



FREEDOM



PRICING STRUCTURE & REVENUE STREAMS

Week Four





PERFECT CLASS PRICING

There are hundreds of pricing models a dance studio can implement, from a flat fee to a tiered to a made-up pricing model. I'm going to walk you through two pricing models that have worked for the studio owners I work with, and also share with you some strategies on discounts and payment methods.

When jumping into pricing their classes and additional services, many studio owners have come up with their prices based on what the studio up or down the road has done. This is a mistake. Sure, you need to be aware of what your competitors are offering and charging, but the one big secret I'd love to share with you right away is that people don't come to your studio because of the

price - they come because of the way you make them feel inside and outside of the classroom. But more on that later!

You may be sick of hearing about the numbers in your business right now, but as I mentioned straight up, it's the key to whether your studio sinks or swims. Although we are only partway into the curriculum, you may be feeling a little overwhelmed and that's ok - in fact, it's required, because growth does not sit in comfort. There's no magic switch to make change happen in your studio, but that's why you have this course and me - to ensure you get the results you want by taking the right type of action.

FLAT FEE PRICING STRUCTURE

Flat fee pricing structure for your group classes isn't as popular as it should be. I see many studio owners who have successfully implemented this pricing model, which is simple and works.

Now, there are multiple variations of a flat fee pricing structure and this is dependent on whether you decide to create the prices based on age group, class duration or level. Let's look at a few examples.

SHAKE IT UP STUDIOS - FLAT FEE STRUCTURE

They are based on class duration only.

30 minute class is \$10.00
45 minute class is \$12.50
1 hour class is \$15.00
1.5 hour class is \$18.00

They have this pricing model for all ages, across all styles and all streams (your studio may have a fun stream and a performance stream).

SHUFFLE DANCE STUDIO - FLAT FEE STRUCTURE

They base their fees on duration and stream.

Fun Stream

30 minute class is \$11.00
45 minute class is \$12.00
1 hour class is \$14.00

Performance Stream (perform at competitions, etc).

45 minute class is \$15.00
1 hour class is \$17.00
1.5 hour class is \$19.00

With the flat fee structure, you can also base the price on the age. If you're looking at implementing a flat fee structure, my advice is to do it via duration, to keep things consistent across the board. Plus, it's more effective during the point of invoicing and parents will not get confused and bombard you with emails and phone calls!



TIERED PRICING MODEL

Tiered pricing models are very popular as the train of thought is that it encourages students to take more classes. Remember though that people are buying the experience, so while it may help get them in the door to a new class, there are many other economical ways we can make this happen without discounting.

In saying that, I've seen a tiered pricing structure work extremely well. My main concern with a tiered model is that it can get messy on your admin side and the parents can get a little confused. So, if you have to use a tiered structure, ensure you have really clear communication laid out to explain it.

When creating a sliding scale for your classes it can get complicated when you have classes with multiple durations. As an example, Lizzy is 13 and she attends classes in ballet, tap and jazz. Her ballet class is one hour and tap and jazz are both 45 minutes. She's effectively doing three classes, but one of those classes is longer in duration.

I'm going to show you a tiered model that we've implemented with studio owners who wanted to stick with a sliding scale.

One important thing to note that helps make a sliding scale fee structure manageable and successful is to only offer two durations of classes (45 and 60 minutes are good).

JAZZ HANDS DANCE STUDIO

1 x Class \$16.00
2 x Classes \$30.00 (-\$2)
3 x Classes \$44.00 (-4\$)
4 x Classes \$58.00 (-\$6)
5 x Classes \$72.00 (-\$8)
6 x Classes \$86.00 (-\$10)
7 x Classes + \$100.00 (-\$12)

This model is about discounting on the total price of the total amount of classes. As an example, if they were to do four classes at \$16 it would cost \$64. What we've done here is discount the class by an additional \$2 each additional class. Stay with me here! You can see here that four classes is discounted by \$6.

There are also hybrid versions of these pricing models. Some studios have a sliding scale for all their fun classes, but a flat fee for performance classes.





