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4 Critical Steps to Build a Thriving Coaching Practice

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Whether you have an established practice or are just thinking about getting into coaching, you must know these 4 essential steps to build your successful practice.

By Stephen Fairley

The field of personal and business coaching has exploded over the last five years as more and more people experience the power coaching can have to help them increase their income, strengthen their relationships, build their business, and live life to the fullest. Helping people achieve and exceed their personal and professional goals is the core of coaching, yet many coaches are struggling to achieve their own goals of financial success. For example:

- More than half of all full-time coaches make less than \$20,000 a year.
- 30% of all coaches have never been able to find 10 paying clients.
- Fewer than 10% of coaches currently make more than \$100,000 a year from coaching.

Whether you want to start a coaching or consulting business or you already have one, you can use these four steps to break through the barriers and jump over the challenges of creating a thriving coaching practice.

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Identify Your Ideal Target Market

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If you don't target the right market, nothing else you do will matter. **The key is to identify your ideal target market — the person or company who is most likely to buy from you initially, repeatedly, and at a higher profit margin.**

One of the biggest mistakes coaches make is targeting a market that is too large. Recently, I talked with William,

a sharp professional who had just launched a personal coaching practice. When I asked him about his ideal prospect, his response was, "People who are in a relationship." With a target audience that large, there is no possible way for William to effectively reach his market.

It takes 7 to 10 meaningful "touches" to move a prospect through the sales cycle of not knowing anything about you to being ready to buy from you. A meaningful touch can be anything from a phone call or meeting to seeing you speak at a local chamber of commerce meeting. Let's say you have identified a target market of just 5,000 possible prospects in your area. Multiplying that by 7 to 10 meaningful touches per person means you have to make 35,000 to 50,000 meaningful contacts every year! That's just not humanly possible for one person, so what happens is, you end up spreading your marketing efforts across so many people that you don't "touch" people often enough to drive them through the sales cycle, and you end up not landing any clients.

Yes, you do have a lot to offer your clients because if you don't, you shouldn't be a coach, but when you try to be a jack-of-all-trades, prospects perceive you as the master of none. In our society, people don't hire jacks; they hire masters.

I'm not suggesting that you simply ignore people outside of your ideal target market when they come across your path. What I am saying is that you should not spend your time actively tar-

geting people who are not likely to hire you initially, repeatedly, and at a higher profit margin. You must look at this as a business owner who has a very limited amount of time, energy, and financial resources. There are only 168 hours in a week. To run a successful coaching or consulting business, you have to focus your limited time, energy, and resources in order to obtain the highest and fastest return on investment.

Here are four keys to identifying your ideal target market:

- *Describe* your past clients. The person who is most likely to buy from you is just like the person who has already bought from you.
- *Conduct* some market research. For example, in the next 5 to 10 years millions of baby boomers will retire. How will that change the way you are pricing, packaging, and positioning your coaching services?
- *Interview* your best clients and ask them specifically how your services have benefited them.
- *Request a free copy of the Target Market Inventory.* The TMI is a special report I have put together specifically designed to help coaches and consultants rapidly identify their ideal target market. As a reader of *AdvantEdge*, you can request a free copy by visiting: www.AdvantEdgeMag.com/TMI

Here are four of the most popular coaching markets:

1. *Start-ups and Entrepreneurs.* There are more than 250,000 new business start-ups every year in the United

Continued on Page 62 ►

Is Coaching Right for You?



1. Do you enjoy solving complex problems for other people?
2. If given a choice, would you rather build a relationship than complete a task?
3. Have you ever run a new business before?
4. Do you have enough finances to support yourself for 12-18 months as you build your practice?
5. Would you consider yourself a high risk taker?
6. Have you held a management or leadership position in a company before?
7. Do other people come to you for advice about relationships, communication, coping with change, career issues, marketing, finances, sales, or work-life balance?
8. Are you comfortable marketing and selling yourself as an expert or leader?

