

## Budgeting

### Start Up Costs

Start-up costs are expenditures you will have to “get on your feet”. You will need the Musikgarten training (some of which you are completing) and curricular materials for teaching. When taking webinar training, your materials are included in your tuition fee. Though your location costs will differ, the product-related costs generally are the same whether you rent space in a studio setting or teach at home. Below is a list detailing typical start-up costs for ages 1.5-5, in U.S. dollars. NOTE: Travel, marketing and rent expenses will vary.

#### Workshop Training

(Cost of registering for FMBT and CYC, combo pricing)	\$455
<b>Expenses (to and at Workshops)</b> (travel/housing)	\$400+/-
<b>Teacher's Materials:</b>	
Workshop Special: FMBabies (\$119.95) and Toddlers (\$63.95)	
Workshop Special: CYC (\$129.95)	
	\$313.85
Musikgarten License Fee	\$125.00
<b>Classroom equipment</b> (Teacher Set 2 at Licensed Teacher prices)	
Scarves, 2 dozen	
Jingles, 2 dozen	
Rhythm Sticks, 2 dozen pair	
Rattles, 2 dozen	
Drums, 3	
Resonator bars d', a', mallets	
	Total \$455.00
<b>Rent Deposit</b>	\$300+/-
You may be asked to give a first + last month deposit.	
<b>Marketing/Promotions</b>	\$500
<b>TOTAL START-UP EXPENSES</b>	<b>\$2548.85+/-</b>

**NOTE:** There are few businesses that you can begin for such a small investment!

Consult an accountant about tax laws in your state concerning the sale of materials before you begin teaching; you will want to know how much to add to your Family Materials charge for this expense.

### Webinar Training:

Toddler 1 – My Day:	
Includes Teaching Material	\$295
Toddler 2 – Animal Friends:	
Completes Toddler certification and Includes Teacher Material	\$120
Age 3-5 – Wind Dancers:	
Includes Teaching Material	\$295
Age 3-5 – Sun Catchers:	
Completes Toddler certification and Includes Sun Catcher packet	\$145
<b>Total</b>	<b>\$855.00</b>

### Classroom equipment (Teacher Set 2 at Licensed Teacher prices)

Scarves, 2 dozen	
Jingles, 2 dozen	
Rhythm Sticks, 2 dozen pair	
Rattles, 2 dozen	
Drums, 3	
Resonator bars d', a', mallets	
<b>Total</b>	<b>\$455.00</b>

**Rent Deposit** \$300+/-

You may be asked to give a first + last month deposit.

**Marketing/Promotions** \$500

**Musikgarten License for one year** \$125.00

**TOTAL START-UP EXPENSES** **\$2235+/-**

**NOTE:** There are few businesses that you can begin for such a small investment!

Consult an accountant about tax laws in your state concerning the sale of materials before you begin teaching; you will want to know how much to add to your Family Materials charge for this expense.

### Ongoing Costs

Ongoing costs, especially **rent** and **insurance**, vary depending on location. Early Childhood Music and Movement Association (ECMMA) members are eligible for special **insurance** rates; ECMMA can be contacted (360) 568-5635 or [ecmmabusiness@hotmail.com](mailto:ecmmabusiness@hotmail.com) for information on this and other benefits of membership.

Keeping organized may also require financial consideration on your part. If you are not a pencil-and-paper person, you may find organizers and other small office equipment at large retail stores or companies which specialize in small businesses, such as My Office Pal (myofficepal.com).

Consult **tax** authorities before you begin teaching; you will want to know how much to add to your Family Materials charge for this expense.

### Ordering Musikgarten Teacher and Family Materials

Family Materials can be considered an ongoing cost, but remember that parents will ultimately be purchasing these materials from you. You will need to decide whether or not to purchase these materials ahead of time and be reimbursed (this is more efficient for everyone involved), or to order them as the families register. If you order ahead of time, you may find it beneficial to order a few extra ones in case you get late registration (see **Returns Policy** below).

