

Jeff Metzger's Business Tips

Pricing Your Team-Part I

This month we will inspect the unique dynamics of team pricing. Allow me to weave the logic behind Queen City's team pricing strategy. As this is a fairly vertical argument, please take time to assimilate each point before moving on to the next. It is true that:

1. A company benefits from having the public perceive its prices as reasonable.
2. Because the expenses of operating a team are far greater than what most parents' intuition, sticker shock is inevitable.
3. Point #1 and #2 are in direct conflict and will remain so unless leadership intervenes.
4. The most effective way to resolve this conflict is a two pronged approach: (a) make public the costs of operating team while at the same time; (b) unabashedly highlight the truly wonderful benefits of team participation (thereby raising the perceived value and 'lowering' the perceived price).

It is also true that:

1. If a GymClub TRULY breaks even on its team,* the profit from a reasonably strong class base should offer a nice overall company profit.
2. You can mitigate the last vestiges of a high price argument by seeking and publicly proclaiming a break even pricing strategy: "Mom, Dad, we are not looking to make money on your child but you certainly can't expect us to lose money, can you?" To argue against this understandable business goal tends to ring unreasonable even to the person making the argument. After all, even nonbusiness-savvy parents can intuit that it is not in their best interest for their child's GymClub to go belly-up!

As a fun exercise for Cincinnati Boot Camp Grads (who are familiar with the 'lingo' of the Boot Camp Business Building Strategy), let's identify a few Boot Camp concepts used in identifying our pricing strategy: We recognized 'Common Cause' in parents' almost universal unawareness of the high cost of operating a team; we chose a Leadership Strategy grounded by 'Sharing Perspectives', more specifically, by using 'Open Book Management.' Additionally, we relied heavily on our understanding of 'Marketing Strategy' to avoid getting sucked into the 'low price trap,' a no-win game in a 'Value Added Industry,' such as ours.

* Because most GymClub owners do not know how to calculate their team's operating expenses, Part II will address how to determine your team's TRUE break-even.

Make it a great May! Jeff Metzger

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