

Corporate Coaching Culture: It's about time

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"When written in Chinese, the word 'crisis' is composed of two characters - one represents danger, and the other represents opportunity."

- John F. Kennedy



We are in the midst of the strongest global economic downturn since the 1930s and nobody knows if we have 'bottomed out' yet. There is massive public outrage because of excessive bonus payments to senior executives in the financial sector who are partly responsible for co-creating the 'financial tsunami' we have been experiencing since autumn 2008.

Don't worry, I'm not going to bore you with an analysis of why all this happened or with a tirade on how bad these executives are.

I prefer to look at the bright side of things and the above quote of John F. Kennedy serves as a reminder that while the world economy is in a dire crisis state, there are ample opportunities as well.

Typically, any crisis situation in any organization (during a global economic downturn or otherwise) presents an opportunity to drive organizational change. It seems much more difficult to change organizations during good times because many people believe in the saying "Don't change a winning horse." That can be argued, of course.

On the other hand, most leaders go into 'crisis mode' as soon as they recognize a potential or real crisis in their organization which typically means cost cutting in whatever way possible (often including lay-offs) and increased control. While this is understandable, is this really the most effective approach to deal with a crisis situation?

Some executives would cut costs no matter what it costs. Let me give you an example of one of our clients, a multi-national retail company. Their retail sales was reduced on a global scale by 20-25% over the past 6 months compared to the same

period one year earlier. Obviously, this meant that they had to take immediate action to attain profitability despite the reduced sales.

What did they do? They sent some of their top managers to all entities worldwide to analyze how to reduce cost. For them it meant: who are the lower performers that can be fired?

How did they go about it? A top manager, joined by a financial controller would go into an entity and ask the entity head to give access to all data. Then they would conduct interviews with the direct reports of the entity head and after several days of analysis and interviews, they would order the entity head to fire certain people and to reduce the cost in defined areas to a certain percentage. Besides, they would request the entity head to report on a more frequent basis and to provide considerably more detailed financial reports. Any objections by the entity head would be crushed with the warning: "Either you execute this plan or you will be among those being fired."

What was the cost of this approach?

While the decrease in sales was widely known in the company and already created a lot of uncertainty among employees, this approach for sure exacerbated their fear. Worse than that, the head of the entity would be seen as a marionette of the headquarters, not as a leader. Besides, the directions given by the top manager from the headquarters – based on an analysis done within a few days plus some interviews – were likely to be suboptimal. The morale of both the head of the entity and all people working there have been brought to rock bottom.

Sure, cost savings have been achieved, but what is the cost of a totally demoralized organization in the long run? The top talents will leave at the first opportunity and those remaining certainly won't be highly engaged and thus their performance level is likely to be much lower than desirable. Besides, certain cost saving opportunities that might have more impact and be less destructive, as well as innovative ways to increase revenues might have been overlooked.

That's what I mean with saving costs no matter how much it costs.

This approach clearly shows that there is no trust in the organization and ownership even among senior managers, such as the entity head, is removed.

If you ask me, this kind of approach is likely to drag the organization deeper into the crisis rather than help it get out of the crisis.

Don't get me wrong, I am not saying that cost saving is wrong in such a situation – it is essential. The point is, how do we go about it? What culture would assure an optimal approach that would combine

- maximum cost savings,
- increased revenues, and
- maintained high morale in the organization?

The answer is a corporate coaching culture, which is based on the core belief that everyone (!) in the organization has valuable experience, knowledge, and skills. Managers who consider themselves as corporate coaches know how to harness this wealth by giving maximum ownership within defined boundaries.

I notice that many senior managers believe that people are not willing to make sacrifices when times are tough but I know that this is a very limiting belief. While I agree that most people don't *like* to make sacrifices, I also know that people are ready to make meaningful (!) sacrifices if their views are heard and if they feel they are part of the decision making process.

In an organization with a corporate coaching culture, the top management would use a different way of dealing with a crisis. In the case described above, top management would provide performance targets such as revenues and profitability and then give ownership to the entity head in how to achieve this. The entity heads in return would discuss with their teams how that can be achieved.

Yes, the process might take a bit longer but is likely to lead to higher cost savings and the discovery of novel ways of revenue generation. At the same time, morale would remain high and top talents would see an opportunity to showcase their strengths and potential for more senior positions.

Developing a corporate coaching culture requires insight from top management level and starts with top managers learning how to coach their direct reports. A time of crisis might accelerate the development of a new culture.

I shall elaborate in more detail on how to create a corporate coaching culture in the next article.

Are you on the way to a corporate coaching culture in your organization?

It's about time...



Charlie Lang is an Executive Coach and Trainer who founded Progress-U Limited in 2002. His mission is to assist his clients in developing a corporate coaching culture for the benefit of all stakeholders. He is a passionate and professional Executive Coach, Mentor Coach, Trainer, Public Speaker and Author of over 100 articles related to leadership, change management and innovative sales.

In 2005, he published the book "The Groupness Factor" (see <http://www.progressu.com.hk/Groupness-book.htm>). Currently, he's authoring his second book, a business fiction on corporate coaching culture. Charlie's articles got printed in publications like Human Resources, FZ Magazine, Banking Today, SCMP, Effective Executive, A PLUS and CareerTimes.

Charlie is a founding member and President (2007/08 and 08/09) of the Hong Kong International Coaching Community.