Suzanne Gerety: Today’s member teleseminar topic is “Miscellaneous Pay Rates for Dance Teachers.” I’m really glad that we have you, Kathy Blake, our co-founder, on the line today.

Kathy Blake: Well, I have had some very good fortune in my 37 years of operating a studio and seeing it grow. I’ve lived through two studio splits, but I have many loyal teachers who have been with me for quite a few years. I have absorbed, listened to, and considered what keeps loyal faculty staff.

Of course, pay grades and paying teachers so that they feel that they’re adequately compensated for the contributions they’re making to your studio’s success and to the name that you’re building is very, very important. People change jobs, become very dissatisfied, for a number of reasons, in any work environment, whether it’s a dance studio, the corporate environment, or your local doctor’s office.

There are two main areas that cause people to become very discontent, and it’s usually either the relationship they have directly with their ‘boss’ or sometimes with coworkers, or there are always issues of salaries, compensation, and benefits.

People suffer in the workplace, but not so much from what they’re doing in any particular job. Most people hate their jobs because of the relationships they have (not necessarily because of what they’re doing) and/or because of the feeling of not being appreciated/valued/not adequately compensated.

Having said that to start this teleseminar; in the dance world, we do many things in our studios that are above and beyond simply being weekly classes where you establish an hourly rate – a dance teacher rate. In our
studies we pay primarily on a percentage basis, somewhat of a commission-based basis.

Then there is the extra choreography, extra rehearsals, going on for workshops, conventions, or competitions; perhaps attending prep open houses, the weekend of the recital or Nutcracker, depending on what you’re doing at your studio. We consider that there are many extra programs to keep in mind.

We just finished our program in which we ran a theater and dance camp, which was a four-day camp from 9 to 4. Then we had a fairytale camp in the morning, which was exhausting work from 8 a.m to 12, with campers coming from 9 to 12. They were age three to five, and I paid my teachers quite generously because they were working quite hard to create magic and music and movement.

I constantly struggle with being able to find a pay grade that makes my teachers feel adequately compensated and yet falls within the range of what I’m charging for this service, and what the percentage is of what I’m taking in versus what I’m paying out. When is something profitable for me and worth it for the teachers? That’s the general problem we’re about to solve.

I find that I normally have to pay, in any given situation, somewhere between 30%-50% of what I’m taking in, in specialty programs.

Suzanne: Let’s start with the core area, because I want to get right into the meat of what to look at. You alluded to a sort of percentage. Some people will say, “Where do I even start setting the rate?” Let’s talk about the first big one, which is, “What should I pay my teachers for choreography, above and beyond their normal class routines?” and “When should I pay for rehearsal, and how do I charge my students to cover that?” Could you give some tips on that?

Kathy: Again, I’ve talked to studio owners all over the world, and it is unbelievable, the variables that people address in this issue. It is a giant area that has no consistency in our industry.

From my own experience….Suppose I charge $300 for a solo and I have a teacher that will do that solo. I have to ask, “What does that entail?” My studio hours; how many times are people on the dance floor? I charge an average of $20 per hour for studio usage time, which means the studio is tied up. If there will be six hours of rehearsal, then that’s $120 that has to come right off the top for the use of the facility. That leaves me about $180.
If there are six hours, and I divide 180 by six, that’s $30 an hour for the teacher. I would have to say that the benefit that I get is that my studio is being used (perhaps on a Sunday afternoon or an off-hour when it’s not being used for regular classes), and I now have $120 worth of income coming in towards my operating expenses. Then $180, or $30 an hour, which is about what we pay on average for a private lesson, goes to our teacher.

Will the teacher do six hours of rehearsal and choreography for that amount of money? Or will that teacher only do six hours at $50 an hour? If the teacher says, “I won’t do it for less than $50 an hour,” that means I would have to charge the student $300 for the choreography fee and personal fee, which pays directly to the teacher, and then I would have to charge another $120 for studio usage time.

Or, I could absorb the $120 and only charge $300 to the student, which means the money goes almost entirely to the teacher. I could say that the student paying an entry fee, taking extra lessons, and representing my studio, would be worth the emotional equity that I would get out of a half student.

These are the things that a dance studio owner has to evaluate. First of all, what will the teacher work for, to provide the proper product. Then, what do I have to charge, to be able to manage that? That’s what I use as a formula; that is how I begin.

