

# White Paper

## Developing Future Ready Leaders

*How executive coaching can help leaders face the challenges of the 21st Century*

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Allenwrite Consulting

<https://allenwriteconsulting.com>

[pallen@allenwriteconsulting.com](mailto:pallen@allenwriteconsulting.com)



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# 1. Background

## 1.1 Purpose

The purpose of this paper is to understand the challenges facing leaders and executive coaches in the 21<sup>st</sup> Century. This paper will provide insights into contemporary approaches for the development of future leaders in an organisation with a focus on executive coaching as a development tool.

## 1.2 The Challenges

Over the past 25 years there has been an extraordinary growth in executive coaching. Ten years ago companies engaged executive coaches to help 'fix' the toxic behaviour of key leaders. Today, executive coaching has shifted towards identifying and developing the capabilities of leaders for the 21<sup>st</sup> Century. As a result, there are key challenges facing this growing profession. These challenges include:

- Clearly defining an international standard of Executive Coaching
- Effectively measuring **Time to Value**: the length of time necessary to achieve the success of an investment
- Developing coaching specific research

Leadership coaching has developed as a result of the complex responsibilities and accountabilities within executive roles. Amidst perpetual change and disruption, aspects such as the new economy, globalisation, acquisitions and mergers, chaos, diversity, power, risk and limited resources have placed additional pressures on leadership roles. The continued importance of coaching is reflected in the significant growth of the profession in recent years and it has evolved as one of the most important influences in the modern organisational and corporate environment.

Whilst definitions of executive coaching tend to be broad and numerous, it involves a facilitating relationship between a coachee, who has managerial leadership authority in an organisation and the executive coach, who uses psychological and behavioural frameworks to assist the coachee to develop relevant leadership behaviours, thereby increasing and accelerating performance. Hence, quality of leadership can be viewed as the single most important force behind acceleration.

# 2. Discussion

## 2.1 Issue

The modern world of work has become increasingly complex characterised by rapid developments in technology, increased competition, globalisation and consumer expectations. As a result, the demands placed on leaders have accelerated and intensified. The practice of executive coaching has become one of the five top leadership development interventions to help leaders respond to this new age of disruption and change.

The International Coaching Federation's 2020 Global Coaching Study<sup>1</sup> reports that there are an estimated 71 000 coaches worldwide, an increase of 33% from 2015. The number

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<sup>1</sup> [2020 ICF Global Coaching Study](#): Executive Summary

of managers/leaders using coaching services has risen by almost half, up 46%. Data also indicates that Asia had the largest growth with 124% of executives using coaching skills, more than double the previous figures. This represents a market that is currently exceeding \$2.849 billion (USD) in annual revenue, a 21% increase from 2015 data.

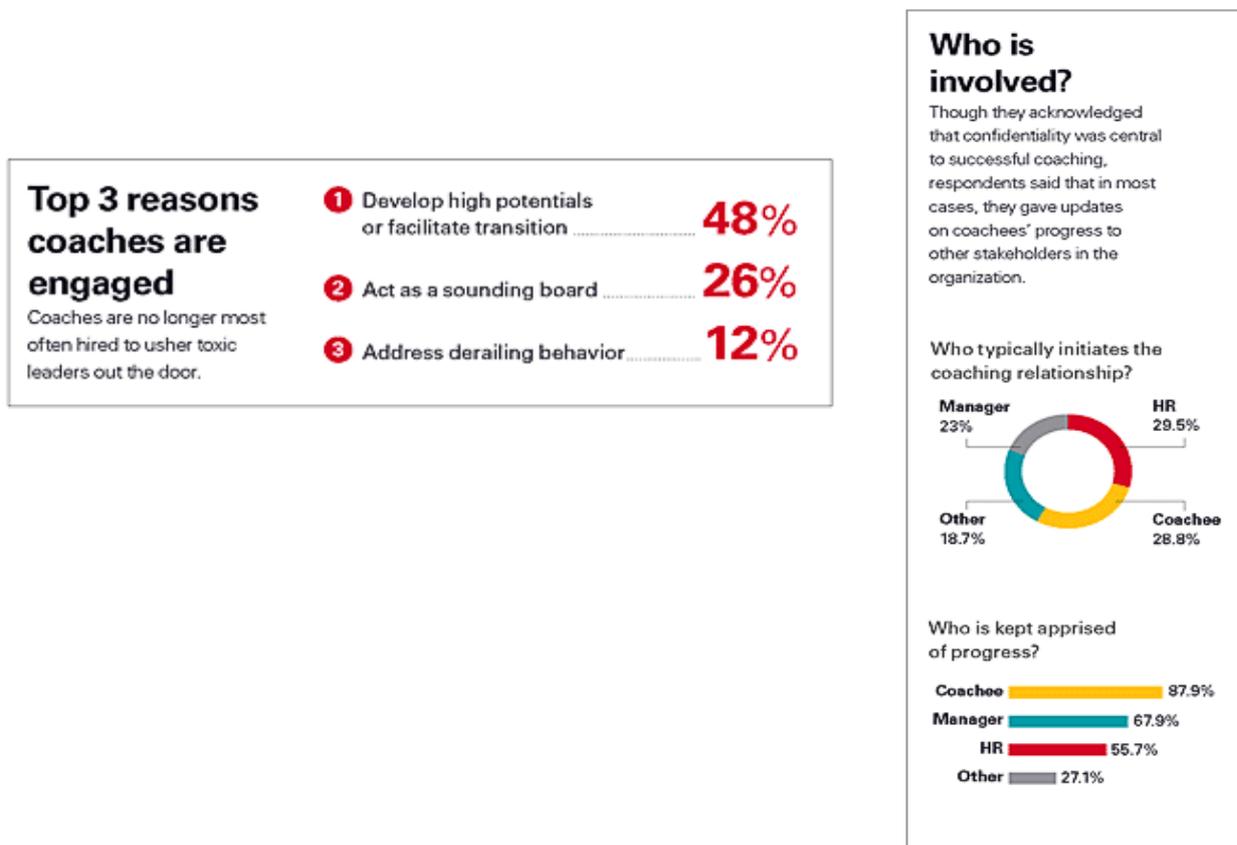
With tougher competition, technological advances and changing customer preferences it is more crucial than ever that organisations develop leaders capable of accelerating performance. They need to be agile in navigating a shifting world and help their organisations adapt faster than their rivals.

