

THE LESSON ROOM | BY PETE GAMBER

Time to Raise Rates?

Raising your music lesson rates is not a mere “I want to” situation. If you’ve seen an increase in operating expenses — rent, utilities, insurance and fuel costs to name a few — you might have to increase revenue in order to stay in business. Teachers have also seen increases in their living expenses over this last year, and they may need more revenue to continue teaching.

By raising lesson rates you will increase both studio revenues, which will help your bottom line, and the teachers’ revenues, which will help their incomes.

But it’s not that simple. The question of raising lesson rates is complicated and sometimes even feared. How much can I raise them? When can I raise them? How often can I raise them? Will I lose students?

CONSIDER YOUR LOCAL MARKET

Here are the real questions to ask yourself: Are you always out of availability for lessons? If so, it may be an indication your rates are too low.

What are your competitors’ rates for music lessons? When you compare your rates to theirs, low rates may also become apparent.

What are your competitors’ music lesson programs about? You might have a way better lesson program due to your teachers and events. How much are dance lessons, art lessons and yoga classes in your area? Be careful not to price yourself out of the market!

What is your monthly turnover? (Two-hundred students with 40 sign-ups per month equals 20-percent turnover.) And when was your last increase? If you have 20-percent turnover, after five months most of your students won’t know when you did your last increase.

Raising lesson rates, even if you fear it, will increase revenues for both your studio and your teachers

SOME BASIC RULES

If you decide to raise rates, consider these important guidelines.

The best times to increase lesson rates are January and September. When you have a “changing of the year,” people are accustomed to increases. January is the New Year, and there’s always a large increase in new student sign-ups after Christmas. September is the new school year.

Don’t do a large increase all at once. A 30- or 40-percent increase will cause a mass exodus of students. Even if you tell students you haven’t had an increase in 10 years, they will quit. Plan a few increases throughout the year to get to the rate you desire. If your lessons are \$72 per month and you jump 10 percent, your rate becomes \$79. Many students will perceive this as

a \$10 jump. Why not a \$4 increase to \$76, and then another \$4 increase to \$80 six months later?

Give your staff, teachers and students 30 days notice.

Avoid confusion! Your staff will need to start quoting the new rates on “looking for lessons” calls. Plus, existing students need, and deserve, to know an increase is coming. Teachers can help this transition — the students or parents usually have a good relationship with the teacher.

Give current students an extra 30 days at the old rate.

It’s a way of saying, “We appreciate you!” This will minimize the drop-out rate with existing students. Many of your long-term students won’t quit (unless the increase is drastic) because they value what the lessons and lesson program has done for them.

If your store has a music lesson program that provides student performance events and quality music lessons with music teachers that teach students how to play music (rather than just “give” lessons), and you strive to have a better lesson program than your competition, a lesson rate increase should provide a minimal loss of students and an increase of revenue — for both the teaching staff and your store. **MI**

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