

# **The Marketing of Professional Coaching: An Eleven Year Perspective**

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It is quite a remarkable and revealing exercise to revise an analysis of professional coaching that was written eleven years ago (by Sheila Maher and Suzi Pomerantz) and then revised by the same two authors seven years ago. This analysis specifically focused on the marketing strategy that makes the most sense given the changing landscape of professional coaching in the United States and throughout the world. We wish to add our own analysis in 2014 to this ongoing narrative, and provide several specific recommendations to the contemporary coach about how they might most effectively market their own professional services.

## **Marketing Life Cycles and the Reality of 2014**

The original article (which is attached to this essay) concerned marketing life cycles and the status in 2003 of professional coaching. The authors observed, quite rightfully, that the practice of coaching is not new, but has been around for many centuries and in many different societies. As a “professional” practice, professional coaching is usually considered an invention of the 1980s and by 2003 was an expanding human service area which Maher and Pomerantz considered to be “mature” with regard to the marketing cycle. Was it going to soon decline – as an attention-getting but temporary “fad” – or was it to become established and sustainable?

Maher and Pomerantz proposed in 2007 (article is attached to this essay) that coaching had not only reached its maturity, but had actually declined somewhat in terms of its previous pattern of rapid growth. They recommended in both 2003 and 2007 that professional coaching could be firmly established and sustained if it provided leadership, created specific credentials for executive coaches, demonstrated return on investment, developed partnerships with mental health professionals, and internationalized executive coaching.

In the last seven years, much has happened. It’s worthwhile to review and reflect on where in the world we are at this time – our impressions, supported by some data.

Professional coaching seems to be expanding over the past five years. Growth isn’t occurring at the same rate throughout the world; faster in regions where it is a newer phenomenon, slower where it has already become established. Further, the level of sophistication with which coaching is understood also varies, by region, sometimes by industry, even by company within industry (based on first-hand experience using coaching). With such heterogeneity of experience and understanding of the possibility and opportunity that coaching presents, coaching providers must take a more thoughtful and nuanced approach to their marketing and sales activities.

## **The Current Status**

We would propose first of all that the field of coaching has now been firmly established and that it is no longer a matter of broad-based marketing cycles. Professional coaching is here to stay and the case no longer has to be made for this human service field in general. Rather, it has come down to the marketing of specific coaching services by specific coaches and coaching groups. Much as in the case of many other human service fields, it is no longer a concern for most potential clients of whether or not coaching is credible and of some potential benefit – it is now the concern of potential clients to find the right, credible coach or coaching services to address specific personal and organizational challenges. It is now less about at what point coaching is in the marketing life-cycle than about determining the best marketing strategies specific coaches can use. In building the case for individual marketing strategies we will first offer several observations about the field (building on the astute analyses offered by Maher and Pomerantz) and then offer a series of recommendations based on these observations.

### **Coaching in Organizations**

First, there has been considerable growth in the engagement of coaching services within organizations around the world. Coaching is now increasingly viewed as a perk rather than as a form of remediation. It is now a component of training and development programs, as well as an integral part of leadership development programs, in many organizations. Furthermore, coaching is now often considered one of several leadership styles (Goleman, 2000) that are of great value in contemporary (postmodern) organizations. Organizational managers, senior managers and executives are now not only benefiting from the services being offered by their own coach, but are also seeking to be more coach-like in their own engagement with other members of their organization. Thus, the coaches are often coaching leaders about how to be more coach-like themselves—it is about the coaching-of-coaching. The coaching style of leadership is promoted as a preferred management practice throughout the organization. This style, in turn, requires the development and refinement of interpersonal (emotional and social) skills that are now recognized as important for an engaged workforce. A coaching style of leadership also requires, ultimately, that a learning culture be established and sustained in the organization—the coaching style and its requisite coaching skills are intimately interwoven and reinforce one another (Evans, 2010; Jay, 2010; Rosinski, 2010). The enhancement of organizational performance that emanates from this style and culture are key factors in promoting the use of professional coaching services and aligning organizations with the assumptions and values that underlie these services.

### **Coaching as an “Established” Industry**

As coaching has expanded across the globe, it has touched more organizations and players in a variety of ways. For example, the increased recognition of the value of coaching has increased the need for organizations to sort out who to use for their coaching interventions. This is reflected by the finding that 89% of clients said that the coach-specific training a coach possessed was “somewhat important” or “very important” during the coach selection process (ICF, 2009). HR professionals are getting savvy about what will serve their organization’s best interests. For example, some service providers are offering to be a point of contact, collaborator about coach selection and resource management, even coordinators about internal and external coach engagements (Colon-Mahoney & Burns, in press). Claims of success, client lists, and specific offers of service must be vetted. Credentials are more often felt to be important in making selection decisions. In a recent ICF survey, 84% of the consumers who experienced

a coaching relationship reported that it was important for coaches to hold a credential (ICF, 2010), as is the training program that coaches have attended and completed. Coach training, once the exclusive purview of training programs, is now being delivered by business schools and executive education programs as well. With traditional educational institutions getting more involved in the coach training/education process, the number of coaching degrees granted has also increased.

Though originally less distinguishable from its human service relatives, coaching has become more differentiated from therapy, counseling and consulting. As coaching has matured, practitioners have enhanced and innovated on service provision – team coaching (for team leader and the entire team), group coaching (for non-team members receiving coaching on same areas of interest), shadow coaching (directly observing the client during interactions and providing real-time feedback and coaching), and many-on-one coaching. Across all delivery modalities, coaching continues to be a forum for judgment-free, provocative dialog that fosters reflection, insight, choice, new action, learning and self-leadership.

