

SHERPA EXECUTIVE COACHING

2010 Executive Coaching Survey

THIS IS A SPECIAL REPORT ON EARNINGS
FOR EXECUTIVE AND LIFE COACHES,
COMPILED FEBRUARY 2010 AS PART OF THE
FIFTH ANNUAL SHERPA EXECUTIVE COACHING SURVEY.

Some introductory material from the master report is included herein.

If crisis is a test for leaders, 2009 was a final exam. Some organizations didn't make the grade. There were those who didn't make it to 2010. Some senior executives opted for retirement, because it just wasn't fun anymore.

Those who remain as leaders in a recovering economy continue to develop new leaders and invest in their people. Emerging leaders must learn how to listen and communicate well, deliver clear expectations and make accountability a positive force in the workplace. Ideally, executive coaching creates those positive changes in business behavior in a limited time frame.

Each year, the Sherpa Executive Coaching Survey offers insight into leadership development and executive coaching. For the fifth year in a row, the survey has gathered information from coaches themselves and from those who hire them.

- Our master report on executive coaching is available for download at sherpacoaching.com
- This special report on coaches' earning is our first.

Since this survey deals with executive coaching, any findings or response rates attributed to coaches come from executive coaches only. In some cases, we provide responses and data from life and personal coaches. These findings are always clearly identified as such.

Most respondents are from the USA and Canada, so findings more readily apply to coaching in North America.



MIAMI UNIVERSITY



Tandy Center for Executive Leadership



Comments from a Coach

A new feature this year, "Comments From a Coach", shares what people told us about the state of coaching in 2010: Those comments are always clearly labeled and placed in a sidebar.

2010 Executive Coaching Survey

Report on Coaches' Earnings: February 2010

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Executive Summary

 With America's largest generation about to retire, leaders are paying serious and heartfelt attention to lifting up those who will follow them, and to creating new rising stars. It's a serious matter, and older executives take it as such. Change is in the air. Executive coaching is a personal service designed to help with those changes.

When you understand executive coaching, you'll have a better grasp of new services that spin off from one-on-one coaching. Coaches are offering workshops and seminars which teach coaching skills to managers and executives. They also offer team coaching, a process that gets an entire leadership team on the right track.

The Sherpa Executive Coaching Survey is in its fifth year. Based on an ever-increasing body of knowledge, the 2010 survey accurately identifies changes and trends in industry practices. Each year, questions are refined and questions are added, allowing for more precise isolation of trends and their root causes.

2010 Executive Coaching Survey

What Is Executive Coaching?



It's not clear to everyone what coaching really is. Consultants, trainers, mentors and counselors use the term 'coach' to describe their work.

So you'll know what this report is about, let's share a widely-accepted definition of executive coaching:

"Executive coaching means regular meetings between a business leader and a trained facilitator, designed to produce positive changes in business behavior in a limited time frame."

This definition clarifies:

- who coaches are
 - what coaches do
 - when things happen
- trained facilitators (not acting as consultants, counselors, trainers or mentors.)
produce positive changes in business behavior.
on a set schedule within a limited time frame.

Executive coaches, as a general rule,

- do not share their own experience (as do mentors),
- do not give advice (as do consultants),
- do not impart specific knowledge (as trainers do) and
- avoid personal issues. (the role of a counselor, therapist or life coach)

Comments from a Coach

I have been in discussion groups with professional coaches and consultants who are unable to define what they do or identify the boundaries between the two processes.

Why Are Executive Coaches Used?



In the early days of coaching, an executive who wasn't living up to expectations was the most likely to be assigned a coach. There was a certain stigma attached to coaching: "You have a coach. You must be having some problems."

For five years, the Sherpa survey has asked coaches, HR professionals and coaching clients to share the ways they saw coaching used. There's been a clear trend. Coaching is widely used as a leadership development tool. More coaching is now devoted to developing upcoming talent, and a smaller share of coaching is designed to address specific problems.

