

# Martial Arts Business Myths And Lies... Exposed!

By Mike Massie, author – [Small Dojo Big Profits](#)

## IN THIS INDUSTRY, MYTHS ABOUND...

Before we get into the nuts and bolts of starting a martial arts school, I want to make sure that you have a clear understanding of the TRUTH about being successful as a professional martial arts instructor. Like I said in the introduction, there is definitely a lot of B.S. being spread around as the gospel truth in the martial arts industry, for whatever reason. I want to clear things up for you right here and now, so you can get started on the right foot today, and not be sent on some wild goose chase when you start your business.

### MYTH #1

*“All REAL martial arts instructors (or traditionalists, or purists) teach for free, or they don’t make their primary income teaching the martial arts, or they don’t have a commercial studio, etc.”*

As I wrote in the last chapter, this idea and others similar to it are pure cow manure<sup>1</sup>. Historically, martial artists have always been paid, and paid very well, to teach their art to others. In pre-20<sup>th</sup> century Japan, samurai were often employed and paid handsomely to teach their craft<sup>2</sup>. In a more modern example, consider the fact that Bruce Lee was known to have charged \$275 per hour tuition for private instruction<sup>3</sup>. In today’s dollars, that’s about \$1,800 an hour<sup>4</sup>!

Let me offer you a common analogy to more effectively illustrate my position. I think most experienced martial artists would agree that a martial arts instructor who has earned a legitimate teaching credential and rank should have roughly six to ten years of their life invested in serious martial arts study and practice learning their craft. I think that everyone will also agree that a similar investment of time and effort in another professional pursuit would have earned that instructor an advanced university degree (think four years for an undergraduate degree, and another two to six years to earn a masters or PhD).

Because of this, I strongly believe that a good martial arts instructor should make an income similar to that of a highly paid professional such as a doctor or lawyer. By the way, in case you are already running a martial arts

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<sup>1</sup> A variation on this theme that in my opinion is even more prevalent is, of course, the attitude that my instructor had about lower-ranking instructors not being worthy of financial success. Don’t fall for this line of horse manure! You deserve to make a decent income from sharing your knowledge, so long as you are teaching good classes and you continue to try to improve and expand upon your knowledge and pass that on to your students.

<sup>2</sup> See “Autumn Lightning” by David Lowry, *Shambala Press*, 1995, chapter 8, p. 96-97.

<sup>3</sup> “The Bruce Lee Library”, Vol. 3, edited by John Little, p. 20.

<sup>4</sup> <http://www.westegg.com/inflation>

studio and you are not making that much money, don't worry! I actually wrote this book as a manual for both new instructors and seasoned school owners. I will give you a sound plan that will allow you to achieve your financial dreams through your current business, without selling out.

As for what you should charge to make this amount, we'll get to that in Chapter 8: "Pricing Your Services and Enrolling Students."

**Important Point:** *You deserve to make the same amount of money as any highly trained professional.*

## MYTH #2

*"All I have to do is open my doors, and all the world will come running to take my classes because I am a: world champion; black belt; high-ranking black belt; head of a martial arts system; well-known expert; etc."*

I don't want to burst your balloon, but if you think this is true you are sadly mistaken. The fact is that most people don't give a whit about your accomplishments as a martial artist. To fill your studio, you will need a super marketing plan and phenomenal public relations to boost your image as a community leader. That's what I am going to teach you in Chapter 10: "Marketing on a Budget."

**Important Point:** *You must learn and implement effective marketing strategies and techniques if you are to succeed in your business.*

## MYTH #3

*"I need a billing company to be successful because so-and-so uses such-and-such billing company and he credits them with his success."*

Once again, cow manure and horse hockey. I know of several successful dojo owners that don't spend a penny on outsourcing martial arts billing collection services and they do just fine. One of them, a large studio owner I know in St. Louis, has a student body of well over 500 and handles his own billing quite satisfactorily.

Although I once recommended that studio owners hire a discount billing company to handle their student billing, these days I suggest that you instead set up your own billing system using the latest technology and software. This is a much more cost-effective and sensible option, and it will save you both money and headaches. I am going to tell you exactly how to do this in Chapter 9: "How to Get Your Money without Giving It Away."

As for consulting services, I do recommend that you use a consulting firm, just so long as you make sure that it has no financial connection whatsoever to the company that handles your tuition collections. There is an obvious conflict of interest when your billing company is telling you how to run your business. Don't fall into this trap. I'll tell you exactly which consulting companies I think offer the best service for the small dojo owner in Chapter 3: "Listen to the Right People."

