

How to Build a Sustainable Coaching Business (And Double Your Rates in the Process)

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You're at a friendly gathering. A person you do not know approaches and makes conversation with you. Eventually the question is asked... here's what it's normally like for me.

Person: So, what do you do?

Me: I run LivingforMonday.com where we do coaching and training for young professionals.

P: Oh, so you must be in pretty good shape, huh?

M: Dammit.

That's my typical conversation at a get-together where I'm not particularly keen on diving into the details of what it means to be in the business of helping people become great at what they do.

Which brings us back to you and I. As a reader of The Sparkline, I'll bet you may have considered becoming a coach as a way of creating a revenue stream for your business.

The problem with coaching as a profession lies in our tendency to resort to it as the answer to turning any blog into a business or idea into revenue. Unfortunately, it's not always that simple.

I've managed to increase my hourly coaching rate 444% over the past 12 months, create a steady income stream from coaching, and generate regular referrals from my existing clients. My goal with this post is to help you start on the same path with three steps:

1. Have a well-defined target audience
2. Creating a unique selling proposition
3. Build social proof

Let's get started.

Step 1: Have a well-defined target audience for your services

"You can be best in the world at whatever you want as long as you define world the right way." – Seth Godin

To be the best in the world, you have to choose your definition of world, which starts with creating a crystal clear picture of your target audience.

Successfully defining your audience should provide answers to four key questions:

1. Do you care deeply about your audience?
2. Is your audience able to pay your rate?
3. Can you produce 5-10x your coaching rate in value?
4. Do you still care deeply about helping?

DO YOU CARE DEEPLY ABOUT YOUR AUDIENCE?

I believe picking an audience you care about is the most important step you can take in building a successful business. Start by thinking back to your "best" clients (this is subjective), or brainstorm a list of the people in your life you would love to work with. Why were these people your best clients or why do you want

to work with them? What do these people have in common? Or, in other words, why do you care?

For example, my best clients in the past have been young professionals who are business owners or co-founders, executives, or salespeople. I can relate to their challenges, their work ethic motivates me, and the right ones are willing to pay me what I'm worth. This group also allows me to see a variety of business challenges and opportunities, which satisfies my desire to work on multiple projects.

Pick an audience that you care about.

IS YOUR AUDIENCE ABLE TO PAY YOUR RATE?

How much money does this audience make per year? Would the financial advisor of your ideal clients say they have the ability to pay you double your current rate (regardless of value provided)?

I initially coached college students and young professional employees. This was a bad decision because neither of these groups has the ability to pay my current rate for coaching services.

This realization led me to redefine my audience and focus on Under 30 CEOs, executives, and salespeople in Atlanta — they have the ability to pay my rates, I care about them, and I can reach them face to face (which is how I prefer to sell + coach).

Work with an audience that is able to pay your rates. If your audience doesn't have this ability, start over, or reconsider individual coaching as a service.

CAN YOU PRODUCE 5-10X YOUR COACHING RATE IN VALUE?

The key to producing 5-10x returns from your coaching services is to understand your audience's goals and challenges. People are willing to pay to reach goals and overcome challenges, but only if you get them right.

Most people make assumptions about their audience rather than do the hard work of actually sitting down with members of their audience, asking great questions, and listening for their true needs. Take the time to have individual conversations with 10 – 25 of your target audience members. Ask great questions to pull out the thoughts they rarely share out loud. If you need a more specific framework for your questions, think in terms of the seven areas of life (ranked by ease of proving return on investment):

1. Financial (think investment advice)
2. Career (think job change or executive coaching)
3. Travel & Adventure (think travel hacking)
4. Physical (think Paleo or Crossfit)
5. Learning (think reading or skill acquisition)
6. Relationships (think family, friends and romance)
7. Spiritual (think meditation or religion)

You should see patterns of similar goals or challenges emerge as you conduct interviews. You can consider diving deep in your area of expertise, but remember that your expertise may not match a real need.

People pay to reach their goals and solve challenges in their lives. Help them reach a goal or solve a challenge that produces 5-10x your coaching rate in value.

DO YOU STILL CARE DEEPLY ABOUT HELPING?

Now, here's the part where you have to be brutally honest with yourself. Given the audience you care about, their ability to pay, and the challenges or goals they have expressed to you, can you create a sustainable business? If so, do you still care enough to put in the work?

I'm not talking about, "Yeah, I could do that," but, "F*%^ yeah, let's do this."

It will be hard to help your audience solve their challenges or reach their goals. You'll spend countless hours researching, pounding your head on the table, reading books, pacing your office, and suffering entrepreneurial insomnia as you think through ways to help.

Select an audience goal or challenge you care about enough to become an expert and they care enough about to pay you for. If you don't care, or they don't care, start over.

