

Overtime Athletics: Pricing Memo

OTA was launched in 2003 with a mission to provide safe, high energy, organized youth athletic after school programs. We wanted the programs to be affordable and customers to come away from the experience believing that the value of our service was worth every penny. 20 years later, our mission stays the same.

We launched our program with a simple enrollment fee formula:

**Enrollment Fee = \$10 per class per participant.

- 5 week program = \$50 participation fee
- 6 week program = \$60 participation fee
- 7 week program = \$70 participation fee
- 8 week program = \$80 participation fee
- 9 week program = \$90 participation fee
- 10 week program = \$100 participation fee

During the first ten years of business, we kept our participation fee the same, while the cost of doing business climbed. The cost of insurance and legal expenses, rental fees, payroll costs, taxes, equipment, handouts, office space, background checks, merchant accounts, IT support, travel, utilities, phone and internet services, shipping, staff recruitment and training, have all increased. These factors required us to make a change to our pricing formula. In the first 10 years we experienced the increase in the cost of doing business, but we also became a better company. We believed 10 years in, the increase in price for utilizing our service is well within the range of continuing to provide customers with a valuable and worthwhile experience. The new pricing formula was also very competitive when considering the fees other after school providers were charging for their service.

New Enrollment Fee Formula: "The +\$10 Formula"

**Enrollment Fee = Old Formula + \$10

(\$10 per class per participant for number of week's program is running, and then add \$10)

- 5 week program = \$60 participation fee (\$12 PER CLASS)
- 6 week program = \$70 participation fee (\$11.60 PER CLASS)
- 7 week program = \$80 participation fee (\$11.42 PER CLASS)
- 8 week program = \$90 participation fee (\$11.25 PER CLASS)
- 9 week program = \$100 participation fee (\$11.11 PER CLASS)
- 10 week program = \$110 participation fee (\$11.00 PER CLASS)

How to Notify Partners of Price Increases:

During the sales process, you should specifically address the pricing change during your confirmation of the details and logistics of the program.

If it's no big deal to a coordinator, then it's no big deal and doesn't need to be dwelled on. Should an explanation be needed, you can refer to the above reasons for our minimal increase in pricing also noting:

- Now "Company Policy"
- Comparison costs of other programs
- The rise in prices of everything else (products, goods and services)
- The level of Customer Satisfaction in all our territories allows for us to stay competitive with our pricing while meeting the growing expenses of running our program
- Use language describing the increase of cost per class
 - (i.e. increase of \$2, \$1.60, \$1.42, \$1.25, \$1.11, \$1.00)

Summer Camp Pricing:

Couple of Notes:

1. Camp Budget Flexibility
2. Enrollment Boosts using pricing tactics
3. What do other similar programs (service and geography) charge?
4. Recognize increases are noticed
5. Gradual vs Dramatic Price Changes
6. Payment Options
 - Steal Deal, Early Bird, Regular Price, Walk Up, Prorating
 - Payment Plans