

## Journal of Financial Planning

### Planners and Coaches: A Natural Fit?

by Ed McCarthy, CFP®

Financial planners advise clients—but to whom do planners turn when they need professional or personal advice? For some planners, working with a coach for guidance on topics ranging from practice marketing to work/life balance is the solution.

Over the years, Bedda D'Angelo, CFP®, president of Fiduciary Solutions, a solo practice in Durham, North Carolina, had come to recognize a problem in her client relationships. While she was skilled at attracting clients and counseling them, she had problems getting them to implement her advice and retain her services beyond the initial engagement. She suspected that her own attitudes toward money might be a factor. She recalled an article in which James Gottfurcht, a psychologist and coach in Los Angeles, California, had discussed the concept of "poverty thinking." Gottfurcht's Web site, [www.psychologyofmoney.com](http://www.psychologyofmoney.com), defines poverty thinking as "a mistrustful state of mind that says things will not work out. It embodies pessimism, fear, and a passive relationship with money. Poverty thinking aligns your beliefs, attitudes, expectations, goals, and behaviors toward unrealistic levels of scarcity, fear, and loss."

D'Angelo realized that she had formed these attitudes in childhood and called Gottfurcht, ultimately hiring him as a coach. Gottfurcht helped D'Angelo recognize her inclination toward poverty thinking and showed her that she was attracting clients who had attitudes similar to hers. This like-minded thinking was resulting in situations that failed to produce the outcomes she wanted for clients and her business. Her work with Gottfurcht ended after addressing that problem, although D'Angelo says she would renew the relationship if she reached any new impasses.

D'Angelo is not alone in her successful work with coaches, as other planners will attest throughout this article. But at the same time, many planners are unclear about what coaching really involves. We'll look at whether hiring a coach is right for you, how you might effectively employ a coach, the potential benefits versus the expense and time, the process of working with a coach, and how to find the right coach for your practice. A coach isn't going to solve all your problems. But the right coach at the right time can bring new insights to your practice, just as you strive to bring new insights to your clients.

#### Rapid Growth...and 'Confusion'

Judging by the rapid growth in the ranks of coaches, planners aren't the only ones seeking advice. According to the Lexington, Kentucky-based International Coach Federation's (ICF) Web site, the organization had 2,122 members in 1999, the first year for which figures are available. The group had grown to over 11,000 members by November 2006 and was adding roughly 400 members a month. The number of coaches who have completed the ICF's certification programs—Associate, Professional, and Master Certified Coach—is increasing, as well.

Although there are more coaches available, it's likely that many prospective clients don't completely understand a business or personal coach's role. The ICF defines coaching as "partnering with clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential." Coaching is a distinct service and differs greatly from therapy, consulting, mentoring, or training, according to Tracy Beckes, owner of Tracy Beckes and Associates in Starwood, Washington. Beckes has coached financial planners since the early '90s and now works exclusively with planners. She has experienced a "huge amount of confusion" in the marketplace, which is at least partly attributable to clients' lack of experience with coaching.

"Coaching was a novelty back in the early '90s," she says. "Until the past two or three years, I usually would be the first coach the client had. Now, for the first time, I'm getting clients who have had experiences with other coaches."

To some degree, coaching's current status is reminiscent of financial planning's experience 10 to 20 years ago. Media coverage of planning and planners was increasing, but the profession lacked a clearly defined identity with consumers, many of whom didn't understand the process. Similarly, Beckes has found that most people don't understand the differences among coaches, consultants, and trainers. In training, she says, a participant goes through the same material at the same pace as the rest of the training class. Consultants walk the client through a process, make recommendations, and in some cases take over certain aspects of a firm's operations. "Coaching is a completely different paradigm," says Beckes. "The client sets the agenda and the pace. The coach brings his or her wisdom and insight to where the client is, and a session can change direction on a dime."

