



Executive Coaching: Driving Real Results for Leaders in the Built Environment

by Jennifer Jones and Emily Livorsi

Executive coaching is driving results and delivering solid return on investment (ROI) at individual and organizational levels in the E&C industry.

As the famous football player and coach Tom Landry once stated, “A coach is someone who tells you what you don’t want to hear, who has you see what you don’t want to see, so you can be who you always knew you could be.”

In today’s business world, coaching has become a cornerstone of leadership development, particularly for executives. Not only can coaching be a transformative process for personal and professional awareness, discovery and growth, but also it offers the opportunity for executives to uncover their blind spots, improve leadership skills and achieve real business results. In a recent survey, company executives reported an average ROI of nearly six times what they invested in the coaching process.¹

In the following white paper, we discuss fresh insights around executive coaching in the engineering and construction (E&C) industry that are based on feedback from executives who went through an executive coaching program. After analyzing the survey results and interview themes, we found that executive coaching made a significant impact to leaders in four main areas. Specifically, coaching served as a:

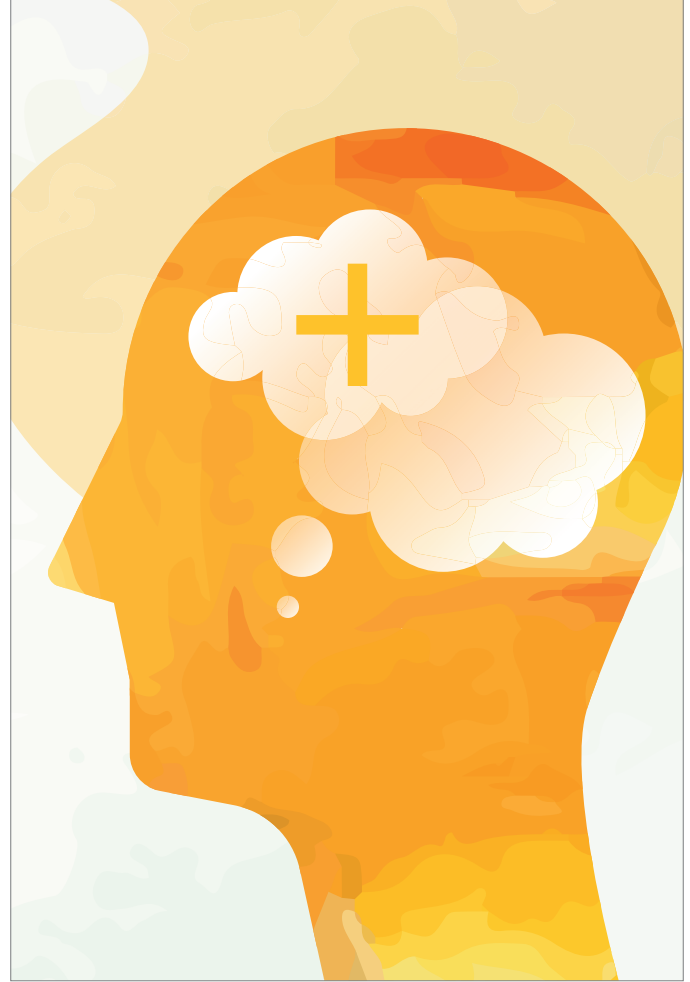
1. Sounding board for thoughts and ideas
2. Platform for effective leader transitions
3. Catalyst for engagement
4. Driver of commitment and real ROI

Preparing Leaders in a VUCA World

Leaders in the E&C industry have long dealt with volatility, uncertainty, complexity and ambiguity (“VUCA”) on a daily basis. VUCA is part of the industry’s DNA. Today, though, the rapid pace of change is significantly transforming the global business landscape, rendering traditional leadership skills obsolete and challenging executives to equip themselves with new insights and leadership abilities.

The concept of VUCA originally gained traction in military circles in Afghanistan and Iraq in response to the proliferation of nontraditional warfare. These environments required a new set of tactics and methods for dealing with conditions on the ground, where existing combat strategies and personnel experience no longer matched the new challenges. The VUCA concept also resonates with an increasing number of CEOs who are trying to make sense of the evolving challenges brought on by politics, economics, society, technology and the environment. In short, today’s leaders must develop new strategic-thinking mindsets to avoid impulsive, uncoordinated and ultimately ineffective responses to the increasingly challenging business environment.

