



Sounds of Success CD

**A Soft Style Success Story,
Principles You Can Apply to ANY
School) *with NAPMA CEO Stephen
Oliver and Master Eric Sbarge.***





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Stephen Oliver

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Eric Sbargo

Editor's note: The following transcript matches the audio presentation on CD in this month's member package. It has been edited to provide you with a better learning experience.

Steven Oliver: Hello there, this is Steven Oliver, CEO of National Association of Professional Martial Artists. I'm am delighted to be join by long -time NAPMA inner circle member Eric Sbargo. Eric, welcome to our conversation today.

Eric Sbargo: Thank you, Master Oliver. Glad to be here.

Steven Oliver: Eric, you have a very unique school for certainly a lot of the members, a little bit unique format and in structure so let's start by just giving everybody a little bit of your martial arts background and how you came to be where you're at now.

Eric Sbargo: Okay. As far as the martial arts go, I began about 35 years ago. I did a few years of Japanese martial arts and then switched over to Chinese martial arts, which I've done for the last 30 somewhat years and focused primarily on kung fu, shuai jiao, which is the Chinese wrestling and grappling and my most popular program is the Tai Chi program.

So, we do a traditional Tai Chi where we teach both the health aspects and the self-defense aspects which helps people nowadays in Tai Chi or just teaching it for health and wellbeing.

And I think that's what people need, compared to self-defense, but for those who want Tai Chi as a self defense art, that's kinda something we specialize in as well.

I opened my school – we just had our 15th anniversary. I've been teaching for about 20 years, but originally, just teaching a few students in the park, and then as it grew we rented some space in the school, kinda sprung from there.

Steven Oliver: What were you doing before you opened the school?

Eric Sbargo: I had sort of a variety of different career steps. I worked in publishing management for several years. I ran a construction company for several years, and then I was a public school teacher for four years before I opened the school

Steven Oliver: Doesn't sound there's any relationship to any of those three things?

Eric Sbargo: Other than with the exception of the public school teaching, for all the others, marketing and sales skills were essential, and that's something a lot of people overlooked, the importance of good persuasion skills.

I think it has lead itself to opening and running a martial arts school successfully is realizing everyday we're persuading people to try to do something good for themselves.

So those skills, while they seem kinda disparate, they really do tie in and sort of an indirect way.

Steven Oliver: Good point. And that leads back to one of the things that I've always advocated for staff training and I know that we've always done a lot of sales training and communication skills training with all the instructors.

The blowback often comes, or the question comes, well, I'm a teacher, why do I need persuasion skills? To emphasize what you just said, all we're doing all day long is convincing people to continue the train, to train harder, to be more consistent in their training, to train longer, to be more dedicated to this as a lifestyle.

That's probably the most important piece of persuasion that we have in our repertoire. Talk a little bit more about that because it's a good point you made early on that a lot of people miss.

Eric Sbarge: Well, I think that's absolutely true. Even as a public school teacher, it's one thing to just disseminate information, especially when you have kids who don't wanna be in the classroom, as often the case with public school.

Really, your job is to be a motivator and persuader more than anything, so we're kinda fortunate with our martial arts schools that the majority of our students really wanna be there and wanna be learning, but even everyday you've probably heard them say, that every day the student makes the decision whether they wanna come back to the class the next time.

So each day we have to be inspiring them, motivating them. So I work with all my instructors to make sure we never limit ourselves to thinking we're there to teach technique. We're there to teach a lifestyle and we're all animals in that sense.

If you look at any animal in nature, if it's not immediately having to hunt or horde, foraging for food, most animals just wanna sit down and do nothing; people are the same way.

We've gotta first motivate them to wanna come in and try a class, then motivate them to wanna join, and then the job isn't done then. I think it's just starting as motivating them to continually stay on that quest for excellence.

It doesn't matter what style you're teaching. The style is secondary. It's really teaching them to cultivate a philosophy of constant self improvement and really making it something that's a lifelong endeavor.

Steven Oliver: You bet. Basically in your school you have how many different unique programs that you run right now?

Eric Sbarge: Our most popular program is the adult Tai Chi program and we have the adult Shaolin classes. We then have a competition team which also includes the Shuai Jiao grappling classes, and our Children's program is Shaolin as well.

In our Shaolin classes we also do Parker system Kenpo. So we do Shaolin/Kenpo/Kung Fu program. We're about two-thirds adults and one-third Children.

Steven Oliver: Okay. About how many adults do you have active now in the Tai Chi program?

Eric Sbarge: It's about 200.

Steven Oliver: Okay.

Eric Sbarge: Almost all of our adult Kung Fu students also do the Tai Chi, because the Tai Chi really helps them with the Kung Fu. Conversely we have probably 75 Tai Chi students who are only looking for health and well-being. They don't really have an interest in the self-defense.

