

From Strategic Planning to Strategic Coaching: Evolving conceptual frameworks to enable changing business cultures

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Abstract

This paper uses an exploration of recent developments in corporate theory and human resources development to suggest that successful corporate systems emerging out of international business turbulence since 1990 constitute entrepreneurial networks rather than bureaucratic hierarchies. Enterprise networks require forms of human resource development substantively different from high-compliance training regimes. Networks depend on entrepreneurs rather than replicators. Evidence is beginning to suggest that corporate coaching offers a supremely effective method of supporting corporate entrepreneurs and a culture of innovation and risk taking.

Key words: corporate systems, global responsibility, strategic coaching

Introduction

Creative business building is found in knowledge-based industries, which span many sectors – finance, technology, media, and learning. Central to success as knowledge creators is the culturing of independent individuals, organisational members able to re-invent businesses as required. Such capabilities are not nurtured in high-compliance systems that penalise out-of-envelope contributions. Recent developments in neurosciences support the importance of emotional intelligence in effective management of knowledge-intensive enterprises (see e.g. Goleman 1996; Goleman, Boyatzis, and McKee 2002). Entrepreneurial capability relies in particular on coaching -- management skills, which rely on emotional intelligence and emphasise one-to-one dialoguing, subordinate empowerment, and mutually agreed targeting (Hamel 2001). Coaching, I suggest, may be a key mode of management development.

The capacity of corporate management and governance to respond to the turbulence of 2000-02 and following has become a central issue. The dot.com collapse, the 9-11 New York City atrocity and mass murder, as well as telecom investment failure— each of these events suggest that fundamental changes in the strategic paradigm are underway.

Tom Peters (1988) has told us, “If you know where you are going, you probably won’t get there.” Now we know more about what he’s been getting at. There may not have been a Millennium Bug crisis; but there surely is a corporate management crisis at the new millennium.

The Nineties Revisited

Two contrasting patterns (the Max Weber world and the Tom Peters world)¹ embrace some organisational elements (see Table 1). Corporate management and how we can understand it, within a development pattern, link to corporate and executive coaching.

The late 1990s ended the 60-year-long post-World War 2 Kondratieffian cycle, as predicted by Schumpeter and his colleagues writing in the 1930s. Asset bubbles and stock market booms reflect with convincing approximation the predicted spill over of the wave of innovation into self-feeding subcultures of speculation and over-optimism. A new generation of investors and analysts had no experience of slump. There evolved, during the dot.com era, the notion of rewriting economics, in which cycles were to be abolished.

The Noughties' (2000 – 2009) economic experience so far suggests a rediscovery of cyclical economics. A period of rebuilding equivalent to that of the 1930s appears to be occurring. In Schumpeter's haunting phrase, "gales of creative destruction" remove outmoded businesses.² Companies (typified by Enron, World Com, and Marconi, each of them valued at tens of billions of dollars in the year 2000) had, by mid-2002, collapsed into bankruptcy, putting at risk tens of thousands of shareholders, employees, suppliers and customers. Significant global firms – prominently, Andersen Accountancy – were destroyed by their association and co-operation in what now appear to be profound strategic mistakes and perhaps massive shareholder swindles.

There is a need to re-track fundamental management systems. Such concepts as corporate governance, investment valuation, ethical trading, stakeholder consultation, corporate social responsibility, value investment, preoccupy institutional investor communities – the pension funds and insurance companies which own two-thirds of all stocks on behalf of their clientele.

Private investors have become discouraged and pessimistic. Consequently a surplus of capital has come into being. Capital has become inexpensive to the point of, as in the case of Japan, bringing about deflation. Concerns about its possible extension to other economies are prevalent.³ In any case, the level of uncertainty is continuing to increase even as consumer prosperity overlaps into the new century, reacting against the undoubted brilliance of the recent industrial era.

¹ Max Weber (1896-1946), German sociologist, provided definitive studies of modern bureaucracy and its links to the origins of the Industrial Revolution. Tom Peters (1940-), American management consultant and lecturer, has developed a deep critique of contemporary management theory and advocated many of the non-linear management modalities couches on here – see references.