This is where executive coaching comes into play. As E&C leaders manage through growth and downturns, rise to today’s dynamic environment, and work through essential leadership transitions, coaching remains a highly tailored and contextualized method of building strong leaders. The very nature of coaching is flexible and agile, while addressing the many issues individual leaders are facing in their roles now and in the foreseeable future.



¹ The survey was conducted by Manchester, Inc.

As John Kotter, professor of leadership at the Harvard Business School, stated, “What’s really driving the boom in coaching is this: As we move from 30 miles an hour to 70 to 120 to 180.....as we go from driving straight down the road to making right turns and left turns to abandoning cars and getting motorcycles...the whole game changes, and a lot of people are trying to keep up, learning how not to fall.”²

Four Areas of Critical Impact

1. An Important Sounding Board

Our research revealed that many executives feel isolated at the top and that coaching provides a thought partner with whom they can rely on and confide in. For many senior leaders, entering executive positions often comes with changing relationships and dynamics with their peers in the organization.

“Working with an FMI executive coach helped me talk through issues that I couldn’t talk through necessarily with my direct reports,” said Stephen Brague, president and CEO of Casey Industrial. “It allowed me to work through some of those issues in my head that I didn’t feel comfortable speaking about with my direct reports. I have a job that is lonely at the top, and coaching gave me a person to bounce things off without worrying about where my ideas might spread.”

It is also not uncommon for executives to be critiqued by their employees. Over time, this can lead to increased isolation and ultimately affect a leader’s well-being and performance. Working with a coach can combat some of this loneliness and isolation and help leaders share confidential, sensitive or nuanced issues with a “neutral entity” that other audiences might not easily understand.

According to the Harvard Business Review, half of CEOs express feelings of isolation; 61% of them believe it hinders their job performance.

Coaches Serve as External Advisors

Coaches also help shed light on blind spots, offer key insights and provide an outside opinion on leaders’ actions. In our study, many leaders acknowledged that while the isolation and loneliness can necessitate having a confidant, an equally—if not more—important function of an industry-focused coach was having an external advisor who could push the leader for accountability. This person often helps the leader think more strategically and serves as another lens for looking at the business more objectively.

“My coach guided me in thinking about how we can restructure the business and whether to break into new regions or have vice presidents who were responsible for certain dimensions,” said Gene Postma, COO of APi Group, Inc. Gene explained how working with a coach was like having an external board of directors. “He challenged some of my thoughts and validated others. It’s always good to be able to have someone from outside the business to look and challenge it.”

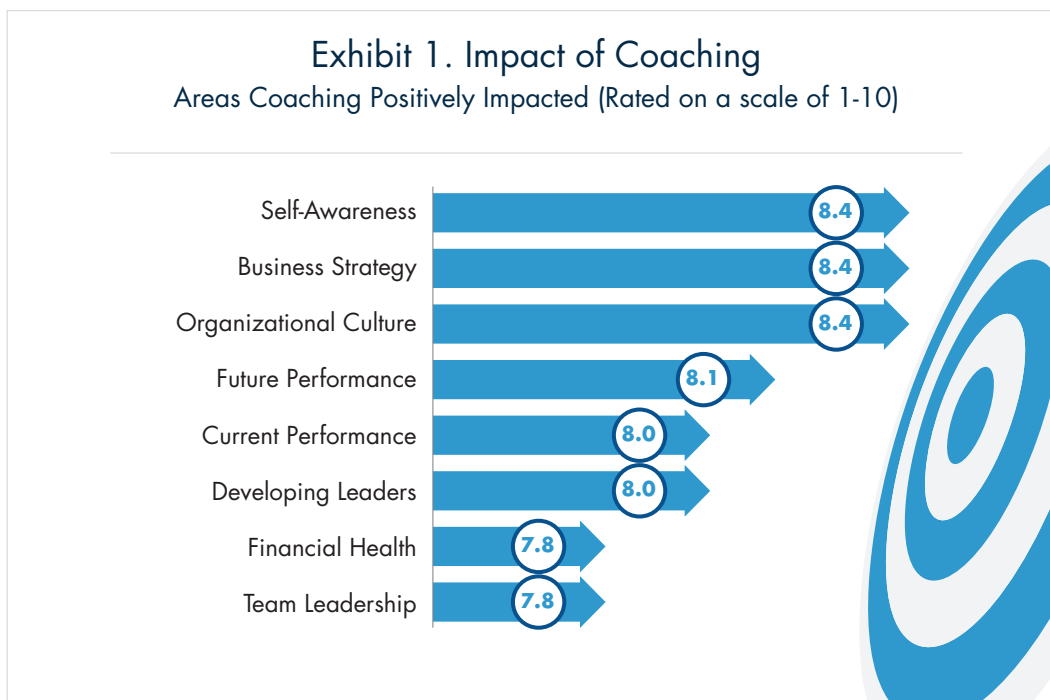
Stephen Brague also suggested that the experience of working with a coach provided accountability to drive key business decisions that resulted in positive change. “Even though my coach didn’t have all the intimate details of our business, he was able to help me work out the answers to the questions I was struggling with,” the CEO said. “He also helped keep me accountable and helped me deal with the issues that were rolling around in my head.”