Coaching is increasingly in the trade and public press, speaking for its demonstrated value to clients. This positive boost to brand image has made it a more desirable service. Leaders within the industry have responded by creating situations where coaches can volunteer their coaching services which are then provided to needy clients, including not-for-profit boards.

As coaching has expanded (from 2100 in 1999 to approximately 47,500 in 2012 according to the 2012 ICF Global Coaching Study), so too have ancillary services for coaches. It's our impression that these artifacts have increased in number and availability:

- Coaching journals,
- Coaching-related blogs and newsletters,
- Coaching organizations that serve particular coaching populations,
- Sponsoring organizations and their coaching conferences (Sherpa Coaching and its annual EXCO, WBECS and its annual Summit and pre-Summit workshops, NeuroLeadership Institute and its annual Summit, Institute of Coaching Professional Organization/McLean School of Medicine and its annual Coaching in Leadership and Healthcare conference), even
- Learning networks to provide continued professional development and connections (like Gopal Shrikanth's ExecutiveCoachingIndia.org).

### **Coaching as a "Regulated" Industry**

For good or ill, professional coaching is now a field in which there is a growing consensus about skills, knowledge and ethical guidelines needed for effective practice. These could become the bases for standardizing and regulating the industry. However, this ignores unanswered questions about what regulatory agency (or agencies) for what entities (states/provinces, countries, international entities) will provide oversight. In addition, there are unanswered questions about what differences make a meaningful difference between specialties such as leadership coaching, executive coaching and business coaching. Though some university programs offers credentials in executive coaching and the Worldwide Association of Business Coaches (WABC) offers credentials in business coaching, there is no consensus on accepted standards and no agreement about who should be able to pass judgment and apply consequences that go with regulation. We don't foresee one happening anytime soon.

## **Coaching as an International Industry**

Coaching services are now to be found in most countries throughout the world. With the widespread availability of many digitally-based communication tools, coaches can now work virtually with clients throughout the world. They can build globe-spanning coaching networks that are indeed impressive and conducive to innovation in coaching practices and the formation of multiple coaching institutes, associations and information-sharing networks.

Internationalization is particularly prevalent in the field of executive coaching—work with high level leaders. We observe an increase in the engagement of executive coaches in many developed countries (for example, Australia, Belgium, France, Germany, South Africa, UK) as well as in countries that have even more rapidly growing economies (such as Brazil, China, Chile, Croatia, Mexico, India, Israel and Turkey). We also see an increase in the number and size of international networks of coaches (like those of the Marshall Goldsmith Group, MindSpan, and The Global Coaching Partnership).

On the one hand, coaching as an internationalized field enables professional coaches to learn from one another across traditional cultural divides. This, in turn, provides rich opportunities for these coaches to become globally literate and of even greater value in working with leaders who operate in a world that is no longer defined by national boundaries. On the other hand, the internationalization of professional coaching means that it is harder to nail down exactly what coaching is and how it is behaviorally defined, given the influence of culture and other human services on the field of coaching.

In some countries, for instance, psychotherapy is considered to be inappropriate for anyone other than those who are severely disturbed. Professional coaching becomes a “face-saving” alternative for men and women who are facing major emotional challenges. The comparable challenge for professional coaches becomes the skills and knowledge needed to recognize and deal with clients who are addressing major emotional issues such as personality disorders and abusive behavior (see, for example, Kets de Vries, 2014; Crawshaw, 2010). Alternatively, the challenge for these coaches is to turn away or refer clients who are in need of psychotherapeutic or psychiatric services.

## **The Marketing Strategy**

In summary, professional coaching has moved beyond the phase of fad. This field is no longer basking in the glow of newness—it is an emergent profession. Given this status, we propose that coaching practitioners position themselves in the field by carefully considering the following strategies.

Specifically, we encourage the linking of coaching practices to organizational learning, business development, professional development, health and personal growth issues. Professional coaching is no longer a “nice thing to do” or a last-ditch patch on the wounded executive. It now must link to immediate and vital priorities of the individual clients and their organizations. We also believe that professional coaching must be research- and evidence-based, with a strong dose of accountability. The individual professional coach within or outside an organization must be able to make the case for his or her own ability to be effective when working with clients with specific needs and concerns. As Bob Dunham (2011) observes, marketing is about building awareness, identity, trust and interest in the credible offers you make and are able to fulfill. Finally, we believe that successful coaching now requires an “internationalized” perspective. Even if a coach is not working with clients from other countries, he

or she must be aware of what is happening globally and culturally sensitive, given that these clients are likely themselves to be addressing global dynamics. The parochial or blindly ethnocentric coach is unlikely to get very far in the new world of flat communication networks and curved interlocking economic systems. As a coach, can you speak to these issues when you market to your target audiences?

### **Coaching and Learning**

Depending on the country, industry and company size, coaching may be recognized as one of several kinds of legitimate learning and development interventions (like training, facilitation, job aids, etc.). People (such as organizational gate-keepers and decision makers) may have an understanding that coaching isn't to fix people, that coaching might be considered a perk and best practice for executives and high potentials, that coaching is the preferred way or only one of several ways to manage and/or lead, that coaching is the preferred orientation of the company culture, etc. This suggests that practitioners need to know and understand who they are speaking to and what is already known or believed by a potential client organization. This also strongly suggests that part of our job is always educating (as well as educating ourselves about) our client or audience in addition to practicing our trade.