² Joseph Schumpeter, Austrian economist teaching at Harvard during the 1930s, analysed the industrial era as a series of 60-70 year cycles of depression and inflation.

³ See Roger Bootle, 2001, *The Death of Inflation*, Penguin.

	Hierarchy (Max Weber) world	Network (Tom Peters) world	Cases in point
Industrial structure	Established market leaders	New entrants all the time and from all directions	Food supermarkets go into clothing, retail banking, car dealerships.
Future market places	Predictability	Complexity	Microsoft loses capacity to generate new product.
Brands	Globalisation	No-brand brands	Fair-Trade – “ethical” internationally traded consumer goods. Oxfam, Greenpeace, Naomi Klein becomes a brand.
Economic development	Cyclicalities	Turbulence	Moderate growth feels like recession (2002-03).
Ethical structures	Good guys/bad guys	Topsy turvy (who the hell can you believe?)	Enron WorldCom
Discourse	We need to be ready for any contingency: Shell’s scenario planning.	We need to be as motivated, self conserving and fit as Navy Seals.	Every corporation a networked series of entrepreneurial ‘skunk works’.
Privileged paradigm	Strategic management	Strategic improvisation at the edge of ignorance.	Dungeons and Dragons investment banking; Chicago open shout exchange.
Worst vice	Analysis paralysis	Over reaction, over innovation	Apple Computers, the best technology with the worst marketing.
Focus of responsibility and corporate recovery	Management team	Individual entrepreneur-leader	
Key intervention	Strategic planning	Strategic coaching	The new executive perk in investment banks is a personal coach.
Key brain activity	Rational analysis	Emotional creativity	Devising novel forms of corporate finance, new forms of game software, new nano-technologies for medical applications.

Table 1. Contrasting two models of corporate strategic paradigm.

Table 1 identifies contrasting themes that can be detected in the emergent new corporate management. Disillusionment with corporate strategic planning arises out of multiple corporate failures.

Information Economy No. 1 — the emergence of global responsibility and corporate transparency

The new corporation is beginning to emerge and it looks quite unlike its classic predecessors of the “1955-80” high industrial period:-

Investment valuation

Brands can be devalued by subtle changes in perception. Coca Cola, still the most valuable brand, lost over half its value in two years 2000-2002. AOL Time Warner, once a mega-merger said to define a new epoch in media development, appears in 2003 devoid of any strategic sense and is on the edge of dissolution. Core product

quality and customer benefits return as key drivers. Companies, which have over decades developed knowledge reserves and professional competencies that are non-replicable, return to favour. Rolls Royce with its huge depth of aero-engine and generator expertise; Johnson Matthey with its knowledge of clean fuel technologies; the pharmaceutical giants with their unique capability of developing and marketing new medicines which work. These indicate sectors that will dominate the emerging economy.

Ethical trading

Consumers and customers expect to see that their goods and services have been produced with fair share for each of the members in the supply chain. Thus, producers' access to international media becomes a key value contributor to brand and reputation development.

Stakeholder consultation

Employees, shareholders and customers, suppliers and competitors – all of these communities have a stake in a large company's decisions. In the case of Shell, there has been a profound reconfiguration of its consultative procedures since the 1995 disasters of North Sea oil platform disposal and Nigerian community rejection. Critics continue to contend that a century old megalithic corporation cannot be expected to alter its fundamental approach; Shell contends it will happen.

Corporate social and environmental responsibility

The environment and the society in which business functions are now seen as coeval with its long-term sustainability. Evidence of this process will now become a key component of shareholder valuation.

Value investment

The concepts of investing for the long term and behind key value propositions are returning to insurance and pension managers. The emphasis on values encompasses relationships, national networks, supplier support, and customer commitment. Wal-Mart, always the price leader, will have to accept and amend its presence, which often drives under many smaller local retailers. Local "category killers/cannibals" can be replaced by community-linked ethical and value commitments.

