

In The Trenches_ Conversation with Sherman Black

📅 Thu, Sep 11, 2025 1:01PM ⌚ 1:05:47

SUMMARY KEYWORDS

CEO coaching, leadership development, executive advisory, board management, talent gaps, strategic account management, team health, operating systems, work-life balance, decision-making, stakeholder relationships, personal growth, business strategy, operational experience, search fund community.

SPEAKERS

Sherman Black, Steve Divitkos

S Steve Divitkos 00:00
Sherman, welcome to the show.

S Sherman Black 00:01
Thank you. Glad to be here, Steve. I really appreciate the opportunity to speak with you and your audience.

S Steve Divitkos 00:07
I'm looking forward to our conversation because coaching is a topic of importance in our ecosystem, and I would suggest that that importance and awareness is growing, which I'm very encouraged to see. Let's start by just having you tell us about yourself, your career and some of the major stops along the way that have led to what you're doing today.

S Sherman Black 00:28
Yeah, I appreciate that question. You know, first of all, I just say I feel really blessed. I feel like really lucky. I go back to the very beginning. I was electrical engineering graduate during the Cold War, and yes, I am an old guy, so I've been around a while, but coming out of college, I had five job offers. Four of them were building defense technology, and one of them was in the area of data storage. And I picked the outlier, and it was one of the best decisions I ever made.

Not only was it a great industry, but I got lucky, and I was with one company, Seagate technology for over 20 years, and that's a pretty rare thing as well, but it was lucky in that Seagate was one of 200 hard drive companies in the late 80s. And when I think, if you look at them today, it's a duopoly, and there's two left, and Seagate is one of those companies. So I got on the right team right away, but I started in engineering, picked up an MBA along the way, and I was fortunate in that Seagate was one of these companies that believed heavily in leadership development. They invested in it. They put their money where their mouth is. They moved me to different roles throughout the company, so I worked in just about every part of the company, and even got to do a two year expat assignment in Asia. But over time, I moved more into the commercial side. When I left Seagate, I was running a \$4 billion business inside of a \$10 billion company. I got to experience a take private, go public process, which at the time, I think, was about the biggest transaction its kind ever, ever completed, and just a fantastic experience. It really, really shaped me for the future things that I did, but I put my family first, and I didn't want to move. I had lived in a place for a while, and we put down some pretty deep roots, and I had the opportunity to become the CEO of a local, small, publicly traded company that was in need of a transformation. The company was Ramage, and they built these digital content publishing systems before, before the internet and bandwidth was ubiquitous, and my team and I spent about six years turning a hardware company into a software company. We did that with a couple of acquisitions and eventually divested of the the old legacy hardware business. But that took me up to about 2015 and that's when I retired, and I failed miserably in my retirement, I lost my identity, I felt like I didn't have a purpose, and within a year, I found myself back in a CEO position once again, this time really going outside of where I've been before, and that was leading a venture backed company, a startup company. And I wouldn't call it a startup, it was actually they had burned through their series A funding and needed to raid the series B. And we're still really trying to figure out how to scale and scale the company and but conservice was focused on agriculture, digital Ag products. Think of an ERP system for large farming operations and bringing all these different data sets on the farm into a single pane of glass. And we ended up selling a digital ag company to a joint venture of a Canadian telco and a Dutch global bank. And that's a long story in itself that I'll tell you. I could tell you about someday, but it was an interesting combination, but we built really a great underwriting package for farms on selling conservice. I knew that I didn't want to retire, but I also didn't want to be a CEO and be under those demands. I want to do some other things in my life, and that's what led me to coaching. Today, I've got a coaching practice that's focused on CEO advisory, leadership development and elevating team performance. I work across both public and private companies, but I'd say that today, more than 50% of my clients have origins as a search fund or an ETA type of company, and just been a great match for for my experiences. My client base is global. I cover pretty much about US, Europe, Asia and Middle East, and my work is virtual. I try to meet with them on an annual basis, but mostly virtual. So that's that's the nickel. Or maybe the dollar version. I guess on a personal note, I would gotta tell you, I just celebrated my 40th wedding anniversary. That's been a major milestone in my life. I'd have to say that I've got three wonderful kids. I got a grandson. I live in Minnesota, where it's nice nine months out of the year. Try not to be here January, February, March. But yeah, that's the short version.

S

Steve Divitkos 05:24

Wonderful, super helpful context. For listeners who are don't have personal experience with coaches, I'd like to start at the most basic level. Can you please share with us, what do CEO coaches actually do?

S

Sherman Black 05:43

I think there are lots of different types of coaches that engage in this space. You've got, it could be a career coach where they're going to help help you navigate your career transition, or help you get to the next role. They may be a business coach, which is going to take, you know, for small meeting businesses are going to take a very holistic view of your company. They're going to help you optimize your business strategy and drive operational execution. They could be very much or development type coaches, where they're looking at your org structure, your team health, the culture, the team performance, or that term executive coach, is used a lot. And executive coaches traditionally are going to be focused on elevating your personal performance, so looking at your leadership skills, your self awareness, your emotional Intelligence. Maybe they're homing in on very specific competencies like executive presence or clarity around priorities, or becoming a talent magnet, learning how to build great teams and cultures, or it's a the last one is what I'll call CEO advisory. That's kind of a catch all, but it's really about helping you think through your biggest challenges and process your most difficult decisions, because being a CEO is one of the loneliest and hardest things you can ever do. And I can tell you, being in smaller companies and larger companies, it's actually even more lonely, I think, in the smaller companies, and having a trusted confidant is really nice to have. And what I do is, you know, I'd say I do a little of all of those things. My clients are mostly small, medium businesses, and they need all of those things. And so I blend those. And I'd say I'm overweighted to the CEO advisory element.