DODGE THE DISCOUNTS

Now let's talk about a word that's not one of my favorites... Discounting. I'm a big believer that unless you're in a product-based business that relies on you selling massive volumes of products (like soap), then you don't discount. Owning a dance studio means you're in the service industry. By discounting the services, some people may view your training as not of the same quality as the studio down the road. For me, it's about delivering the best training and customer service possible and therefore people should pay the fee for it. In saying that, I wanted to give you some examples of discounts many studio owners have implemented over the years. I stand pretty firm on my no-discounting policy, but wanted to share these with you.

MULTIPLE CLASS DISCOUNT

You may have a flat fee pricing model but can incorporate a percentage off if they attend four or more classes as an example. In terms of the discount it can range between 5-10%.

FAMILY DISCOUNT

To encourage family members to come along to class you could offer a 5-10% discount off their fees to the family members that enroll in dance classes.

EARLY BIRD PAYMENT

Some studios have trouble getting in payments on time therefore introduce an early bird discount. I.e. If you pay within the first two days of the month, you receive a 5-10% discount.

UNLIMITED CLASS PASS

This can apply for either pricing models. Once students hit a certain amount of classes each week, then they don't need to pay for any additional classes. Be careful with this one though, as I once worked with a studio owner who had an unlimited class option and it worked out that they were earning about \$2.50 per class. Not ideal.

Before you discount, I'd like you to work out your class fee income for the entire year without the discount, then with the discount. Now compare the two. I'm certainly not about being greedy, so what I suggest to studio owners is to then allocate 60-80% of the difference to a WOW Fund. This WOW

fund is to be used throughout the year to bring in some guest teachers, run a studio picnic or take your students out of town for an external workshop. I can tell you now that this will make a much greater impact on your studio in terms of retention, referrals and recommendations than a discount.



Welcome



ADDITIONAL REVENUE STREAMS FOR PROFIT

‘DON’T PUT ALL YOUR EGGS IN ONE BASKET’

- Warren Buffett

A danger that I see with many studio owners just like you from across the globe is the lack of ways in which you are generating revenue inside your business. Most of you will generate the majority of your revenue from group classes and that’s smart, but there are additional ways for you to increase the income coming into your studio without having to bring more new students through the door.

Think about how many students you have in your studio currently - they are already in the door, they love your studio and they are the first people who will buy something else from you that is of value to them.

Too often we focus on new students, new students, new students, to boost our bottom line. And while enrolling new students each week is important for the growth of the business, you have a whole bunch of super fans inside your studio each day that are ready to take on a new class, buy a limited edition tank top or sign up your monthly VIP program.

So when it comes to looking at introducing new revenue streams into your studio, it should be an exciting venture. Yes, it takes work, but you definitely should not put this into the ‘too hard’ basket as it’s going to bring you more income, lift the profits in your

studio, and better serve your customers!

I know you will have group classes down pat by now, but later on, I’ll be sharing with you a bunch of proven ways to attract new students into your group classes. Right now, however, we’re going to focus on the additional revenue streams that are a prime opportunity for you to start implementing into your business.

I’m now going to lay out the 11 revenue streams that exist in a dance studio and walk you through how you can get these up and running in your dance studio, moving you even closer to becoming the go to studio in your area!

1. **Birthday Parties**
2. **Costumes**
3. **Group Lessons (you already know how these work)**
4. **Limited Edition Merchandise**
5. **Private Lessons**
6. **Recital/Concert**
7. **Shop - Snacks and Drinks**
8. **Studio Hire**
9. **Uniforms**
10. **Workshops & Camps**
11. **VIP Program**



BIRTHDAY PARTIES

The thought of running a birthday party might make you feel a bit queasy (never work with kids or animals, don't they say?), but hear me out for a minute. Some studios don't operate on weekends and if you do, it's generally Saturday, not Sunday. Birthday parties are another great source of additional income, plus it's another great opportunity for your ideal new students to be exposed to your space!