The value of inspirational leadership

From senior levels in business there is now the expectation of value-led leadership. Bill Gates famously excused himself from the front rank of executives in MicroSoft, better to return to his preferred vocations of software architect, visionary and philanthropist.

Inspired entrepreneurship

Contrarians like hedge fund operator George Soros rediscover new heroes of the information economy. Equally Bill Gates, Richard Branson (Virgin) and Larry Ellison (Netscape) reflect maverick qualities that now drive corporate MBAs into clear blue-water distance. The fact that each of them heads a corporate success places them at odds with their record as rule breakers.

Corporate coaching

Within this flux, coaching in the corporate setting provides a key component in the transformational processes towards value-driven management. Through its support for and focus on individual performance, it aims at achieving corporate excellence. Senior managers need coaching as much as the youngest fledglings. Individuals who reliably achieve their acknowledged tasks are in short supply.

As the new theorists in coaching argue, coaching empowers individuals to achieve their inherent potential. Hamel (2001) suggests that capacity for conceptual innovation is the key value differentiator of successful new businesses. Brown and Eisenhardt (1998) identify key technology-industry successes with a style of management at the edge of chaos and tolerant of extreme ambiguity. They observe managers acting intuitively and emotionally as often as intellectually.

We have many portrayals of entrepreneurship in film studios, Broadway producers, and other creative industries, which suggest that non-linear, emotionally led and supercharged behaviours often condition high levels of success. If out-of-the-ordinary levels of excellence are sought, then leaders must act in ways which exemplify outrageous expectations and high rewards for those who can achieve. Great war leaders – Churchill and Roosevelt – enhanced their short-range effectiveness by deploying such strategies; clearly long-term outcomes fall outside ordinary behaviour.

Corporate coaching becomes strategic coaching

In the end, coaching makes sense as an investment only if it improves the performance not only of the individual, but the company as well. In this sense, the word strategic becomes important. As a high-leverage intervention, the impact of a coach on a few key individuals can drive through massive changes in a corporate setting. By encouraging innovation and change management, usually mid-wifed by a limited number of driven individuals, the process of innovation becomes one which also produces the next generation of leaders.

These leaders are made, not born. A particular corporate culture can kill innovation as surely as it can generate it. Forming new leaders is best conducted through one-to-one intense, protracted challenge given to a promising change manager by trusted advocates, critics and coaches.

The coach may be from outside the organisation, much younger or indeed of a different background from that of the corporate. As well as a coach, the change manager may need mentors, teachers, counsellors, friends and a network of support if she is to achieve her potential. The coach, however, is the uncompromising trusted tough-minded advocate of greater focus and balanced assertiveness on the part of their client.

Enterprise and Innovation Strategic Coaching: The field research

From 1997 as an aspect of identifying sustainable business strategies, our research team focused on links between sustainable urban design, social enterprise, management development and e-technology.⁴ The key variable in environmental and corporate development, as well as in social enterprises in urban renaissance settings, is a motivationally led network of collaborators able to incentivise one another to create new businesses and social initiatives. This key model holds as well as for the quality management initiatives which drive environmentally sustainable business operations (see, for example, Monks 2001, Minnow 1996, Gifford 1997, Henningsen 2002).

The implication of this progression has been the identification of a new field of research and action which can be termed Strategic Coaching. The constructs within the field of business strategy are as follows:

Business strategy Meta-theory:	Metonymic implication	Operationality
Comprehensive Rationality	Strategic planning including e.g. Corporate Governance and Social Responsibility	Specialist planning staff. Production of corporate and business plans.
Limited Rationality	Balanced scorecard analysis; resource-based business analysis	Gaming simulation of decision processes. Continuous what-if exploration of options.
Emergence Theory	Strategic coaching	Empowerment of front-line managers; opportunistic motivation and opportunity identification; coaching support and enablement. Emphasis on networking and communications.