Through our research, we also learned that leaders today are not nearly as self-aware as they think they are, **with 95% calling themselves self-aware in a world where just 10-15% of them actually are self-aware.**³ Defined as the conscious knowledge of one’s own character, feelings, motives and desires, self-awareness is an important component of good leadership. Lack of self-awareness represents a staggering gap between what leaders believe and reality.

² <https://daveschoenbeck.com/why-executive-coaching-makes-sense-for-your-company/>

³ Ron Magnus and Matt Kennedy. “Self-Awareness: The Foundation for Exceptional Leadership.” FMI Quarterly. September 2018.

Our study participants rated self-awareness as one of the top areas coaching positively impacted (see Exhibit 1). While self-awareness may seem like a soft, intangible skill, there are real economics to having leaders who are highly self-aware. In fact, leaders with strong self-awareness have a distinct bottom-line impact on their businesses. After surveying 486 companies, one recent study confirmed a **clear link between companies with stronger financial rates of return and leaders with higher levels of self-awareness.**⁴



Source: 2019 FMI Coaching Study

While many leaders say that working with a coach is both supportive and encouraging, they also say it helps them receive and understand feedback about who they are as leaders and what they need to know to be successful.

One president suggested that at the top he rarely got the information required to be successful from his predecessor and that coaching uncovered truths about what he needed to work on. Another senior VP added, “There’s very little feedback or communication from our management. So to be able to talk to my coach once a month was the only insight that I’ve had from anybody. My coach has definitely helped steer me in the right direction and given me good advice when I had none.”

2. Using Coaching for Effective Leadership Transitions

Our study showed that the experience of “loneliness at the top” was even more pronounced for leaders who were transitioning into new roles as part of a succession plan. Ambiguity about new expectations, uncertainty about how to perform in one’s new role, and the complexities of leading an organization can all create an isolating experience that’s filled with self-doubt.

“I succeeded the founder of our company. That is one of the toughest leadership transitions I think anyone could ever go through,” said Chuck Sanders, CEO of JV Driver. “The founder is still around; it’s often a challenging situation for both of us. That experience has really shown me that it’s a lonely game. You have to really know yourself and be very clear about where you’re headed and what you’re doing, and have the fortitude and grit to be able to handle the challenges that come along with that because there’s no manual.”

⁴ “A Better Return on Self-Awareness.” Korn Ferry Institute. August 2013.

Chuck Sanders said working with a coach helped him address these challenges: “A big part of what our coaching relationship evolved into was navigating my transition into our founder’s role.” He added, “The coaching relationship helped me better understand the internal workings of our organization, but also served to develop my own leadership ability and my aptitude to stand alone and fill the role that I’m in now.”

It’s not unusual for internal succession transitions to impact existing, internal relationships. This may mean leading and supervising others who were once superiors, peers or mentors. For some leaders, this change is uncomfortable at best. Several leaders we interviewed said coaching helped them navigate these changing relationships. After working with a coach, Kevin Mannen, executive VP of Enclos, acknowledged how much coaching influenced these dynamics. “And now, in the last two years since I’ve been in this executive vice president position, I’m working confidently over people who used to be my bosses.”

As shown in **Exhibit 2**, almost all study participants confirmed that **coaching was key in preparing them for their new leadership roles**.

