

10 Critical Considerations When Building a Successful Corporate Coaching Business By Peter J. Leets

Peter brings successful consumer products experience in sales, marketing and general management with Johnson & Johnson, Revlon and Hallmark. His service industry experience includes being a Managing Principal with Right Management Consultants and CEO with Executive Assets and The Leets Consortium. Peter is a practicing coach and leads The Leets Consortium which focuses on corporate coaching and provides coaches to corporate clients globally. www.LeetsConsortium.com
Peter@LeetsConsortium.com

Professionals entering the corporate coaching business are often confronted with unique challenges and questions. Our purpose is to help those considering corporate coaching as a next career step and those currently dabbling in coaching to make the best decisions based upon their individual needs, objectives and situations. While the information presented may dissuade some, our intent is to help those who enter into corporate coaching attain greater success and satisfaction faster, while lessening needless stress and pain. We candidly open our corporate coaching "kimono" to reveal what matters to major corporation decision makers who routinely purchase leadership development and coaching.

Here's a true story highlighting what can happen when a well-intentioned professional tries to enter corporate coaching ill-prepared. While attending an ICF meeting in last year, I was struck with the diversity of backgrounds, interests and focuses of those in attendance. The speaker's topic was "Building a 7-figure practice". I happened to get in the dinner buffet line in front of a delightful and talkative woman...let's call her Mary. She was an ICF Certified Coach and proud to tell me how she was involved with her first paying engagement. As Mary went on, I learned that she was well-intentioned and had a solid business background. Mary had been found through the ICF website of coaches by an out-of-state business with a sales office in Southern California. The local sales manager (the prospective coachee) had reportedly made his numbers at the expense of direct reports, a fact that was coming to light through complaints and recently filed litigation. I asked how Mary was going to begin the engagement and she replied she wasn't sure. I asked if she had considered assessment, and she said yes. I asked what assessments she was qualified to work with, and Mary replied none. I asked if she had considered using a 360, and he said no. I asked how much she was charging, and Mary said she had quoted a \$50.00 hourly fee when asked. Finally, I asked if she wanted help, and she said yes; she would call me when she returned from vacation.

Mary never called, so I don't know the ending to her story, or whether she got her coaching business going. While situations and stories differ, there are tens of thousands of "Marys" who look to coaching for part or full-time employment. You may know someone like Mary or perhaps you identify with certain elements of her situation. So, before addressing the critical issues to consider before embarking on the corporate coaching path, let's review the current market for corporate coaching.

CURRENT CORPORATE COACHING MARKETPLACE

The middle of the last decade was a robust period for coaching. It seemed to be a time of limitless budgets with corporate focus on high potentials and solid senior employees. Even as some companies became more conservative and began limiting their FTE's, most compensated with the addition and/or expansion of their use of external consultants and coaches. With the rapid decline in the stock market in September 2008 and the subsequent recession, the market for corporate coaches changed dramatically. During the ensuing 9-12 months, many coaches took internal positions or found other ways to make a living; it was a very difficult time for most coaches. Since late 2009, the coaching market has rebounded somewhat, and the market for corporate coaching is again solid. Sheila Maher and Suzi Pomerantz, in their article *The Future of Executive Coaching: Analysis From a Market Life Cycle Approach*, discuss market maturity and infer that the coaching market has entered the "Maturity Stage" and in fact may be heading toward decline. It may have appeared that way in 2003, however, my observations are that the market is continuing to expand and in many respects renew. So, while this may not be the best of times to begin a corporate coaching practice, it certainly is far from the worst.

BEGINNING A CORPORATE COACHING PRACTICE

Develop Your Business Plan

Becoming a successful corporate coach can easily take 3-5 years. In fact, not long ago I was with 16 long-term consultants discussing our practices. The question of annual income arose and among the 17 well known consultants only two had consistent annual net incomes in excess of \$100,000. Hard to believe, isn't it? On the other hand, successful coaches and coaching businesses are earning \$500,000 annually and more. Here are some things you may want to consider:

- Will you incorporate? Become an LLC? You may discover there are real advantages to becoming an "S" Corporation.
- Have you talked with corporate colleagues to learn whether they see you as a "coach" they might use? Is there a market for new individual corporate coaches in your area?
- Have you run possible financial scenarios through software like BizPlan? If you haven't coached previously, have you thought about the timeline between when you begin, when you get your first work, how long it takes to be paid – especially if they pay you incrementally? Have you considered taxes, healthcare, etc.?
- Will you work independently? Affiliate with larger firms? Start your practice while still employed in a full-time job? Will it make sense for you to work for a larger company like Right Management at a dramatically reduced fee to gain experience and get work?
- Will you work from home? Do you need temporary or permanent space? Are your financials strong enough to sign a lease?
- If you are giving up a salary, have you worked with your accountant to determine how long it will take you at varying activity levels and incomes to break even with your current income and benefits?