### **Coaching and Accountability**

This also leads us to the questions about what does coaching "success" mean, according to whom (which stakeholder(s)), and as measured by what? Success means the customer has declared 'satisfaction' but based on what? We might move away from the point of view that ROI is the only or best (or even relevant) measure of success to inquiring for that answer from our clients and customers.

The issue of accounting for the effects of coaching (as distinguished from those of other solutions) is one common to any learning and development evaluation effort. Methodological questions and concerns abound and there isn't consensus about only or best answers. Phillips, Phillips, Stone, & Burkett (2007) offer one approach as a set of principles that, when applied, enable one to make conservative, credible claims about what happened, whether it was effective/satisfactory, and to what it was attributable. There are others.

In the end, evaluation and accountability will pivot around which stakeholders' views of success matter, what that means, and how you can go about demonstrating what happened, whether it was successful and worth the investment. How, if at all, do you address this issue in your marketing? How do you speak the client's language and what's most important and relevant to them?

### **Coaching and Business Development**

As professional coaching has grown, so has the recognition that practitioners are often ill-equipped to be entrepreneurs running their coaching businesses. Multiple years of ICF surveys continue to show a high percentage of coaches who fail to make sufficient revenue to maintain independent practices. This has spawned an entire industry to provide knowledge and skills training and support for coaches' business development, including vendors and consultants with tools and other services. More recently, this has had the explicit support of ICF.

Fellow practitioners are part of this consultant/vendor group. Through their blogs, newsletters, webinars and workshops, they are offering services and activities that are designed to build a more competent and capable set of coaches who can successfully run their businesses, reorganize into larger organizations, and self-organize and collaborate on an ad hoc project basis. Offering comp services is one way to increase awareness, create identity and provide value-adding service (if you are able). Is this something you are able to provide, design and deliver? If so, what marketing efforts are you making to create awareness, interest and appetite for your offerings?

### **Coaching and Teaming with Ancillary Services**

Coaching is a particular solution designed to positively impact a specific set of root causes. Sometimes, other root causes are (also) contributing to performance issues and coaching will have little or no impact. There is value in thinking more broadly and systemically about whether you want to develop partnerships with professionals with other skill sets and aptitudes. This could include teaming with disciplines such as OD/HPT, HR, medical and mental health, accounting, finance, and IT professionals, depending on whether your client focus is organizational/professional or personal development. In both venues, the opportunity of coaching is to sustain and enhance one's capacity to be active, energetic, alert and effective. Coaching can be viewed as a vehicle for personal sustainability—before, but especially beyond, the age of 65. It can enable vital involvement in one's senior years and the accumulation of wisdom. Are there particular markets where these ways of configuring services are more relevant and urgent? Are they of interest to you? What kinds of marketing conversations could you have that highlight these potential benefits against clients' concerns?

## **Summary**

Much has happened in the past eleven years since the original Maher and Pomerantz article was published. The issue of coaching as a "fad" has been put to rest. However, issues remain concerning the credibility of coaches and their organizations to deliver on their offers. This turns on the claims we make against the background of understanding about our audience and their concerns and aspirations, as well as how well we can build trust about what we can deliver for them. If we model what we practice while coaching, we will first listen well and deeply to our (potential) client's conversations, understanding their world, with its priorities, challenges and opportunities. Do we have something meaningful and value-adding to offer? Can we create a new view of what's possible in partnership, the realization of a desired state that reflects the brighter future worth investing in? Our marketing conversations can align to those values and aspirations, setting the stage for new agreements, shared expectations, coordination of action, recovery from breakdowns, work products delivered and benefits achieved. This is a non-discretionary game worth playing and playing masterfully.

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## **Resources**

School of Shadow Coaching, [www.schoolofshadowcoaching.com](http://www.schoolofshadowcoaching.com)

[www.executivecoachingindia.org](http://www.executivecoachingindia.org)

# Commentary on “The Future of Executive Coaching: Analysis from a Market Lifecycle Approach”

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## INTRODUCTION

We, the authors, are delighted that our article was selected to be reprinted in this edition of *IJCO* and that we have the opportunity to update our thinking with this commentary. We are pleased that our article had its intended effect and sparked ongoing discussions and research about the stewardship of our profession. We hope that reprinting it will have the same effect today. The concept of product life cycle for executive coaching continues to provide a useful framework for the on-going discussion of the leadership, stewardship, and direction of our profession. In this commentary we seek to bring that discussion up to date and to provide our best thinking about the challenges that face our coaching profession today.

Executive coaching has continued to grow since we wrote the article in 2002 and published it in 2003 though the *rate of growth* has slowed as is indicative of a mature market. Nobody knows exactly how many coaches are working worldwide, as you can see from the following:

- In 2002, the *Wall Street Journal* estimated 25,000 coaches worldwide.
- In 2003, the *Washington Post* estimated 20,000 coaches worldwide.
- Also in 2003, Development and Learning in Organizations predicted an estimated

50,000 coaches worldwide by 2007.

- In 2005, *Business Wire* claimed 15,000 career coaches worldwide.
- Also in 2005, the *Dallas Morning News* reported 40,000 coaches worldwide.
- As of November 2006, the ICF reported over 11,000 members in 80 countries.
- And *The Economist* predicts annual growth of 40% a year for executive coaching.

Since there are no formal requirements for training and since there has been a proliferation of coach training institutions it is almost impossible to get an accurate count of the number of executive coaches in this country, let alone worldwide.

