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COACHING FOR LEADERSHIP AND COLLABORATIVE EXCELLENCE
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2013 EXECUTIVE COACHING SURVEY

STANFORD GRADUATE SCHOOL OF BUSINESS
Center for Leadership Development and Research

ROCK CENTER FOR CORPORATE GOVERNANCE
STANFORD UNIVERSITY

TMG THE MILES GROUP
Talent Strategies for World-Class Performance

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Executive Summary: Key Findings

Nearly Two-Thirds of CEOs Do Not Receive Outside Leadership Advice – But Nearly All Want It

"Lonely at the top" resonates for most CEOs

Nearly two-thirds of CEOs do not receive coaching or leadership advice from outside consultants or coaches, and almost half of senior executives are not receiving any either.

"What's interesting is that nearly 100% of CEOs in the survey responded that they actually enjoy the process of receiving coaching and leadership advice, so there is real opportunity for companies to fill in that gap," says **David F. Larcker**, James Irvin Miller Professor of Accounting and Morgan Stanley director of the Center for Leadership Development and Research at the Stanford Graduate School of Business, who led the research team.

"Given how vitally important it is for the CEO to be getting the best possible counsel, independent of their board, in order to maintain the health of the corporation, it's concerning that so many of them are 'going it alone,'" says **Stephen Miles**, CEO of The Miles Group. "Even the best-of-the-best CEOs have their blind spots and can dramatically improve their performance with an outside perspective weighing in."

More than 200 CEOs, board directors, and senior executives of North American public and private companies were polled in the **2013 Executive Coaching Survey**. The research studied what kind of leadership advice CEOs and their top executives are — and aren't — receiving, and the skills that are being targeted for improvement.

Key findings from the survey include:

- **Shortage of advice at the top** – Nearly 66% of CEOs do not receive coaching or leadership advice from outside consultants or coaches, while 100% of them stated that they are receptive to making changes based on feedback. Nearly 80% of directors said that their CEO is receptive to coaching. "If CEOs are willing to be coached and make changes based on coaching, it stands to reason that companies and boards should make this happen," says Professor Larcker.
- **CEOs are the ones looking to be coached** – When asked "Whose decision was it for you to receive coaching?" 78% of CEOs said it was their own idea. Twenty-one percent said that coaching was the board chairman's idea. Mr. Miles sees this as a positive trend: "Becoming CEO doesn't mean that you suddenly have all the answers, and these top executives realize that there is room for growth for everyone. We are moving away from coaching being perceived as 'remedial' to where it should be something that improves performance, similar to how elite athletes use a coach."
- **Coaching "progress" is largely kept private** – More than 60% of CEOs responded that the progress they are making in their coaching sessions is kept between themselves and their coach; only a third said that this information is shared with the board of directors. "But as coaching is starting to lose its 'stigma,' more of this secrecy is being removed," says Mr. Miles. "Although much of the coaching discussion should be treated confidentially," Professor Larcker adds, "keeping the board informed of progress can improve CEO/board relations."
- **How to handle conflict ranks as highest area of concern for CEOs** – When asked which is the biggest area for their own personal development, nearly 43% of CEOs rated "conflict management skills" the highest. "How to manage effectively through conflict is clearly one of the top priorities for CEOs, as they are juggling multiple constituencies every day," says Mr. Miles. "When you are in the CEO role, most things that come to your desk only get there because there is a difficult decision to be made – which often has some level of conflict associated with it. 'Stakeholder overload' is a real burden for today's CEO, who must deftly learn how to negotiate often conflicting agendas."
- **Boards eager for CEOs to improve talent development** – The top two areas board directors say their CEOs need to work on are "mentoring skills/developing internal talent" and "sharing leadership/delegation skills." "The high ranking of these areas among board respondents shows a real recognition of the importance of the talent bench," says Professor Larcker. "Boards are placing a keener focus on succession planning and development, and are challenging their CEOs to keep this front and center. However, there is still a long way to go in the area of succession for most companies, especially as you get further down the reporting structure."
- **Top areas that CEOs use coaching to improve: sharing leadership/delegation, conflict management, team building, and mentoring. Bottom of the list: motivational skills, compassion/empathy, and persuasion skills.** "A lot of people steer away from coaching some of the less tangible skills because they are uncomfortable with touching on these areas or really don't have the capability to do it," says Mr. Miles. "These skills are more nuanced and actually more difficult to coach because many people are more sensitive about these areas. However, when combined with the 'harder' skills, improving a CEO's ability to motivate and inspire can really make a difference in his or her overall effectiveness."