As a result, having an executive coach can be a status symbol, the mark of an up and coming leader being groomed for greater possibilities: "You have a coach. You must be something special."

Over five years' time, the use of coaching 'primarily for leadership development' has picked up from 43% to 53%, while coaching to 'address a specific problem or challenge' dropped from 37% to 29%. A smaller group tells us that executive coaching is most needed by people in transition: promotions, transfers and new hires.



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Who Gets a Coach?

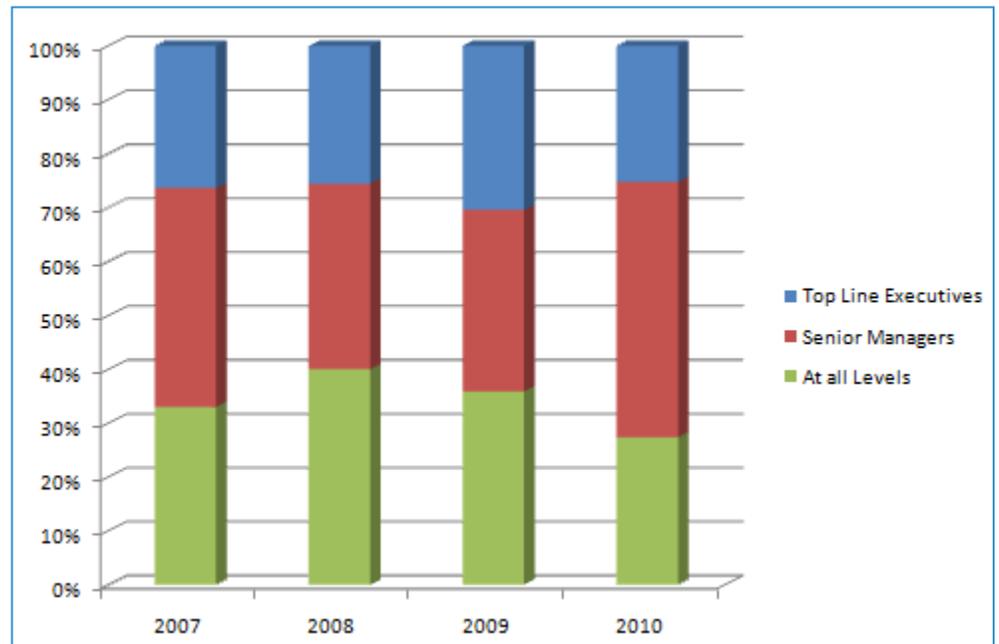


All ships rise and fall with the tides of the economy. Our 2010 report reflects a sea change in the way executive coaching is used. Lower-level managers had received a larger share of coaching services each year for a number of years.

Last year, we noticed a slight trend back toward coaching reserved for senior managers and execs, and offered: “If this is a function of tight budgets and a lean economy, we’ll see further changes in our 2010 study.”

We had no idea how large this shift would be. In our 2009 report, 34% of the organizations who used coaching allowed people ‘at every level’ to participate. That number fell to 27% for 2010.

That’s a relative change of 20% in the way coaching is allocated in just twelve months’ time.



While only 61% restricted coaching to senior managers and executives two years ago, 73% of employer-paid coaching was directed strictly to senior managers and executives this year. Organizations realize how much leverage their top leaders have, and will keep investing in them, even as expenses elsewhere are being cut.

Comments from a Coach

Organizations are becoming more selective about who receives coaching.

They have become educated consumers.

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Where's the Money?



Buy or rent? That is the question. Executive coaches come in two types: employees of an organization who provide services to fellow employees (internal coaches) and independent service providers (external coaches).



85% of organizations who hire coaches will use a combination of internal and external service providers. 4% rely exclusively on internal coaches. 11% use external coaches only. This division of labor between staff and outside services saw a change in this year's survey, with external coaches gaining 5% of market share.

