

Reshaping corporate

Neela Bettridge considers the role of coaching in the next generation of corporate governance which must integrate sustainability to rebuild trust and achieve ongoing shareholder value and business sustainability.

The global financial crisis has called into question existing approaches to corporate governance. Corporate collapse, disproportionate bonus payments and job insecurity have all contributed to growing distrust of business. Business leaders have come under intense scrutiny as their stakeholders hold them to account and call for responsible and transparent management practices that will help business to withstand the economic turbulence.

There is growing consensus that business as usual is no longer sufficient or indeed acceptable. In the December 2008 edition of *Governance* we read of ACCA's desire to see a shift from a focus on regulatory compliance to the 'performance' of corporate governance. At January's World Economic Forum, UN Secretary-General Ban Ki-moon advocated renewed commitment to social responsibility and sustainability through voluntary mechanisms such as the Global Compact, citing the financial crisis as a 'gilt-edged opportunity'. More recently, McKinsey issued a *conversation starter* designed to stimulate corporate boards to innovate and adopt new methods to tackle the economic crisis.

All of these perspectives and the myriad of others in the public domain are united by the fact that significant behavioural and cultural change is required in the upper echelons of business for them to have a chance of becoming reality. Chairmen, board directors and senior management teams must not fall into complacency; they must step out of their comfort zones, challenge preconceptions, question existing policy and procedure, and adapt to a new world order. They must learn to embed long-term risk management strategies into their organisations instead of opting for short-termism. There must be a focus on redefining business purpose and values and devising strategies so that the values become a living entity within the corporate culture. Broader societal concerns, including climate change, poverty and human rights, must become an intrinsic component of standard corporate governance, whether or not there is a mandatory requirement to do so. Only by taking these steps can organisations rebuild the trust of their stakeholders, continue to achieve value for shareholders and secure ongoing business sustainability.

Article 13 advocates the use of individual and group coaching to enable organisations to achieve this new generation of corporate governance. Through coaching, senior business leaders accustomed to traditional business practice which prioritises financial returns, often at the expense of social responsibility and sustainability, become awakened to new perspectives and approaches. As well as enhancing leadership, performance and risk identification capabilities, governance coaching improves innovative thinking and equips individuals and teams with the skills and motivation to effect lasting cultural change. To be clear, when we refer to cultural change we mean lasting structural and social changes in an organisation – lasting changes to beliefs, values, procedures and relationships with all of an organisation's stakeholders.

With the knowledge that organisations need to refresh and modernise their corporate governance practice to incorporate sustainability issues, the remainder of this article reflects on the role of coaching in governance of sustainability.

Leadership for governance of sustainability

Senior business leaders must invest in their own development, recognising their organisations only transform as fast as they can and that effective integration of sustainability must start at the top. It is the ability of leaders to navigate the complexity of sustainability that forms a critical aspect of any organisation's potential to develop. Coaching methods can facilitate the questioning of assumptions underlying action and decisions and lead to increased self-awareness. The greater the awareness, the more choices and options a leader has to maximise the opportunities for innovation and competitive advantage through integrating sustainability.

Increased awareness doesn't only relate to external events. One of the primary functions of a coach is to support alignment and inquire into any disconnect they see between the individuals' values, aspirations and behaviour (eg espoused values that are different from values in action). There are other means by which individuals can facilitate this sort of reflection themselves (eg meditation)

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but coaching is one of the most powerful and relevant in an organisational context. It is far easier for someone else to take a fresh perspective on your own behaviours than it is for you to do it on your own. Professional coaches can also facilitate interrogation of organisational values and the extent to which they are truly 'lived' and aligned to individuals' values.

Culture change for integrated sustainability

There are a number of topics and issues pertinent to the new generation of corporate governance that are best addressed using coaching rather than straight training. Integrity, independence, diversity, ethics – these are all concepts that cannot easily be 'taught' but rather require individuals to explore their own responses to real events within some structured programme. This is exactly the approach taken by one top-four auditing firm, for whom these issues are critical for the effective delivery of their services.

