

CHAPTER 1

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WHAT KIND OF COACH ARE YOU?

As professional coaching grows in popularity, it will experience an external struggle to define, refine, describe, and distinguish itself from other fields, as well as an internal struggle to create subspecialties. The field of psychology offers a typical model. In the early years, the primary struggle was to differentiate psychology from psychiatry (it struggles with this even today, as most lay people still don't know the difference between a psychologist, a psychiatrist, and a social worker). As time went on, the field began to divide into other specialties, with the first few being experimental, clinical, and academic psychology. Today, the American Psychological Association recognizes over 50 major divisions with many other specialty areas.

Currently, there are two major branches of professional coaching—personal coaching and business coaching—but each is quickly gaining subspecialties. Each division goes by various names. For example, personal coaching is also known as life coaching, success coaching, personal life coaching, and professional coaching. Some of the more popular subspecialties include spiritual coaching, relationship coaching, coactive coaching, Christian coaching, personal development coaching, and career coaching, among others. This book uses the term *personal coaching* to refer to all of them, except where noted. Business coaching is also known as corporate coaching, management coaching, executive coaching, and leadership coaching, to mention a few, but some people define each of these areas as a subspecialty of business coaching. This book uses these terms interchangeably and refers to all of them by the generic term *business coaching*, except where noted. Yes, I do realize there are distinctions and separations between the many areas and even the specific names, but the differences are primarily not in the techniques coaches use, or in their ability, their training, or even their experiences, but in the particular populations served and the problems most commonly encountered during coaching.

In this chapter we will:

- Briefly define the two emerging branches, personal and business coaching, for the purposes of this book.
- Discuss the positives and negatives of both personal and business coaching.

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- Provide an overview of the characteristics of successful personal and business coaches.
- List the job titles commonly used by people in each field.
- Inventory the current prices of services and reported average incomes.
- Present a map of how you can distinguish coaching from different fields for the purpose of positioning and marketing yourself.
- Give you a self-assessment inventory to help you determine which field would be a better fit for you given your interests, experiences, and location.

As you read through this chapter, if you have not already decided which area you will focus on, please try to keep an open mind. If you have already decided, now is the time to start making yourself more aware of the potential positives and negatives and to develop a plan for maximizing the former while compensating for the latter. However, make no mistake: What title you give yourself and what field you see yourself in will largely determine what kind of clients you attract to your practice. There are some definite advantages and distinct disadvantages with both personal and business coaching. Let's explore each area in turn.

PERSONAL COACHING

Personal coaches usually work with a wide range of individuals on a host of intrapersonal and interpersonal issues, such as coping with a specific problem or crisis, focusing their energy, achieving their dreams, making career transitions, living a happier, more fulfilled life, overcoming conflict, enhancing their communication skills, specifying and achieving their life goals, and building better relationships, to name a few. Clients may or may not be connected with a business, and their careers or jobs may or may not have anything to do with the focus of the coaching, with the exception of career coaching, which almost always has a professional connection.

POSITIVES AND NEGATIVES OF PERSONAL COACHING

Every field has its positives and negatives. Personal coaching is no different. On the positive side, the target audience for personal coaching is

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fairly broad. It can include adolescents, college students, working professionals, people in career transitions, couples, business executives, and adults in general. You can focus on people who are in a crisis situation, adults in a midlife transition, couples with relationship difficulties, professionals who want to advance their careers, soccer moms who want more out of life, elderly people who are facing death—the possibilities are only limited by your imagination . . . and a few other things. It's the "few other things" that can make personal coaching a difficult field to be in. Here are the top five negatives of personal coaching:

1. *The market is so big you can have a hard time focusing.*

One of the biggest mistakes new coaches make is targeting too large a market. In your desire to help all different kinds of people with all different kinds of problems, your lack of resources can quickly become a fatal weakness to your business, because no one has the time, energy, or financial wherewithal to effectively target a vast audience. It's easy to tell when a personal coach has fallen into this trap. Ask them who they help and what kind of problems they commonly coach around. If they list more than three distinct target markets or more than six completely different kinds of problems, it is very likely their business is hurting because they are unfocused. On one personal coaching web site I came across recently, the author listed a few typical clients:

- Individuals who want to live a bigger life
- Professionals who desire more from their career
- Adults who struggle with personal relationships
- People trying to balance their work and life
- Adults who have elderly parents and are trying to take care of them
- People in a midlife transition
- Women who are going through a divorce

While their attempts at being comprehensive are laudable, their results are most definitely not. This gives the clear impression that they help everybody, which most prospects interpret as actually helping nobody. Personal coaches have to be very specific about who they help. You must be able to clearly and con-

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cisely tell who your target audience is. More about how to do that is found in Chapter 2.

2. *Personal coaching is highly discretionary, so it strongly depends on the economic situation of your target market.*

Simply put, when the economy is good and people feel like they have a lot of extra spending money, personal coaching can be a relatively easy sell, but when the economy is bad and the future is grim, people are focused on surviving the layoffs, not obtaining their dreams. This is a simple principle from psychologist Abraham Maslow, in his “hierarchy of needs” (Figure 1.1). People are most concerned with safety and security needs and can focus on the needs above, like self-esteem, only when the needs below are satisfied. Self-actualization is characterized by being solution-focused and possessing an appreciation for the fullness of life, concern for personal growth and development, and the ability to have peak experiences. Sounds like a great coaching client!

