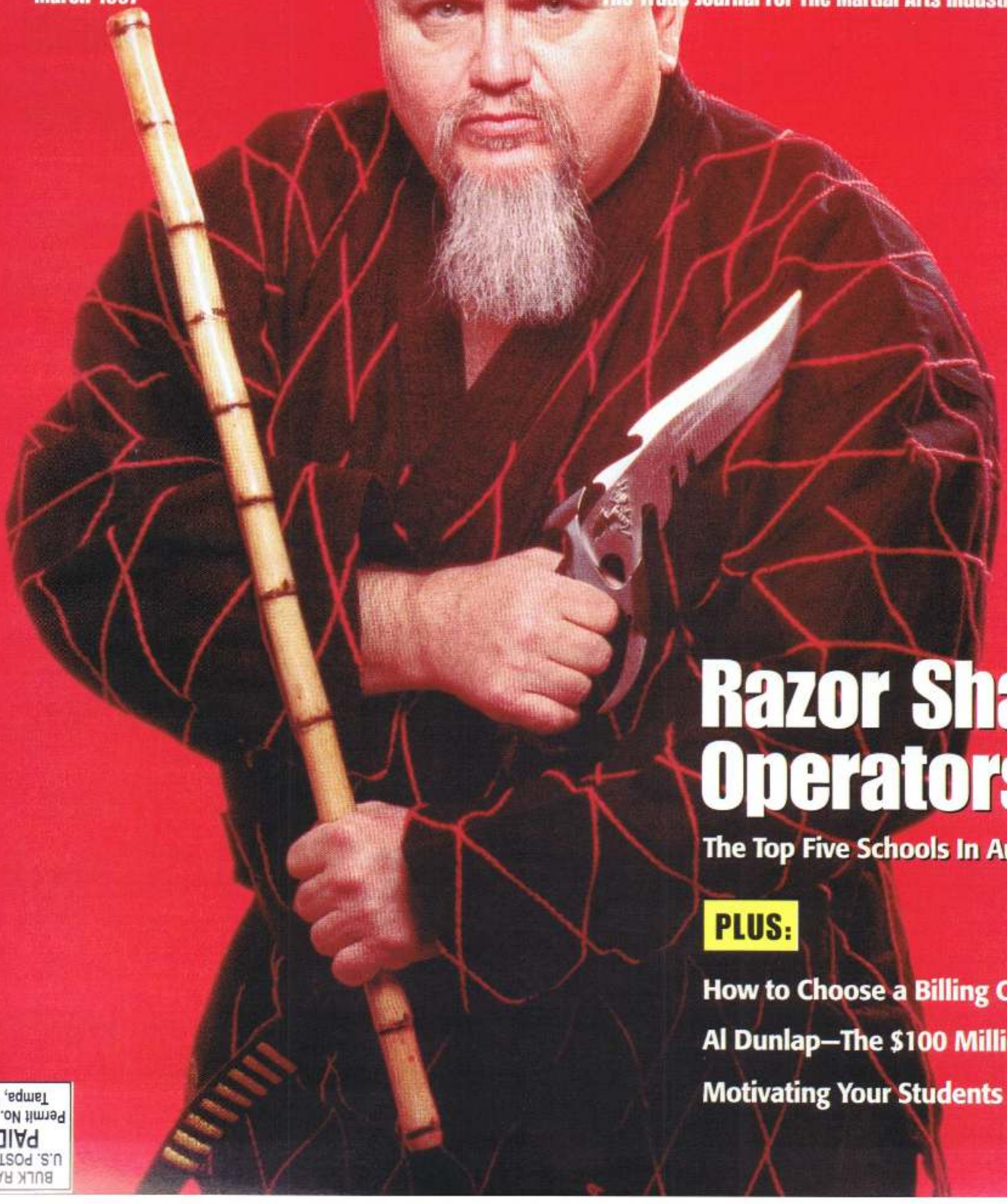
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March 1997

The Trade Journal For The Martial Arts Industry



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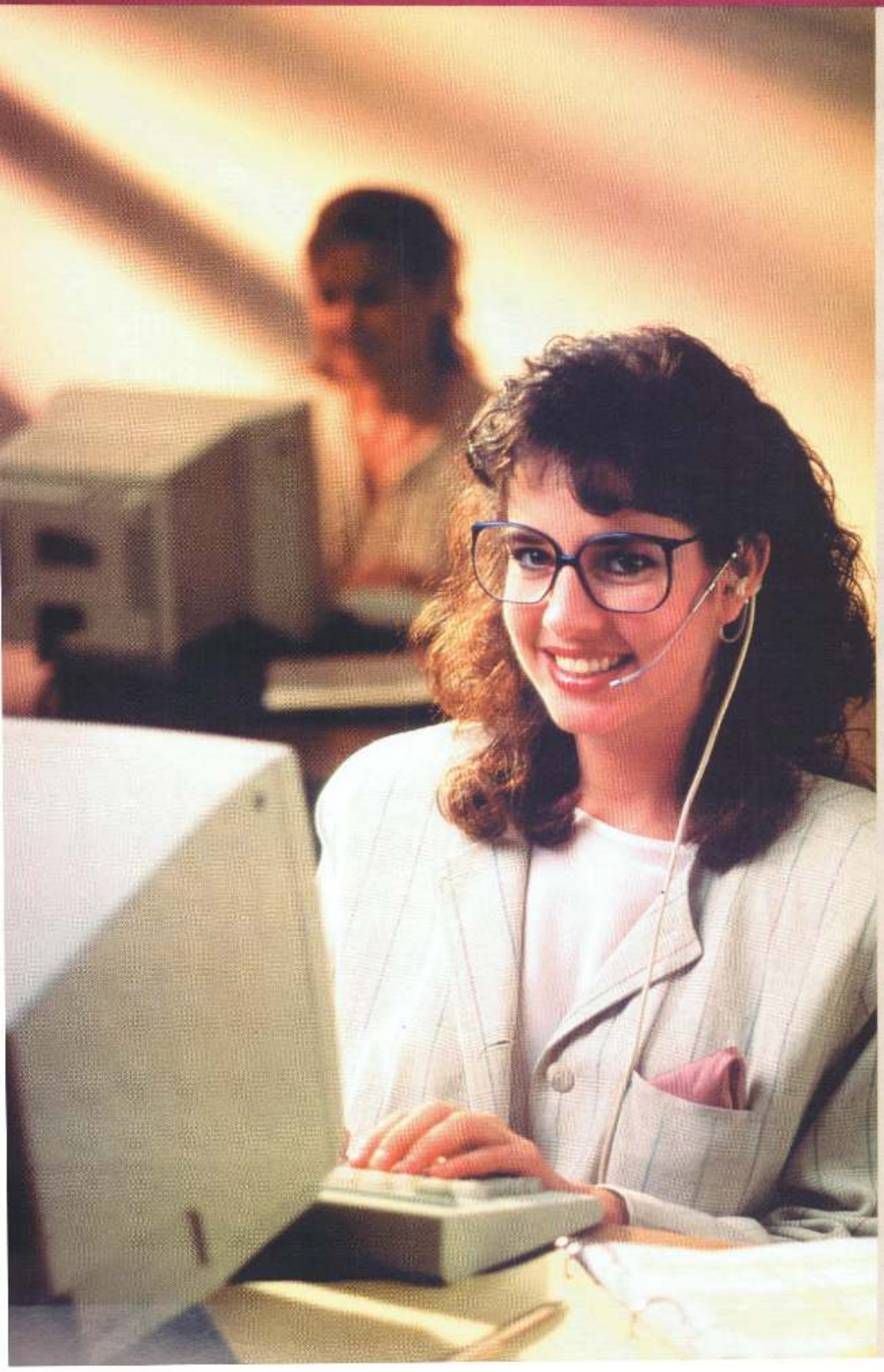
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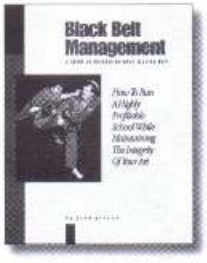


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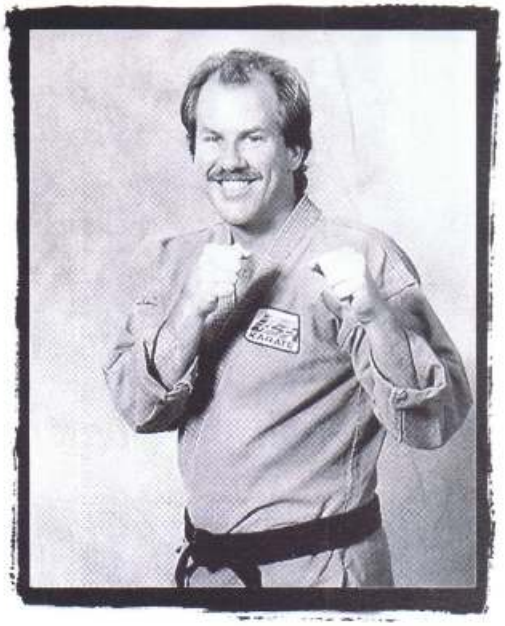
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AS I SEE IT

letter from the editor



The Chainsaw Speaks

I had an interesting talk recently with Al Dunlap. Maybe you know him by the nickname with which the media has christened him, "Chainsaw Al." Al was recently profiled on ABC's "20/20" and has written a best-seller called "Mean Business." Al is hired to turn around companies that are in trouble. His most recent turn around was Scott Paper. For that three-year project, Al earned $100 million.

I shared with Al the progress of this magazine and of NAPMA. I told him that one of the challenges we face in our industry is a reluctance to change, despite a desire for the rewards of change. In other words, many school owners want, hope and wish for a more successful school, yet only a small percentage are willing to undergo the pain for the gain.

