improvement. One should consider, then, what forced ranking does to the climate for coaching. It may destroy the potential for genuine peer coaching along with creating additional tension in the manager-employee relationship.

Ultimately, 360-degree-feedback trends, along with employee surveys and other measures of organizational performance, should serve to promote both individual and organizational learning. We have been impressed with how many coaching initiatives have resulted in part from the use of such sensing mechanisms. In human resources and senior line levels, what those listening usually hear is that employees aren't sure what they should be working on; aren't sure about targets for development; don't understand career paths, if they exist at all; and don't know about appropriate opportunities for development. Furthermore, many talented employees (at all levels) will tell those in charge that they don't necessarily understand what "development" means.

Obviously, organizations in which managers are expected to develop their direct reports will likely be coaching-friendly. This is particularly true when senior managers serve as effective role models. A critical issue to consider here is whether or not they have the skills to help their direct reports develop. The expectation by itself is helpful but insufficient.

Finally, compensation systems should ultimately support performance and development and should not pit manager against employee or employee against employee. Clearly, in any performance-based compensation system, there will likely be only so much in the way of rewards to be allocated. The question here is one of balance. Are rewards seen, by and large, as being supportive of continued personal, team, and organizational improvement? If so, the reward system is likely to be seen as encouraging on-the-job learning.

## Supporting Strategic Human Resource Development Practices

Clearly, a number of the human resource management practices described above have a developmental aspect to them, particularly 360-degree assessment and holding managers accountable for the development of their direct reports. In this section, we highlight the organization's strategic positioning of development practices. A more strategic view of human resource development practices will likely support a coaching initiative.

This strategic perspective, one that links human resource practices and how the firm competes, begins the existence of an ongoing, budgeted set of executive and management development activities. This is another manifestation of the organization's commitment to development. The fact that such activities are used for strategic purposes, such as the formulation and dissemination of strategy in addition to skill building, speaks to the level of sophistication of the line and human resource leadership with regard to how to build linkages between skill building and the goals of the business.

Sending employees with problems away to "events" in order to fix those problems is just the opposite of a strategic approach to development. We discuss this further below when we look at the dangers associated with using coaching solely for the purposes of helping employees who are derailing. Any organizational activity can be stigmatized when used to fix performance problems that managers have been unwilling or unable to address.

Ongoing talent reviews speak to the active participation of line managers in the talent management process. A *talent review* is a meeting of line and human resource leaders within a business unit to discuss the current and future leaders and significant individual contributors and their learning needs. The results of a talent review can include feedback to the employee, an assignment to a coach, rotation into a particularly challenging assignment, and other developmental interventions. Talent review meetings, if they are to be effective, are held regularly. In some organizations, they take place on a yearly or 6-month basis. The routine use of talent reviews allows

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senior leaders within a business unit to assess an employee's progress over time.

Talent reviews are frequently associated with formal or informal succession-planning processes. Succession planning can take a variety of forms (Rothwell, 2001) but typically involves the taking of an inventory of talent in relationship to predicted leadership needs. In some organizations, specific individuals are targeted into specific slots, while in others, the intent is to ensure that the organization has enough individuals who are or will be ready to meet projected needs.

Closely related to talent development is the growing use of mentor partnerships, both formal and informal, to promote the development of specific individuals (Fritts, 1998; Kram, 1988, Kram & Bragar, 1992). Mentors, of course, make use of coaching techniques as we have described, though the mentor relationship typically has a longer-term orientation in most cases and focuses on the mentee's career above and beyond providing developmental coaching that leverages on-the-job learning. The mentor can also sponsor an individual employee's advancement through arranging for on-the-job learning opportunities such as participation in task forces and rotation into developmental assignments.

Note that we have not included the designation of a cadre of *high potentials* (often known as HIPOs) in this organizational assessment. The designation of a group of high potentials, in other words a group of individuals who are thought to be strong candidates for promotion and who as a result receive special attention, has not in our experience been a particularly strong predictor of whether or not a coaching initiative is likely to be successful. Some organizations have had good experiences while focusing on a few high-potential candidates, while others have not. The differentiator in our experience is the degree to which the organization is focusing some energy on the strategic task of thinking about tomorrow's results today and tomorrow's leadership needs today.

