



# Setting up your Coaching Business Basecamp

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*Ready to make it official? Set yourself up for success while saving time and money. Establish the base of your coaching operations with these foundational steps.*

One of the most enjoyable aspects of being a changemaker is seeing the tangible results of your work in others. But the actual process of starting your own business can give you a sense of freedom and accomplishment too.

Imagine standing in an empty office space. The lights are off (power hasn't been turned on yet); the only sound you hear is the vacant echo of an unfurnished room (no phones or other office machinery to make noise); and the windows are covered with brown butcher paper (the world anxiously awaiting your big reveal!).

You stand in the middle of a blank canvas. What would you like to do with it?

## **In this course, you will:**

- Complete the **legal and administrative requirements** to name and establish your business entity
- **Establish yourself online** with a domain, professional email and merchant accounts
- **Leverage technology** and identify your virtual team
- **Design your physical and/or virtual office space** with location, equipment, software and décor

Starting a business is kind of like a *Choose Your Own Adventure* book. Depending on your path and area of expertise, the end result will be entirely unique to you.

The following course is meant to serve as a generalized startup checklist. Though the list isn't complete, the topics covered here will help you plan effectively for the main expenditures and tasks related to startup.

## Phase 1: Legal & Administrative Best Practices

**Step 1: Name your business.** Unless you're planning on starting a coaching firm that offers a wide range of specialized services through a collective, your clients are ultimately buying a professional relationship with you.

That's why I recommend you use your own name when first starting out, such as "Feroshia, Intl." or "Jennie Johnson, LLC."

### ***Using your own name or a specific nickname for your coaching business:***

- Builds top-of-mind awareness, keeping YOU up front and center with your current and prospective clients
- Gives you the freedom to add programs, products and even change the type of coaching you offer without having to reimagine a completely new brand identity
- Simplifies the purchase of a URL for your website

Don't want your business to include some form of your name? Create one that speaks to the solutions you offer while still allowing room to pivot in your services and/or client base. Whatever you do though is don't let this part of the process hold you back from getting your business going. Yes, it's likely you want the perfect name, but in the end you can always change it later.

**Step 2: Choose your business entity.** In the United States, the three most popular business entities for coaches starting out are:

1. **Sole Proprietorship**
2. **Limited Liability Company (LLC)**
3. **Corporation (C Corp or S Corp)** – Note: An S Corp structure has increased in popularity with small businesses for the tax savings it can provide. Every corporation begins as a C Corp. Within this setup, all profits are taxed. Any after-tax profits are distributed to shareholders as dividends where they are taxed a second time under the individual shareholders' personal tax returns. If you file for S Corp status with the IRS, all profits skip the initial taxation and are only taxed on a personal level for each individual shareholder. This allows you to avoid a double taxation and makes the corporation similar to the structure of a sole proprietorship or partnership.

Work with a business attorney, certified public accountant (CPA), or similar professional to make the right decision for your needs. This will impact your liability protection, tax structure and options for ownership.

The U.S. Small Business Administration (<https://www.sba.gov>) is also an excellent resource for learning more about each of the specific types, as well as the common industries that most often take advantage of them.

### **Step 3: Obtain your Federal Tax ID Number (TIN) / Employer Identification Number (EIN).**

An EIN saves you from using your personal Social Security Number when you file business taxes or submit your personal information to others as part of a subcontractor relationship. In essence, it makes your business official and allows it to represent you.

Most businesses are required to obtain either a Tax ID or an EIN depending on the organizational structure and tax requirements specific to each. According to the IRS website, “you will need an EIN if you answer “Yes” to any of the following questions...

- “Do you have employees?”
- “Do you operate your business as a corporation or a partnership?”
- “Do you file any of these tax returns: Employment, Excise, or Alcohol, Tobacco and Firearms?”
- “Do you withhold taxes on income, other than wages, paid to a non-resident alien?”
- “Do you have a Keogh plan?”
- “Are you involved with any of the following types of organizations?”
  - ✓ Trusts, except certain grantor-owned revocable trusts, IRAs, Exempt Organization Business Income Tax Returns
  - ✓ Estates
  - ✓ Real estate mortgage investment conduits
  - ✓ Non-profit organizations
  - ✓ Farmers' cooperatives
  - ✓ Plan administrators”<sup>1</sup>

Applying for your TIN or EIN is a free service when offered through the Internal Revenue Service. Download the application at IRS.gov and submit it back to the IRS online, via fax or through the mail. When applying, you “must disclose the name and Taxpayer Identification Number (SSN, ITIN, or EIN) of the true principal officer, general partner, grantor, owner or trustor.”<sup>2</sup>

Watch out: some third parties may try to charge you for this service.