3. *You cannot charge nearly as much for personal coaching as for business coaching.*

Most people do not go into coaching, or any other field, just for the money. Many people are making the transition into coaching from other professional fields where they were very successful, held a 9-to-5 job, and had a steady paycheck and benefits; they have also built up a certain lifestyle they would like to



FIGURE 1.1 Maslow's hierarchy of needs.

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maintain. In addition, many people move into coaching because of what it stands for—balance, fulfillment, happiness, self-control, increased freedom, and an inherent promise to have a completely portable business, allowing you to set up and live anywhere you want—even on the beaches of Hawaii. However, self-employment can be a hard taskmaster. There are the regular bills to pay, your lifestyle to maintain, and all the start-up costs of a new business. In order to cover expenses, coaches have to charge what is often seen by the average consumer as an extremely high amount per hour. Yet this same amount in a business setting is viewed as a normal expense.

There are two primary reasons why the average business coach is able to charge significantly more per hour than the average personal coach. First, the number of experienced business coaches is much smaller than the number of personal coaches. The entry bar into the world of business coaching is set much higher than that of the personal coaching world, where literally anyone can set up shop and many people believe they become qualified as soon as they open their doors for business. This problem will only be compounded as thousands of personal coaches enter the field every year. Second, regardless of the economy, individual clients are much less inclined to pay monthly fees of hundreds or thousands of dollars than are companies and organizations that are used to paying high fees to consultants, lawyers, investment bankers, and accounting firms.

4. *With a potential audience so vast, it's hard to find truly effective ways to reach it.*

In some ways, the potential audience for personal coaching is vast, especially if you think you can help everyone with almost any problem (which is not true). However, in order to actually make a living from coaching, the challenge becomes developing a niche that you can effectively target and finding enough people in that niche who can afford your high hourly fees. The typical client of a personal coach has a family income of at least \$60,000 to \$80,000 per year. That leaves out about 80 percent of the American population, and in many geographical areas of the country, it leaves out almost everyone. People in the upper income brackets (more than \$80,000 a year) have many, many

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products, services, and companies vying for their time, attention, and financial resources. If you wish to be successful in personal coaching, you have to find effective ways to reach people in your target audience. This book will help you do that.

5. *The biggest danger of personal coaching is how easily it can become confused with or used as a replacement for counseling or psychotherapy.*

This one issue has the potential to totally reshape the field of personal coaching and is something you will begin to hear more about in the near future. Here is the situation I believe will quicken the pace of this debate: There is a small but growing number of coaches currently specializing in coaching various forms of mental illness, such as attention deficit disorder (ADD) coaches and coaches who purport to help people through periods of depression, grief, or life transitions. While this may be the attempt of some psychologists or mental health therapists to be creative in packaging their psychological services, I have personally met several “coaches” who have neither the professional training nor experience to help people with serious mental illness, either from a coaching or psychotherapy perspective. Yet they are targeting people with various diagnosable mental disorders such as ADD, depression, and anxiety and implying that they can help them through coaching. I believe this opens them up to all kinds of litigation, lawsuits, and charges of ethical violations. In my personal opinion, it is only a matter of time until someone accuses a personal ADD coach or someone “coaching” a person out of their depression of illegally practicing psychology without a license and initiates a lawsuit. In addition to this overt problem, many psychologists and mental health clinicians charge that regular personal life coaching looks like, sounds like, and has goals similar to those of a clinician’s psychotherapy practice. With the field of psychology crushed under the weight of managed care, there are many people in the field considering possible alternative streams of revenue, including consulting and coaching services. I believe within the next two to four years there will be a movement at the state level in several jurisdictions to regulate and restrict the practice of personal coaching through licensure. If psychologists, social workers, and mental health counselors band together, they could try to subsume personal

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coaching under the rubric of mental health and restrict entry into the personal coaching industry only to individuals with graduate degrees and licensure, much as the field of psychology is regulated today. This has already begun in Colorado, where the state professional licensing board has taken a stance that although business coaching does not fall within the purview of the regulatory board, personal coaching does. While I am not aware of any current litigation activity, it is simply a matter of time. Helping the psychologists' and professional licensing boards' cause would be their well-developed lobbying groups and the persuasive argument that the coaching field could become another source of taxable revenue for cash-hungry states. If you're concerned about this issue, be sure to check out Chapter 11.

CHARACTERISTICS OF SUCCESSFUL PERSONAL COACHES

Given the previous section, you may perceive I believe that every personal coach should have a strong background in psychology or counseling. While this certainly can be helpful, I do not believe it is always necessary or sufficient. Many coaching skills were taken directly from the psychology field, and most modern psychotherapeutic treatments are focused on helping people with some of the same techniques and models that coaching uses. For example, psychologists using the Brief Strategic Model of counseling are highly interactive with their clients, use a strength-based model (versus the pathology-based model of the medical profession), form measurable goals, focus on the future, develop specific strategies for overcoming problems, and often see their clients for only 6 to 16 sessions. Sounds a lot like coaching! However, just as a degree in psychology does not guarantee you'll be a great psychologist, neither does it guarantee you'll be a great coach. I know of many great personal coaches who have no formal background in psychology.

If you are considering becoming a personal coach, be sure you feel comfortable that you either currently meet or are willing to work hard to meet virtually all of these characteristics:

- Are a great listener
- Excel in problem solving

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- Enjoy a good challenge
- Have the ability to focus
- Willingly offer clients encouragement and support
- Are able to be clear and concise
- Have the ability to see through the fog to the core issues
- Have a wide variety of life experience
- Are open to different ideas
- Like to brainstorm
- Have extraordinary communication skills
- Can easily build rapport with people
- Have a flexible personality
- Are willing to challenge your clients when needed
- Feel comfortable holding others accountable
- Desire that your clients experience change
- Can offer different perspectives

Although these characteristics will not ensure your success as a personal coach, they certainly will help you service your clients more effectively.