Executive coach training institutions and programs now number over 400. Nearly 30 universities are offering coaching certificate or degree programs. Interestingly, many business schools have begun to offer executive coaching programs at the undergraduate and graduate level. Development of these academic programs at internationally recognized business schools has contributed to consumer confidence in our profession. Graduate degree executive programs are also sponsoring an important level of research into the effectiveness of coaching interventions. Another popular trend by top business schools is to provide executive coaches for their MBA students, thus creating a crop of future executives who are already experienced users of coaching services.

## **RECOMMENDATIONS REVISITED**

In 2003 our article put forth five recommendations for keeping our profession dynamic and relevant to our client needs:

1. Provide leadership
2. Create specific credentials for executive coaches
3. Demonstrate return on investment
4. Develop partnerships with mental health professionals

## 5. Internationalize executive coaching

We look at these recommendations from today's perspective and update our recommendations.

### **1. Provide leadership**

In the past five years while executive coaching has continued to mature as a product, we have also done an excellent job of demonstrating value to our clients so that clients now come to us already convinced of the merit of coaching. We have successfully differentiated executive coaching from personal coaching or, for the most part, from therapy. *IICO* has played a leadership role in this effort.

Executive coaching has met the challenge identified in our 2003 article by continuing to innovate, bringing in new ideas, developing new niches, and offering a range of new services and perspectives to our clients. This innovation has fostered what are essentially mini-launches of new tools and components of executive coaching drawn from a variety of disciplines and perspectives. These interventions are keeping the profession on the cutting edge of management interventions and continually fresh and relevant to our clients today.

The authors continue to believe that this dynamism is essential to continue the growth of our product in a mature market. The Executive Coaching Summits initiated in 1998, which served as a focus for leadership and dissemination of innovation starting in 1998, no longer are adequate as a forum for this leadership of our product. Today's more mature product requires a leadership forum that brings together practitioners with clients and thought leaders to stimulate new directions and tools that respond to the rapidly changing demands of leaders and managers in the global work place. The cutting edge of this form of leadership and innovation of our profession is being generated by ICCO, the International Consortium for Coaching in Organizations ([www.coachingconsortium.org](http://www.coachingconsortium.org)). ICCO holds frequent regional symposia that are designed to be multi-stakeholder dialogues from an organization-centric

perspective to advance and steward the success of executive coaching in organizations globally. There is apparently an enormous market need for such conversations, since every symposium held has sold out and ICCO has turned people away.

## **2. Create specific credentials for executive coaches**

Consumers, including human resources personnel and clients, have become quite sophisticated in identifying quality executive coaches from their backgrounds and experiences, and increasingly with interviews. Rarely do they inquire about coaching credentials and hardly ever do they understand the different levels of coaching credentials. In February 2005, *Fast Company* reported that “trust” is more important than certification in seeking a coach (pp. 83-85). Thus, we now feel that the answer is not to create another coaching credential. Coaches must be up to date on the pressing issues and coaching innovations necessary to keep pace with our global executive clients. To do this, we see the need for institutions or organizations that can foster meaningful innovation and facilitate ongoing training and dissemination of innovation to highly dispersed coaches throughout their careers. The challenges associated with reaching an increasingly decentralized profession of executive coaches receiving training from over 400 different training programs are daunting. Nevertheless, we believe that ICCO, in collaboration with other rising stars like The Foundation of Coaching ([www.thefoundationofcoaching.org](http://www.thefoundationofcoaching.org)) and ACTO ([www.acto1.com](http://www.acto1.com)) is one organization that could fill this role because of its mission and the dialogue it has initiated among key stakeholder groups. Another entity that does a great job of coalescing coaches is Peer Resource Network ([www.peer.ca](http://www.peer.ca)).

## **3. Demonstrate a return on investment (ROI) and business impact**

Research on the effectiveness of coaching and the ROI has been steadily increasing. In addition to greater research about ROI in academic arenas, there has also been a fabulous book that came out in 2005 by Dianna and Merrill Anderson called *Coaching That Counts: Harnessing the Power of Leadership Coaching to Deliver Strategic Value* as well as an audio product created by ICCO called *The ROI of Coaching: Voices of Leaders* with interviews of the leading experts: Jack Phillips, Merrill Anderson and Mary Beth O’Neill. Though it is certainly important to document

the impact of coaching on the effectiveness of executives and the bottom lines of organizations, stakeholders have become convinced of the merits of coaching by observing its effects on those who have used it. Nevertheless, we applaud the efforts to formally document the results of coaching interventions by business schools and other interested researchers. Besides ROI and other global measures of impact, research should increasingly seek to identify comparative effects of interventions and programs.

#### **4. Develop partnerships with mental health professionals and other collateral professionals**

Despite the fact that consumers have become relatively sophisticated in understanding when to seek coaching vs. therapy (or coaching vs. consulting), the distinction between the professions continues to be blurred by the large number of former therapists, as well as doctors, accountants and lawyers who enter the executive coaching profession. It is unclear how many of these transferring professionals complete executive coaching training programs before seeking clients. Additionally, some coaches cross the line and give professional advice far outside the domain of coaching and their expertise. Lawsuits have resulted from clients who were harmed by coaches giving advice outside their expertise. We feel that it is vital that coaches remain within the purview of coaching with their coaching clients regardless of their former training. Additionally, we continue to believe that it is important for executive coaches to develop relationships with trusted therapists, lawyers, accountants and other professionals and to refer their clients to these contacts when clients require such expertise.