If you answered "yes" to all of these, then a career in coaching may be right for you.

Know the Expenses



Initial Start-up costs

One-time costs

Incorporating your business	\$300-\$1,000
Office equipment & supplies	\$500-\$2,000
Corporate identity package	\$300-\$1,000
Business cards and letterhead	\$150-\$500

Sales & Marketing Activities

Average Annual Costs

Regular networking meetings	\$400-\$1,200
Business lunches	\$500-\$2,000
Website design and hosting	\$300-\$2,000
Printing marketing materials	\$500-\$1,500
Professional development	\$200-\$1,500
Additional phone line	\$200-\$600
Office supplies	\$400-\$800

— Continued from Page 61 —

States. Companies in their first few years of business have a strong need for coaching to help them focus their time and energy, clarify their vision, take action on their ideas, and create a specific plan for implementing their business plans. Unfortunately, many entrepreneurs are idea rich and cash poor. You have to quickly identify which ones have money for your services. One way to do this is to ask about their background. People who come from a management level in corporate America are much more likely to recognize the benefits of using other professionals to increase their speed to market and to focus on their core competency.

2. *Small-Business Owners.* 84% of companies in the U.S. are small businesses. Three out of four people work at a company with less than 100 employees. Small businesses face the common challenges of managing growth spurts, developing internal leaders, handling family conflict, improving communication skills, reducing the chaos in their company, and increasing their revenues. The key to selling your services to small-business owners is to quantify the results whenever possible.

3. *Professional Service Firms.* Whether your prospects are law firms, accountants, physicians, dentists, chiropractors, contractors, or financial planners, professional service firms all face similar challenges: building their practices, coping with partnership conflicts, increasing their referral base, working on their business, not just *in* their business, and balancing work and life.

4. *Managers.* New managers need basic leadership skills and strategies for effective communication. Sales managers need coaching to remain motivated and learn ways to better manage their people. Senior managers can use coaching to help them keep up with the rapid pace of change and relating to the younger generation of workers.

At first glance it may look as if most of these groups only need business or executive coaching, but these people want more than just improved performance and increased company profits. They also want personal coaching to help them improve and enrich the quality of their lives.



Correctly Position, Package, and Price Your Services



The next step in launching your

business is to determine how you will position, package, and price your services. Highly successful professional coaches recognize that they are not in the business of "coaching" — they are in the business of solving problems! I came across a coaching website the other day that listed on their home page over 20 different programs, packages, and services and the prices for each one. People do not care about the different packages you offer. If the truth was told, they don't really care that you're licensed, certified, registered, or accredited.

When it comes to hiring a coach, people only care about three things: the benefits they receive because of your services, the value you provide during the relationship, and the results they achieve because of your coaching. They have a problem and they need to know if you have a solution, period.

Imagine you want to put an addition onto your home, so you call up a carpenter and have him come over for an interview. He shows up with two great big duffel bags and, after dropping them in the middle of your living-room floor, proceeds to take his tools out one by one and explain what each of them does. What would your response be? You would probably throw the guy out. Why? Because you don't care about what tools he uses to complete the job. You want to know: Has he done this before? Were his previous clients happy? How long will it take? Will the roof leak? Will it look pretty? You don't care about the tools or the process he uses; you care about the results.

While this story may sound funny, this is exactly the same mistake most coaches make when they talk to prospects: They try to sell their tools. Your coaching is the tool or the process you use to solve problems and achieve results. Don't sell the process; sell the results. Focus on the benefit, and talk about the value your clients receive.

Some of the results and benefits of your professional coaching could be:

As a Business Coach: 75% of my clients report increasing their productivity by more than 30% in less than 90 days.

As a Relationship Coach: partners tell me they experience significantly less conflict and more satisfaction in their relationship after just four coaching sessions.

As a Career Coach: my average client increases salary by more than \$25,000 a year after working with me

for three to four months.

As a Sales Coach: the typical sales professional who works with me increases his or her annual sales by 25%-35% within six months.

