Internal employee—hired as an employee by a company to coach their fellow employees; although the number of these positions is growing, it is currently very competitive.

External—operates as a sole proprietor or small business owner, responsible for all aspects of business. External contract—operates as a freelance coach, taking work from one or more coaching companies. Integrated—you are not a coach by title but are weaving coaching skills and tools into the job you do.

6. Create Fee Structure

Coaching may simply be part of your job, in which case no fee applies. On the other hand, you may be required to account for time, and hence cost, allocated to coaching in your organization. For this purpose it's worth finding out what coaches in external coaching practices charge. If you are an external coach or internal contract coach, a credible and appropriate fee structure is important. Setting fees is a relatively simple process, because the market will determine what the appropriate fee is for your niche or specialty. Beyond that, you will need to set income goals that are in line with the number of coachees you would like to have and what they are able and willing to pay.

Questions to answer before setting your fees:

What is the market rate for the type of coaching you are doing? To find this information, do a search of coaches in your region on the coach referral sites; create a spreadsheet of services offered and prices charged. Tally the amount each coach is charging for each of the services they provide and then determine the average rate being charged. Remember that you may not be able to charge top rates if you are just starting out.

Research

How much do you want and need to charge for your coaching?

To answer this question, first answer these questions:

A. What was the initial cost of your infrastructure? Divide that number by 12. What is the monthly upkeep of that infrastructure? Add the divided number to the monthly number.
B. What is the cost of your monthly marketing?
C. What is the cost of your monthly phone bills?
D. What amount of money do you need to make to support your life or contribute to your household?

After answering these questions, add up the amounts (F, below), then add 10 percent to 25 percent depending on the amount of taxes you will be required to pay on the income. This amount is how much you must make per month.

To then determine how much you need to charge for coaching, divide the amount you must make per month by the number of coachees you will have.

Formula: A + B + C + D = F × tax amount = G ÷ number of coachees = H

H = amount you must charge each coachee per month

Example: Joe is a new coach who has decided to work out of his home. He spent $1,200 setting up his office and the cost to maintain Internet service, web site hosting, and so on equals $150 per month. He has decided to spend $200 per month on marketing and his phone bills are $150 per month. He needs to contribute $4,000 per month to his household income. His equation would look like this:

$250 + $200 + $150 + $4,000 = $4,600 × 1.25 = $5,750
(4,600 + 1,100 in taxes) = $5,700

$5,700 ÷ 20 coachees = $287.50 per month

Ⓧ Value not charge

Joe needs to set his one-on-one fees at $300 per month if he wants to coach 20 people per month and meet his financial commitments.

Is the rate you would like to charge doable for the niche you have chosen? Answering this question requires you to do some market research. You already know what coaches in your region are charging. Using the same resources, you can determine what coaches in the same niche are charging. This will offer practical insights into what fee is appropriate. You could also determine the kinds of salaries people in your niche are earning, especially if it involves a particular profession. You can find much of this information on the Internet.

Remember that if you are offering coaching services to people who are employed, are in partnerships, or are self-employed, their employer may either meet the cost of coaching or they may be tax deductible.

How to Bill
* Receive payments
* Contracts for payments
Boundaries

Fee Structure

It is recommended that, to avoid confusion, you have no more than three fee options for coachees. Usually coachees will choose the middle option.

Sample fee structure:

- In-person coaching four times per month with unlimited telephone access to your coach in between calls for $400.
- One-on-one telephone coaching four times per month with unlimited e-mail access to your coach in between calls for $300.
- Group coaching twice per month for an hour with five other coachees for $150.
- You can set your own variations on these fees based on the information you have gathered.

Programs
PKgs