TITLES PERSONAL COACHES USE

There are many variations of the titles coaches give themselves. Some of the more popular ones include:

- Personal coach
- Life coach
- Success coach
- Relationship coach
- Career coach
- Career and personal coach
- Professional coach
- Coactive coach

Generally speaking, the top four titles are more appropriate if you are going to specialize in working with individuals and professionals outside of their company or business. The middle two are more associated with coaching people about their careers and job transitions. The last two are

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perhaps more flexible in that they are appropriate when working with either individuals or inside an organization or company, depending on who you are trying to target within the organization. There have been coaches who have been successful in landing corporate accounts while calling themselves a personal coach, and vice versa, but my suspicion is that in most of these situations there were many other factors working in their favor, helping their prospects not to be turned off by their title (e.g., a direct referral, an outstanding reputation), and that a beginning coach may not fare as well. Also, as in any field, as coaching develops into a recognized industry more and more people will look to hire a coach who specializes in the area they are most concerned about—their personal life or their professional life.

PRICING YOUR PERSONAL COACHING SERVICES

The hourly fees for personal coaching range from \$40 to over \$300 per hour, with the average being \$132 per hour, according to my survey of 300 coaches nationwide. Living in metropolitan areas seems to correlate with slightly higher hourly rates, possibly because awareness and acceptance of professional coaching has increased over the past couple of years. Eighty percent of personal coaches charge either an hourly or monthly fee.

A staggering 61 percent of full-time personal coaches report making less than \$20,000 a year, but 18 percent are making more than \$75,000. The average annual income for full-time personal coaches has been estimated to be between \$30,000 and \$40,000. Chapter 13 goes into detail about what top coaches do to significantly increase their revenues.

BUSINESS COACHING

Business coaches typically work with business professionals, managers, executives, and owners on issues such as leadership development, increasing employee motivation, organizational strategy, building a company, organizational development, change-management issues, career advancement, overcoming sales and marketing challenges, career derailment, succession planning, effective communication skills, time-management issues, team building, and management training.

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POSITIVES AND NEGATIVES OF BUSINESS COACHING

Business coaching is a fast-emerging field that combines the best of industrial and organizational psychology, management consulting, organizational development, sports psychology, and business consulting to provide a different paradigm of how people function in an organization and how the organization itself functions. There are as many opportunities for business coaching as the number of businesses that exist in a given community. Many successful executives and business owners are used to working with high-powered professionals who charge high fees and bring particular skills and abilities that help businesses be more successful. They are more willing to recognize when they need outside help and expertise to deal with a specific situation. There are a wide variety of situations that a coach could be called in to deal with, including keeping a good manager from derailing his or her career, helping a new leadership team make the transition smoothly, evaluating the potential of top managers for an upcoming VP opening, succession planning, developing a management training program, mediating conflict between executives and employees, developing a marketing strategy for a new product, keeping a president from burning out and leaving, or helping a CEO create a strategic vision for the company. Most of the issues relate somehow to the interaction between the person and their work.

There are also a number of potential negatives of being a business coach, including these:

1. *You have many more sophisticated competitors.*

Competition for an executive's time and the company's money for these kinds of services can come from major consulting firms, management training companies, business strategy organizations, well-known consultants, and even law and accounting firms that are adding coaching to their list of services. As a business coach, you are no longer just faced with proving you can do the job; you are up against companies that spend millions of dollars every year marketing and advertising their services. They may have whole professional sales teams that specialize in landing the deal and then another whole team of consultants who just do the work, while you are required to be an expert in all three

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areas, marketing, sales, and coaching—all at the same time. You have to be faster, smarter, more efficient than, and just as effective as your larger counterparts if you want to build a successful business coaching practice.

2. *The bigger the deal, the bigger the company, and the longer the sales cycle.*

As a business coach, you are most likely to be paid either by the hour or by the project. Only a few coaches are able to obtain the ever-elusive retainer fee, under which a company pays the coach a flat fee for a set number of hours, regardless of whether the company actually uses them. This basically means that if you are not working billable hours, you are not getting paid. In addition, the majority of your time is spent trying to land that first deal with a given company, and you intuitively know that the larger the company, the more likely it will be able to supply you with multiple projects in the future. As such, it is often tempting to target bigger and bigger companies with more and more people, hoping that landing a project with a major company will lead to many more in the future. For some business coaches this strategy works. However, the downside is that the larger the company, the less likely you are to be able to talk to a true decision maker, and the longer you will have to spend on the sales cycle to actually secure your first project. For example, I know a business coach who spent almost two years trying to obtain a coaching project with a major *Fortune* 500 company. He finally had the contract and was slated to begin work on a \$70,000 project in less than 30 days through the development office. One morning he received a phone call. The company had just announced a major cutback, and the entire development office had been laid off. Not only was his contract gone, but so was the high-level contact that he had worked so hard to develop for the past two years.