Exhibit 2. Impact of Coaching

Other Ratings of Coaching Impact

Area of Impact	Percent Favorable*
Increased Readiness for a New Role	91%
Increased Work Engagement	88%
Coaching Had a High ROI	87%
Increased Leader Effectiveness	84%
Coaching Exceeded Expectations	77%
Increased Organizational Commitment	63%

* Participant responded as agree or strongly agree.

Source: 2019 FMI Coaching Study

When working with leaders in our industry, we often refer to the sage quote from Marshall Goldsmith: “What got you here won’t get you there.” Many of the leaders we work with struggle with transitions because shifting the mindsets, focus areas and work styles that worked in their previous positions is difficult. Coaches often work with leaders to find a new way of leading, working or being in order to maximize their success in a transition.

Redefining Value

During this transition process, new leaders often wonder to themselves, where do I add value? Am I doing enough? What else do I need to do? If misguided, leaders may revert to doing what they are comfortable doing and fail to shape their new roles in ways that add real value to the organization.

Kevin Mannen recalled this feeling of lacking clarity in a new leadership role: “We start out building buildings and being project managers with pretty defined roles. When you get to this executive level, it’s not as black and white as to what you’re doing. It’s like, ‘OK, what is my job description? What exactly am I supposed to be doing? Where do I get guidance?’”

Mike Traylor, co-president of Traylor Bros., described a similar challenge and explained how coaching helped him work through it: “Prior to becoming co-president, I had been in an operations role, and was very involved with the details. Because of that, it was a struggle to take on a senior management role. I struggled with being a true leader, delegating and managing time. In my new role, I still wanted to control the details. My coach helped me work through this and I am now much more effective in my current role.”

Jim Viner, president and CEO of HSC Builders, adds, “My coach and I worked on defining and understanding my role as CEO. We created an approach, tracking my weekly time so I could evaluate every week where I’m spending my time. After we defined the more strategic things that I should be doing, I focused on spending more time on those, as opposed to getting distracted by the day-to-day stuff. I would say it’s 100% better.”

3. Creating an Engagement Catalyst

Employee engagement has been a hot topic in the last few decades, with many companies focused on how to build engagement and tap into it, given its power in the business world. Knowing that engagement is associated with a host of positive outcomes (e.g., performance, commitment to staying in the organization, improved business profitability, etc.), we wanted to learn about the coaching-engagement connection.

For leaders who sought out coaching, none of them did so to simply become more engaged. But could engagement be a positive and unintended outcome of having an executive coach? In our study, we asked our coaching clients about the impact coaching had on their engagement in their roles. **Nearly 88% of our participants suggested that coaching increased their overall engagement in their roles (Exhibit 2).**

So why would coaching have such a drastic impact on engagement? There are a host of reasons, such as coaching improves confidence and satisfaction in jobs, reduces the learning curve for new roles, and can enhance a coachee's relationship with those around him or her at work, all of which may enhance engagement.

Recent insights on engagement have also concluded that when a leader feels listened to, he or she may be up to 19 times more likely to be engaged.⁵ In an environment that can be isolating and lonely, it is not surprising that senior leaders find themselves more engaged when they have a coach. It should be noted that coaching goes well beyond being an ear for a leader — effective coaches are gifted at actively listening and asking thought-provoking questions to get to the crux of an issue before helping a client take action.

4. Driver of Commitment and Real ROI

By focusing on the development of specific leadership competencies required for success, executive coaching can greatly impact both individual and organizational growth. Particularly in today's VUCA world, strengthening executive skills is no longer enough. Leadership today is multifaceted, and great leaders must master competencies related to understanding themselves, others and the business. By using coaching in conjunction with other leadership development strategies, companies can help to bring out the best in their leaders.

Knowing that great leaders must master a multitude of competencies, we set out to learn which primary capabilities leaders in the E&C industry are actively working on. Here are the top eight areas uncovered by our research:

1. Coaching and Developing Others in the Business
2. Strategic Thinking
3. Communicating Effectively
4. Delegating Effectively
5. Holding Others Accountable
6. Building General Leadership and Management Skills
7. Building Influence
8. Setting Direction and Clarifying Vision



⁵ "Trends in Employee Engagement." New Measures. 2019.