True, it is more work, but it's work you get paid for whether you run them yourself or you simply form a partnership with one or a few local parties companies, in which they can hire the space from you, run the parties, clean up and leave. Your job? Take the fee and enjoy your weekend!

Alternately, you can run the parties in house and have your teachers run the party – it's up to you. I have seen both ways work really well all around the globe. Have a think and make

a decision whether you want to create your own party brand or if you want to partner with an existing party business and rent them your space. Whatever you decide, one tip is to ensure every child who attends the party receives some information about your studio along with an exclusive offer for attending the party. You may give them a magnet or flyer or keyring... think of something they and their parents can keep that encourages them to take action (say, make the offer valid for the next seven days only).

While we're on the topic of parties, one useful way to promote your parties is through group buying deals – I'm talking sites like Groupon, Sprints and LivingSocial. You will only make a small amount of profit through these, but think about how many ideal students it could bring through your door. It's then your job to follow them up, using the 11 step enrollment process you learned in our Growth Curriculum.

COSTUMES

Some studio owners are super clever when it comes to costumes for performances, competitions and recitals/concerts, while some just create more work for themselves while losing money. There are a few ways studio owners manage costumes:

1. Have them created locally or overseas, with parents paying for them outright to keep them.
2. Have them created locally or overseas, with parents hiring them for the performance. The studio will keep the costumes for rehire in the future.

Both ways can work extremely well, but one thing you need to be above all else is organized if you want your costumes to generate profit for your studio. Costumes and their prices should never come as a shock or surprise to

you, or your parents and students. I certainly agree with trying to find the best prices for materials, dressmakers and ready to wear items, but you need to also be paid for the time you spend sourcing all of these items and coordinating the entire costume process.

Depending on the size of your studio, it may be you or a costume manager or a staff member working on this project. The biggest mistake that studio owners make when delving into the costume process is giving parents a price before actually working out a budget. This exercise, which could only take you a few hours, will save you plenty of wasted hours down the track – and more importantly, money. Ensure you have all the figures written down, add your margin for the time you and your staff put into the process and then give parents the price.



LIMITED EDITION MERCHANDISE

Limited edition merchandise is an untapped revenue stream that many studios don't take full advantage of. Not only is it great to boost revenue and profit if done correctly, if you select the right items to sell then your students will be wearing your gear everywhere. Hello, free marketing tool!

We're going to talk about uniforms soon, but in a nutshell, I'm a big believer in you having uniform staple items that don't change. That way, you can add limited edition merchandise pieces into the mix to jazz things up and to increase the revenue to make through merchandise.

CREATING YOUR LIMITED RANGE

Firstly, you need to work out what your students would be interested in wearing, by speaking to your existing students or visiting fashion stores to see what's 'in'. The big mistake studio owners make when coming up with merchandise is that they buy what they want, but remember, studio owners are not the ideal customer. When you give the

customer what they want - read: on-trend fashion items - they will jump at them. Aside from fashion items you can also do products like dance bags and drink bottles. There is a great website called Ali Baba where you can purchase these types of items in bulk at an affordable price - Google it and have a browse around to see what will work for your studio.

PRIVATE LESSONS

These are a great way for your teachers to make additional income as well as your business, but the benefits don't stop there. It's also fantastic for retention. In the studios I've worked with, students that have private lessons are more likely to stay longer at a studio than those who don't. There are two main ways to structure private lessons.

1. The student can pay the teacher directly, you offer this as an additional service for

- your students and it helps with teacher retention as you're doing them a favor.
2. The student pays you and you take a certain percentage of the fee to cover the cost of rent and utilities and pass on the rest to the teacher.

Another bonus is that private lessons are a great way to use the studio space when it's vacant (white space)!