The number of executive coaches who report employers paying for some or all of their engagements jumped 5% in the past year, too. Globally, coaches working exclusively with 'employer-paid' clients are now 62% of the population, up from 49% in our 2006 report.

Some of this recent jump in employers' funding of the industry would be a result of individuals making hard decisions in a tough economy, and dropping coaching services they paid for themselves. Executive coaches and life coaches alike are seeing far fewer private pay clients this year. The balance of the increase comes from organizations that have had good experiences with coaching, and continue to invest in it.

How much do people pay for executive coaching? Two years ago, HR professionals reported paying an average of \$285 per hour for coaching services, a peak in our surveys. In each of the past two years, however, hourly rates have hovered around the \$200 mark.

We know what people pay for coaching, and what independent coaches say they charge. Executive coaches report that they charge an average of \$300 per hour, almost \$100 more than what purchasers tell us they pay. Why the discrepancy? It could be that coaches quote their 'list price', and buyers report what they are actually charged. Taking another view, this discrepancy may simply show that coaches who charge lower rates get hired more often.

Comments from a Coach

I have fewer clients this past 15 months. Potential personal clients do not have the financial resources and organizations are in-sourcing training and development as opposed to outsourcing.

2010 Executive Coaching Survey

Annual Earnings for Executive Coaches

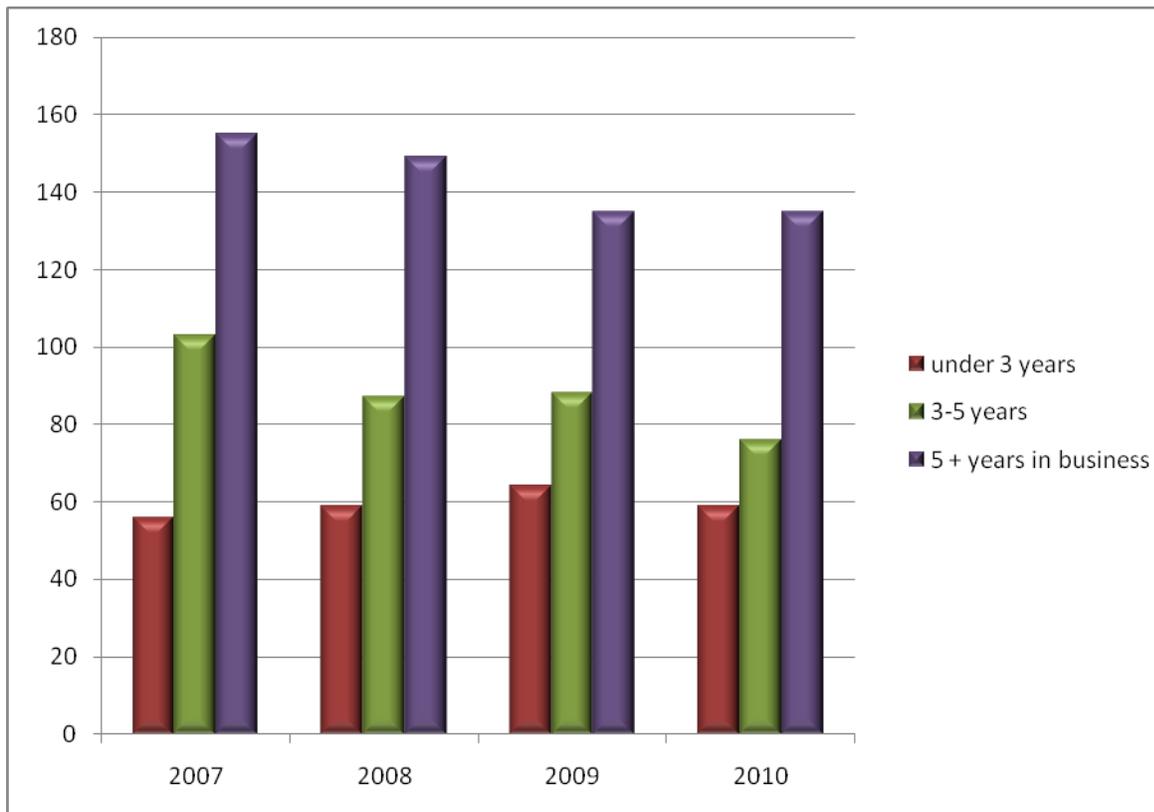


More experience means more money for executive coaches. Veterans make far more than new entrants. But that doesn't mean that everyone makes more money every year.

For the most part, earnings have been dropping for coaches, year on year. Here are annual earnings for executive coaches, by the length of time in business:

Annual earnings for executive coaches