So, what is the role of executive coaching in this domain?

Many organisations don't know the practical steps for building and accelerating leadership performance, and they may lack the tools for assessing team and individual growth which ultimately leads to business growth. Executive coaching provides a personalised approach to meeting these challenges.

Today, business leaders are relying on executive coaches to help navigate performance in a volatile and complex world. Harvard Business Review conducted an online survey of 140 leading coaches to determine the mechanisms for measuring the effectiveness of a coaching engagement. The results indicate that coaching as a tool is gaining legitimacy, but the variance of quality is still an area of concern. Some results are included below.

**Figure 1:** Harvard Business Review<sup>2</sup>



<sup>2</sup> Harvard Business Review (January, 2009): [What Can Coaches Do For You?](#)

## 2.2 History: The Evolution of Executive Coaching

“Excellence is never an accident. It is always the result of high intention, sincere effort and intelligent execution; it represents the wise choice of many alternatives – choice, not chance, determines your destiny.”

ARISTOTLE (384-322 BCE)

The origins of executive coaching and its progress was a response by organisations to offer employees development opportunities. As the world has grown increasingly more multifaceted, organisations have looked towards methods that will develop their leaders quickly and add value to business success.

The philosophy of coaching can be seen throughout history with early proponents such as Socrates, Confucius and Muhammed. Coaching can always be recognised by the division between those who value self-discovery from those who value dictated rules of behaviour. Most branches of coaching still derive their practices from these ancient, philosophical roots, whilst expanding and growing the application of these core tenants.

The challenge with coaching in the modern world today is not only the disparate notions of what coaching is or how it is conducted, but in the challenge of creating a strong, foundational empirical research base to keep up with coaching’s exponential growth. Although coaching has an established history as a profession it is still relatively young. Despite this, executive coaching has become widespread and popular, developing as a tool to help modern leadership cope with the ever-expanding challenges of the modern world.

## 2.3 Addressing the Challenges

### Defining Coaching

In terms of defining ‘coaching’ it is clear that there is no single, agreed definition. Executive coaching as a distinct area, remains an area that still needs to be adequately defined and regulated. The Association for Coaching’s definition states that a corporate coach must focus on supporting an employee to improve business performance and operational effectiveness. According to Kilburg,<sup>3</sup> executive coaching is:

“...a helping relationship formed between a client who has managerial authority and responsibility in an organization and a consultant who uses a wide variety of behavioural techniques and methods to help the client achieve a mutually identified set of goals to improve his or her professional performance and personal satisfaction and, consequently,

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<sup>3</sup> Kilburg, R. R. (2000). Executive coaching: Developing managerial wisdom in a world of chaos. Washington, DC: American Psychological Association p. 67

to improve the effectiveness of the client's organization within a formally defined coaching agreement."

More recently, Hawkins & Smith, 2006 define coaching as:

"...the focused application of skills that deliver performance improvement to the executive's work in his or her organisation, through robust support and challenge. The coaching process should yield learning and personal development for the executive and help them to contribute more of their potential. This collaborative relationship will be short-term and practically focused, and will be marked by clear, strong feedback."<sup>4</sup>

It will be fundamentally important for the executive coaching profession that consistent standards and definitions are established which are understandable to clients and organisations and furthermore, are consistently recognised internationally.

