

## **5. Pricing – get clear on how to set individual and corporate fees and set yours!**

The objective of this teleclass is to support you in setting your coaching fees. Pricing can be a tricky topic for a lot of coaches as often I've seen that it brings up questions about our worth. It also brings up questions about ethics – when is it ok to charge?. At the same time, for many, being a coach is also being a business person. Lets say I have a lovely bookshop that people love spending time in and yet I sell my books at a much lower price than it costs me to run my shop or if I even give them away, my shop will close down and the people who loved coming to my bookshop will have to find somewhere else for inspiration. I'm sure you get my point! We have to somehow find the balance.

### **The 6 factors to consider when setting fees**

#### **1. Your bottom line**

How much income do you need to generate a year before tax? This is the annual minimum a year that you need to create that covers what you consider to be your basic expenses below which you will not go. This will be different for each of us. For some of us a holiday will be something we can forego for others it won't be.

How much income do you want to generate in a year before tax? This is the annual income that you would like to generate that gives you a lifestyle you would really like to have. Will 1 on 1 coaching account for 100% of that income? Or are you planning to have more of a portfolio career as a coach? E.g. facilitating workshops, consultancy etc.

Whatever the amount is that you are going to generate each year, please remember to add an amount for what it will cost to run your coaching business e.g. a coach for you, your training, supervision, website, business development costs, books, events etc. That could be anywhere from £8,000 +

#### **2. The Services you offer**

By this I mean:

- How many clients are you going to work with at any one time? 5, 10, 15
- And how many times a month will you work with most of your clients? Twice a month, three times a month? And how long will each of those sessions be?
- Will sessions be face to face or on the phone? If face to face and you are travelling to your clients that is normally more expensive as it involves travel time for you.
- How many days a month do you want to coach?
- How many weeks holiday will you take a year roughly?

#### **Lets look at an example now:**

Lets say I want to work with 20 clients, twice a month for 45 minutes each time and for 10 months of the year . The amount of money I need to generate before tax is £50,000. So 45 minutes x 40 (the number of sessions I'll hold a month) divided by 60 to get the number of hours per month x 10 (the number of months I'm working each year) = 300 hours of coaching a year. £50,000 divided by 300 = £167 per hour or £250.50 per month. **That will have to be my minimum fee or I won't be able to support myself.**

**For some of you that may sound perfect for others amongst you you may feel that that is uncomfortable and will take you away from the type of clients you would like to help. So please consider the other factors below.**

### **3. Your Belief!**

For maximum success, the fees you charge need to be congruent with your level of belief and confidence in yourself and your coaching. I do not believe you can, nor should you, "fake it until you make it" with regard to fees. If there is a discrepancy between what you think/feel/believe and what comes out of your mouth, your prospective client will pick up on it (at least subconsciously) and won't buy. As time progresses and you become more experienced your belief will grow and you can raise your fees. At the same your fees can't be lower than the minimum that you need to live. It may be that in order to find a happy medium that you may choose to coach a higher number of people to begin with in order to be able to charge a fee you are comfortable saying.

### **4. Who you are coaching and what you are coaching them on.**

Obviously those two points play a big role in determining your fees. For example a person who coaches CEOs charges a different fee that one who specializes in coaching people struggling to get back into work. You need to determine fees that are congruent with your target market and the results/value they receive from your coaching.

### **5. Your Geographic Location**

Coaches who market to people in an area where prices are generally higher and coaching is widely known and accepted can charge more than coaches who live in an area where coaching is new and the cost of living is less.

### **6. Your Experience**

Do all coaches have the same level of experience, skills and knowledge? Of course not! Yet another reason why you can't base your fees on what others are charging. Generally, the more experience you have helping clients achieve the results they desire, the more you will be able to charge, and the easier getting these fees will be.

Also, the more experience you might have that is relevant to your niche prior to coaching will impact your ability to command certain fees.

### **Three Tier Pricing**

Most coaches benefit most when they have three fees available to prospective clients. To keep things simple, let's call them low, medium, and high. I outline these below, but first let's cover the benefits of having three tiered pricing.

#### ***Gives The Client A Choice***

The more opportunities a client has to choose during the sales process, the more likely they are to trust you and invest in your coaching.

#### ***Appeal to A Wider Range of Potential Clients***

A percentage of people within your target market are "premium buyers." Money is of little or no object to them and they want the best of everything. You want to have coaching packages that appeal to these types of people. Other people are more sensitive to price.

#### ***Tiers Allow Perspective***

Is £300 per month a high or low fee for coaching? Does it sound like a lot or a little to your prospective clients? The fact is, you do not know! However, if you compare £300 per month to £500 per month, suddenly £300 per month sounds like a bargain! Having a second price immediately changes the meaning of the first price.

### **How to Set Your Fees**

The most effective way to set your fees is to begin with the middle tier.

**Step 1: Write out your monthly coaching fee and the services you offer for that fee. In order to determine your middle tier fee please work through factors 1 to 6 above.**

#### ***Example:***

£300 per month 3 - 40 minute telephone coaching sessions. Unlimited email access

**Step 2: Set your High Fee at 30% - 66% higher than your Middle Fee** In the example above, the High Fee might be £425 per month. Outline the services you would provide at your High Fee.

#### ***Example:***

£425 per month 3 - 60 minute telephone coaching sessions Unlimited email access "Just In Time" coaching as needed

**Step 3: Set your Low Fee.** We recommend this fee be at no less than 50% of your Middle Fee and 25% is often more appropriate.

#### ***Example:***

£200 per month 2 - 40 minute telephone sessions Limited email access

Note: You will notice that the highest "hourly rate" is the Low Tier at £181 per hour. The lowest hourly rate is the High Tier at £141 per hour.

## **Quoting Your Fees**

When quoting your fees, I strongly recommend that you quote your High Fee first, then your Middle Fee. Do not quote your Low Fee up front. This Fee is only made available to truly price-sensitive buyers who you really want your coaching (and you want them), but they absolutely cannot afford your fees. It is important that you have tried to coach to their objections before you offer your low fee.

The reason to quote the High Fee first, is then your Middle Fee seems "low" by comparison! If you just quoted one fee (your middle) it may seem high, as they have nothing to compare it to. When compared to your High Fee, it automatically seems more reasonable.

The other important point is to quote "What they get" before you quote the fee. The prospective client to know what they are getting first!

## **Corporate Fees**

Corporate fees are much easier as there tends to be a standard pricing structure already in place. If you charge way below this, it will raise a question mark for potential corporate clients.

Corporate coaching fees for large corporates are £500 per hour and facilitation rates for large corporates range from £1,500 to £3,000 a day depending on what you are facilitating for them. For medium sized companies the coaching fees obviously come down considerably and you would be charging in the region of £350 per hour.

Bear in mind that 1 on 1 coaching in corporates is used for their executives and high potentials and it is a big investment for a company to make. The fees can sound very attractive and there is a lot of work that goes on in creating and maintaining the work with the companies that is unpaid. So probably at the end of the day your hourly rate is the same. It comes down to decisions about the type of people you want to work with and how you want to work. For example corporate coaches may spend less hours coaching than personal coaches and they may spend more time nurturing the relationships that they have with their corporate clients. Corporate coaches may be involved in bigger more intense projects and then have a few months off, whereas personal coaches tend to work at a consistent pace all year round.

Looking forward to speaking on Monday!

Best  
Zoë