S

Steve Divitkos 07:41

I think it also might be instructive to ask the inverse of that question, which is this idea of like, what do CEO coaches explicitly not do? And the reason why I asked that question is because, in my experience, you know, I've had CEOs that I've worked with suggest that a CEO coach should be almost like a stand in for a therapist. I've seen them suggest that a CEO coach should actually come in and do some work for them, like help them build a dashboard, or something like that. I've seen people suggest that a CEO coach is almost like a turnaround artist of sorts, who can be parachuted into a company that's maybe not doing so well. So you know, you could use any of those or none of those as examples. But what about the inverse to that question? Do you ever get prospective clients asking you to do something and your response is something to the effect of, hey, that's just not what I do?

S

Sherman Black 08:30

Well, I've attempted to do some things. I wish I hadn't tried. And I would say, you know, first thing about a coach is they're not miracle workers. We don't always succeed. I've been asked to come in and rescue a CEO or another. The CEO maybe asked me to come in and rescue a high potential or critical dependency type employee they have. And especially the ones where the board comes in and asked me to do that, that is that's usually too late in the any odds of success aren't where I like to see them. And the challenges you run into is a lot of times that the executive didn't call you. They may not want to be coached, and they did it because they had to. So I try to avoid that situation. A lot of times I may get into that situation, I find out that there's a reason they want to try to save that person. They think they're the right person. In other words, they want them on the team, but they may be in the wrong chair, especially it may be in a chair that the company has outgrown them. And the challenge you've got is now you've got to work with them and help them process their ego to hopefully allow them to move into the right chair and really elevate their self awareness about where should they be. Or I've run into situations where boards have long memories. There's a lot of water under the bridge, there's a lot of baggage or history to overcome, and it didn't matter what this CEO was going to do. It was already pre determined, and it was a bridge too far for that person, or I got one a sales leader. A CEO asked me to come in and work with a sales leader, and they said, this person has really got a challenge. And I started working with them. And after I was watching what they were doing and looking at how they were doing, I decided really wasn't the sales leader. It was a bad strategy, it was a bad hand of cards, and they were asking the sales leader to win at an unwinnable game. They didn't have the right product. The market conditions weren't there. And so those are, those are the situations that I don't know if the coaches it's not necessarily a bad idea, but maybe they're not miracle workers, and that's it.

S

Steve Divitkos 10:45

So in your answer, you said something that I'd love to pick up on. You said at one point, it was almost too late to bring you in, and I'd love to pull on that thread if we could. The next couple of questions I want to explore with you are all under the umbrella of hiring a coach. So let's start with timing to pick up on your idea of too late, when is an appropriate time for a CEO to hire a coach. So are there any personal milestones, business milestones, or other signs that tend to be suggestive of an appropriate time to bring on a coach?

S

Sherman Black 11:23

I think there are several indicators that you could consider, and I'll break them into two categories, first questions and indicators about yourself. And then I think the other one that I want to, I want to talk about, is your team, the the CEOs team. So in terms of yourself, you know, frequently you'll see a CEO have a lot of success. Company starts growing. They're achieving what they wanted to do. They caught a tiger by the tail. And, you know, the CEO should be excited, should be happy, but they're burnt out. There. They're just they're not having fun. In fact, they're walking around afraid the business may be outstripping and out running their leadership skills. And you've heard the cliché, you're working in the business versus on the business, and they can't break that cycle. If you're feeling that way, that's probably a good time to think about looking for a coach. Or even worse, company, you know, had a few years of growth, and now it's stalling out, and you don't have answers, and you don't feel like you've got enough gas in the tank to figure it out. A great time to call a coach. I run in situations where the CEO is extremely frustrated with their board. The board is creating more work than they are bringing value. And learning how to manage a board is something that took me a few times to figure it out. And I still made a few mistakes even later in my career, but it's a hard one to do, especially when things aren't going well. Or maybe you're looking back at some of your decisions, you're running an autopsy on what you've done, and you're not happy with the results of the decisions or the quality of solutions that you're driving around nagging problems, or you're just reactive. You're constantly being surprised. You've got too many blind spots that just seem to keep popping up more and more frequently. That's a good time for you to think about calling a coach. Those are all about you as a CEO. Now, talk about your team. I think that's another set of questions. You know, when a company grows a lot of times, it may outrun some of the folks around the table that was able to say, take you from, you know, \$3 million of ARR to \$6 million of ARR. That group did great, and you're loyal to them, and you love them, but you're sitting there and you're asking, we got to put a plan in place to get to 10 to 20 million at ARR and they don't know how to do it, and you, as a CEO may not have it, have the expertise as well. That's when you got to come in and make some changes. And I love asking my clients, would you enthusiastically rehire your leadership team? And it's one of the most important questions I asked during my onboarding phase, and usually the answer isn't resoundingly Yes. So I think that's an opportunity is, how do you navigate putting an A team together that's going to let you scale? And then I think just, just team culture, does your team have the same passion and engagement that you have? And if the answer isn't Yes, then you need to think about that. Or you're struggling to hold them accountable, or you're just, you know, you feel like you got sand in the gearbox, and you're not aligned, and you're not on the same page, and you're not moving fast enough. These are things around your team. Team that I would encourage you to think about. And Steve on my website, I've got a diagnostic that I created, just a real quick set of questions you can ask yourself that if you are considering a coach and you don't like your answers, go out and start talking to some folks.

S

Steve Divitkos 15:16

Is it ever too early to hire a coach? And the reason why I asked that question is, because I deal with a lot of first time CEOs, particularly those very, very early in their leadership tenure, let's say their first three to six months. Is there such thing as too early of a time to bring on a coach?

S

Sherman Black 15:36

That's a great question. I can't think of a set of circumstances where that would be the case, unless, and your question is really around a first time CEO. Is that right? Yeah, absolutely not. I think a first time CEO is probably my favorite type of client. There's a lot of low hanging fruit, and it's an opportunity where I feel great because I usually can point out a lot of pitfalls and mistakes I've made along the way that prevent them from doing it. So I don't think so, to be honest with you.

