

# Introduction



Kenneth Freundlich,  
PhD



Michael J. Gerson,  
PhD

**I**ndustrial-organizational psychology has been defined as the scientific study of working and the application of that science to workplace issues facing individuals, teams, and organizations. Psychologists choosing to specialize in this area have been making practical contributions in organizational settings for over 100 years.

During World War I, psychologists developed and administered IQ tests to aid in the selection, training, and placement of army personnel (Yerkes, Terman, Oxford Dictionary of Psychology, 2008; current online version, 2014). Since that time, psychologists have regularly sought to identify characteristics that make for success in a particular company. In his article in this issue, Dr. Kenneth Freundlich discusses contemporary trends in executive personnel selection in the context of pre-employment testing.

Another practical application of psychologists in organizations is referred to as “The Hawthorne Effect.” This term that has become common parlance, emanated from a series of research studies, conducted at Hawthorne Electrical Works in Chicago during the 1920s and 1930s. While the object of the studies was to determine which type of lighting resulted in higher production, the results of the studies showed that the entire group’s production rose. The researchers determined that simply including workers in the decision-making process in and of itself served as a powerful motivator (i.e., The Hawthorne Effect).

Practical contributions to organizations by psychologists took off during World

War II. As described by Rodney Lowman (2016), Kurt Lewin and Alex Bavelas performed a variety of studies that sparked what we today call market research.

During WWII, they studied ways to encourage people to use evaporated rather than whole milk that was in short supply during the war. They also conducted studies on how to convince people to use undesirable food like intestinal meats at a time of meat shortages and rationing.

Nobel Prize winning psychologist Daniel Kahneman’s colleague, Amos Twersky, provides us with a fascinating example of how team and group dynamics are at play in the most critical of situations. In his work with American Airlines, Twersky examined the human engineering aspects of why there were so many close calls on landings. Twersky found that, rather than it being a human engineering issue, it was a human dynamics issue. Co-pilots, with their adherence to a military-like respect for command, were reluctant to contradict a superior officer – even when they realized their captain’s incorrect reading might be placing the plane in a dangerous situation. While American Airlines assumed the solu-

*“In the last few years, the work of psychologists in business settings has exponentially grown, and consulting to organizations, teams, and individuals has become increasingly prominent.”*

tion would be found in a simple human engineering fix (i.e. a better placement of the controls), Twersky’s research resulted in a program whereby the pilots were trained to “contradict” when they encountered a problematic situation (Lewis, 2017).

Organizational psychologists also work at the individual level to increase effectiveness. Psychologist Harry Levinson conducted pioneering work in applying clinical thinking to his work with executives. His work with organizations paved the way for the field of executive coaching (Levinson, 2006). As described by Rodney Lowman (2016), Levinson made use of psychodynamic clinical assessment methods primarily projected to the group and

organizational levels, and to managerial behavior. In the second article in this issue, *June Barry*, a prominent Human Resource corporate executive, provides a window into the executive coaching arena from the perspective of the corporate consumer.

Through this work, psychologist/coaches have become increasingly involved in areas such as change management programs, presentation skills training, meeting facilitation, team building, and numerous people-oriented issues involved in mergers, acquisitions, and reorganizations. Of particular interest, is the integration of systems theory and family therapy to analyze behavior in organizations.

In the last few years, the work of psychologists in business settings has exponentially grown, and consulting to organizations, teams, and individuals has become increasingly prominent. The practice of executive coaching alone accounts for an estimated volume of \$3 billion per year worldwide. (The Balance, Dan McCarthy, Sept. 2017). Whereas having a coach was once thought to be emblematic of a problem, today, top executives seek out coaches much like professional athletes. In the final article in this issue, Dr. Michael Gerson will provide some insight into the contemporary practice of executive coaching in his article in this special section. ❖

## References

- Colman, Andrew M, (Online Version, 2014). A dictionary of psychology (3rd ed.) Oxford University Press.
- Friedman, A. M., Bradt, K. H. (2009). *Consulting psychology: Selected articles by Harry Levinson*. Washington, DC, American Psychological Association.
- Kahneman, D. (2011). *Thinking fast and slow*. New York, NY: Farrar, Straus, and Giroux.
- Lowman, R.L. (2016). *An introduction to consulting psychology*. Washington, DC, American Psychological Association.
- Leibowitz, B., & Blattner, J. (2015). On becoming a consultant: The transition for a clinical psychologist. *Consulting Psychology Journal: Practice and Research*, 67(2), 144-161.
- Levinson, H. (2006). *Harry Levinson on the psychology of leadership*. Boston, MA: Harvard Business School.
- Lewis, M. (2017). *The undoing project: A friendship that changed our minds*. New York, NY. W.W. Norton & Co.
- McCarthy, D. (2017). The Balance; see: [www.thebalance.com/dan-mccarthy-2275039](http://www.thebalance.com/dan-mccarthy-2275039)

# Pre-Employment Testing



Kenneth Freundlich,  
PhD

## Introduction

**A**s psychologists, many of us are apt to conceptualize our skills from a narrow perspective; diagnosis and treatment of psychopathology. While we certainly do possess such expertise, our knowledge base extends far beyond psychopathology. We are experts in behavior and we can apply this expertise in many settings and to many populations. One area in which psychologists can have a great impact is hiring; specifically, the hiring of top level executives. The more senior the executive, the more important it is for the employer to “get it right.”

## The High Cost of Hiring

Search firms typically charge one-third of the estimated total annual compensation a candidate is expected to receive in their first year in the position. Some executive recruiters also include commissions and bonuses when estimating total first year compensation. Most search firms receive a portion of the fee at the onset of the search process, but the final fee is generally dependent on the candidate's actual compensation package. For example, if a search firm fills a \$275,000 position, the fee will be over \$90,000. However, there are many other costs associated with the process. In fact, the well-known recruiter Jörgen Sundberg puts the cost of onboarding an executive to be approximately \$250,000.