Al likened it to the companies he's hired to turn around. The first thing he does is find the "old school" managers who want to do things the way they've always been done. Then he fires them. Hence, the "Chainsaw Al" title. I explained that we're talking about business owners and association leaders, not fat-cat executives. Owners don't tend to get fired.

Al said I was wrong. "The market will fire them," he said. That's why he's hired. If the changes aren't made in the company he's hired to turn around, it will go under. Not only will the fat-cat executives lose their jobs, but so will all the company's thousands of employees. Not to mention the drastic loss for shareholders and the negative impact on the local economy when the company shuts down. Everybody loses.

This was a great lesson. If school owners don't undergo the pain of change, they will suffer the pain of the market firing them. Not only will the owners lose their jobs, but the students will lose their school and the positive influence of the martial arts. When a community loses a school full of people who are learning respect and courtesy, then everybody loses.

Al said, "You have to protect yourself from yourself. You gotta know what you're good at and know what you're not good at. Then you have to either get the skills or hire someone with the skills. You have to surround yourself with smart people. They can only make you better."

This was another great piece of advice. While many of us cannot afford to hire specialists to fill the gaps in our schools, we can still surround ourselves with smart people. Locally, there are organizations or networks of business owners who can share information with you.

On a national level, you can join a network of other school owners. You can save years of time, stress and expense by simply doing what others have done to succeed instead of reinventing the wheel. That's the entire premise of organizations like NAPMA.

Finally, you can learn just about anything you want today by reading books, listening to audio tapes and watching videos. With the wealth of information on how to run a successful martial arts school available today, ignorance is a chosen method of self-sabotage.

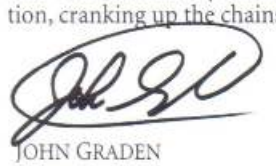
Still, when it comes to investing in their school, many school owners are often "penny-wise and dollar foolish." It's easy to say, "I can't afford that book." Let's face it, an investment in information to help your school is not going to bankrupt you and force you to live in a cardboard box on the street. The truth is, "I can't afford it," is often an excuse to avoid the responsibility of actually navigating change.

"The first thing he does is find the "old school" managers who want to do things the way they've always been done. Then he fires them."

Once you learn about a strategy from a book, seminar or video, then you're faced with the responsibility to follow through. Too many people will go to any length to avoid taking responsibility for their success. The easiest excuse is, "I can't afford it" or "I'm from the old school." Ignorance seems safer than to risk failure by trying.

One book you may consider is Al's "Mean Business." Sometimes you have to be exposed to the cut-throat ways of the big corporations to really appreciate the opportunity we have in the martial arts.

Still, Al is right. We all operate under the same rules. If you're not serious about growing, if you hold onto the past, if you're not studying new material, then you're bound to hear the market, or your competition, cranking up the chainsaw.



JOHN GRADEN
Editor-in-Chief

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INDUSTRY UPDATE

martial arts business news, people, and places

DISNEY, NAPMA AGREEMENT



ORLANDO, FL — NAPMA has entered into an agreement with Walt Disney World Resort that will enable NAPMA members, their staff and entire student body access to Disney vacation packages at substantially discounted prices. This offer is only provided to large membership organizations such as NAPMA and is not available to the general public. This program applies to Disney properties located in Florida only. ■

COLOR JUDO GIS

TOKYO, JAPAN — The All-Japan Judo Federation, which had continuously objected to the introduction of colored judo wear, made a landmark decision to send competitors to this year's major European meets clad in navy outfits on a trial basis.

The meets, running from January to April, will be the first to employ colored uniforms since the IJF decided last year to give regional judo governing bodies the right to decide on the use of colored uniforms. ■

JACKIE CHAN CONTINUES HIT STREAK



HOLLYWOOD, CA — International superstar Jackie Chan continues his money-back-guaranteed assault on the U.S. box office with his third domestic hit in a row, *Jackie Chan's First Strike* released by New Line Cinema. The pic opened the weekend of January 10th in 6th place with a respectable $5.7 million gross against very strong competition.

In this, his latest action extravaganza, Chan reignites the screen as a Hong Kong police officer in a James Bond-type thriller that ends in a remarkable underwater fight sequence while the opponents try to avoid a shark attack!

At press time one week later, *First Strike* dropped to 10th place with a cumulative $10.7 million. This version of the film, redubbed from the original pic produced several years ago, represents Chan's third consecutive U.S. box-office hit.

Perhaps the big surprise was Chris Farley's comedy, *Beverly Hills Ninja*, nailing 1st place over four days with $12.6 million — proving that films with martial arts attract a solid domestic audience.

Chan had other successes to occupy him. His famous fast-moving hands were embedded in cement at the Mann's Chinese Theatre here on January 5. After a limited stay at the historical theatre in Hollywood, Chan's encased handprints are scheduled to tour other Mann's theatres throughout the United States. ■

SCHOOL-INSURER MARKEL RECEIVES S&P RATING

LONDON, ENGLAND — Standard & Poor's has affirmed its triple-B' senior-debt rating on Markel Corp. and its single-A' claims-paying ability rating on Markel's Insurance subsidiaries, which include Essex Insurance Co., Evanston Insurance Co., Markel American Insurance Co., and Markel Insurance Co., the largest insurer of martial arts schools in the United States.

As of Sept. 30, 1996, the company had more than $1.3 billion in assets and approximately $248 million in shareholders' equity. Standard & Poor's expects a continuation of strong earnings from the various operating units. Additionally, preferred leverage (i.e., debt plus preferred as a percentage of capitalization) should gradually improve to the low-40% range. Finally, Standard & Poor's expects Markel to maintain approximately $50 million in liquid assets at the holding company level to support debt service, Standard & Poor's said. ■

GLAZIER'S TO SELL ASSETS

PISCATAWAY, NJ — Master Glazier's Karate International, Inc. recently announced that it has agreements to sell substantially all assets from four of its martial arts instruction centers to affiliates of Tiger Schulmann's Karate.

The company said it will benefit from the transaction through the release from certain liabilities. A company spokesman said that Master Glazier's will have three centers still open after the sale.

Master Glazier's Karate International, Inc. currently owns martial arts training centers in New York, New Jersey and Pennsylvania. ■

INDUSTRY UPDATE

martial arts business news, people, and places

800 ATTEND EFC CONVENTION

By Tom Callos



Ernie Reyes, Sr. leads a Cardio Karate workout.

SAN DIEGO, CA — Over 800 participants attended the 12th annual Educational Funding Company's (EFC) 1996 International Convention here at the La Jolla Hyatt Regency on November 22-24.

The convention is run by EFC's executive team and 12 board of directors made up of some of EFC's most successful clients.

On Saturday, more than 25 different classes were held in as many convention rooms. Although the meeting rooms were large, most of the sessions ended up being standing-room-only. Prior to breaking into groups, marketing and financial expert Jay Abraham gave a no-nonsense business talk on how to increase inquiries, enrollments and service.

Afterwards, conference-goers scattered into classes like How to Build a Highly-Skilled and Devoted Team, Adding Kempo to Your Curriculum, Demo Do's and Don'ts, and The Tax Man.

Throughout the weekend there were technical workshops presented by an impressive roster of prominent martial artists. They included Ernie Reyes, Sr. (cardio-karate), Diana Lee Inosanto (weapons), and Olympic Tae Kwon Do Champion Diane Murray (Olympic Team training drills).

Saturday evening featured an elegant formal dinner. After a motivational speech by ninjutsu leader Stephen Hayes and a demonstration by Ernie Reyes' West Coast Action Team and Olympic Judo Coach Mike Swain, a check for $33,000 was presented to Chuck Norris for his Kick Drugs Out of America program. ■

NEW CHANNEL BROADCASTS MA SPORTS

STAMFORD, CT — AlphaStar Television Network, Inc. (AlphaStar™) will launch another innovative broadcast service on December 31st when it adds the International Channel to its program offerings. The newest addition to the DBS provider's special interest line-up delivers original news and entertainment produced in more than 20 language — including martial arts competitions.

AlphaStar will be the only direct-to-home satellite service to carry the multilingual network. The International Channel will be available to AlphaStar subscribers initially at no charge. The type of martial sports it will program was not specified. ■

STATE FILES LAWSUIT AGAINST CHAIN-SCHOOL OWNER

PHILADELPHIA, PA — East Coast karate chain-school owner Danny "Tiger" Schulmann has been accused by the Pennsylvania attorney general's office, in a lawsuit filed recently, of taking excessive advanced payments for classes and other violations. Schulmann owns some 30 schools in Pennsylvania, New York, New Jersey, Connecticut and Florida.

"We are extremely happy that someone sat up and took a look," said Lee Fredricks of Philadelphia, who, along with other disgruntled parents of Schulman's students, has reportedly staged several protests at Schulman's karate schools.

After a dispute with Schulmann, the Fredricks withdrew their son. They complained to the attorney general's office when Schulmann denied a $3,000 refund of pre-paid tuition.

"Basically, it's the feeling of a cult," Fredricks told the "Philadelphia Enquirer." "Schulmann looks at you and says, 'Have I ever steered you wrong?'"

"It's about time something happened to Schulmann," says New York lawyer Barry Levin. He represents several of Schulmann's franchisees who filed suit in the New York Supreme Court. Their lawsuit asks for restitution and damages." ■

INDUSTRY UPDATE

martial arts business news, people, and places

CARDIO-KARATE CERTIFICATION FOR MARTIAL ARTISTS ONLY



ST. PETERSBURG, FL — NAPMA will restrict participation in its popular Cardio Karate Certification programs to martial arts school owners and staff.