Steven Oliver: I've got you. About what's your median age for the Tai Chi students?

Eric Sbarge: Tai Chi probably the media age is 45. It seems to be students from their 30's through their 60's and 70's.

Steven Oliver: Well, certainly a nice thing about that target market is you have a very stable — from the standpoint of socio-economic background, income, life situation — much more sometimes than the younger adults. Is that a fair assessment?

Eric Sbarge: Very fair. We purposely try to target people who're a little more professional, a little more settled and look forward to do the classes. Charlotte's not a huge city, but I think within the top 20 of population.

So there's a pretty good demand for things like stress reduction and general fitness, and the demographics of our student body for the Tai Chi in particular is a lot of bankers, IT people and people working in various professional jobs.

Steven Oliver: Good. I was gonna say before is I'd be remiss and not point it out. I mean you now have really a beautiful campus that you built for your school. The school has been open for about 15 years. How did it start?

Tell us the evolution of your physical facility a little bit. Where did you start and when did you end up with this beautiful facility you have now?

Eric Sbarge: My wife and I moved down from New York to Charlotte 18 years ago and I started just teaching one or two people in a local park, and the next thing we knew within a year or two we had 30 or 40, 50 people coming to the park and it just made sense to rent some space.

I really had no intention of opening a school. It wasn't a career choice. It was just sorta the demand was there. So we rented space at a strip mall like many people start off. We're just fortunate within a year or two we had a couple hundred students.

When our lease was up after five years, we got a small business administration loan and ready to purchase. We bought 12 acres and built a 10,000-square-foot school, so it's a beautiful school on 12 wooded acres in the city of Charlotte, so that's 10 years ago now and it's done well and just holding steady with that.

Steven Oliver: So you've been in that facility for about 10 years.

Eric Sbarge: That's correct.

Steven Oliver: That's fabulous. And it's hard to describe verbally, but having seen the pictures, haven't had the opportunity to be there personally yet, but it's just a beautiful facility and just an incredible opportunity.

Certainly not everybody needs to have that, but if it's something that's a goal in mind for yourself – I know a couple other friends of mine, Buzz Durkin for one, is really creating that ultimate environment and facility and situation, and it's really nice if that's necessarily one of your goals.

Eric Sbarge: You often address from the business perspective it doesn't make sense to have too much square footage. I know you work with a lot of multi-school owners.

Clearly, there's some disadvantages to over-building, but in our case, we originally opened and we had a tea house and a gift shop, so we needed the space for all of that.

As our classes grew, we phased that out and converted all that space to studio training area. So we have more space than we need. It's a luxury that's nice to have but I wouldn't necessarily recommend it for somebody starting out.

Steven Oliver: Yeah. A fair way to say it too would be it's not necessary to run the kind of active camp that you're running is not necessary to maximize profitably. On the other hand, in my case over the years, I was interested in having multiple locations, not necessarily having one place that to me personally felt like home.

But as a single school operator, sometimes that's a really nice thing to have is the place where you can have all the things you've dreamed of and have the facility that ultimately is the ultimate support mechanism for the students. There's certainly nothing wrong with it.

From a standpoint of having purchased the facility, how do you feel that's worked out? Is long term? Is the property and the building going to be a good investment as opposed to leasing it?

Eric Sbarge: Absolutely. We're paying about the same per month that we paid for renting. Our former school at the strip mall was about 4,000 square feet. Now we have 10,000 square feet that we're paying.

Just maybe a hair more each month, but the nice thing is after 15 years it's paid off so you have that equity that you otherwise wouldn't have.

We all have to think about what happens after teaching martial arts, and in my case I hope to turn the school over to my son, George, who's been an instructor with me for 15 years.

But it is certainly to anybody's advantage to be putting money in the bank in equities versus paying it to a landlord.

Steven Oliver: Absolutely. And there are ups and downs in the real estate market, but the nice thing is if you find the perfect location, the perfect property, you know that you're now locked in and not gonna be relocated by a landlord who has other plans for you.

Especially if you buy the right time, and certainly right now would be the right time. I would think 10 years ago it was. Maybe 3 years ago it wasn't. But if you buy in the right time you're gonna have a lot of equity appreciation as well.

I've done it a time or two and then turned around and sold them for \$250,000 improved equity and that's not a bad choice either when the market's changing.

Eric Sbarge: So just one last point, even if you bought it at the worst time, if you bought it three years ago and you lost 30%, over the course of a 15 year mortgage you're still coming out way ahead versus paying it to rent. So you can't lose on it as long as you're able to pay your mortgage every month.

Steven Oliver: Yeah, and maybe rephrase what you said. If the school is there for 30 years and you paid a comparable amount of mortgage to rent for 15 years. Now from then on you have only maintenance and property taxes. You don't have a lease payment anymore.

