

B\ COACH MATTERS

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Chief Coaching Officer? Investing in People: The Case for Creating a Chief Coaching Officer (CCO)

“While the average company invests more than 25,000 person-days in financial planning annually for every billion dollars of revenue—using only traditional financial measures—only the best companies gauge their performance by examining the strategic drivers of those measures.” –BSC On-line Members’ June Briefing

What is becoming consistently clear in the midst of rising complexity is the need for everyone in the organization to have a development plan linked to ongoing organizational alignment and profitability. Time and resources must be allocated to personal and professional development just like they are allocated to “hard” systems. It is clear that development must be separated from performance in terms of evaluation and appraisal—using performance to provide an indicator of developmental progress and resultant capability.

Leverage in a world where information is transparent and access is global will come from the development of human capital—a domain of increasing returns—not the margins on financial capital where only diminishing returns are more the rule. Most companies will state, “*our employees are our greatest asset*”, but very few follow through in that regard.

A coaching culture created and led from a strategic leadership point of view by a Chief Coaching Officer is able to connect, clarify and commit people and systems to right action.

Today, more than ever, organizations need alignment between what really matters—and right action—to create right results. It can no longer be done through a single perspective. It must be done through integrated multiple strategic perspectives. The agility to move quickly and smartly forward—profitably—with emotional competence in light of business realities will define the price-maker of the future.



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He is the author of *COACH2 The Bottom Line: An Executive Guide to Coaching Performance, Change and Transformation in Organizations* and the founder of B\Coach Systems, a business and executive coach training system. If you would like more information on creating coaching programs for managers, leaders or executives, we welcome your inquiry for your coaching and development requirements.

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Leadership is Getting Results

Those of us involved in professional development journeys know that very little development is achieved personally in an organizational setting without help and support. These helping and supporting systems in organizations have long been served through human resources using training and consulting. Yet, with the advent of increasing complexity and the demands from a global wave of competitiveness, we are seeing a new wave of solutions being added to the current systems once the domain of only human resources. Our human capital holds the highest potential for leverage and yet we continuously under-allocate resources to its development.

“Nothing our company does is more important than hiring and developing superior talent.”—Larry Bossidy, Retired Chairman & CEO, Allied Signal

This new genre of development solutions is not coming from increased use of consultants but from an old discipline (Aristotle coached Alexander the Great!) being popularized—coaching! It is the recognition that human capital is as valuable as financial, knowledge, network and customer capital that strategic leadership is required.

Why Are People & Development Important?

It's the business, stupid! Consider the following validated research findings:

- Average costs of mis-hiring someone at \$62,000 base salary were \$840,000... (*TopGrading*, 1999)
- Over a 12 year period, companies with high-performance cultures outperformed their more average peers by:
 - 4 times revenue growth
 - 8 times employment growth
 - 11 times stock price growth
 - 750 times in net income growth (Kotter & Heskett in *Corporate Culture and Performance*, 1992)
- A one standard deviation increase in high performance work practices is associated with a relative 7.05 percent decrease in turnover, and, on a per employee basis, \$27,044 more in sales, and \$18,641 and \$3,814 more in market value and profits, respectively (Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance." *Academy of Management Journal* 1992)

Harvard Business Review reports,

“It is no longer news that over the past five years, Sears, Roebuck and Co. has radically changed the way it does business and dramatically improved its financial results. But the now-famous Sears turnaround was more than a strategic and financial break with the past. It was a radical change in the logic and culture of the company, based on a new business model—not so much ‘the softer side of Sears’ as the ‘softer side of measurement.’

“In rethinking what Sears was and what it wanted to become, these managers developed a business model of the company—the employee-customer-profit model—and an accompanying measurement system that tracks success from management behavior through employee attitudes to customer satisfaction and financial performance.” —(HBR OnPoint Article 3537)

Sears, now a part of Kmart, will always be remembered for what appears to be a profit chain of simple linkages: employee attitudes affect customer satisfaction, which drives profits. The employee-customer-profits model is depicted at http://hbswk.hbs.edu/item_popup.jhtml?id=801#undefined.

Sears realized that people strategy was no longer just the domain of HR, but important across all functions and the strategic case (Chief Coaching Officer) for elevating “people & development” to the highest levels of leadership in organizations is enhanced. It is not just about benefits, performance and administration anymore. It is about a person's capacity for development to take on richer levels of responsibility in the organization.

Why Strategy Focused Coaching?

Coaching as a form of communication is a *leadership linguistic*. In other words, leadership has a choice about how it leads and what methods of communication are used to get results.