S

Steve Divitkos 16:13

So I have a CEO who I invested in, who is probably, let's say six to nine months on the job. And he emailed me recently and said, Hey, Steve, do you know any CEOs that specialize in working with first timers running a small business? So I gave him a list. Maybe that list had 15 to 20 names on it, but when I did that, it struck me that I created a new problem for him, which is, how the heck do I pick among 15 to 20 candidates? So that's where I'd like to go next. For CEOs that have decided that they either want or need a coach, and they now have to choose among a list of several different candidates. How should they make that decision? Presumably, like, there's a basic sense of personal chemistry that needs to exist. But beyond that, like, what else should CEOs be considering? Or maybe, like, what questions should they ask of prospective coaches to just try to determine what's the best fit for them?

S

Sherman Black 17:10

I think it's like probably any buying process, right? You gotta clarify your priorities. You gotta ask yourself, what are my biggest needs and what is it that I really want out of this engagement? And then you start looking at the population of choices you have. As far as kind of segmenting that population, I would divide a line between the coaches that are really heavy on the, say, a certified industrial psychologist type. Or the heavy operator experience, the certified industrial psychologist is, you know, is one that I don't have a lot of experience with, but there are a lot of them out there. I know that can be very effective. So I don't really have a lot of advice on if that's what you want. I can't give you a lot of suggestions on how to go assess them, but I can on the operational side. And I think on the operational side, it's really finding someone that's walked in your shoes. And so the things I would be looking at is, you know, how many times have they been a CEO? How many boards did they serve on outside of their own? In their career, let's say you, you're at a stage in your company where you've got a big go to market challenge, or you've got a big product strategy challenge, or you've got a tech debt issue, and you've got to replatform your whole your whole technology. Have they done that before? Did they have critical functional experience in those areas? Ask questions about the size of the companies they worked in. Make sure they've seen good before. They make sure they've had a lot of exposure to best practices. Life cycle is important. I can tell you, I did not appreciate the differences in the life cycles of different companies until I did it. Is it a startup? Is it a turnaround? Is it more hunting and farming and really understanding where they're at the stage of the life cycle? And then industries, you know, is it tech? Is it manufacturing? Is it retail? Is it healthcare? And then probably another really critical one is the business model, B2B versus B2C? Is it recurring revenue as a managed services company? These are really critical operational experiences that you want to ask about and pick somebody that's walked in your shoes. I think the other questions I would be asking is about capacity. You don't want someone that's got too many clients, you want someone that's going to have plenty of time to invest in you, but also, you know, take your 911 calls. That's a big part, I think, of what coaches need to be available for. And another one I would identify, and it's something I've learned over time, it's make sure they've got a flexible coaching framework, and they're focused on time to value making an impact on you in the first 90 days. A lot of times, some of these coaches, they get their certifications, and now they've got this really rigid framework, and they tend to be a hammer looking for a nail. And so make sure you've got someone that's going to meet you where you are. And then lastly, talk to people, you know, just look for referrals. This search fund community is really tight, you know, exercise that resource.

S

Steve Divitkos 20:36

So you touched on a couple of things that I'd love to double click on. The first is this idea of a CEO coach having personal experience as a coach themselves. I'm reminded of a sports analogy. Lots of coaches of sports teams are former players, and in a way, they almost automatically get the respect of the dressing room because they've played the game before, so they know what it's like. That said Bill Belichick never played professional football, and he was a heck of a coach, right? So talk about the importance, or lack of importance, of a coach having been a CEO, himself or herself.

S

Sherman Black 21:12

I think with every problem there's lots of ways to solve it, and I would say that you're going to find people that's going to be successful, whether they've been a CEO or not. For my clients and the way that my practice works, they truly value a coach with operating experience, for example, in the search community, what I've seen is I've got clients that are very smart, they're very hungry. They've got a growth mentality. They're well educated, they got strong financial acumen. They're skilled in searching for a company and they've just completed a transaction. So you know they're highly capable, but every single one of them are lacking operational depth. They're early in their careers, and for them, their needs are to accelerate their leadership chops. I think someone that's walked in their shoes can come in and not only bring the experience of all of their mistakes and the things that they learned the hard way, but also bring a lot of empathy. So I wouldn't say it has to be, but I think it would maybe improve the odds. Would maybe improve the odds.

S

Steve Divitkos 22:27

I don't have a ton of reps, so I'm just kind of speculating. And when I say don't have a ton of reps, it means I haven't hired 100 CEO coaches naturally. But my suspicion is that if one were to, like, hire the quote, unquote wrong coach. I.E., of that list of 20, they picked one and it was just kind of the wrong fit. Is it accurate to say it's because that CEO was not clear on the problem that they needed to be solved? Like, as a new CEO, you're drowning in a million problems in a way you could conceivably use help in any one of a dozen different places, both personally and professionally. So I love this quote of like, or this idea of a problem, well defined as half solved. So would you say that that's fair? Like a lot of you know, bad fits from a coach and CEO perspective is because the CEO doesn't truly have clarity on like, the problem that she needs to be solved?

S

Sherman Black 23:23

I wouldn't put that on a CEO. I mean, a big part of what I do is I ask a lot of questions. And I think that a part of what a coach needs to do is to ask questions that's going to unlock the genius of of the client and a lot of times I go into it knowing that's their situation. A lot of times, I think the other thing is, their priorities may not be set up the right way. They may actually be struggling with clarity of priorities. And what you can do is you can be that person to help them sort through that. And again, it's not giving them the answer. It's asking the right questions to really, you know, bring out their best thinking.