Survey Questions

1. Do you receive coaching or leadership advice from outside consultants or coaches?*

CEOs Senior Executives

	Percentage
Yes	34.3
	51.4
No	65.7
	48.6

2. Whose decision was it for you to receive coaching? (select all that apply)

CEOs Senior Executives

	Percentage
Own idea	78.7
	68.4
Boss/CEO*	26.3
Chairman	21.3
	2.6
Other	19.1
	34.2

3. Is the board of directors updated on the progress of your coaching?

CEOs Senior Executives

	Percentage
Yes	36.2
	25.7
No, this information is kept between myself and my coach	63.8
	74.3

4. What leadership skills or behaviors are you currently working to develop? What are the biggest areas for your personal development? (select all that apply).

CEOs Directors

Sharing leadership / delegation skills	Percentage
CEO is working on	37.2
CEOs or Directors believe that this skill needs development	35.7
	22.0

Conflict management skills	Percentage
CEO is working on	27.9
CEOs or Directors believe that this skill needs development	42.9
	18.3

* Combines information provided by both CEOs and Directors.

4. What leadership skills or behaviors are you currently working to develop? What are the biggest areas for your personal development? (Select all that apply.) (continued)

CEOs Directors

Team building skills	Percentage
CEO is working on	23.3
CEOs or Directors believe that this skill needs development	17.9 13.4

Mentoring skills / developing internal talent	Percentage
CEO is working on	23.3
CEOs or Directors believe that this skill needs development	21.4 24.4

Listening skills	Percentage
CEO is working on	20.9
CEOs or Directors believe that this skill needs development	32.1 20.7

Planning skills	Percentage
CEO is working on	18.6
CEOs or Directors believe that this skill needs development	25 14.6

Communication skills	Percentage
CEO is working on	18.6
CEOs or Directors believe that this skill needs development	32.1 11.0

Interpersonal skills	Percentage
CEO is working on	14
CEOs or Directors believe that this skill needs development	14.3 13.4

Decision making skills	Percentage
CEO is working on	9.3
CEOs or Directors believe that this skill needs development	17.9 11.0

Persuasion skills	Percentage
CEO is working on	9.3
CEOs or Directors believe that this skill needs development	14.3 11.0

Motivational skills	Percentage
CEO is working on	7
CEOs or Directors believe that this skill needs development	10.7 7.3

Compassion / empathy	Percentage
CEO is working on	7
CEOs or Directors believe that this skill needs development	17.9 12.2

5. What leadership skills or behaviors are you currently working to develop? What are the biggest areas for your personal development? (Select all that apply.)

Senior Executives

Communication skills	Percentage
Senior Executive is working on	21.1
Senior Executives believe that this skill needs development	10.5

Conflict management skills	Percentage
Senior Executive is working on	21.1
Senior Executives believe that this skill needs development	34.2

Planning skills	Percentage
Senior Executive is working on	18.4
Senior Executives believe that this skill needs development	21.1

Sharing leadership / delegation skills	Percentage
Senior Executive is working on	18.4
Senior Executives believe that this skill needs development	10.5

Team building skills	Percentage
Senior Executive is working on	18.4
Senior Executives believe that this skill needs development	7.9

Mentoring skills / developing internal talent	Percentage
Senior Executive is working on	18.4
Senior Executives believe that this skill needs development	10.5

Decision making skills	Percentage
Senior Executive is working on	15.8
Senior Executives believe that this skill needs development	26.3

Motivational skills	Percentage
Senior Executive is working on	15.8
Senior Executives believe that this skill needs development	13.2

Compassion / empathy	Percentage
Senior Executive is working on	15.8
Senior Executives believe that this skill needs development	18.4

Listening skills	Percentage
Senior Executive is working on	13.2
Senior Executives believe that this skill needs development	18.4

Interpersonal skills	Percentage
Senior Executive is working on	13.2
Senior Executives believe that this skill needs development	7.9

Persuasion skills	Percentage
Senior Executive is working on	10.5
Senior Executives believe that this skill needs development	15.8

6. How receptive are you to making changes in leadership style in response to the feedback and coaching that you receive?