Finally, we have found that organizations interested in evaluating the business impact of their training and development interventions can be good candidates for coaching initiatives. If an organization has been focusing on event-based classroom development activities, they will likely discover through the assessment process that they are ignoring ongoing, on-the-job learning processes (Hunt & Weintraub, 2002a). The classroom by itself is insufficient to result in the building of meaningful skills in a number of areas and is particularly limited in its ability to promote the transfer of learning from the classroom back to the job. Coaching is the correct intervention when transfer of learning is desired.



## Organizational Experiences With Coaching

The items in this category address the degree to which coaching, in any form, has come to be seen as a useful tool within the organization. There are three different aspects to consider in this case: (1) the experiences of senior leaders with coaching, typically executive coaching; (2) the organization's avoidance of the stigmatization of coaching; and (3) positive organizational experiences with internal coaching (usually through human resources or organizational effectiveness), mentoring, and coaching by managers.

When senior leaders have had positive coaching experiences and, in particular, when they talk about those experiences or encourage others to work with coaches or refer others to coaches, they send a powerful message about the value of development. In our experience, this often occurs informally and sometimes through luck. As stated previously, coaching, labeled as such, has become something of a fad in the Western world. Not infrequently, senior managers will be susceptible to such a fad (this comes as a great shock to almost no one), and one or two will get a coach. If the coaching works out, senior managers will talk about it and others will start to imitate them. Such an endorsement in action by a senior manager or two is very helpful to any coaching initiative, though it can ultimately become a problem as demand grows, as we discuss in a later chapter.

The fact is that external coaches are expensive and not everyone needs an external coach. Usually, at some point in the coaching life cycle within most organizations, coaching starts to be "managed" as any resource might. Decisions then need to be made as to how to allocate that resource. When coaching is offered to high-potential, talented individuals who are in the right job, or who soon will be, coaching becomes associated, in the minds of the larger employee population, with career growth. This signals to those who are already doing their jobs well that the organization will help them grow even beyond their current capabilities.

Conversely, when coaching enters the organization as a remedial intervention for failing executives, quite a different signal is sent about the nature and value of coaching. Coaching, particularly since it takes place to an extent behind closed doors, can come to be seen, whether rightly or wrongly, as a signal that the organization is about to take action against a problem performer. Furthermore, coaching under these circumstances runs a greater risk of failing. Consider the case of a derailing executive who may be in the wrong job. She may be quite defensive about being assigned a coach—after all, this happened because something is wrong with her performance. Under such circumstances, the executive may be so defensive that she is unable to

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establish an effective relationship even with the best of coaches. The coaching becomes a ritualized activity that ultimately does little good.

Even if the coaching activity was engaged on the executive's behalf with the best of intentions from the organization's perspective, the failure of coaching may be perceived as evidence that coaching is at best a waste of time. We have interviewed a number of human resource executives who have been quite disappointed in the "results" of a remedial coaching intervention and have discouraged others (some of whom might have been much better candidates for coaching) from working with a coach.

Even when coaching for a derailing executive goes well, a variety of unintended consequences may result. If, in fact, the coachee is in the wrong job, he or she may end up leaving the company. So, now coaching becomes associated in the minds of others with providing help of questionable value to individuals who leave the company, resulting in a net loss of the investment placed in those individuals. As the CEO of a large insurance company told one of the authors, "I'm not going to pay to fix him up so he can go work for one of our competitors." Coaching then becomes stigmatized, an intervention to be avoided at all costs because of its association with failure on the part of the coachee. People come to believe, if they didn't already, that developmental interventions don't work: Good leaders are born, not made. Don't bother trying.

Finally, as many coaches and consultants have observed, coaches may be brought in to work with a derailing executive for reasons that are not openly discussed, even among those most closely involved. The hiring of a coach to work with an executive may be symptomatic of a range of other problems in the organization, such as poor selection processes (Hunt & Weintraub, 2002b). Worse yet, the coachee may never have been told that he or she is not performing adequately. A coach may be brought in to talk with an executive because his or her own boss is afraid to give honest performance feedback. Other employees observing the use of coaching under such conditions almost certainly see through such charades. They know that coaching is being used for the wrong reasons, to disguise managerial and human resource failures rather than to help with individual performance issues.