#### **5. Internationalize executive coaching**

Since our article in 2003, executive coaching has been introduced in over 80 countries. Much as we envisioned in our article then, the launch and growth of executive coaching in these new markets was much quicker than in the U.S., drawing on the successful experience already demonstrated here. For example, while an estimated 50% of U.S. businesses use coaching, in the U.K. that estimate exceeds 90%. Executive coaching is still in its growth phase in most of these markets and the excitement about coaching there reflects positively in the United States. In the last five years we've seen dynamic growth in coaching in Australia, Canada, China, Korea, Japan, India, and all over Europe.

*IJCO* can play an important role in sharing experiences, research and innovations across these markets. Sharing our experiences with our international colleagues will help us keep the whole profession moving forward in this global economy. In doing this, it will be important to look at how well coaching interventions can be transferred between diverse cultures and to identify elements that make it possible to generalize results across settings.

#### **6. Provide Training and Support for Business Development.**

Finally, a new issue has come to our attention since we wrote this article. There is an urgent need for coaches and coach trainers to learn how to develop their practices as businesses. Many coach training programs are missing this critical component and that contributes to the abysmal numbers of coaches who are unable to sustain a viable executive coaching practice. Citing research findings in his book *Getting Started in Personal and Executive Coaching: How to Create a Thriving Coaching Practice*, Stephen Fairley stated that more than half (53%) of coaches surveyed earned less than \$20,000 a year. In the last few years a few books have come out to address this missing piece: *Get Clients Now*, by CJ Hayden in 1999, *Four Steps To Building A Profitable Coaching Practice: A Complete Marketing Resource Guide For Coaches* by Deborah Brown-Volkman in 2003, and most recently *Seal the Deal: The Essential Mindsets for Growing Your Professional Services Business* by Suzi Pomerantz in 2006, which is the only book to address the need to integrate networking, marketing and sales activities for ultimate success.

### **CONCLUSION**

To summarize, we both feel strongly about the need to continue to innovate the profession (which some still argue is not yet an official profession). We are in the maturity phase of the market lifecycle. Now, more than ever, we still call for LEADERSHIP in our profession! We've come a long way in the five years since we wrote the article. Consumers are now excited rather than skeptical. There's been an increase in internal coaches and more organized and sophisticated coaching programs inside corporations. Doctoral programs and degrees in coaching in mainstream academia add to the credibility, sustainability and improved research,

innovation and evaluation of our field. And organizations like ICCO are leading the way to expand the dialogue such that it includes all stakeholders. We are starting to see a rise in collaborations, alliances, and mastermind groups of coaches pooling their resources and expertise. We'd like to see more organizations and entities address executive coaching as a mature product, begin to provide much needed stewardship and leadership, and shape sustainable growth through the market lifecycle of this important service.

## **The Future of Executive Coaching:**

### **Analysis from a Market Life Cycle Perspective**

***Where are we, where are we going, and how do we  
prepare for what's next?***

**Sheila Maher, MA, MBA and Suzi Pomerantz, MT, MCC**

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In launching this journal the editorial board envisioned that the journal would provide a forum for “reflection and analysis...by those leaders of this emerging field who recognize coaching to be a fixture rather than a fad...”<sup>1</sup> This article explores the market life cycle of executive coaching, considering its history and growth, and estimating its current position. We discuss the four stages of the market life cycle: product introduction, market growth, market maturity, and sales decline, exploring the implications for our profession of each stage. Understanding where coaching is in the market cycle allows us to consider strategies to stimulate the continued growth of the profession. In this article we present our thesis that “this emerging field” is actually already in the mature stage of its lifecycle and we make recommendations for moving the profession forward.

It is clear that coaching is not a fad and it is not new. Coaching is rooted in a range of philosophies and practices that can be traced back to Aristotle, Buddhist thought, Gestalt

theory, and various gurus of ontology and business. It predates Anthony Robbins, Stephen Covey, Tom Peters, Thomas Leonard and Ken Blanchard. The taxonomy of executive coaching includes an array of ancient and modern wisdom woven together in a unique tapestry designed to produce real results in real time for busy executives and leaders.

The coaching profession has grown enormously over the last ten years. To keep the profession dynamic and relevant it will be critical to address current and future challenges with an understanding of “where coaching stands in the lineage of business and other interventions”.<sup>ii</sup> Coaching is a service industry. Like any other product or service it is subject to a product/market life cycle which occurs in four stages: product introduction, market growth, market maturity and sales decline.<sup>iii</sup>

The product or market life cycle is a well-documented concept in business literature. “Product life cycle is the postulate that if a new product is successful at the introductory stage (and many fail) then repeat purchase gradually grows and spreads and the rate of sales growth increases. At this stage, competitors often enter the market, and their additional promotion expenditures further expand the market. But no market is infinitely expandable, and eventually the rate of growth slows as the product moves into its maturity stage.”<sup>iv</sup>

The product/market life cycle construct is useful in analyzing the profession of executive coaching because it provides a framework for considering market interventions designed to maximize the growth and maturity stages of the cycle, when the market is most profitable. It also allows for the design of interventions that will forestall decline, such as refining and re-launching the product to better meet the changing needs of the market. Applying the market life cycle construct allows us to use our knowledge of where executive coaching has been and where it is now in the cycle in order to predict and offset a future decline. We can use this

analysis to bring a new awareness and conscious action to the intentional design of the future of executive coaching—not unlike how we as coaches guide our clients in their businesses.