Suzanne: We have listeners and members on this teleseminar who have been doing this for years. They feel like the teachers are coming back after seeing all these guest artists out there, like the ones on “So You Think You Can Dance.” It’s all the rage to have choreographers coming into studios and charging rates or fees, so the teachers in the studios say, “Gosh, just paid $600 to have that one piece set; I want $600 to set the piece!”

That’s why I think it’s getting a little out of control. So before we move on to the next level of this discussion, how do you know when you’re overpaying for choreography or underpaying the teachers? How do you establish that pay grade within your own faculty?

Kathy: We had a guest artist come in from the West Coast (we’re here in New Hampshire this year) and to make it feasible, I paid him $600 for a group piece. Another student paid him $300 for a solo. Then, he charged $150 per hour for master classes. So he was willing to come in as long as I paid his airfare and put him up, then guarantee him at least a couple thousand dollars for the weekend.
He wasn’t a top name in the industry; he was someone we had met at a convention, one of the teaching teachers, and just starting out. I would say his rates were about as low as you’ll get for a guest teacher coming in. For my side, I offered master classes, which I charged my students $30 a person for an hour and a half class, which was very reasonable. I tried to bill them with 10-20-30 kids in them, and all at various age levels.

By doing it that way, I took in enough money to pay for the use of the studio, his travel fees, and his fees; I didn’t really make any money from him being there. You can say, “Well, after you pay for everything, there’s something left in your kitty.” What it did was bring extraordinary excitement into the studio, my students essentially paid for him being there, I got all kinds of energy into the studio and excitement from his presence. He came back in January and did the same thing.

So, for me, there was nothing profitable left in my kitty, so to speak. I might have been able to charge more from students, if I charged $40 or $50 for the master classes; I hear some people do that, and again, it depends on the big name that you’re bringing in.

But what I looked at was, “What emotional equity does that build in my students? It makes them take more classes, it makes them more devoted, it makes them want to compete more. It makes them want to try out for the teams.” Sometimes the benefits that the studio owner gets have to be measured beyond the exact dollar value.

In my estimation, if I’m paying a teacher for being at a competition, I have to charge that back to my students somehow, in their participation at the event. I feel it’s the same way in any extra program, even if it may only be $50 for the day for the teacher. I have to make these agreements with the teacher ahead of time too.

If you don’t make agreements, this is where you get into trouble, if a teacher spends a whole Saturday at a competition and they’re giving up classes at the studio for that. You have to be sure that your teachers do not feel taken advantage of, and that you are upfront with their teachers and with your own teachers, “What are we agreeing to pay for this, before we get down a slippery slope?”

Suzanne: That’s why we put this checklist example and a template online here: http://www.dancestudioowner.com/members/Pay_Rate_Checklist.cfm

You have to have clarity from year to year, and set the expectations up front. Let’s move into an example. When talking about choreography, the other area that we promised that we would share about was when you say, “I’m sorry, teacher, you’re not paid for this; this is an expectation of the job.”
People will say, “I want to be paid for a faculty meeting, because I have to get childcare, I have to rearrange my schedule, and all that,” or “Oh, you want me to be at an open house, I need to be paid for that.” How, as a studio owner, do you look and say, “Here are some things that are part of the job?”

**Kathy:** Again, I have gone back and forth with this. Sometimes I have overpaid for what I could afford. Of course, once you start paying somebody for something and then withdraw it, it always causes a certain amount of dissatisfaction.

What I do is annually review the contract, decide what can I afford to propose. Unmet expectations are detrimental in the workplace in every way. When the teachers have an expectation, or you have an expectation of them wanting to give up their time without expecting compensation, or vice versa, that’s when you have all sorts of issues, backbiting, discontent. That’s going to cost you in the long run.

If I do anything, I try to say upfront, “This is what I’m going to pay for this,” or “I’m not going to pay for this – you have to do it on a volunteer basis.” Then I notice who’s generous with me. If I’m generous with my teachers, I expect some generosity back. That can be naive, because they don’t look at it like they owe you anything, I’ve come to find.

However, when you are in communication with people and talking about the compensation plan in any program ahead of time, people will respect you and have an opportunity to say yes or no.