We cannot emphasize enough the dangers of the stigmatization of coaching. Nearly everyone associated with the field receives semiregular calls to intervene with a failing executive. Even the briefest assessment of the situation reveals that the organization is typically mismanaging someone with a performance problem and that a coaching failure is very likely. It seems very ironic and quite counterintuitive to propose *not* giving help to someone who might need it. In fact, we do believe that help should be offered to failing employees at any level. The place to begin such an effort is to make sure that

the failing employee has been given adequate feedback from his or her manager and internal human resource professionals and that the employee's failure is not indicative of failures in other organizational systems.

This naturally leads to a discussion of the organization's experience with internal coaching. In most organizations of any size, there are individuals, often from human resources or organizational effectiveness but sometimes from line management, who are extremely good at providing developmental coaching. We have seen organizational effectiveness professionals in particular create a positive coaching context through their ability to provide effective coaching, particularly when they can do so for senior management. In a later chapter, we'll talk about the challenges associated with internal coaching, and there are many. Regardless of those challenges, however, internal coaches, even when working informally, can facilitate a developmental experience very similar to that provided by an external executive coach.

As with an appropriate and effective use of external expert coaches, effective coaching provided by human resources or organizational professionals also teaches the organization several important things. Such activities teach managers about the nature of relationship-facilitated, on-the-job development and learning-oriented conversations. This communicates the power of coaching better than any textbook. Such activities, again, signal the potential of coaching to promote growth, not just to help solve performance problems.

As just stated, internal coaches do have significant and challenging issues to keep in mind, however, as they can impact the perception that employees hold about coaching. First, the internal coach is likely to be especially scrutinized with regard to his or her ability to handle confidential information appropriately. Notice that we said "appropriately." The internal coach does have a duty to keep the needs of the organization in mind, even while trying to help an individual employee. Inevitably, the internal coach will likely find out information that could be "used" by others in the organization in a fashion that could be of some direct or indirect harm to the employee being coached.

When coaching an employee at any level who is having a difficult personal problem, for instance, the human resource professional may find that the employee's performance is impaired by a personal problem. The failure to handle this information in a sensitive manner can negatively impact the overall climate for coaching. The human resource professional in this instance may indeed have to help the employee and his or her manager address the performance problem. Assuming the performance problem was temporary and reversible, this situation shouldn't negatively impact the employee's long-term career objectives. However, if the same human resource professional found out through a coaching conversation about

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massive performance problems or unethical conduct, then he or she would appropriately alert other parties in the organization.

The question most employees will consider is whether or not the human resource professional engaged in a coaching discussion acted reasonably. Internal coaching, and indeed coaching paid for by the organization, should not be thought of as absolutely confidential. Coaching does not equate in that sense with counseling or psychotherapy. Most employees will understand the difference.

Similarly, the employee or manager seeking out coaching from an internal human resource professional will also likely be more responsive if he or she feels that the internal coach is willing to consider both sides of a problem. Too often, a coaching context can be soiled, if not spoiled, by internal coaches who don't have the courage to at least consider that the organization or some subset of the organization might be in the wrong. A manager might seek out coaching because he's having trouble relating to a very authoritarian boss. The internal coach will be much more effective if he helps the employee address the reality of the situation rather than try to ignore the very real limitations of others in the organization. Again, employees don't typically expect that an internal coach will always take their side when conflicts occur between an individual and coworkers, or the larger organization. But they do expect to receive an adequate and nonjudgmental hearing.

Regardless of whether or not the expert coaching is provided by internal or external coaches, it must be stressed that an additional important capability indirectly results from the process. In many cases, managers who have been coached learn to coach others (Hunt, 2004). Through identification, if via no other route, they take on some behaviors of the individuals who were helpful to them. This may be one of the most important vehicles for helping managers embrace developmental coaching as a commonly used tool in their leadership toolkits, one that is integrated with their other leadership activities.

Finally, and perhaps most importantly, one should also take note of the coaching behavior of managers in the organization, particularly senior managers, as, again, they set the standards for conduct. Do at least some senior managers actually encourage the development of their own direct reports? One can often see evidence by looking at the career outcomes for those who have worked for a particular manager. Are that manager's direct reports known for moving up to more responsible positions or for taking on important challenges?