3. *Business can disappear with the next quarter's earnings.*

When the economy is up and businesses are experiencing consistent positive cash flow, they are much more willing to try new things (like a business coach) and think outside of the box (they believe real people change over time, not all at once), and they are more tolerant (they'll work to change a manager's behavior using one-on-one coaching instead of just firing them), but when

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times are tough and every quarter is a “make it or break it” one, businesses tend to fall back on what they have tried before (regardless of whether they have had much success). You might spend several months working on getting your first coaching project with a company and be almost there when suddenly two or three of its “for sure” deals fall apart, and all your hard work goes down in flames in a single meeting. If none of their industry peers are using business coaches to solve their problems, businesses don’t want to be known as being out in left field. It’s okay to try something that everyone else is doing and fail at it. After all, everyone else tried it too. But if you try something that no one else is doing and it fails—then you risk looking foolish to your peers, which no business owner or executive wants to experience.

4. *Consultants and coaches are often the last people hired and the first people fired.*

Even though companies are willing to hire outside help to resolve an issue, they are likely to do everything they can to solve the problem using internal resources first, and they are likely to wait way too long before they reach out for help. I have talked with many companies whose problems could have been helped if they had simply called in a coach or consultant a year or two earlier. This directly relates to the next potential downside.

5. *It is more difficult to find corporate coaching work that is developmental rather than remedial.*

Business coaches are not usually called in help some manager achieve a dream. More than likely, they are called in to deal with a specific problem in the form of a derailed executive, a damaged image, or a distressed CEO. It is difficult to find ongoing projects that are truly developmental—“Bill is a good manager and we want to groom him to take over the next opening for a vice president. Can you help?” The more typical assignment is, “Frank is going to get fired if he doesn’t change. You have 60 days to turn him around or he’s gone.” In spite of all the research that strongly indicates that companies that develop their people are financially stronger, real training and development is not commonplace in today’s companies, and it is one of the first areas companies cut back on in an economic downturn.

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CHARACTERISTICS OF A GREAT BUSINESS COACH

There is a fair amount of overlap in the personal characteristics of good business coaches and personal coaches, including:

- Exceptional problem-solving skills
- Great listening ability
- Advanced communication skills
- Ability to focus on the core issues
- Willingness to challenge and confront a client when necessary
- Broad life experience

Some other characteristics of good business coaches also include:

- Solid knowledge of how a typical business runs and the organizational structure
- Results-driven personality
- Avoidance of exclusive language (for example, psychobabble or consultant language)
- Winsome interpersonal skills
- Strong belief that they can create opportunities for positive change and growth within the confines of a business or large organization
- A tough skin and a willingness to deal with conflict when it arises
- Willingness to stand up for personal values and beliefs
- Broad background in business, preferably at the level at which they want to coach (If you want to coach CEOs, it is immensely helpful to have been a CEO, though not absolutely necessary.)
- Experience building and maintaining a significant number of mid-to high-level contacts within the business community, especially in their target market
- Basic knowledge about a number of business areas: finances, marketing, sales, leadership, management skills, and customer relations
- Comfort in speaking the language of business and knowledge of the lingo; for example:
 - CEO: Chief Executive Officer
 - COO: Chief Operating Officer

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Advantage Coaching & Training is a very successful executive, business, and personal coaching practice. Tim Ursiny is a prominent member of the Worldwide Association of Business Coaches and the author of the book, *The Coward's Guide to Conflict* (Sourcebooks, 2003).

How did you first get started in coaching?

Well, I had just started my consulting practice prior to attending a Carlson Learning conference when someone introduced herself to me as a coach. I was intrigued and did some research, and when I found out what coaching was all about, I said, "This is it." From there, I went to a coach training seminar and started building my coaching practice. Today, we primarily do executive coaching, coach training through the Worldwide Association of Business Coaches, corporate training, and some personal coaching.

You have an interesting twist on a traditional way of getting new clients. Tell us about it.

Like many coaches I find a lot of my clients from giving presentations, but what I have found is that while talking about coaching doesn't work, showing people what coaching is can be really powerful. So I always make it a point to give a 5- to 10-minute live coaching demonstration during my presentation. I usually ask someone from the audience who has a specific situation they would like to be coached on to come up to the front, and I coach them on that issue right on the spot. Based on my experience, when we don't do a live coaching demonstration we don't get clients. When we show people the power of coaching is when the clients come.

(Continued)

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You have been doing coaching for several years now, and as you look back, what is one piece of advice you would have for a new coach just starting out?

Simply this, do not believe what other coaches tell you about how easy it is in this business. It takes a lot of hard work, effort, and time.

When most people talk about client loyalty, they mean the loyalty their clients have for them, but you take a different perspective. What is that, and how has that helped you to succeed?

I firmly believe in client loyalty—my loyalty to my clients. I’m incredibly loyal to my clients. One of my largest, long-term clients was the training division of Arthur Anderson, and as you can expect, all that business was gone when Anderson went through the big accounting scandal with Enron. What many people don’t know is that as a company, Anderson treated their employees very well and many people had been at Anderson their whole career and were devastated by the situation and all the layoffs that ensued. However, when we found out they were closing down the entire training division, we went to our former clients and offered free coaching to all Anderson employees and free groups to help them deal with the aftermath. The unexpected benefit was that now, many of these same people who left have landed at other companies and are now calling us in for more coaching. I’m intensely loyal to my clients. They know that no matter the problem or situation they can call me because I’ve got their back.

You have been very successful in the corporate arena. What are a couple of mistakes you made early on in your practice that coaches should avoid?

