

YOUR MONEY

# Life Coaches for the Entrepreneurial Set

By PAUL SULLIVAN FEB. 10, 2014

IN 2005, Ali Riaz, then president of a search technology company that would eventually be sold to Microsoft, was having dinner with one of his board members when he admitted that he was struggling with managing everything that running a fast-growing, cutting-edge company entailed.

“I said, ‘I feel like there must be a better way to deal with the inflow of pressure,’ ” Mr. Riaz said. “Kids getting bigger, parents getting older, business is growing — just using hard work and natural-born talents was getting hard. I wondered if there were techniques I could use.”

The board member suggested he get a coach and offered to make an introduction. Mr. Riaz, a smart, driven entrepreneur, thought this was a horrible idea.

“I was a little like, I don’t need a psychologist, buddy,” he said. “We Type A entrepreneurs don’t talk about this kind of stuff. We solve problems and push ahead.”

Yet the board member persisted and several months later, Mr. Riaz reluctantly met the coach, Denise Spatafora, who had built and run businesses herself.

Mr. Riaz quickly saw that she had some insight into how entrepreneurs think and how to help them. “I realized at the end of our first conversation that in order to work with her meant work,” he said. “In my 25-hour day of work, I realized I didn’t have time to work with her.”

A few months later, he changed his mind.

## **Money, Time and Doubts**

The beginning of any year is ripe for self-assessment. It’s when gyms fill with

new members crowding treadmills and spin classes, for a few months anyway. When it comes to executive coaching, the impulse is little different: How can I be better?

For entrepreneurs, executives and members of wealthy families who go the coaching route, the experience is expensive, time-consuming and filled with doubts over whether it will really work in the end.

Such coaches, after all, represent a somewhat amorphous profession. They are not psychotherapists who will mine the past for solutions to the present, nor are they strictly business consultants tasked with, say, fixing part of a company. Rather, they are people without prescribed credentials, though often with experience in the client's field, who have won trust through experience or reputation to guide a client to an agreed-upon life, career or business goal.

Ms. Spatafora charges individuals \$5,000 to \$12,000 a month. For her corporate clients, which have included Citibank, Google and the satirical website The Onion, the cost can go as high as \$200,000. Marshall Goldsmith, one of the best-known coaches in the field — his clients include Alan R. Mullaly, president and chief executive of Ford, and Frances Hesselbein, former chief executive of Girl Scouts of the USA — charges up to \$250,000 for an 18-month engagement but is paid only if all parties involved agree that the coaching worked. (He also does coaching seminars for \$35,000 a day.) Vistage International, a coaching network focused on chief executives, has a monthly membership fee of \$1,250 after a \$2,250 initiation fee. When working with financial advisers, some coaches take a percentage of the revenue from the assets acquired during the coaching.

While coaching is not cheap, another cost is a person's time — particularly when not much of it is left over. A search for "executive coach" on LinkedIn yields thousands of people who claim to be qualified coaches. How would someone know which ones were worth the money and time?

This is the biggest initial hurdle in setting up a coaching relationship and why referrals play such a big role. "My biggest concern about coaching is that, like self-help books and unlike psychotherapy, it is unregulated," said Jessica Lamb-Shapiro, author of "Promise Land: My Journey Through America's Self-Help Culture." "While there are training programs, the programs themselves are largely without oversight, and there's no guarantee that any one coach would subscribe to standard best practices, if such a thing even exists."

Mr. Goldsmith said he suggested that people ask several different coaches what their specialties were before telling one coach what they need help with.

“If you go to a coach with a strategic question, the coach is going to say, ‘Yes, I can do that,’ ” he said. “I’d go to the coach and ask, ‘What do you do best?’ If what the coach says is not what you need, don’t hire that coach. If what the coach does best matches what you need, then say, ‘Great, can you give me some case studies or referrals?’ ”

Mr. Goldsmith said he included himself in that. He knows where he is good: “helping successful leaders achieve positive, long-term change in their behavior for themselves, their people and their teams,” he said. Outside of that, he refers people to other coaches with expertise in areas like strategy or business organization.