**The above requirements apply to U.S. Citizens only.** If you reside outside the U.S. and are considered a non-resident alien or foreign entity and have no employees or physical locations within the United States, you may be expected to file taxes on the income you make... or not.

This is where things can get a little wonky.

“Nonresident aliens are generally subject to U.S. income tax only on their U.S. source income,” according to the IRS. This would require you to obtain a TIN if you are a Canadian citizen, for example, and provide coaching sessions via the web to clients in the United States. However, the IRS goes on to state that the “United States has income tax treaties with a number of foreign countries. For nonresident aliens, these treaties can often reduce or eliminate U.S. tax on

various types of personal services and other income, such as pensions, interest, dividends, royalties, and capital gains.”<sup>3</sup>

My advice would be to consult a Third Party Designee, like a U.S. attorney who specializes in tax law for foreign entities. This individual can represent you with the IRS and often work through much of the red tape, advising you precisely where your obligations lie.

**Step 4: Create your coaching agreement.** The International Coach Federation (ICF) lays out three specific requirements for a coaching agreement. They are:

- “Understands and effectively discusses with the client the guidelines and specific parameters of the coaching relationship (e.g., logistics, fees, scheduling, inclusion of others if appropriate),
- “Reaches agreement about what is appropriate in the relationship and what is not, what is and is not being offered, and about the client's and coach's responsibilities,
- “Determines whether there is an effective match between his/her coaching method and the needs of the prospective client.”<sup>4</sup>

**NOTE:** If you are a CTW graduate, you will have received numerous sample coaching agreements as templates to work from. These may need to be amended to comply with the laws of your region. All templates should be reviewed by an attorney to ensure compliance with regulations pertaining to your state and country (if operating outside the United States).

**Step 5: Open a business bank account.** For tax purposes, you'll need to separate your business from your personal accounts. A business bank account is also a prerequisite to apply for any city and local business licenses. You'll also need this when you set up a merchant account with PayPal, Stripe or a comparable service discussed in just a few paragraphs.

When shopping for a business account with your bank or credit union, keep transaction costs low by paying attention to these features:

- Monthly maintenance & transaction fees
- Number of free transactions and cost for each transaction above the limit
- Opening deposit required
- Minimum balance required
- Deposit availability – physical locations as well as mobile/app-based services
- ATM fees

**Step 6: Procure business insurance.** The type and level of insurance you need will largely be determined by how you hold your sessions and the ancillary products you offer. Activities like workshops, group sessions, and web stores each bring into the mix a range of different liabilities you'll need to insure yourself for.

To determine the best level of coverage for your needs, speak to several insurance agents and be open and clear about how you intend to do business. Here are a few questions to keep in mind:

- Will you be coaching one-on-one, in-person or virtually?
- Will you be hosting workshops, in-person or virtually?
- Will services be offered at your location? Your client's location?
- Will you be selling virtual products?
- Will you be working in higher risk environments: health, finance, business?

***Among the most common types of insurance for a coaching business are:***

- **General Liability** - Covers you for anything that happens to someone while on your property
- **Property** - Reimburses you for damages to your physical location resulting from theft, fire, vandalism, and natural disasters
- **Business Owner's** - Typically a combination of general liability and property insurance offered to business owners at a discounted rate
- **Cyber Liability** - Safeguards your business against monetary loss resulting from cyber-attack and the theft of sensitive information. This can include settlements, court costs and attorney fees, and the various costs associated with tracking down the extensiveness of the data breach
- **Errors & Omissions** - Also known as professional liability insurance, this protects those of us who provide advice as part of our services. Specifically, it reimburses some of the costs that arise from a negligence claim made by a client
- **Product Liability** - Covers suits or claims related to the products you offer
- **Worker's Compensation** - Covers costs due to injuries sustained by an employee while working for you
- **Various Auto Policies** - May include commercial, hired and non-owned policies to cover you and anyone who uses a company vehicle on your behalf
- **Umbrella** - Increases liability coverage for business protection

**NOTE:** As a credentialed professional coach who holds either an International Coach Federation (ICF) or Board Certified Coach (BCC) Credential, you may qualify for discounted rates on business insurance with some companies.

## Phase 2: Establish Yourself Online

**Step 1: Register your domain.** This coincides with establishing the name of your business. If you've chosen to use your own name, your domain name has already been created. In the event your name isn't available, you can always add coaching behind it or a qualifier for the type of coaching you offer. For example, "feroshiaknightcoaching.com" or "feroshiathewellnesscoach.com."