Eric Sbarge: Correct.

Steven Oliver: It certainly helps the cash flow for long term, but now you have a big equity stake as opposed to the landlord having a big equity stake. So I think you're exactly right.

If you're doing it as the business facility long-term almost market trying to predict whatever, you're still gonna be further ahead. If you're doing it for speculation, that's a whole different scenario and entity at the time. A very good point.

Let's go back to the Tai Chi program. What kind of retention are you running with that? On a monthly dropout rate and so forth, how does that look?

Eric Sbarge: Our overall school retention rate averages between 3.5% to 4% per month. It's not perfect, but I wish some people get it down to 2%, then I admire those who can do that.

We tend to average 3.5% to 4%, and to be honest, I haven't tracked and probably shouldn't. I just haven't separated it out from program to program. I've just tracked adults versus kids.

We tend to have, for whatever reason, about the same retention rate with our adult programs and kids programs, even though they're totally different animals and we teach them differently.

But they don't have any wild swings between the adults and kids, but as far as breaking down the adults between the Kung Fu program and the Tai Chi program I don't have those statistics.

Steven Oliver: Okay, sure. Looking at the industry at a macro level is kids, say 5-12 years old, adults 40 and up, both are pretty good markets where you have some stability and long-term where we see the challenge is the 18-to-30 year old market. The more it tends towards being a fitness center environment as opposed to a school environment, the worse it gets.

I was talking yesterday, Eric, to Paul Miller, who you know well now. This year he said it's such a dramatic number. I have trouble believing it, but he's got it documented. He said with what we've been working on, he's gone from 15% per month attrition, which, of course, we know is abysmal to .5% a month.

What usually the best I hear is in the 1% to 2% range, and as you know, most of the schools that we work with that are high level that are doing a very good job are floating in the 3% to 4% range, about the same place you are. Probably the industry norm is in the 8% to 10% a month range.

It's again useful to have a benchmark. It's always one of those things — for anybody who doesn't understand the number we're talking about — if you take your complete total active student base...

Let's say we have 300 active training students and look at how many dropout on average each month, we're looking at the percentage of the total versus dropouts.

So at 300 active, if you dropout 30 a month, that's 10%, you drop out 15 a month, that's 5%. If you drop out 12 a month, that's 4%. And that's probably your number. You need in the range of...

Eric Sbarge: That's right where we are, because we average about 300 students and fluctuate, but it's typically we lose about 10 to 12 per month.

Steven Oliver: Yeah. So you need 10 to 12 per month to be a break even. Anything above that, you're growing it. Anything below, you're shrinking. You've done a very good job of having a very strong average student value.

On average revenue per month, what's the average student worth? It's around \$210 or \$220 is that right?

Eric Sbarge: Yeah. It tends to be just above \$200. We adapted your method of when two people pay, the rest of the family is free, so we do have several students or families where they're three members, so that brings the average down a little bit. But it's just above \$200.

For our paying students are probably up around \$275 or so but because we have the non-paying students that brings it down.

Steven Oliver: That's an important number. So 300 active students that means about \$750,000 a year in that facility, and, of course, we're actively working to get that to a million and probably on track for that next year.

You mentioned that idea. We'd like to give credit to — that was one that master Bill Clarke talked me into and took me a while to come to grips with it.

What I found — and I'm sure you found the same thing — the value of having mom and dad, sister and brother, the value of having the family train together — so far off set any concern that I have about a little diminished revenue on family three and four that it works not much better from my perspective anyway.

Eric Sbarge: I think so. I don't even know if you're losing, because it's not that easy or at least we haven't have great luck signing up a third fourth or fifth person, anyway. Because when the family starts suddenly \$600 to \$800 a month, not many families are ready to do that initially.

Everybody's happy to pay two and get the rest free, so I don't think you're coming out too far behind us at all.

Steven Oliver: That's a good point. Where you'll be coming up behind is if you're charging \$100 a month for lessons, but as you start to push up the tuition, and where I came to be a believer in it is the only problem we had as we kept escalating tuition over the years was in those families of three, four or five.

Because now if you're doing an enrollment conference, ask them, as you said, \$600 to \$800 a month, that's where it gets to be a little rugged. But if having it at two people paying full price, then you keep pushing the tuition level, if you don't get as much push back on the thing going in doubles.

Eric Sbarge: Right, and the upgrade process moving them into mastery programs and so forth, then the same family might very well be happy to pay \$700 to \$900 or more even, but that's after they've seen the value. I think for the initial student coming in, two paying, the rest free works well.

Steven Oliver: Absolutely. So let's stay on the Tai Chi for a minute. What's your tuition structure look like for that program?