According to Rob Colasanti of NAPMA, "We feel it's important to provide school owners with this information first before the fitness industry. We want Cardio Karate to be a competitive advantage for martial artists, not health clubs."

Cardio Karate Certification Dates

March 22, 1997	San Diego, CA
March 29, 1997	Orlando, FL
April 19, 1997	St. Louis, MO
May 10, 1997	Philadelphia, PA
May 31, 1997	Dallas/Fort Wth, TX
July 26, 1997	Minneapolis, MN
August 16, 1997	Boston, MA
Sept. 20, 1997	Chicago, IL

For registration information call (800) 973-6734. ■

STOCK MARKET FIRM ACQUIRES KARATE SCHOOL CHAIN

TIBURON, CA — Larry Stockett, President of Hightec, Inc., (Nasdaq: HTEH), and Scott Woods, President of United Studios of Self Defense of Northern California, LLC, announced an agreement resulting in Northern California's largest chain of karate studios becoming a wholly-owned subsidiary of Hightec, Inc., to be called Karate International Corporation.

Woods opened the first of these San Francisco Bay Area karate studios in early 1992. The company grew to three studios by 1993, 12 studios by 1994, 25 studios by 1995 and 32 studios by year-end 1996. Six are company-owned schools and 26 are franchises.

The company-owned schools and the franchisor was acquired by Hightec.

The Bay Area franchisor reported 1996 revenue of approximately $2 million, including only the franchisor's revenue from the six company-owned stores and related supply sales and fees from the franchisees. Based on unaudited earnings of at least $400,000 for 1996, four million shares of Hightec stock was paid in the transaction.

According to Woods, the company plans to launch an aggressive campaign to expand through acquisitions of existing karate studios, franchise sales under its new name, and new company-owned schools. President Larry Stockett said. "Our goal is to operate a minimum of 320 karate studios and a maximum of 1,200 studios nationally and internationally over the next ten years.

One of his reasons for the acquisition of Karate International, Stockett explained, is to use the karate training centers as meeting facilities for IPO Network's stock market training classes. "This gives us a low incremental overhead to open IPO Network training centers all over the Bay Area, and in other cities as the karate studios expand nationally and internationally.

"While it may seem incongruous that such diverse businesses would share the same facilities, the similarities between the businesses may actually be greater than first meets the eye," Stockett further explained. "The next time you visit a karate studio, don't be surprised if it has an IPO Network logo on the window. It could read, 'Self-improvement strategies taught here. Wealth improvement strategies also available.'" ■

CHAIN OWNER CONVICTED OF TAX FRAUD

By Anne O'Connor

ST. PAUL, MN — Controversial martial arts school owner John Kim, and three other people were convicted of tax fraud by skimming cash from martial arts schools and failing to pay income tax for almost 20 years. Kim owned 30 schools.

Kim, 63, who was convicted in federal court in Chicago, operated schools under the names John C. Kim School of Chung Moo Quan, John C. Kim School of Oom Yung Do and John C. Kim Style School of Chung Moo Do.

Witnesses testified in the 11-week trial that Kim came to the United States to become one of the world's richest men. He selected his most trusted followers to run the schools. They turned over the cash to him nightly.

Four other men were convicted with Kim: Frank Kucia of Encinitas, Calif.; Joselito Jakosalem of Maple Grove; Thomas Condon of Largo, Fla.; and Michael McKay of Pittsburgh. Six other men had pleaded guilty before the trial. ■

LETTERS TO THE EDITOR

feedback from our readers

Good Question!

Here's your chance to get your question answered or an opportunity to share your expertise. If you have a "Good Question" or a "Good Answer" we invite you to share it with our readers.

Help us Determine Right From Wrong

I've had the opportunity to read two issues of *Martial Arts Professional* magazine. I find it to be informative. We do want to grow.

We have an issue at stake: The master who devised our forms is considering a "non-compete and intellectual property agreement." Essentially, he is considering having everyone who trains with him sign that they won't ever open up a school without his permission, no matter what rank they achieve with him. And that they are not to teach the forms he taught them without his express permission. There are also restrictions he is considering regarding location, etc. Is it possible to copyright a form? What about non-competition agreements?

Second issue: What is considered normal when a teacher has a school, trains his students, and then the students become black belts and want to teach? My husband opened up (with his teacher's permission). There was never anything put into writing between the teacher and my husband (likewise, the same teacher never had me sign anything, not when I was a student, nor when I became a teacher). Verbally, my husband agreed to turn over all registration fees and test fees to our master, and it is our master who sets these fees. He has visited the school once in the 22 months it has been open.

Now, the teacher is starting to say that he wants 70% profit from anything we sell — like t-shirts, sparring gear, etc. He has also started saying, "We're not charging a franchise fee, but there are other teachers who take 40% of the profit from schools that are owned by students the teacher taught" — making oblique references to the idea that he feels perhaps he ought to be sharing in our profits. Is there any norm?

Third issue: Although we are instructors, we continue to learn from our teacher. We also teach some of his classes. I've talked to a few people (not from our system), and they mostly say that when a student reaches black belt, and is instructing for the teacher, most teachers stop charging the black belt a training fee, since he is instructing for the teacher. What's normal in this regard? When we teach for our teacher, he sometimes is there, and sometimes isn't. Sometimes he is away on trips. I distinctly remember one time, I paid my fee for the month, and then at the next class, he told me he would be away for the next six weeks — so I should take care of his school. And still I was expected to pay a training fee.

Name withheld by request

If you have an insight or answer to the questions posed in this letter, please share it with our readers. Please write, fax, or email your comments to us at MAPro.—The Editors.

From 45 to 105 Students

I wanted to drop a line to thank you for an excellent magazine. I was from the "old school" that had commando-type discipline. I've only ever had about 30-40 students in my dojang, but most were Junior Olympic Champs, U.S. National medalists, and so on (what you call "head-bangers").

A lot of the info that you present at first seemed "commercial," now it seems like common sense. When I joined NAPMA a few months ago, I had 45 students (the most I ever had). I have formed a leadership team, practice great customer service, and let my program evolve into one with a more upbeat, positive atmosphere. This past week I enrolled my 105th active student, all by word of mouth!

Now my problem is the growing pains (changing my class schedule from one that caters to 45 students to now over 100). Just wait till I start advertising. . .

MIKE SNISKY
EDA Taekwondo

New to MAPro

My name is Gary Greene, and I am the Chief Instructor at the Humboldt Black Belt Academy, affiliated with the American Taekwondo Association. We are a relatively new school, and this is my first opportunity to teach as a Chief Instructor.

I just received the January, '97 issue of *Martial Arts Professional*, and am, to say the least, impressed! It is filled with tips on the business end of this career path, something that I really hadn't thought about in depth.

Keep up the good work with the magazine.

GARY D. GREENE
Ggreene@aeneas.net

LAPD likes MAPro

The *Martial Arts Professional* magazine is outstanding and we here at the Los Angeles Police Department Arrest & Control Unit enjoy it immensely when we can obtain a copy.

My name is Burnis White. I've been involved in Korean martial arts since 1963, and a black belt since 1967. I currently hold a 7th dan in TaeSooMuDo taekwondo and am a master instructor for the LAPD's unarmed self-defense program.

Can you tell me how my association can subscribe to your magazine? You may even find a story in how LA law enforcement and martial arts work for the citizens here. We have martial art programs for sworn personal and civilian high-risk youths. We also have a civilian martial arts advisory panel with master instructors such as Gene Lebell, Kenneth L. Penland, George Kirby, Richard Bustillo, the Machados Brothers, Al Thomas and Benny Urquidez, to name just a few.

OFC. BURNIS WHITE
Arrest & Control Unit
Los Angeles, CA

Return the enclosed subscription card and you'll never miss an issue.—Editor ■

AMERICA'S BIGGEST MARTIAL ARTS SCHOOLS

THE TOP FIVE MARTIAL ARTS SCHOOLS IN THE COUNTRY



Picking the top five martial art schools in the nation was no easy task. The most difficult decision was figuring out just what "top" was going to mean. After much thought and debate among peers, the decision was to use three measurements. ◆ The first was student count. Who had the most students at a single school? Many schools would have huge enrollments—if they figure a way to keep students from dropping out. The schools on this list may have figured a way to do it better than anyone else. ◆ The second measurement was gross income. The top schools had to have a solid and successful business operation. It's one thing to have a school full of people, another to turn it into a healthy income. A solid gross means more resources for employees, equipment, education, and product development. The top five have some very impressive numbers, as you'll see. ◆ The third factor was facilities. Lots of students, lots of income, and a nice facility.

There were at least a dozen other criteria that could have been used — and certainly would have changed the standings. Who had the best net-profit would have been interesting. Unfortunately, school owners were understandably reluctant to make that information public. Also, the number of black belt graduates would have been an interesting measurement. It's important to recognize that all numbers referenced in this article were provided by the school owner. We have no way of independently auditing them.

But alas, with an estimated 20,000 martial art schools in the U.S., the criteria had to be limited. The five schools that are profiled in this article are confirmed experts in at least three areas; enrolling and retaining students, having a professional business operation, and providing an exceptional facility. Peripherally, we can assume they're also proficient at advertising and promotion, curriculum development, testing procedures, and employee management.

In some ways, the top five are as different from each other as their martial art styles. That's good news. It shows that there is plenty of room for diversity and individuality at the top. It's the similarities between the top five that are most revealing. To start with, each of them is run by dedicated professionals (read: Workaholics). They are all great martial artists, with exceptional people skills (read: Charismatic). Perhaps their most common trait is that they all have a genuine caring for their students and communities (read: Real People).