RECITAL/CONCERT

Your annual recital or concert is an exciting time for everyone! It's also a very busy time of year. There are many expenses associated with running an event such as this, including the venue. Sure, you will make money by selling tickets to the event, but one additional way to generate further income is through sponsorship. Many local business owners would love to get in front of your parents, students, friends and family members. Through logo placement on your website, the show program or in emails promoting the event, you can easily generate further income without too much additional work. Simply

create a list of 20 or so local businesses like health clubs, hairdressers, beauty salons, and local supermarkets. Then send them through an email that talks about your recital/concert and the type of people attending who will be their ideal clients. Put together two sponsorship packages that include the ideas I mentioned and charge them a fee. The fee will be dependent on the size of audience you're expecting and the area your studio is located. This is also a great opportunity for you to start creating strategic partnerships with other local businesses where you can help each other's business grow.

SHOP - SNACKS AND DRINKS

Now, having a shop to purchase drinks and some snacks isn't going to buy you that private island you've always wanted, but it will add to the bottom line. Having a fridge with some water, healthy juices and wholesome snacks can definitely give your bank account a bit of a boost. On your busier days and nights in the studio, you may want to bring in some more substantial items for lunch or dinners. This can seem like more work than it's worth

and to be honest, it can be. A few of our studio owners may have a parent or parents who run the shop during these busy times who also prepare all the larger meals and take the costs - with the profits either going back to the studio or contributing to the fundraising kitty. The other benefit of offering drinks and food at the studio is that your parents and students will appreciate it.



STUDIO HIRE

If you have your own studio that you either own, rent or lease, then there are probably times when you have free space that you could hire out to external hirers. Many studio owners can increase the use of their free space through external hirers. Think outside the box and create a list of local businesses that could potentially use your studio. Let's create a list together.

- Pilates, yoga, meditation classes
- Community or meet up groups
- Pre schools or Local schools for sport

While this is a great opportunity to maximize

your revenue, it's also very valuable as many people will be utilizing your space and becoming aware of your business. These people would probably never have known you existed, otherwise!

Depending on what country you live in, you can also advertise your spaces for rent through directory sites including Craigslist and Gumtree. You can also look around your local area including shopping centers and malls that may have notice boards where you can put a poster up for your available venue for hire.

OFFER CLASSES FOR LOCAL BUSINESSES

Something a little bit left of field you may want to think about is offering local businesses dance classes during lunch breaks. This is a great, fun and creative way for teams to bond, not to mention an alternative to competitive team sports. You would charge the company a fee per person, per week on an eight-week course as an example. Over the eight weeks they could learn just one style or mix it up a bit. Again, this will mean your studio is getting used when it's generally empty, and you'll be getting in moms and dads from your local area who, you guessed it, probably have children or are planning to have children. This is a great example of making money while you market!

Right now I'd love you to make a list of 10 local businesses that ideally have more than 10 staff who you could approach about your corporate dance program. Give it a fun name and push the benefits of team bonding, exercise and fun, and the idea of it being a great alternative to competitive sport. There are stacks of research out there around employees being disengaged and loads of evidence that proves exercise, laughter and taking a break from the desk increases engagement. Put together your case and start developing your corporate lunchtime program! Also remember that you don't need to take the class yourself; this could be great for one of your teachers who is looking for more work.





UNIFORMS

Loads of studio owners I speak with daily have been setting up extremely successful uniform departments in their studio. They have set up a small-designated space to sell retail items from their studio, sometimes in the office area, and sell everything from branded studio uniform items to limited edition merchandise as mentioned earlier. You can also set up an online store to sell your uniforms through Shopify.

When creating your uniform, start with a few key pieces – popular items include tracksuits, singlets, tops and shorts or pants. I want you to survey your students and parents before taking action and getting uniforms made, and once you have that information back and have sourced someone to make the uniforms (local or overseas), announce the uniforms and start getting pre-orders. Use the principle of scarcity and let your studio know that you won't be taking any more uniform

orders until a certain date. This will create a 'need it now' mentality for your students and therefore bring in more orders in the one hit, rather than in dribs and drabs. This also means no stock sitting on the floor gathering dust! It's worth keeping a few popular sizes in stock for those new student enrollments.