One of my first big appointments was with an HR director of a *Fortune* 100 company. I had barely walked in before she said, “Okay, what’s your pitch?” Immediately, the tension in the room became intense and I stuttered trying to determine how to prove the value of my services to her. The appointment went downhill from there. As I analyzed what went wrong in that meeting I realized that I felt pressured to have a pitch, when in truth, I didn’t have one. When I walk into a cold appointment there is no way for me to know if they could benefit from my services until I know more about them. Now, when I go into companies I don’t use PowerPoint or fancy slides, I just ask questions and really listen to their responses. I don’t try to sell them on coaching; I look for a way to coach them, with their permission, on the spot. This is how I show the value in what I do.

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- CFO: Chief Financial Officer
- ROI: Return on investment
- EBIDTA: Earnings before interest, depreciation, taxes and amortization
- P&L statement: Profit and loss statement
- Knowledge of how to read business statements and documents

This is not to say that if you do not fit all of these categories you cannot be successful as a business coach, but simply to point out that, broadly speaking, there are several differences between business and personal coaches, and the barriers to entry are higher for business coaching than for personal coaching.

TITLES BUSINESS COACHES USE

Business coaches use a number of titles, including these:

- Executive coach
- Business coach
- Leadership coach
- Professional coach
- Corporate coach
- Consultant
- Business success coach
- Marketing or sales coach
- President or CEO
- Psychologist or organizational psychologist

The most common are the top two, but I don't believe there is a distinct advantage to using one of these titles over any of the rest. Your title should tend to be more descriptive of your primary target audience. Two words of caution regarding the last title, *psychologist* or *organizational psychologist*: First, *psychologist* is a protected title, and it can be used only by qualified people. Second, even though some people disagree with me, I strongly recommend that if you are a psychologist who coaches and wants to primarily target businesses, you consider not using your professional title, for two reasons. First, every psychologist has experienced the negative reaction they receive at a party or networking event as soon as they mention their profession. Unfortunately, there is still a stigma in

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the business community that psychologists only work with sick or unhealthy people. Using that title can push good prospects away from you because of their concern about being stigmatized or pathologized. Second, use of your title while providing coaching or consulting services can increase your legal liability, as someone may misconstrue that you are performing your services under your psychologist's license and hence hold you to all the rules and regulations that accompany that title. If you have a doctorate degree in psychology or any other field, I would recommend including the PhD, MD, or DBA on your business card for credibility, but don't emphasize the field you obtained it in. Remember, business owners don't want to hire an academician or a doctor, they want a practitioner. Emphasizing your practical, hands-on business experience over your educational credentials and certifications will help you achieve better results when converting prospects to clients.

You have another decision to make when it comes to listing your titles—should you put your official corporate title on your marketing literature? As the owner and operator of your business, you probably also hold the title of president, CEO, partner, or director. I would make the argument that if you want to do business inside corporations or with mid- to high-level professionals and executives, you probably should use your corporate title either in place of or in addition to your coaching title, for the distinct reason that owners and executives like to know they are talking with someone of equal stature. Presidents don't waste their time with salespeople, and CEOs only want to spend time with other executives of equal business stature.

PRICING YOUR BUSINESS COACHING SERVICES

There is a huge range for how much business coaches charge, from a low of \$50 an hour to more than \$700 per hour. The average amount is \$198 per hour, with 51 percent of business coaches charging \$140 to \$260 per hour. Factors that contribute to a higher per-hour rate include living in or near a major metropolitan area and having more professional coaching experience. In fact, hourly rates seem to increase over the average amount by \$20 to \$30 per hour for every two years of experience. While the hourly rate may seem like a lot, especially in comparison with personal coaches, remember the challenges business coaches face in both finding and keeping work. Most seem to work within two struc-

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tures on a monthly fee basis, just like personal coaches, and on a per-project basis. A very small percentage of business coaches are able to move their practices entirely to a monthly retainer fee basis.

Twenty-seven percent of full-time business coaches report making less than \$20,000 a year, but 36 percent of them are making more than \$75,000 annually. The average annual revenue of a business coach is estimated to be \$70,000 to \$80,000. Chapter 13 goes into detail about what top coaches do to significantly increase their revenues.

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I anticipate this will be the most controversial part of this book, because here I'm going to detail how professional coaching differs from other professional fields. There are good people who will totally agree with me on these distinctions and good people who totally disagree. I'm very comfortable with this, because I put this section in here not to prove a point, but to give you a way to answer your critics and educate your prospects and clients about what you do and how it is different from other professional services. Part of your goal in marketing is to position yourself, and you cannot effectively do that in the minds of your prospects until you have told them how you are different from the 100 other professionals who offer services. You will also encounter the occasional person who really doesn't know what coaching is, and it's always good to have a clear, concise answer ready. With that caveat, let's begin.

The major areas you will most likely be asked to distinguish coaching from are consulting, mentoring, managing, training or teaching, facilitating, and counseling or psychotherapy. Figure 1.2 shows a chart I created to help visualize the areas where these fields differ and where they overlap. As you can see, the four quadrants are distinguished by the client being more of the expert versus you, the service provider, being more of the expert and whether you, as the provider, are more likely to ask questions or give answers in the process of providing your particular service. Certainly, there are notable exceptions in every category, but this chart is solely for the purpose of illustration, not a comprehensive definition. For example, under the "Therapist or counselor" area, there are many therapists who are very directive and provide a lot of direct answers to questions during therapy. Likewise, there are therapists who

