

# 合気手琉空手会

**Aiki Te Ryu Karate Kai Honbu Dojo – Desk Reference of Shihan Franz**

**Topic: Setting prices for your dojo**

One of the most important aspects of running a good dojo is to understand that you will need to charge accordingly in order to pay your overhead. There is nothing wrong with a Sensei wanting to make money for all their hard work at teaching, but if money is your prime motivation then you should probably consider a different line of work. Here are some ways that I have chosen the price structure for the Honbu Dojo. This fee level works because I did the following:

1. Examine your competition, their pricing, their courses and the qualifications of the instructors you will be competing against for students. Write this down.
2. Determine if you will be a full time or part time school.
3. Make a budget with all expense considerations involved. This is a priority.
4. Go online and get your area's average household income, total population and if you can find it the total number of households with children. You will need to figure that you will get around 1% of your area's population if you market and run your dojo effectively. This percentage decreases depending on the number of dojo you are competing against in your area. For example: There are four schools in Williams County. Our population is 38,500. If there were no schools I should average around 385 students. Since there are four schools a more realistic average would be around 96 (we have 73 currently).
5. Plan your classes first. Figure up the total hours spent teaching, managing and training at your dojo. If you are full time it should be around 45/week, part time around 20/week.
6. Take all the above into consideration. If you have a highly qualified school and they charge around \$100 per month you should charge close to the same but only if you have the same qualifications, classes lengths and amounts and offer the same quality. In our area we are the most expensive dojo, but we are also the only full time dojo and have triple the experience of all the other schools.

Here is the formula I used to set the rates for classes at the Honbu Dojo:

A. Total Hours Spent at Dojo / Week	=	45 Hours
B. Total Class Hours at Dojo / Week	=	20 hours
C. Competitors Average Rates / Month	=	\$65.00
D. Total Overhead (rent, insurance, etc.)	=	\$1900 / Month
E. Total average active student count	=	65

Take the total overhead and divide by the number of average students expected that you will have:  $\$1900 / 65 = \$30$ .

Figure in your budget, include paying yourself an hourly rate:  $\$1500 / 65 = \$25$

Add these first two figures together:  $\$30 + \$25 = \$55$

Now figure in your projected savings budget for equipment, misc items and to protect your dojo:  $\$800 / 65 = \$12.50$

Add this figure to the first amount:  $\$55 + \$12.50 = \$67.50$

This will be your ideal amount to charge per month. Keep in mind that you need to set your dojo up accordingly. If after a year you only have 40 students you need to refigure and raise rates accordingly.

The national average for martial arts lessons in the US is currently at \$125 per month for full time schools and at \$70 per month for part time schools. Even though our dojo could operate at \$68 per month, I charge \$75 per month to keep our honbu dojo protected against failure.

Set other price fee items will include testing charges and event charges (seminars). Test fee rates at Aiki Te Dojo vary but here is the formula you should use if you plan on registering your students rank to make it official:

- A. How much belts and certificates cost on average = \$5.00 / student
- B. Your time in preparing and running the test = \$10.00 / student
- C. Registration and official certificate from Honbu = \$7.50 / student
- D. Profit margin expected to make = \$15.00 / Student

Add all these together and you will get around \$37.50 per student. Keep in mind you should charge more for green to brown belt testing. Black Belt testing fees are charged by the Honbu Dojo and you will be paid accordingly. The Honbu Dojo test fee structure is as follows:

- 1. Kid Tigers \$30
- 2. 9<sup>th</sup> Kyu to 6<sup>th</sup> Kyu \$40
- 3. 5<sup>th</sup> Kyu to 4<sup>th</sup> Kyu \$55
- 4. 3<sup>rd</sup> Kyu to 2<sup>nd</sup> Kyu \$65
- 5. Shodan Ho, 1<sup>st</sup> Kyu \$99
- 6. Shodan 1<sup>st</sup> Dan \$299
- 7. All other Dan Ranks \$100 each.

Keep in mind that at the Honbu Dojo we use all test fee profits to put into a savings account that helps to put on seminars, tournaments and purchase equipment for the dojo. If you need any more help please email me at [kyoshi@franzkarate.com](mailto:kyoshi@franzkarate.com)