**Important Point:** *You don't want to use a billing company that charges too much or that offers "free" business advice as part of their billing services.*

#### MYTH #4

*“It takes a lot of up-front cash to start a martial arts studio. I need to take out a loan from my (bank, credit union, private investors, family and friends) to get started.”*

No way! You can get started from scratch with very little money, if you know what you are doing. Actually, I believe that this is the BEST way to get started in business. Best-selling financial author and millionaire Robert G. Allen agrees with me; in fact, he says that the worst mistake most new business owners make is to be over-capitalized, because when you have gobs of money to start a business, you end up being very inefficient in your spending habits and budgeting<sup>5</sup>. Starting from scratch allows you the “pleasure” of learning how to create and hold on to streams of income.

I’ll show you how to do this in Chapter 4: “Financing, The Old Fashioned Way” and in Chapter 5: “Avoiding Legal Pitfalls.”

**Important Point:** *You don’t need a lot of money to start a martial arts school, if you are willing to work.*

#### MYTH #5

*“I have to have at least (300, 400, 500, 1000) students to make a decent income and really be successful as a martial arts school owner.”*

Okay, here’s one of my pet peeves. You go to a martial arts event, be it a tournament, seminar, business convention, or whatever, and you see a fellow studio owner. When talk comes around to business (which it always does), the first words from this person’s mouth are “What’s your active count?”

Trust me, I’ve read the manuals, seen the videos, attended the seminars, spoken with the experts, and heard the sound of one hand clapping (okay, that last one I just put in there for grins). After all that, and in all my years of experience running a martial arts studio, I have never seen any evidence that having a huge studio with 300 or more students makes you a better, more talented, more successful, or happier instructor. In fact, from what I have seen and experienced, I have to say that it is much better to have a studio with 150 students and a profit margin of 70% than a studio with 300 students and a profit margin of 30%. And, the numbers agree with me.

Think I’m full of it? I’m not the only martial arts business veteran who has figured this out. Disregard my advice and you’ll soon see that running a super-large studio operation may not be the wisest business plan in today’s economy. Later on in this book, I will explain in great detail how having a large enrollment means having more overhead expenses due to the need for a larger studio (higher rent), a larger staff (higher payroll expenses), increased insurance costs, and so forth, and all of these added expenses cut into your net profit and decrease your profit margins.

Another thing to consider is the increased time and energy it takes to manage a large student body of over 250 students. Time and again, I have seen studio owners put on a cheery smile to speak at conventions about how they are so happy that their studios have grown 300% due to the advice they got from ABC Billing Company, but behind the scenes they are working 80 hour weeks and their personal life is in a shambles because of the long hours they spend in their studio. If you want to have a large studio, fine, but you had better plan on sacrificing your free time and your social and family life to keep it going.

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<sup>5</sup> You can find Mr. Allen’s books on financial freedom through entrepreneurship at Amazon.com.

I'll cover this and related issues in Chapter 6: "Location, Location, Location = \$\$\$, \$\$\$, \$\$\$", Chapter 7: "Business Plans & Budgeting, a.k.a. Being a Cheap Son-of-a-Gun", and in Chapter 11: "Now That You Have Them, How Are You Going to Keep them?"

**Important Point:** *Smaller is better. Really, it is.*

#### MYTH #6

*"I have to have a big staff to help me run my studio."*

This is wrong on so many levels I just don't know where to begin. I guess I can start by pointing out the fact that you only need two people to operate a small dojo during normal business hours; an instructor and an office employee. No matter what someone tells you to the contrary, you can indeed get by with a staff of only two or three people (including yourself) when you run a small studio. I will show you the systems I used to do this successfully in Chapter 13: "The Why's and How's of Hiring and Training Help."

I will say that it is nice to have someone to handle things so you can take it easy once in a while. However, payroll and other employee costs can end up being your biggest expense when running a small business (I'll cover this in Chapter 7: "Business Plans & Budgeting, a.k.a. Being a Cheap Son-of-a-Gun").

Also, employees are a major pain in the rear! They call in sick, waste time goofing off (your time, work hours that you are paying them for), they complain and argue amongst themselves, they get injured on the job (which will cost you money, even if they have insurance) and they take nearly as much time to train and manage as they free up for you. In my opinion and experience, having a large staff is more trouble than it's worth.

**Important Point:** *You don't need a huge staff to run your small studio.*

#### MYTH #7

*"My school must be a storefront location in an expensive, high-foot-traffic shopping center to be successful."*

Once again, this is more malarkey. I have spoken with many highly successful studio owners who built 250+ student enrollments in the worst possible locations you can imagine. Some examples include a basement (hard to get to), an upstairs location over a gas station (weird place to put a school *and* hard to get to), a school located in the back of a commercial building (no street signage or exposure), and an industrial park outside of town (where *nobody* goes on normal everyday business).