Create a Consistent Brand

Successful corporate coaches develop a brand that fits them, their vision, mission and business plan and that resonates with potential corporate clients. Many people wishing to leave/leaving the world of corporate employment view consulting and/or coaching as a way to do things "their" way...a way to break away from corporate

politics, regimentation, and many other things. If this is the case for you, I suggest you first talk with several successful corporate coaches to get their impressions. You may find that not everything changes for the better, and that you will trade a great deal in exchange for your "freedom".

Many new coaches seem to feel they can build their brand based upon their methodology or coaching approach. Perhaps they have really enjoyed Appreciative Inquiry, specific assessments or something like complete confidentiality. It's easy to be perceived as a "one trick pony," and you may find that it's better to be inclusive rather than exclusive...especially in the beginning. I've found that building a brand around distinguishing qualities valued by most professionals works the best; qualities like professionalism, responsiveness, successful outcomes, giving back, mentoring, community involvement benefiting those with whom you affiliate. It's difficult to re-brand, so please consider everything you do as a part of creating your brand. Things you might consider:

- What will make you stand out positively?
- What will be the feeling given by your website? Do you have things to sell through your website? How soon do you need one and how much does it need to cost?
- Will you have a logo? Slogan? Mission statement and values? What will your cards and stationery look like? Will you have corporate brochures? Sales materials?
- How will you introduce, and then communicate your brand to your community? What will your marketplace be?
- How will you dress?

Do You Need a Certification?

Is coaching certification necessary to be a successful corporate coach? No, it isn't. I lead a global corporate coaching company and coach corporate leaders every day and yet I am not "certified". The bigger question is: is coaching certification right for you? Do you have ample successful external coaching experience? Are you confident of your coaching abilities? Would you be comfortable if tomorrow you were asked to coach an officer of a publically traded company? If you answered no, you probably will benefit through coaching training and certification. If you have the time and energy, there are several wonderful programs that would benefit most any. ICF provides probably the most widely accepted coaching certification, and chapters are available in most major cities.

Scott Millward, Senior Director of Organizational Effectiveness with Warner Bros. in Burbank said: “The framing of what ‘coaching’ really means is very different in entertainment than it is in other fields I have been exposed to. In the creative areas of the business, a typical entertainment engagement is very ‘image-driven’. The coach must look the part and talk the part almost as if he/she were being *cast in the role* of a coach. In the more corporate areas of our business, there is a deep suspicion around coaching, because it has historically been seen as a punitive tool. Cultural sensitivity and awareness are key to forming good long-term relationships at the studio. While it may seem counter-intuitive, these relationships are much more powerful than pedigree or even coaching results in many cases.”

Julie Fletcher, Senior Vice President, Human Resources with AMN says: “Certification is not always required – it depends on the leader needing the coach.” If certification is in your future, I suggest you also investigate the Board Certified Coach (BCC), through the Center for Credentialing & Education, Inc. You can learn more through www.cce-global.org/coaching.

Relationship Marketing

Success in building a corporate coaching business is rooted in developing and maintaining meaningful relationships. Given a choice, people hire and work with people they like and trust, and, locating the right people and building relationships with them can take a long time. Even more time is needed to develop a relationship that allows you to become one of the few select professionals to whom the prospective client looks for coaching help. Interestingly, one of the worst things that can happen to a consultant is being a good networker while also being considered the 4th or 5th best at what they do. They get meetings and positive reinforcement, however are rarely selected before the first 3 or 4.

Matt Gonzales, Vice President, Human Resources, with Toyota Motor Sales, says: “It takes time to develop a relationship with an organization. Before you are given an opportunity, we must feel comfortable recommending you to our executives. It does not happen quickly, so you should be patient.”

Does your business plan include a plan for developing your business? Do you have a specific, detailed approach for building and connecting your network? Remember that referrals from trusted friends and colleagues will be key. Scott Millward says: “Typically, it’s best if the coach comes with a recommendation from a peer company or internal colleague. The first step is typically a phone conversation, which may be followed

by an in-person meeting.”

If you aren’t familiar with contact management software, it is suggested you seriously consider implementing one to form the framework for your relationship management. Software like ACT will: act as a directory, provide a list of scheduled follow-up calls every morning, location to keep notes from meetings and calls, dial calls for you, and much, much more.

Finally, I suggest that if you are not naturally persuasive and/or have not been trained in sales that you consider working with someone who can help you. Effective networking and relationship building is about listening and caring about others. It’s about showing a sincere interest and staying in touch. If you haven’t developed these skills, I strongly suggest getting help quickly.