### **Wanting to Do Better**

Still, why would someone like Mr. Riaz, who was already wildly successful, married, with two children and two homes, seek out a coach? Life was good.

“Anybody looking from the outside at me, they would say, ‘This guy has no pressure. He’s so happy,’ ” Mr. Riaz said. “Guys would say, ‘I want your life.’ I’d say: ‘No, bro, you don’t.’ Life was hard. It took all of my time to make it all work.”

Mr. Riaz, like many successful entrepreneurs who turn to coaches, wanted to do better. To some this means having more money; to others it means more family time. To still others, it could mean going to the next level in a career, starting a company or simply finding a way to be more present at work and at home.

Mr. Goldsmith said that being coached had lost the stigma it had decades ago, of being for underperformers. Now it is seen as being for top performers who want to be better. Ms. Spatafora said people who succeeded under a coach’s tutelage saw there was something holding them back and wanted to move past that.

“It’s about removing obstacles and how to be clear in our lives,” she said. “I develop leaders so they can see things about their own behavior.”

Her focus is on communication and leadership. She has asked clients, “How do you handle all the complaints and parlay this into what you truly love and get deeper into that?” With Mr. Riaz, she started by asking all the people around him, from employees and executives to his family, about his strengths and weaknesses, guaranteeing the interviewees anonymity. This is the classic 360-degree assessment that is standard in human resources and industrial psychology.

Then she held him accountable to change what people said made him difficult to work with. Mr. Riaz put it more bluntly.

“If someone came to my office in 2005 and said to me, ‘Hey, you’re a jerk,’ my response would have been, ‘No, I’m not a jerk — you’re the jerk,’ ” he said. The conversation would deteriorate from there.

For Ms. Spatafora, as for any coach, the challenge was to deliver the assessment in a way that would be productive and not cause the client to become defensive and reject it. Then she needed Mr. Riaz to create a “game plan” to change.

“Every person has a way to practice this,” she said. “It takes courage and a willingness to be honest with people.”

### **The Skeptics**

There are plenty of skeptics who say the coaching industry overpromises, under-delivers and charges dearly for it. Some go so far as to call it a waste of time and money, and wonder if the coach has any real qualifications.

Ryan Wibberley, co-chairman and chief executive of CIC Wealth Management, said he worked for many years with a well-known coach for financial advisers but ultimately lost confidence in the company and his coach.

“The sales pitch is what got me,” he said. “It was offering a more organized way of running your business.”

While working with the coach, Mr. Wibberley increased the assets he managed to over \$300 million, from \$80 million. The coaching cost him \$350 a month, which included a monthly coaching call. But he came to question how much of that growth in assets was linked to the coaching.

“My biggest issue with this program and most coaching programs is they try to make you something you’re not,” he said. “This program was led by a very successful financial adviser. It was all designed to make you turn into him.”

While there are certainly coaches who are not qualified or are churning out the same advice for every client, there are also people who do not respond well to coaching.

Norma Rosenberg, a former executive at Coopers & Lybrand who now leads a chief executive coaching group for Vistage in New York, said she had to help people leave the group.

“If it’s not working, they’ll say ‘I’m not getting value,’ ” she said. “That’s

usually because they haven't been coming to meetings, listening and doing the work. They'll say, 'I'm leaving,' and I'll say, 'If that's best for you, then I want what's best for you.' ”

Or as Eric Sheikowitz, senior managing partner at Focus Partners, a coaching firm, put it: “Someone looking for a silver bullet is not the best coaching candidate in the world. There is no quick fix.”

He added, “What we do is a lot of work on accountability and a lot of work on the structure of the business.”

### **Re-evaluating One's Life**

Like Mr. Riaz, Guy Nohra had been very successful. He was a venture capitalist in Palo Alto, Calif. He might have also been more skeptical than Mr. Riaz about coaching. He prided himself on employing the rigorous analytic skills he learned at Stanford and the University of Chicago's graduate school of business.