A study by the American Center of Progress found that the average cost to replace a highly educated executive was 213% of their salary. For example, the cost to replace a \$350k executive could be upwards of \$750,000. While this is an extraordinarily large amount of money, the cost of a bad hire is far greater. Various authors have pegged the costs of a bad hire very differently, but all agree it is very costly.

## The High Cost of a Bad Hire

Successful startups, especially Silicon Valley companies, are often minimally staffed. For example, in 2012 when Facebook purchased Instagram (for \$1 billion), Instagram had just 13 employees. Given its small size, every employee was central to the small company's success. Therefore, it is essential for startups to “get it right” when hiring a new employee. For a small company, even one bad hire can be an existential threat to the business. However, this problem is not limited to small companies. Larger, established companies cannot afford the high price of poor performers. For example, Zappos' CEO Tony Hsieh once estimated that bad hires had cost his company “well over 100 million dollars.”

CareerBuilder recently surveyed over 6,000 hiring professionals worldwide and found that almost 70% of employers reported that they were affected by a bad hire during the prior year. Furthermore, 27% of the US employers reported that they had endured at least one bad hire that cost the company over \$50,000. Matt Ferguson, the Chief Executive Officer of CareerBuilder and co-author of *The Talent Equation* explained, “When you add up missed

*“This is high stakes work with real-world consequences that can be rewarding and meaningful.”*

sales opportunities, strained client and employee relations, potential legal issues, and resources to hire and train candidates, the cost can be considerable” (as reported by [www.fastcompany.com](http://www.fastcompany.com)).

In the 1980s, the San Francisco 49ers won four Super Bowls and one reason for their success was Tony Razzano, the team's chief scout. Razzano developed a system to avoid “bad hires.” Unfortunately, when Razzano scouted punter Jim Miller, he deviated from his system. He watched Miller kick in an empty stadium and he was impressed with Miller's performance. Razzano recommended drafting Miller, but when game time came, Miller failed to perform. Razzano was quickly reminded that performing in an empty stadium is

very different than performing in front of 50,000 people while dodging very large oncoming defensive players. Miller turned out to be a bad hire; analogous to someone who interviews well, but fails to produce. Razzano subsequently instituted a policy in which he had to observe a player in action, for at least 200 plays. Based upon his input, the 49ers drafted quarterback Joe Montana, as the 82<sup>nd</sup> pick of the 1979 draft. Montana was passed three separate times by every other team, but he went on to have a Hall of Fame career. The other teams largely based their assessments on observations made during pre-draft workouts as opposed to the 49ers, who insisted on basing such on actual game performances.

While professional scouts have access to “real world” examples, hiring professionals generally do not, and have to find other ways to assess performance and avoid bad hires.

Jobs that are very complex and that require higher levels of education and specialized training tend to have even higher turnover costs. In one study, economist Eileen Appelbaum and sociologist Ruth Milkman found that executive positions that are well-compensated and likely have stringent educational credential requirements, have higher turnover costs than jobs with low educational requirements. Very highly paid jobs and those at the senior or executive levels tend to have disproportionately high turnover costs as a percentage of salary that skews the data upwards.

Even worse than a bad hire is a “toxic employee,” who can have a major negative financial and cultural impact on their companies.

A “toxic employee” is defined as someone who engages in behavior that is harmful to the organization, including to its people and property. Christine Porath, a Georgetown University Professor and the author of *Mastering Civility: A Manifesto for the Workplace*, stated, “I call them toxic because not only do they cause harm but they also spread their behavior to others. . .there's a pattern of de-energizing, frustrating, or putting down teammates.” In fact, it has been estimated that good employees quit at a 54% higher rate when they work with a toxic employee.

In its most severe form, worker misconduct can cost billions of dollars, as evidenced by J.P. Morgan's Bruno Iksil ("The London Whale"), whose trading losses amounted to over \$2 billion. Toxic workers can even pose a physical threat, as evidenced by the fatal shooting of WDBJ-TV reporters by a former colleague. Even low levels of toxic behavior can wreak major organizational havoc, marked by customer defections, depressed employee morale, increased turnover, and loss of reputation in the market place.

### Pre-Employment Testing

Given the high cost of recruiting and onboarding new employees and the exceptionally high cost of a bad hire, companies look for ways to improve the hiring process and maximize the likelihood of a successful outcome. One of the key ways to accomplish this goal is through the use of pre-hiring psychological assessment. To be successful, the consulting psychologist must understand the needs of the client company, the demands of the position, and the characteristics that are central to success in the job.

In a landmark 1971 case, *Griggs v. Duke Power*, the United States Supreme Court cited the 1964 Civil Rights Act and ruled that pre-employment tests must be valid and could not discriminate against a particular group. Consequently, employment tests that were shown to discriminate against minorities were discarded. However, in *Washington v. Davis* (1976), the Court ruled that the Civil Service exam could be used to select police officers even though it excluded a disproportionate amount of African American candidates, because validation studies showed that the test scores significantly correlated with training outcomes. Ultimately, the burden of proof falls upon the employer to demonstrate that the test is job-related and a valid predictor for the particular job in question.

Since pre-employment testing is governed by federal guidelines intended to prevent discriminatory hiring practices, some hiring professionals (wrongfully) believe testing can increase their legal exposure. However, the same guidelines that govern pre-employment testing governs all selection methodologies, including basic interviews. Therefore, employment testing can actually increase a company's defense by relying on objective selection procedures. When pre-employment test-

ing is conducted in accordance with legal guidelines a company can be in a favorable position to defend against a legal challenge to their hiring practices.

As a result of suffering the consequences of bad hires, Zappos' CEO Tony Hsieh came to believe in hiring slowly, but firing quickly in an effort to "raise the perfect Zappos family." According to Hsieh, hiring must be guided by "organizational culture" and while cultural fit may not seem like a critical factor, Hsieh believes it is the most important selection criteria. Employees who do not mesh with the existing culture, tend to negatively affect their coworkers and they can adversely impact upon enthusiasm, motivation, and ultimately upon productivity and profitability. Hsieh has stated, "We've actually passed on a lot of really smart, talented people that we know can make an immediate impact on our top or bottom line, but if they're not good for the company culture, we won't hire them for that reason alone" (Gillet, 2014). Zappos has since implemented a formal hiring methodology that makes use of standardized testing procedures.