S**Steve Divitkos 24:06**

So I would be remiss if we didn't talk about cost in the context of hiring a coach. And the reason why I think cost is an important question to dig into is because I have seen a massive range of prices charged by CEO coaches. Some are very, very affordable. Some are incredibly expensive. So I guess first question specific to cost, how should the CEOs think about price as a decision variable in the context of all this other stuff that they're evaluating with a coach? How important or unimportant is price?

S**Sherman Black 24:39**

Well, obviously they got to ask the question, What can I afford? And when you try to answer that question, What can I afford? It's got to be put into context of, what are your priorities? And so clearly there's a limit that that, but there's a few considerations that you should lean into when you're setting a budget. And I think the questions you want to ask yourself is, what's the value of scaling my company? Do I know how to do it? What would I pay to improve my odds? What are the cost of the mistakes I may make in and how should I value the cost avoidance of those mistakes? And then, what's the value of time and quality, and think about that in a constant construct of problem solving and decision making. How do I solve problems faster? How do I do it better? And what's the cost of a bad decision? And I think the other thing I tell people when they're when they're thinking about cost is you've got so much money. And so where do I allocate that? What's my portfolio of bets I'm going to do to to make that? And do I want to bet on a coach? Or would I rather? And maybe I compare that to an investment of a half of a person in sales or a half of a product developer. And I always ask myself, which one of those is going to move the needle more? That's maybe a framework for thinking about price that you're willing to pay.

S**Steve Divitkos 26:11**

Do you ever encounter situations where a CEO wants to hire a coach and they have to justify the expense to the board? And the reason why I asked that question is because, you know, as CEOs, we're kind of trained in this kind of ROI way of thinking, which is to say, hey, I want to hire a new salesperson. She's going to cost me \$60,000 but she's going to bring in \$100,000 of revenue in her first year. Therefore she pays for herself within X months, something like that. Or I want to hire a developer. They're going to help us get a new product out to market that product is going to generate Y dollars in revenue? Great. We can quantify that. The CEO coach hiring decision, for lack of a better way to put it, seems like it doesn't lend itself to quantification quite so elegantly. So do you ever come across situations where, like, the expense has to be justified or explained in a way

S

Sherman Black 27:03

I haven't, but I can tell you all the CEOs they work with, they have their own, their own, I'd say ruler of ROI. And I would tell anyone thinking about hiring a coach that if they're getting less of the 10X return on the coach's annual retainer. I think they're missing the boat. I do. I do think it needs to be done. How do you measure that 10X? How do you measure that return? And it's really on, you know, my ability to scale and cost avoidance. And I don't have a big calculator that I've got on a website that someone can come plug stuff in and say, here's the answer, yeah, but I do think that you need to think in terms of a 10X return. So if I'm I'm dropping 50 to 100K on a coach, I better be getting 10X that, and to be able to put together an equation, or I wouldn't feel good about that decision.

S

Steve Divitkos 27:58

Let's go from hiring a coach to working with a coach at a high level, like, how much do you work with CEOs on the nuts and bolts of the business versus how much time do you spend working on themselves and their energy and their psychology? How do you in a quote, unquote, average engagement, what's the rough allocation of time between those two buckets?

S

Sherman Black 28:20

Yeah, that's a great question. You know, it changes over time. So if I look at the beginning of an engagement with a client, it's probably 65/35 psychology weighted, and that's because during the onboarding phase, I do a lot of work on self awareness and getting clarity of purpose and goals. And once I get through the onboarding phase, though, and let's say, three to four months in, we start moving more towards a 70/30 business versus psychology. And maybe I could walk you through my coaching method, and that might help explain how I get there. Could I do that?

S

Steve Divitkos 29:00

Yeah, let's do it.

S

Sherman Black 29:01

So I've got a big background in recurring revenue models, and I learned along the way that onboarding is super critical, and getting time to value is everything in terms of really retaining someone and having to feel great about the experience. So I invest a lot in the onboarding phase with every client. I want to do a couple of things when I do that, I want to build a relationship. I want to build some trust. I want to earn some credit, some credibility with the person. And along that path, I also want to come out of that onboarding phase with kind of a playbook, a playbook that's going to guide what we do together. It's going to be my observations from a three to four month process of what I heard, what I saw, what I would do if I was in your shoes. It's a set of priorities that we jointly identify and what it is you want out of the out of the organ, out of the engagement. So there's a clear Playbook that this is what we're going to focus on, and the way we put that playbook together is during that onboarding process. I'll start you off with a bunch of leadership and self awareness assessments. So we're going to look at your behaviors, your motivators, your strengths, your weaknesses. I'm going to ask you a lot of soul searching questions around you know, what's your purpose. Why are you here? What are the things in your life that's brought you joy? What are the things in life that's brought you down? What are your short term goals, your long term goals? And really try to get clarity around what you want out of life. I'm going to dig into your business, your numbers, your organization, your markets, your route, your sales processes. I want to understand your business, and I'll spend days of time doing that, because I need to have that context if I'm going to going to really coach you and be grounded in your reality. And then professional development, I've got a series of competencies I've seen over the years of developing executives. We're going to talk about where you think your strengths are, and where do you what do we need to work on? I'll talk to some stakeholders along the way, and may and also coming in, I'm going to ask you that question about your team. Yeah, are you would you enthusiastically rehire everybody? Do you have the right people in the right seats, in the right structure? And then we're going to look at your operating system. That's a three to four month process. And from that, I now have a good view, by the way, I probably over invested at that point, but it's key to having, I think, a great coaching experience. And from there, I go into the weekly, the weekly process, and that's when, that's when we start to move more into the business, business weighted discussions. And in that, that first three to four months, though, we're very heavily getting into who you are as a person, what makes you tick. And as we go into the the weekly coaching calls, that's when it really turns more into the into the business advisory piece.

S

Steve Divitkos 32:04

And is that the cadence is it typically a weekly touch point between you and the CEO?