(In thousands of \$USD)



Annual earnings were down 8% for coaches in business under 3 years, returning to the levels of 2 years ago. This is a function of the number of clients served. Moving from our 2009 to our 2010 report, 10% of executive coaches in business 1-2 years saw a significant drop in the number of clients served, and 20% of those in business 3-5 years saw a drop in client counts. Because client counts went down in a big way, earnings for 3-5 year veterans took a 14% drop in our 2010 report.

Earnings were flat for coaches in business five years or more, after a 10% drop last year. For the first time, we were able to gather information from coaches who claimed more than 10 years in the business. Their annual earnings were \$149,000, as opposed to \$118,000 for coaches in business 6-9 years.

2010 Executive Coaching Survey

Coaches' educational background seems to influence the number of clients they work with and who pays the bills. We divided coaches in to four backgrounds:

- formal classroom training and certification,
- personal experience,
- formal education unrelated to coaching and
- self-study or online training.

Who has the most clients? Coaches whose background is 'personal experience'. These coaches are more often veterans with 10 to 20 years of experience. They started early on, when training and certification was not widely available, and the best of them have stayed in business. Accordingly, they have more clients, on average. Classroom certified coaches run a close second.

Who has more employer paid engagements? Again, it's the veterans who started before training was widespread. Among coaches with specific training, classroom trained and certified coaches get more of their paychecks from employers.

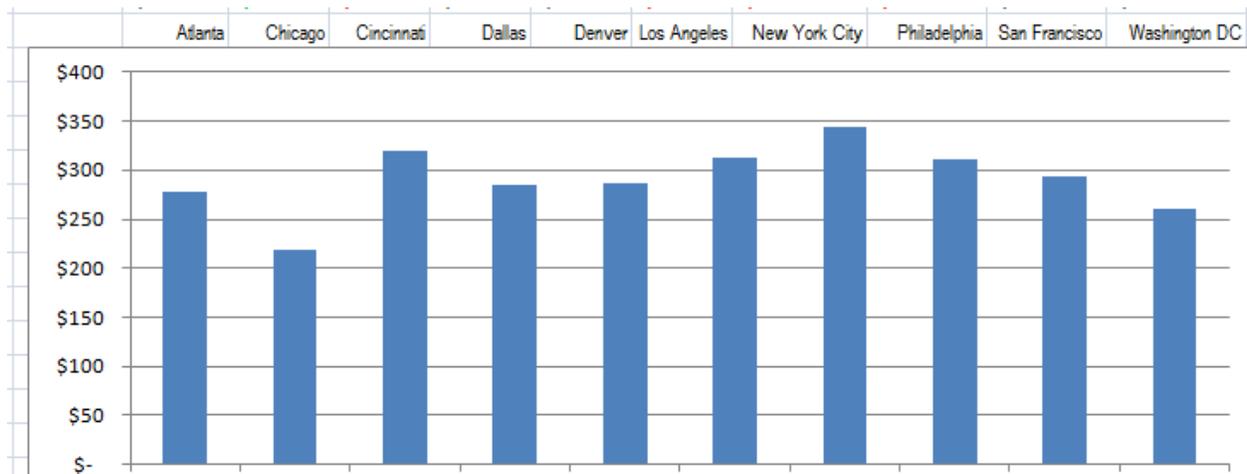
BACKGROUND	# clients per week	Employer paid
Classroom certification	6.7	60%
On line training / self study	5.5	50%
My own experience	6.9	65%
Education unrelated to coaching	5.9	72%

2010 Executive Coaching Survey

Metro areas – where is coaching hot?

