

CHARGING POINT

How do you calculate a 'fair exchange' ask **Clare Norman** and **Michelle Lucas**, in this series on fees in coaching and coaching supervision. **Part 1: supervision**

Getting practitioners to talk transparently about rates is not without discomfort.

We started to explore this delicate issue because we noticed that there was an apparent discrepancy between the charges for coaching and those for coaching supervision. We were personally able to charge more for coaching than we were able to negotiate for supervision and that appeared to be similar for other people who offered both coaching and supervision.

So how did this come about? We decided to get curious.

In an unregulated market where much of the work of independent practitioners is won through relationship, how do we know what to charge? Neither coaches nor supervisors have a benchmark against which to guide their fee structure. Additionally, fees are rarely transparent, whether in the coaching arena, supervision or team coaching.

While more research-orientated coaches might ask their network contacts, our typical British reserve stops many practitioners asking the question – indeed, not everyone is willing to provide answers. The result? The practitioner ends up doing a bit of guesswork about what fee is appropriate for their client base.

So how do we take the guesswork out of determining our fees?

In this series, we'll be looking at the current fee structures for supervision, coaching and team coaching and we will explore what factors are influencing pricing strategy. We start with supervision fees (in the UK.)

Having done some desk research (scouring supervisor directories and websites to find practitioners willing to go public about their rates), this is what we found (see box). When considering fees that independents are charged for supervision, the issue is complicated by the vagaries of the coach's hourly rate, which itself can range from £25 to £500 per hour. Similarly, fees charged to organisations for supervision of internal coaches vary depending on its industry sector. Interestingly, in our research and network discussions it was very rare to find individuals paying a high-end rate for supervision. One established practitioner commented, "Only one of my individual supervisees pays me a rate which is equivalent to what I could earn as an executive coach for the same session time."

	Individual supervision	Group supervision
Independent coaches Lowest to highest rates	Between £85 and the coach's standard hourly fee plus 10%	Between £45 and £125 per hour per person

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**Internal coaches Lowest
to highest rates**

Consultancy day rates:
£800 – £2,300
(depending on sector)

A supervisor's earning power was only maximised in the domain of corporate-facing work, charging day rates in high margin sectors for group supervision.

You might imagine that less-experienced supervisors charge at the lower end of the spectrum, following the similar pattern that new coaches tend to charge rates also at the lower end, but we found little evidence for this among supervisors, with even very experienced supervisors charging at the lower end of the spectrum.

Let's look at the case for the different cost models.

Charging less for supervision than coaching

- **Maturity of the coaching supervision market**

When coaching supervision emerged as an offering, it was usual for the supervisor to have a therapeutic background. Therapeutic professions have historically commanded lower fees for their client services than coaches, partly because of the perceived 'wellness' of their clients and because, typically it was delivered weekly. Coaches now have more supervision choice than ever, and while that choice includes more therapeutically orientated supervisors, the price that coaching supervisors can charge will be suppressed.

While coaches who invest in supervision would not be without it, there isn't that much data about its benefits. The professional bodies differ in their position on its importance. Some see it as fundamental and incorporate it into their accreditation processes (AC, EMCC and APECS). The ICF values mentor coaching (observed coaching with feedback benchmarked against ICF core competencies) as formative for ICF credentialing and recommends supervision as part of a coach's CPD.

In some regions, an absence of trained professional supervisors has led to an increase in peer supervision – generally reciprocal and unpaid. Some will conclude it's not worth paying for something you can get for free.

- **Encouraging early adoption**

Ideally, for the reputation of the profession, the safety of the client and the benefit of the practitioner, we want to encourage more coaches to "stay sharp and stay safe" (Norman, 2016) from the moment their practice breathes. If we want coaches to have supervision as soon as they get their first clients, it needs to be accessible when they're not bringing in much income themselves. So, keeping the cost down may encourage them to buy it sooner, with sooner-seen benefits. What we do know is that once the benefits are known and felt, they're likely to continue engaging with supervision.

This might take us to a situation where supervisors offer a sliding scale of charges whereby the coach who is just building up his or her business pays less for supervision than the coach who has been in the market for some time. Consider how other professional services actively encourage start-ups and entrepreneurs. Banks offer discounted banking fees, for example. What might be the checkpoints that cause the price to rise – experience...accreditation or credential level? Time since training? Income? Hours of coaching completed? While the new coach might jump at this opportunity at the beginning of the supervision relationship, as the coach's rates increase with confidence and experience, why would they then offer to pay more for the same service?

- **Cost of sale**

When we compare the lifespan of the supervision relationship, it can often continue over a much longer duration than a coaching one. Typically, a coaching assignment might involve six to ten sessions over a year. In comparison, once a supervision relationship is established, it's not unusual for a supervisee to remain with that same supervisor for the rest of their coaching (or more often their supervisor's) career.

This would make the case for lower-priced supervision because there are lower marketing costs and less effort in winning supervision clients in comparison to coaching. This depends on how a coach wins their business, as the effort is similarly low for associate coaches and for the preferred supplier for large corporates with large volumes of coaching assignments.

- **Cost to serve**

Group supervision is a popular choice. The hourly fee of the supervisor is spread among multiple supervisees and satisfies a need for connection. Ideally, this makes it more cost-effective for the supervisee and offers a more lucrative proposition for the supervisor. This will appeal to coaches with a small budget for supervision and indeed enables more coaches to access supervision than if only individual supervision were available.