“A leader's singular job is to get results. But even with all the leadership training programs and 'expert' advice available, effective leadership still eludes many people and organizations.” —(Harvard Business Review Article R00204)

Yet, how does a leader get results? By exchanging information and facilitating relationships with people. Effective leadership is not what we know, but what we *notice*. It is not just what we see, but

how we *listen*. It is not what we hear, but what we *understand*. In order to begin to move to higher levels of development that allow us to fully understand, embrace and value others—towards getting results—we have to develop emotional competence concurrently with an understanding of the competitive market environment.

Building Capability

In most cases, strategy focused coaching can create the circumstances for development. The idea is to build capability, not foster consulting and management co-dependencies that focus strictly on behavior modification.

Development can only be done in supportive and appreciative interactions that involve deep penetration of long-held assumptions about reality. These *mental models* (Senge, 1990) are ingrained deeply, often holding us back from reaching the next level of development.

Leaders today must not be subject to their own reality maps, but must be able to hold them as object.

“What I see as important in coaching is like the analogy of a person acting in a play in a theatre and then being asked to sit in the audience and view themselves, their behavior, and their leadership from a different perspective.”—Tim Rau, CNA Insurance

What is required of modern leadership at almost all levels is the ability to take a perspective other than your own. *We must be able to sit in the midst of multiple perspectives* and be able to synthesize multiple viewpoints, interests, agendas and needs.

“Products are services. Buyers are sellers. Homes are offices. Workers are capitalists. The line between structure and process, owning and using, knowing and learning is dissolving. The pace is so furious, the meltdown so severe, the erasing of borders so complete that, the whole picture is going out of focus.”—Stan Davis & Christopher Meyer, Blur, 1998

Yet, how do we fill this tall order? And why should strategic leadership even be concerned with things like emotional competence, development and multiple perspectives?

Aren't we interested in only results, after all is said and done? Where is the link from development and capability to the results the marketplace rewards?

These are questions that need to be answered in order to move from hard to soft and back to hard again. The line between personal freedom and business reality is

as impenetrable as ever. As we attempt to see through the limiting barrier—of integrating the person and the work—we discover coaching is a methodology that allows for the synthesis of each—personal and business realities.

“People used to put on their “game face” when they went to work. They became their real selves only when they returned home. These days, who you are—your experience, your attitude—overrides where you work as an index of your value.”—Daniel H. Pink, Fast Company 14

Yet, how do we keep the complications of our personal lives from showing up at work? How do we separate our personal life path from our administrative protocols, legal defenses, document nightmares and management by objectives?

YOU DON'T!

The issue of work-life balance is an oxymoron—a paradox. There can be no separation or the whole person doesn't show up for work or in life. James Autry, author of *Love and Profit: The Art of Caring Leadership* stated recently, *“We can't have two sets of values, one for work and the other for life.”* We are one person who lives and works with one set of values that can't be changed like a pair of clothes.

A crucial question that every Chief Coaching Officer will have to address: *where does the person stop and the business begin or vice versa?* How are personal issues that affect people being addressed at work? Often, by lower productivity. On the other hand, how are work issues affecting our lives? You see whether we recognize it or not, the whole person is showing up at work! It is an issue and it is playing itself out in productivity and well-being—paradise lost or gained?

Organizational Alignment

An effective way to integrate leadership complexity and align organizations is through a leadership system that uses coaching. Coaching is one methodology and structure that focuses appreciatively on developing multiple perspectives, improving performance and fostering generative change and transformation. This is accomplished through creating the space for the emergence of human potential led by intrinsic motivation.

By linking what really matters to organizational right action—the right people, doing the right things, in the right way, at the right time, for the right reasons. Strategy Focused Coaching changes an organization

directly and indirectly through leadership and diffusion around what is important.

Okay—I'm Convinced, but Why Can't HR Handle it?

The question arises whether HR is the right place to establish coaching in the first place. Even if it is, your best people will want to be ensured there is a real separation between their development through coaching and their performance assessment. Even though they impact each other, trust and safety is the only way to get employees to truly open up enough to make significant transformational change! Coaching, while a powerful tool, is muted when people can't be themselves for fear of being judged improperly.

Conclusion

If increasing returns, productivity and getting desired results are what really matters to leadership, then we have to create a *strategic connection or conversation* across systems that are integrated into the lives and work of people.

The Chief Coaching Officer elevates to a strategic leadership position the importance of leveraging our people through development. Increasing capability and organizational alignment in the value chain, while catalyzing the opportunities in a domain of increasing returns is the domain of the Chief Coaching Officer in a Strategy Focused Organization.

My thanks to contributing editor Sean Nelson, MBA, SPHR, who is a human resource specialist practicing, writing and developing effective alignment between personal and organizational goals.

To read the entire chapter: "When Getting Results Really Matters to Leaders: Making the case for a Chief Coaching Officer in Organizations" from my book *Coaching As a Transformational Leadership Competency*, visit: www.coachingedge.com/ctlc.



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