Keep in mind, the domain you establish often serves as both the URL your prospects will enter or click on to access your site, as well as the URL that will be attached to your professional email. With that in mind, be sure that it's easy to spell and/or not too long to type in.

There are two elements to a domain:

1. **Top Level Domain (TLD)** – Found to the right of the dot, this will usually be ".com." However, there are now more than 1,000 additional variations that allow you to customize your domain name with everything from your country of origin (".us") to area of focus (".channel," ".dating," ".beauty," ".expert," and ".total")
2. **Second Level Domain** – Found left of the dot, this is the part that is personalized to you (for example, the word "Feroshia" in "Feroshia.com")

One of the most popular places to grab a domain name is GoDaddy. The reason is they're essentially a one-stop-shop. They provide every conceivable tool or add-on for the registration and creation of a website, including domain registration, hosting and web-design products. However, GoDaddy can get a little pricey with discounts that only apply to the first year of a subscription or "new" purchase. These discounts won't apply when you have to renew your domain or hosting service annually.

### ***Alternatives include:***

- **SiteGround.com** – My personal favorite website host (who also registers domains)
- **Domain.com** – Domain registrar that also offers hosting and tools geared toward small business
- **Hostinger** – One of the most cost-effective domain registration services around
- **Bluehost** – Tailored to those just getting started online
- **HostGator** – Offers hosting in competitive packages that include domain registration
- **Hover** – Specializes in domain registration only, freeing you from a barrage of up-sell products
- **Google Domains** – Reportedly offers a level of privacy competitors charge for

**Step 2: Create your business email account.** The above providers all offer professional email accounts, either as part of their hosting packages or as an upgrade. Either way, expect to pay for this service in one form or another.

Free email accounts almost always include the host's name behind the @ (for example, "yourname@gmail.com"). As someone looking to establish a professional appearance, this is far less desirable than a paid account which lets you completely personalize your email with your chosen domain name. Such as.... yourname@yourdomainname.com.

### **Step 3: Obtain Webhosting Account**

Similar to registering your domain name, you'll need to purchase a webhosting account. You can do this now, or wait till you are ready to start building your website. I recommend the latter. If you know that you want to go with a WordPress-based website and are intending on starting your site within a few weeks, then it might make sense to get a hosting account. Otherwise, you're paying for something you don't need just yet.

**Step 4: Open a merchant account.** This is the account into which funds are directed after a customer pays you with a credit or debit card. Unlike a standard checking or savings account, you don't have direct access to the funds in this type of account. Instead, funds are automatically transferred to your business banking account within a few business days after payment has been made.

The biggest difference between a merchant account and your business bank account is that it allows you to process returns and refunds easily. It also protects both you and your clients by securely processing payments and safeguarding any personal and/or sensitive information.

Consider the following features when comparing merchant services:

- **Track record.** How long has the service provider been in business? Check their rating with the Better Business Bureau (BBB).
- **Technical competence and support.** Does the service provider offer a toll-free support number? What are their customer service hours? What help is available after hours? Do they offer training to you and your staff on equipment and software?
- **Efficiency.** How quickly are funds transferred from the merchant account to your personal business account?
- **Rates and fees.** How do the processing rates compare to other services? What are the transaction fees?
- **Expandability.** Taking into account your potential growth, does the service provider cap processing volume? If so, what are the options to upgrade should your business needs change?

Among top providers used by coaches, you'll find: Stripe, Venmo, Square and PayPal. Internet rates currently range from .29% to 3.5% with transactions fees from 12 to 28 cents per transaction.

## Phase 3: Leverage Technology & Build Your Virtual Team

**Step 1: Set-up your accounting software.** Even though you can easily outsource your accounting to a CPA, there are several accounting software applications that can save hefty bookkeeping fees. With the interconnected nature of modern software platforms, you can easily track your time, create invoices and email them directly to your clients with just a few simple clicks. In the long run, you can save time and money on labor and office supplies with a web-based, integrated accounting platform.

Check to ensure your bank statements can be easily imported into the platform you select (before selecting it!), or you'll be forced to enter all your accounting information by hand. In most cases you can either pay per month for online access to these applications or purchase the software outright:

- Intuit QuickBooks ([www.quickbooks.intuit.com](http://www.quickbooks.intuit.com))
- FreshBooks ([www.freshbooks.com](http://www.freshbooks.com))
- AccountEdge Pro ([www.accountedge.com/pro](http://www.accountedge.com/pro))
- Xero ([www.xero.com](http://www.xero.com))
- Zoho Books ([www.zoho.com/us/books](http://www.zoho.com/us/books))

**Step 2: Integrate coaching client management software (optional).** If you like to stay organized and have a streamlined system in place, it behooves you to explore online platforms that minimize your administrative duties. This can include everything from allowing clients to self-book their appointments to managing your billing, record keeping, customer relationship management (CRM) software, appointment reminders, and the hosting of client information and session data.