## **INTRODUCTION STAGE**

The focus in the introduction stage of any new product or service is on building consumer awareness as the product is launched into the market. This stage requires substantial promotion to raise consumer awareness, since consumers do not know about the existence, benefits, or uses of the product. During the introduction of a new product, consumers first become aware of the product or service as a result of promotional efforts in launching the product. Consumers read or hear about it, gain minimal knowledge, and may be motivated to try it. If they like it, they will stimulate others to try the product through word of mouth.

As with all products, the launch of executive coaching involved a high degree of educating the public and prospective clients about the nature and benefits of the product. Executive coaching enjoyed a thirty-year introduction stage, from the late 1950's through the late 1980's. The introduction of executive coaching can be traced back as early as 1958 with seminal articles about coaching as a management function including, "On the Job Coaching" by Myles L. Mace and W.R. Mahler in *Developing Executive Skills* (American Management Association)<sup>v</sup> and Mace's *The Growth and Development of Executives* published in 1959 by Harvard Business School.<sup>vi</sup>

In spite of these early articles, executive coaching did not begin to gain public attention until the 1970's, particularly with Ferdinand Fournies' book *Coaching for Improved Work Performance*.<sup>vii</sup> Attention increased in the 1980's with noteworthy articles in 1983 and 1984 in which coaching was hailed as a management tool for improving effective work performance and building effective teams.<sup>viii</sup> In the early to mid-80's several coach training programs were born. The Hudson Institute trained coaches starting in 1986, the Success Unlimited Network program started in London in 1981 and was launched in the U.S. in 1987. New Ventures West began its coaching programs in 1988 as did the Newfield Network (at that time called Newfield

Associates). Then, in 1989, Roger Evered and James Selman published an influential article called “Coaching and the Art of Management” in the AMA publication *Organizational Dynamics*.<sup>ix</sup> All of these influences fostered the growth of executive coaching.

## **GROWTH STAGE**

In the growth stage, consumer awareness grows, and increasing numbers of consumers try the product. Satisfied consumers become committed to the product and tell others about their experience, thus building the market for the product. As more consumers successfully try the product they create a “buzz” in the marketplace encouraging more mainstream consumers to try the product and become committed to using the product. (Obviously, there is a negative impact and damage to the market if consumers do not have a positive experience when they try the product.) At this stage new entrants providing the product come into the market, and the product begins a rapid and dynamic growth. This stage is characterized by market expansion, substantial profits, increased competition and the subsequent need for product differentiation.

Executive coaching entered the growth phase in the early 1990s. Both The Coaches Training Institute (CTI) and CoachU were founded in 1992 and began to promote the concept of coaching. The profession experienced a marked increase in the number of coaches entering the field as coach training schools became established and grew. The Personal and Professional Coaches Association (PPCA) was formed in 1994, and the Professional Coaches and Mentors Association (PCMA) began in 1996. In the same year that PCMA was established, PPCA was transformed into the International Coach Federation (ICF). The field of executive coaching was introduced in mainstream business publications in 1993 with the article “The Executive’s New Coach” in *Fortune* magazine.<sup>x</sup> In a 1996 *Newsweek* article,<sup>xi</sup> Thomas Leonard, considered to be one of the fathers of coaching, estimated there to be 1000 coaches nationwide. By 2002, the *Wall Street Journal* estimated the number to exceed 25,000 worldwide.<sup>xii</sup> One indication that executive coaching was becoming mainstream was that major universities began offering executive coaching degree programs. Coach programs began in 1998 at George Mason

University and in 1999 at George Washington University. George Washington University was the first to offer graduate credit for coaching courses. The growth stage for executive coaching has only covered about ten years. Certainly, the economic downturn exacerbated by the effects of 9/11 contributed to slowing the expansion of the market and truncated the growth of executive coaching.

## **MATURITY STAGE**

In the market maturity stage, the rate of growth of the product or service declines. Market share stabilizes and there begins to be a consolidation of the products in the market. Price competition becomes more aggressive, and profits decline as the rate of growth slows. With so many products in the market, the market becomes saturated, leading to price competition, and product quality begins to decline. Consumers begin to demand more for less, and put downward pressure on prices. Profits decline because competition requires increased expenditures on promotion as well as price-cutting to attract new clients. In order to forestall the decline and demise of mature products, it is critical to redefine the product, re-launch or innovate the product—essentially restarting its life cycle.

By the early 2000's, the rate of growth of executive coaching began to slow, hastened by the declining economy. We have seen a decline in attendance at coaching conferences. The number of new coaches entering training has also declined. For example, in 2001, the ICF conference attracted about 1500 coaches. In 2002, only 850 coaches attended the ICF conference and fewer potential new executive coaches entered coach training at CoachU and other major training programs. As executive coaching enters the maturity stage, coaching is increasingly becoming a commodity, with price being a key differentiating factor. Clients are becoming increasingly price conscious and the increased availability of executive coaches has allowed clients to put a downward pressure on prices. Large users of coaching services are negotiating fixed rates for coaches in their programs (e.g., World Bank, Fannie Mae, Freddie Mac).

In addition, large providers of executive coaches are offering clients the services of a wide range of coaches at a set rate. In 2002 we began to see coaching companies such as Coaching.com offer coaches to clients based on one price for any coach. We also began to see large organizations, such as 3Com, World Bank, IMF, and various U.S. government agencies, dictate a below-market ceiling for coaching fees, while also requiring a high standard of experience and skill for coaches wishing to provide services to their executives. These trends increasingly treat executive coaching as a commodity that increases price competition. Thus, our professional community will need to be vigilant about the quality of services that are being offered under the banner of executive coaching.

