SO! YOU WANT TO START A CAREER COACHING PRACTICE!

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Are you willing to consider the challenge of providing career counseling or coaching services, in the private, for-profit, non-licensed human services industry? The intent of this article is to offer potential career counseling or career coaching practitioners some information to facilitate research and the development of a business plan.

DEFINITIONS OF TERMS

The non-licensed human services industry in this article will be limited specifically to working as an 'external' consultant providing *career counseling* or *career coaching* in a private for-profit business model on a full-time basis in which you need to depend on the 'business' for self-support.

The field will be further limited by excluding from consideration services limited to *writing resumes, internet services or cyber-coaches, telephonic coaches, executive recruiting* (*aka 'search' or 'headhunting' firms*) and firms that specialize in *organizational development, training or motivational coaching/speaking*, and *career development services exclusively within organizations.* '*Expert witness,*' *vocational evaluators* and *rehabilitation consultants* are excluded as well. These services require specialized expertise, a different marketing approach, operational costs and skill-set.

LICENSURE AND EDUCATION

California does not have a 'title bill' (legislation that defines who can use an occupational title) or state codes that regulate and license persons who practice using the title *career counseling* or *coaching.* Anyone can use the label of *counselor* or *coach regardless* of training.

Generally, individuals who use the label of *counselor* will hold a post-graduate degree in *counseling* or a closely related field, e.g., psychology. Many individuals who use the term *career coach* will have earned advanced degrees and/or demonstrate experience in management. In recent years, formal undergraduate and post-graduate training programs have emerged to offer degrees in *Coaching.*

Career counselors may want to consider using the term *career coach*. The '*coach*' label may be very practical because the 'coach' label defines many key functions of the practice and avoids the implications that clients are psychologically impaired. The *career counselor/coach,* work with functioning individuals who want to function more effectively.

ROLE & FUNCTION

Regarding role and functions of a *career counselor* or *career coach* in private practice, a short discussion of these issues is available in Dick L. Knowdell's book, ***Building a Career Development Program***, Davies-Black Publishing, Consulting Psychologist Press, Palo Alto, CA. 1996. Beverly L. Kaye published a number of books specific to Career Development within organizations that offer insights to practitioners in private practice, such as, ***A Guide***

for Career Development Practitioners: Up Is Not the Only Way, University Press, 1982. I also recommend a very practical book, ***Private Practice, A Handbook for the Independent Health Practitioner,*** Robert M. Pressman, Ph.D., Gardner Press, New York, 1979.

The fundamental books that must not only be read, but understood, are Richard N. Bolles', ***What Color Is Your Parachute*** **and** ***Where Do I Go From Here With My Life*** (Ten Speed Press) and ***Career Satisfaction and Success*** (AMACON) by Bernard Haldane (Dr. Haldane has not been associated with the Bernard Haldane Associates. He sold the company and the rights to use his name.) Most career planning books are a restatement of the contents of Bolles' and Haldane's message. (Note: Dr, Haldane sold the business that uses his name in the '60's.)

DON'T DO UNTO OTHERS WHAT YOU HAVE NOT DONE YOURSELF!
Equally important the practitioner should complete ALL the exercises in these texts before they attempt using the methods and techniques with clients. This would be equally true for assessment instrumentation.

PROFESSIONAL ORGANIZATIONS AND CERTIFICATION
Professional organizations exist for most occupational and professional groups. Many offer opportunities for certification. I suggest that you determine if membership in an organization and certification will significantly enhance your proposed practice. Membership may provide access to business services at competitive rates, such as professional liability insurance (E&O) required by many referral sources. Whether or not you join one or more organizations, including a Chamber of Commerce, ***you must assertively work the organization to get what you want.***

BUSINESS AND PROFESSIONAL ETHICS
An occupational label may suggest certain business and professional practices, standards, ethics, ***perceptions*** and expectations of the client and community at large. Quite often the source of ethics and standards is a professional organization and/or certifying body.

If your business model requires the clients to pay fees in advance, sign a contact, or accept credit cards, all of which I do not recommend, you may be subject to one or more business practices code provisions of the city, county or state.
See ***What Color Is Your Parachute?*** by Richard N. Bolles (Ten Speed, Berkeley, CA) for more information about firms that require contracts or payment of fees in advance.

BUSINESS LICENSE
Check with your city to find out if a business license is required. If you use a *fictitious business name* and you use a home office, the process may trigger a zoning evaluation. Your neighbors may object to your business especially if you anticipate vehicular and foot traffic. (***May you be so lucky***?)