For the first time, we asked coaches and their clients to provide a metro area in which they work. Well over 500 people did, providing enough information to justify drawing a few conclusions. In Canada, Toronto, Vancouver and Calgary showed the most activity. In the US, ten major markets stood out, providing more feedback about coaching than the others.

Here are the top 10 metro markets for coaching in the US, and the average hourly rates coaches charge in each city.



Our sample is relatively small, so we'll compare results next year for consistency, and look for trends.



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US Regions - who pays most for coaching.

For years, we have been able to break out answers and attitudes about coaching by country and by region in the US. Hourly earnings for executive coaches, surprisingly, show parity across the US and Canada.

Coaches make more money in Canada and the Southeastern US because they work with more clients. Here's how earnings look. by region.

US Midwest	avg rate	clients/wk.	\$ per year
	\$ 307	6.4	\$ 98,165
US Northeast			
	\$ 327	5.8	\$ 94,913
US Northwest			
	\$ 340	6.55	\$ 111,470
US South Central			
	\$ 330	6.4	\$ 105,496
US Southeast			
	\$ 308	7.57	\$ 116,637
US Southwestern			
	\$ 317	6.32	\$ 100,298
Canada			
	\$ 316	8.32	\$ 131,373

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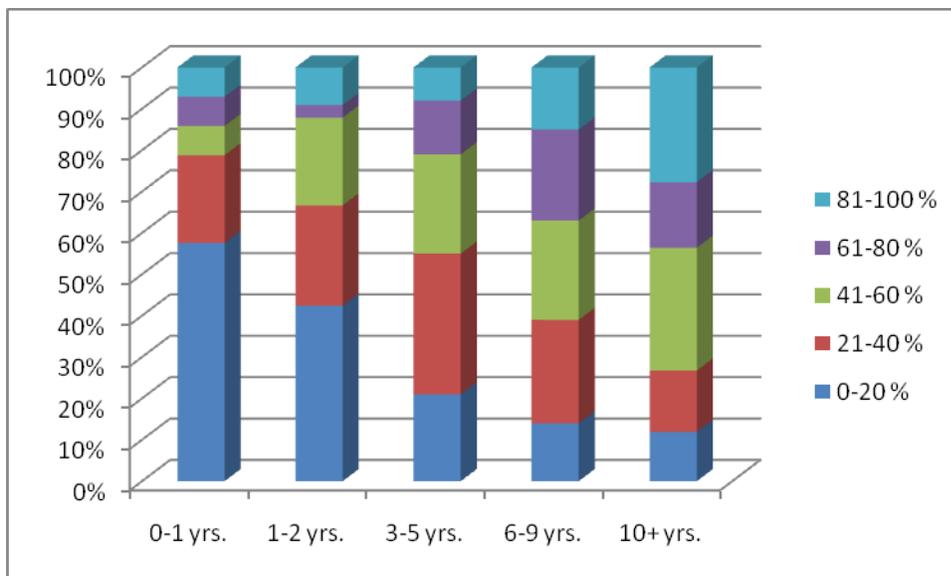
Who is Coaching, Who's Selling?



So, how much time do people actually spend coaching? We asked that question for the first time in this 2010 report. What we found is this: The longer a coach has been in the business, the more time they will actually spend coaching. The following chart shows coaches, new entrants to the left and veterans to the right, and the percentage of their time that each group spends actually delivering coaching services.