**Suzanne:** Let’s move to the next topic. Many of our members and many studio owners in general that we speak to do not have their teachers as employees; they’re hired as contractors, following all the rules that are required. I’m assuming that people have them properly set up, either as employees or as contractors. How do you determine a proper percentage split?

For example, our Zumba program is different perhaps than the way we set up our normal pay grade for a class. How does a studio owner start to pay? A teacher came to me and wanted to teach a specialty class and to do a split on the revenue; what is fair and reasonable so the studio owner doesn’t lose money but at the same time is encouraging the teacher to get more students in the class?

**Kathy:** Again, this requires brisk dialogue and the ability to deal with the facts and the expectations up front. I have some teachers who are employees, and I have some outside contractors who come in. I run a C corporation,
so I am subject to very strict tax laws. How you are set up for business depends on if you have an LLC, are just doing a DBA, or running a non-profit. You have to know the tax laws relative to the way you have structured your organization.

If I’m going to set the schedule, and I am personally liable for the safety and wellbeing of the students, then I have to pay taxes and have my people as employees. I withhold taxes, I have to pay the 7.5%, I do all of that in order to control the program. If an outside person is just renting the studio, running their own program, the money is being paid directly to them and not through my books, then I just charge them the studio rental fee.

I have a sub-lease right now for a couple that is doing ballroom classes on Sunday afternoon. They have access to one out of my four studios and they pay me $500 a month; their students pay them. They advertise to their students via the link in our Web site, but I don’t control their program in any way. They just pay me a floor fee.

I think it really depends on the structure of the studio, in terms of the tax laws to which you are subject. Plus the studio owner needs to know whether this is a casual employee, who is setting their own program or if you’re dictating the schedule and the fees, and the schedule in the representative is one of your programs, then you really need to be sure that you are adequately compensating your employees in the tax space because in the even of an audit you may be liable for withholding taxes and you need to be careful of that.

Suzanne: OK. Before we open it up to questions, I want to talk about what we have experienced at times when it benefits to go at a flat rate for something and not an hourly rate. I think sometimes studio owners get stuck when teachers get in the mentality of, “This is what I get paid per hour.”

The other option is bundling things in a flat fee so that you can control what’s going out the door. Some examples would be our birthday parties and recital day planning; could you elaborate what you have found to be useful for that, in terms of setting a flat fee?

Kathy: I can say that in my area, I can’t really ever pay a teacher under $20-$25 for anything they do; that’s the going rate in my studio for the quality of teachers I have. I pay all of my teachers a minimum of about $25 an hour for any rehearsals, extra fees, and then they sometimes make more than that in their programs.

I want to share one issue that I had this year that in the future I will be much more careful about. I did not re-contract this teacher; I had a new teacher last year. This person was in charge of a dance team, to set
choreography for a specialty dance. The gentleman came in, and he had X amount of hours; I operate on an assumption, which is always difficult for a studio owner operating on an assumption.

I had set six hours rehearsal time for him to set the piece for a mixed group that were then going to compete this piece in one little specialty dance. I had a junior and a senior team. I had set the fee with him; $30 an hour for his compensation, and charged the students accordingly. All of a sudden, I heard from the students and the teacher (since I wasn’t there at rehearsals) that the piece was only a fraction of the way done in the choreography at the end of the six weeks when the piece was supposed to be done and ready to perform.

This is what happened. The teacher had not pre-choreographed the piece, and was doing it on-site, winging it as he was going along. Now, all of my teachers who work for me know that when they are hired to set a piece on someone, their job is to have that piece done on their own time, before they get there to the rehearsal, and just set it on the piece, no different than a workshop teacher at a workshop. In an hour, you can put a minute of choreography on a group.

Since the piece wasn’t done, I was then going to have to re-charge, re-pay. I had the teacher work another two months without pay, because I said, “You should have done that in the time allotted.” It was all kinds of not fun; everybody was dissatisfied. The teachers were dissatisfied, the students were dissatisfied, the parents were upset, and I was upset.

I did not re-contract him and I couldn’t work through the issues, because I had operated on an assumption and had not let him know that all his choreography had to be done before he got there, on his own time, and then set within that time frame. That’s the kind of problem that we can come up against. Even after all these years of experience, that’s what happened to me.