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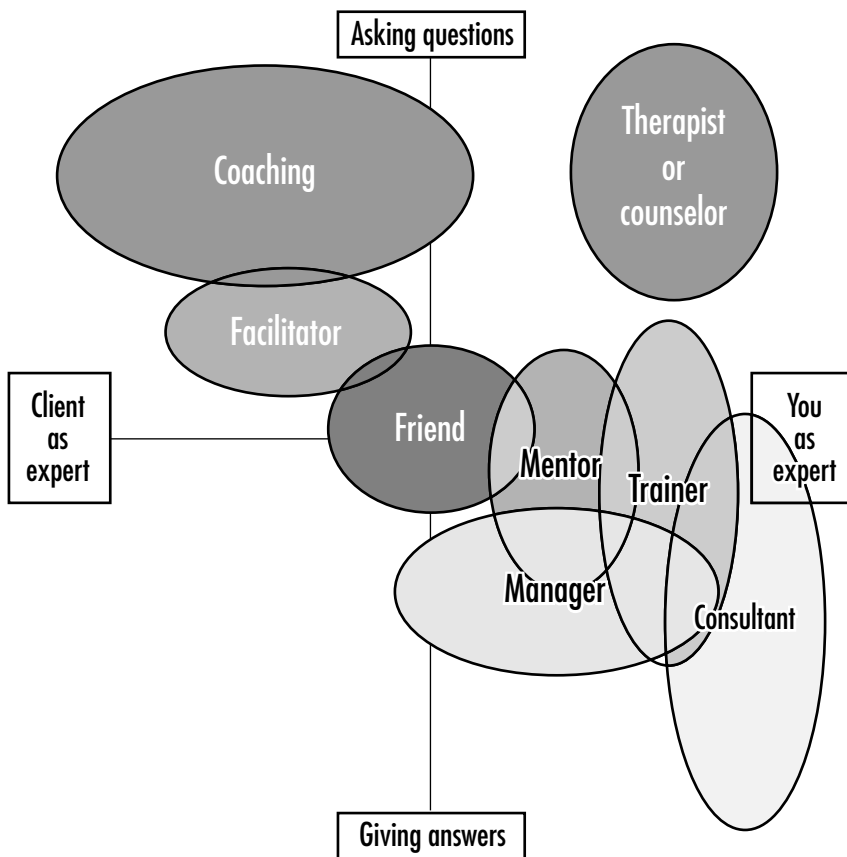


FIGURE 1.2 Relationship of coaching to other fields.
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view clients as being more the experts in their own lives, and consider that the therapist is only there as a guide or mentor. There are also consultants who take a very coachlike approach and ask a lot of questions, especially in the initial design stages. The perspective I'm presenting is that most consultants are hired because they are seen as experts in a particular area and they are there to provide an expert solution to a problem. Yet there are many coaches who have a specific area of expertise and may slide in and out of the consulting role. In fact, most business coaches would fall into that category.

Distinguishing Coaching from Other Fields for Marketing Purposes

In each of these areas there is some amount of overlap, which I'm not going to discuss. Instead, I'm going to tell you of a few specific ways I have used to help prospects I meet quickly differentiate coaching from other fields. The best way I know to do this is to focus on the extremes of each field. When asked by a prospect, this is how I would define and distinguish these fields:

Coaching. Coaching is a one-to-one interactive relationship that helps people identify and accomplish their personal and professional goals faster than they could on their own.

Consulting. Consulting is more about being viewed as the expert. Consultants are the ones who give you direct answers to specific problems. It's about having all the right answers. As a coach, I come in as a partner to you and your business. It's about asking all the right questions. You are the expert in your business, not me. Also, the end product of most consulting is a report. Once the report is finished, so is the consulting relationship. In coaching, the assessment is only the beginning of the relationship, because as your coach I will also walk alongside you as you implement the plan. The end product then becomes a dynamic relationship that helps you achieve bigger goals faster. [Please note that I recognize that many coaches and consultants believe the two terms are interchangeable and one may actually be a subset of the other. If you do coaching and consulting, it may not make sense for you to emphasize the differences, but for coaches who only do coaching, it can be helpful to distinguish coaching from consulting.]

Mentoring. There are three major ways mentoring differs from coaching. First, mentoring is usually free. Coaching is not. Second, mentoring is typically done on an informal and as-needed basis. Coaching is a formal relationship and uses a semistructured format. Third, you probably don't set up specific goals and measurable results as part of a mentoring relationship, but in coaching you do.

Managing. The biggest differences between managing and coaching are in respect to authority, permission, and trust. A manager has a great deal of authority over the employee, a coach has none. A manager does not need to ask permission of an employee to make changes

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and can require that person to comply with those changes or risk being fired. Coaching is not a one up—one down relationship. It is a partnership of equals. And there is no guarantee that managers have the best interests of their employees at heart. Optimistically, we would like to believe they do, but we all know of situations where they obviously did not. Coaches do not have a hidden agenda, and their primary concern is the welfare of their clients. Coaching relationships are built on a mutual foundation of trust and partnership.

Training or teaching. The typical training is defined by holding an event and the transmission of knowledge. In coaching, we are focused on developing a relationship, not delivering an event, and while there may be some exchange of knowledge in a coaching relationship, the primary purpose is to help you identify and achieve your personal and professional goals. Coaching is not a one up—one down relationship; it is a partnership of equals in which your personal growth and development are the most important measurements of success.

Facilitating. Facilitation usually involves several people or groups of people where the facilitator maintains an objective stance and has no other purpose than to assist those people in clearly communicating with each other and reaching a common agreement. While a coach is also an objective person, coaches do not maintain an objective stance. They are actively involved in the relationship with a clear purpose and goal—to help you identify and achieve your personal and professional goals faster than you could by yourself.