***Popular platforms include:***

- **The Coaches Console** ([www.coachesconsole.com](http://www.coachesconsole.com))
- **Life Coach Office** ([www.universalcoachingsystems.com/life-coach-office](http://www.universalcoachingsystems.com/life-coach-office))
- **CoachLogix** ([www.coachlogix.com](http://www.coachlogix.com))
- **CoachingCloud** ([www.coachingcloud.com](http://www.coachingcloud.com))

**Step 3: Research and/or hire service providers to save you time and fill in the gaps of your knowledge and experience.** Newer business owners often want to do it all themselves. But you'll quickly discover that sometimes it's easier to invest a little money to get your business up and running fast, effectively and in compliance with any and all regulations and fees. This isn't just applicable to coaches. It's for anyone starting a business.

***Popular support services for new and established businesses typically include:***

- Attorneys
- Accountants
- Graphic artists
- Web developers
- Copywriters

***There are numerous websites where you can find quality freelancers. A few of my favorites include:***

- Fiverr
- Upwork
- 99designs

Even if you're not ready to subcontract work, it's wise to figure out your virtual team and get an idea of what each charges for future reference. It'll help with budgeting and remove the panic when you suddenly need a brochure or website for an unexpected presentation or professional event.

Remember: if it's not your genius, it's not your job. Get the help you need to avoid embarrassing, costly mistakes.

## Phase 4: Design Your Physical and/or Virtual Office Space

**Step 1: Find you ideal workspace.** Whether you intend to work with clients in-person or via the web, your work environment should be as comfortable and reflective of you as possible.

That brings us to a central question: rent a space or work from a home office?

### Renting an office – Pros vs. Cons

The decision to invest in a physical office really depends on your preferences and budget. However, it does give your services a professional appearance, especially if you plan on offering group coaching or workshops.

- **Pro Tip:** If you don't need the space full-time, you may be able to sublet or rent it to other coaches if your lease allows. This is one way many coaches subsidize their office space when they're just starting out. As their practice grows and they need the space more often, they simply scale back on the subletting. Craigslist is a great place to find such opportunities within your area.

One potential drawback to keep in mind: A physical office requires separate phone services, high-speed web access, utilities, furniture and décor. These extras add up quickly depending on your location.

There are also fully furnished offices you can rent by the hour. Day offices like **ShareDesk** and **Davinci** provide a complete office setup and include all the necessary business amenities (some even come with a live lobby greeter). Here in Portland, we have **WeWork**, with several locations throughout the city. You'll also find them in many major U.S. cities and other metropolitan areas throughout the world. To find and compare similar office spaces in your area, try a Google search for terms like:

“work spaces near me,” “coworking places in [your city],” “sharing space office,” “shared workspace,” or “offices rent in [your city].”

- Most spaces can be booked online and offer a variety of unique office settings, from private offices and individual workstations to full conference rooms and office suites
- Prices start between \$10 and \$60 per hour, with day rates from \$30 to \$300
- Monthly rates are around \$300 to \$600 depending on the size and furnishings you require

Be mindful of the environment your office provides. Whether you choose to work with clients from your home office or a rented location:

- Is your space tranquil? What are the potential auditory and visual distractions?
- Will clients feel they can open up and share?
- Could they feel vulnerable or that they might be overheard?

## Working from home – Pros vs. Cons

In contrast, there's working from home. The pros are obvious:

- No commute; no time wasted sitting in traffic
- Take breaks whenever you want
- Work odd hours without sacrificing time away from family and loved ones
- Eat and cook at home (staying healthy by avoiding the temptation of fast food)

One potential drawback to keep in mind: If you end up working at home, you'll need to find a way to separate your business from the rest of your life. When setting up a home office, establish a place that makes boundaries clear and enables you to easily avoid the distractions and temptations that threaten to keep you from focusing on your clients. Also, consider how comfortable you feel having people over. How easy will it be to constantly maintain a clean, private environment?

That said, if you plan on coaching clients primarily on the phone or online, a home office might be the way to go. Plus, you may be able to deduct the use of the space from your federal tax return.