Have at least some managers been known for holding learning-oriented conversations in addition to results-oriented conversations with their direct reports and with others? Are they known in the organizations and perhaps

beyond for their service as mentors to others? Perhaps more informally, are at least some known as good people to talk with when one has an idea or an issue?

Finally, how has the organization responded to those who may invest some time in holding coaching conversations or in mentoring others? Have those individuals been recognized, even informally, for their efforts? Conversely, have such individuals been punished? We've known a number of coaching managers over the years who made it clear to us that they had to do their work in secret. They felt that coaching was the best way to build a strong team, but their bosses and peers did not share that view.

Before concluding this section of our discussion, we should also address the peer-to-peer culture within the organization. The basic question to consider when assessing the peer contribution to a coaching-friendly organization is whether or not peers are actively helping one another. In some organizations, peers are pitted against one another, through forced rankings, for instance, or through a belief the competition by itself results in the "right answer." The underlying cultural assumption in play here is that "helping peers is good for everyone." When this assumption is present, it should be relatively easy to observe frequent informal peer-to-peer coaching.

When cultural factors discourage peer coaching, it either doesn't take place or it takes place surreptitiously. It is always interesting to see in the latter case how peers can help each other discover various organizational dangers when no one else is willing to do so. The peer-to-peer relationship, unless it is defined in competitive terms, is a naturally collaborative one. Since peers do not evaluate one another, for the most part, it is relatively easier for a coaching-friendly context to take root. This is an untapped capability in most organizations, one that we'll explore later in this book. For our purposes here, we stress that when the organization naturally supports informal peer-to-peer coaching, that is yet another sign of readiness for an organizational-level approach to building a coaching capability.

## The Coaching-Friendly Organization

Having thought through how your organization stands in relation to the Coaching Organization Assessment, at the beginning of this chapter, the next question is how to interpret your responses. Most organizations have at least some characteristics that would promote a coaching initiative, and most have at least some that would inhibit such an effort. In this section, we offer a brief case example that illustrates how the organizational assessment process can help. This is a disguised case, but we run across these elements

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on a routine basis in our consulting work. (The results of BioTech's Coaching Organization Assessment are briefly summarized in Box 3.2.)

### Overview of BioTech

BioTech Co. is a growing medical equipment devices maker located in the midwestern United States. It is publicly traded and has been profitable for some time, though its margins have fallen over the past 5 years. The medical equipment business is rapidly changing, and, as such, BioTech must evolve strategically. BioTech had pursued an acquisition strategy for the past decade, until it found that the strategy was not paying off as had been hoped. The costs of the acquisitions and the difficulty in deriving any kind of synergy by linking with some of the acquired firms had undermined BioTech's profitability. Its core operations had also suffered due to lack of attention from senior management.

A new CEO stopped the acquisitions effort and renewed BioTech's more traditional focus on growth through internally driven new-product development and manufacturing strength. Research and development received a significant increase in budget and began the process of bringing into the firm a number of difficult-to-find (because of the experience required) scientists and engineers. In manufacturing, the firm focused on cost and quality leadership and began to implement an intensive total quality management program. The new strategy was aggressively communicated to the workforce, who reacted positively for the most part. The aggressive communications program was driven by senior management's belief that all employees would need to be fully engaged, highly motivated, and performing at the top of their game if BioTech were to be successful.

The human resource function at BioTech had previously focused its efforts on the rather Herculean tasks associated with integrating newly purchased organizations. Since the change in strategy, however, a new human resource senior management team had changed the function's focus considerably. First, they began to set up processes for sourcing the talent necessary to build up their product development pipeline. The labor market for this talent is quite tight, particularly in the regions where the firm has its two largest facilities. The value proposition they promoted to prospective and current employees emphasized the creative, collaborative, fast-paced and positive (i.e., trusting) nature of the BioTech culture. The recent employee survey suggested that this was, in fact, the way most BioTech employees experienced the firm, even those who had joined up through acquisitions.