S

Sherman Black 32:08

Yes, that's what I found works the best for me. If I go more than a week, I get out of the flow and it just allows me to stay, stay really closely tied in. We set up a weekly call. It's usually one hour. They're virtual. They have pre work. I have pre work. I come to every call with a point of view on what I think we should cover. But I always start every call with you know, what's on your mind? Where are you? What's the pressing issue of the day? And I try to make sure that we don't lose sight of this playbook and these priorities we've defined, because there's always an issue of the day. But I spend a lot of time trying to make it a very experiential process that's going to be focused on your real time business challenges, that's and then we're doing that. The other thing I'm really keen on is not giving you the answer, but asking you again, a lot of great questions to help you figure out and learn and build muscle for the future. And then I think the other thing I'd say, in addition to the weekly calls, is frequently do workshops that involve both the leadership team and it's everything around leadership and team health.

S

Steve Divitkos 33:26

So there are some professions in which the job of the service provider is effectively to work themselves out of a job eventually. So something like, I don't know, like a math tutor or something comes to mind, the job of a math tutor is to teach you so well that eventually you don't need her, right? Is that the job of CEO coach as well, like is your ultimate measure of success to kind of eventually work yourself out of a job? Why or why not?

S

Sherman Black 33:51

Probably so. But I'll be honest with you, I don't really know. I've been doing this since 2022 and I still have clients that I started with in my first year. And when I start an engagement, I don't have a fixed endpoint, I don't have a finish line that that I've identified. Usually, my engagements end with a financial exit or a job transition, and what ends up happening is I actually work with them in their next chapter. If I had to say, you know, what's my framework, how long does that work? It's probably about 24 months, because I've got a whole slew of things I want to run through. But if somebody pinned me down, said, how long would it take to get through everything you want to do? It'd be 24 months. But because I've got this heavy focus on I'll call the CEO advisory element, I probably have a longer engagement, maybe than some coaches. And I think probably the reason I'm still with the guys and gals that I'm working with from 2022 is as I gain more business and market context. Best for the company. My value, I think, greatly increases that I can bring in terms of just how to go through and solve these problems, how to identify these opportunities, what's the next move? So I don't that's maybe a long winded answer, but that's the way I look at it.

S

Steve Divitkos 35:17

I don't know if there's, like, a clean answer to this question, but are there any signs that a CEO should look out for to suggest that she has outgrown her coach? So this is not a direct example. It's tangential at best, but I had been working with a therapist for probably five plus years, and I eventually felt like I outgrew her, because I just stopped learning, like a lot of the problems and questions, I kept getting almost predictable answers, and that was a sign to me that, like, Okay, I need to almost graduate from this relationship. Is there any kind of parallels or corollaries in your world to suggest the CEO has outgrown her coach?

S

Sherman Black 35:57

I think you just nailed it. I think when it gets predictable, I think when you feel like you're not covering new ground, I'd say that's an opportunity to consider. And I think the other thing is just when it comes down to your questioning the ROI, I mean, and I can tell you, in my case, there are moments and events that throughout the year that the ROI is made in a single day, a single hour, in a single moment, a single event, a single question. And so I think it's, I think you described it well with your therapist, and I would say again, when you feel like maybe the ROI is not there, it's time to make a change. Absolutely new ideas, new blood, absolutely right thing to do.

S

Steve Divitkos 36:50

It reminds me of hiring decisions. Basically my experience making bad hires and good hires as CEO is anytime I questioned whether or not I made a good hire, it almost certainly meant that I made a bad hire. So it feels like the corollary here is, if you're ever questioning the ROI of your CEO coach, it probably means you're not getting the ROI.

S

Sherman Black 37:12

That's right. That's exactly right. That's exactly right.

S

Steve Divitkos 37:16

So you've talked about boards several times, and I'd love to dig into this. CEOs themselves. You know, a lot of people don't necessarily appreciate that. They often have bosses themselves, right? It could be a single owner of the company, and they're like a hired CEO. It could be many shareholders. It could be a board of directors. Could be any number of individuals or groups of individuals. What relationship, if any, should a coach have with the person or the people to whom the CEO reports?

S

Sherman Black 37:48

Well, in my opinion, everyone has a boss. I've yet to meet that person that doesn't and in my case, all my CEO clients, they have boards and they have investors. And so let's start with some things not to do, or maybe some some some things to avoid. Always remember the your board is is not necessarily your buddy. They're not your friend. They they have governance duties. They have agendas. They may be a trusted advisor. But this is a little bit of the gray area. Be careful treating them as a confidant. And what I mean by that is, if you're in there sharing your fears and all your doubts and your uncertainties, you can shake their confidence, especially if they've not walked in your shoes, especially if they're not experienced operators, which is somewhat common. You've got a lot of board members that are primarily capital allocators, and you're just another horse that they're betting on. So if you want to maintain your level of influence with them, you've got to treat them as, you know, very professional. You treat them with deference, but you can't be. You can't be fearful of them. You've got if you show a lack of confidence, your board will lose confidence. And I've seen them pile on to CEOs, and they'll happen if you let them, and this is really hard. There's a real fine line between being confident and being arrogant, and you've got to find it. And this is all part of the executive presence skills that you've got to develop. And then the last thing I'd say, around working with your boss, your board, you got to figure out, and I'll say, dial in, because I think it's something it takes time to figure out, because they're all different. But how do they want to be informed? What's the style, the quantity, the frequency, one of the biggest mistakes I made when I went from being a GM and a four million dollar business to being the CEO of \$150 million business was I started treating that board the same way I did the hierarchy at a fortune 500 company. And that was a mistake. The board did not want to be in the week to week flow that I was used to reporting on in a fortune 500 company. They wanted to drop in on a quarterly basis. So I had to learn that. And then I found out that not all board members are the same, and you've got to dial it in. I think the last thing I just say about working with boards is remember a few critical things. They have two key emotions, fear and greed. And their number one concern is ROI their number two concern is probably reputational risk. So don't ever embarrass them. Don't surprise them. And if that happens, if either of those get threatened, this is another one I've learned with first time CEOs get ready for the screws to turn and take your medicine. Sometimes I see CEOs getting wrongly frustrated because the board is getting aggressive, or the board is starting to micromanage them. And all I can tell you is, take your medicine. You got to earn your way out of that. You can't go complain about it. You just got to earn your way out of it. So Little hard love message there, but that's really the way it works in my experience.