MULTIPLE CLIENTS
When a referral originates from a client company or a third party (e.g., insurance company or self-insured company) that pays the fee on behalf of the individual receiving services you

have multiple clients. You need to be careful about who you call a ‘client.’ When you have multiple clients with vested interests in the outcome, the career counselor/coach must filter the impact of these stakeholders.

The third parties may include: the client, employer’s risk manager, HR staff, supervisor, representative of the labor organization and legal council; the insurance carrier’s claims examiner, claims manager, rehabilitation nurse and the client’s legal council. All the parties may have their own expert(s), medical examiners, rehabilitation nurse, economists and vocational evaluators.

There may be lien representatives of EDD and the health insurer. (*I have been in depositions with all of these parties were in attendance at the same time.)* The list goes ‘on and on.’ So you need to be careful who you call ‘client.’

WHAT IS YOUR ASSIGNMENT

It is important that there is no ambiguity about your assignment, the party responsible for paying the your fee, the party that to whom you direct communications and reports. You may want to have a signed referral agreement. Again, the role and scope of the assignment must be clearly communicated to all the parties.

REPORTING

It is equally important that you have a clear understanding of your responsibility to each of the parties, especially with respect to reports, if requested, and confidentiality issues. You should request a sample report so you understand the format expected and to avoid reporting on extraneous information. Be extremely careful when working with multiple employees of the same company. You must maintain confidentiality of individual meetings. However, you have no control over statements made by the employee/client- and there are no secrets.

AVOID LEGAL PROBLEMS

When you are involved in third party situations, it is not uncommon that you may be involved in legal actions. Always be prepared for a subpoena to appear for a deposition and to produce ALL your notes, files, reports and invoices – EVERYTHING! Any attempt by the witness to “sanitize” his/her file is improper. Do not place doodles, your shopping list and information that is not important or relevant to the client in the file.

Develop a system for maintaining files and stick to it. If you are subpoenaed to testify at a deposition or trial, clarify with the attorney if you are subpoenaed as a procipient witness (you are involved in some way or know something about the facts underlying the situation) or expert witness (you would be relied upon to render objective professional opinion).

If you claim to be an ‘expert’ witness (where the judge rules that you possess more expertise than a layperson), the attorneys will look very carefully at the scope of practice, standards of practice of the certifying organization in which you may claim membership, your written statements in reports, email transmissions, advertisements, brochures, resume and business cards. Resist the temptation to be creative with business cards and resumes. The text you place on the business card, resume and brochure will determine the consumer’s expectations.

(*Some individuals have so many certification designations after their name that there is no room left on a standard business card- **and they are ridiculous.***)

VOCATIONAL, CAREER AND PERSONALITY INSTRUMENTS
Vocational, career interest and personality/communication style assessment instruments (tests) are useful. In my opinion, instrumentation can facilitate discussions.. However, I recommend that you do not over emphasize the importance of instrumentation or base your revenue solely on administering instrumentations.

I recommend that you avoid instrumentation in cases that may be litigated unless you are well qualified to interpret the instrument. For example, if you use the computer print outs of an instruments and, god forbid, that you must testify in a deposition or trail be prepared to explain EVERYTHING on the print out- EVERYTHING!

Furthermore, make sure you have the qualifications for administering the instrument, suggested by the test publisher- and read the manual. (See www.apa.org/science/tuq.pdf). Sign up for a workshop recommended by the test publisher, especially if you have not taken graduate level courses in testing. In any case, no one appreciates spontaneous, off-the-cuff, unstudied wacky opinions based exclusively on the results of some test instrument.

WHO ARE YOUR COMPETITORS?
Competitors in your trading area are necessary. The absence of competing businesses may be a signal that there may not be any business! Many counselors and coaches do not appreciate that competitors are necessary and helpful. In total, all competitors in a trading area play a role in educating the potential client(s) about the services offered, establishing the reputation of the 'industry,' and increasing referrals.

ELEMENTS OF A BUSINESS PLAN
Taking the time to write out the business plan will help you clear up fuzzy thinking. A plan, at the minimum, must define the marketing program, pricing system, fixed and variable operational costs, the program for delivering services and client demographics. Here is a short list of a few questions you need to address:

- **Range of Services**: What is the specific range of services that you are qualified to offer? Can you deliver services within the time and total fees that can be reasonably charged?
- **Price Point/Fee**: Remember, the product you sell is your time. You will find clients at all price points. Your rate must cover your personal draw, fringe benefits, operating costs and return on investment, e.g., your education; the unpaid internship.
- **Cash Flow Projection:** Develop a projected cash flow on a 'what if basis' for three years out to anticipate success as well as the usual and customary challenges. Make conservative assumptions about the rate of referrals, hours billed, income and operational costs.
- **Anticipate Challenges:** Life does not take a holiday when you start a business. During this period insolent chariots need repair, family members may become ill, children will graduate, etc, etc.