CEOs Directors Senior Executives

Very receptive	Percentage
CEO is very receptive*	42.9 21.1
Senior Executive is very receptive	51.4

Receptive	Percentage
CEO is receptive	57.1 57.9
Senior Executive is receptive	40.0

Neither receptive nor unreceptive	Percentage
CEO is neither receptive nor unreceptive	10.5
Senior Executive is neither receptive nor unreceptive	8.6

Unreceptive	Percentage
CEO is unreceptive	5.3 0

Very unreceptive	Percentage
CEO is very uneceptive	5.3 0

7. Do you agree with the following statement: "I enjoy the process of receiving coaching and leadership advice"?

CEOs Senior Executives

	Percentage
Strongly agree	57.1 51.4
Agree	39.3 42.9
Neither agree nor disagree	3.6 5.7

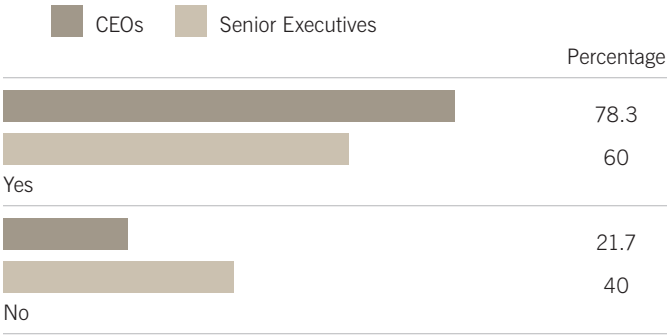
8. Do you agree with the following statement: "I dislike coaching and only do this because the board wants me to do it"?

CEOs Senior Executives

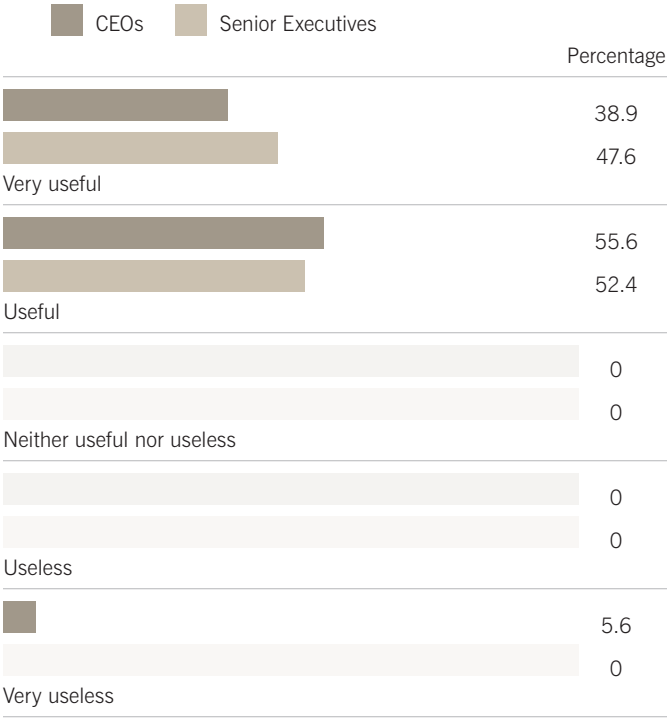
	Percentage
Strongly agree	0 5.7
Agree	3.6 0
Neither agree nor disagree	0 2.9
Disagree	21.4 31.4
Strongly Disagree	75.0 60.0

* Asked of CEOs only.

9. Apart from the coaching and leadership advice that you receive from a formal advisor, do members of the board of directors provide you with informal coaching or leadership advice?*



10. How useful is this informal advice?



Respondent Profile

Methodology: Survey conducted in February and March 2013. Respondents were asked to consider each question from the standpoint of the corporation they are most closely associated with. Respondents were screened to include only CEOs, senior executives and nonexecutive directors.

Total Number of Survey Respondents = 203

Note: Percentages may be rounded to achieve 100.0 percent

Demographic Data: Total Population – CEOs, Senior Executives, and Directors

What is your primary professional background?

	Percentage
General corporate executive background	38.4
Academia / Government service	3.0
Accounting or auditing	3.0
Commercial banking	1.5
Consulting	5.9
Engineering	8.4
Finance	13.8
Investment management	4.9
Law	5.4
Technology	6.4
Other	9.4

What is the revenue for the company that you are most closely identified with?

	Percentage
<$500 million	46.9
$500 million to $1 billion	13.3
$1 billion to $5 billion	17.2
$5 billion to 10 billion	5.9
$10 billion to $20 billion	4.9
>$20 billion	11.8

What is the industrial sector for the company that you are most closely identified with?

	Percentage
Business Services	9.9
Chemicals	2.5
Commercial Banking	3.0
Commodities	.5
Communications	6.9

* Combines information provided by both CEOs and Directors.

