



CHAPTER TWENTY-EIGHT

COACHING FOR ORGANIZATIONAL CHANGE

Bill Hawkins and Tom Pettey

In today's marketplace, companies must continually re-create themselves or perish. Scott McNealy, the chairman, CEO, and president of Sun Microsystems, estimates that ninety percent of Sun's current business is in products developed within the past twelve to eighteen months. In this dynamic world, business leaders are looking at the way they do business with a critical eye, because an organization's ability to adapt to market conditions, address new technology, and develop and quickly market products can make the difference between prosperity and sinking stock prices.

In response, executives in the most successful companies are examining every aspect of their business to provide capacity for adapting to the changes unique to their marketplace. These executives are clarifying strategy, amending business objectives, and establishing new systems. As a result, organizations are removing layers of management, setting up cross-functional teams, establishing self-directed teams, reducing bureaucracy, and driving decision making to lower levels.

The Challenge

The challenge is to get people in the organization to embrace the changes and focus on attaining the goals set forth by the executives, and this requires a change in behavior. Real cultural change can only be achieved if people at all levels in the organization behave in ways that support the strategic direction and goals. Obviously, people need to know what is required of them in the “new” future. Not so obviously, however, people need to understand the differences between their current behavior and future expectations. That is the responsibility of the leaders in the organization, right?

Single-source assessment, in which the leader provides feedback to direct reports on performance, typically occurs once a year for the purpose of providing management with information for pay and promotions. Supervisors typically dislike these appraisals, so they put them off or avoid them completely. Recently, while working with a senior executive team in a large organization, we found that only two people out of fifteen at the vice-presidential level had received a performance review in the past year. Another negative aspect of single-source assessment is that even under the best conditions these assessments represent only one point of view. Add to this the fact that the boss, who has responsibility for dozens of people, may be new to the position or may work in a different city, country, or time zone, and the assessments become even less accurate. One middle-level manager told me in an interview, “I now have sixty-five people reporting to me. Giving each one a meaningful performance review is unrealistic. I’m pleased when I can remember everyone’s name.”

A Tool for Alignment

The most popular tool used to align organizational expectations to individual goals and performance expectations is to create a profile of specific leadership behaviors expected in the future and to provide leaders in the organization an opportunity to receive feedback on their performance against this profile. Although there are a number of good “generic”

leadership models available, many clients choose to develop a custom leadership profile. This profile is typically composed of two parts. The first part centers on values or principles that are held dear to the company. It involves issues such as integrity or respect for people. Johnson & Johnson calls these the “Credo”; American Express identifies them as their “Blue Box Values.” The second part identifies a set of core competencies and leadership behaviors critical to future success. These might include such issues as: “communicates information across organizational boundaries early and often” or “effectively manages individuals whose behavior undermines teamwork.”

If created thoughtfully, this profile will align organizational goals to individual performance expectations. It is an ideal tool to reinforce the corporate values and communicate the new set of competencies needed for future success to all employees and leaders. It can also be a strong motivating factor for encouraging change in leadership behavior in managers who receive feedback from co-workers.

Making It Happen

Create a Profile of Desired Leadership for the Future

A useful way to begin this process is to interview the president and the executive team to validate the vision, mission, values, and broad organizational goals of the company. Once these have been clarified, focus groups (including people at all levels and in all areas of the organization) can go to work identifying the core competencies and behaviors needed for future success. The purpose of these focus groups is two-fold: first, the involvement of people at various levels from all parts of the company ensures that the profile accurately captures the success factors for the entire company, not just headquarters. Second, and just as important, their involvement ensures ownership of the final product. This leadership profile isn't a theory from some college professor or something that senior management has imposed. It is a unique set of competencies and leadership behaviors that they helped create. The list is then returned to the president for final approval.

Determine Who Can Provide Meaningful Feedback

For best results the feedback providers should render the feedback anonymously and be valid, credible sources who know the leader's work best. This would almost certainly include the boss and any direct reports. Other valid sources might be team members, internal customers, peers, or external customers.

Conduct an orientation meeting (led by a senior executive) to introduce the process and provide training on how to provide feedback to others. This is a step frequently overlooked, because the process appears so straightforward that no explanation is necessary. However, both those giving and those receiving feedback approach the process with some anxiety, so a kickoff meeting can be used to explain how and why the leadership profile was put together. This meeting is also used to instruct respondents on how to complete the survey, to answer any questions, and to put people's minds at ease about the absolute confidentiality of the results for the person receiving feedback and the anonymity of those providing feedback.