Which Assessments Will You Need?

In my earlier story, Mary wasn’t certified to use assessments and was at a loss concerning how to proceed if she got the coaching engagement. Many of our CLU readers are already certified in many assessments or have an educational background which will allow them to quickly become certified. What’s the right approach for those not similarly positioned? Becoming certified is both time consuming and expensive. If you’re older, you might ask: “What will the return on my investment be, and where should I begin?”

Only you can decide; however, before you do, let me share a personal story with you. I’m currently involved with a project for high potentials with Deloitte. Deloitte decided to utilize a UK firm called Kaisen to handle the assessment of the leaders. Once the assessments were completed, Kaisen experts shared the results with the coaches, who then shared them with those being coached. The assessments were highly accurate and the process worked flawlessly. The moral is that someone else who is qualified can do the assessment and share the feedback with both coach and coachee, as is done in many other companies. While not convenient or practical in many respects for a private practice, in a pinch (and at the start of your practice) it is workable to arrange for another professional to be your assessment expert. However, if you select one assessment with which to begin yourself, I suggest Myers Briggs. Concurrently, you can have someone who is qualified and experienced instruct you in the interview-style 360 process.

Financial Resources

There are good reasons why “cash” is the first item on a balance sheet and why many people use the phrase “cash is king”. If the thought of being a coach is a new

one, please remember that everything takes longer and costs more than you might think...or will plan. Unless your resources are limitless, I suggest you conserve your cash and resist creating debt as much as is possible.

Have You Considered A Mentor?

If you are new to external corporate coaching, it is suggested you locate a highly experienced, successful corporate coach to assist you. The assistance can range from coaching you to helping you with your planning, questions, networking, selection of assessments, and may even provide you with coaching leads not appropriate for your mentor.

What Should You Charge?

Corporate coaching fees for a "standard" 6-month coaching engagement range from a few thousand dollars to the \$100,000, or more, Marshall Goldsmith reports routinely charging. Many corporations have set fees, or fee ranges depending upon the coachee's organizational level. On the higher end of the range are corporations like Cisco, who pay into the \$40 thousands, while many will pay from the low to mid \$20's. Fees also vary by geography. Coaches in New York City can expect a 25% premium, while those in secondary markets may find it difficult to charge more than \$10,000. My experience is that the vast majority of corporations are targeting \$15-20,000 for 6-month engagements.

You will also encounter a wide range of payment schedules. We have one large customer who pays in 6 monthly payments, with the first two equating to 40% of the fee. This client issues checks 40 days following each invoice date. Several pay 50% at the beginning, with the balance upon completion. You can plan for the majority to pay 100% of the fee following the first couple of meetings.

When planning your cash flow, you will need to consider each client's payment schedule, along with the additional time until their check is received.

A word of caution is relevant at this point. Somewhat understandably, many new coaches get wrapped around how much they're being paid, how many meetings they will conduct, etc. While this is important, please don't lose sight of why you are there. You are hired to achieve positive outcomes; not to provide coaching time. You will build your practice on repeat business, and customers will call you back when you create good outcomes, are responsive and easy to work with. Please think twice before you allow yourself to lose a potential long-term client for a meaningless "principle" or an additional requested meeting or two.

Will You Need A Community?

Ask professionals who transition from a corporate role to being an external coach what they most miss and you'll hear "colleagues and a sense of community" more than anything else. Coaching can be very lonely which, when combined with the challenges associated with starting a business, can become very depressing. If this sounds like it might be you, what will you do? Consider:

- Prioritizing your activities: time is money
- Affiliating with others to form a partnership
- Affiliating with others selling complementary services with whom you can trade leads and perhaps even sell as a team
- Joining a business-building networking group
- Creating a relationship with a mentor
- Finding a friend or colleague you can meet with regularly who will be an accountability partner
- Joining coaching or other professional organizations

The Best Time to Launch Your Coaching Practice

Creating a successful consultancy can take a long time. If you will be providing coaching as well as other services you may be able to build your practice faster. Another approach is to buy a profitable, well known practice. Often, it's both faster and cheaper to buy a business than to create one. Whatever your entry vehicle, I suggest significant planning while in your current job. Much of what we've discussed can be learned, created and built in your "spare" time. Moreover, if you currently have a significant corporate role, you may find it easier to network, build relationships and perhaps even receive tuition reimbursement from your current employer. If it's right for you, why not give your coaching practice a running start?

Conclusion

As you embark on coaching career, please remember Scott Millward's sage response to the question what qualifications are most important to you?: "Deep understanding of the entertainment business and culture (prior work experience in the industry is a plus). A track record of successful engagements. Flexibility around approach and openness to collaboration with the internal OD and HR partners. When it doesn't work, it usually boils down to fit, price or process."