This ignores the added complexity of supervising a group though. The supervisor must take account of the extra effort in group contracting and managing group dynamics. There's an argument that while group work is more efficient, it's harder work for the supervisor. To do it well the supervisor may need even more training or experience in facilitation and/or group dynamics. There are also the additional marketing and administration costs in bringing a group of people together.

- **The supervisor's motivation**

Coaches, as a rule, engage deeply with their professional and personal development. There's always another slant to take, a theory to delve into, a psychological perspective or tool to learn. However, 'selling to our own' can prompt an interesting psychological response. With supervision's more collaborative and collegiate stance, some supervisors might feel awkward if their work feels like pyramid selling; perhaps making money from other coaches feels dishonourable in a way.

In reality, it's no different to a wholesale/retail business model. Coaching is retail – we sell to others; supervision could be seen as wholesale – we sell to our own.... and wholesale carries a lower price-point.

Also, many supervisors are at a life stage where their work is more about intellectual stimulation and professional connection than necessity.

Charging more for supervision than for coaching

- **Additional expertise**

Professional coaching supervisors will have spent additional time and money becoming trained and qualified or accredited as supervisors. Coaching supervisors are often seasoned practitioners with more experience to draw on. Many supervisors journeyed into supervision training to extend their practice beyond being a master coach. In any other business model, these costs would be accounted for in the charging-out of services. The concept of paying more for someone with more experience is familiar to most of us. So, as a coach, isn't it reasonable to expect your supervisor to have higher fee structures that will account for their additional expertise?

- **Ratio of coaching hours to supervision hours**

We should also consider the ratio of how much supervision is recommended in relation to the number of hours of coaching. The professional coaching bodies have recommendations of good practice – often with a higher ratio of hours for new coaches (say 1:20) and a lower ratio for experienced coaches (say 1:40). It is a little counter-intuitive from an affordability perspective, as new coaches are likely to have fewer funds to pay for more intensive supervision. Nonetheless, multiple hours of coaching fees will contribute to the cost of one hour's supervision.

- **The client's perspective**

How would clients feel if coaches in supervision charged an explicit levy, a supplement, with the cost of supervision being passed to the client? Ultimately, the client benefits from a coach who is in supervision whether or not their work is discussed in supervision. This might also help clients understand the value in working with an accredited coach (where supervision is mandatory to maintain status) compared to one who is not.

A more robust pricing strategy

This illustrates the complexity of what appears at first to be a simple question – and we're wondering why as practitioners we're facing this 'alone'? What's the role of the professional bodies to support members to establish a fair price for our services? We know that relatively speaking coaching and coaching supervision are still maturing markets but if we want to appear professional to our clients, wouldn't some kind of pricing structure illustrate our maturity?

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It would also mean that consumers would be choosing suppliers based on 'best fit' rather than price. Can you imagine how much easier responding to tenders would be if the market rate for the work was already established?

In many organisations, there's a yearly exercise where the compensation and benefits team benchmark employee's roles against roles in other companies in similar and different industries and come up with salary ranges. If we were to take an approach similar to the 'salary survey' benchmarking of organisations, we would need the following:

- A research organisation skilled at developing salary surveys
- A means of funding the research
- Support from professional bodies and key stakeholders in the market to promote participation
- Engagement of practitioners to share their data knowing that it will be treated confidentially

We recognise that establishing a single recommended rate would be inappropriate. We would need to consider the underpinning expertise of both coach and supervisor, the sectors they worked in as well as more esoteric factors such as the practitioner's belief system. Clearly making this happen might take some time, so what do we do in the meantime?

Our argument is for a 'fair exchange'. Where coaches are charging for their services, as a minimum they should be willing to pay their supervisor at least as much as they receive themselves. Ultimately, an hour of your time equals an hour of mine. Ideally, we think that supervisors should value the investment they've made in their further training and ask for a supplement on the coaches' earning power.

Here's an example of how might this work in practice:

- Let's say supervisors charge **the coach's coaching rate + 10%**
- If we say the **coach's corporate rate is £400 per session (to make the maths easy)**
- Then the coach's **coaching rate + 10% for supervision = £440**

For argument's sake, let's say the coach has 10 clients a month, **so £4,000 per month coaching income.**

If we suggest one supervision session every other month, that is one session for 20 sessions of coaching, which would be **£440 out of £8,000** income. That's roughly **5.5% of the coach's income** being spent on supervision.

Is 5.5% fair? How might we compare this investment to what we're willing to pay for other CPD?

As coaches and as supervisors, we'd love to hear what you think is fair. Put a figure on it.

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- *Next issue: coaching fees*

Issues to consider

- Does it matter that the range of supervision fees is so extensive?
- What are the implications for the wider profession to have some supervisors 'undercutting' (consciously or unconsciously)?
- How much is cost a determining factor in who we choose to be our supervisors?
- How do we encourage coaches to engage in supervision and get more savvy about the value that it brings versus the amount that it costs?
- If the costs of individual and group supervision were equalised, what would coaches prefer?
- What difference does the rate we charge for supervision have on the whole system of coaching?

References

- C Norman, 'Stay Sharp, Stay Safe', *Coaching at Work*, 2016
- G Olivero, K D Bane and R E Kopelman, 'Executive coaching as a transfer of training tool: Effects on productivity in a public agency', in *Public Personnel Management*, 1997