Executive coaches are responding to the commoditization of coaching by differentiating their services. Many are defining more specific niches by client type (e.g., lawyers, entrepreneurs), by client size (e.g., small business, Fortune 100), by service emphasis (e.g., emotional intelligence, spiritual coaching, leadership development, group coaching, presentation skills coaching, etc.), by client industry, and by geographical regions. Others are seeking to bundle services and/or move into a more products-focused sales approach by selling workshops, books, and videos as a way to open new doors for selling executive coaching services.

The challenge for our profession is to respond to this maturing of our market in a way that will forestall entry into the next and final stage of product decline. It is critical at this point for us faced with a maturing product to consider how to refine or re-launch the service—adding additional value to make executive coaching responsive to changing client needs, thus restarting the life cycle and holding off the decline stage.

### **SALES DECLINE STAGE**

In the decline stage, the final stage of the market life cycle, new products are introduced into the market and challenge the declining product. Price competition is more vigorous, but those products that have been successfully differentiated will still make profits. Old products will still

retain a few loyal customers and some conservative consumers who may not accept new ideas as easily as others—preferring the old product rather than discovering the new.

For executive coaching, this means that if we fail to intervene as our service matures, we are headed for an inevitable decline in sales, where coaches may still retain some loyal customers, yet the number of new clients will decline. As the market shrinks, coaches will increasingly find it difficult to sustain themselves with the decreased level of activity and many may be forced to leave the profession. Ultimately, a new product or service could replace executive coaching.

## **FUTURE DESIGN AND RECOMMENDATIONS**

Stewardship for the profession of executive coaching dictates that we pay attention to the product cycle and act accordingly. As stewards of the profession we must do everything we can to ensure that clients have a very positive experience of executive coaching. Clients should not only become committed, loyal users of our product, but become advocates and “raving fans” thus further building the market. As our service matures, we need to determine how to respond as a professional community to keep our service relevant, strong, and agile. We offer the following recommendations to meet the current challenges of our profession. We hope that these recommendations will initiate an urgent dialogue and result in actions that will maintain and sustain the health of our profession.

### **1. Provide leadership**

In a maturing market it is essential to meet the increasing demands of clients. As a profession we must assure the quality of services, support innovation, document successes and impact, and communicate the results of these efforts in a unified voice. To accomplish these ends, the executive coaching community needs leadership. Our community currently lacks a common vision compelling us to act in alignment.

Executive Coaching Summits starting in 1998 have provided a forum for the advancement of the profession of coaching in its earlier stages. These summits will increasingly need to strategically address executive coaching as a mature product. We applaud the birth of this journal (*JCO*) as an essential step offering a wider forum for this dialogue.

We, as executive coaches and as an executive coaching community, can't be everything to everyone. As a community, we need to differentiate executive coaching from other types of coaching so that our clients understand that not all coaching meets the standards of executive coaching. This focus is required by the market maturity phase to differentiate our service from the myriad of other coaching disciplines that exist in the market.

Executive coaching needs dedicated leadership, distinct from the leadership provided by ICF, PCMA and other organizations that serve a broader coaching community. Executive coaching as a profession needs a common purpose and standards around which we can align and move forward. Is the urgency of an inevitable market decline a compelling enough focus to unite our profession? Who will lead us to take the necessary actions to forestall such a decline?

## **2. Create specific credentials for executive coaches**

As a profession, we need to take the necessary steps to ensure the quality of executive coaching services. It is critical that consumers uniformly have a successful experience of these services so that their word-of-mouth will support the continued expansion of the market, even if the rate of growth is reduced.

Many new schools of coaching are emerging and the existing ones are striving to differentiate themselves. Some coaching programs promote the idea that anyone with a coaching credential can effectively coach senior executives—whether or not they have experience in the business world or a background of working with executives. Unfortunately, the lack of standards specific to executive coaching means that some executives' experience with coaching may not be

positive and, thus, may harm the image of our profession. To ensure a consistently high level of service to our executive clients, there is a need for a credentialing process specifically for executive coaches. Credentialing can help ensure that when executives hire an “executive coach” they can be assured of skills and experience either working in business or working with senior executives, and a thorough understanding of business and the boardroom.

The International Coach Federation credentials of MCC (Master Certified Coach) and PCC (Professional Certified Coach) make no distinction between personal and business coaching. The credentials for personal/life coaching should differ from those granted for executive coaching. Not all coaching is about personal transformation, although executive coaching often incorporates personal transformation elements. The difference is that any coach working with executives and leaders must understand how to navigate the business environment, and operate in a boardroom to attain and sustain critical credibility with the client. Coaches lacking critical business skills who seek to work with executives can do a disservice to the executive coaching profession.

We propose that executive coach credentials be comparable with the existing ICF coaching credentials and credentialing processes. Professional Executive Coach (PEC) and Master Executive Coach (MEC) designations would correspond to the existing Professional Certified Coach (PCC) and Master Certified Coach (MCC). However, the executive coaching credentials would require specific experience in business as an executive, or working as a coach or consultant with executive clients. Likewise, an executive wishing to become an executive coach must demonstrate defined levels of coach-specific training to qualify for an executive coaching credential. We recommend a grandfathering of current executive coaches with substantial executive coaching experience and a proven track record as a contributor to the field—as was done previously with the ICF credentials.