It would take more space than our magazine can permit to tell the whole story behind each school. We take for granted that someone has been left off this list who deserved to be on it. If you or someone you know would like to be considered for our next list, then write us. For now, take a look at five schools that are leading the field.

BY TOM CALLOS

The Number 1 School in America

Gracie Jiu-Jitsu Academy™
1951 West Carson Street
Torrance, CA 90501
(310)782-1309

Owner: *Rorion Gracie*
Head Instructors:
Rorion and Royce Gracie
School Manager: *Sam Rand*
Martial Art Style/Art Taught:
Brazilian Jiu-Jitsu
In Business Since: *August 1990*
Consulting/Billing Company:
In-house
Employees: *14 full-time, two part-time*
Student Body: *350 month-to-month (no contracts); 350 to 500 drop-ins per month (paying by the class).*
Yearly Gross: *$2,000,000*
Average Monthly Gross: *$166,000*
Size of Facility: *13,000 sq. ft.*



The 13,000 square foot Gracie Academy.

Background:

Just a few years ago, Brazil's best known exports were coffee, thong bikinis, and the classic music of Antonio Carlos Jobim. Today, you can add Brazilian Jiu-Jitsu, and the monarchs of that art are Rorion Gracie and his brothers. For more than seventy years the Gracies have literally fought their way into the heart and soul of Brazil. Jiu-jitsu has become as much a part of the culture as soccer and The Girl From Ipanema.

Until recently, the Gracie family, huge celebrities in their own country — were all but unknown in the United States. Not anymore. Now the name Gracie, like Lee and Norris and Van Damme, creates instant recognition.

There are few events in the history of modern martial arts that rival the day Rorion's younger brother Royce went on TV and beat the pants off all-comers in the 1st Ultimate Fighting Championship (UFC). In Brazil, it would have been no big deal, the Gracies had been doing it for years, but in the United States it was major news. We (the rest of the civilized martial arts world) had been vigorously debating which style/art would beat the others — for well over three decades. So sure were we that our methods were superior, on several occasions we almost stepped into the ring to prove it.

The UFC put a cork in the mouth of that debate and opened a flood of opportunity and success for the Gracie family. Rorion Gracie, the eldest son of Helio, is the official head of Gracie family and the brain behind the top martial arts school in the United States.

Out of the Garage

From 1980 until August 1990, Rorion taught Jiu-Jitsu classes in his garage. In 1990 he opened a 3,000 square foot school in Torrence. It was the first official Gracie Jiu-Jitsu Academy in the United States (there are two, Rorion's in Torrence and Relson's in Honolulu). After he created the Ultimate Fighting Championship, Rorion expanded. It's a class act. His immaculate 13,000 square foot, two story building features two large group training rooms, two private training rooms, an impressive reception area, a fresh juice bar, a TV/video area, and a beautiful suite of offices. In addition, the Academy has a large mail order and shipping facility and an in-house pro shop that carries an amazing product line. For a real eye-opener, call for their mail-order catalog (310-782-1309 and ask about their videos, glossy magazine and interactive CD-ROM). The Gracies offer an awe-inspiring line of clothing, from retro bowling shirts to ski suits.



According to Rorion, the Academy's General Manager Sam Rand is responsible for putting the catalog together. If the catalog is indicative of Rand's management skills, then he's worth whatever he's getting paid.

On Top For Four Reasons

The U.F.C. may have been the advertising coup of the century, but the demand for Rorion's services isn't the only reason he's flourishing.

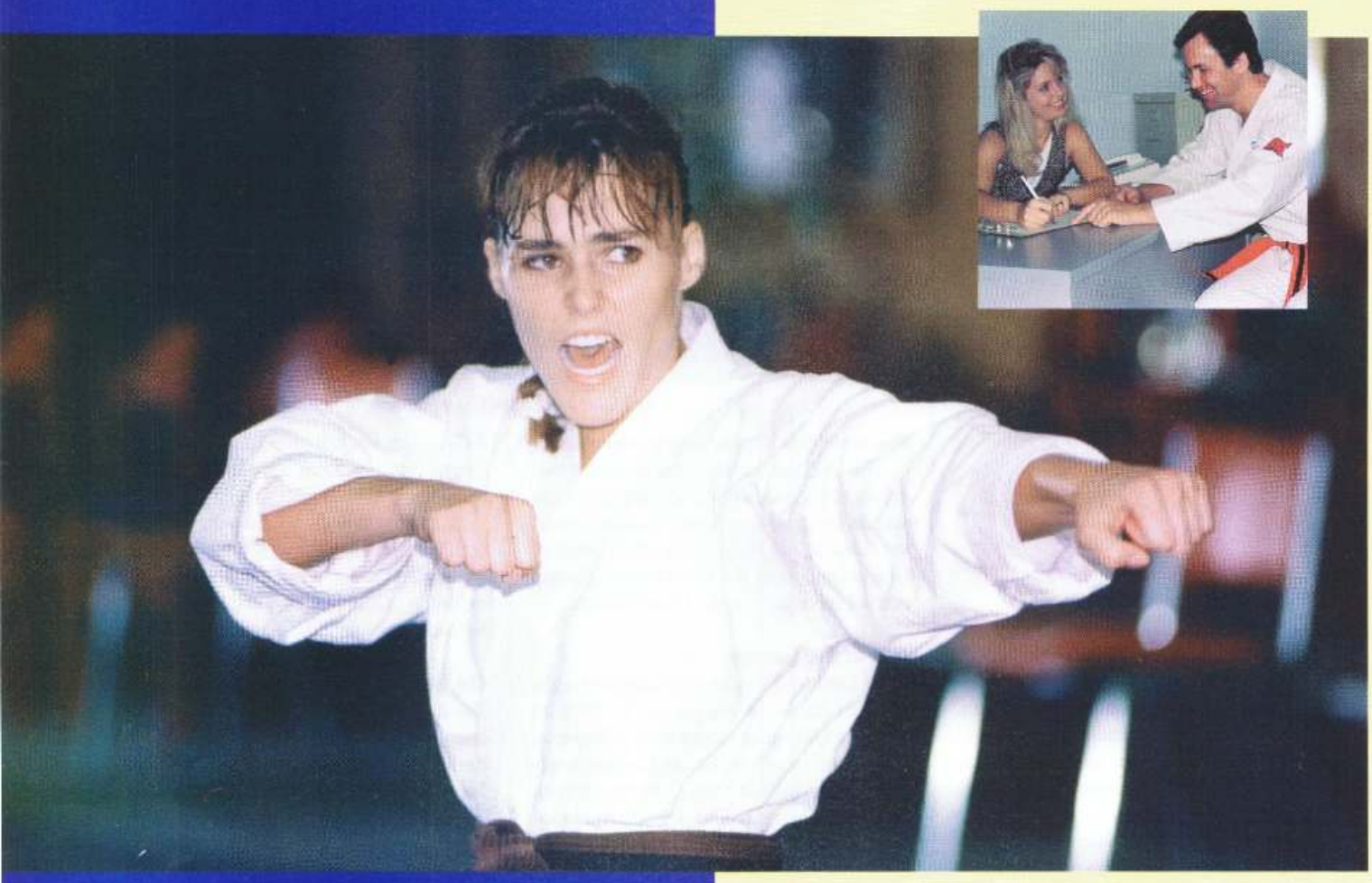

Service is the hallmark of the Gracie Academy.

"Rorion and the Academy are immensely successful for four basic reasons," states Rand. "First, is the effectiveness of Jiu-Jitsu —we have a great product. Second, Rorion is an incredible business visionary. He's like the Bill Gates of Jiu-Jitsu. Third, he's not afraid to invest in his ideas. He thinks things out carefully and then he commits. And finally, Rorion is smart enough to surround himself with an exceptional and well-trained staff."

Rorion's Advice for Up-And-Coming Schools

continued on page 17

Join The Nation's Fastest Growing Professional Martial Arts Association



As martial artists, most of us didn't decide to get into the martial arts business because we thought it was a quick way to get rich. We chose this life because we love to teach and we love to train. However, the reality is that a Martial Arts School is a business, and you can't make it in this highly competitive business without growing revenues, new students, and without constantly marketing and prospecting to make your school grow. That's why the National Association of Professional Martial Artists (NAPMA) was formed.



NAPMA has put together a powerful team of marketing professionals to give school owners affordable access to proven, quality marketing and advertising materials that would normally be out of reach for most small to medium sized businesses.

Each month NAPMA provides you and your school with the professional marketing, advertising, and operational materials to make your school grow faster than you ever dreamed possible. This allows you to focus on the area that motivated you to open a school in the first place; teaching Martial Arts. NAPMA was designed from the ground up to be so affordable that any school could afford to participate, and is set up to pay for itself by adding just TWO new students (not two students a month, just two students!) And the whole program is backed by NAPMA's unconditional money-back guarantee!

Benefits of NAPMA Membership

Monthly Marketing Muscle: as a NAPMA Professional member, We'll supply you with everything you need to help make your school a success, including:

• Camera Ready Ads That Get Results!



NAPMA has contracted a team of professional design experts to provide you with the most powerful ad campaigns our industry has ever seen, all camera-ready, and designed to get results fast! Our marketing strategies get results, and we do all the design, copy, and research work for you, leaving you free to concentrate on providing quality training.

• National Black Belt Club Renewal Program

Our National Black Belt Club is designed to help you, the school owner, attract and retain quality students though their commitment to reaching Black Belt status the right way; through hard work and discipline. It's the perfect system for generating a steady monthly source of highly profitable renewals and should account for 60% of your tuition income while having a huge effect on the atmosphere and energy in your school. NAPMA provides you with all the flyers, brochures, patches, certificates, posters and most of all, national affiliation for your Black Belt Club students.