Time spent coaching, based on years in business:



What do new coaches do when they are not coaching? We'd expect that they would actively engage in selling or promoting their trade, even as full-time internal coaches. That's not what coaches tell us.

New coaches, apparently, are handling 'other duties as assigned.' Coaches with no seniority spend the same number of hours in selling or promoting services as do their seniors.

In every seniority bracket, only a small number of coaches spend 40% or more of their time in promotion.

Comments from a Coach

Great coaching has a great reputation, but coaching in general is suspect. There are too many "coaches" with some knowledge, little experience and no wisdom.

You can identify a great coach by the lack of marketing effort. There is a trail of breadcrumbs left by those who seek their wisdom.

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Annual Earnings for Life Coaches



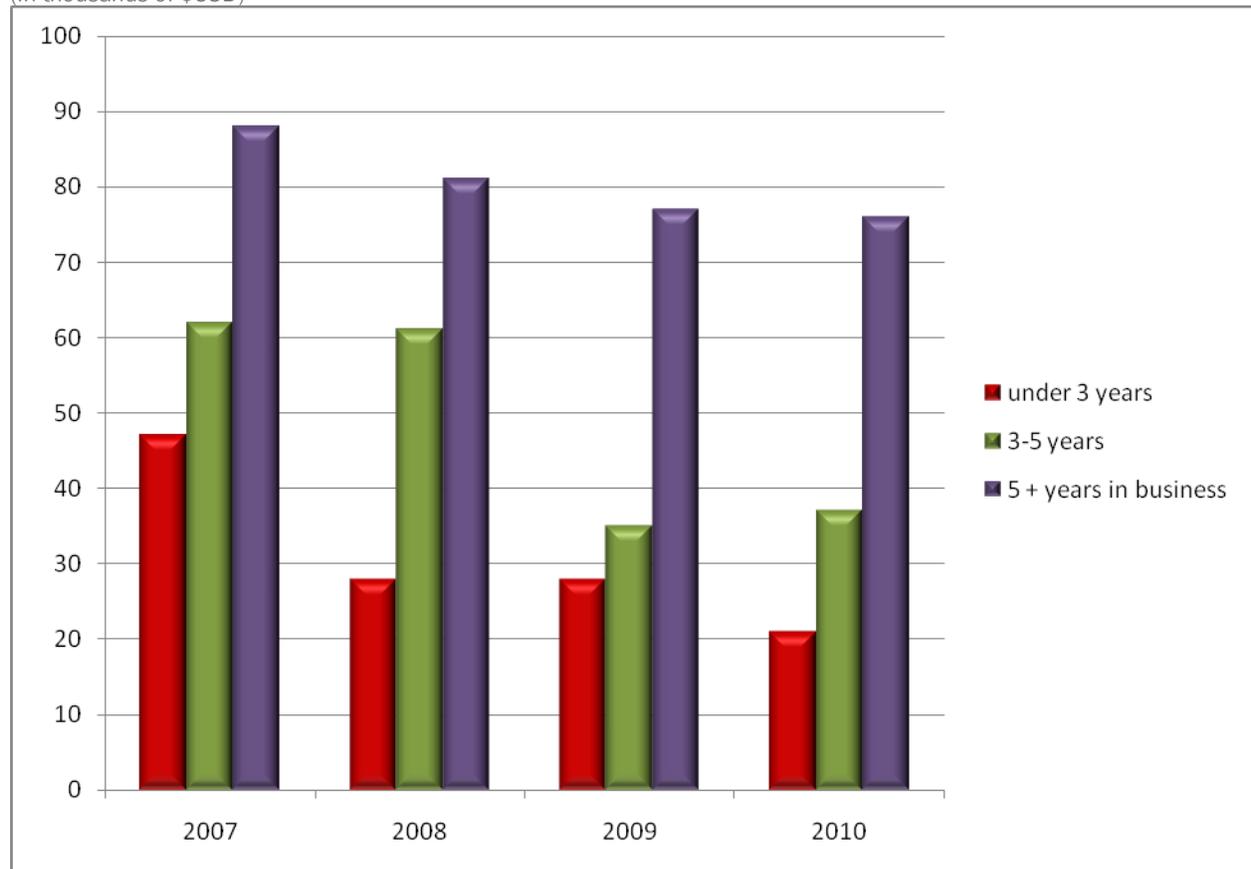
This survey is about executive coaching. Over the years, enough life coaches have participated at a level we can't ignore. Accordingly, the findings we present for life coaches are clearly labeled as such, and are presented as a courtesy to the industry, which lacks other sources of information. Here's what they told us about the money they make:

In a down economy, earnings appear to be under heavy pressure for life coaches. To a large degree, they are paid by clients, rather than employers. In a tough economy, that's a discretionary expense that falls off the list first.

For the third year in a row, we have seen steep drops in some life coaches' annual earnings.

Here's a look at annual earnings for life coaches, based on their seniority:

(In thousands of \$USD)



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Here's the way life coach earnings have looked, by seniority, for the last four years. Year on year reductions of more than 20 percent are highlighted in red.

Tenure	2010 survey	2009	2008	2007
Under 3 years	21,700	\$28,200	\$27,000	\$47,000
3-5 years	37,100	\$35,230	\$61,200	\$62,500
5 or more years	76,500	\$77,000	\$81,700	\$88,950

This year, we see a precipitous drop in earnings for newer life coaches, those in business 1-2 years. Hourly rates for life coaches in business 2 years or less hit a record low in our five year survey, down to \$114. Annual earnings for entry-level life coaches have dropped over 50% in just three years.

Last year, earnings for life coaches in business 3-5 years plummeted, losing over 40%, as well. Coaches in business 3 years or more earned less, year on year, but their hourly rates have remained steady for the last five years.



On a positive note, earnings for veterans, those in business over 5 years, remained fairly steady again this year.

Unlike executive coaches, whose earning power increases after 10 years, life coaches in the 5-9 year range earn just as much as 10 year veterans

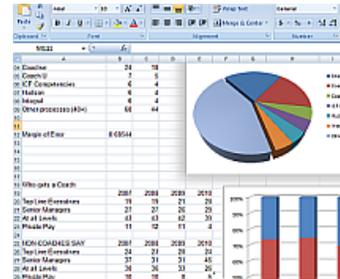
A cautionary note: These figures are self-reported by life coaches who took the Sherpa executive coaching survey, and our sample size may create a margin of error of 10 percent or more. The changes are dramatic enough that we feel compelled to report them.

2010 Executive Coaching Survey

Methodology



Every year, the Sherpa Executive Coaching Survey gathers information about executive coaching, from coaches and those who hire them. Participants came from the US, Canada and 45 other countries. This special earnings report is a part of that research, and based on the same set of data. A master report on coaching is also available at sherpacoaching.com.



IQS Research of Louisville, Kentucky (USA) validated the survey and its design and hosted the survey. IQS Research flagged and discarded responses deemed invalid or duplications. Once data was collected, Sherpa Coaching analyzed the results using software developed specifically for this project.

Survey sponsors included the Georgia Center for Continuing Education, Miami University's Community & Corporate Institute and the Tandy Center for Executive Leadership at Texas Christian University. They also invited HR professionals and training specialists.

A detailed statement of methodology is included in our 2010 Executive Coaching Survey, published January 2010 and available at www.sherpacoaching.com.

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Survey Sponsors



Sherpa Coaching is based in Cincinnati, Ohio, USA.

- For managers and executives, Sherpa offers one-on-one coaching.
- For leaderships groups and teams, Sherpa conducts workshops based on their university texts.
- For coaches, Sherpa offers training and certification on campus at several major universities.

More information is available at sherpacoaching.com



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