How do you get these kinds of results? Two ways: One, set up measurable goals at the beginning of your coaching relationship (how can you justify the expense to your clients and prospects if it doesn't make a significant difference in their life?), and two, be sure to ask your clients on a regular basis what results they have experienced through the coaching process.

To build a successful coaching business, you cannot make the mistake of focusing on the features. When you focus on the features, you become a commodity. When you become a commodity, you start selling on price. When you start selling on price, you have to lower your profit margin, which makes you vulnerable to every competitor who is willing to accept a profit margin lower than yours.

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Create a Go-To-Market Strategy

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A "Go-To-Market Strategy" includes developing a business plan, creating a marketing budget, and outlining the specific strategies you are going to use to reach your ideal market. Here are four important questions you must answer while building this strategy:

- What are the daily and weekly sales and marketing activities you should be engaging in to help your business grow?
- What are your anticipated expenses, your sales goals, and your path to profitability? (See Know the Expenses, page 62.)
- Why should someone buy from you and why should he or she buy from you now?
- What are the specific benefits and results you offer your clients?

Counting the cost and anticipating expenses is a critical step in creating a financially successful business. My research shows the average successful coach invests a minimum of \$5,000 to \$10,000 his or her first year in business, and 75% of coaches continue to invest \$200 to \$500 every month on sales- and marketing-related activities.

You must select specific marketing strategies and set up a time frame within which to implement them. One of the easiest ways to do this is to set up a 12-month marketing calendar. For

Top 5 Mistakes Most Coaches Make

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1. Believing in the Myth of the *Field of Dreams*

If you recall the movie *Field of Dreams*, then you will likely recognize this phrase: "If you build it, they will come." When applied to starting a business, it's the false belief that if you start your coaching company and tell your friends and family about it, then it will grow all by itself, and all you need to do is sit around and wait for people to line up at your door.

2. Failing to Focus on the Functions

There are four fundamental functions of running a successful small business:

- **Entrepreneur** — setting the vision for your business.
- **Manager** — keeping the day-to-day operations running smoothly.
- **Sales & Marketing** — building relationships with referral sources and landing new clients.
- **Service** — actually doing the coaching, consulting, speaking, or training.

3. Not Testing and Retesting Your Marketing Efforts

Every marketing effort you make should include at least one or two things you are testing. If you decide to send out 1,000 postcards to prospects on your mailing list to invite them to sign up for a free coaching session, simply develop two postcards with two different invitations, divide the list into two groups and track the results.

4. Starting Out with a Lack of Funding

The greatest outlay of cash comes in the first 12 to 18 months of starting up your coaching or consulting business, but that doesn't mean you can stop spending money after the first year. Building a successful business means continually investing 15%-25% of your revenues back into sales and marketing.

5. Trying to Be Completely Self-Sufficient

Many coaches waste far too much of their precious time, energy, and potential profits trying to do everything for themselves as a way of "saving money." Asking for help is not a sign of weakness; it's a sign of strength, success, and wisdom. Use other professionals (like graphic designers, website developers, or sales consultants) to increase your effectiveness and so you can focus on your core competency.

each month, list the specific sales and marketing activities you are going to participate in, the anticipated costs, and the expected income.

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Take Action and Accept Accountability

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Ultimately, your success or failure is a direct result of your ability to take action on your plan and willingness to be held accountable for your progress. The other steps are critical, but they are not sufficient. They will provide you insight, but insight without action and accountability leads to frustration and failure. You need both action and accountability.

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Building a financially successful coaching or consulting practice requires a lot of time, energy, and money. It follows the same principles and has the same challenges as building any other small professional service business. Whether you are just beginning this journey or have a well-established practice, I

would enjoy hearing from you about your experiences and challenges. Here's to your continued success! ■

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To learn more about Stephen Fairley, his bestselling book, or to contact him, please visit us at www.AdvantEdgeMag.com/004.