- **Referral Base:** Are you prepared to commit two to three years to build a referral base? Yes! It will take that long. Who are your referral sources, e.g., clients, yellow pages, website, employers, psychologists, psychiatrists, MFC, attorneys, insurance carriers, insurance brokers, financial planners, accountants, physicians, service organizations, dentists, EAC or PASCO.
- **Capital Investment:** Second mortgages capitalize most small business, especially brick & mortar models. It is very risky to leverage your home, spouse and children! Avoid excessive debt to initiate a business model.
- **Finally- Experience:** Your clients will be your teachers. That is why we call the business a 'practice.'

FINDING AND KEEPING CUSTOMERS/CLIENTS

Self-employment is all about finding and keeping customers/clients. (Repeat that statement twenty times.) The technical work is relatively easy. You need to determine at the outset if you are willing to learn and perform the essential sales and marketing functions required by the self-employment model you select. Yes! Even medical doctors have to find and keep new patients. Therefore, identify and contact 15 to 25 potential clients who would use your service before you start up. It is even better to identify client demographics and/or referral sources that produce the most billings. You my consider retaining a sales coach.

RESEARCH YOUR COMPETITION

Develop relationships with competitors in your trading area and in geographically distant trading areas to obtain key business information. The amount of information you can obtain just by asking will amaze you.

- How many hours per week did they bill during the past week, month, and the past six months? (Competitors who are not in your trading area may feel more comfortable sharing sensitive information.)
- What is the rate per hour and total billed per client?
- What are the sources of referrals?
- Develop a professional relationship with three or four competitors, meet with them periodically and visit their offices.

COMPETIIVE FEE

There are competitors and clients at every price point (fee). Many of your competitors are state or county employees, non-profit agencies, religious organizations, public school teachers or college professors- moonlighting in the evening in their living rooms.

Assume that counselors employed in the public and non-profit sector who moonlight are highly qualified. Get to know them. ***However, they are not really competitors.*** You may not want their client base. Clients who seek out the lowest fee usually resent paying anything- and they are usually a problem.

SLIDING SCALE

Be careful about charging fees on a sliding scale, especially during the start up period. Your landlord and supplier will not cooperate and charge you less because you use a sliding fee schedule. Nor do you diminish your service quality for the reduced fee.

Research the fees charged by the most respected and qualified licensed psychologist, family therapist, licensed clinical social workers or business consultants with comparable education and training who practice in your area. Use their fee schedules as a guide for fees in your trading area.

ENTREPRENEURIAL SEIZURE

Individuals who become proprietors (business owners) suffer an 'entrepreneurial seizure,' says Michael E. Gerber in ***The E-Myth***, (Ballinger/Harper Row, 1986). He warns that most people who consider going into business make a fatal assumption ***"if you understand the technical work of a business you understand a business that does the technical work."*** He advises- ***"work on the business rather than in it." The key factor according to Gerber is marketing competency. You need to know how the find and keep customers/clients.***

WHAT IS A FAIR HOURLY RATE?

Wrong question! What is fair for you may not be fair to a client. In a free market economy, where neither party has an advantage over the other, the price the seller and buyer strike represents what the service is worth to each party.

The question should be, "What is the highest price or fee that you can get" for the gross billings you want and collect? The client will determine what he/she will pay. The *counselor* or *coach* will get what they want negotiated by what the client is willing to pay. ***That's fair!***

BASELINE FEE CALCUATION

One method that career counselors/coaches in private practice can use to establish a reference or minimum base line fee is to determine the salary that a journey level counselor, with a minimum three years experience and Master's Degree can command in the open labor market and then add the estimated fringe benefits and operating costs. For instance, most counselors in private practice and coaches have comparable education, degrees and experience with social workers employed by a government agency.