S

Steve Divitkos 41:25

When a CEO makes that hiring decision for a coach. So not the board isn't making the hiring decision. The CEO says, hey, I want to need a CEO coach. The board says, Great, go get one. Do you have any relationship with the board?

S

Sherman Black 41:38

It depends. In some cases, yes, some cases, most cases no, most cases no.

S

Steve Divitkos 41:46

And the Situations in which you either have a relationship with the board or you don't have a relationship with the board, does that color your experience with the CEO at all in any way?

S

Sherman Black 41:59

I have to be very careful here. I don't want to disclose anything, but, yeah, I think it gives me more insight. It's kind of like, you want to talk to as many stakeholders as you can and get a holistic view. So I believe that talking to the board is, especially if there is a board concern, is extremely valuable. It's just a lot of times, all of us, we hear what we want to hear and see. And if you are able to get that perspective, I think it can be very valuable to the coach, helping the CEO.

S

Steve Divitkos 42:31

So I've never been in this situation myself, so I'm kind of speaking hypothetically here, but if I'm a CEO and I'm working with a coach, and I know that that coach has a direct line of communication to my board. I can envision a world where I would be less open with the coach. How much of a concern is that for you, if it is a concern at all?

S

Sherman Black 42:53

Well, I think first of all, as a coach, you gotta understand, who am I loyal to? Who who is my client number one here, is it the board, or is it the CEO? And I have a mantra, I'm always going to be about the CEO. I am an operator. I'll quit before I would ever do anything that would be disadvantaging for the CEO, and that's just me. I've had a lot of I've worked for a lot of boards, some great ones, and some that maybe I use as an example of what I didn't want to be as a board member. But I'm just very, very CEO operator focused, and first in my approach.

S

Steve Divitkos 43:41

Do you notice any difference in, like, the success rates of your engagements in situations where the board hired you versus the CEO hired you? And the reason why I asked that question is because earlier in our conversation, I'm putting words in your mouth, but I kind of got the impression that, like, the person being coached has to want to be coached. It feels like the odds would be stacked against the engagement if they feel like a coach is kind of being shoved down their throat, for lack of a better term. So in light of that background, I mean A, tell me agree or disagree in your experience? And B, have you noticed any differences in the engagements based on who hires you, either the board or the CEO?

S

Sherman Black 44:25

I would say, you've got to get past the ego no matter what, and so if the and I think the other one is you got to build trust, a board can come in and plant you with, in a position to be the coach, and you can still overcome that, but you've got to build trust, and that's why I'm very heavy in the onboarding phase of trying to build that trust. But I'd say the odds are are much better when it's the CEO reaching out, and it's the CEO saying, I want to work with you. I much prefer that then coming in to try and rescue someone, the odds are much better. But it's not to say you can't overcome that, but you've got to have a real clear you got to have a real clear operating principles about, you know, what you share and what you don't share, how you share it, and build that trust along the way.

S

Steve Divitkos 45:23

Speaking of relationships with external stakeholders, or I guess these would be internal stakeholders, but let's say stakeholders other than the CEO herself. What about the CEO's direct reports? So presumably the company's senior management team, what relationship if any, should a coach have with that group of people?

S

Sherman Black 45:38

Well, I think exposure to the CEO's team can make you a much better coach. I can help you add a lot of value. In fact, it's something I try to do during the onboarding phase, is with those interviews that are really helpful. I also find, if I'm able to work in the workshops that I like to do with this with the CEO, if I'm able to do the workshops, that gives me a much better, deeper perspective into the into the dynamics that's taking place in the day to day business. And I even have clients where I coach the CEO, and the CEO has me coaching some of their direct reports as well. And at first, kind of, going back to this thing we just talked about, I was afraid I was going to have a conflict of interest in it, but you've got to be very sensitive about sharing information. And as long as you're guarded and you can compartmentalize your conversations and have this mantra of do no harm and have all boats float higher. That's what you have to do, but you've got to be very, very guarded around sensitive information.

S

Steve Divitkos 46:52

Do you ever find that members of the senior leadership team are less than forthcoming with you, like, do they have any hesitancy around being vulnerable or being critical, because they know that you have, like a direct line to their boss?

S

Sherman Black 47:06

Absolutely. And I think that's to be expected in the early stages of the of the of the engagement, and that's why I like to do in some cases, we'll do a 360, it'll be an anonymous type of survey, because you want to get some unfiltered advice. And that's only natural. I think it's only natural, I can tell you. You know, I took a lot of 360s over the years with my bosses when I was in a big company, and I would have answered those questions very differently, probably, if it hadn't been anonymous. So I think it's to be expected, and I think you got to find ways around that, to try to get to unfiltered and filtered insight.

S

Steve Divitkos 47:55

So speaking of the leadership team, it took me years to figure out how to run a good senior leadership team meeting. It took me years to learn about team health. So I guess in a hypothetical world, if I could drop you into a boardroom during a weekly senior leadership team meeting of a small business, what are some of the things that you'd watch out for just to gage the overall health of the relationship between the CEO and her leadership team?