• Video Training Seminars for You and Your Staff

NAPMA members nationwide say that this is the most valuable tool they have ever used to educate and motivate themselves and their staff. Imagine the benefits of exposing your staff to the most successful martial artists in the industry; sharing their drills, their business strategies for success, and their experiences. Our monthly video training provides you with three 20-minute seminars targeted to a specific area of the school: Instructor training, office training, and owner training.

• Professional Designation

Only NAPMA member schools receive the authorization to use the designation, "Member: National Association of Professional Martial Artists" on their marketing materials, ads, business cards/letterhead, and even on the school itself. This designation shows your affiliation with a nationally recognized professional organization and speaks volumes to the public about your commitment, integrity, and concern for your school and your students.

• Toll-Free Consulting Hotline

The NAPMA hotline is there as your link to getting the most from the NAPMA program material, videos, Black Belt Club program, and all aspects of NAPMA membership. School owners have told us time and time again, how important this toll-free access is.

• Cutting Edge Developments

cardioKARATE® THE WORKOUT THAT PACKS A PUNCH™

As a NAPMA Professional member you will have the opportunity to implement many of the latest, cutting-edge marketing strategies months before your competition even knows what hit them.

An example is NAPMA's exclusive new Cardio-Karate™ and Cardio-Kicking™ programs. With this new program NAPMA schools will be the first in their area to take advantage of this exploding new market. Our exclusive Cardio programs, provided to NAPMA member schools at no additional charge, come complete with ads, marketing ideas and video curriculum examples so you can launch either program in your school right away.

• In-House Promotional Events

These can be very lucrative (potentially generating thousands of dollars in additional monthly profits) and easy to produce. We'll provide you with step-by-step instructions, ready-made ads and flyers for successful in-house promotions for student retention and additional profits.

• Networking With Other Member Schools

Many school owners find this an invaluable resource; the ability to instantly have a common bond with another member school and to interact on a variety of issues, techniques, and challenges all schools face in today's marketplace.

How To Become A Member



NAPMA Professional Membership includes a monthly support program that provides you with:

- A three-part video seminar each month
- Separate Audio Tape Seminars
- Camera ready advertisements that get quick results
- Proven Retention techniques and strategies
- Pre-designed marketing campaigns
- Authorization to use the NAPMA member designation on your printed materials
- In-house NAPMA sponsored promotions for student retention and profit
- The National Black Belt Club
- Newsletter
- Travel Discounts
- Toll-free consulting hotline to help you get the most from the material and much, much more.

NAPMA membership is affordable for every school

NAPMA membership is an ongoing monthly subscription at $99 (+$3 shipping). There are no contracts and you can cancel at any time. If NAPMA helps you enroll just two more students and they stay in class, your yearly membership is paid for by their tuition. That's not two students per month; that just two students period! That's only $23 per week for all of the value of the NAPMA Professional membership.

NAPMA Start Up Kit is Only $99 (plus $10 S&H)

The NAPMA Start Up Kit includes a sample month's material plus two bonuses:



Bonus #1—THE BLACK BELT MANAGEMENT MANUAL (Retail $149.00)
This fully illustrated guidebook to operating a successful school is considered to be the best book ever written on the subject.

Bonus #2—THE NAPMA RETENTION AND FINANCIAL CONTROL SYSTEM
This control system is designed with the retention, statistical and enrollment forms needed to interface your school with the NAPMA program.

Money Back Guarantee!

We are so confident in our program, and so many schools have had such resounding success with our program, that we extend a full 30-DAY MONEY BACK GUARANTEE from receipt of your Start-up Kit. Run the ads, watch the tapes, read the material and learn all you can. If you don't agree that your school will benefit from NAPMA membership (at $3.25 a day), then return our package for a full refund.

How To Get Started

Order your NAPMA start-up kit by calling:

800-973-6734

Enroll today—before your competition does!

NAPMA
National Association Of Professional Martial Artists

3950 3rd Street N. • Suite C&D • St. Petersburg, FL 33703
1-800-973-6734 (Outside U.S. call 813-895-0409)

MASTER'S DEGREE

instructions for instructors

by Tom Callos

Hey, that's "RAD"

A good friend of mine in California teaches a self-defense concept called "RAD." (Recognize • Avoid • Defend). He says that recognizing a potentially dangerous situation before it happens is the first key to self-defense. The next step is to avoid the situation. That could mean anything from not going to a bar that's notorious for fights, to getting up and walking away from a scary situation. The last resort is actual physical self-defense.

"RAD" is wise advice for the street — and the classroom. Instructors should be using "RAD" to defend themselves against student dropouts. The following three ideas about practice, attendance and testing are the nut-and-bolts of recognizing and avoiding student dropouts, long before they happen.

"My staff and I now had a tool to recognize students who needed help – before they became a dropout."

"RAD" Idea Number One: Get Your Students to Practice!

From now on, your students must practice — at home — what they learn in class. In your introductory program, inform new students/parents that a minimum of 10 minutes of home-practice on non-class days is required for membership. Current students must do home-practice or risk loss of testing or rank privileges.

Why take such a hard-line approach? First, it won't be hard-line when everyone gets used to it. It'll be as commonplace a requirement as coming to class in a uniform and paying tuition.

Second, it's an up-front way to deal with a major reason students lose interest: they're not any good. It's a simple formula: Practice = skill = progress = fun = retention. When you're good, class is more fun. If you're having a good time, you like to attend.

Third, not only is it very little to ask of a student, but more importantly, you are teaching him the root of how to be good at anything he's interested in — practice.

When I implemented this rule in my schools, the technical skills of the students improved. It became easier to pinpoint people who needed extra help and encouragement. I didn't actually revoke anyone's membership for not practicing. I did, however, occasionally postpone a test or some reward.

My staff and I now had a tool to *recognize* who needed help — before they became a dropout.

At the beginning or end of every class, instructors should call for an honest show of hands from those students who are practicing at home. Praise goes to those who are, help to those who aren't (home-practice is only strictly enforced with children). Furthermore, every phone call to a student or their parents should be accompanied by the question, "Is your son/daughter practicing at home?" If the answer is no, then your response can be, "RAD."

"RAD" Idea Number Two: Perfect Attendance Becomes the Norm, Not the Exception

Make perfect attendance mandatory at your school. If a student misses a class, they must make it up. There are three ways to make up a class, you can attend an extra class, complete a homework sheet, or get class credit for another activity. Then, check every student in the school — each week — to see whether they have perfect attendance or not. When someone misses a class, the red flag goes up and immediate action is taken. That may sound like a lot of work (it isn't once you get the system down), but believe me, it prevents a ton of problems and headaches in the long run.

"RAD" Idea Number Three: Every Student Knows His/Her Test Date and Requirements

Here's another chance to stop a problem before it happens. Again, at the end or beginning of each class, students should be quizzed about their next target date and their test requirements. It's better to get involved with a student before he misses or fails a test, than it is to try and fix it afterwards.

Here's how it might sound in a children's class:

Instructor: *Okay, Johnny, when is your next exam?*

Johnny: June 30th, Sir!

Instructor: *And how many classes do you need before then?*

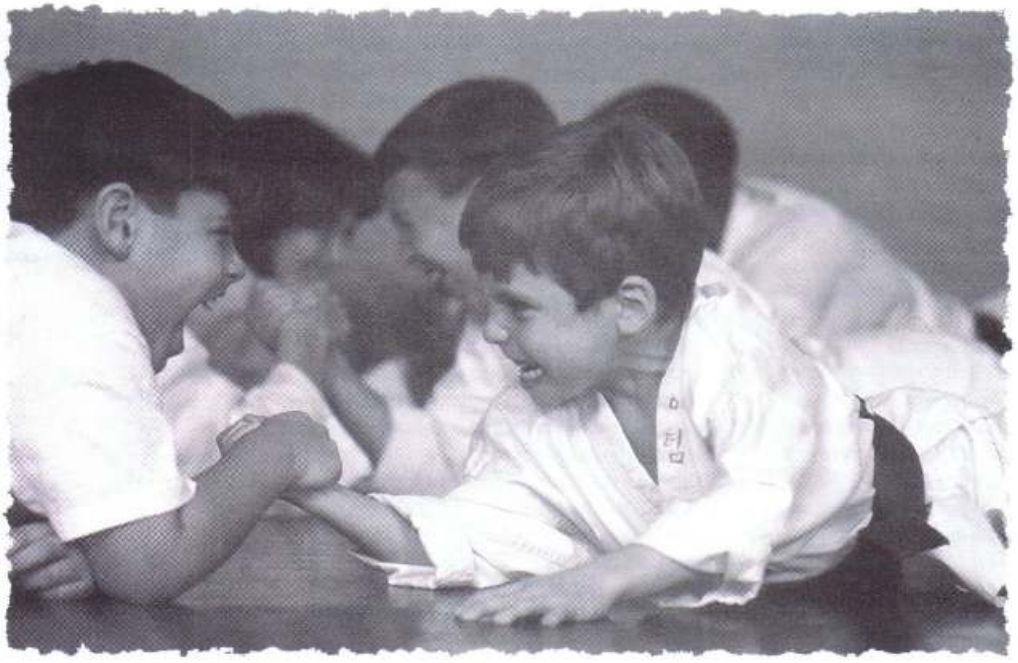
Johnny: Two a week, Sir. And I have to know all my curriculum too!

Instructor: *Is there anything else you have to know for testing?*

Johnny: I have to bring two witnesses, my Parent Permission Slip, my uniform and camera.

Instructor: *Rad, Johnny! You're really on the ball! Who's your instructor? Tom Callos?* ■

HOW TO MOTIVATE Students



51 ways to motivate your students

"Models leave longer lasting impressions than critics."