But after his father, a mentor and a friend all died within six months of one another, he started re-evaluating what he wanted to do with the rest of his life. “It was a wake-up call that this could all end quickly,” said Mr. Nohra, now 53. “I wanted to know what I was going to do next, but I don't like asking others for advice.”

What he thought he wanted was for a recruiting firm to come to him with an offer to run a life sciences company, where his expertise lay. But given the success he had had, he found that people presumed he was happy with what he was doing.

His coach, Ms. Spatafora, got him thinking more broadly. She asked him what he was passionate about. At first his only answer was his job. But as she pushed him, he said he would like to be an owner of a professional sports team or put his skills to work in public service.

Mr. Nohra said he still hadn't found what he wanted to do next, but he was thinking differently about himself, his work and his family.

“Part of the process has made me less strident,” he said. For example, he said if he were sitting on a board and the chief executive did not listen to his advice, Mr. Nohra would write him off. Ms. Spatafora pointed out the futility of that strategy. “She said: ‘Are you really going to let someone fail? You're not the best communicator in the world.’ ”

Two years later, he is still weighing his options.

This points to one of the challenges of deep coaching: It takes a lot of time in

addition to costing a lot of money. Mr. Nohra said he was paying around \$10,000 a month — which for two years would be a quarter of a million dollars. But he was also spending a lot of his time trying to put into practice what Ms. Spatafora made him aware of.

Some people need such an open-ended time commitment to change their behavior, coaches say.

Mr. Goldsmith said he generally worked with executives for 18 months and then had them evaluated by 18 different people at the end. (He said there was no significance to the number 18.) And he was skeptical of people who said they became better after a short period of time.

“If I work with someone for a day, and they say, ‘I got better,’ that’s nice, but there is no research that says it will last,” he said.

For some, the coaching never stops, even when someone has achieved a level of success that has other people asking that person to be their coach. This happened with Mark Matson, founder and chief executive of Matson Money, which manages \$5.7 billion.

Mr. Matson has sought coaching from experts in his field, including David Booth, chief executive of Dimensional Fund Advisors; from people whose work he admired, like Eugene Fama, a winner of the Nobel in economic science; and from more traditional coaches, like Nancy Duarte, an expert on presentations.

He said Ms. Duarte’s advice helped him communicate more persuasively with clients, and he credited her with helping him bring in \$700 million in new money last year.

Now that he is in demand as a coach to financial advisers, he said, he stresses to them: “You can achieve almost anything you want, but most people won’t do it because it involves change.”

Gretchen Stangier, a financial adviser in Portland, Ore., who has been coached by Mr. Matson, said the process helped her. “I go too fast,” she said. “I need to go more slowly and I do coaching to keep me in tune.”

She said slowing herself down had allowed her to help clients manage their expectations about their portfolios and their lives more broadly. “Where we get disappointed is when our expectations aren’t met,” she said. “But the question is, Are our expectations realistic? I want my clients to be successful over the long term.”

## **What Coaching Did**

Mr. Riaz is now running a new company, Attivio, whose search engine aggregates data that companies have from many sources. He credits his work with Ms. Spatafora for helping him create a company that “had transparency with all the stakeholders.” He has also lost 50 pounds.

Looking back, he said his greatest fear going into the process was that coaching would strip him of the personality traits that had made him successful.

“I was petrified,” he said. “I thought if I sit here and light candles and breathe deep, no one is going to respect me. I’m going to seem weak.”

Today, he has come to a different conclusion. “Vulnerability is powerful,” he said. “If I’m in a room and someone says, ‘Cloud computing has many different advantages, as you know.’ I used to say, ‘Yeah, yeah, sure.’ Now I say, ‘I know a few, but could you tell me a few more?’ It creates a different dynamic.”

And if someone calls him a jerk? “I’d say, ‘I apologize if I offended you,’ ” he said. “If I have more time, I’ll say, ‘Can you tell me why I’m a jerk because I’d like to fix it.’ ”

To get to that level of self-awareness cost tens of thousands of dollars and hundreds, if not thousands of hours of work. It’s no wonder gyms are empty by April.

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