

# Profiting by Increasing Sales through Service Programs

**AIMM/NAMM – The Big Issues: Profitability**  
**Presenter: Chris White**

**I. Question:** Do you consider your service programs (lessons, repairs, rentals) a Competitive Advantage?

- a. Are the services profiting your bottom line?
- b. Suggestions for additional profitability for your lessons, repairs, and rentals.

## **II. Lesson Programs**

- a. Charge a \$15 - \$30 Registration Fee for all new students in your lesson program
- b. Hire teachers as part-time employees rather than renting out your studios
- c. Create a lesson tuition program that can generate a 40 - 50% gross margin

## **III. Repairs**

- a. Pricing of repairs with a 40 - 50% gross margin
- b. \$3.00 - \$5.00 Shop Supplies Fee for every repair that goes through your shop

## **IV. Rentals**

- a. Offer Maintenance and Repair or Extended Service agreements for rentals (\$3 - \$6 per month)
  - For band and orchestra rentals
  - For guitar rentals
- b. Supplies for rentals - Create instrument "Care Kits" and sell them with your Rentals
  - seek the advice of area teachers as to what they would like included
  - the profit possibilities are endless (stand, metronome, tuner, reeds, oils, sticks, etc)

## **V. Finally**

- a. Declining margins in merchandise sales can be offset by calculated "hidden profit opportunities" in the services you offer.
- b. Implementation of any of these will create a more profitable service income for your company.