David Williams and Mary Scott, who are respectively the CEO and president of a large software company, wrote in the Harvard Business Review (2012) that they had long believed character to be central to avoiding a bad hire. However, they eventually came to believe that character should be their primary hiring criteria, even more important than specific skills or background. Therefore, Williams and Scott formulated a list of the seven "non-negotiables" necessary to prevent a bad hire: Respect, Belief, Loyalty, Commitment, Trust, Courage, and Gratitude. Williams and Scott have acknowledged that it is "more difficult to identify and assess character traits than concrete skills," but by doing so they have gained a tremendous benefit; employees who are productive and satisfied. As psychologists, we can and should apply our unique skill set to operationalize this process.

When evaluating a job candidate, it is understood that the candidate must have the essential training and skills for the position, but more importantly, the candidate must be a good fit for the company's culture and must possess the desired characteristics. Most would agree that human capital (i.e., people) are often a company's biggest competitive advantage and brand advocate. Locating and identifying the

person who will be the right fit is far more difficult than finding the person with the right training and skills. This is even more critical when hiring high level executives, who can have broad impact on multiple aspects of a business. I have heard HR professionals say that they would choose a hard worker who has a high degree of integrity and a willingness to learn over someone with a wealth of experience.

According to Laszlo Bock, Google's senior vice president for people operations, Google interviews used to include questions designed to test the candidate's analytical abilities. For example, candidates were asked to estimate the number of gas stations in Manhattan, or how many golf balls could fit inside an airplane. Today, such questions have been eliminated. Google, through its data driven philosophy has determined that "Behavioral Interviewing" is far more effective. Behavioral interviewing seeks to learn how the candidate acted in previous employment-related situations. This technique is based on the knowledge that past behavior tends to predict future behavior. In a traditional interview, the candidate is likely to be asked questions such as "What are your strengths and weaknesses?" or "What are your major accomplishments?" In contrast, the behavioral interviewer has ascertained what skills are needed in the person they seek to hire and will ask questions to find out if the candidate has those skills. For example, the behavioral interviewer might ask, "Tell me what you have done to increase your effectiveness under pressure" or "Describe how you handled implementing an unpopular decision." Google uses behavioral interviewing to hire leaders who are "consistent and fair" in how they make decisions.

Pre-employment personality testing is a valuable tool for deriving an understanding of the candidate's behavioral tendencies, traits, and interaction style. Such tests are designed to assess the candidate's personality; specifically, traits that remain consistent over time. Whereas clinical tests may focus on psychopathology, tests deployed as part of the pre-employment assessment process more typically focus on "normal" traits and interaction style. In some instances, screening for psychopathology is warranted, but most tests given to prospective employees, seek to evaluate aspects of the candidate's character that are relevant to their job performance. In fact, the Americans with

Disabilities Act (ADA) prevents employers from eliminating candidates solely on the basis of mental illness. In contrast to aptitude tests that are designed to assess whether or not the candidate can perform a job, personality tests seek to determine how the candidate will do the job and how that person will fit in the organization.

In my own practice, I consulted with Fortune 500 companies, seeking to fill various positions. For example, when hiring a sales executive, companies generally look for someone who is optimistic, passionate, engaged, goal-oriented, and relationship driven. Sales executives must be able to tolerate negative responses on a regular basis. This is an expected part of selling, but to a successful sales executive “no” does not mean the end of the discussion. In fact, in many instances, “no” is a step in a process. Sales executives must also be passionate about their work and they are driven to achieve excellence and build long lasting relationships.

Pre-employment psychological testing can help identify which candidates possess the right temperament to succeed in a sales environment. The psychologist must assess job fit from a behavioral perspective and answer questions such as: Does the candidate have behavioral traits that are statistically linked to success in this particular job or is the candidate likely to be comfortable in this role? Personality tests can be especially useful in predicting job performance in those jobs that require frequent social interaction.

In contrast, companies looking to hire a Chief Operating Officer (COO) seek to find someone who is practical, with a good sense of what is achievable, and what is not. Successful COOs also tend to be “down-to-earth,” and comfortable with the spotlight shining on others. Most importantly, successful COOs have the ability to attend to details. Generally, a Chief Executive Officer (CEO) looks at the “big picture” and is excited by big ideas, but the COO is the one responsible for balancing out that vision with practical follow-through. The COO should be someone who can translate the CEO’s plans into actionable steps, and efficiently implement the plan. Clearly, the psychological make-up of a COO needs to be very different from that of a sales executive.

Pre-employment psychological testing for a potential COO would likely include not only an assessment of personality traits, but

also an assessment of cognitive skills. Such positions require a unique cognitive skill set and the psychological stability and maturity in order to handle a very demanding job.

Regardless of the position to be filled, pre-employment psychological testing must be guided by a fundamental understanding of the position to be filled, a thorough appreciation for the company’s culture and needs and an ability to work in a corporate, as opposed to clinical, environment.

#### Case Example:

A multi-billion-dollar international company with a relatively small, but significant presence in the United States retained me to participate in their hiring process. Unlike the parent company, the head of US operations wanted a “nimble” organization and he favored entrepreneurial “self-starters,” who could work independently. This seemed to work well when they were just establishing a presence in this country, but as their sales grew, they needed more structure and they hired an entrepreneurial executive to become their operations manager. Unfortunately, things did not go well and the man was not well suited for the job. I was brought in to help the company find an appropriate replacement. After spending time with the president, VP of HR, and several other key executives, I had an appreciation of the company’s culture and an understanding of their business needs that allowed me to formulate an assessment plan to help identify who might succeed in the job.

Based upon my understanding of the company and its needs, I believed that they needed someone who could be flexible and “nimble,” but yet simultaneously organized and strong enough to rein in the more independent members of the executive team. I focused my interview on the candidates’ past experiences and how they previously worked. Instead of asking about successes and accomplishments, I was interested in how they managed conflicts and resistance. My testing utilized several instruments. In addition to more commonly used psychological measures, I administered the Watson Glaser Critical Thinking Test that is designed to assess an individual’s ability to digest and understand situations and information. I also administered the Hogan Personality Inventory that assesses normal personality functioning, and is designed to identify “the facets of personality that distinguish the best from the rest.”