Musikgarten's ordering policy allows you great flexibility. Once you have established good credit with Musikgarten, you may order your Teacher and Family materials on a **30-day** account. Payment should be made within 30 days of the order date.

**Return Policy:** If, after the 30-day period has passed, you have extra **Family Materials** on hand, you may return them within **60 days** of the order date for a credit on your Musikgarten account. Musikgarten will not issue refund checks or credits to your credit card account. This offer is only good for Family Materials, since the quantity you need for these is estimated when you call. The returned materials **MUST** be unopened and in mint condition, so be sure they are packed and shipped carefully. Since the materials are credited to your Musikgarten account, we do not charge a restocking fee so long as they are received within the 60-day limit.

### Income

You are probably wondering at this time when you will start to see a profit from teaching your classes! Consider that the start-up of a business, like the purchase of a home, will diminish your resources at first but you should be "in the black" within the first few years of business! Your income will be directly influenced by the number of families you teach. Your semester charge will include 3 parts: tuition, materials, and registration.

**Tuition:** payable by semester, this figure is based on an "per class" rate.

**Materials:** Family Materials for each semester must be included as part of your class offering. Materials per semester range from \$25-\$45 for ages 0-4 and \$35-\$51 for ages 5-9. Consult our price list for specific costs and remember to calculate shipping. Licensed Teachers receive discounts on bulk orders of single Family Material units; you may possibly take advantage of these within the first year of teaching! **Registration:** Payable once a year. This fee usually ranges from \$15 - \$25 and is designed to cover your administrative costs (phone, paper, postage, office help)

Budget carefully. You will put your own financial resources towards start-up, and it is always worthwhile to plan.

## Sample Budget (August – July)

### Assumptions for this budget:

- You are opening a new Studio in August. For **year 1**: you secure registrations for one 15-week class each of *Family Music for Toddlers*, and *Cycle of Seasons*. Because of your excellent teaching skills and strong, consistent marketing, the same students stay for a second semester. During the summer, you will offer the "Summer" part of *Cycle of Seasons* for 4 weeks (2 classes/week). For **year 2**: you continue to build. **Year 3**: your program includes 40 families who stay with you for the entire year.
- You will charge a one-time Registration Fee of \$20 per family, for the full year.
- For Family Materials, you include the cost (+ approx. \$3.00 - \$5.00 to cover shipping) of Family Materials for each child in each class. Shipping costs will depend on the size of your order changing your per piece shipping rate. If you need help calculating your shipping cost, please call the Musikgarten office.
- You will register for both *Family Music (birth to 3)* and *Cycle of Seasons* Musikgarten Workshops in the summer. Also, you will purchase a License so that you are both trained and licensed, considerations important to your parents (and for you).
- **Advertising expenses** vary from month to month and year to year, but a good rule of thumb is to spend from 15% to 20% of your total projected annual revenue on advertising. However, advertising may not be an even monthly expense, as a particular campaign may require 50% of your annual budget. For simplicity, the Sample Budget uses a rounded 15% even monthly expense.
- **Total expenses** will vary based on several factors determined by your particular market or area. Rent and insurance may be more or less given a particular market. The Sample Budget class cost is based on an average provided by a survey of Musikgarten teachers. Adjusting the number of weeks teaching will also affect the bottom line. Some teachers have anywhere from 12-15 week semesters.