## **Creating Value, Ensuring Quality**

### **What are the unique advantages that executive coaching offers as a business transformational tool?**

With the rapid increase in executive coaching driven by the recognition that challenges in leadership involve the whole person rather than merely small sub set skills, there is a need to develop managers that are skilled in relationship building and engagement. Therefore, merely differentiating based on the quality of the product is less important than a business relationship with clients. So too, employees have greater expectations of leaders to be motivational and inspiring. Executive coaching provides these emotional and relational aspects of leadership capacity by addressing specific challenges faced by leadership and mapping a clear response to complex issues.

There are several key reasons why coaching may help executives' function more effectively during times of unprecedented change and turbulence.

1. As executives deal with uncertainty, now more than ever time needs to be spent engaging the flexible, strategic thinking required to understand and constructively plan for emergent and unpredictable issues.
2. Effective leadership of others requires great personal insight and an awareness of one's own thoughts and behaviours - coaching has been shown to enhance and increase such insight.<sup>5</sup>
3. Leaders also need to focus on solution construction which may require a mindset shift from a diagnostic approach to a solution focused thinking style. Coaching has been shown to effectively facilitate this along with helping leaders deal with unpredictable situations increasing both self-efficacy and management skills.

The challenge is that organisations are expecting evidence of performance improvement which benefits the organisation. Therefore, coaches must be skilled

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<sup>4</sup> Hawkins, P., & Smith, N. (December 2006). Coaching, mentoring and organizational consultancy: Supervision and development. Maidenhead: MacGraw Hill/Open University press.

<sup>5</sup> Anthony M. Grant (2014) The Efficacy of Executive Coaching in Times of Organisational Change, Journal of Change Management, 14:2, 258-280.

in serving both the needs of the client and the organisation. One prevailing question is:

### **Do the monetary benefits of coaching overcome its costs?**

Traditionally, this has been hard to measure as many of the skills discussed fall into the category of 'soft skills.' Given the time and expense of coaching businesses are right to ask for a return on investment (ROI). This is not new. ROI has been used as a business tool for over 300 years. What is challenging are the measures used to determine ROI which will vary depending on the organisational context. However, there are a number of problems with using financial ROI to determine coaching effectiveness. These problems include accurately calculating the financial costs of the coaching intervention and determining the exact financial benefits of a coachee's performance, the work of the executive coach or extraneous factors such as changes to market conditions. Far better measures can be used to quantify the effective outcomes of executive coaching which result in changes to managerial behaviour leading to accelerated organisational effectiveness.

### **Time to Value**

There are a myriad of approaches to executive coaching that create value in organisations with considerable overlap among them. In broad terms, there is agreement on the stages of executive coaching:

- Relationship Building
- Assessment
- Intervention
- Follow-up
- Evaluation

There is also consensus regarding assessment tools and measurements such as 360-degree feedback, questionnaires, qualitative data (interviews) and psychological instruments such as the Leadership Accelerator Questionnaire (LAQ)<sup>6</sup> built on the principles of the META framework set out below.

Additionally, there is further agreement that presenting data and feedback is a critical component of executive coaching. Through evidence-based feedback, executives can come to an understanding of patterns in the data and identify an actionable, developmental plan to modify behaviour in order to improve performance. Though overlap exists between models, the specific framework of META is worth analysing for its unique contribution to the coaching process in providing specific data on measurable outcomes.

The META Framework identifies four factors that correlate with business growth and acceleration of success. These factors are:

*mobilize, execute, transform and agility*

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<sup>6</sup> Heidrick & Struggles: [LAQ](#)

**Figure 2: META Acceleration<sup>7</sup>**



### **Mobilize**

Mobilizing requires a customer first approach. All processes and strategic decision making must centre on a customer driven mission which is clearly understood, regularly communicated and enables the decision making process to accelerate.

### **Execute**

Execute refers to a shared understanding of critical strategic capabilities and the extent to which they exist in an organisation, identifying gaps and closing them quickly, looking carefully at trade-offs and risks. Great executors focus on clearly defined priorities that drive business results, are able to adapt when areas of focus change and eliminate non-strategic initiatives.

### **Transform**

In order to transform, leaders often need to change the way they think about and reallocate resources. Transformational leaders embrace disruptive innovation, re-examine traditional performative measures and eliminate spheres of operations where power is the motivator rather than growth results.

### **Agility**

Agility comes down to a leader's ability to predict change and act quickly to adjust to changing forecasts. Importantly, it is also withstanding and recovering from setbacks rapidly.

