

MEMBER BENEFITS

Is it Time to Give Yourself a Raise?

By Lorin Anderson, President

The golf industry, like so many others, has been slogging through the past few years. Since the market crash in late 2008 we've been ruled by a survival mentality. That is completely understandable, since the world's economy nearly imploded four years ago.

Over the past six months or so, the winds have apparently shifted. Proponent Group members have been telling me that their businesses are doing well. A good number report they are having one of their best years ever!

For those members who have excellent teaching skills and have stayed focused on delivering a great instruction product, the business has come back and—in many cases—is better than ever.

So if you find your business steady and strong, you're probably beginning to think: "Can I raise my rate?" For many members it's probably been at least five years since the last significant increase. The decision is a tricky one, so it's vital to identify the relevant factors. Here are a three questions you need to answer in order to reach the appropriate decision.

How full is your book?

Let's say you only want to be on the teaching tee about 35 hours per week and you're booked 30-40 hours consistently during your heaviest months of the year. On that basis, you could post a 5-10 percent increase in your rack rate and very likely see overall revenue increase even if you lose a few students. In fact, anyone who is currently booked more than 80% of their available

teaching hours will likely see more total revenue with a 5-10 percent increase in their pricing.

How is your local economy doing?

You probably draw most of your students from a 30-mile radius. Local economic conditions have a big effect on pricing. If half the houses in your city are underwater on their mortgages (like my neighborhood here in Orlando), you may have trouble making a price increase stick.

You should have a pretty good sense of your local metro area's economic situation just from the conversations you have every day with your students and what's typically on the front page of your local newspaper. If you sense the local economy is picking up, that's a sign that a modest price increase will be acceptable to most of your clients.

What is your competition charging?

Another factor to consider is where your pricing fits into the local instruction market. Gather data on at least a half-dozen of your nearest competitors and see what they are charging and how long they've been teaching. Then decide if your pricing is where it should be relative to your skill level and your competitors.

Studies have shown that people will pay plus or minus 30 percent of the market average without balking. If you're contemplating charging more than 30% above your market average for similar services, you may see some pushback and a net loss of revenue to competitors.

My verdict: If two out of three of these factors are working in your favor, it's time to give yourself a raise.

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