## Sample Budget (August – July)

INCOME	Year One	Year Three	
Note: Full year	One 1/2 day / week	Two 1/2 days / week; Fall / Spring	
	16 Students	40 Students : Summer 16	
Registration @ \$20 per year @ 16 students	\$320	@ 40 students	\$800
<b>FM: Babies:</b> ½ hr. per week per class			
Semester 1: \$10/wk/15 wks.			
Semester 2: \$10/wk			
<b>FM: Toddlers:</b> ½ hr. per week per class			
Semester 1: \$12/wk			
1 class = 8 students			
Semester 2: \$12/wk			
1 class = 8 students	\$1,440	2 classes = 16 students	\$2,880
Semester 2: \$12/wk			
1 class = 8 students	\$1,440	2 classes = 16 students	\$2,880
Summer: \$20/wk/4wks (8 classes)			
1 class = 8 students	\$640	1 class = 8 students	\$640
<b>The Cycle of Seasons:</b> 3/4 hr. per week per class			
Semester 1: \$14/wk/15 wks			
1 class = 8 students	\$1,680	2 classes = 16 students	\$3,360
Semester 2: \$14/wk			
1 class = 8 students	\$1,680	2 classes = 16 students	\$3,360
Summer: \$24/wk/4 wks (8 classes)			
1 class = 8 students	\$768	1 class = 8 students	\$768
<b>TOTAL INCOME</b>	<b>\$7,968</b>		<b>\$17,088</b>
EXPENSES	Year One	Year Three	
Rent (will vary)	\$0 (In Home)		0 - 1500**
Insurance: \$25/mo	\$300		\$300
Advertising: \$100/mo	\$1,200	(\$200/mo.)	\$2,400
Paper, printing, postage: \$30/mo	\$360		\$360
Misc.: \$25/mo	\$300		\$300
<b>TOTAL EXPENSES</b>	<b>\$2,160</b>		<b>\$3360 - \$4860</b>
<b>GROSS PROFIT</b>	<b>\$5,808</b>		<b>\$13,728– 12,228</b>

\*\* Rent has a significant impact on a new business. Make sure your weekly rent is NO MORE THAN 25% of tuition collected that week. A fair percentage is at least 10%. Consider only fees in this range.

**Budget Worksheet** - Use the following chart to create a budget for your studio.

EXPENSES	GOAL / INITIAL	ESTIMATE	ACTUAL
<b>Training:</b> Birth - 4			
Expenses ( travel, housing, food )			
<b>Teaching Materials:</b>			
License Fee			
Teachers Materials			
Instruments: Basic			
<b>Rent Deposit</b> (rent electricity, phone, phone book listing, etc.)			
<b>Marketing / Promotions / Other</b>			
<b>TOTAL START-UP EXPENSES</b>			
<b>OPERATING EXPENSES</b>			
<b>Rent:</b>			
<b>Insurance:</b> \$ 25 / month for 1 year			
<b>Family Materials:</b> (class size: 8 - 10)			
Family Music for Babies			
Family Music for Toddlers			
Cycle of Seasons			
Shipping			
<b>Marketing / Promotions:</b>			
<b>Other:</b>			
<b>TOTAL OPERATING EXPENSES</b>			
<b>TOTAL EXPENSES</b> (Start-up and Operating)			

INCOME	GOAL/INITIAL	Estimate	Actual
<b>Tuition</b> (estimated class size of 8 -10): # of students x 3 classes x 15 weeks each x 2 sessions	see below for each class tuition cost	*****	*****
<b>Family Music for Babies</b> (\$10 per week x 2 sessions)			
<b>Family Music for Toddlers</b> (\$10 per week x 2 sessions)			
<b>The Cycle of Seasons</b> (\$12 per week x 2 sessions)			
<b>The Cycle of Seasons: Summer</b> (\$12/week)			
<b>Materials:</b> # of students x 3 classes x 2 sessions	See below for each class material cost	(Be sure to include tax, shipping)	*****
<b>Family Music for Babies</b> (\$42.75, then \$33.60)			
<b>Family Music for Toddlers</b> (\$33.50 per sem.)			
<b>Cycle of Seasons</b> (\$83.50 for 2 semesters)			
<b>TOTAL INCOME</b>			
<b>Subtract OPERATING EXPENSES</b>			
<b>GROSS PROFIT</b>			

**NOTE:** Your *net* financial goal (all profits minus all expenses including start-up) for the end of the first year should be to make enough money to cover your start-up expenses. If your travel expenses were high (for transportation to the workshop), allow yourself a little longer to make up this expense. In any case, if you find yourself “in the black” after a full year of teaching, congratulations are in order!

**Materials pricing are subject to change. Please contact the office at 800-216-6864 or login to the website for current pricing.**