Having studio uniforms also has many additional benefits aside from increased income including:

- Encouraging discipline
- Helping students resist peer pressure to buy stylish clothes for class
- Helping to identify non-students in the studio
- Diminishing economic and social barriers between students
- Increasing a sense of belonging and school pride
- Improving attendance

WORKSHOPS & CAMPS

Workshops and camps are one of my favorite additional revenue streams on the list. There are plenty of dance studios that run holiday workshops, but right now I want to run through with you the various ways that you can run workshops - and how to make the most from these events financially and ensure you're giving big value to the dancers coming along.

Let's define the different types of workshops and camps, six in total.

INTERNAL ONE OFF INTERNAL TEACHER WORKSHOP

This is when you run a once off workshop for

a couple of hours for your current students with a teacher who is already working with you. You could organize a few teachers to take a number of dance classes back to back and make it a dance class marathon, for which you would charge. To be honest this is not going to be the most profitable, but it certainly helps with retention.

INTERNAL ONCE OFF GUEST TEACHER WORKSHOP

Here, you can run a number of different age group and level workshops with a guest teacher. This may be during the holidays or one afternoon when the studio is free.



Students pay per class. The added benefit of this is the fact that your students will love it and post all about it over social media... which increases your brand awareness and retention of current students.

MULTIPLE DAY INTERNAL TEACHER WORKSHOP

These are your regular holiday 2-5 day workshops that you run for your existing students. You put on a number of classes daily with your existing teachers for different age groups and levels. During these days you could also provide lunch for the students and include the catering in the cost. Pricing for these multiple days could be a per day cost, then a discounted rate if they do all the days.

MULTIPLE DAY GUEST TEACHER WORKSHOP

This is the same as I just mentioned, but in this scenario you bring in a number of guest teachers to take some classes. This creates a bigger 'wow' factor for your students as the teachers and styles are new and exciting. You're able to charge more for these workshops and again, can include catering in the price.

EXTERNAL ONCE OFF AND MULTIPLE DAY GUEST TEACHER WORKSHOPS

We then have External once off and multiple day guest teacher workshops - there's one

major word difference in this one, and that word is external. This is a very important difference and I've implemented this strategy with a number of clients who have increased their workshop income and also enrolled new students from running these events. Again, this is a once off workshop for maybe 1.5 hours per age group or level with guest teachers or teacher and is open to the general public. The power is in how you advertise this workshop. Give this workshop a name or if you're using just one high-profile guest teacher, simply use their name. Your studio branding doesn't need to be all over this; instead you create an individual brand for your workshop. You may call it Dynamic Dance Workshop. The venue is your studio, but it's about bringing dancers from all over your area and beyond to this workshop. This is not an exercise in poaching students from other studios - it's a way for you to give back, provide an awesome experience for local dancers and earn additional revenue.

Now, every good studio should have a mixture of all of these. You may run a large external workshop annually so it becomes an important date in everyone's calendar each year, plus a few internal workshops to provide new opportunities to your students while increasing your profit.





VIP PROGRAM

This is a new concept in the dance studio world, but one that is really taking off in other industries. Think of Amazon Prime. How could you create additional value for your families through introducing a VIP Program? You could call it Suzie's Dance All Stars, as an example. You would charge an annual fee where your VIP customers receive additional benefits for signing up and paying the annual fee. They could receive early bird access to recital/concert tickets, option to have a payment plan for costumes, access to master classes from guest speakers or teachers, discounts on social events, a series of short, must-have warm up stretches for the morning to increase your flexibility, maybe some videos on how to master triple pirouette. They could go online and look for this, but they want your stuff!

They love you and they're your students. Get out a camera and start filming. You could charge anywhere from \$50-\$200 a year to be part of the annual program.