While I was just one piece of the recruitment process, my input was seen as valuable and my opinions were strongly considered by the company when they made their final decision. The person who was eventually hired turned out to be highly effective and the company grew. Clearly, this was a success.

#### Summary

Recruiting and hiring new employees is time consuming and very expensive. The more senior the position, the more involved and costly the process. Regardless of the cost of hiring, a bad hire is far costlier – in dollars, as well as lost time and productivity and potential damage to the organization. The worst-case scenario is a “toxic employee,” who can cause widespread dysfunction and financial devastation.

Given the high stakes of hiring and onboarding new employees, especially higher-level executive, companies have increasingly looked to skilled professionals, such as psychologists to assist with this process. As psychologists, our expertise in understanding and assessing personality traits and cognitive abilities, uniquely positions us to offer our services to such companies, so they can make more informed hiring decisions.

Pre-employment psychological assessments, designed to assess key traits and characteristics that are directly related to job performance and cultural fit, can be a crucial component of the hiring process. As psychologists, we are able to design and deploy targeted assessment batteries to give hiring professionals relevant information that might not otherwise be available. This is high stakes work with real-world consequences that can be rewarding and meaningful. ♦

#### References

- Barrick, M.R. & Mount, M. K. (1991). The Big Five personality dimensions and job performance: A meta-analysis. *Personnel Psychology*, 44, 1-26.
- Boushey, H. & Glynn, S.J. There are significant business costs to replacing employees. Center for American Progress. [www.americanprogress.org/issues/labor/report/2012/11/16/44464/](http://www.americanprogress.org/issues/labor/report/2012/11/16/44464/) Published November 2012. Accessed December 2017.
- Bryant, A. In Head-Hunting, Big data may not be such a big deal. *New York Times*. June 19, 2013. Accessed January 2018.

Cooper, D. & Robertson, I.T. (1995). *The psychology of personnel selection*. New York: Routledge.

Ferguson, M., Hitt, L.M. & Tambe, P. (2013). *The talent equation: Big data lessons for navigating the skills gap and building a competitive workforce*. New York: McGraw-Hill.

Gallo, A. (2016). How to manage a toxic employee. *Harvard Business Review* 10, 2-6.

Gillet, R. (2014). How much a bad hire will actually cost you. [www.fastcompany.com](http://www.fastcompany.com). Accessed December 2017.

Griggs v. Duke Power Co., 401 U.S. 424 (1971).

Hillmer, B., Hillmer, S, & McRoberts, G. (2004) The real costs of turnover: Lessons from a call center. *Human Resource Planning*, 27, 34-41.

Litzky, B. E., Eddleston, K., A. & Kidder, D. L. (2006). The good, the bad, and

the misguided: How managers inadvertently encourage deviant behaviors. *The Academy of Management Perspectives*, 20, 91-103.

Livinsky, D. (2012). *Start at the end: how companies can grow bigger and faster by reversing*. Hoboken, NJ: John Wiley & Sons Inc.

Porath, C., (2016). *Mastering Civility: A Manifesto for the Workplace*. New York, NY: Grand Central Publishing

Robinson, S. L. & Bennett, R. J. (1995). A typology of deviant workplace behaviors: A multidimensional scaling study. *The Academy of Management Journal*, 38, 555-572.

Still, D.J., (1997). *High impact hiring: How to interview and select outstanding employees*. Dana Point, CA: Management Development Systems.

Tatley, K. (2015). Zappos – Hiring for Culture and the Bizarre Things They Do. [Recruitloop.com](http://Recruitloop.com). Accessed December 2017.

Washington v. Davis, 426 U.S. 229 (1976).

#### About the Author

*Kenneth Freundlich, PhD, a former NJPA president, is the Morris Psychological Group's Managing Partner. Dr. Freundlich is on the medical staff at Overlook Medical Center and Morristown Medical Center where he consults with the Brainworks program. In addition to providing clinical services and expert legal testimony, Dr. Freundlich routinely consults with public and private organizations, including Fortune 500 corporations. You may visit Dr. Freundlich's website to learn more about him and his practice: [www.morrispsych.com](http://www.morrispsych.com).*

## Executive Coaching: A Customized Approach to Professional Development



June Barry

At one time, not very long ago, employers and employees alike viewed compensation and benefits as paramount to work productivity and job satisfaction. A company paid the employee a fair salary with a good package of healthcare coverage and paid days off, and the employee performed the duties necessary for the business to operate. But, with tremendous changes in the business environment and in the workforce, today's successful companies realize that attracting, developing, and retaining top talent in their organizations is just as important to productivity, and ultimately their bottom line, as tangibles such as pay and vacation time.

So, how do companies help valuable employees, some of whom are already leaders, further reach their potential in a way that benefits both the business and the individual? One approach is to implement an executive coaching program. As the Chief Human Resources Officer (CHRO) in three Fortune 100 companies for more than 25

years, I was responsible for revamping a range of executive selection and development programs, as well as designing new programs that meet the ever-changing needs of business. Through these experiences, I saw the consistent success of executive coaching in enhancing employee culture, as well as individual and company performance, especially when a coaching program is used as a precursor or gateway to individual development and customized training programs. In other words, executive development starts with an executive coach working in partnership with the management and the individual to determine the training needs of the individual.

#### What is an executive coaching program?

Briefly, an executive coaching program involves a "coach" who objectively assesses the strengths and weaknesses of an employee in an executive role and provides feedback and a strategy for how to build upon or improve these areas.