- **Pro Tip:** My favorite setup is a self-contained office located on the property. Similar to a guest house or bungalow, it's in a separate area from the main house so it feels more professional while still providing the convenience of proximity. It's the best of both worlds. Another version of this setup is a separate entrance into a private area of your home.

And finally, if you haven't noticed the number of coaches working out of coffee shops, cafés, and other public meeting places, pay attention to who's around you the next time you're out!

**Step 2: Purchase furniture and business equipment.** Whether you opt to rent or coach from home, you'll want to furnish and decorate the space. Depending on how you intend to coach your clients, you may need the following:

- Conference table (preferably round)
- Chairs, fairly equal in size and height
- Couch or additional chairs (for couples or small groups)
- Coffee table or place to put a pitcher of water, tea or coffee
- Bluetooth speaker or Wi-Fi enabled device to play soothing music (most players can now be paired with your smartphone, tablet or similar digital music player)
- Added décor: water fountain trickling in the background, soothing photographs or visual art
- Office supplies such as large sticky pads, an easel and dry erase markers
- Tactile toys for clients to fidget with
- Fireproof, locking filing cabinet for storing client records and other confidential documents
- Computer system including printer, scanner and backup drive

A waiting area is also nice if you run clients back to back – again, furnished comfortably.

And whether you opt to coach from home or a rented location, make sure your clients have easy access to a clean restroom. I emphasize “clean” because some industrial or office complexes neglect the cleanliness of their restrooms. So before renting a space, check them out. Would you want to use them? If the answer is no, neither would your clients. And since every space connected to your services is a reflection on you, it’s quite possible to lose a client over an unkempt or unclean area.

**Step 3: Create your virtual office.** With your ideal space chosen and furnished, it’s now time to equip yourself with the technological tools of the trade. Before buying equipment, consider where you’ll be coaching from. Most coaches need a good phone and headset for phone coaching. That’s about it! I recommend a landline with a wireless headset. However, a good noise-cancelling headset and your cell phone might do just as well.

Skype is one of the most popular platforms for offering coaching services. It’s free for most people and easy to use. It’s also accessible anywhere and on a variety of devices, including smartphones and tablets. If you intend to use Skype, ensure you have a strong Internet connection. It might also be worthwhile to invest in another virtual meeting space that, for a small fee, provides more reliable service.

***Popular examples include:***

- **Google Hangouts** (free for up to 10 participants; \$5 per month for 11 to 15 participants)
- **WebEx** (\$25 to \$50 per month)
- **Fuze** (\$15 to \$70 per month)
- **ZOOM** (free for basic plan; \$15 to \$20+ per month for extended plans)

If you decide to do group coaching, you’ll definitely want an online meeting/seminar service like Zoom or GoToMeeting. These platforms offer additional options and enhanced features for leading groups and managing participants.

I am particularly fond of Zoom.us for my coaching sessions. Not only is the video crystal clear, but if you lose your connection, the system automatically dials you back into the call. Plus, you can record your sessions and even allow your clients to record directly onto their computer. This not only enables them to review the session to deepen the learning, it also gives them a tangible takeaway from your time together.

- **Pro Tip:** Have a backup plan to avoid disappointing your clients if your primary means of communication fails. Wireless signals and web connectivity can be unreliable, more so in some parts of the world than others. For example, I have Zoom on both my computer and iPhone. If the Internet goes down, I can still meet with clients via mobile.

# Coaching Business Basecamp Checklist

## Phase 1: Legal & Administrative Best Practices

- Name **Your Business**
- Choose your **Business Entity**
- Obtain **Tax ID Number**
- Create your **Coaching Agreement**
- Open **Business Bank Account**
- Procure **Business Insurance**

## Phase 2: Establish Yourself Online

- Register your **Domain Name**
- Create your **Business Email Account**
- Obtain **Web Hosting Account**
- Open a **Merchant Account**

## Phase 3: Leverage Technology & Build Your Virtual Team

- Set-up your **Accounting Software**
- Integrate **Coaching Client Management Software** (optional)
- Research/Hire **Service Professionals**

## Phase 4: Design Your Physical and/or Virtual Office Space

- Find your **Ideal Workspace**
- Purchase **Furniture & Business Equipment**
- Create your **Virtual Office**

## Phase 5: Craft Your Business & Marketing Plan

- Get started on your **Coaching Business Plan**

### **NOTES**

1. Source: <https://www.irs.gov/businesses/small-businesses-self-employed/do-you-need-an-ein>
2. Source: <https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein>
3. Source: <https://www.irs.gov/businesses/taxation-of-nonresident-aliens-1>
4. Source: <https://coachfederation.org/core-competencies>