The senior team must ensure there is a coherent strategy for encouraging the conversations amongst key teams about the risks, opportunities and implications of sustainability. Coaching can help to improve relationships across the organisation, generating a shared commitment to both the means and the end of sustainability. For example, in one large telecommunications company, groups of volunteers from the same department, or floor of a building, now work as a team on reducing carbon emissions. They support each other, are coached by a senior person, and have access to a director-level mentor. Adopted to overcome potential cultural and practical barriers to reducing waste to landfill, this approach led to a 12 per cent decrease in waste rather than the four per cent target.

The new generation of corporate governance also requires that individuals and teams have the self-reflective capacity and conscious approach to their own mission and development that will enable them to take leadership roles in these increasingly complex circumstances. Coaching can play an important role in the engagement process which is critical to building an appropriate culture in support of

a new strategic direction. It is far more effective to involve individuals and encourage them to embrace new ideas than it is to say 'do as you're told'. An individual from one organisation on the journey to integrated sustainability recently said: 'Sustainable development has never been done before, so we have to make it up as we go along. That means that we have to be alert, nimble, reflective, and brave. Coaching is a really good method of helping us to be like this.'

Developing a culture of innovation and a proactive stance towards integrating sustainability may also be about changing the relationships organisations have with their customers. Coaching can play a vital role in encouraging staff to empathise and engage with customers in new and innovative ways. For example, a leading energy supplier is well down the path in coaching its staff through the transition from a business model based on selling more energy, to one that is about helping customers use less.

Through, but not for, individual development

As challenges such as climate change loom large and the success of individual organisations and societies become intertwined, it is evident that reactive, incremental improvement in governance of sustainability is no longer sufficient. Senior leaders must focus on transformational and systemic change, which in turn assumes the need for innovation.

It is the interconnection between transformation at the organisational level and at the individual level that highlights why coaching is critical for the innovation required to adopt a successful approach to sustainability. The biggest leverage points for achieving the innovation and the transformation required to integrate sustainability occur within the 'inner' (ie personal development, organisational values and cultural development). Inter-subjective, developmental approaches – like coaching – are the most powerful and effective ways to support these changes and facilitate adoption of new values and culture.

The most common association with coaching in an organisational context is with one-on-one executive

Continued on page 12

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Continued from page 11

coaching where individuals are focused on as the leaders of change. However, it is increasingly apparent that coaching for sustainability may require a shift away from viewing individuals as the primary beneficiaries of coaching and the primary agents in driving change to a focus on teams, collective intelligence, and collaborative action.

New methodologies for coaching teams, communities and organisations are evolving. These methods contextualise an individual's development and enhanced performance as a means to achieving a transformation of, and a better output from, the whole team or organisation. Individuals and teams are encouraged to reflect on how individual priorities do or do not support the health of the whole. This is exactly the sort of shift that enables next-level thinking and the generation of creative solutions to our challenges.

This article draws on Article 13's practical experience in the application of corporate governance and the research report entitled 'Sustainability Inside-Out: Investigating coaching's role in sustainability'. Neela Bettridge is an executive coach and mentor, as well as a highly skilled practitioner in the field of organisational sustainability and governance. Learn more at www.article13.com or contact Neela Bettridge on +44 (0)20 8840 4450 or neelab@article13.com

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INDEX

Organisations		Companies	
Business Roundtable	2	Baker Tilley	4
FSA	6	Bradford & Bingley	6
ICGN	2	Deutsche Bank	2
ICSA	3	Faegre & Benson	4
		Lehman Brothers	6
		Lloyds Banking Group	6
		Northern Rock	6
		RBS	2, 6
People			
Neela Bettridge	10	Melanie Wadsworth	4
Martin Graham	4	Richard Williams	5

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