To compile the assessment, the coach gathers input and performance data through multiple interviews of the executive's peers, subordinates, and supervisor(s). The feedback is collected over a short period of time (preferably a month) and an assessment is made by the coach. The assessment consists of a sum-

mary of the individual's strengths, weaknesses, and areas for further development. Based on this assessment, an actionable development plan is put together with the involvement of the individual and the manager. The nature of this feedback is dynamic. As an executive improves and changes, the counsel and guidance should change also. The change may be due to new assignments, organizational changes, and developments in the industry landscape. Simultaneously, there is a constant feedback loop between the executive and the coach. This provides the executive with a "thinking partner" on a confidential basis. As a thinking partner, the coach is an intelligent resource with whom the executive can discuss new strategies, behaviors, problems, or frustrations that he or she is encountering. It is a completely safe space, similar to that of a psychologist and a patient, and the coach provides objective feedback meant to customize development and encourage better outcomes and professional growth for the executive.

#### What are the benefits of executive coaching?

Some people may question why a company would invest so much time and effort into an individual employee's professional—and often, as a by-product, personal—de-

velopment and growth. After all, employees at the executive level likely already possess qualities that the company found attractive enough to hire them, and there is no guarantee that they will not jump ship after the investment in them is made.

But while it is a commitment of time and resources, executive coaching generates a number of positive returns that benefit both the company and the executive. By further developing high-potential employees, along with moving steady performers to contribute at a higher level, companies typically see greater contributions from those individuals and improved performance for the enterprise.

Additionally, individuals who are selected for development feel more valued and more connected to the organization, and in turn, they tend to stay with the enterprise longer and become stronger champions for the company's success. They also generally work better with their teams, appreciate differences in style, and emerge as formal and informal leaders, helping to foster a productive and meaningful employee environment that enhances their colleagues' and subordinates' work lives as well.

### **What makes for a good executive coaching program?**

There are several key elements that are essential to making an executive coaching program successful.

#### ***A highly qualified and experienced executive coach.***

Selecting the right executive coach is extremely important for a coaching program to be successful. This person needs to be highly qualified and experienced, with a background that reflects:

- in-depth knowledge of adult behavior. Ideally, this is at a mastery level as evidenced by a doctorate level education (or equivalent) in psychology, adult development, or a related field;
- a high level of business acumen. Possesses a working knowledge of business and how a business operates; understands the fundamentals of many disciplines and functions that are integral to a business; brings perspective and maturity of thought; comprehends typical indicators of financial strength and weaknesses;
- the ability and will to quickly develop an understanding of each client's business—how it operates, impor-

tant indicators of growth, and areas of operational concern. The level of understanding does not have to be at a mastery level; an elementary level is fine, but the coach must be able to effectively gauge the guidance and counsel he or she is offering;

- professionalism and trustworthiness to operate with complete client confidentiality;
- relevant life experience that may be evidenced by having built a private practice or experience teaching, managing a business function, etc.;
- a natural intellectual curiosity in how things operate and how people contribute in different ways;
- authenticity, confidence, and comfort interpersonally; and
- availability and responsiveness to the client.

*“... a highly qualified coach, carefully selected participants, and true engagement between the employee and supervisor—are all critical for the program to have the best possible outcome.”*

#### ***Carefully selected participants.***

Briefly, I define an executive coaching program holistically, starting with selecting the right individuals to participate in the program. The program is not intended for people with performance problems or as a precursor to termination. The target individuals ideally are at a key stage or crossroads in their careers, possess a positive attitude, and have healthy ambition that embraces success. They are also typically viewed by their organization as having the intellectual ability and performance track record to be promoted beyond their current level. While there may be other key criteria that an organization determines are important, these are generally the types of criteria that employers should consider before selecting a participant.

#### ***Client support for the program.***

A second key component of a successful program is that the client, those within the organization who are overseeing the program's execution often the CHRO, Head of Learning and Development, along with the CEO, recognizes the value of an execu-

tive coaching program and is committed to the process, time, and resources it involves.

While other executive development programs, such as ones that help to build cross-functional relationships, teach technical skills, and/or promote communication, appropriately take place in group settings, executive coaching focuses on individual, customized development. This being the case, the executive coaching approach takes time and requires the organization to build trust in the coach to allow him or her to gather authentic feedback that is helpful.

Similarly, changes in an individual's behavior take time and effort to come to fruition. First, both the positive and negative feedback must be communicated and processed. Then, a plan for how to address feedback needs to be formulated and implemented. Finally, development is assessed to determine whether progress has been made or further work needs to be done.

This leads to the third important component of a successful coaching program.

#### ***Authentic engagement between the employee and his or her supervisor.***

This component is relatively easier to realize, as most successful performers naturally want to progress in their careers. They have already achieved a great deal of success and have been promoted progressively. By the time they are introduced to this type of program, they are aware that they are smart, capable, and committed. However, they also realize that getting to the very top requires something extra.

As an analogy, consider the position of a top athlete. He or she works to the top of their respective game but still needs practice and specific coaching directed toward areas needing improvement. This is why we often see an athlete's coach on the sidelines and/or working side-by-side during practice sessions. This applies to many other fields, as well.

Finally, the manager should be briefed on the assessment and plays a key role in helping the executive to develop further. The manager may see new, more effective ways to interact with the individual; for example, more structured meetings, more frequent, just-in-time feedback, new assignments, informal opportunities for the individual to lead and mentor others, and opportunities to learn other parts of the company. The manager and the coach are partners, coordinating and reinforcing messages and learnings and results.