Teaching can be one of the most frustrating tasks you can undertake. Although you can easily perform a skill yourself, you may find yourself perplexed when you try to get someone else to do it correctly. No matter how you explain it, they just cannot see it your way and you begin to wonder if it wouldn't just be easier to do it yourself. This is a critical juncture in motivating your student to succeed. If you give up and berate the student (colleague, employee, etc.), you will alienate him and block any further progress.

However, if you draw on your motivational skills to provide a good role model and plenty of encouragement interspersed with meaningful guidance, you may be surprised at the sudden turnaround in your student's learning.

Here are 51 proven ways to motivate your students, divided into two categories: Inspiration (ideas to spark you to action) and Application (specific ways to create motivation).

Inspiration

1. Students are eager to learn skills that give them control over their environment.
2. Students like to learn skills that help them gain social acceptance.
3. Intellectual wonder is a powerful motivator in learning.
4. When students learn a new subject, they prefer to practice on specific tasks they can master easily.
5. Insurmountable challenges extinguish even the brightest burning motivation.
6. If you are not motivated, you cannot expect your students to understand the value of motivation.
7. As soon as a student is presented with new material, he forms an opinion about it. If this opinion is not positive, everything that follows is diminished.
8. Students are motivated primarily through curiosity or fear, with curiosity being the stronger of the two.
9. Students must believe that their goals are attainable and meaningful.
10. Your students' behavior is a direct response to how you treat them.
11. Prepare for every contingency in advance. The presentation of new material creates three possible responses in a student: A) Instant adaptation; B) frustration and resignation; and C) coping with frustration and trying to adapt.
12. Never blame your students for a lack of motivation. You must make more effort.

BY SANG H. KIM, PH.D.



Classes should be challenging but fun.

Application

13. Make learning progressive and point out progress as it occurs.
14. In the early stages of learning, recognize effort above results.
15. If your students easily accomplish everything you teach them, your standards are too low.
16. Make it hard for students to blend into the background. Require everyone to make quality contributions regularly.
17. Criticize the behavior, not the behave-er.
18. Make learning fun through role-playing and educational games.
19. Motivate students to think and participate by asking open-ended questions. Example: Instead of asking "Any questions?", ask "What questions do you have?"
20. Praise progress as well as results.
21. Select goals and rewards that are tied directly to student needs. Example: A woman signs up for a shooting course to learn self-protection. Setting goals related to basic proficiency and safety are more important to her than proper breathing techniques or learning to handle an exotic variety of weapons.
22. Whenever possible use "hands-on" methods to teach new concepts and skills.
23. Make every effort to reduce the potential for failure, or fear of failure, associated with learning.
24. Give students clear criteria that identify when they have reached their goal.
25. Call attention to things done right rather than errors. Build successful habits around these positive things.
26. Implement a "Student of the Month" or similar award.
27. Adult students have established value systems and habits. Present ideas and let adult students accept them at their own pace.
28. Students prefer learning from teachers who are well-rounded and interesting. They subconsciously believe that the knowledge presented by the teacher is what led him to become so interesting and they want to acquire that knowledge.
29. Simplify tasks and directions to avoid confusion.
30. Provide time for students to interact with people who have already reached similar goals similar to those that your students have chosen.
31. Never threaten students with punishment or consequences you can't or don't intend to carry out.
32. Take time out to show students how they can apply their knowledge in "the real world."
33. Give top students the opportunity to apply their skills by tutoring slower students.
34. Students are most highly motivated to learn when they believe you can help them or offer them something of value.
35. Make it clear what you expect to be done and what the results of doing it will be.
36. Give talented students the chance to participate in workshops, clinics, projects, independent study, and other activities that challenge them to apply their knowledge.
37. Use familiar ideas (through allegories or anecdotes) to introduce complex or new ideas.
38. Give constructive criticism without placing blame for failure or errors.
39. Establish a team atmosphere in which stronger students are encouraged to help others meet classroom goals and standards as a group.
40. Use peer review to encourage critical thinking and provide students with several viewpoints about their work.
41. Reward self-initiated learning.
42. Show students that you recognize the difference between productive work and "busy work."
43. When you can't answer a question, admit it and agree to find the answer. Your students will respect your candor and self-assuredness.
44. Give students the chance to personalize the classroom with artwork and meaningful personal possessions.
45. Establish a minimum number of times per day that you will give positive feedback and actively look for opportunities to meet your quota.
46. Implement students' suggestions where feasible and see that they get appropriate credit.
47. When you give rewards, make sure the size of the reward fits the size of the task.
48. Create teams to work on large projects to provide moral support and reduce the burden of work on any one person.
49. Maintain and enforce consistent classroom rules.
50. When a student reaches a learning plateau, go back to more familiar material to restore his confidence and recreate a successful mindset.
51. Adults make self-conscious students. Acknowledge their concerns at the outset. ■

Excerpted from, "1,001 Ways to Motivate Yourself and Others," by Sang H. Kim, Ph.D., is available through Turtle Press of Wethersfield, CT, for $9.95. Call (800)778-8785.

Key Ideas



There are several key ideas that are essential to understanding motivation. For your reference, they are summarized here.

1. Motivation is a force, positive or negative, that causes us to act.
2. Understanding the underlying motive behind the action is the key to motivating anyone, including yourself.
3. Every motive we have for action arises from a need and our desire to satisfy it.
4. Motives come in many forms and change throughout our lives.
5. Motives can change during an activity.
6. To create a strong incentive, your reward for achieving a behavior must be directly tied to the motive for action.
7. Motivation is often the result of social conditioning and experience.
8. Motivation is the act of encouraging someone to do something they need to do, but may not be able to initiate on their own. Manipulation is the act of deceiving someone into doing something they might not otherwise do. ■

Top 5 Schools — continued from page 11

"Before anything else you must have a good product—something worth learning. Have a burning desire to succeed, a passion for your art, your students, and your work. Be as professional as possible. Keep a clean facility—create a place where people are treated warmly and with respect—a school that people don't want to leave. Money is not the reason for our work—money is the consequence of our work. The bottom-line is we enjoy teaching Jiu-Jitsu."

On the Money

The bottom line? Rorion is an excellent martial artist who also happens to be an excellent businessman. He's created an exceptional and progressive facility in an area that has a sophisticated and wealthy clientele. He has consistently generated more press and kept a higher public profile than any other martial artist/school owner. Not only is he on-the-money with his image and efforts, he's in-the-money—which he has continuously reinvested in his school and its products. Perhaps Rorion's wisest move has been to assemble a top-notch upper-management team. Without a doubt, The Gracie Jiu-Jitsu Academy™ is breaking new ground and is worth studying. Has Rorion designed the "ultimate martial arts school?" Not according to him, "This is only the beginning," he says, "The best is yet to come."

Gracie Jiu-Jitsu™ is a registered mark created and used by Rorion Gracie to identify the Gracie Academy as a source of Brazilian Jiu-Jitsu instruction and a place where the teaching methods developed by Helio Gracie are strictly enforced.

More Than Just Monthly Dues

How has Rorion produced double the income of any other school in America? Besides monthly tuition fees (between $80 and $140 a month) and drop-in dues ($30 a class), the Academy has several other lucrative income sources. Rapesafe™ rape prevention training and the G.R.A.P.L.E.™ (Gracie Resisting Attack Procedures for Law Enforcement) programs have introduced hundreds of women and law enforcement professionals to Jiu-Jitsu. There is a popular "Intensive Training" program for people who want a lot of training in a short period of time. The Academy has a busy private lesson schedule, teaching dozens of half-hour and hour lessons each week. Gracie Jiu-Jitsu Seminars are in big demand not only in L.A., but around the globe. Each year Rorion hosts several income producing special events, such as the Gracie Camp, the Gracie Caribbean Training Cruise, and Gracie Jiu-Jitsu tournaments. In addition to all that, the Academy has its clothing line and some of the best selling martial arts video tapes in the world.

The Number 2 School in America

Degerberg Academy of Martial Arts, Inc.
4717 N. Lincoln Avenue
Chicago, Illinois 60625
(773) 728-5300

Owners: *Fred and Katie Degerberg*
School Manager: *John Haggeman*
Martial art style: *Martial art "Blend."*
In business since: *1980*
Consulting/Billing Company: *Educational Funding Company*
Employees: *Six full-time, six part-time, and 40 volunteer instructors.*
Student body: *900 to 1,000*
One month record: *1,350*
Yearly gross: *$750,000*
Average monthly gross: *$62,500*
Size of facility: *15,000 sq. ft.*



A well-trained front line staff manage over 1,000 students a week.

All In The Family

Chicago is Fred Degerberg's kind of town. The 51-year-old martial arts master is the fifth generation of Degerbergs' to live in the Windy City. He and his wife Katie reside in the same house his great-grandfather lived in—a stones-throw from where Fred attended elementary school. Even the 15,000 square foot Degerberg Academy, a former candy factory, is part of his family's past. Fred's Italian grandmother made candy there for 10 years. A devout Catholic, she would say prayers for her infant grandson's success as she dipped chocolates. It looks like someone was listening.

Blended Knowledge

Close to a 1,000 students each month walk through the small front office and down the long hallway that leads to the Academy's seven training rooms.

"We offer from 12 to 20 different martial arts programs," says Degerberg. "We're really more like a university—I believe in martial arts cross-training. We run over 500 classes a month with 40 (mostly) volunteer instructors." On any given evening



The Degerberg Academy's entrance hides a labyrinth of training space.

his students are studying Thai-boxing, penjak-silat, Savate, Jeet Kune Do, Tae Kwon Do, Kali, judo, or a style that contains them all, appropriately called "Blend." The Academy is also home to the well known Chicago Stunt Team lead by veteran stuntman John Hicks Pearce. Pearce started as a Degerberg student, and like most of Fred's staff, was tapped for his own special program. Other staff members include a professional boxer, an undefeated collegiate wrestler, a black belt in judo, and several kick-boxers and shootfighters.