### **3. Demonstrate a return on investment (ROI) and business impact**

There is an increasing need to document the specific and quantifiable benefits of our service as we enter the market maturity stage. Manchester, Inc. contributed to this process in a study published in January 2001.<sup>xiii</sup> Their study revealed that executive coaching services provide a return on investment of six times the cost of the services. A study published in an online newsletter of the ASTD (American Society for Training and Development) cites an ROI of 529% for executive coaching. A November 2002 article<sup>xiv</sup> favorably highlights recent studies indicating high ROIs for executive coaching. Much more research needs to be done, and on a global scale.

We must be able to speak definitively about bottom line benefits for worldwide organizations as well as individual executive clients. For example, do organizations that provide executive coaching to their executives experience higher retention rates for those executives and possibly for their staff as a whole (the premise being that the whole staff would benefit from increased effectiveness of the executive team)? Do executives who have received coaching have a higher job satisfaction and increased management effectiveness ratings?

### **4. Develop partnerships with mental health professionals and other collateral professionals**

Though executive coaching is focused on helping clients navigate the demands of being an executive, our clients are whole human beings who have a range of needs outside our expertise (financial planning, estate planning, medical, psychological) that require us to refer our clients to other professionals. Because we are working with the whole human being it is imperative that executive coaches stay vigilant about the line where coaching ends and the expertise of other disciplines is required. In order to best serve clients, we, as executive coaches, need to have a ready referral network of highly skilled experts in a variety of disciplines with whom we work over time in order to assure the highest level of service to our clients. The availability of these networks might be an element of the credentialing process for executive coaches.

In the June, 2002 Harvard Business Review article “The Very Real Dangers of Executive Coaching,” Steven Berglas raised concerns about the overlap of coaching with therapy.<sup>xv</sup> We, as a profession, need to have standard procedures for referrals to mental health professionals who are qualified to handle issues that we as coaches are not. We must develop clear lines of distinction between coaching and therapy, especially since increasing numbers of therapists are entering the coaching pool. Licensed therapists who become coaches will have to carefully distinguish for themselves and their clients when they are practicing coaching and when they are providing therapy in order to avoid ethical violations and potential lawsuits. We must maintain ethical integrity so that executive coaches without mental health licenses are not harming clients with issues better served by therapy than coaching.

We believe that it is important for executive coaches to develop partnerships and strategic alliances with licensed clinical psychologists or psychiatrists to ensure that clients needing therapeutic treatment have access to the appropriate course of action. Such partnerships will allow us to have clear paths for referring our clients for evaluation and treatment when suspected and warranted.

## **5. Internationalize executive coaching**

We recommend that as a profession we actively support the internationalization of coaching. The very fact that coaching is growing internationally will reflect back positively into the US market—providing vitality to our whole profession. This journal can be a forum for sharing strategies and evidence to build the executive coaching profession internationally.

We also recommend that our international colleagues learn from the product lifecycle of the U.S. market for executive coaching. Growth and expansion of executive coaching in Europe and Australia will likely follow a similar product/market life cycle as the United States—though executive coaching in these countries might experience quicker passage through the preliminary introduction stage as a result of the experiences in the U.S. Our European and Australian colleagues will be able to leverage and expand upon the market created in the U.S.

by more readily showing the benefits of executive coaching. Thus, our international colleagues can benefit from this analysis at earlier stages of their respective market life cycles. They can apply the market lifecycle analysis earlier given the unique dynamics of their specific market.

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<sup>i</sup> IJCO Editorial Board. “The International Journal of Coaching in Organizations: A New Forum for an Emerging Field.” *International Journal of Coaching in Organizations*, 2003 (Winter), 1(1), p. 7.

<sup>ii</sup> Ibid.

<sup>iii</sup> E. Jerome McCarthy. *Basic Marketing*. (6<sup>th</sup> edition.) Homewood, IL: Richard Irwin, 1978, p. 241.

<sup>iv</sup> M. McDonald and W. Keegan. *Marketing Plans That Work*. New York, NY: Butterworth-Heinemann, 1997, p. 50.

<sup>v</sup> Myles Mace and W.R. Mahler. “On the Job Coaching.” In *Developing Executive Skills*. American Management Association, 1958.

<sup>vi</sup> Myles Mace. *The Growth and Development of Executives*. Cambridge, MA: Harvard Business School, 1959.

<sup>vii</sup> Ferdinand Fournies and Associates. *Coaching for Improved Work Performance*. 1978.

<sup>viii</sup> G.E. Allenbaugh. “Coaching – A Management Tool for More Effective Workplace Performance.”

<sup>ix</sup> Roger Evered and James Selman. “Coaching and the Art of Management.” *Organizational Dynamics*, 1989.

<sup>x</sup> *Fortune*, vol. 128, no. 16, December 27, 1993, p. 126.

<sup>xi</sup> *Newsweek*, February 5, 1996, p. 48.

<sup>xii</sup> *Wall Street Journal*, CCXL (90), November 5, 2002.

<sup>xiii</sup> Manchester, Inc. ([www.manchesterus.com](http://www.manchesterus.com)). January 2001.

<sup>xiv</sup> Talk, Voss and Wise. [www.heidrick.com/publications/pdfs/TalkVossWise-execcoach.pdf](http://www.heidrick.com/publications/pdfs/TalkVossWise-execcoach.pdf).

<sup>xv</sup> Steven Berglas. “The Very Real Dangers of Executive Coaching.” *Harvard Business Review*, 2002(June), pp. 86-92.