Computer Services	10.7
Electronics	10.7
Energy	5.4
Financial Services (other than commercial banking)	9.4
Food and Tobacco	6.4
Industrial and Transportation Equipment	3.0
Insurance	3.0
Other Manufacturing	9.9
Other Services	12.2
Retail Trade	2.0
Transportation	1.0
Utilities	2.0
Wholesale Trade	1.5

Gender

	Percentage
Male	81.3
Female	18.7

Age

	Percentage
31 to 40	6.4
41 to 50	26.0
51 to 60	40.2
61 to 70	22.5
>70	4.9

Respondent: Director or CEO

	Percentage
CEO	33.2
Senior Executive	32.8
Outside Director	34.0

About the Authors

David F. Larcker

David F. Larcker is James Irvin Miller Professor of Accounting at the Graduate School of Business of Stanford University and professor at the Stanford Law School (courtesy). He was previously the Ernst & Young Professor of Accounting at the Wharton School of the University of Pennsylvania and Professor of Accounting and Information Systems at the J. L. Kellogg Graduate School of Management at Northwestern University. He received bachelor's and master's degrees in engineering from the University of Missouri – Rolla and a doctorate in business from the University of Kansas.

David is senior faculty at the Stanford Rock Center for Corporate Governance and Morgan Stanley Director of the Center for Leadership Development and Research. He is also a trustee of the Wells Fargo Advantage Funds.

David has published many articles and book chapters on topics such as executive compensation, corporate governance, measurement of intangible assets, and strategic business models. He received the Notable Contribution to Management Accounting Literature Award in 2001. He is the coauthor of *A Real Look at Real World Corporate Governance* and *Corporate Governance Matters.* In 2012, he was named to the NACD Directorship 100 as one of the most influential people in the boardroom and corporate governance community. He has served as a consultant to numerous organizations on corporate governance and design of executive compensation contracts.

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Brian Tayan is a member of the Center for Leadership Development and Research at the Stanford Graduate School of Business. He has written broadly on the subject of corporate governance, including the boards of directors, succession planning, compensation, financial accounting, and shareholder relations. Tayan is co-author of *A Real Look at Real World Corporate Governance* and *Corporate Governance Matters.*

Stephen Miles

Stephen Miles is the founder and chief executive officer of The Miles Group. Previously, he was a vice chairman at Heidrick & Struggles and ran Leadership Advisory Services. With more than 15 years of experience in assessment, executive coaching, top-level succession planning, organizational effectiveness and strategy consulting, Stephen specializes in CEO succession and has partnered with numerous boards of global Fortune 500 companies to ensure that a successful leadership selection and transition occurs. He has also led many chairman successions and board effectiveness reviews, partnering with boards of directors to help them with their overall effectiveness, committee effectiveness and individual director effectiveness.

Stephen is a recognized expert on the role of the chief operating officer, and has consulted numerous companies on the establishment and the effectiveness of the position and supporting the transition from COO to effective CEO. He is a coach to many CEOs and COOs around the world, and his clients cut across all industry sectors.

Stephen and his CEO advisory services were profiled in the Bloomberg BusinessWeek article "The Rising Star of CEO Consulting."Prior to The Miles Group and Heidrick & Struggles, Stephen held various positions at Andersen Consulting.

Stephen is author and co-editor of the best-selling business book *Leaders Talk Leadership*. He also co-authored *Riding Shotgun: The Role of the Chief Operating Officer*, as well as the cover article in the May 2006 issue of *Harvard Business Review* on the same topic.

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About the Sponsors

About Stanford Graduate School of Business, Center for Leadership Development and Research

The Center for Leadership Development and Research mission is to advance the intellectual understanding of corporate governance and executive leadership by engaging academics, regulators, practitioners and professionals, bridging the gap between theory and practice. We aim to strengthen governance and leadership as independent areas of teaching and scholarship in business schools worldwide and to generate new insights into fundamental "big issues."

About Stanford University's Rock Center For Corporate Governance

The Arthur and Toni Rembe Rock Center for Corporate Governance is a joint initiative of Stanford Law School and the Stanford Graduate School of Business, created with the idea that advances in the understanding and practice of corporate governance are most likely to occur in a cross-disciplinary environment where leading academics, business leaders, policy makers, practitioners and regulators can meet and work together. The Rock Center's goal is to conduct research and tap this wealth of expertise to advance the practice and study of corporate governance. The Rock Center works closely with the Center for Leadership Development and Research.

About The Miles Group

The Miles Group develops talent strategies for organizations, teams, and individuals — focusing on high-performance, world-class leadership. Headquartered in New York, The Miles Group advises top global corporations through CEO succession, executive transitions, board assessment and training, and talent development. The firm's coaching and advisory services enable leaders to raise the bar on their own performance, as well as create an environment for success throughout the organization.

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