Counseling or psychotherapy. The primary differences between coaching and counseling or therapy are the people who are served and the problems confronted. In counseling, the person is seen as broken, bruised, and in need of healing. In coaching, people are viewed as creative, resourceful, and whole. Typical problems most therapists deal with are depression, anxiety, and severe relationship difficulties. In coaching, we don't fix broken people; we help healthy people perform at a higher level. One way to think of this is to imagine a scale starting at 0 and extending to both +10 and -10 [Figure 1.3]. If 0 is normal or average, however you define it, then counseling takes people who are at -10 and moves them closer to 0—back to normalcy. Coaching starts with people who are at 0, or often at 4 or 5, and helps them to move closer to +10. Does that make sense?

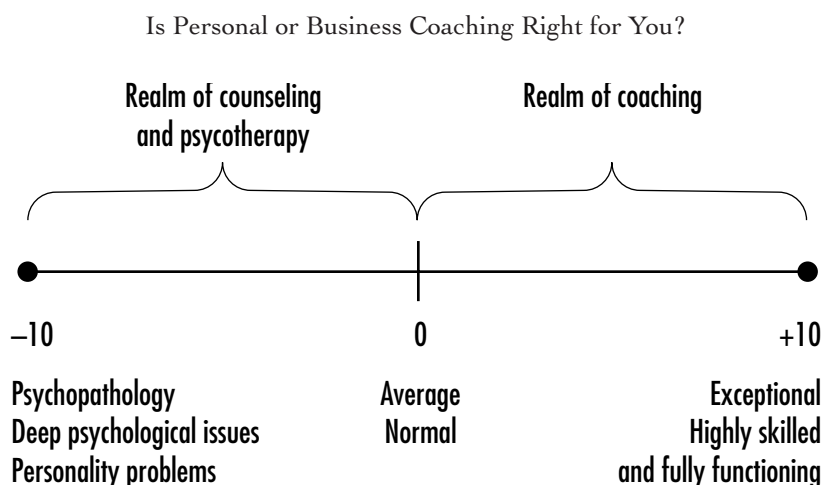


FIGURE 1.3 Relationship of the realm of coaching to the realm of counseling and psychotherapy.

IS PERSONAL OR BUSINESS COACHING RIGHT FOR YOU?

If you are reading this book, you most likely have already decided if you want to be a personal or business coach. However, some of you may not really be sure you have made the best decision, or truly have not decided at all yet, or sincerely believe you can play in both fields at the same time. While a few people can do both personal coaching and business coaching well, the majority of successful coaches specialize in one or the other. In researching the field of coaching for this book, I found that most people who say they do both personal and business coaching really do 80 to 90 percent personal coaching, and may have one or two clients that they consider business coaching clients. The reason for this stems largely from the fact that the way you market your coaching practice to prospects depends to a great extent on which field you see yourself in—personal or business coaching. You ask, “How will my decision about which field I’m in affect me and my coaching business?” Let me name a few specific areas where I believe this decision will affect you, along with some illustrative examples:

- The title you give your company
- Your personal job title (life coach or personal coach versus business coach, president, or CEO)

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- Who you see as your primary target audience (adults in general versus corporate CEOs)
- Who you develop strategic partnerships with (the owner of a fitness center versus your local investment banker)
- Who you obtain your coach training and certification from
- What kind of marketing materials you decide to use (just business cards versus a professionally designed web site and brochure)
- What kind of books and magazines you choose to read (personal development books versus the *Wall Street Journal* and *Fortune* magazine)
- The kinds of assessment tools you offer clients (simple self-report inventories versus sophisticated 360-degree feedback)
- Whether you develop formal proposals for clients
- How much you charge for your coaching services (\$132 per hour versus \$198 on average)
- Where you look for and find prospects (giving free seminars at the public library versus networking in exclusive groups)
- What kinds of issues and challenges you typically work with clients on (living a balanced life versus leadership development)
- How you describe what you do to prospects
- What kind of sales and marketing activities you participate in
- The kinds of coaching packages you create

Table 1.1 shows a few more differences between personal and business coaches, based on the results of my 2002–2003 survey.

SELF-ASSESSMENT INVENTORY

If you are still unclear or unsure, at any level, about your decision to focus on personal coaching or business coaching or try to do some of both, the following questionnaire may help you clarify your thinking.

1. How many years of direct, professional business experience do you have?
 - ☐ 0 to 4
 - ☐ 5 to 10
 - ☐ 11 to 15

Self-Assessment Inventory

TABLE 1.1 Differences between Business Coaches and Personal Coaches

Category	Business Coaches	Personal Coaches
Gender	64% female, 36% male	76% female, 24% male
Population of local area	Average of 1–3 million	Average of less than 1 million
Length of time coaching	39% less than 2 years 29% 2–5 years 32% more than 5 years	61% less than 2 years 20% 2–5 years 19% more than 5 years
Full or part-time practice	68% full-time 32% part-time	60% full-time 40% part-time
Length of time coaching per client	53% coach a client more than 6 months	29% coach a client more than 6 months
Amount charged per hour	Mean = \$198 Median = \$170	Mean = \$132 Median = \$100
Work with a coach they have hired	61% yes	68% yes
Number of coaches in company	51% are solo practitioners	78% are solo practitioners

- ☐ 16 to 20
- ☐ 20+

2. On a scale of 1 to 10, how comfortable do you feel speaking the language of business?

1 2 3 4 5 6 7 8 9 10
Not very *Somewhat* *Very*

3. What is the highest level of management experience you have personally held in any company of any size?
- ☐ I have never held a management position in any company.
 - ☐ Frontline manager to upper-level manager.