Studied The Basics

In 1985 Fred had a handful of students in his school—and a mountain of debt. In a last ditch effort to stay in business he sought the advice of martial art promoter, Tom Letuli. To learn the fundamentals of martial arts business, Letuli referred him to the Educational Funding Company. This became Degerberg's turning point. He attended every seminar, coast-to-coast, for a period of several years (he still goes frequently). While traveling, Fred visited successful schools and videotaped classes, meetings, and demonstrations for further study.

"Prior to all this, I had no concept of introductory lessons, renewals, or something as basic as having a written curriculum," explains Fred, "I just barely kept business records."

Building Accounts Receivable

Degerberg is an accomplished and tireless promoter. In January he mailed over 3,000 coupons good for a free month—and a uniform, this from a school that already generates over 100 info calls per month! Wisely, Fred has made it easy to enroll. By asking for small down payments and billing the remaining tuition monthly, he has built a huge monthly income. In 1995 his average receivables were $41, 600 per month! That's not counting down payments, special events, in-house collection, or retail sales. Degerberg doesn't send students to collection for non-payment or sell his contracts; Instead, he focuses on student service to keep his receivables.

Fred Degerberg's Advice For Up-And-Coming Schools

"You can't do it alone. Plug into a group and network. Don't be stingy about paying for advice and counseling, it pays back tenfold. Constantly enhance your own training, teaching, curriculum, and management skills. You can never get too much knowledge or too many ideas."



Retail sales are an important facet of Kovar's Karate Center.

The Number 3 School in America

Kovar's Karate Center
7520 Fair Oaks Boulevard
Carmichael, California 95608
(916) 481-4830

Owners: Dave and Tim Kovar
School Managers: Bob Langley • Mark Caswell
Martial art style: Kempo, Taekwondo, Okinawan ko-budo, Filipino martial arts, and Jiu-Jitsu.
In business since: 1978
Consulting/Billing Company: Educational Funding Company
Number of employees: Six full-time, six part time, and 20 volunteers.
Student body: 800 students. Highest: 951 (before opening second location)
Average yearly gross: $660,000
Best year: 1994, $720,000
Average monthly gross: $55,000
Best month ever: Oct. 1993, $74,000
Size of facility: 13,700 sq ft., six training rooms.

Brothers, Dave and Tim Kovar are ideal business partners. They are a balance of Yin and Yang, of martial artist and businessman, of right brain and left. They began studying the martial arts together in the early 1970s.

Dave became a devotee, spending innumerable hours in the dojo and on the tournament circuit, while Tim moved on to the business world—primarily sales and accounting.

Dave started his school in 1978. His is the typical tale of a good martial artist who didn't have enough business experience to make a career of his school. In 1987, he came to a turning point when he attended a Jhoon Rhee business seminar in Texas. That same year Tim came on-board as the business started to pick up momentum.

What specifically have the Kovar's done to rise to the top?

"We keep accurate statistics, use introductory lessons, and work extensively on polishing our curriculum and keeping our students in class."



Instructor training insures consistent classroom content and presentation.

continued

Dave Kovar's Advice For Up-And-Coming Schools

"Get a good networking group, get advice. Don't rest on your laurels, once you stop trying to become better, you quit being good. Running a great school is constant and never-ending work. Train yourself to become an excellent planner, organizer, and team-builder."

Tim Kovar's Advice For Up-And-Coming Schools

"Pay your taxes on time. Hire the best help you can get—CPA's, insurance agents, advisors, lawyers, etc. Listen to their advice, but remember, they're on tap, not on top. Watch payroll costs. Hire a payroll service."

The Number 4 School in America

America's Best Karate Center
9507 Viscount St.
El Paso, Texas 79925
(915)-598-8795

Owners/Managers: Hillary Sandoval and Araceli Acosta
Martial art style: Taekwondo
In business since: 1988
Consulting/Billing Company: NAPMA. IFC/EasyPay
Number of employees: Four full time, one part time, and 20 volunteers.
Student body: 791 students
Average yearly gross: $592,000
Average monthly gross: $49,333
Best month ever: $54,000
Size of facility: 9,000 sq. ft., two training rooms.

TV Explosion

Hillary Sandoval started the martial arts in 1974, promoted his first kickboxing show in 1977, and started his school in 1988. Up until 1992, the school's growth was slow, although consistent—then he launched his 30-minute television infocommercial.

"Business literally exploded after that," remembers Sandoval. His enrollment grew from 300 students to over 500 in just a few months. Sandoval produces a new show each year, and runs it at different times on local channels.

Several martial arts mentors have helped Sandoval learn the ropes, but he advises school owners to also look outside the industry for ideas.



The new aerobic kickboxing room at America's Best.

"Some of my most valuable ideas comes from a friend who owns a chain of restaurants," states Hillary. Teaching his students "life-lessons" over technique is what Sandoval says has most influenced his success. His school's mission statement sums up their philosophy: "The karate we teach is only a tool to develop a person's character."

Hillary Sandoval's Advice For Up-And-Coming Schools

"Find several mentors for advice and ideas. Be persistent and know your long-term objectives. Teach something more than kicking and punching."



The view of the main floor from spectator seating at America's Best.



America's Best reception area and pro shop.

The Number 5 School in America

Joe Corley American Karate
7520 Fair Oaks Boulevard
Deluth, Georgia
(916) 481-4830

Owners/Managers: Bill Black and Scott Shellhaas
Martial art style: American Karate
In business since: 1992
Consulting/Billing Company: Club Systems, Inc.
Number of employees: Four full-time, four part-time, and 15 volunteers.
Student body: 750 students
Average yearly gross: $540,000
Average monthly gross: $45,000
Best month ever: $53,000
Size of facility: 4,100 sq. ft., two rooms.

It's The Jabs

How does Bill Black and Scott Shellhaas get so many students into such a small space? Veeerrry Carefully! How did they build up an active student count of 750 students in just four years? By enrolling—and then keeping—close to 200 students each year, that's how. So, what's their power punch?

"We don't really have a right hook,'" explains Black. "We throw out a bunch of jabs. It's the small things we do that add up." Black says his best jab is service.

"Service, service, service," he says, "and then when the student thinks they're getting good service —we're going to pamper them with a little bit more." He also attributes a staff that works together, without rivalry and conflict, as another key factor in their accomplishments.





American Karate added over 200 square feet upstairs to accommodate overflow.

"The friendship of those we serve is the foundation of our success," Says Scott Shellhaas. "We stick to that statement and we believe in it."

Bill Black's Advice For Up-And-Coming Schools

"Concentrate on good marketing. We spend 12 to 14 percent on advertising. Give private lessons to students who want it and/or need it. Keep open communication with your instructors and staff."

Scott Shellhaas's Advice For Up-And-Coming Schools

"Recognize and reward your top performers. Have fun and make sure your students do too." ■

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March 22, 1997	San Diego, CA
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April 19, 1997	St. Louis, MO
May 10, 1997	Philadelphia, PA
May 31, 1997	Dallas/Fort Wth, TX
July 26, 1997	Minneapolis, MN
August 16, 1997	Boston, MA
Sept. 20, 1997	Chicago, IL

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THE SEVEN LAWS OF SUCCESS WITHOUT SELLING OUT

PART X

the law of multiplied efforts

BY JOHN GRADEN

HOW TO CHOOSE A BILLING COMPANY

One area of a school's operation that the Law of Multiplied Efforts definitely applies to is in the collection of student tuition. With very rare exceptions, schools should use a third-party billing company to process their students' accounts.

We are martial artists, not accountants. We're definitely not bill collectors. Typically, when a student walks up to you and says something to the effect that his income has been negatively affected and, consequently, he is going to negatively affect your income, most of us are very understanding.

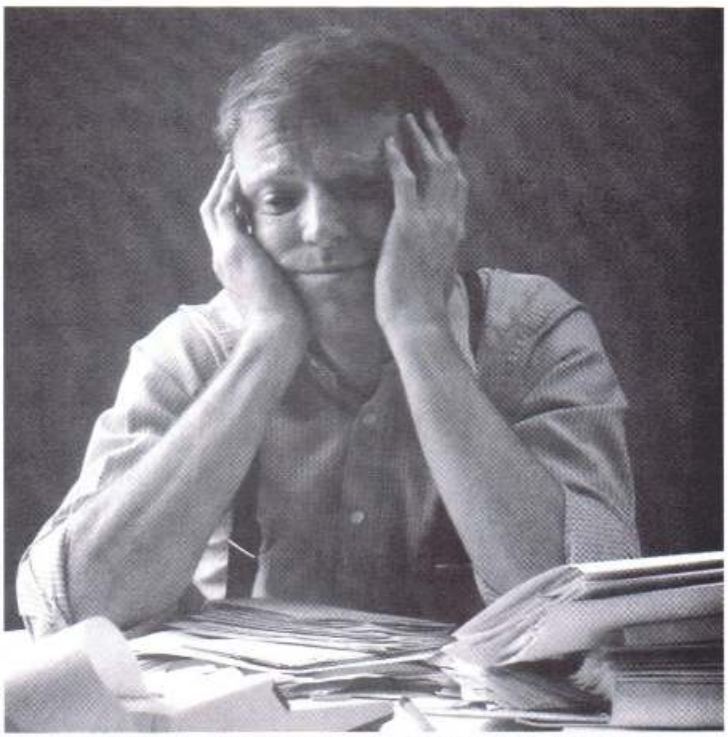
My instructor let me clean the school for my lessons. (Since I quit football the year before, my parents wouldn't pay the $25 per month for karate lessons). I was the original "wax-on, wax-off" kid. So when a parent or student tells me they are having a hard time paying tuition that month, I'm kind of a softy.