Step 2: Create a Unique Selling Proposition to Appeal to Your Target Audience

"Achieve more." "Reach your potential." "Make your dreams reality."

These are phrases that appeal to no one by trying to appeal to everyone. And yet, the majority of coaches brand themselves this way.

You know your audience better than anyone else because you've done your homework and you've identified patterns, and your unique selling proposition, or USP, should reflect that.

You can think of your USP as filling in these blanks: "I help "audience" in "location/industry/area of focus"

do/become/solve/overcome/achieve "challenge or aspiration."

But, but, but, I'm on the INTERNET! The Four Hour Work Week said I could be a lifestyle designer and location independent!

Great. Maybe you're right. But remember, you can be best in the world at whatever you want as long as you create a feasible definition of *world* to start with. If you can't be best in the world of

[insert hometown here], how can you be best in the entire world? I'm not saying you shouldn't leverage the internet, but I am saying you should focus on a geographic area or area of expertise that allows you to build a sustainable business.

In my business, I have had to do the same thing. My USP for my coaching services is, "I help under-35 entrepreneurs, executives, and salespeople in Atlanta create systems to exceed your goals while holding you accountable to the projects that will most directly help you profitably achieve your vision." The last four words can change based on sub-segments of my audience. Create a USP that specifically identifies your audience and the goals or challenges you are solving for. +1 if you can do it in their own words. If you can't, then it's time to do more interviews.

Step 3: Build Social Proof for Your Services

Social proof convinces skeptical audience members that you can do what you say you can do in your USP. Your job is to build enough social proof that it makes it easier for your audience to say yes to your services.

I use a list of experiences and a growing book of client testimonials to back my USP up. The experiences include working for Seth Godin, advising Coke's Chief People Officer, and being a top performer at a well-known global consulting firm. I have past/existing clients write a "letter to a potential client" to build my book of proof.

I understand that you may not have the same background, but you can build social proof for your services even if you've never had a single client. Here's how... Offere Free 30 Minute consultations.

The end of your 30 minute session is your chance to convert a prospective client into a paying client. Conversion methods are for another post, but the most important thing to do is to directly ask for the person's business in a non-threatening way.

Something like, "Now that you've experienced my coaching, are you interested in becoming a coaching client? I have a 3-month starter package that would be perfect for you if you believe I can help you reach your goals."

Some people will want to wait or think on the decision. That's fine. Ask them how often they would be comfortable with you following up to see if there is anything you can do to help. Assure them you'll never pressure for a sale. Make a calendar reminder to follow up accordingly.

Other people will want to hire you right then. You should have options available in case they want to sign up for more than 3 months. I suggest you create 3 month, 6 month, and 12 month contracts that will allow for flexibility. I don't recommend starting with less than 3 months, because it is hard to achieve any kind of results in that amount of time in my experience.

Tell these people exactly how the process works and exactly what they need to do to get started. Your process should include:

- 1) An intake form that gathers information about them, their goals, and why they hired you.
- 2) An initial session that revolves around building the relationship, establishing ground rules, and setting goals for your work together.
- 3) Any assessments you want to use.
- 4) your process for when and how you get paid.

And then the part on doubling your rates.

At some point during your process, people will ask you about your rates. Your impulse reaction will be to tell them your old rates or, if you're just getting started, a rate that doesn't feel scary.

Your job is to resist the urge to sell yourself short and tell them your rate is double what it used to be, or twice what you think it should be if you're just starting out. For a benchmark, look up the average coaching rate in your city or location.

In Atlanta, the average executive coaching rate at the time of this writing is about \$300/hr. When I first started coaching, I felt that \$75/hr was more than I was worth even though people would have easily paid \$150/hr.

I eventually realized I was providing way more value than I was getting paid and that less than \$300/hr is not sustainable for building a full-time coaching business. With every other new client I brought on, I simply doubled my rates when I was asked, all the way up to the average Atlanta coaching rate. Because I had a growing client base, it gave me more confidence in the value I was providing and put less pressure on me to bring in new clients, allowing me to increase my rates 444% in just one year.

The Key is Confidence + Results

It turns out that the single most important factor in raising your coaching rates is your own confidence in the value you provide. If you have done the work, the real work, as I have described it throughout this post, then you will be better than 80% of "coaches" in the world. You are committed to becoming an expert on helping your target audience achieve their goals and overcome their

challenges. Your number one job after landing new clients at your new rate is to follow through on that commitment.

As your client base grows, so will your confidence in your coaching abilities. As your coaching abilities and client base grow, your schedule will begin to fill up. As your schedule fills up, you should continue to raise your rates for new clients. The more successful you are with a targeted group of clients, the more you will be able to expand to new groups of clients as your referrals and reputation allow.

What are you waiting on? Get going. Your coaching business is waiting.