Table 2: Constructs within the field of business strategy

Emergent strategic theory and neuroscience bases

It is said that the basis for written Chinese, based on thousands of ideograms each standing for a single word, relates to right-brain emotional and artistic activity. In contrast, western alphabets emphasise the linear skills of left-brain rational and logical activity. Alphabets are additive and linear, asking the writer to continue to add to

⁴ In 1997 the University of Greenwich Business School, together with two regionally based housing associations, initiated an Enterprise Televillage Research and Development Partnership to explore practical applications of this research. A two-year grant from the Housing Corporation in UK to research application of these areas in social housing contexts was joined by additional funds from Wates Housing Landmark Ltd.

words and sentences. Chinese, in contrast, celebrates conciseness, complex thoughts summarised in single ideographs, boldly defined.

Notwithstanding, there is emerging a considerable body of creative literature and academic work written in Chinese ideographic formats. We compare with this with the expressive power of western linear alphabets used in expressive fiction, emotion and poetic experience.

This interrelationship may be general. Thus we hypothesise that industries where markets are volatile and premia on creative deal making and product origination (e.g., rock music, bond trading) will be driven by emergent theories of strategic management. What does this mean? In human resource terms it means that the qualifications for entering such industries, while certainly requiring ambition and intellect, may emphasise emotional expressiveness and robustness. Bond trading and other forms of rapid market trading are not for reflective and self-critical individuals. These marketplaces reward - and punish - confidence, aggression and hard work.

In strategic terms, the industry may be governed by experienced senior managers, but moment to moment decisions are left to the sharp instincts of younger traders, musicians and designers. These individuals may have unhindered access to their right-brain processes. It is no accident that creative professions in all areas enjoy alcohol and drugs that slow down left-brain reflexivity and self-awareness and liberate right-brain emotional and creative activities. In this way, business systems that require sustained high levels of creative response will reward emotional intelligence (EQ) over rational intelligence.

At the top level in all professions and disciplines, both sets of skills are required to perform at the highest levels: architecture, music, theoretical physics for instance. The 20th century physicist Richard Feynman like many of his peers compared his work to that of abstract expressionist painters and jazz musicians.

To this point, the discussion has focused on the fact that coaching-based intervention strategies assist management in adapting to the more intuitive and fast-response aspects in its operations. Coaching as an emergent profession, however, is moving in the other direction. It is progressing from a period in which right-brained intuitive judgements have been dominant to an evidence-based, left-brain rationalist approach. In corporate settings, where large investments in coaching programmes are underway, evidence is required to justify these expenditures. Models of development that build logically among different experiences are required.

Type of strategic theory	Brain region	Brain skill areas	Outcomes most likely	Types of enterprise most likely to utilise
Rational-comprehensive	Left brain	Linear sequentiality and order seeking	Logical order systems with slow response times.	Large steady state (“fast moving consumer goods”)
Rational-limited	Left brain	Linear sequentiality and style-seeking	Logical order systems with faster response times.	Household manufacturers requiring style input; Clothing and footwear firms.
Emergent	Right brain	Lateral thought processes; Pattern-seeking strategic behaviour and non-linear linkages.	Creative and dis-orderly enterprise systems capable of rapid response.	Rapidly changing volatile marketing systems; Creative and design industries; Cultural professions

Table 3: Neuro-science and strategic management theories

Towards a framework for evidence-based corporate coaching: Some recent research reviewing corporate coaching programmes

We can see this move from intuition towards rationalised models as complementary and off-setting to developments in strategic management. As management itself becomes more emphatically fast-paced and intuitive, in order to deal with complexity and unpredictability, research is beginning to accumulate showing that coaching formats used in management support are more effective than training in the older logical comprehensive pursuits. Like all scientific enterprises, a period of accumulation of evidence will be required before definitive conclusions may be drawn. However, there are early gleanings that evidence based evaluation research is underway.

To show progress in this area, I have used the website based in Victoria BC, Peer Sources, which offers wide-ranging listings of coaching resources and annotated reviews of some North American articles and research publications (<http://www.mentors.ca/coachingnews.html>). In 2003 the reviewers noted several recent studies which use empirical research to validate coaching programmes in corporate settings.

