

The Case for Executive Coaching: Why the Hospital Board Should Embrace This Neglected Resource

BY TODD SAGIN, M.D., J.D., SAGIN HEALTHCARE CONSULTING, LLC

A hospital's governing board is responsible to promote a high-functioning organization in pursuit of the institution's mission, vision, and values. The *most* critical element in furthering a hospital's success is the talent that it employs.

Talent management is a complex undertaking that involves effective recruitment and retention tactics, excellent human relations policies, strong onboarding of personnel, adequate compensation, and regular performance evaluation. In addition, organizations that really want the best from their employees often provide them with coaching. Among the many challenges facing hospital and health system boards in today's difficult environment—budget crises, mergers and acquisitions, dramatic shifts in payment methodologies—it is easy to overlook valuable investment in the individuals who get the important work done. Healthcare organizations that are doing well sometimes find that success masks their shortcomings in talent management. Institutions that are struggling often fail to realize such shortcomings are a drain on growth and achievement.

Many of the world's most respected companies, from GE to Goldman Sachs, invest in coaching for their senior executives. Many CEOs and executives are defensive about this kind of help and view it as a sign of weakness. They reason that if they require the intervention of a coach, someone must feel they are deficient. If others are aware they utilize a coach, they feel diminished and worry they will be perceived as lacking in some essential leadership abilities. It is for this reason that the board should take the initiative in promoting coaching for mission-critical executives. Most legendary CEOs can relate the importance of a key mentor or coach who made meaningful contributions to their success and career. Having a coach can reduce the stress of the job and reduce executive burnout. This in itself can be a huge savings

Key Board Takeaways

Executive coaching can be invaluable to hospital board chairs and CEOs and is highly utilized in companies outside of healthcare. Such coaching can improve an organization's performance and the job satisfaction of its senior talent. Since executives may be reluctant to request a coach, the board should take initiative in advocating coaching and serve as a role model by utilizing it for its own leadership.

for an organization. The expense and disruption of finding new top talent can be enormous. Nevertheless, formal coaching arrangements are not the norm in the hospital C-suite.

Executive coaching is distinct from other types of coaching. Its purpose is to achieve better business results for the employers of the individual being coached. High achievers in many walks of life employ coaches. These individuals know that there are always higher planes of achievement for which they can strive. For example, it is not uncommon for high-profile sports figures, some who earn millions of dollars for their abilities, to regularly utilize a coach. In recent years, executive coaching has become the intervention of choice at many companies for driving organizational change. Most healthcare institutions are just waking up to its potential.

Coaching at the Board Level

It is not only the executive suite where healthcare institutions have a lot at stake in the performance of key individuals. It is becoming increasingly difficult to steer a hospital board in these turbulent times. Enormous responsibility rests on the shoulders of the board chair, many of whom come from backgrounds that poorly prepare them for the challenges. To have a high-functioning board there needs to be a high-functioning board chair. Where better to invest in an executive coach than to help the board leadership excel in its work? Even highly experienced and accomplished board chairs benefit from such input and



from the opportunity a coach can provide to share their concerns, doubts, expectations, hopes, and fears. In private with a coach, they can rehearse interventions with colleagues, test ideas without feeling compromised, be perfectly honest without worrying about political repercussions, and receive frank feedback.

When the board chair is willing to utilize a coach, it becomes easier to ask others in senior management to do the same. CEOs are likely to be less defensive and may reveal their true appreciation for the opportunity to benefit from third-party input.

A Tool for Refining Physician Clinical Performance

Beyond the boardroom and executive suite, there is another population often overlooked when it comes to investment in coaching. In an article in *The New Yorker*, the captivating writer and surgeon Atul Gawande explores the value of coaches for physicians and surgeons.¹ He notes that the skills of many physicians plateau around a decade out of training. To move to a higher level of performance after this occurs may well require mentoring from a third party. Hospitals and health systems today are making huge investments in the employment of physicians. Indeed, bringing on a top doctor who can increase a hospital's reputation and market share in a mission-critical service line is often considered worth premium compensation. Why then not also consider the relatively small expenditure on a coach to ensure the doctor continues to produce the expected or even greater value? Rather than waiting for evidence that mediocrity is setting in, hospitals and health systems should consider proactively utilizing coaches to raise the performance of key physicians.

Is Coaching a Cost-Effective Investment?

Most hospitals and health systems pay considerable salaries to their executives and physicians, which is justified by the importance of their roles to the institution. In contrast, coaching costs are a de minimus



expense. Some organizations successfully mitigate the cost of coaching by using a mix of in-person and telephonic support. Even modest improvements in performance or job satisfaction can justify hiring a coach. As noted by Jerome Abarbanel, a VP of Executive Resources at Citibank, "An investment of \$30,000 or so in an executive who has responsibility for tens of millions of dollars is a rounding error." FLI Research estimates that \$2 billion is spent on executive coaching at senior executive levels in Fortune 500 companies. This certainly amounts to anecdotal evidence of a reasonable return on investment for coaching, as does the fact that the business demand for coaching is nearly doubling each year. This tremendous growth has been driven by consistent feedback from clients who feel more effective and fulfilled as a result of the coaching they've received.

Board Next Steps

Hospital boards truly committed to an agenda of excellence should ask themselves why they are not insisting on the use of coaches for their most essential leaders.

When discussing its potential, coaching should not be seen mainly as corrective action for underperformers, but rather as an investment in high-potential employees. In its deliberations, the board should consider another benefit to coaching: it models how a high-level executive might in turn coach those who report to him or her. Ultimately, the board should recognize that most high performers do not find it easy to agree to be coached. Typically, well into their careers they feel that their days of being tested and observed by others should be long behind them and see no reason to expose themselves to analysis and potential fault-finding. It is for this very reason that it is the board's role to insist when it feels coaching should be an organization imperative. ●

The Governance Institute thanks Todd Sagin, M.D., J.D., President and National Medical Director, Sagin Healthcare Consulting, LLC, and Governance Institute Advisor, for contributing this article. He can be reached at TSagin@SaginHealthcare.com.

1 Atul Gawande, "Personal Best: Top Athletes and Singers Have Coaches. Should You?," *The New Yorker*, October 3, 2011.