Another potential source of confusion is the variety of advice that coaches offer. Some focus on specific areas such as marketing, branding, and strategic planning. Others, like Beckes, address broader themes such as integrating a client's personal and professional lives. Steve Mitten, a coach in South Surrey, British Columbia, Canada, was a successful entrepreneur before becoming a coach in the mid-nineties. Financial advisors made up approximately 70 percent of his clientele in the early years; today, roughly one-third of his clients are independent professionals, including financial advisors.

Mitten's extensive business experience allows him to feel comfortable advising planners on a wide range of challenges. "I don't have just a narrow focus and nothing else," he says. "Usually the areas where financial advisors need support are not rocket science—they're really simple things. It's just that like other independent professionals, their days get filled with stuff they react to and it becomes habit: showing up, doing what's there, reacting. They haven't developed the habit of sitting back and looking strategically at their business, their market, and where they need to go next."

Mitten starts the dialogue with a prospective advisor-client by asking what the advisor wants from coaching. Most advisors who contact Mitten have a business goal such as taking their practice to the next level. He then asks them to get very clear on what they want to accomplish by describing their ideal clients, unique attributes, and the activities that contribute the most to their success. "A lot of advisors haven't spent much time on those questions," he says. "They have a vague concept of who their ideal clients are but haven't done the branding work to differentiate themselves from the 10,000 other advisors in their market."

Mitten cautions financial advisors against expecting that a coaching guru will solve all their problems and have all the answers. Instead, a good coach will help clients achieve clarity about where they want to go and make sure that their business and life align with their goals and are fulfilling. "A lot of people aren't fulfilled with what they're doing—they're doing it for the money alone," he says. "A good coach helps them create a plan and stay with it week to week so that the desired changes take place. A lot of people have an idea of where they want to go, but if all it took was an idea to make a change, we'd all be keeping our New Year's resolutions."

## Motivation

**Planners cite multiple motivations for hiring a coach. For example, besides working with James Gottfurcht on her "poverty thinking," Bedda D'Angelo had hired her first coach when she owned a practice in Massachusetts before selling it and moving to North Carolina.** She wanted help in setting priorities and managing her schedule, and a local coach helped her accomplish those goals. Because both of her experiences with coaches have been successful, D'Angelo plans to retain another coach to advise her on staffing and managing her growing practice.

David Lesnick, CFP®, started his solo-practitioner firm, Sound Advice Financial Planning in Goodyear,

Arizona, in 1993, focusing on retirement planning. But family issues ultimately distracted him and his business started to decline. He needed to reinvigorate his practice by attracting new clients, and as he considered his options, he recalled an article by marketing coach Max Bolka of Asheville, North Carolina. Bolka's article had described the benefits to planners of getting booked as guest speakers on cruise liners to generate business. The method appealed to Lesnick. He ordered Bolka's materials, got booked on several cruises as a speaker, and developed several new clients from his on-board contacts. Lesnick subsequently hired Bolka to coach him on marketing and client development, and they have been working together for the past 15 months.

Solo practitioners aren't the only planners turning to coaches, however. Charles Haines, CFP®, is chief executive officer of Charles D. Haines LLC in Birmingham, Alabama, which has 22 employees. Haines believed he had reached a point in life where he needed to re-assess what he was doing and how he was doing it. He had been reading articles about coaching and interviewed several candidates, but he wanted a coach who was comfortable working with a larger firm. His search led him to Beckes, whose client-firms were similar to Haines's. As a result of the business fit and recommendations he gathered from other advisors, Haines decided to retain Beckes and has been working with her for the past 2½ years.

Holly Gillian Kindel, CFP®, CLU, director of financial planning for Mosaic Financial Partners Inc. in San Francisco, California, first encountered coaching in 2005 in one of the Financial Planning Association's pre-conference workshops presented by Andrea White, owner of Financial Conversations. Kindel believed that coaching skills held value for counseling financial planning clients, and she started working with White in mid-2006. The coaching process impressed Kindel sufficiently that she enrolled in CTI's educational program, which she completed in January 2007. Her work with White focused simultaneously on improving Kindel's work with clients and developing her coaching skills.