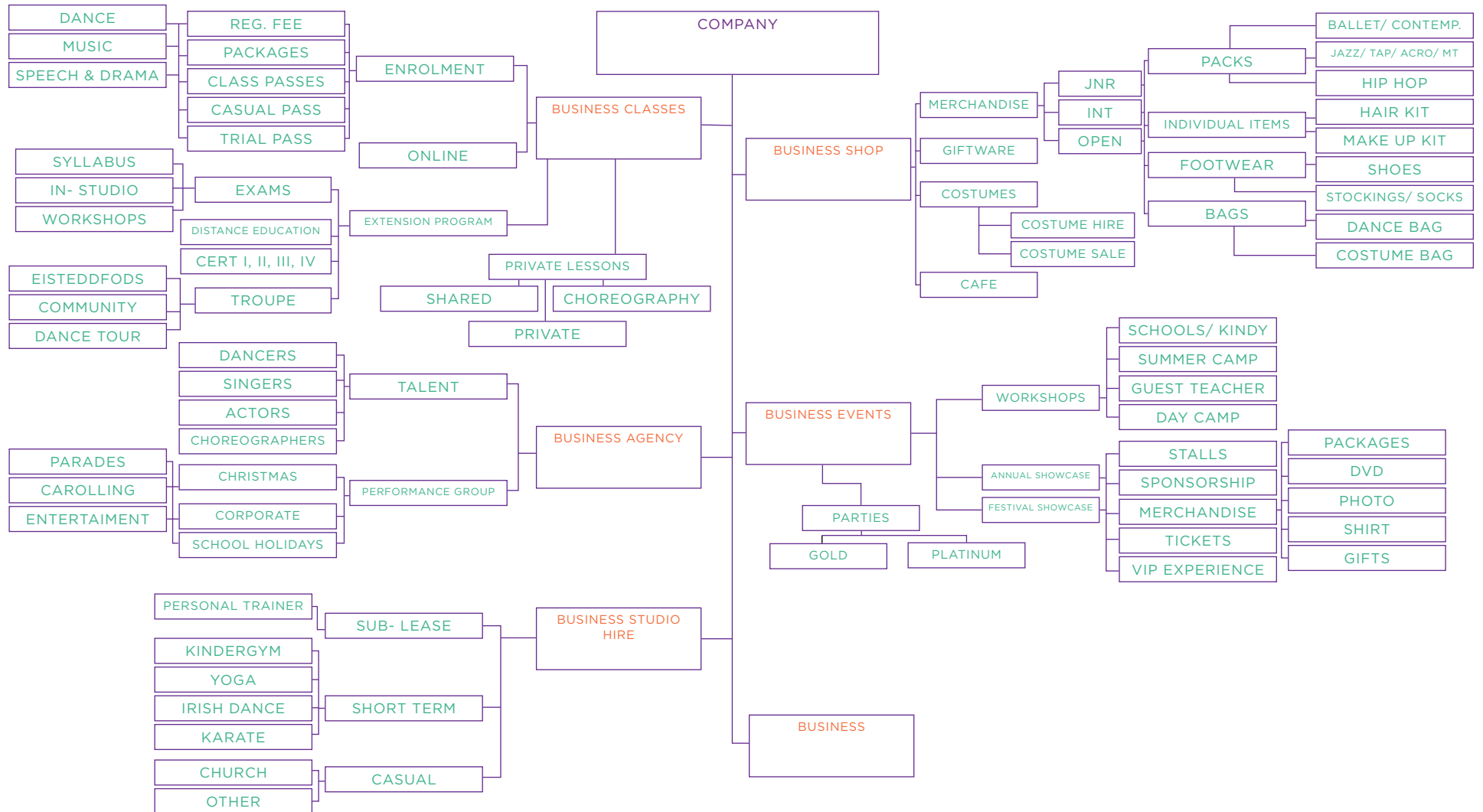
There you have it. An entire list of additional revenue streams that you could start implementing into your studio today. Sure, it's work up front, but once you create the system and processes, that's it. You create it once and you will see a continual return. Please remember that you don't need to implement all of these into your studio at once, or at all. As I said earlier, it's not about being money hungry or greedy - it's about running a business that makes great profit, while providing an awesome experience for your students and parents.



WHAT'S YOUR NEXT MOVE?

Right now I want you to select two ways you can start either generating new income from or further boost your income through one of the strategies you're currently doing, but know you could leverage more if you spend a little more time on it.

MY BEST,
Clint



Courtesy of DSOA Studio Growth Coach Kristy Ellis