Covering all of these competencies takes time and money, and one of the common concerns in the E&C industry is that coaching is perceived as an investment in “soft skills,” which doesn’t always translate into meaningful results for the organization. However, **87% of respondents in our survey agreed that executive coaching has a high return on investment (Exhibit 2).**

Past research from other organizations supports this assertion:

- Over 25% of coaching clients experience an ROI of 10-49 times the cost of employing a coach.
- Clients reported ROI of coaching constantly falls between 340-700%.
- PWC and the Association Resource Center report an average ROI of seven times the cost of employing a coach.⁶

When asked to think about the impact coaching had on various facets of their businesses, the leaders we surveyed said:

- With an average impact rating of 8.4 (out of 10), receiving coaching as a senior leader significantly improved the **overall business strategy**.
- With an average impact rating of 8.4 (out of 10), coachees suggested coaching had a significant impact in improving the **organizational culture**.
- With an average impact rating of 7.9 (out of 10), coachees suggested coaching had a significant impact in improving the **financial health** of the business.

While coaching clearly impacts leaders’ soft skills, our clients also note that coaching had significant impacts on business results. By helping leaders think differently and thoughtfully, coaching has made an impact on critical aspects of our clients’ organizations.

Coachability Matters

Jim Viner, president and CEO of HSC Builders suggested that the difference in whether or not the coaching investment was worth it often boils down to the leader’s commitment to personal growth. “I think the old dogs in the business just assume they have everything covered, and they don’t have places to grow,” he said. “And that, frankly, is impossible. Everybody has growth somewhere.”

Chuck Sanders, CEO of JV Driver cautioned that before investing in coaching, you need to know who you want to invest in. “Finding those truly high potential people to invest in with coaching is critical, because it’s expensive. It’s good. It’s time consuming,” he said. “That really pays back, but you have to be able to identify who the individuals are who will put coaching to use and understand that they actually want to be leaders. They’re not just leaders because they happen to be there.”

As Jim Viner and Chuck Sanders astutely suggest, coaching is a significant investment of time and resources. Leaders must be open to growth and development and be willing to do the hard work of looking internally, developing greater self-awareness, setting challenging leadership goals, and committing to try a different way.

Recognizing the Value of Executive Coaching

Over the last few decades, the number of companies using executive coaching has grown significantly. Currently, there are nearly 20,000 professional coaches who have active clients in North America, thus illustrating both a demand for coaching among executives and a realization of the value that these professionals provide.

Here at FMI, we’ve seen a substantial rise in E&C organizations that rely on coaching to help them rapidly accelerate the development of their people. In an industry where talent is a scarce commodity, organizations that invest deeply in their people through the highly personalized coaching experience have identified it as a true differentiator.

For over 15 years FMI has developed leaders through industry-focused coaching. We’ve heard countless stories from these leaders that coaching has made a significant impact on their professional as well as personal lives. Given these new insights from this study, we are even more confident that industry-specific coaching can achieve powerful and tangible results for leaders and their respective businesses.

⁶ Christy Gieger. “The ROI of Coaching.” Synergy Strategies. January 2018.



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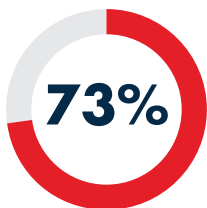
For over 65 years, FMI has been the leading **management consulting and investment banking** firm dedicated exclusively to **engineering and construction, infrastructure and the built environment**.

FMI serves all sectors of the industry as a trusted advisor. More than six decades of context, connections and insights lead to transformational outcomes for our clients and the industry.

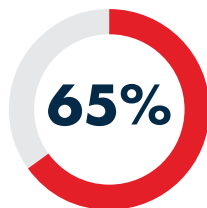
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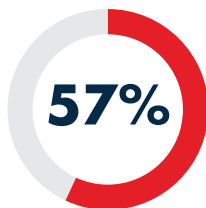
FMI Client Highlights



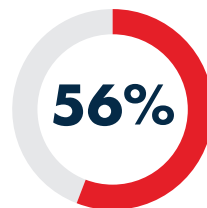
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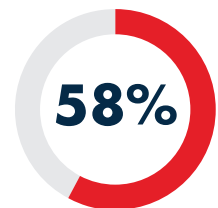
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