### Putting into Practice

I used executive coaching in many organizations and, often, executives that were not part of the selected group would ask to participate. The success of such a program can have powerful benefits for both the individual employee and the organization, but the three factors described above, a highly qualified coach, carefully selected participants, and true engagement between the employee and supervisor, are all critical

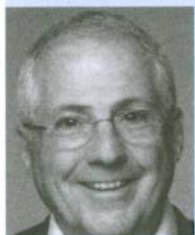
for the program to have the best possible outcome. And even after a program has come to an end, participants usually move forward with more self-reflection and an appreciation for life-long learning, growth, and development that makes them an even more valuable asset to their organization. ❖

### About the author

*June Barry is a trusted executive advisor and coach at a select group of growth and*

*entrepreneurial companies. She spent the majority of her business career in senior roles and as CHRO for a range of international Fortune 100 companies spanning publishing, financial services, manufacturing, and pharmaceuticals. Today, as Principal of Barry Advisors, June partners with founders, CEOs, and other executives to maximize their leadership potential and build extraordinary organizational cultures. June is based in New Jersey, but her clients keep her happily busy all over the East Coast.*

## From Couch to Coach



Michael J. Gerson,  
PhD

### Introduction

Recently, many clinical psychologists considered adding organizational consulting and executive coaching as a regular part of their work. This is not surprising in view of the fact that consulting for organizations is rewarding in many ways. Working with bright, highly motivated, and successful business leaders who are eager to apply the psychological insights that they learn is invigorating and fun. In addition, business organizations appreciate the value of psychology and the benefits that psychological practitioners can bring to the organization, and they are willing to pay for this value. With the advent of managed care and insurance dominance, consulting for organizations can also be financially rewarding when compared to the insurance constrained office practice.

Psychologists have valuable (and valued) skills that can be transferred and effectively utilized in an organizational setting. Executive coaching in particular is an area where psychologists are uniquely qualified, and some of the skills required to be an effective executive coach are similar to the skills possessed by astute clinicians.

### A Different Perspective: The Organization vs. The Office

There are important differences between a therapist working in his/her office

and an executive coach operating on the client company's premises.

When psychologists work with individuals, couples, or families, they consider the client's intrapsychic life, the family constellation, and the context in which the client lives and works. The psychologist who consults in organizations will certainly consider psychodynamic aspects, but will also take into account the economic and financial aspects of the business. The coach will consider the ever-changing political aspects of the particular business and industry as well as organization structure and theory, and the culture of the particular organization. Additional micro- and macro-economic factors will also be taken into consideration.

Here is only one recent example of how an external event will affect the dynamics of a coaching assignment: Assume you are coaching executives who work at a company that is involved in the complex healthcare supply chain. A company totally unrelated to the one in which you are coaching acquires the US rights to a lifesaving HIV drug. In a monumental act of selfishness (and foolishness), the CEO of that company, literally overnight, raises the price of this drug from \$13.50 to \$750 per tablet, a price increase of 5000%. This and two other similar incidents result in Congress enacting regulations that extend beyond these egregious acts and impact everybody who works in the drug supply chain. This includes manufacturers, wholesalers, distributors, and corner drugstores. The impact of this immediate and unpredictable event must now be factored into your coaching work.

Another example: A pharmaceutical manufacturer's main proprietary drug that

has been responsible for 40% of the company's profits, has reached its license end, and is now challenged by several low-cost generics. This causes an immediate and drastic drop in profit margins for the company, with no proprietary drug to replace its "cash cow." This situation results in management turnover and significant layoffs.

As a coach, you need to be aware of the stress that these examples of economic factors entail, and you need to be aware of the company's strategic choices moving forward, each of which will impact in different ways the people you are coaching.

In these instances, the psychologist/coach must be knowledgeable about and consider the impact of pricing aspects, the pressure on margins, and the regulatory pressures on individual employees. Pricing changes and new regulations set new rules and present new challenges for executives employed in the drug supply chain. As an executive coach, you help your client(s) manage change. Maybe they need to further adjust their pricing strategy or manage costs much more closely; perhaps they need to trim and alter their reporting structure all of which will have impact on the personal thoughts and interpersonal interactions of the executives in these organizations.

In these examples, people in the healthcare supply chain must manage and adjust to immediate and serious change in relation to their own personal feelings and at the individual, team, group, and organizational level. You, as coach, help them manage this change.

Other examples of situations requiring immediate changes in the mindset of people include reorganizations within a company, or a merger, or an acquisition. All these events result in changed circum-

stances to which psychologists can help employees adjust. In these examples, the psychologist/coach must understand not only the personal challenges, but also the economic and organizational structure changes with which the people being coached will be dealing.

A new boss, a departmental reorganization, a promotion to a position of increased responsibility, the need to provide effective feedback in a performance appraisal program, a cost-savings program, resignations, and new hiring procedures, motivating teams of people are only some of the issues that people in organizations face regularly and the psychologist/coach can help in these contexts. As Harry Levinson, a historically noted clinician, who was perhaps the first clinical psychologist to make the full-time switch to organizational consultation and who wrote many articles on the subject said:

“...to cope with all this, the organizational consultant does not have the security of his or her own office as a frame of reference. Instead, he or she must be in the middle of the organization’s turmoil where he or she must maintain a certain equanimity, stability, and self-confidence, while constantly maintaining appropriate psychological distance from the turmoil. Thus, one must deal with the turmoil, while being constantly immersed in it, as contrasted with dealing with a client’s individual turmoil for an hour or so per session” (Levinson in the compendium edited by Freedman, & Bradt, 2009).

As Leibowitz and Blattner (2015) described so well, a clinician moving into executive coaching must be especially wary of their tendency of “going deep into issues;” people in organizations are interested in behavior and results and your results as a coach are often measured by the speed of change seen in the clients you are coaching.

Another difference between the office and the organization is that clinicians who see clients in their office are trained to “remain at a therapeutic distance” from their clients. A clinician would not consider having a breakfast, lunch, or dinner meeting, or playing golf with a group of their clients. The executive coach may do this regularly. The clinician relies on a client’s self-assessment and self-reports; in addition to these reports, an executive coach would seek out work colleague’s perceptions of

both the executive and the situation. These are only some examples of the differences that are taken into account when the move out of the office is being considered.

### **What Does an Executive Coach Actually Do?**

In addition to the occasional dramatic organizational change, the executive coach works with people in companies or organizations to help them deal effectively with everyday personal and career issues. A coach helps executives identify, develop and effectively utilize their strengths, ameliorate weaknesses, and enhance self-awareness. A coach helps people work effectively with others, helps them motivate and develop the members of their team, helps them learn to effectively influence and persuade others, and enhances their understanding and insight into team and organizational dynamics.