"With Andrea I was working to learn more about being a coach," she says. "The adaptability in terms of presentation methods that I learned from her is very helpful with clients. Sometimes we get stuck in ruts with how we are and how we act with clients. We don't always realize that the most important thing is getting the client to do what they need to do. It doesn't really matter how we get there."

Kindel notes that the College for Financial Planning's Certified Financial Planner coursework previously included material on communication skills. That segment was dropped, leaving a gap that she believes coach-training can fill. "It's interesting to be on the other side of the table as a coaching client," she says. "Too often we forget what the client experience is like because we're used to being in the professional role. It's somewhat scary being a client. You're revealing some serious aspects of yourself that other people don't know about—it's vulnerable. Going through that process is very helpful."

## **The Process of Working with a Coach**

Coaching sessions usually take place weekly or biweekly, with each phone call lasting 30 to 60 minutes; the duration of each call and the relationship varies by coach. Lesnick speaks with Bolka every two weeks for roughly an hour. Bolka gives him an assignment that Lesnick completes within one week. He provides the results to Bolka, who reviews the assignment for discussion at their next session. Their work together started by developing a business plan that forced Lesnick to get very specific on numerous aspects of his business. "He had me drill down in the areas that I wanted to focus on," Lesnick says. "Who am I and how do I market myself? Who are my clients and how do I reach those people?"

Haines talks with Beckes for two hours each month; they discuss a variety of projects that he is developing. Their work started with an outline of how they would work together and what Haines expected from coaching. The process then moved into skills assessment and goals: where Haines was and where he wanted to go. Shortly after they started working together, Haines went through a divorce and the coaching began to cover both personal and professional topics. "A \$500 million assets-under-management firm is small and I have bigger goals in mind," says Haines. "Tracy is pushing me to achieve my dreams and personal capacity. It's hard to draw a line between your business and the rest of your life. I believe a coach needs to be able to help you all around."

Kindel stopped working with White in December 2006. They had worked together intensively for seven months in a goal-oriented process and she felt their work had achieved its purpose. She's eager to experience another type of coaching, perhaps something with a more spiritual focus. The ability to change coaches as needs dictate appeals to her. "Coaching doesn't require that you have a long-term relationship," she says. "It can be very surgical, and I think that's the appeal to financial planners (who learn the skills). There are specific tools and techniques you can use to help clients who are at specific stages or have particular problems. You don't have to go really deep like you might with therapy."

Coaching can extend beyond the traditional categories. In 2000, Rick Kahler, CFP®, president of Kahler Financial Group in Rapid City, South Dakota, was part of a group of planners exploring what it meant to be an integral financial planner—that is, a planner who is as skilled at delivering "interior" financial services as exterior services. The participants decided that they needed to address their own interior and exterior issues with money and concluded the best way to do that was to engage their own integrated financial planner. Kahler subsequently started working with group member Gayle Colman, CFP®, of Colman Knight Advisory Group LLC in Carlisle, Massachusetts. They no longer work together, largely because of the distance between their locations, but Kahler highly recommends the experience.

"Sitting on the other side of the desk was a profound experience," he says. "It helped me internalize at a deep level the value I bring to clients by simply creating the time and the place for couples to talk about money. My wife and I rarely talked about money and we had plenty of issues to explore and evaluate. It was one of the best professional experiences I've had, not to mention the personal benefit, too."

## Cost

Coaches have adopted several compensation models. Beckes's clients pay an annual retainer and she requests a two-year minimum commitment. Her fee depends on the number of hours in the engagement, the number of persons in the firm with whom she works, and the duration of the engagement. She says that fees can range from \$400 a month for small-group coaching programs and \$30,000 to \$50,000 a year for large organizations where she's working with many of the principals.

Mitten says that the fee to retain a credentialed, experienced coach typically costs \$500 to \$1,000 a month, although it can go higher for more experienced coaches. That cost generally includes three or four calls, depending on the coach. Mitten charges \$750 a month for three consultations that usually last 30 to 40 minutes each. He does not require commitments and clients can end the relationship at any time. "Every coach does it differently," he says. "Coaching is so new that most clients won't have tried it before, so I don't want to talk to a new client who has never worked with me and say, by the way, there's a six-month contract payable in advance."

