



ASHHRA e-News Brief

Hot Topics for Health Care HR Leaders

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THE VERDICT IS IN...EXECUTIVE COACHING PAYS



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Executives sometimes do things that inhibit positive change. Some lack self-awareness, fail to listen to feedback, and struggle with making necessary changes. Failure among these executives is predictable.

Most CEOs know that it is almost impossible for them to receive objective insights, opinions, or feedback from those around them. High-level executives live in a world in which the good news is eagerly reported to them and the bad news is either softened or left unsaid. They are isolated and often in the dark about issues or circumstances that are important to their success. Their direct reports often withhold facts and opinions and tell them what they want to hear. Their direct reports and support staff simply do not believe it is safe to tell the truth. It is the fortunate executive who has someone who speaks the truth to them.

The coaching survey showed that 80 percent of those surveyed found that coaching provided them with objective opinions about their leadership and their effectiveness. This objectivity in feedback is extremely important because executives cannot improve without honest assessments of the changes necessary to make them more effective leaders. Eighty percent of those surveyed believed they had developed or enhanced their behavioral competency, and 80 percent believed they learned how to be more effective leaders.

These insights are important because survey findings suggest that almost all executives fail not because of what they do but because of how they do it. The "how" is wrapped around their ability to effectively demonstrate behavioral competencies.

But how do these outcomes relate to the reasons executives sought out executive coaches in the first place? Here are the top four reasons given:

- 86 percent said they did it to receive constructive feedback and observation to gain insight into issues those around them won't address
- 84 percent said they used executive coaching to increase their self-awareness of their strengths and their weaknesses
- 82 percent said they pursued coaching to develop or enhance personal behavioral competencies
- 82 percent said they pursued coaching to increase their leadership effectiveness.

These are tough times for business. The issues business leaders face are more complex and difficult than they were five years ago. It is critical for leaders to gain every edge possible, and enhancing their own leadership skills is one way to do that. Through working with a coach, they can gain valuable insights and honest feedback, achieve a broader perspective, and obtain a compass reading to help them determine if they are headed in the right direction. Just clearing a space on their calendars — and in their heads — for working through the tough problems with a trusted advisor is, judging from survey feedback, one of the most valuable benefits.

Andy's story

Five years ago, Andy joined Urban Medical Center as its new COO. From the moment he walked in the door, he was challenged to make critical improvements in day-to-day

operations to correct sagging revenue, poor service levels, patient quality, and safety.

He hit the ground running. Using his knowledge of operations and his execution skills, Andy made it his mission to get results. After all, results were what mattered, and he was determined to get them.

Unfortunately, he stepped on some toes in his push to make positive changes. But he got the results quickly, and the CEO provided the needed cover from those who were negatively impacted by many of the changes he needed to make.

Fast forward to today, Andy's CEO decided to retire while the organization was in good shape. He suggested that Andy be considered to replace him. The hospital's board chair invited Andy to lunch to get to know him better and to get a read on whether he was CEO material. Following the lunch, the board chair told the retiring CEO and that Andy was an outstanding operations person but lacked the necessary skills to be a CEO.

"Andy lacks a strategic perspective. He doesn't seem to be open or inclusive, and he lacks political savvy. He just doesn't seem to understand the importance of using relationships to grow as a leader. And he certainly doesn't understand his ability to influence others," said the board chair.

The CEO admitted that the board chair's assessment was true. As COO, Andy proved that he could get results, but he hadn't proven that he could inspire a team to follow him as the leader over the long haul. The CEO knew that Andy had the capacity to learn these behaviors if he wanted to be a CEO. The questions were: Did he want to be CEO, and was he willing to learn new behaviors?

Later, Andy sat down with the CEO.

"Andy, I'm going to come straight to the point," said the CEO. "I've recommended you to be my successor. A number of board members don't think you're ready, so I have one question. Do you aspire to the responsibility of a CEO?"

"Yes, of course. That has been my goal since I came here," Andy replied.

"Then we have a lot of work to do," said the CEO. "But we will need to bring in some outside help. Are you open to working with a coach? It will require a lot of work."

Andy was a bit taken aback, but responded quickly. "Absolutely!"

Andy found the work with his coach insightful and challenging. He went through a number of personal assessments, including a 360 feedback, which helped him and the coach focus in on his strengths and development needs.

After six months, those around Andy began to see him as a different leader. He had become more strategic, had begun to build strong relationships with the key stakeholders, and was much more politically savvy. He spent less time working on tasks and was less hurried. He spent more time building relationships, thoughtfully engaging those around him as he shared his vision for the organization's future. As one board member put it, "He is acting more presidential."

The next 12 months were used to take Andy's new skills to a higher level. When the search committee met to determine if they should do a national search to fill the CEO role, it became obvious to everyone that Andy was now the right person for the job. A national search was not needed.

It turns out that Andy's situation is not unusual. As executives grow professionally and take on roles of greater and greater responsibility, their success is driven by improving their behavioral competencies. This process is accelerated when an executive coach is employed to help the executive transition to greater responsibility effectively.

Peter's story

When Peter was ready to move into the CEO role, the board determined that his success as the next CEO would be tied to his ability to build a high-performing team, as well as his ability to be innovative while also being collaborative. Peter saw an improvement in those areas by using the feedback from those around him. In the end, he became more aware of

his strengths in these competencies and became more confident in his abilities to build teams, be innovative, and be collaborative.

As his coach began to point out how these competencies would help make him more successful, it was like a giant "ah ha" in his life. The changes were almost immediate, and he began to shift his focus, attention, and priorities within 30 days. In that same 30 days, medical staff members, board members, and fellow team members could not believe how successfully he was making that shift. As a result of his work with the coach, he has become an extraordinarily effective CEO.

Coaching ROI

The question is whether or not the time and money invested in the executive coaching process provides good return on the investment (ROI). Executive coaching is not an inexpensive proposition considering the leadership's time and the fees that are paid the executive coach.

Survey respondents were asked to estimate the financial ROI. Keep in mind that ROI can be found in one or more of the following ways: (1) reduction of expenses; (2) enhancement and growth of revenue; (3) achievement of strategic goals, or; (4) greater safety and/or higher clinical quality.

Leaders who spent more than \$10,000 a year on their executive coaching reported that they believed on average their return on investment was 1,031 percent. That's a tenfold return for every dollar spent.

The Manchester studies done in the 1990s on executive coaching in other industries came up with a number that was somewhat smaller but in the same ballpark: an ROI of 580 percent. That was a return of \$5.8 for every dollar spent.

One organization surveyed lost a fair amount of money thanks to a leader who struggled with some very tough relationships in a particularly important medical group. Through his work with an executive coach, he gained insight into his strengths and learned how to be more effective in building relationships. Over a year's time, he gained the trust and confidence of that medical group and was able to bring them into the organization. The result was more than \$10 million in total revenue, of which more than \$2 million fell to the bottom line.

This survey reinforces previous studies examining the value of engaging an executive coach. These studies have demonstrated that taking the leader to the next level of effectiveness can result in powerful financial rewards for the organization.

If your organization's CEO needed open heart surgery, would you want that surgery to be performed by anything other than a heart specialist? Of course not! With your CEO's life in the balance, you would want the best heart surgeon you could find. Similarly, an executive coach just might be your organization's prescription for personal and organizational success.