

A ClientWise White Paper

The Business Case for Coaching



GET CLEAR. GET FOCUSED. GET RESULTS.

In 1981, Duke University hired Mike Krzyzewski to coach its men's basketball team. Over the next 25 years, Krzyzewski's career at Duke would become legendary. His uncanny ability to draw out the best in each of his players helped the team make almost a dozen appearances in the NCAA's "Final Four," while winning three of those championship titles. Having the right coach helped the Blue Devils become one of the most respected college teams in the nation.

Today, it isn't just basketball players who can benefit from great coaching. Many of the nation's leading financial advisors are seeking professional guidance on how to improve their game. While these advisors may already be top producers, managing more than \$100 million in assets, they realize they need assistance to reach the next level. They may excel at managing money, but often lack other important skills that are vital to growing their businesses over the long term. And that's where coaching comes in. Coaching helps financial advisors identify their strengths and weaknesses, while creating a path for beneficial change.

The History of Coaching

The history of coaching dates back to 500 BC, and earlier. In Ancient Greece, 'paidotribes' assumed the role of coach and all-around physical educator. Paidotribes were often proprietors of gymnasiums, taught physical activities, knew how to develop strength and endurance, and adapted their instructions to suit the individual differences of their students. Within this system, coaches had unlimited and unquestioned power. Their instructions could even result in an athlete's death, without fear of punishment.

We've come a long way in 2500 years. The International Coach Federation (ICF) specifically does not condone death as an appropriate punishment for unmanageable students. More seriously, the coaching profession has seen remarkable growth in recent years. From a negligible amount in the 1980's, the number of coaches has risen sharply. Early in 2007, the ICF released the "ICF Global Coaching Study" which estimated there may be upwards of 30,000 coaches working worldwide. In a separate study conducted in 2006 by the Institute of Executive Development and Marshall Goldsmith Partners, LLC, it was predicted that the industry will grow by 10% annually, over the next three years.

What is Executive Coaching?¹

The International Coach Federation (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 an ongoing relationship that focuses on clients taking action toward the realization of their visions, goals and desires. Coaching uses a process of inquiry and personal discovery to build the client’s level of awareness and responsibility, and it provides the client with structure, support and feedback. The coaching process helps clients both define and achieve professional and personal goals faster and with more ease than would be possible otherwise.”

Although there is no standard definition of executive coaching, there is a growing standard of agreement within the industry. Executive coaching can be defined as the helping relationship which is formed between a client (or coachee) and a professional coach. Typically, this coach uses a wide variety of behavioral science techniques and methods to help clients achieve a mutually identified job-related set of goals to improve his or her professional and personal performance. It is based on the collaborative relationship between the coachee and an executive coach.

Coaching vs. Training

Although they are often viewed in a similar light, training and coaching are distinct and different from each other. Each has a valuable and important role, but they are not to be confused with one another.

Training is directive, and imparts concrete knowledge about concrete matters, i.e. products, corporate objectives, tools, processes, etc. In contrast, coaching is not about issuing instructions, telling someone what to do, or prescribing how to do it. Coaching takes place on the job, and is a release of talent and skill, previously untapped by training, through a process of self-awareness initiated by the coach. Coaching is about helping, guiding, encouraging, and allowing space to perform and do things differently.

¹ For the purpose of this paper, the terms ‘executive coaching’ and ‘coaching’ are used interchangeably, and distinct from ‘life coaching.’ Although ‘life coaching’ has an important place in the coaching spectrum, it is not the main focus of ClientWise or this discussion.

Coaching is Not for Everyone

Having said this, coaching is not for every advisor. Coaches, even the best ones, do not have magic wands that can wave away all advisor ills. Advisors who expect ‘silver bullets’ or ‘magic beans’ should look elsewhere. Simply put, coaching can not bail out a failing advisor. Moreover, some advisors are simply not prepared to do the work. As a coaching client, advisors must be prepared to show up to each coaching call completely engaged and fully intent. Finally, some advisors are quite content to not rock their own boat; they are happy where they are. Without casting any aspersions in their direction, this is a perfectly understandable situation. It is not necessary that every advisor needs to grow or change! For some advisors, the status quo is completely OK.

The Benefits of Working with a Coach

“When you’re a top producer, you’re used to being your own boss,” says Elizabeth Manibay, an executive coach with more than eight years of experience working with some of the industry’s top financial advisors. “Sometimes you need someone who can help you think and act differently.” A coach can provide an impartial point of view when helping financial advisors identify and address issues crucial to their success, she says. This can be especially important for executives because they often don’t have colleagues they can talk to about the challenges they face. Manibay believes that coaching can help advisors let go of old ways of thinking that may be keeping them from reaching their full potential.

Accountability is another important benefit of hiring a coach. “Your coach is someone who helps you stay on the right track for meeting your goals,” Manibay says. “As a coach, I help my clients identify and articulate their priorities, then help them figure out whether they’re spending their time in a way that truly supports their objectives.” Other benefits of hiring a coach include having access to new ideas and new approaches, having someone to vent frustrations to when times are tough and having someone who will help keep you motivated to make changes when needed.