Moving beyond recruiting, however, it became clear that the human resource infrastructure remained somewhat undeveloped. While the skills

necessary for individual contributors to be successful were fairly clear (for those in R&D, be a great scientist or engineer, and for those in manufacturing, learn the skills associated with total quality management), BioTech leadership was not nearly as clear about the kinds of skills their managers would need to develop in order to lead the effort. Despite their belief in the importance of employee engagement, they were not clear with regard to their vision for the role of manager in the organization.

Of note, the senior management team and senior human resource leaders expressed the concern that their middle-manager cohort was quite weak. People had been reluctant to enter management in the past due to concerns about the relatively low status of the manager role at BioTech. Given its low status, even those interested in becoming managers were concerned that during the reorganizations that followed each acquisition, they might not be considered critical to the organization's future and would therefore be more likely to lose their jobs.

The compensation systems at BioTech were somewhat confusing. In essence, stellar performance, particularly in the scientific disciplines, would likely be rewarded. However, the previous regime had been reluctant to create a "star" culture, because they placed a strong value on teamwork. There was more concern with making sure that compensation packages at BioTech were competitive with the external environment, without much thought given to how compensation systems might support BioTech's strategy in other ways. Everyone at BioTech worked very hard. No one was rewarded for thinking about tomorrow's capabilities, however. The focus was on accomplishing today's goals.

BioTech had done little in the way of employee, management, or executive development until the past year. During that time, a major needs assessment had been accomplished, goals set, and a budget developed to support a longer-term vision for employee development. However, as stated above, the initial focus of this effort of necessity was on total quality management.

Performance management had typically not been considered a priority under the previous regime. Performance appraisals varied significantly in quality from one manager to the next. Employees were often unsure as to where they stood and how to advance within the organization. BioTech managers had a reputation for conflict avoidance when it came to performance issues. The lack of certainty with regard to effective performance and career development at BioTech surfaced as a major problem for employees on the organization's first all-employee survey, a problem that could potentially threaten employee commitment to the organization. For this reason, BioTech leadership began to consider what role coaching might play in

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helping to promote more effective and positive performance management and career development.

Their interest in coaching also stemmed in part from the positive experiences that several members of the new senior management team had had with executive coaching in previous organizations. Drawing on that experience, these senior managers felt that a coaching initiative might encourage employees at all levels to think about what they wanted out of their careers and might help them take a more intentional approach to their own skill development.

BioTech's only other experiences with coaching had involved the very sporadic use of executive coaching over the past decade for a few employees, typically at the upper-middle-management level, who were valued but uncertain as to their direction. These cases had generally ended on a positive note. It should be emphasized that these situations were not viewed as "fixes" for serious performance problems and most of those who had been given access to coaches in the past were still working at BioTech. Overall, however, coaching had not been seen as an important management function at BioTech to date. In Box 3.2., we briefly summarize some of the findings from the Coaching Organization Assessment.

### Box 3.2 The Coaching Organization Assessment at BioTech

The following represents a summary of issues based on the case study above. In the interest of brevity, we have condensed some of the factors discussed in the Coaching Organization Assessment.

#### *Factors That Would Tend to Promote a Coaching Initiative or Factors Upon Which a Coaching Initiative Could Be Built*

- A relatively high level of trust within the organization.
- A cultural emphasis, apparently of long standing, on teamwork.
- A growth-oriented strategy that has been well communicated to managers and employees in the organization.

#### *Factors That Would Tend to Inhibit a Successful Coaching Initiative or That Should Be Addressed as Part of a Coaching Initiative*

- (Perhaps) a cultural constraint on direct discussions about individual and team performance.
- Ambiguity about the role and value of management at BioTech.
- Lack of development of some aspects of the human resource management



- A need to attract and retain human capital in a relatively competitive labor market context.
  - A new senior management and human resource team that is actively seeking out input from employees at all levels.
  - Positive experiences with coaching on the part of several senior managers. These senior managers are open to sharing their experience with others in the firm.
  - Lack of stigmatization of coaching, as BioTech has not made extensive use of coaching for derailing executives or performance problems.
- infrastructure, including competency, skill, and/or leadership models; lack of an acceptable performance appraisal system; and lack of a relatively clearly defined compensation program.
- Ambiguity regarding the role that managers should play in the development of their direct reports.
  - Lack of widespread managerial experience in the skills on which a coaching initiative could be built, particularly those related to performance management and the giving and receiving of feedback.