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- ☐ Executive position (including vice president, director, regional general manager).
 - ☐ C-level position (CEO, CFO, COO, president, or owner).
4. How many years of management or leadership experience do you have in any company?
- ☐ 0 to 5
 - ☐ 6 to 10
 - ☐ 11 to 15
 - ☐ 16 to 20
 - ☐ 20+
5. In the company where you had a leadership position, how many employees were there?
- ☐ I was the sole owner and employee.
 - ☐ 2 to 20 employees.
 - ☐ 20 to 100 employees.
 - ☐ 100 to 1,000 employees.
 - ☐ 1,000 to 10,000 employees.
 - ☐ 10,000 or more employees.
6. Have you been recognized by others as having a certain area of expertise related to business, such as strategic planning, financials, customer relations, marketing, sales, or plant operations?
- ☐ Yes
 - ☐ No
7. Based on your knowledge and understanding of the kinds of issues most business coaches encounter, how interested and comfortable are you in coaching around those areas?

1	2	3	4	5	6	7	8	9	10
<i>Not very</i>			<i>Somewhat</i>				<i>Very</i>		

8. Based on your knowledge of the kinds of issues most personal coaches encounter, how interesting does that seem to you?

1	2	3	4	5	6	7	8	9	10
<i>Not very</i>			<i>Somewhat</i>				<i>Very</i>		

Self-Assessment Inventory

9. How comfortable are you in actively marketing and selling your coaching services?

1 2 3 4 5 6 7 8 9 10
Not very Somewhat Very

10. Approximately how many people live within 30 miles of you?
- ☐ Less than 50,000 (rural area)
 - ☐ 50,000 to 300,000 (small city to large city or suburban area)
 - ☐ 300,000 to 1 million (large city or suburban area to metropolitan area)
 - ☐ More than 1 million (major metropolitan area)

RECOMMENDED RESPONSES

- 1. Business coaches are likely to have had several years more professional business experience than the typical personal coach. They draw on this experience to quickly build rapport with their target prospects.
- 2. To be successful in the business world, you need to be very comfortable speaking the language of business. If you don't have the experience or the common language, it will be much more difficult to build a solid relationship with prospects. However, you can build your business vocabulary by reading business books, subscribing to *Executive Book Summary* (www.summary.com), taking a couple of MBA classes, and reading the *Wall Street Journal*, *Fortune*, *Forbes*, *Fast Company*, *Entrepreneur*, and *Inc.*
- 3–5. Most thriving business coaches have had executive-level or ownership experience in companies of the size they are targeting. For example, a business coach targeting mid-sized companies has usually had successful leadership experience in a different mid-sized company. Their earlier success in business allows them to build a strong case as to why a business owner or executive should pay them to coach a company.
- 6. While I do not personally believe coaching is all about being the expert or the best authority on a particular area, such as marketing, finances, or sales, there is plenty of evidence that business coaches who have a particular area of expertise build their practices significantly faster and are much more financially successful

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than coaches who do not have a particular area of expertise. They often use this expertise to gain an initial foothold into a company.

7. The top seven issues most commonly encountered by business coaches are leadership development, strategic focus, communication skills, marketing products or services, sales coaching, organizational development, and change-management issues, in that order. Could you hold an in-depth and interesting conversation with a business professional on any of these topics at any time?
8. The top seven issues most commonly encountered by personal coaches are living a balanced life, keeping one's focus, career transition issues, a specific crisis, work-related issues, relationship challenges, and spiritual difficulties.
9. In general, business coaches have to be more active in marketing and selling their coaching services due to increased sources of strong, sophisticated competition. While there are very few direct competitors to personal coaching, except other personal coaches, business coaches face competition from *Fortune* 500 consulting firms, large law and accounting firms, marketing and sales agencies, large management consulting firms, national leadership training companies, specialized training seminars, and the like. Unless you start your practice with a large number of direct referral sources already in place or a ready-made contract with your previous employer, it is extremely difficult to build a financially successful business coaching practice without actively marketing and selling your services.
10. Strictly from a demographic standpoint, you will have a very difficult time making a living coaching if you live in a rural area, unless you employ very creative and innovative marketing strategies to limit the downsides of a limited target population (such as a comprehensive Internet marketing campaign like that used by one of the coaches interviewed in this book). The larger the population is in your geographical location the larger your potential target market is. Regardless of what you have read or heard about coaches finding many new clients by simply setting up a web site, it does not happen for 99 percent of coaches. The vast majority of your clients will come from the population in

Action Step

your surrounding area, especially if you are doing business coaching. Of all the business coaches I know about, have talked to, and have interviewed, I can easily count all the really successful ones who live in a geographical area with less than 100,000 people—so it's not impossible, just highly unlikely. Be sure to take this into account when making your decision of who to target and how you are going to target them.

ACTION STEP

Use an Internet search engine (I personally like www.google.com) to search for three topics:

- Coaching
- Business coach
- Personal coach

Write down the domain names of the top 5 to 10 web sites under each category (e.g., www.TodaysLeadership.com), and read through the sites. Note how each person or company describes who they work with (individuals, professionals, companies, other) and the titles they give themselves. What correlations do you notice?