S

Sherman Black 48:22

I'd start with the basics. I would look for discipline, and I would look for good mechanics, and so did the CEO put a great agenda out there that's focused on what I'll call the A list items, are they driving accountability during the meeting with a set of scorecards that really shines a light on performance? Or is the meeting one of those Jump ball meetings where the ball goes up in the air and you don't know where it's going to go? You know, that's the first thing I look at, is just discipline and good mechanics. I look at an organizational health and Pat Lenceoni only talks about vulnerability based trust, I would be trying to really measure where is that team in this regard? Are they having debate around the big problems, the big issues? Does the CEO know how to mine for the debate? Or do you hear that, that term in the meeting, Oh, let's take that offline? You know, that's a that's a killer. Is she bringing in enough way in from the team to get to a good solution, to get a team commitment and team alignment, and then I would look and see how they end the meeting. Do they leave the meeting with clarity? What are the conclusions, what are the priorities, and what are the deadlines, and who's going to do it really there? And then probably the last thing I do is, is the CEO during that meeting? And do they have these accidental diminishing tendencies that Liz Wiseman talks about in her her book, Multipliers, and the ones I see a lot of CEOs struggle with, myself included. Are they always on? Are they sucking up all the oxygen room, preventing others from from growing and speaking their minds? Are they giving people direction and answers, or are they asking great questions that bring out the genius of the team? And the last one is the ideal fountain that she talks about. Are they constantly spewing out, throwing out ideas, hoping to be a catalyst, hoping to stimulate others thinking. But what ends up happening a lot of times is you throw out those ideas and the team just says, well, that's must be what we should go do. And the CEO didn't really even think that through. They were just trying to be a catalyst. And these are those accidental diminishing tendencies that I think we all struggle with in in these meetings. And so I'd be listening and looking for things like that.

S**Steve Divitkos 51:02**

Sounds like you are a fellow fan of Patrick Lencioni and specifically his book, *The Five Dysfunctions of a Team* that made a huge impact on me as a leader. Another book that made a huge impact on me as a leader was *Traction* by Gino Wickman, where he introduced EOS to the Entrepreneurial Operating System, Vern Harnish has the Rockefeller habits. There's a bunch of like operating systems, right? I implemented EOS in my business in 2015 and I would classify it as a game changer, at least in my experience. That's what helped me run a good meeting, that the level 10 meeting ticked all the boxes that you just mentioned. My question is, where do CEO coaches like you shake out on these operating systems. Good idea, bad idea, or depends?

S**Sherman Black 51:46**

I gotta have one. You gotta have an operating system period. What I think you gotta decide is, is, what parts do I implement and when? And but bottom line, you have to have an operating system, and I can tell you there's a dozen different ones. I read *Traction*, I looked at it, and I can tell you I had my own version of operating systems that were probably beat into me at Seagate in the 20 years that I was there, which was a very operationally driven company. But you got to have one, and it's all about clarity. It's all about making sure everybody understands what we're going to do. It's going to be extremely good at fostering debate and conversation. It's got to be really good at driving alignment, and the key is accountability. I mean, the scorecards, the creating that game on environment because you have a great operating system, a great scoreboard that's going to make people want to perform, not let their teammates down. It's critical. And so you got to have one. And there's a dozen different ways to solve that, but you gotta have one.

S**Steve Divitkos 53:02**

Earlier in our conversation, I asked you, is there such thing as a time that's too early to bring in a CEO coach? I'll ask a similar question. Is there such a thing as a time where it's too early to introduce an operating system into a company, particularly for a first time CEO?

S**Sherman Black 53:19**

I think, so EOS is one of those really rigid models that I've heard. I've had clients where board has said you will do EOS and you will start now. They weren't ready to, I would say, digest the entire thing. And I think you've got to decide what are the five or six critical changes I want to drive right now and start driving those. And I think maybe it could be too early to digest the entire thing, but you got to start. And you need to have a roadmap for how I'm going to go through this. And the other thing I would say is, you know, in the EOS world, you have these folks called implementers, I think those are also really critical to bring in and let let them do the implementation process and help you with that. I think that's a really critical thing I would advise people to do.

S**Steve Divitkos 54:10**

I agree. I use an implementer myself, and I would enthusiastically use one again if given the opportunity to do so. You have worked with many CEOs and many small businesses, when you first engage with a new CEO client running a small business, what are the most common areas that like typically represent their largest blind spots, or maybe areas that tend to require the most improvement in engagement after engagement? Are there any like common areas that you dig into more often than not?

S**Sherman Black 54:44**

The answer is yes. I would say first one is focus, just trying to get clarity of priorities and understanding, understanding opportunity cost and what to say no to you. Really, this goes back to the soul searching, really getting them to just think about what is they want to accomplish long term, and then how do I boil that down? And okay, if this is where I want to be in five years, where do I need to be in three years? Where do you be in one year? What do I need to do this quarter? What I need to do this month, this week, today? Really getting that discipline in place and clarity. Talent gaps is another one, getting the talent and the capacity in place to scale. I run into a lot of situations where, especially small, small companies, they've had some nice growth, but they don't have dedicated marketing. And so the top of the funnel is weak, and they're trying to decide, do I pull the trigger and make that investment? Or I've had a one person sales team when I started. Now it's up to three or four people. I've taken my best salesperson and now they're a player coach. They have no idea, though, how to take me, and double, triple the size of the company. Now that we've really got momentum, how do I go find someone that can put in process and systems and really bring the talent necessary to pull there? How do I pull the trigger on that customer success there? I've got a really reactive team, but they are not thinking about account management or thinking about driving expansion within the existing base, strategic account management. They're just very reactive. Or technology. This is the team I've had build this platform. They, it's a company that's been around a while. They're doing great. They're good folks. But now I got to re platform. I got so much tech debt, and I can't go to that next level of scale that I need to go to, getting them to pull the trigger and make those investments. And then, how do you do it the right way without making a bunch of mistakes? Is really critical. And then I think board management is another one. How do I proactively manage my board and not be led around by the nose by my board? How do I get value from my board? And then I think leadership practices, most of the folks are, especially in the search fund world, they're new. They've got an outstanding financial background. It's just, you know, really understanding the framework of what it means to be a great leader. How do I get work done through other people and not keep relying on my own capacity to get things done?