For example, the gross salary range of an ***Employment and Training Program Coordinator,*** with ***County of Sonoma*** according to information on the county web site (2007) is **$ 56K to $68K Annually. In order to compare a private sector practionner with a public sector professional: (http://agency.governmentjobs.com/sonoma/default.cfm?action=agencyspecs)**

- **Add** estimated cost of fringe benefits: e.g., vacation, fixed and floating holidays, sick leave, family medical, vision, and dental plan, group and long-term disability insurance, employer contribution to retirement, tuition reimbursement, tax-exempt child care, etc, etc. (Est. **$15 K to $18 K per yr)**
- **Add** estimate of other *employer costs*, e.g., office space, equipment, supplies, in-service training, computer services, telephone, receptionist, business sign, auto insurance, workers' compensation insurance, liability insurance, clerical support, administrative support. (**Est. minimum $ 10,000 per yr**)
- **Gross working hour**s of 2080 hrs/yr (**40 hrs/wk x 52 wks/yr = 2080**).
- **Less Lost Time**: Vacation, fixed holidays, floating holidays, sick leave, family leave act, meetings, in-service training and administrative time.
  (**Est. minimum 119 days or 952 hours)**

- **<u>Billing Hours</u>:** Assume you plan to be efficient and bill 75% of the week. Total hours for billing = **846 hrs/yr.** (**2080 - 952 hrs = 1128 hrs; 1128 x .75 = 846 hrs.)**
- **<u>Total Compensation:</u>** To draw total taxable compensation of $86K per **year ($68K + $ 18K + 10K)** requires gross billings of $143K per year assuming your personal draw is 60% of gross **(86 K/.60).**

HOURLY FEE
To gross $143,000 per year you would need to charge a fee of **$169 per hour** for your time. (**143K / 846 hrs/yr**).

THE BOTTOM LINE
You may quibble with the calculations or you may have a different method of arriving at a fee. The important point is to plan realistically and include ***all the factors*** in the calculations when determining your fee and total compensation. That fee will be adjusted up or down according to your local situation.

At the outset, expect to bill half of what you planned for and expect that your overhead will be twice what you anticipated. When you reach retirement age, you want at least the comparable benefits as your colleague with comparable education, experience and competence employed in the public sector (the government). Whatever the fees are, you must deliver services in a professional manner comparable to other professionals in your service area.

SOME REALITIES AND STRATEGIES
- With few exceptions, there is no ***bookable goodwill*** in the private counseling/coaching business model. Therefore, you cannot expect to earn income on a capital gains basis, i.e., sell the business because you do not have a client base that can generate a future or repeat income stream.
- Therefore, you need to replace 'goodwill' with investments. Your fee must include a generous factor for retirement.
- Be alert to the client who will not make decisions and who will not work on assignments between sessions. Always give your clients simple task to complete before the second session and every session thereafter. It is wise to send clients who do no work on their way- to someone else.
- The median hours for the self-referred clients will be three to five hours.
- Many successful business operations fail because the operators did not have a system in place to sustain the success. Establish a system!
- Become a marketing expert in your field and industry.
- Do not rely on group work or classes. Group activities take a lot of emotional energy, skill and administrative time.
- You need to explore corporate or business clients that want services in addition to face-to-face contacts with clients, e.g., labor market surveys, job development, report writing, research and analysis or testing.
- You need a strategy that permits maximizing efficiency by billing your time at an **effective (actual) rate** that exceeds your **hourly** rate.

- Avoid employees unless they add value. When you hire employees you must increase you billable time and effective billing rate.
- Do not use your residence- you can always sublet a small office on a per-use basis.) Be cautious about signing long-term leases more than one year.
- Think twice before using a *fictitious business name*.
- Think three times before buying into a franchise business model.
- *Signage* should be clear and *waiting* areas need to be small.
- Purchase research material as needed and avoid offering coffee and tea.
- A concise personal letter to potential referral sources with a personal follow-up visit is a great idea.
- Separate out your personal/family and business financials.
- Expect to succeed. (Just in case, operate as if you took out a $ 500,000 second mortgage with a monthly mortgage payments for 3/4K.)
- Answer your phone messages within one business day!
- Avoid advertising, with the exception of the *Yellow Page Directory*.
- Create a simple ***Internet site*** with lots of free content.
- Join a professional organization with a code of ethics and access to professional liability (E&O) and office liability insurance.
- Take only essential notes especially if third parties are involved.
- Assume you and your records-EVERYTHING- will be subpoenaed.
- Do not accept materials from a client, e.g., client drawing for a perpetual motion machine.
- If you take office space within a larger office, make sure that it is ADA accessible, including the rest rooms. Keep important records in a locked file cabinet, preferably at home if you do not have a locked office.
- Develop relationships with local employment related organizations and employers, especially human resource staff and hiring authorities, to become acquainted with hiring practices and protocols, e.g., **PASCO.**

FINALLY

- **Network, Build Relationships and Network.**
- **Research your decision to establish a practice or your dream will become a nightmare.**