

The Flourishing, Surprising, Badly Needed Market For Online Coaching

by *Josh Bersin*

Of all the surprises from the pandemic, one of the biggest is the explosive growth of online coaching. It's as if the virus hit us hard, disrupted us in unpredictable ways, and we've now unleashed the internet to help support each other.

I know this sounds a little altruistic, but how else can I explain what's going on.

Let me cite some numbers. The International Coaching Federation estimates there are 71,000 coaches around the world, generating \$2.9 Billion in revenue in 2019, growing at 12-15% per year. Of this large number of coaches, 93% have received some form of accreditation and the average coach makes \$47,000 per year. So this is a healthy marketplace, ripe for technology providers to aggregate, coordinate, and improve access.

But there's more. In addition to these trained and certified coaches, there are over 171,000 psychologists in the United States alone, with around 100,000 licensed. This adds up to around 200,000 licensed professionals, serving the needs of more than 2 billion workers around the world. Kind of a small number, isn't it?

This is why the online coaching industry has gone wild. Not only is the demand for coaching greater than ever, there simply are not enough trained and certified professionals to help. So through the magic of online marketplaces, companies like BetterUp, Torch, CoachHub, Spring Health, and Lyra Health are matching needy workers with able coaches.

As I discuss in the podcast, there are essentially four models for this.

- Coaching on-demand, driven by AI matching,
- Leadership development for all, democratizing coaches for everyone,
- Wellbeing, mental, and behavioral health – psychologists selected for you,
- General coaching for training – coaches for sales, service, tech, and other jobs.

Each of these segments is growing by over 100% per year, and corporate training, leadership, and benefits managers are snatching up solutions. Why? People are under stress. More than 40% of all workers now want or need some form of leadership, wellbeing, or behavioral health support at work, and I'd suggest that the real number is close to twice this.

And there's more. For every licensed and trained coach (or psychologist) there are probably two or three others who provide career coaching, leadership coaching, or executive development as their side-hustle. Most senior executives become coaches when they retire, and organizations like Vistage and dozens of others match executive coaches to leaders in companies of any size.

As an HR leader, you now have access to this fantastic, fast-changing marketplace. The vendors in the market are growing, but the hot ones right now are as follows:

The biggest players in this market today are BetterUp, Torch, CoachHub, SoundingBoard, Spring Health, and Lyra.

BetterUp, which is clearly the market leader, provides scientific assessment, AI-enabled coach matching, online coaching management, and an entire solution for wellbeing, analytics, and corporate administration. BetterUp is leading the market and now has hundreds of large clients using the solution with high levels of success.

Torch is a much smaller, but also fast-growing company, focused on coaching and mentoring as part of a leadership development solution. Torch has built out an entire leadership development platform and can provide end-to-end leadership development which includes coaching, mentoring (non-professional support), assessment, and your own internal leadership content.

CoachHub is a large network of coaches similar to BetterUp, operating as I call the "fast-follower" to BetterUp. CoachHub started in Europe and is growing throughout the continent and coming to the US.

SoundingBoard is another provider focused on leadership development, with a platform that manages the coaching process and interesting tools to really help companies find just the right coaches for their culture, phase of growth, or industry.

Corporate mental health benefits, by the way, are a very big market. As the Global Wellness Institute puts it:

“Even before the pandemic, some employers had begun to shift the focus of their workplace wellness programs toward a more holistic approach that incorporates mental, emotional, social, and financial well-being. Employers, business leaders, and managers are realizing that socializing with coworkers and putting limits on working hours represent only a small slice of what employees need for their mental wellness.”

The Insurance Institute estimates that it costs employers around \$5000 per employee when they need mental health services and that the return on investment for these counseling and coaching services is 4:1.

Where Is This Going?

I've talked with most of the vendors and dozens of companies using these services. This is a hyper-growth industry. The economic model is amazing: the more coaches a vendor can train, the more cost-savings they incur, and the lower the cost to buyers. Right now it costs \$100-200 per hour for coaching services, which is 1/5 or less of the cost of a private executive coach. And using the psychological assessment and AI services these companies provide, you're likely to find a coach that's "just right" most of the time.

The big problem in this market is this: there simply are not enough coaches. Before these vendors appeared the coaching marketplace was a cottage industry of coaching networks, training and certification providers, and internal coaches within companies. Now that the proverbial "cat is out of the bag," the demand for coaching has skyrocketed.

I actually believe that every single business person needs a coach. We all go through periods when we're confused, we make mistakes, or we are just not performing well. Most of us are aware of our limitations, but we don't know how to "fix" our own problems. And in most cases we're blind to the real issues we face.

A coach is someone you can trust. Someone who knows you. Someone who tell you like it is. And someone who is safe.

Very few business people will tell their boss, peers, or subordinates they're having problems. Yes you'll joke about it, but it's almost impossible to ask a work associate for in-depth help when you're struggling. This is what great coaches do.

I've had many opportunities to use a coach, psychologist, or other advisor in my career. And I remember almost every single session, every single discovery, and always find the experience helpful.

Before this market exploded this kind of solution was very expensive and rationed only for senior leaders. And in most cases coaching was something you did when there was a problem. "Oh you can tell Joe is having problems, let's get him a coach." You didn't even want anyone to know you had a coach.

Well, the world has changed. We're all comfortable being vulnerable, and there are thousands of people who want to help. I actually think coaching is therapeutic for the coach, too. They're people who love to help others, and just like psychologists, their greatest gift is helping someone else succeed.

I get calls or emails almost every week from someone asking for help with their career, their job, or their work situation. I always make time to help them. It feels like the right thing to do and it gives me the opportunity to "give back." And in every conversation I learn a little more about myself, so I can be a better manager, leader, parent, or spouse.

Of all the strange, difficult, and sometimes dysfunctional things that have come from the pandemic (and social media), this is a bright spot. The online coaching industry is on fire, and we should all be happy about it.