Suzanne: Right. Let’s open it up to questions, because there might be some really useful ones that we can attack on the call. Whoever has a question here, we’ll see if we can get them answered. Can we help you with your own problems that you’re solving around extra fees?

Annie: I have a question about when you bring master teachers in, because I’m finding that more and more studios are bringing master teachers in. Do you find that you have positive or negative experiences as far as paying all of their expenses? And do you find that generally you take care of their airport fare or do you allow them to take care of all of that and their accommodations, and then you reimburse? What do you find is the best?
Suzanne: Kathy, I’ll let you answer that.

Kathy: You have the right to do it your way, and say, “This is what I’m going to do. You take care of your own travel arrangements and then I’m going to attach $500 onto your fees, and then you can arrange things on your own air miles or whatever.” What’s frustrating for me is that if I make the reservations, then I’m stuck with those reservations. I think it’s better to establish a lodging and travel fee, attach it, and then let them figure it all out.

For one, it gives you less work to do. Second, if they cancel on you, it’s in their ballpark, if the flights cancel or something happens. They can stay with a friend and not spend the time in the hotel, or you can recommend a hotel, or they can get their own. I think it’s a lot more work when you have to do everything.

I’ve done it both ways, and sometimes the person is unwilling to come unless you do all that. So you may have to decide what works best for you, and then be in a dialogue with the other person. I don’t think it’s something you can absolutely say, one way or another.

Suzanne: I’ll follow up on that answer, Annie, and would also add what we’ve heard about many of these big studios in New York that bring in the top guest choreographers. Some of them might get booked at a studio, and then suddenly they get booked at a job to choreograph on “So You Think You Can Dance,” or on a movie. Then the studio is stuck with air fare that can’t be rebooked.

From being with my husband, who travels extensively, I highly recommend building a flat fee and saying, “This is the fee that I have for your travel; you go figure it out.” We found that to be useful.

Annie: When you bring someone in, is it the assumption that you take care of all those accommodations and that you pay for all that?

Kathy: Yes, in general. One way or another, you are responsible for travel and lodging, either by doing it directly or adding it into the fee and then they do it their way.

Annie: Great, I appreciate that, because I know that you guys have talked to a lot of dance studio owners over the summer.

Suzanne: Yes, and they are paying high fees for people. Some of these guest artists, as we’ll call them, are coming on in adjunct faculty, to do a once-a-month program. Some of these studio owners are saying, “Listen, instead of
bringing you out for this one-time gig, we know you come around on tour. Let’s put you on a schedule in which you’re coming out once a month.”

Some of the studio owners have reported being really burned when they’re booking the travel on their dime, because the guests are working professionals. I hate to say “they go for the bigger deal,” but sometimes for their career they have to go when they’re called. Definitely make sure you look out for that.

**Kathy:** When it’s comfortable, I’ve had a couple of my guest teachers either at my home or with a teacher. They like that, and then you can talk with them more, interact with them. What I’ve done the last two times, when I brought the teacher in from the West Coast, is have him stay with teachers and then I give the teacher $100 towards meals and expenses. They love having this gentleman in their presence and the kids go in hand.

It’s all a matter of what level of personal connection do you have with this person; are they a total stranger, do they want privacy, etc.? It’s a case-by-case situation.

**Suzanne:** We just had a great question from one of our members who’s listening online, which I want to answer as well. “How do you find a master teacher?” Some of their students who were out at a convention found that the teacher’s guest rates were extremely high. How do you find budget-friendly master teachers to come in and do camps or choreograph routines?

**Kathy:** A great source for connections is “Broadway Across America.” There are a lot of Flow 40 workshops, and there are about five major companies right now that offer when their dancers are coming in. They are actually in a touring company; they might be in Boston, say, for a two-week gig of a Broadway show in the theater. They are then available during the day for master classes.

I think the best deals available out there right now are through organizations that are actually in the business of providing the person you need for your workshop. When you deal directly with the people (depending on how high they are up in the pecking order of stardom) there are many great teachers who are more generous, more talented and more passionate. They are trying to earn their way in the touring companies and make it onto Broadway, or they had a career and now they want to teach the kids; they have a heart for the kids. This is also a reasonable way for them to come in and be in your studio for a fraction of the fee, and you’re not paying lodging and travel fees.
Suzanne: I’ll make sure the question that came in on the Web will be followed up on, and that extends to everyone.