Financial advisors are also seeking professional coaching to assist them in developing and running their practices. This may include coaching of communication skills, improving staff motivation and development, enhancing client relationships and focusing their vision for their practices. It is important to consider both personal and professional goals when engaging a coach. Your entire life needs to be in balance in order to reach the next level!

Top Ten Ways a Business Coach Can Help You

Working Smarter. Many advisors are already working hard. However, frenetic activity does not guarantee forward motion. Moreover, some advisors focus on activities that are comfortable to them with less short-term pain, and little long-term gain. A coach will help you focus your energy where it will give you the biggest payoff, and develop systems to keep your activities on track.

Articulating your Value. Quick ... describe your true value to prospects and clients in three sentences or less. If you don't have an answer or don't like your answer, then you need a coach.

Regain Confidence. From the outside, the perception of the financial advisor is that they are always happy, gregarious and completely self-confident in their skills and abilities. The reality is often less than this, especially in challenging investment environments. A coach can help you take the first steps in the right direction and spark a 'fire-in-the-belly' that may have been dormant for some time.

Restructure your Time. A coach can help you regain clarity and focus, determine which activities are important and need to be done first, and help you create a daily/weekly plan that systematically blocks out specific hours for specific activities.

Identify Fears. Underlying fears are the 'elephant-in-the-room' for many advisors. Oftentimes, these fears are based upon a limiting belief system that merely needs to be challenged and replaced with a new belief system. A coach will guide you to activities and behaviors that, over time, will create and reinforce a new belief system.

Client Acquisition. New clients are an advisor's lifeblood. Yet, many advisors reach plateaus where their client acquisition becomes stymied. A coach will help you structure client acquisition efforts and marketing campaigns that are unique to your interests, personality, and skill-set.

Identify your Strengths. When you look in the mirror, do you see the beauty, or the flaws? Coaches help you identify your singular strengths, and highlight your talents such that they are more easily seen by prospects and clients.

DEA: Delegate, eliminate, automate. The three best ways to increase capacity in your business is to delegate, eliminate, or automate. A coach can identify your extraneous, inefficient behaviors and help you institute processes that build your capacity, thereby setting the foundation for growth.

Increase Accountability. A coach can give you objective advice about all aspects of your business, specific action plans, and the right amount of accountability without exposing all of your weaknesses to your firm, your peers, and your boss.

Reduce Isolation. Surprisingly, financial advisors who work with hundreds of clients and are on the phone all day can feel completely isolated. A coach can offer a safe, non-judgmental environment with which financial advisors share ideas, fears, and dreams.

How Does Coaching Pay Off in Real Dollars?

One of the most frequently cited dilemmas in the executive coaching field is the issue of return on investment (ROI) as a measure of coaching effectiveness. Measuring the ROI of executive coaching is based on the view that if money is invested in it, then there should be a return on this investment, with the financial gains from executive coaching being greater than the costs. ROI as a measurement is normally used for investments in tangible assets such as plant and equipment and is the most commonly used calculation in business. Here are four real-life examples of the ROI for coaching:

- 1)** A Fortune 500 firm launched an innovative leadership development effort that was expected to accelerate the development of next generation leaders. The participants in this effort were drawn mostly from the ranks of middle managers and from many different business units and functional areas. Leadership development activities included group mentoring, individual assessments and development planning, a leadership workshop and work on strategic business projects. Coaching was considered to be a key enabler for this approach to leadership development because the participants could work privately and individually with his or her coach to develop specific leadership competencies. The bottom-line was that coaching produced a 529% ROI and significant intangible benefits to the business.
- 2)** Fortune magazine has reported on the ROI of Metropolitan Life Financial Services' intensive coaching program with part of its retail sales force. Metropolitan's experience found that productivity among those salespeople coached increased by an average of 35%, while 50% identified new markets to develop.

Most importantly, Metropolitan has retained all of the salespeople who had the coaching - a big deal, since industry statistics show that each representative who leaves a company with three years' experience costs \$140,000 to replace. In all, the coaching program, which cost about \$620,000, delivered \$3.2 million in measurable gains.

- 3)** Cerulli Associates is a Boston-based research firm specializing exclusively in the financial services industry. Recently, Cerulli completed a study that quantified the value of using a coach. An overwhelming majority of the surveyed advisors (90%) who have worked with coaches reported being satisfied with their coaching experience. Within the group of advisors that they studied, there was a significant and tangible benefit amongst the advisors who employed coaches. The control group of advisors who did not use coaches had average annual revenues of \$670,050. In comparison, advisors who used coaches generated average annual revenues of 28% more, or \$861,289. Both groups had comparable levels of assets under management and were studied under identical time-frames.
- 4)** Within a national wirehouse brokerage firm, a non-published study was recently completed among coached, and non-coached, advisors. 600 advisors participated in this study. Over the time period studied, the control group of non-coached advisors saw their revenues decline, on average, by more than 20%. In contrast, the coached advisors saw top-line revenues increase by 25-30%.