*“Executive coaching in particular is an area where psychologists are uniquely qualified, and some of the skills required to be an effective executive coach are similar to the skills possessed by astute clinicians.”*

Many successful executives are not fully aware of the specific interpersonal and managerial strengths that they possess and that are so responsible for their success. In order to be even more effective, executives need to be fully aware of what they do so well, so that they can do even more of it. The psychologist/coach helps identify areas of strength and weakness, and helps design programs (Developmental Steps) that the executive (“the coachee”) can use as a learning guide.

The ability to assess situations quickly, make effective decisions, run an effective meeting, plan for unintended consequences, and deal smoothly with difficult people in stressful situations are topics of interest for executives that a psychologist can be helpful in assessing and helping improve.

As well, managers have blind spots that get in the way of enhanced performance. Failing to listen carefully to all points of view before deciding on a course of action, talking too soon at team meetings, shutting down communication while trying to encourage it, using body language that is

negative and discouraging to others, and failing to motivate and develop subordinates are examples of behavior that, once identified, can be worked with and changed.

Without these changes, a manager’s continued advancement can be immediately halted often without the person knowing what is going wrong. These “derailers” can be identified and improved. This is an area where a coach can excel; the coach helps the manager become aware of specific strengths, underutilized assets, and areas that can be improved.

### **The 360 Review**

An effective way of obtaining information regarding an executive’s strengths and weaknesses is to conduct a 360 Review.

A 360 is a technique used by the psychologist/coach to gather information/data about the coachee. In a 360, key people in the coachee’s sphere, such as his/her manager, organizational peers, and subordinates (people at organizational levels above, below, and lateral to the focal executive) are interviewed.

During these 360 interviews the coach asks questions such as:

- What is it like to work with John/Jane?
- What are his /her strengths/weaknesses?
- What does he/she do well and not so well?
- What could he/she do even more effectively?

Many other questions are asked regarding the executive’s personal and interpersonal style, thinking style, work style, communication pattern, effectiveness as a manager, decision-making ability, reasoning skill, relationships throughout the organization, and many other relevant factors.

In this manner, information is obtained about an executive’s personal style, interpersonal skills, thinking style, listening skills, influence style, impact on others, persuasive ability, networking ability, decision making ability, financial acumen, as well as professional/technical skills and specific industry knowledge and reputation.

### **Presenting Feedback So That It Can Be Heard: The Foundation of Executive Coaching**

The information obtained in 360 interviews is grouped according to relevant categories, and is discussed with the coachee.



This is referred to as the feedback phase, and is a key part of the psychologist/coach's role. Individual responses of particular people are not identified in a feedback meeting. However, the general patterns and findings are put together and used as a basis for the plan.

A thorough 360 review conducted by an astute interviewer results in a comprehensive picture of the focal executive's strengths, weaknesses, and personal style. This profile, referred to as "The Development Plan" is used to target and eventually assess the progress and success of an executive coaching assignment.

This feedback phase is where the psychologist's creativity and sensitivity, as well as organizational knowledge and understanding of the particular organization's culture, comes into play. In reviewing what he/she has learned in the 360 interviews, the coach considers the style of the coachee and the culture of the organization. The coach thinks about how the feedback will be presented and plans an approach. Depending on the findings, the coach will consider such questions as possible points of discussion with the coachee:

- Should the coachee be more assertive in individual and team meetings?
- Should she attempt to extend her influence further through the organization?
- Should she demand more enhanced performance of her subordinates?
- Should she meet more often with her team?
- Should she make more (or less) presentations or learn more effective presentation skills?
- Should she be more (or less) understanding of colleagues' mistakes?
- Should she provide more open-door time?
- Should she manage her time more effectively? And how can she do this?
- Should she travel more (or less) to field offices?

This feedback will be followed by an individual development plan that may include tasks, readings, involvement in special projects, or even rotational assignments and team building activities.

### **Therapeutic, but not Therapy: Avoid the Dual Role**

Although many executive coaches are well-trained therapists, executive coaches do not provide psychotherapy to the

people they are coaching. This is explicitly stated at the beginning of the coaching assignment. While interactions with an executive coach/psychologist may help the coachee clarify thinking, plan strategy, lead teams more effectively, and become generally more impactful at work, executive coaching is not psychotherapy.

That said, mental health issues may arise during an engagement. Sometimes, personal and family issues intrude on job focus and performance, and coaching clients may ask directly if they can engage the coach as a therapist. At these times, the coach explains that it is not helpful to anybody for the coach to mix roles, and an appropriate referral is offered instead.

### **Who is the "Client" in an Executive Coaching Assignment?**

In executive coaching work, the company pays the bill and, in a highly selective process, chooses the participants for the coaching program. Managers selected to participate view their selection as a sign of the organization's positive attitude toward them and its willingness to invest in their future. This is done because the organization believes (and rightfully so) that if the people being coached learn to increasingly develop their talents, the organization will benefit.

Since the company sponsors, selects, and pays for its key people to participate in executive coaching, it is reasonable to conclude that the company is the client.

### **The Issue of Confidentiality**

Confidentiality in a therapeutic setting is more clear-cut than in an executive coaching situation. For example, the findings of a 360 include the work-related style and the strengths and developmental areas of the coachee. These data are used as a major part of the coachee's Development Program, and the coachee is encouraged to share this Development Plan with his/her boss.

If the coaching is to be successful, the coachee's boss and the organization must sponsor the learning and growth of the coachee by providing opportunities to engage in carefully selected developmental tasks; e.g. perhaps the coachee would benefit from presentation skills training, or a rotational assignment, or attendance at a seminar, or a mentoring project with an even more senior leader. A coachee's organization is concerned with job-related, observable behavior and performance, and wants to be helpful in this

regard; after all, the organization will benefit if barriers to the coachee's performance are reduced or eliminated. However, when personal issues arise (e.g., if a coachee discusses personal issues and asks for a therapy referral), the coach does not divulge this personal information. These boundaries (this distinction) between what the coach will report to the organization and what will be kept confidential is discussed with all involved at the very beginning of the engagement.