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<sup>7</sup> Colin Price and Sharon Toye, [\*Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility\*](#), Hoboken, NJ: Wiley & Sons, 2017.

**Figure 3: Leadership Accelerator<sup>8</sup>**



The process of understanding the complex challenges leaders face and the opportunities available can be determined when a leader's capacity to accelerate is assessed through tools such as the LAQ and META framework. When organisations understand their leader's capabilities through rich, data informed analysis, their potential can be developed faster, ultimately driving acceleration in the business.

Recent research has indicated that executive coaching can indeed have wide ranging and positive effects during times of organisation change. It can lead to increased goal attainment, enhanced solution-orientated thinking, agility, and increased leadership self-efficacy, provided the coaching is targeted and clearly defined.

### **Solution based approach to challenges**

Good leadership requires cognitive flexibility, and leaders capable of accelerating performance in a fast, changing environment. Leaders need to view emerging challenges from a range of perspectives, identify specific, measurable goals and then enact a plan to make positive change. This means changing momentum faster than competitors in order to capitalise and harness ideas rapidly, resulting in acceleration. These challenges can be addressed in five broad areas of executive coaching:

- 1. Strategic Priorities:** Creating a strategic plan where coaching approaches are built into all aspects of leading and management.

<sup>8</sup> Heidrick Consulting: [Developing leaders for the 21<sup>st</sup> century](#)

- 2. Map Systemic and Cultural Patterns:** based on data, these insights can then be fed back to executives to facilitate actionable goals to improve business success.
- 3. Focus Coaching Spending:** targeting coaching on areas of greatest need. For example, efficiently transition newly promoted employees to accelerate effectiveness or focussing on teams in high growth areas.
- 4. Develop Criteria and Methods for Evaluating Return on Investment:** having clearly defined, measurable outcomes increases the validity of coaching services and establishes coaching as an essential part of organisational strategic development.
- 5. Establish Clarity Within Components of Coaching:** including agreed definition with well-defined standards and accreditation.

### **Developing Coaching Specific Research**

While research into the efficacy of executive coaching is continuing, there still remains some confusion about terminology and definitions as mentioned above. Exacerbating this is the diverse number of professional coaching bodies with different standards and accreditations which may range from short courses up to doctoral degrees.

With the rising popularity of coaching in accelerating leadership development there is an increased need for clear practice guidelines and the development of accepted professional standards which are aligned across professional bodies. For increased coaching effectiveness, more empirical studies on coaching outcomes and literature on contemporary leadership theories is needed. Organisations can benefit greatly by including empirical outcome evaluations in their strategic coaching initiatives. Doing so will help improve professional practice and make significant advances in understanding future trends of leadership development, maximising success with business transformation initiatives.

## **3. Conclusion**

### **3.1 Summary**

Executive coaching has the power to be a revolutionary tool not only for modern organisations but for developing agile leaders for the 21<sup>st</sup> century. It is flexible, personalised and provides clarity and focus with a specific actionable plan when applied correctly.

The key challenges moving forward will be to define and align executive coaching definitions and standards across key bodies. Furthermore, to implement robust, empirical frameworks that measure leadership acceleration, so companies are better informed on best practices and finally, develop ongoing research to keep up with a rapidly growing profession.

### **3.2 Conclusion**

Developing future ready leaders will depend on the capabilities of leaders to adapt to rapid change whilst accelerating growth. This requires leaders who are self-reflective, and solution focused. Additionally, the relationship between executive coach and coachee is built on a foundation of trust and confidentiality whilst ensuring leadership growth and performance.

With the rising popularity of coaching as a method of leadership development there is a clear need for practice guidelines and professional standards across the industry. For increased coaching effectiveness, more empirical studies on factors affecting outcomes is needed.

Organisations must clearly define the purpose of coaching, actively engage in the process and evaluate results using proven methods and frameworks. Ultimately, coaching should deliver what businesses need - results. The quality of the intervention is crucial in determining the increase in these results.

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## 5. Author's Biography

This White Paper written by:

### **Patricia Allen**

BA., Dip.Ed., M.Ed., Dip. Coaching

Founder of ***Allenwrite Consulting***

### **About Allenwrite Consulting**

Patricia Allen, [pallen@allenwriteconsulting.com](mailto:pallen@allenwriteconsulting.com) is a freelance content writer and copywriter. She is the founder of *Allenwrite Consulting*, a former Educator and Executive Director.

She has a bachelor's degree in English and History, a Master of Education and a Diploma of Coaching. She specialises in digital marketing, White Papers and Case Studies. Patricia works closely with B2B and B2C companies providing useful and engaging content that converts viewers into customers.



Patricia's passion is using words to make an impact:

Write Well

Write because you have something to say

Write memorable copy

Make it last

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