## Benefits

**Is the advice worth the expense of time and money? The sources for this article believe so. D'Angelo found that her coaching sessions with James Gottfurcht helped her identify clients with different mindsets who were right for her personality and practice. Additionally, she says, the coaching sessions improved her listening skills and ability to ask clients deeper questions.**

Lesnick points to measurable business improvements from working with Bolka. His marketing efforts are more effective in reaching his target market and consequently he's spending less time with unsuitable prospects. He has reversed his business's decline and reports that his practice is growing again.

Kindel believes that hiring a coach and learning the skills involved have helped her "tremendously" as a planner. Mosaic takes a life-planning approach with clients, and Kindel says that it's often difficult for clients to be self-reflective. The coaching model's goal is to discover what clients want from life, and the processes help them get to that answer. "We're not living in a particularly mindful culture," she says. "It's very consumer driven and materialistic. In coaching, it's not as if we just ask the clients these questions and let them figure it out on their own. We help them flesh out their vision."

The benefits from coaching relationships vary with the nature of the engagement. Some coaches provide detailed, highly focused advice on specific practice management themes. In Lesnick's work with Bolka, for instance, they have gotten to the level of developing a marketing kit for prospective clients. The kit's contents and information are the result of multiple coaching sessions that developed a mission statement, clientele profile, and the solutions Lesnick offers to his target market.

Another benefit that experienced coaches provide comes from accumulated knowledge built upon the coach's work with other advisors. "I tell my clients that when they hire me, they are hiring a community of some of the best advisors in the country," Beckes says. "I don't share specific details, but I will bring the wisdom and insight from everyone to each call. So the clients are tapping into a network when they do the individual coaching."

## **Advice to Peers**

Given the growing number of coaches, how can a planner find the right one to work with? Bedda D'Angelo believes a successful coaching relationship needs both comfort and challenge. "I couldn't work with a structure freak," she says. "But I realized that I couldn't work with my clone, either. You have to find someone who 'gets' you and knows how to pull you through to the next place. You need a coach with whom you can have rapport but who has strengths opposite of yours."

The coach's expertise is another factor to consider. David Lesnick wanted advice on growing his practice and sought that specific knowledge and experience in a coach. Holly Kindel wanted to receive and learn coaching at the same time. Audrey White had coaching expertise and was willing to be transparent about the tools and techniques they were using in their work. Kindel also recommends that planners consider their motivations for hiring a coach beforehand. "Be thoughtful about what you want from the coaching relationship—it's no different from what a client would want from a financial planner," she says. "What are you trying to accomplish? If you're not clear, it will be difficult to establish criteria."

Haines believes that the planner's introspection and willingness to disclose are essential to a successful coaching engagement. "What are you looking for?" he asks. "Be as brutally honest with yourself as you can be. Don't waste your time if you're going to hold back—you're just cheating yourself. Honesty, vulnerability, and openness are keys."

Coaching has its critics, of course. One planner, who requested anonymity, worked for a firm in which the owner hired numerous coaches over the years. As an employee, he was on the implementation end of the coaches' advice for the firm, and what he saw led him to doubt the value of that advice. "I think many people who experience success still have self-doubt," he says. "They're searching for somebody to tell them they're okay. None of the courses or books or coaches provided enough help to stop my boss from going to the next one."

This planner doesn't discount the potential value of coaching, but he cautions planners to consider their motivation before signing on. "Why do you feel you need to hire the coach?" he asks. "If you're struggling with something, having someone observe and critique you never can hurt. But when you get into the idea that you have to pay someone a lot of money just to make you feel good about what you're doing, I wouldn't do that."

## **Who Benefits?**

Coaching is not a panacea for overcoming business and personal challenges, and qualified coaches don't present it as such. Steve Mitten observes that the first step is an assessment: Are you getting the results you want? If you are, keep doing what you're doing. If not, he says, ask yourself if you are open to working with someone who might help you clarify a better vision for your business.