### **Some basics for an Executive Coach**

Obviously, the more an executive coach knows about business and organizations, especially about the organization in which he or she is doing the coaching, the more effective she can be as a coach. There are however, some minimum basics with which to become familiar:

#### **1. Assess an organization's culture**

Different organizations encourage different patterns of behavior. Managers, who can deal effectively and understand their organization culture, will be more capable of aligning their style with the organization's culture and expectations. This alignment will allow them to accomplish more and influence others more effectively. The executive coach helps the coachee understand how to deal with an organization's culture. This will help the coachee to more effectively use creativity of thought and action in solving problems and dealing with people. This in turn will help her move forward in her organization.

Thus, you should know how to assess an organization's culture. Psychologists can learn to do this very effectively with the skills and knowledge they already possess. A good learning tool to become familiar with is the recent (January-February 2018) issue of the *Harvard Business Review* that is devoted to the analysis and study of organization culture.

Once you have effectively discerned the organization's culture, you can answer some important questions:

What kind of person is successful in this particular organization?

- A creative person or a person who is more structured and rule-bound?
- A person who is tradition bound or one who looks for new and different ways to perform tasks?
- A person who is direct in their communication, or one who is subtler?
- A person who will openly and regularly provide feedback and construc-

tive criticism to others or one who keeps more to him or herself?

- A reflective person or one who says exactly what they think openly and directly?

## 2. Learn the language of business

Every specialty in psychology has its own language (i.e. its own jargon) and contemporary trends. Executive coaching is no exception. Successful coaches may read *The Wall Street Journal*, the business sections of the *New York Times*, and business magazines like *Forbes*, *Bloomberg Business Week*, and the *Harvard Business Review*. This reading material will provide insight into important issues of the day that people in business organizations deal with on a regular basis.

## 3. Learn how to conduct an effective initial interview in the organizational setting:

Psychologists are good at asking questions, and listening carefully to the manner and style as well as the content of the answers. Here are a few questions that a psychologist might ask the coachee in the initial interview:

- What are your strengths?
- What would you like to do more effectively?
- What are your significant responsibilities?
- What are your biggest challenges?
- What are your goals for the upcoming year? For the next five years?
- Who do you interact with mostly? How are you doing here?
- What are the obstacles to getting things done?
- How do you build a team?

## Requirements to be an Executive Coach: The Barrier to Entry

There are no formal requirements to be an executive coach. An organization can hire anybody to come into their company and coach their executives. There is no legislation or regulations to guide the process.

This minimal barrier to entry presents a competitive challenge for psychologists. By virtue of their education, their training, and their clinical experience, psychologists have an excellent background to be a highly effective executive coach. However, any social worker or counselor, or retired executive or random person can call him or herself a coach and offer their services to organizations. Psychologists can differentiate them-

selves from the pack by emphasizing their superior clinical training and their ability to understand and work with individual and team dynamics in a way that most other coaches cannot. However, it is frequently a challenge to convince the buyer of coaching services that this is the case.

## Executive Coach Competencies

The necessity for excellent clinical skills is a given. In addition, it is helpful to be knowledgeable about team-building, group and individual dynamics, and a strong understanding of systems. A background in family systems is helpful, as is knowledge of the techniques of cognitive behavioral therapy (CBT), knowledge of business and organizational structure, familiarity with the language of business, and listening and reframing skills. It is important, as well, for the coach to know how to assess an organization's climate and morale, and to provide feedback so that people can hear it. As with any effective clinician, it is imperative for the executive coach to maintain a positive, encouraging approach to difficult situations.

## Travel

Executive coaching assignments are rarely conducted in the psychologist's office. You can expect to travel to the client's offices, which can be anywhere in the country and sometimes overseas. You can expect to drive relatively long distances, and you may very well become a frequent flyer, if you are not already. You need to be comfortable entering new environments, meeting many new people, and explaining your work. When you are engaged in the 360 phase of the work, you may interview about eight people per day. You must introduce yourself, get them comfortable with the process, taking copious notes, and organize your thought, all while obtaining the information you need to effectively profile your client. You will then usually go to a business dinner, then straight to your hotel where you hope to get a good night's sleep before starting the process over again the next morning. After your meetings are concluded, you will go straight to the airport and hope that your flight is not too delayed.

## Conclusion

This brief article presented some of the factors that need to be considered when embarking on the road to executive coaching. Based on education, training, and clinical experience, clinical psychologists are uniquely qualified to travel that road.

## Further Reading:

Division 13 of the APA (The Division of Consulting Psychology) has an excellent journal, called, appropriately enough, *Consulting Psychology Journal, Practice and Research*. This journal is distributed to members of the Division. Membership in the Division provides information about workshops, meetings, and contemporary trends in consulting psychology.

### Books:

Consulting Psychology; Selected Articles by Harry Levinson (Eds.) Arthur Freedman, Kenneth Bradt. American Psychological Association, 2009.

(This book is eligible for CEU credit for psychologists)

Lowman, R. (2016). *An introduction to consulting psychology*. American Psychological Association.

### Specific Articles:

Groysberg, B, Lee, J, Price, J, Cheng-Yo-Jud. Leading Culture: Harvard Business Review January-February 2018

Bernard Leibowitz, John Blattner: On Becoming a Consultant: The Transition For A Clinical Psychologist. Consulting Psychology Journal, Practice and Research, 2015, Vol. 67, No.2, 144-161.

### Mentoring:

Liebowitz and Blattner recommend working with an experienced executive coach and explain how it can help the aspiring coach when he or she is entering the field.

### Newspapers, Magazines, Periodicals:

The Wall Street Journal, the business section of the New York Times, Bloomberg's Businessweek, Forbes, Fast Company, Inc., Fortune, and Wired are all helpful in learning the language, and being on top of contemporary issues and trends. ❖

## About the Author

Michael J. Gerson, PhD, specializes in Executive Coaching and Development programs to help executives become more effective leaders within their corporate cultures. He has extensive domestic and international coaching experience in financial services, healthcare, publishing, manufacturing, advertising, and global and domestic management consulting. Dr. Gerson achieved Diplomate status (ABPP) in the Specialty of Family Psychology, and applies systems thinking in his work with organizations.