A 2000 study conducted by one of the high-profile consultancies in coaching, the Manchester Group, reviewed their delivery of coaching by coaches certified in their internal training programmes. The study demonstrated a return on investment six times higher than that initially predicted and assessed as a \$25 million net benefit. A formula for Return on Investment (ROI) is attempted as well as details about the procedures used and outcomes obtained (McGovern et al 2001).

A business firm, MetrixGlobal, designed a study for a Fortune 500 firm and a coaching group to determine the business benefits and return on investment of coaching:

Thirty of forty-three leadership development executives within the firm returned a two-part questionnaire (one part conducted by e-mail and the second part conducted via telephone). Overall results revealed that coaching had a significant to very significant benefit on nine business measures. Although specifics are not mentioned, the study author concludes that coaching produced a 529 percent return on investment and significant intangible benefits. When employee retention was included as a benefit overall ROI increased to 788 percent. (Anderson 2001).

From the mid 1990s, the journal *Consulting Psychology Journal* has identified coaching as a new aspect of professional psychologists' roles. A number of special issues have reported empirical research in this field (Diedrich and Kilburg 2001 reviews this development). This introduction to a special issue of this journal builds on the work of a 1996 special issue also devoted to executive coaching.

In the 1990s, the impact of executive coaching on 31 managers in a US city health agency was investigated (Olivero *et al.* 1997). In phase one of this project all managers participated in a three-day, classroom style training workshop that included a variety of interactive activities and focused on their work roles. The participants rated the training workshop highly on quantitative and qualitative measures. In phase two, the managers participated in an eight-week one-on-one coaching programme tailored to the agency context. The post-training coaching included goal setting, collaborative problem-solving, practice, feedback, supervisory involvement, evaluation of end-results, and a public presentation. The managers met with their coaches for one-hour each week over a two-month period. The authors found that while their training intervention with managers increased manager productivity by 22 percent, adding a one-to-one (8-week) coaching intervention after the training pushed productivity up by 88 percent.

The leading business magazines have been keenly aware of corporate and executive coaching developments. For instance, in *Fortune* magazine (Fisher 2002), executives from a major financial services company provide information that leads to claims of success:

...shows that when their company put part of its retail sales force through an intensive coaching program, they found that productivity among those salespeople increased by an average of 35%... . 78% of the sales reps embarked on the pursuit of a new license or professional designation. 50 percent identified new markets to develop.

The company retained all of the salespeople who had the coaching. ... Industry statistics show that each rep who leaves a company with three years' experience costs \$140,000 to replace. The coaching initiative which

cost about \$620,000, [is believed to have] delivered \$3.2 million in measurable benefits (Peer Sources website, May 2003).

Implications for developing strategic coaching as a professional activity

Evidence now suggests that corporate coaching programmes promote individual initiative and self-responsibility, objectives aimed at by human resources development initiatives. Corporate coaching stimulates creative initiative among staff and increasingly management training is becoming focused on these forms of creativity.

This creativity is taking many forms. For instance, theatrical performance training is now deployed in corporate settings. Dramatic coaching uses many coach dimensions in its delivery, including body language, voice training, gestural and facial communications. This training can be used in management development, alongside creative problem solving and team-based projects. In order to succeed at specific tasks, these disciplines require managers to expand their emotional communications and personal repertoires. Emotional intelligence is ranked as highly as logical thinking. Theatrical performance in a management setting means learning to express powerful, even negative, emotions in ways that are received as positive by the organisation. Management, in this perspective, becomes a performance-based profession, where the way in which a team leader expresses objectives and values is as important as the targets themselves. Gaining the sustained co-operation of fellow team members requires emotional leadership. Where such leadership is available, much forgiveness is afforded.

Performance creativity in a manager links to conceptual creativity. Hamel argues that the corporation's key competence, its 'Business Concept Innovation Capability' index, is the key to success in a knowledge-driven economy (2001). Where creative responses of many kinds are required, coaching-led leadership, it is argued, will prove to be at the heart of management excellence. Coaches empower their colleagues and clients to expand their personal performance and utilise a higher proportion of the potential of right-brain creative capacity (see e.g. Ballou et al. 1999; Steele 1977).

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