This is unfortunate because, most of the time the money was simply mismanaged or spent on other disposable purchases. That's not my fault, but I'm being made to pay for it. Seldom is it really a family crisis that dictates a tight budget. If it is, then I will certainly make arrangements to help them out if I can.

Good Guy/Bad Guy

When a student comes up and asks for a break on his tuition, it puts you in a very uncomfortable position. If you do not have a third-party billing company, you're forced to change roles in the eyes of the student. You go from caring, compassionate instructor to cold, calculating bill collector. This can be cancerous to the instructor/student relationship.

However, if you have a third-party billing company, you can raise your hands, smile and say, "Mrs. Jones, I understand completely. I just had to pay for a brake job myself. However, I don't have anything to do with your tuition arrangements. I'm only interested in the martial arts aspect of the school.



Accounting and billing is a frustrating process for most school owners. A good billing company can relieve you of that frustration.

We have a company in Texas that handles all of our student's accounts. Here's the phone number. Ask for Rick Bell, he's a good guy and he'll see what he can do to help you. By the way, how's Johnny coming with his new kick...?"

One of the most powerful advantages of a third-party billing company is that it allows you to be the good guy and the billing company to be the bad guy. Of course, if a student really needs some help, you should be able to contact the billing company and have them make whatever adjustments you like.

Your billing company should be very polite, but firm with these students. They absolutely should not tell the student that the final decision about what to do rests with you, the school owner.

Instead, if special arrangements are warranted, they should tell the student they will present it to their "supervisor" or "board" for consideration and then get back to them.

Then the company should contact you to make any final decisions about adjusting the account. This allows you to objectively deal with the situation without the pressure of being cornered by a mom in between classes.

continued.

Methods of Payment

EFT

The single, most effective method of collecting tuition is with the Electronic Funds Transfer (EFT). EFTs automatically debit the student's account on the same day each month for either a specified number of months or for as long as the student remains active. This eliminates the decision-making process from the student's mind. They cannot push aside the tuition payment to make the dance lesson payment. The payments are made automatically.

While some banks can set up an EFT account for collecting your tuition, you lose the advantage of good guy/bad guy. You are also faced with doing all of the accounting and follow-up on payments that are returned with Non Sufficient Funds (NSF). The service fee for collecting EFTs is low enough to delegate it to a billing company that specializes in EFTs. Let them do all the accounting and follow-up collections. Remember, with the Law of Multiplied Efforts, your goal is to delegate the tasks that are not your specialty.

Coupon Books

The most common method of third-party billing in our industry is the coupon-book system. Similar in process to purchasing a car, the student is mailed a coupon book containing the payment information that is mailed in with each monthly payment. Typically, coupon books are used with students on contract. Though contracts can and arguably should, be collected with EFT, many schools prefer the more traditional coupon-book process.

Coupon books require the student to go through the process of writing a check, completing the coupon, inserting it into an envelope, addressing the envelope and affixing postage in order to pay tuition. On the other hand, EFTs require only that the money be in the bank. The computers will handle the rest.

Selling Your Contracts

When you sell your contract to a billing company for a percentage of the face value to be paid to you in advance for a lump sum, you are creating a liability for your school. Until the lessons are completed, the money the company has advanced to you is not yours. If the student should drop out or get injured and demand a refund, you may be liable for the unused amount.

Often the company will "allow" you to use the next contract you sell to offset the one that went bad. Rather than pay you, they keep 100% of the contract to make up for the student that quit. Now, you've lost the first contract and you won't be collecting anything on the second. This is the start of a very dangerous cycle.

If the new contract is not collected in full, the cycle will just continue until you're literally scrambling for new students. Not to make your school grow, but to satisfy the monster you've created.

To be fair, there are some schools who have had success with this type of arrangement. These tend to be very large schools, with enough capital in the bank to offset the losses. If a contract goes bad, they refund the money to the billing company. However, for most schools, the allure of the "quick payoff" is quickly diminished by the huge liabilities it creates.

Also, once the billing company pays you in advance for the contract, they own it. They are free to take whatever measures allowed by law to collect the tuition, regardless of the effect on the student's credit or the student's relationship with the school. This can lead to a very bad reputation in town.

Service Fees

Minimums

Most billing companies require a minimum-activity level in order to maintain your account. Schools falling under the designated level in activity are charged a monthly "minimum" service fee. This is very common and, frankly, understandable. Billing is a very expensive, labor-intensive business with very narrow margins. Say you have only ten accounts with a company, totalling $600 in EFT collections per month, and the billing company is charging 4% to collect them. They will gross, before expenses, a whopping $24 off those accounts. That's a lot of processing and follow-up for $24. Hence, the minimum.

Most minimums range from $100-$250. Only the smallest of schools, in most cases, should have any problems making most companies' required minimums.

Other companies require you to sign an exclusive contract with penalties for using any other company. This is a decision you'll have to make. Some schools like having all accounts with one company. Others like to take advantage of the specialties of different companies. For instance, coupon books with one company and EFTs with another. Others simply don't like to have all of their eggs in one basket.

Service Fees

Most billing companies charge 10% for collecting coupon books. EFT collections range from 4%-7%. Others charge "per transaction." Some as low as 25¢. These companies tend to require higher volumes and stricter minimums, so be sure to investigate before sending off all of your school's receivable accounts to anyone.

Which brings us to our next subject, trust.

Whom Do You Trust?

The horror stories abound. Schools forced into closing because their billing company disappeared with all of their tuition revenues. Students who drop out because the billing company harasses them day and night. Instructors forced into bankruptcy after being caught in the vicious cycle of replacing the contracts they sold to a contract-buying company. In an industry with a long history of unprofessionalism, it's not easy to send all of your tuition collections to a stranger across the country.

Fortunately, there are companies who have long histories of servicing the martial arts industry. A little research and networking with your professional association should help you find the stable institutions with good track records.

It's a good idea to perform your due diligence when selecting a billing company. It could be one of the best, or one of the worst decisions you'll make for your school. Still, the decision is not whether or not you should use a third party to collect your tuition. The question is: Whom do you use? Your job is to create and keep students. Not create and collect accounts. ■

SAVED BY THE BELL

the abc's of the martial arts business, part III

By Rick Bell

As we come to the end of the business model I call the ABC's of martial arts, let's review our two previous discussions. The A stands for Attitude — we as instructors must develop an attitude of professionalism toward the operation of our school. The B represents Belief — an instructor must believe in himself, his business system, and in his contribution to society.

"I have seen instructors who claim to teach self-discipline in their classes, standing outside before class smoking a cigarette."

The third and final part of the ABC model is the letter C, which stands for Conviction. Webster defines conviction as: "firm belief." My definition of conviction, as it applies to martial arts instructors, is: "a declaration, and more importantly, a demonstration of strongly-held beliefs."

It is always easy to say you believe something, it is much harder to live like it. I have seen instructors who claim to teach self-discipline in their classes, standing outside before class smoking a cigarette. Other instructors smoke in their office between classes, and, believe it or not, I know an instructor who drinks beer and smokes during his classes! I know it sounds crazy but it's true.

I'm not here to make moral judgments about indulgences an adult should or should not partake in, as long as they're legal. I do feel very strongly, however, that when a citizen (a non-martial arts student) sees a martial artist drinking or smoking in uniform, it sends a very negative message to the general public — a message that we have very little self-discipline even though we claim to teach it.

There are rules of conduct that apply to virtually every type of uniform, and a martial arts uniform should be no different. If you must smoke, get in your car and drive around the block between classes. If you can't get away between classes because you're too busy, then stop smoking. If you're going to have a beer after class at the local tavern, take off your uniform first. I once knew an instructor who would drive to the bar in street clothes and change into his uniform in the car before entering the bar because he thought it impressed girls.

One of the most telling tales of your convictions is the way you dress. In the early days of my school, I wore sweat pants and t-shirts during the day and uniforms at night. I was fortunate enough to have one of my fitness-center members, who was a very successful businessman, tell me that I needed to clean up my act and start dressing for success. I asked him why I should wear anything other than my martial arts attire and he said very plainly; "Because no one is ever going to take you seriously as a businessperson unless you dress like one."

He was right. I started to wear slacks and a nice shirt to work everyday, and things started to happen. I was invited to join service organizations like the Lions Club, and was all of a sudden on the Who's Who list of up-and-coming young businesspeople in my town.

Conviction is unstoppable. Colonel Sanders of Kentucky Fried Chicken fame had conviction, and it kept him going while being turned down by more than 1,000 restaurants before getting the first one to try his now famous recipe. Ross Perot had conviction when he launched his software company, Electronic Data Solutions (EDS). Perot was turned down by 77 companies before one would give him a chance. Today he's a billionaire.

You'll immediately know an instructor who feels conviction for teaching his/her art by the passion they express when talking about it. You notice I said "conviction for teaching his/her art," not just conviction for the art itself. It's not enough to be in love with your art, you must be in love with teaching your art to be successful in this business.



I've known instructors who really didn't like people, much less teaching, but opened a school anyway because they thought they could make a few extra bucks. I've never known an instructor who didn't love teaching that succeeded in the martial arts business. They simply lacked the conviction to positively spread the word about their classes.

Finally, a professional martial arts instructor should be the embodiment of success in America, a reflection of everything good and admirable in society. From the way you dress, to the language you use or allow to be used in your school, everything you are is an advertisement for your convictions. Are you sending out the right messages? ■

Rick Bell is a speaker and consultant to the martial arts industry and is President of EasyPay Automated Billing.

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