While it is true that each of these locations lacked foot-traffic and exposure, they all had one distinct and very attractive advantage that a storefront shopping plaza location does not: *low rent*. One *BIG* difference that distinguishes my business system from all the rest is that it is based on being lean and mean, not fat and wasteful. Saving money on your rent means that you can use that money for other more efficient and productive purposes. I'll show you how to find little location gems like these in Chapter 6: "Location, Location, Location = \$\$\$, \$\$\$, \$\$\$."

My own small yet very profitable studio was located in the *middle* of an old run-down plaza, with very little foot traffic. Visitors had to walk down a long confusing access hallway to even get to my place, which had no windows or external exposure (I affectionately called it "The Bat Cave"). My neighbors included two government agriculture offices, a hair salon that catered to old ladies from the local retirement community, an antique (read: junk) shop, and a pharmacy.

Not exactly the best location I could have picked as far as foot-traffic and exposure goes. In fact, most people who drove by couldn't see my sign because the tree foliage along the street blocked the view! Yet, through using effective marketing and public relations techniques I was able to consistently fill my classes year after year. I'll show you how I did it in Chapter 10: "Marketing on a Budget."

**Important Point:** *You don't need to have a large studio in an expensive lease space to be successful.*

#### MYTH #8

*"I don't need to know anything about standard business and accounting practices to be successful; all I need to know is how to teach good classes."*

Yeah, keep thinking that way and we'll be seeing you in the soup kitchen line at the Salvation Army this Christmas. Better than 90% of all small businesses will fail, and most of the time their failure can be attributed to a lack of basic business management skills. Just the fact that you are reading this book shows that you are probably not going to become part of that statistic. However, I could write reams of pages on the various business topics that a business owner must be familiar with, and still not adequately prepare you for every situation you will face.

Want to be a long-term success and not some flash-in-the-pan? You'll need to continually read books and attend seminars on accounting, advertising, marketing, tax laws, business law, and more, for as long as you own your studio. The good news is that I'll tell you where you can go to get all this information and more *absolutely free of charge* in Chapter 3: "Listen to the Right People", and I'll tell you how to avoid potential legal problems in Chapter 5: "Avoiding Legal Pitfalls."

**Important Point:** *You must learn all you can about business and management to ensure your success.*

#### MYTH #9

*"I don't need a business plan if I'm not borrowing any money. I'll just play it by ear and worry about budgeting later when I am making money."*

Fail to plan, plan to fail. Having a business plan and budget is absolutely vital to your success in business. A business plan is like your roadmap for getting to where you want to go. You must set a budget for your business expenditures based on your goals and anticipated income in order to avoid spending too much or too little money on any one area of your business.

What most people don't realize is that there are certain percentages of your gross income that you *MUST* spend on areas such as advertising and marketing every single month to become successful and to keep that momentum rolling once you start getting a steady stream of students. I'll give you an exact plan to follow to ensure your success as you build your business in Chapter 7: "Business Plans & Budgeting, a.k.a. Being a Cheap Son-of-a-Gun."

**Important Point:** *Fail to plan, and plan to fail.*

## MYTH #10

*“I’ll be able to spend all my time training, once I open my studio.”*

This is my favorite one, which is why I saved it for last. I have to give a little chuckle as I write this (*with you, of course, not at you*), because I once said the same thing.

Wrong! Let me give you the bad news first. Running a business takes time and effort; at least 25-40 hours a week once you are established and perhaps as much as 60 hours a week during that very critical first year when you are starting out. You will be spending a great deal of your day running your business: answering and returning phone calls, planning your classes and writing lesson plans, keeping your books, designing and implementing your advertisement and marketing, and so on. Although you will have time to train, you are going to have to find that time within the busy schedule that running a martial arts school inherently requires.

The good news is that perhaps for the first time in your life, you will be working for yourself, doing what you love to do, and every single extra minute that you spend productively working in your business will pay off in dividends by putting money in your pocket. That sounds kind of nice, doesn’t it? It is – very nice indeed. And I wish you all the success in the world as you pursue your dreams; read on, I will give you the information you need to make it happen.

**Important Point:** *There is no free lunch; you are going to have to work to succeed.*

In the next chapter, we’ll get into the nuts and bolts of starting your business, which begins with choosing your advisors and mentors. The people you choose at this critical stage to assist you in making vital business decisions can make or break you in your business venture. We’ll discuss how to choose them wisely and how to recognize someone who can help you reach your goals, versus a con artist who just wants to get their hands on your wallet...

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Did you enjoy this free report? Then, you’ll be pleased to know that this is actually a sample chapter taken directly from *Small Dojo Big Profits*. If you’d like to read more, simply visit <http://small-dojo-big-profits.com> and order the manual and support materials.

Find out the same low-risk and high-profit martial arts business success system that thousands of other martial arts instructors are using in their schools... go to the site now and order your copy today!

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