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Perfect Pitch of Executive Coaching

Establishing the ideal value proposition

Coaching is not about money, yet "money is important, if only for financial reasons," to quote Woody Allen.

Sponsors contact executive coaches when an executive's behavior begins to interfere with corporate progress, morale or culture. The CEO might want an executive to be coached to the next level of leadership. When asked, "Can you help?" you either choose a path that will seal the deal with perfect pitch (i.e. a harmonious win for all parties) or fall out of tune.

In this article, we offer an alternative to describing your coaching and how it works. Asponsor may not be ready for or interested in the process, benefits or features of your coaching methodology. Often, the sponsor may not yet be aware of, or convinced of, the value proposition – the what's-at-stake-for-the-organization and how you, as a coach, can help.

The Price Discussion

You have discussed the problem and the coaching solution, and the cost question arises. Money can break the deal, unless you find what we're calling "perfect pitch" – as in harmonious music. Perfect pitch is an equal exchange of value to all parties involved. Traditionally, the value proposition is the relationship between an offering by a vendor to a customer and the perceived worth of the service or product. Simply put, if you come into my store and buy a bag of groceries, you expect what I sell you to be worth what you pay.

The coaching value proposition is different. We offer expertise in the coaching process – the ability to become a trusted partner to guide an executive to self-discovery. We provide a safe place to explore change, often the only place where an executive can come to grips with a challenge that has likely cost time, money, and aggravation. This cost to the sponsor, the executive client, and the organization is one of the centerpieces of perfect pitch. Tune in to the sponsor's wavelength to help him understand the true value of the coaching results.

> "Perfect pitch is an equal exchange of value to all parties involved."

Coaches often detour from perfect pitch, as in this conversation between a coach (C) and a sponsor (S) after discussing a prospective client:

S: So, now that you know our situation, how much will coaching cost?"

C: For a six-month engagement, it's $25,000.

S: Wow, that's steep.

C: I do a 360-assessment, weekly coaching sessions, an evaluation to determine progress after three months ...

This conversation continues with the sponsor trying to mentally fill his value bag with your itemized coaching offerings. This approach is coach-focused, not organization-focused or client-focused. Invariably, sponsors try to relate the service to hours invested – like lawyers –

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which is a broken model for coaching. Further, such sponsors cannot fill the bag to their satisfaction because they don't have enough experience with coaching to feel they're getting the commensurate level of value back. In a sense, the sponsor and coach are on two different levels of pitch – and out of tune.

The Cost Discussion

So, how do they get on the same pitch? The other central piece of the puzzle is the sponsor's ultimate goal or vision for the organization. By bringing the sponsor's awareness to positive purpose, what the organization is working towards accomplishing, and what that potential upside is worth to the organization, the coach can create the container in which the sponsor can see the value. The sponsor's ultimate goal or vision is the grocery bag itself.

> "Frame the customervalue proposition in terms of the customer's needs and the results that will speak to the client and the organization."

Create perfect pitch by getting the sponsor to articulate and define what the current problems are costing the organization. Start with the organization, not the coach in this conversation:

S: So, how much will the coaching cost?

C: Let's look at what you're trying to accomplish. What are the organization's major objectives for the next year or two?

S: We have to prepare for the mass exodus of retiring boomer executives, and our goal is successful and seamless succession planning and leadership development for our emerging leaders, plus rapid onboarding to meet production goals.

C: What's the potential business outcome? When you've got leadership bench strength and a strategic succession plan in place to seamlessly transition your retiring leaders out and your emerging leaders into action, what cost savings or bottom line increase will that create for your company?

S: I'd guess a savings of about $1.2 million factoring in the costs of attrition, training, onboarding, and uninterrupted production schedules.

C. OK, and on the flip side, can you describe how the problem shows up?

S: Jack's the COO. He's often impatient, even brutal with young executives.

C: How so? Can you describe what he actually does?

S: In briefings, he says "What a stupid proposition." Or, "what planet are you living on?"

C: What's the impact?

S: We're losing the smartest young executives. Last year five of our rising stars left for other opportunities.

C: What's that costing your company?

S: Roughly four times their annual salaries, so in this case about $2 million in the past year. The cost of customer relations, retention, retraining, culture adjustment, and reputation has deep impact well beyond these numbers.

C: Two million. I see. And this pattern has been going on for how long?

S: Since I've been here, going on five years.

C: So at this point, in just this area, you're talking about a $10 million dollar loss to the company?

S: I never thought of it that way. But yes, two times five ... Wow. $10 million!

C: Now, add your previous estimate of $1.2 million dollars cost-savings if you succeed in the healthy transfer of leadership. So, you're looking at a potential business impact of $11.2 million dollars, is that correct?

S: Yes.

C: Would it be worth spending a small percentage of that on coaching to create a solution that saves the company a good portion of that $11.2 million dollars?

In this case, you've coached the sponsor to actually say the words and feel the weight and magnitude of $11.2 million dollars. You've helped the sponsor quantify the size of the problem. Once the client has defined the scope and size of the challenge, the conversation is:

S: So, how much will the coaching cost?

C: For a challenge of this size, say $11 million, it's a fixed project fee of $50 thousand dollars for a year-long engagement, which works out to be a very small percentage of the scope of the problem you just laid out (less than half a percent). If it is worth that percentage to you to save an extraordinary amount of time, talent and money in your company, then we can look at getting started.

S: That sounds good.

Conclusion: The Perfect Pitch

This is a very different place to enter the contracting phase of coaching rather than "Wow…that's steep!" Frame the customer value proposition in terms of the customer's needs and the results that will speak to the client and the organization. Often clients have never quantified the scope of the impact of a particular executive behavior. Too often the coach bargains down the cost or the sponsor over-expects or remains skeptical.

Helping the sponsor to frame the scope of the issue — size, importance and cost to the organization — allows both sponsor and coach to hear the value proposition as it occurs in the sponsor's reality. It is a collaborative co-creation that utilizes your best coaching skills.

Help sponsors hear, in their own words, the scope and cost of a problem as well as the upside value to the solution. Yes, we are there to help, and the value proposition is about what's in it for the organization, sponsor and client. There is a coach's side to the value equation as well, and that's where money comes in.

When we cater to the value of co-created, client-focused results while pricing our services professionally (and commensurate with the magnitude of the solution), we create an equal exchange of value. Then we can be in perfect pitch. •