Navigating a Changing Industry

In an increasingly competitive and changing environment, it's not enough to simply manage money anymore. One trend that many advisors need to prepare for is the commoditization of the asset management industry, and a good coach can help. As more competitors enter the marketplace, advisors can no longer afford to be complacent about their businesses. Investors are increasingly savvy about investments and working with advisors. If advisors aren't growing their businesses, they may be at risk of losing assets to new industry players.

Another trend that coaching can help advisors prepare for is the aging of America's baby boomer population. As investors approach the age of 60, they frequently look for a new advisor or seek to consolidate multiple advisory relationships into a single relationship. For advisors, this means that they need to spend less time managing money and more time listening to and talking with their clients. A coach can help advisors develop new marketing skills and new approaches to growing their business with this segment, if needed. Furthermore, the best coaches can help clients raise their emotional intelligence and manage their client relationships with greater finesse.

Qualifications of a Superior Coach

Financial advisors who are interested in hiring a coach should look for someone who can clearly explain the outcomes and expectations of what they want to accomplish, as well as help them articulate the value of the services they are providing to their clients. They should look for hands-on experience and an intimate understanding of the challenges they, as advisors, face. And finally, they should feel trust and a genuine rapport with a coach before committing to an engagement. Many coaches expect a minimum of a three-month engagement when working with advisors. Just as it often takes years to build a successful practice, making changes is a long-term process.

Whether you are an athlete or a financial advisor, finding the right coach can make the difference between getting by and reaching the top. Whatever your goals, a seasoned coach can help you achieve them.

“Discipline is doing what you are supposed to do in the best possible manner at the time you are supposed to do it,” Duke’s Krzyzewski once said. Likewise, a good coach can help financial advisors maintain the discipline to achieve their vision for their practices, while helping them continue to achieve success in a rapidly changing industry.

How to Select an Executive Coach

As mentioned earlier, coaching is not for everyone. For those advisors who believe that coaching would be beneficial for them, we’d like to offer these guidelines as you undergo your coach-selection process:

Advisor Buy-in. Ultimately, the success or failure of any coaching engagement rests with the advisor. (Note: this is an important and subtle distinction between coaching and training!) Consequently, the advisor must ‘buy-in’ to the concept of coaching, and adopt a willingness to change. Going further, if you are an advisor who does not yet believe that coaching is right for you, or if you feel that coaching has been foisted upon you by someone with another agenda, then trust your instinct. You aren’t quite ready for coaching.

Philosophy. There are certain characteristics that can be expected from a coach and a coaching engagement. Typically, the coaching environment should offer: honesty, respect, empathy, non-judgment, accountability, flexibility, and complete confidentiality. Advisors should take due diligence into their own hands and interview prospective coaches. It is critical to understand a coach’s philosophical approach in order to select the most appropriate coach.

Qualification and Background. Due diligence questions should cover the following: What specialized knowledge and skills do they possess and what is the basis of this expertise? What are their qualifications, formal and informal, that make them a coach? What is their track record of success? Equally importantly, where have they failed? Become clear on the capabilities of the coach, and determine if this will help you achieve and exceed your expectations.

Connectivity. As a financial advisor, you probably possess a healthy emotional awareness of others. As you gather your knowledge, trust your gut as you ascertain a connection, or lack thereof, with a prospective coach.

About ClientWise Coaching

ClientWise coaches are recognized for having both industry and coaching expertise. Complexities in the financial service industry are unique. Understanding your daily responsibilities, challenges and the environment of constant change makes us a unique coaching partner.

All ClientWise coaches are members of the International Coach Federation (ICF), a global organization that provides independent certification and sets standards of ethics for the coaching industry. Our ClientWise coaches adhere to the ICF's Code of Ethics and high standards of professionalism and integrity. As such, all ClientWise coaches adhere to the following ICF pledge of ethics:

"As a professional coach, I acknowledge and agree to honor my ethical obligations to my coaching clients and colleagues and to the public at large. I pledge to comply with the ICF Code of Ethics, to treat people with dignity as independent and equal human beings, and to model these standards with those whom I coach. If I breach this Pledge of Ethics or any part of the ICF Code of Ethics, I agree that the ICF in its sole discretion may hold me accountable for so doing. I further agree that my accountability to the ICF for any breach may include loss of my ICF membership and/or my ICF credentials."

Furthermore, our Certified ClientWise coaches provide you the necessary focus, encouragement, knowledge, insight and ongoing support to help you improve your business and personal performance.

For additional information about how coaching may help you, or about ClientWise specifically, please call Dan McGouran, Director of Business Development at 1-800-732-0876.

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ClientWise Coaching Services

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