

Executive Coaching – Social Work or Profit Edge? Business Acumen Programs Come of Age

Executive coaching has come of age, indeed it might be just a little bit past it, given what we have to say here. Should you do it, what is the impact and what is new and exciting in the coaching field?



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I Will Survive

What is the central question for all rising business executives? "How do I survive?"

With companies increasingly likely to quickly terminate them if they do not perform; and with more acquisitions, divestitures and buyouts, a senior executive's life is a risky one. Anything that can help them survive that little bit longer will have both personal benefits in terms of compensated longevity and professional benefits in terms of their positive impact on the profitability dynamics of their employer.

One of the increasingly popular ways to help executives meet these challenges is executive coaching. The old prejudice against coaching has disappeared and it is now viewed as a personalized way to help the executive's performance.

Take Yours with Jung?

However there's a psychic fly in the ointment here. Traditional executive coaching has very much a psychoanalytic flavor. It is based on theories that were developed a long time ago.

Traditional psychoanalytic-based theories of leadership focus on issues such as narcissism, ego and interpersonal dynamics. The aim of coaching is psychic balance and personal and communal enrichment. The outcome is absence of psychopathology and a balanced response to external environments.

Most executive coaches regard themselves more as therapists than as business analysts and tend to stay well clear of financial and profitability issues. They usually have training in psychology and have come to business, if at all, only at a later stage.

The objective of contemporary executive coaching tends to be to help the person first and help the business they work for second. Assessments completed are usually personality-based, although sometimes competency-based also. Neither has a direct link with profitability and financial outcome of the business.

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La Famiglia?

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It reminds us of Tony Soprano in the Sopranos. He attends therapy regularly. His therapist wants to make him a better person. She steers well clear of issues such as who gets whacked and who gets the loot. Tony feels better (maybe) but the business goes its merry way undeterred. Tony considers his well-meaning therapist as a source of psychic, but not of business support.

We call this the social work paradigm of executive coaching. The traditional executive coach sees her role as helping the person rather than the executive and has little or no interest in the direct financial impact of the coachee on the profitability dynamics of the business.

Such coaching may indeed have a positive and measurable impact on how the coachee feels and how they deal with other people. It may also make them a much better person. However, it is very unlikely to make them a better business person, in the terms that the business itself may care about – profitability, margin and growth metrics.

Many executive coaches do attempt to integrate financial, business and market factors into their coaching. However the problem is that there has, until recently, been no model which integrates these factors into an executive coaching paradigm, so even if the coach wants to do it, there has been no model for them to follow.

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And since there has been no such model available for clients, they have had no choice but to take the next best thing, which currently is the social work model of coaching.

“Show Me the Money”

Although it has not been politically correct to talk about executive coaching in this way, this is frequently the way that the business side of the house regards it. This view is why so many business people are skeptical about executive coaching. Their unspoken critique: show me the money.

There is a huge need for executive coaching. As executives move up the corporate ladder, they increasingly lack the advice and feedback that can help them proactively meet the business challenges of their new positions. Generally they need business-focused coaching that can help them meet the profitability and margin challenges of their position. This coaching needs to focus on their business acumen and not just their interpersonal acumen which is so often the focus of the social work model of coaching.

“The aim of business acumen and impact coaching is not social work, it is profit edge.”

That is not to say that they may not also need coaching of the more conventional type. But generally that type of coaching will not have a direct business impact. And if they do not receive the business impact coaching, they will often not be around long enough to benefit from the more conventional type.

Until executive coaching can respond to the issue of coaching in business acumen and business impact, it is unlikely that executive coaching will ever reach the number of executives it needs to fulfill its promise of helping executives survive and, even, prosper.

Business acumen and impact coaching is the next big thing. It meets the survival criterion. It is focused directly on the impact of an executive’s behavior on achieving the organization’s financial and valuation goals. The aim is not just to make the executive feel better but to improve the profitability and valuation of the organization that employs the executive.

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Business acumen and impact coaching still has a strong personal value dimension. By showing the executive how to improve their profit edge, they will gain in value from a career perspective. So business impact coaching is also a career development tool.

Divine Revelations

Most executives have financial and business behaviors that will not result in a profitable impact. This is a fact, albeit unpalatable to most executives. This is also usually unknown to them for the above reasons.

For their survival it is important for them to become aware of this and to figure out what to do about it. Many will be able to change productively, some will not. But at least they will have known what they should have done, which is more than usually happens now with executives who are going to fail.

For companies, business acumen and impact coaching is one way to tilt the profitability odds in their favor. For HR it is a way to get a seat at the table.

Business acumen and impact coaching is a coming trend. It is important for the success of companies and their executives. It is the newest direction in talent management for profitability.

Hints and Recommendations

- Review your executive coaching programs to see if they are business-focused enough.
- Integrate business acumen assessments into your executive development programs.
- Add business acumen training and coaching to your leadership and executive development programs.

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