S

Steve Divitkos 57:40

One follow up question to that before we eventually aim to land the plane here on our conversation, this idea of, how do we get value from the board? Can you just expand on that a little bit? What do CEOs do that get the most value from their board that other CEOs don't do and as a result, don't get a ton of value from their board?

S

Sherman Black 58:04

Yeah, I think the first thing is, don't let them cause harm. And so that's about building a relationship, a trust. It's about understanding what their needs are, what their motivators are, what their experiences are. And then as you do that, you're going to figure out, how can they help me? How can they help me? And then it's a figuring out, what's your cadence for engaging with them? And again, they're not all created the same. You gotta it's just like working with your own team. You got to figure out what, what makes them tick and what strengths, what skills, how can I really use them? And a lot of times I tell them. I said, ask them, ask them how they can help you. Sit down and just say, look, look, you're very talented person. You wouldn't be on my board if you're not. Tell me how you can help me. And always remind them. And this is kind of that confidence, arrogance thing. I say, sit down and tell them you need them to bring value. I had a board member one time didn't want to open up their network to me, and it really made me angry, because I finally I said, Look, you're not on this board. And this was a public company board. And I said, You're not on this board for because you're a big investor in the company. You're here to bring things like open up your network to us. And I think a lot of times you just gotta make sure they understand this is your expectation. And when you ask people for help, they actually want to help you. I think that's one of the best things you can do.

S

Steve Divitkos 59:38

I love that idea of being explicit about how might you be able to help and find this will kind of tie two parts of our conversation together. The EOS implementer that I used in 2015 said something to me that I will never forget. He said, at the root of most conflicts is the difference between agreements and expectations, and I'll never forget that. I say that all the time, so this idea of like taking unspoken expectations between yourself and your board and surfacing them to a conscious level of a deliberate and explicit agreement just feels like it has the potential to eliminate so much unnecessary conflict, for lack of a better way to put it.

S

Sherman Black 1:00:22

Well said, well said,

S

Steve Divitkos 1:00:23

Well, it's not an original thought, as most things that can be classified as well said, not original to me. Sherman, I'd like to end our conversation with some mistakes that you have made. What mistakes have you made as a coach that you've learned the most from, like what mistakes have most contributed to the coach that you now are?

S

Sherman Black 1:00:46

How much time do we have? The list is pretty long, but I'll tell you the mistakes I've made that I probably rely on the most as a coach weren't during my time as a coach, these are mistakes I've made during three and a half decades where I was a sales leader, or I was a product leader, or I was a CEO or I was a board member. In fact, I tell my clients, I said, my most valuable credentials, they don't show up in my LinkedIn profile. They don't show up on my CV. It's the most valuable education I got were from these mistakes, and I'll give you a handful here, and the list is much longer, but some of my biggest regrets are not moving fast enough on a poor performer or a toxic employee meeting, holding people accountable, and a lot of times it was because I was afraid that the person it usually had something to do with their attitude. Or, in some cases, even ethics, but they were really good at something that I needed, and I just should have pulled the trigger, because they crossed the line on my values. They crossed the line on on their behaviors, and they were toxic, and I should have moved faster on it, regardless of how good they were at the function that they were in. That's probably my biggest regrets, and really quick to remind people of that. Maybe I've got a little bit of recency effect. I was just talking to a client recently, and in they were really frustrated that their team wasn't motivated. And I had to share with them some things I learned, which is, we're all motivated by different things, and we all get different things out of this experience. And so learning how to win with a team that isn't motivated for the same reasons you are, I made some mistakes along the way that I just just expected people to be as gung ho and want to put in the hours that I put in. And when I looked at it, I looked at it from their perspective, I could see why they weren't. I made a lot of mistakes in terms of I was slow to identify misalignment with my board. They thought things that, and we saw things differently. And I wish I had moved slower, and I had listened, and I had asked more questions, and had enough confidence to ask those questions without just assuming this is why they felt the way they felt. I'll give you two more. And being patient is another problem I have. And sometimes the hardest decision I should have made that I didn't make was not making a decision or doing nothing. And then the last one is a decision. And it's hard for me to accept that in most cases, I'm really kinetic. And I love, love moving. And then the last was just kind of a personal note, just work, life balance. I tried to have it all. And my work and my family was all I had time for. I didn't have time for me. I didn't put enough emphasis on my health as an operator, and I just never, in my mind, clicked that, oh, if I spent more time on my health, it would made me better at work, and it would have made me better at home. And those are things that you know, I'm in my 60s now, and I run at a much slower pace. And I frequently, and I've got clients, and I got to tell them, I said, Look, I've been in your shoes, and this doesn't get better for you. You got to sort this out. And I learned a whole lot about health along the way that I wish I had learned at an earlier stage.

S

Steve Divitkos 1:04:59

Yeah. Sherman, after this conversation, presumably there will be some people who want to get in touch with you. What's the easiest way for them to do that?

S

Sherman Black 1:05:10

Yeah, check me out on LinkedIn. Check out my website. Trugrit360.com that's T, R, U, G, R, I, T, 360.com send, send me an email. Sherman@Trugrit360.com, love to hear from you guys. Love the search community. It's some of the most gratifying experience as a coach is with it, with the search fund community.

S

Steve Divitkos 1:05:35

Fantastic, and we'll link to all those in the show notes. Sherman, thank you so much for joining us today. We really appreciate your time.

S

Sherman Black 1:05:42

Thank you, Steve. I appreciate you having me.