## A Coaching Initiative at BioTech?

Most of those reading this case would get the impression that this is very much a firm in transition. Assuming that the current leadership has done a good job of analyzing their strategic opportunities, readers interested in leadership, human resource management, and employee development would feel comforted about the actions taken by the new leadership team, and, indeed, we felt that way ourselves. A visitor to BioTech leaves at the end of the day with the sense that “this is a good company.”

The leadership is clear about their goals for a coaching initiative. They would like employees at all levels to receive good feedback regarding their performance, to know where they stand in the company, and to have some useful help in beginning to plan their own development. The leadership at BioTech views this as part of a strategy for recruiting and retaining good employees in a tight labor market. However, they also believe that the firm needs to change and to become more performance focused, while not

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undermining the positive aspects of the firm's culture. Stepping back to the Coaching Value Chain Assessment in Chapter 1, it seems clear that such an effort would support the direction in which the leaders hope this business will go.

This analysis suggests that, ultimately, BioTech will need a strong cadre of managers, many or most who are capable of providing developmental coaching to their direct reports. However, the assessment highlights a number of challenges that, in our opinion, BioTech must address before the organization is likely to be successful. These challenges include the following:

1. The senior management team needs to clearly define the role that managers will have in executing the new strategy. Is the role of manager to be given a higher status than was previously the case? A growing body of evidence demonstrates that effective managers are integral to business performance, particularly when employee engagement is central to effective business performance (Buckingham & Coffman, 1999).

2. What skills must managers have if they are to be effective? In our view, BioTech faces a significant management development task at this time. If the senior leaders at BioTech want middle managers to effectively engage employees, they should define the broad processes and skills required for doing so and then begin to communicate these to current and future middle managers. Coaching is likely to be one such skill, but probably not the only one of importance.

3. Once Step 2 has been completed, BioTech will be in a position to align its performance management and compensation systems in a fashion that will support coaching behavior on the part of managers.

But what does BioTech do now? The reality is that the leadership can start working on Steps 1 through 3 above and probably make some headway with regard to defining the roles, skills, and processes of the organization's managers. However, as anyone reading this book is likely to surmise instantaneously, that doesn't mean those managers will be ready to demonstrate the desired skills. There is much development work yet to be done. As the reader will perhaps also quickly guess, this a perfect opportunity for developmental coaching for those managers.

The question is this: Who should provide the coaching? Based on this assessment, BioTech has several options, including the following:

1. Identify members of the senior management team who have the motivation and skills necessary to do some coaching themselves. We already know that several have had good experiences with coaching, and

this suggests that they may have learned to use coaching in the process. Will they be willing to devote the time necessary for taking on such a responsibility? Some might do so because they enjoy coaching. Beyond that group, however, their participation will probably depend on how strategic the initiative is seen to be. If it is viewed as mission critical to interject developmental coaching into BioTech, some senior leaders, in our experience, will be quite happy to overtly build coaching time into their schedules. We have already clearly stated that in our experience, senior-management involvement is critical to the business success of any coaching initiative. That doesn't mean senior management paying "lip service" to the concept of coaching. It means that at least some senior managers must participate in coaching.

2. Make more aggressive and planned use of external executive coaches. We'll discuss in the next three chapters the form such an intervention might take. However, if coaching as a skill is lacking internally (this might be the case if too few senior managers are willing or able to coach), it can be imported to good effect. In brief, such an intervention would still require the senior management team to define the role and status of management, and either senior management or human resource management would have to define the skills the organization needs its managers to possess. Such a framework, as we will see, provides a context within which external coaches can successfully work.

3. Develop a cadre of expert internal coaches, from human resources and/or organizational effectiveness. If human resources is viewed as a helpful and trustworthy function, the talent in that area may be tapped as well. We will also describe what such a coaching intervention might look like. Again, we would stipulate that BioTech still has to define management roles and skills.

Would we recommend training a large group of managers to coach at BioTech, at this time? No. No matter how supportive the culture, in the absence of the necessary human resource infrastructure, such training may well not be as effective as the leadership, or we, would hope.

In the next chapter, we will begin to explore in greater detail the power of "defining success" as a critical foundation for any variety of developmental coaching.