Collect the Feedback

Technology exists today to collect everything on-line via Internet or intranet and still preserve confidentiality for the manager and anonymity for those providing feedback. The feedback is compiled by an outside party into a summary report. This is given directly to the manager being coached.

The Coach

Analyze the Results and Develop an Action Plan

At first, most managers are overwhelmed with the volume of information provided in the summary report. There are percentiles, written comments, company averages, and category summaries. The first responsibility of the coach is to help the manager analyze the information looking

for themes. What leadership skills and core competencies do people see as strengths in this manager? Is this a pleasant surprise, or is it how the person sees himself or herself? What areas are seen as opportunities for improvement?

The next step is to ensure that the coachee accepts the feedback as valid. Once the manager has accepted the feedback as valid and identified areas for personal growth, he or she wants specific suggestions from the coach. The key to the action plan is that it must contain specific advice on what and how to approach change. The successful coach needs to provide alternatives. For example, if the person wants to improve public speaking skills, one could suggest a public speaking course at a local college; Toastmasters; short presentations at the boss's upcoming staff meetings; hiring a professional speech coach; volunteering to make a presentation at a local church, school, or club; and/or using an audiotape to practice in the car on the way to work or a videotape for instruction at home. If enough alternatives are suggested, some will appear attractive.

Respond to Stakeholders and Follow Up

The manager should meet with the key people he or she will be working with during the next six to twelve months. In a short meeting, the manager should share the action plan and collect additional suggestions on how to improve in key areas targeted for improvement. Last, he or she should follow up with these people on a regular basis.

Keilty, Goldsmith & Company (1996) has published the results of a study conducted regarding the impact of feedback and follow-up with over eight thousand leaders in Fortune 100 companies. The results were dramatic, but not surprising. "The degree of change in perceived leadership effectiveness was clearly related to the degree of follow-up. Of the managers who were seen as *not following up*, over half were rated as unchanged or less effective by their direct reports eighteen months later. Of those who were seen as doing *some follow-up*, eighty-nine percent were rated as more effective." Unfortunately, only fifty-eight percent of the leaders followed up. Follow-up works, but how do you make it happen?

Ongoing Coaching

Most leadership programs initiated as part of organizational change projects have traditionally been approached from the following point of view: give the people feedback, target areas for improvement, provide training (usually a one- or two-day course), and success will follow. The problem, of course, is that even the most well-meaning and motivated managers return to work and are swamped. As Steve Covey (1996) points out in his book *First Things First*, the urgent phone calls, meetings, customer requests, and so forth tend to take priority over important but non-urgent issues. Personal development is important, but it can be put off. Before you know it, a year has passed and those development issues never made it to the top of the “to do” list.

Jim Bolt, chairman of Executive Development Associates, which specializes in designing custom development programs to support strategic change, recognized this problem. In our work with Jim over the last two years, he has included ongoing coaching in the programs he has developed. Coaches follow the format outlined above, but instead of saying, “Goodbye, good luck, call me if you have any questions” at the end of the feedback coaching session, they maintain an ongoing coaching relationship with the coachee. They continue contact via e-mail and telephone on a monthly basis. The coach is there to answer questions that invariably arise, provide additional input, suggest alternative approaches, and help maintain focus on the action plan for development.

The cost of this additional coaching is “peanuts,” typically only an additional one percent or two percent, as compared to the cost of programs without the ongoing coaching. The impact is enormous. Every organization that has included ongoing coaching as part of the feedback process has dramatically improved the proportion of leaders who follow up, and consequently the perception of leadership effectiveness has improved. Following is a case study of the California Public Employees’ Retirement System (CalPERS) wherein ninety-two percent of the *entire* executive team showed improved leadership in a four-month, follow-up study.

Multi-Rater Feedback

EXHIBIT 28.1. THE CALPERS STORY

CalPERS manages pension and health benefits for more than 1.1 million California public employees, retirees, and their families. With \$156 billion in assets, we are the largest public pension system in the nation with a record of success. During our strategic planning process in 1996, however, it became clear that we would face increasing competition and tremendous challenges in the next decade.

Training and development was identified as one of five key projects in the strategic plan. We recognized that an inordinate share of CalPERS' resources were devoted to efficiency and effectiveness, and few to creating greater organizational capacity through expanded learning. The commitment to learning as a top priority in the organization came from the CEO.

We began with a comprehensive training needs assessment. The input of every senior manager in the organization was compiled and used as a foundation for identifying business challenges and key training opportunities. Next, focus groups, including people at all levels and all locations, were employed to fine-tune the issues. A key finding from these focus groups was that the vision and strategies of the organization were not widely understood. Silos and parochial thinking were evident and could potentially impair success.