I just want to mention another thing that’s all the rage. Dance competitions, or people who have branched off from dance competitions, are booking what they call “fall conventions.” There’s no competition involved; it’s just a full day of master classes from these teachers. I have been contacted by a few of the big ones.

If you want to have that go-between from your own current faculty, but you don’t really have the money to bring in a guest teacher, there are a lot of opportunities now to bring in your kids to these day workshops where they take classes. It’s not a competition; it’s guest artists, so you don’t have to deal with the hassle, like you said.

Anyone else who’s listening online: if you’re here and you want to ask a question, the audio should be unmuted.

Suzie: This is Suzie from California. One of my questions is about looking at the bigger picture, when paying your staff to come to your concerts and to help the kids backstage, or those kinds of things. I’m struggling to get enough income for the actual concert event, to pay their wages as well; I’m struggling just paying for the theater and the lights and my crew.

Kathy: Your ticket sales have to be able to manage. I pay a per diem, like $50 a day (or whatever time portion), and I never really make a profit, but I want to get in enough through my ticket sales to pay for the lighting and the sets and the backdrops. It’s always frustrating; I feel that every year it draws blood from me! But again, you can’t build your studio without these programs, and you have to then just raise your ticket prices, or make sure that you are running it in a way that works. Why does a Broadway ticket cost $150-$250? That’s only paying a fraction of what it costs for you to sit there and have this experience.

Suzanne: Suzie, I would be happy to look at what you have. If you could either post it to the forum or e-mail me, I can take a look at how you’re pricing your tickets or at how you’re structuring your weekend shows. There could be something simple we could do to help you restructure that so you can be more profitable. That’s something that we’ve found out how to do over the years; now we have it set up much better so we can double our income over the weekend of a recital or concert.

So if you get that information to me, I can get a feel for what you’re doing and take an outside look at it. Like we said, we want to help you be able to be in a place that you can pay their faculty, even if it’s a flat fee stipend for those days.
Suzie: I definitely will, thank you.

Suzanne: Please do, because that’s something I want to help you with. Any other questions?

Kathy: This is a great topic!

Suzanne: This is a great topic, and I want to wrap up and say a few things as well. Many of our members are just getting started, or they’ve been at this for years and are still actively teaching, and you’re doing the work yourself. Every year you have to take a fresh look at your prices; the biggest fear as studio owners and as business owners in general, is raising prices. It’s scary, and it’s something that you feel you can’t do.

The more demands your customers give you - online registration, quick-fast-easy processes, the best talent – the more you have to raise your prices to accommodate those needs to keep the customer service. A price increase can be gradual. If you have to raise your prices by a little bit every month, it’s important to get in that practice of just gradually raising prices. Not a drastically, but gradually raising prices to meet those needs.

You don’t have to apologize for adding incredible value and opportunities for your current and potential students. So this might be a great opportunity to look at raising prices. That might be another topic for another teleseminar! Is there anything else, Kathy, that you want to say about that before we wrap up?

Kathy: There is always a definite need for dialogue. The more you can discuss this upfront, and the more you can clearly delineate your expectations and ask, “What are your expectations?” when you’re speaking with either a guest person or a teacher, the better. If everyone understands what they’re expecting, and we can compromise on it ahead of time, then everyone can work together in harmony. It’s why the contracting in sports teams is so fierce and vicious, and people trade and leave.

We have to realize we’re trying to run a business and offer a quality product, and we have to do that with a responsible approach and without getting emotionally involved. We need to realize, “There’s a value to this person’s service, and there’s a value to my opportunity for them to participate in my studio, and we need to have everyone coming away from the table feeling like they’ve been understood and fairly treated.” That, I think, is the secret to success.

Suzanne: Awesome. Well, thank you, everyone, for taking time out of your day to spend with us and to have this topic brought up. I am always open to
hearing other topics that you want to have for future teleseminars. We love to have stuff like this, which came right out of a direct request from a member on our forum.

Have a wonderful day, and a great rest of the week, and we look forward to seeing you on another members-only teleseminar! Thanks so much!

**Kathy:** Bye everyone!