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The Business of Teaching from an Economist's Point of View

By Vicky Barham, PhD

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Most music teachers can benefit from getting some perspective on the 'business' part of their work. Fifty percent of new businesses fail within two years; the five-year failure rate is even higher. These businesses fail for a number of reasons - not infrequently, the business plan was simply poorly thought out or nonexistent, and both lenders and owners thoroughly deserve their losses - but just as frequently it is due to failure of the owner to adopt and implement sound business practises - the owner takes it all 'too personally'. (Interestingly, female-owned businesses have a significantly lower failure rate; the explanation appears to be that they do more market research before launching their enterprise.)

If one is to have enough emotional energy to devote to teaching, it is really crucial that the 'money' (i.e., business!) side of the work not be a constant source of angst. My perception is that most music teachers hate having to actually charge for lessons; I suspect that most harbour secret dreams of being put on a (generous!) retainer by a benevolent patron of the arts and allowed to teach all interested children for free. Having to actually set a price for the value of one's time - and extract it from parents - is often a traumatizing experience.

The first task, then, is to set a 'value on one's time'. The problem is that most teachers interpret the price that they charge for half an hour of teaching time as being somewhat akin to an appraisal of their intrinsic worth as human beings, realize that it doesn't add up to much, and feel personally diminished. But the price people pay to acquire goods or services in the marketplace is not a measure of intrinsic value; it is just a price. It is simply a fact that consumers pay little - if anything at all - for many of the things which they value the most highly. You pay \$0 for your child's goodnight hug, or for the pleasure you derive from having a wonderful evening with friends. I could not live without water, and yet my water bills are tiny compared with what I pay for other nonessentials. And we all at various points in time pay large amounts of money to acquire objects to which are accorded little or no intrinsic value, but which supply some temporary amusement: pet rocks, the latest fad toy for our kids, clothes with a designer label rather than the equally appropriate knockoff, a meal in a restaurant which costs as much as the family's food bill for a week, etc. And parents pay huge amounts of money to enroll their kids in competitive sports programs that keep them happily busy, secure in the knowledge that if Johnny is on a bus going to a hockey tournament, he can't be meeting the 'wrong sort of kid' hanging out at the mall.

So how should a teacher calculate the price to charge for their time? The first step is to work out what sort of program you want to run, and what that entails in terms of time for teaching, and administration. How much vacation time do you need? How much do you need to set aside for insurance, and taxes? For your expenditures in attending summer institutes and continuing education? How much income do you require? Next determine what it is going to cost students to participate in the program that you

have designed...and draw a deep breath before you actually look at the figure that you have calculated: because it's probably higher than most of 'the competition' is charging.

So what happens if you charge more than the 'old lady down the street' for your piano lessons? Will your business fail? Not if what you are offering is better than what the competition offers. When you buy a coffee you can go to Dunkin' Donuts, and get a coffee for 99 cents, or to Starbucks, and pay well over \$3.00 for a latte. Consuming a coffee at the donut shop is not the same experience as relaxing in a comfortable chair with a newspaper and sipping your latte; and consumers are quite willing to pay more than three times as much to enjoy the higher-quality experience. The same is true of music lessons; I can take my children to a 17-year old who is the principal violin of the local Youth Orchestra and pay pocket-change for music lessons, or I can go to a highly-experienced teacher who charges real money. But consumers do understand that 'if you pay peanuts, you get monkeys'; they are willing to part with serious amounts of cash to get access to a higher quality product. If you offer a product that is better than what the competition offers, then you will have no problem finding more than enough parents to fill your studio, despite fees that are higher than the norm.

Equally important to making sure that the 'business' part of your activity does not become a burden is to ensure that you force yourself to stick to your vision of what your program will be (although it is equally important to review your vision on at least a bi-annual basis!). And to stick to your vision requires that you arm yourself with a complete set of policies. Having proper policies is absolutely necessary if you are to know how you are going to deal with the 'difficult cases'; otherwise, you will constantly be making up new rules to deal with the specific needs of particular individuals, your program will lose its focus, and you will have a studio of discontented parents who don't understand why you were able to reorganize your operations to meet the needs of some other parent, but you're not changing the group class date on the first week of every month to meet their needs. This not only means having policies that require students to pay for a term of tuition, with no obligation on you to make up missed lessons, but also requires that you think about all aspects of your program.

For example, suppose that you have decided that participation in group classes is essential, and you oblige all students to pay for group classes as part of their term fee. Now a parent comes to you and explains: "Tania/Sally/Johnny is in the Ontario Provincial Soccer Team/Grade x Ballet Class/doing his bar mitzvah this year, and will have to miss group all year and can only do private lessons." You know this child loves their instrument, and you know that the child will continue to work at their private lessons. Do you continue to teach them privately? Do you tell them to 'come to group classes when they can'? Do you tell them to get another teacher for the coming year, and that they will be welcome back to your program when they can participate in group lessons? Your policy - which reflects your vision of what your program is about - tells you how to deal with these difficult decisions, even when your heart tells you that this is 'wrong'. The truth is that policies are wrong for particular individuals, at particular times; but they are ***RIGHT FOR YOUR PROGRAM***, and that is why you enforce them.

This happens in other businesses all the time. Sears has a 'no questions asked' returns policy, and it is not infrequent that people buy, for example, a dress, take it home, wear it once, and then return it and ask for their money back. The returns staff ***can tell*** what has happened, but they take the merchandise back nonetheless, because the 'no questions asked' returns policy is an important part of the way in which Sears has chosen to conduct its business.

Some of you may know Carol Gilligan's book *In a Different Voice* in which she explored systematic differences in the way in which men and women responded to ethical dilemmas. Whilst I'm greatly

oversimplifying, the bottom line was that men are typically more rules-oriented, whereas women like to problem solve: if the rules don't meet the needs of the individuals involved at that particular point in time, they try to change the rules. I like to think that this is one of the reasons for which women are such wonderful people, and often so great at the really important things in life; but it's no way to run a business.

Developing a successful music program requires vision and a financial plan that translates dreams into realities. Having well-thought-out policies which ensure that participants in your program are following the path that you have selected, and that you are adequately compensated for your work, is of crucial importance if the 'business' side of your program is going to run itself smoothly and leave you with the emotional and intellectual energy to devote to your teaching.

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Vicky Barham, PhD, is the mother of two children who are enrolled in Suzuki music lessons in Canada. She also teaches Economics at the University of Ottawa. The TMTA webmasters became acquainted with Dr. Barham through the Internet and were so impressed with her sound and logical expressions about the business of music teaching that we asked permission to publish her ideas for all to share. Her ideas are expressed in two articles on this website. Thank you to Dr. Barham for sharing her expertise with us.