We then developed a profile that incorporated the changing role of the leader of the future at CalPERS. This profile drew on the established organizational values in which we have always prided ourselves, such as integrity and quality. To that we added competencies and leadership practices that would be critical to future leadership success, such as communication of information across organizational boundaries.

Leadership Challenge Workshops were created to promote increased awareness of the changing roles of leadership. Multi-rater/360° feedback was a cornerstone of these workshops. Importantly, senior executives led by example by participating in the first workshop, in which the focus was receiving feedback and developing actions for leadership improvement. A senior executive then kicked off each subsequent workshop by explaining the changing role of leadership in the organization and sharing his/her own action plan for improvement, resulting from his/her participation in the feedback process.

The objectives of the three-day Leadership Challenge Workshops were for participants to:

- Gain an understanding and internalize the vision, values, strategies, and leadership challenges;
- Understand our marketplace realities and trends;

(continued)

EXHIBIT 28.1. (CONTINUED)

- Learn and practice the common demands of the changing role of leadership;
- Increase teaming;
- Learn how to lead change and improve communication skills; and
- Receive feedback on the leadership effectiveness and create individual development plans for improving effectiveness.

As part of the workshop, each person met one-on-one with an outside consultant. During the session, the consultant interpreted the feedback and helped each person identify two individual opportunity areas and two group opportunity areas for leadership improvement. Then, action plans were developed. At the conclusion of the session, the consultant kept a copy of the action plan and arranged for ongoing communication over the next few months. Depending on the communication style preferences of each manager, ongoing dialogue (telephone, e-mail, and sometimes additional face-to-face meetings).

Four months later, each manager again surveyed his/her “key stakeholders” to assess improvement, not on the entire list of leadership behaviors, but on those specifically targeted for individual improvement in the action plans. The result met, even surpassed, our initial expectations. Over 90 percent of our executive group showed improvement and 86 percent of senior management showed improvement.

In retrospect, we feel we did a number of things that led to our initial success. The involvement of senior executive staff in the first multi-rater/360° feedback session set an excellent foundation for the remainder of the leadership team to share the same experience. The Leadership Challenge Workshops, scheduled away from headquarters, also provided an excellent learning environment to receive the feedback and to formulate action plans. Focusing on one or two individual opportunity areas with the support of the assigned coach yielded excellent results, as did the commitment to re-surveys after four months to assess progress.

During our initial work with the 360° feedback process, we also learned the importance of ongoing communication. We could have increased our effectiveness if we had established a communication link, via the CalPERS intranet, early on with each participant. Such a link would have been a great way to share personal success stories and to provide helpful tips and reminders to our participants. In the final analysis, the personal commitment of the CEO and the example he established made a real difference in our level of success.

About the Contributors

Bill Hawkins is an independent consultant specializing in the design and delivery of training to support leadership development, organizational values, team building, performance management, and organizational change. Prior to being a consultant, Bill worked for a division of Johnson & Johnson in sales, marketing, sales management, and product management positions. He then joined Boston Scientific Corporation as director of sales and marketing for the Microvasive Division. In seven years, the division grew from four employees to over five hundred, and Boston Scientific went public on the New York Stock Exchange.

During the last ten years, Bill has worked with and conducted leadership training in leading organizations on five continents. Clients served include American Express, AT&T, Bell South, Bloomberg, Boston Scientific, Budget Rent-a-Car, CalPERS, DirecTV, Dreyer's Grand Ice Cream, Johnson & Johnson, Kodak, Lutheran Brotherhood, Motorola, Nortel, PNC Bank, Raytheon, Sun Microsystems, Titleist, Union Pacific Railroad, Valvoline, and Weyerhaeuser. With his blend of consulting and management experience, Bill brings a breadth of understanding and insight to real world situations.

Aside from his work with major corporations, Bill has donated his services to the International Red Cross/Red Crescent, the New York Association for New Americans, United Cerebral Palsy Association, and the Girl Scouts of America. He holds a B.S. degree from Drake University and an MBA from Indiana University. Bill is a member of the Learning Network, is listed in *Who's Who in International Business*, and is a contributing author in the Peter Drucker Foundation book *The Organization of the Future*.

Tom Pettey is the chief of the Human Resources Division for the California Public Employees' Retirement System (CalPERS). As key policy advisor on human resource issues, he has primary responsibility for the implementation of HR strategies to support the CalPERS strategic plan. In addition to directing the core HR functions, over the past two years he has devoted particular attention to the development of specialized and innovative programs to recruit and retain a top-quality workforce.

