

The Dojo Insider

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The Newsletter for Professional Martial Artists

EasyPay®

Issue3004

We Don't Want To Gain A Reputation As Scam Artists Instead Of Martial Artists

The trust our students place in us can easily be exploited by the use of high pressure, "Time-Share" type sales techniques.

Some in our industry are encouraging a strong emphasis on selling long term, paid in advance courses to as many students as possible, but many others are raising significant ethical questions about this practice.

In This Issue You Will Find

The Arguments In Favor of Advanced Tuition Payments

Who Really Benefits From Cash-Outs?

Are All Cash-Outs Bad?

In the last newsletter we wrote about the dangers a school could face if they aggressively seek paid in advance tuition for multi-year martial arts courses. After that newsletter, we had the largest response we've had in years to an article. People agreed with us, and wanted more on the subject.

Recently, another article on the same topic appeared in Martial Arts Professional Magazine. That article referred to cash-outs as *PIF's* (paid in fulls), and it made some of the same points we made.

School owners seem to have strong feelings on the subject of selling multi-year, paid in advance, black belt courses to six year olds. Almost all the responses we're hearing are in disagreement with the practice.

EasyPay is in the billing business, but the fact that we
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EasyPay Presents:
**The 20-10-2
Rule of Martial
Arts Management
Brand New
Seminar Series
For 2004**

March 13, San Diego, CA

April 24, Deer Park, TX

June 5, Lakeville, MN

July 31, New Jersey

Sept. 4, Northern, CA

Oct. 30, Birmingham, AL

\$89 per school (clients)

\$189 (non-clients)

Contact *EasyPay* for
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collect monthly tuition has nothing at all to do with our strong discouragement of heavy cash-outs for schools.

If getting cash in advance from a large percentage of your students was the best way to do business for the longevity of your career, we would encourage you to do it. Believe me, there is still plenty of monthly billing business, with or without cash-outs.

Our main concern, and the concern of other industry leaders who have spoken privately with us, is that a strong push for PIF's could damage our industry. Over the last two decades we've all worked very hard to promote a public perception that martial arts teaches honesty, integrity, and character development.

Besides developing an industry reputation as scam artists instead of martial artists, the habit of living on future tuition payments can become as addictive as a drug, and just as damaging.

Once instructors get in the habit of living on money they have not yet earned, their life and business can begin a downward spiral that soon spins out of control.

The Argument For Paid-In-Fulls

The main argument the industry is hearing from proponents of Paid-In-Fulls, is that students who pay in advance are much less likely to quit. They say that PIF's are very beneficial to both the student and the school because of increased retention. But, is that really true?

If it's true that accepting tuition payments years in advance helps retention, then schools who aggressively ask for advanced payments should have the highest retention rates in the industry. If they do, these school will have a different kind of retention problem -- everyone is staying, but no one is paying.

Instructors with good retention who seek out advanced tuition payments will quickly fill their floor space with two to three years worth of students who pay absolutely no monthly tuition! That's a formula that simply won't work to produce the kind of ongoing high monthly income the schools encouraging PIF's boast about.

In order to keep their income numbers up each month, schools who rely heavily on cash-outs must make room for new students. If there are no new

students, the school will have no one to 'pitch' the PIF program to, and thus no large income numbers at the end of the month. How can a school continue to make big money each month from cash-outs if everyone on their floor is already cashed-out? This is just common sense.

If it's true that schools who cash-out as many students as possible have a very high retention rate, then it would stand to reason that PIF schools would quickly outgrow their location. They could not enroll 20 new students each month without having to continually expand to accommodate their ever increasing student body.

Is there continuous, ongoing expansion with these schools? Or, do as many students quit each month as join? What was their total enrollment on January 1, 2003, and what is it on January 1, 2004?

These would be good questions to ask a proponent of PIF's, but beware, they get very angry when asked to defend this practice. They will try and convince you that you're a failure if you don't collect large sums of money from your students, like they do, or that you've been brainwashed.

Do students who pay for multi-year programs in advance really stay considerably longer than students who don't? If there is only a slight difference in retention with PIF's, or, as some have claimed, if PIF schools actually have lower than average retention, then the retention argument for paying tuition in advance is flawed.

Who Really Benefits From PIF's?

You may be surprised to learn that both the school and the student are potential losers when it comes to PIF's.

The student loses because they pay a large sum of money in advance, with a high probability that they're not going to stay around and actually receive the lessons they paid for.

The school owner benefits in the short term because he gets a large sum of money, but stands to lose in the long run for many reasons. The instructor loses because he typically treats the money as his income, but it is not. The instructor has simply taken a loan from the student that must be paid back in the form of lessons over the next several years. If for any reason the instructor doesn't deliver, it is not ethical to keep

the money. If the instructor is honest, PIF's should be fully refunded if the student quits.

The school owner who gets most of his tuition payments in advance is like an employee who gets his pay check in advance. Anyone in management will tell you that advance salary payments is a recipe for demotivation.

Can you imagine what would happen if you paid your employees in advance for the next three years? Do you think they would be as motivated to give you their best effort six months from now, knowing they have gotten all they're going to get from you? It only stands to reason that an instructor may also see paid in full students in a different light.

Are All PIF's Bad?

There are very few martial arts instructors who have the financial discipline to handle PIF's responsibility, but there are some. If an instructor receives advance tuition payments, he must not spend the money. All PIF's must be placed in a savings account, from which refund payments can be made, and monthly EARNED income can be spent.

It is very difficult not to spend

advance tuition payments, and that's where instructors get into big trouble.

I can't tell you how many times I've taken phone calls from distraught instructors who have had to scrape up several thousand dollars to refund a PIF student who was moving away. I've seen schools go out of business as the result of just one large refund!

Oh, and by the way, don't think you're going to weasel out of refunding money because the student signed a "contract". Think again! You'll find yourself in court, trying to explain to a judge why this seven year old student should have to pay for lessons he'll never take, and that's a very hard case to make.

There are many school owners who refuse to take advance tuition payments because of the financial liability they create.

On the opposite side of the fence, unfortunately, are schools whose sole purpose is to pressure students in to cashing-out. Some of these schools have no desire to retain PIF students, and in the end, many of the students who trusted their instructor, are left with a bad taste in their mouth from their martial arts experience.

Instructions for Viewing Your Reports Online

1. Go to:

www.easypayinfo.com and click on the box in the upper right hand corner of the home page marked “**Client Login**”.

2. The next screen will ask for your EasyPay Client ID# and password.

3. If you have not set up your password yet, email **IFCEasy@aol.com** and give us a 6 character password.

We will email you back complete instructions for viewing along with your password confirmation.

4. The next screen will give you a line that reads “Display current month payments”.

5. To view credit card activity, click the “Credit Card” line on this page.

6. You can print, or copy and paste the data directly into Microsoft Excel by going to EDIT>SELECT ALL>COPY. Bring the data in by opening a new Excel spreadsheet and choosing PASTE.

7. To exit the client section, click on “Log Off”.