Eric Sbarge: The basic initial program is a 12 month program at \$227 per month and the upgrade program, our mastery program is \$327 per month and that's a 36-month program.

Steven Oliver: For some people listening to that, that seems like an awful a lot of money. In fact I think some school owners when they ask something like a Tai Chi program they go to a lot lower price point than everything else they're doing.

What's your experience been on the relationship between student engagement and the ability to have a high conversion rate and the price point? How's your experience been on that?

Eric Sbarge: I think if I go back to when we opened 15 years ago if I had tried to price much higher, we didn't have the quality of the program. Our martial arts program I feel is very strong.

But we didn't understand anything about student services and really creating an environment that is conducive to students teaching a high level of skills.

Those are things that have evolved learning from many sources including through NAPMA and with you that have helped. So I think if you're gonna try to charge premium prices, you really do have to have a premium program.

It's a given that we need to be teaching great martial arts so whatever your lineage and style is, if you don't consider yourself to be towards the top or at the top, you need to work on that first I think.

But once that's in place, then you need to work on bringing the same quality to the school systems structure environment so that the student really feel they wanna be part of the family, so they're willing to pay more because they really feel they're getting more for what they're paying.

Steven Oliver: Absolutely. Let's not skip over the point too quickly. I think we very clearly see that it's very difficult to make a good living charging less than \$150 a month.

On the other hand, is some people hear the message that we're talking about and think that we're only charging more and more money for lessons.

But the truth is the right sequence is to be more and more sincere in your interaction with students to go from being focused on technical to focused on developmental and get just really good at student service.

Let's talk about what student service means from your perspective as contrasted with the mechanical components of the curriculum.

Eric Sbarge: Okay. As I see it, the mechanical components, that's what our instructors are teaching the front kicks and basics and grappling and so forth so you have to have solid skills there. I think even beginners can distinguish between weak skills or solid skills so that's a given that has to be solid.

But then the things that what I would do as for student services, everything from the monthly activities, such as roundtable discussions and monthly lectures, online lectures and reading resources, and competition teams and extra training environment and private lessons included, those are all the extras that just make a much stronger training environment.

It's like a college scenario. You have your college class, but then if you also have a media center and tutoring facilities and all those things, those are all things that really augment and compliment what you're doing in your basic classes so thinking on those terms.

And then also just everything from cleanliness to friendliness, we always just use the term cleanliness and friendliness, and in our staff meetings week after week we're looking at where we're dropping the ball? How can we wow the student more? Are we just paying attention to the students and neglecting their families and so forth?

So we're always trying to think in terms of people come in with varied stressed lives. We're sorta like their little oasis. What else can we do making sure the green tea is always ready and hot for the parents to enjoy? Making sure free wife is always working.

So its anything and everything we can think of for the entire experience that people feel we're looking out for them and we want them to be happy there.

Steven Oliver: Let's not skip over that. If you're gonna go through 10 or 20 things that you focus on every week to make sure people have a dramatically positive experience in your school, what are some of those things?

It probably would surprise a lot of people listening just how deeply you go into to focusing on that.

Eric Sbarge: Well, just off top of my head, one part-time staff member, she's responsible from the parking lot to the front counter — everything has to be immaculate, clean, all landscaping in perfect shape.

So she spends a few minutes every day on that; everything, windows and doors, glass being cleaned daily, everything being vacuumed, with quarterly clean-up days where we do all that.

So from just a visual perspective, we have a nice facility just like if you're going to a nice hotel, but if it's not maintained well, that's a real turnoff, so we're always looking at that.

Then our fun counterperson is supposed to learn every student and parent's name and greet them by name. Always be conversing. We tend to naturally have the people we'd be friends with outside of the school.

But we try to make sure that those people who might not be our personal friend, are we treating them in as friendly and personable in nature as anybody else so that everybody feels they're part of the family. We make sure when people miss class they get emails and phone calls.

When a new student joins, we send them welcoming gifts, books on Tai Chi and resources and things like that. It's a long list. I can't think of everything now but small details collectively can make a big impact.

Steven Oliver: Absolutely, and for those who have a fairly big staff — and to some extent we all have a big staff, even as a single school operator — because your higher level students and those who are volunteers support all fit into that category.

It's so important to be modeling that level of sincerity, and Eric, you're not only a little reserved, but perhaps a little modest. What I see is that you and your staff model such a sincere interest in each individual you come in contact with.

And are far from trying to put yourself up on a pedestal, but are very focused on really having each person that comes within your environment to feel like they're part of the family.

It's something that, again, in our industry, a lot of martial artists are competitors, and perhaps has a little bit of ego. If we can re-shift that focus onto the individual student and maintain our perspective of ourselves as educators, not as somebody to be emulated or revered, is such a dramatic difference. Wouldn't you agree?

Eric Sbarge: Yeah. I think absolutely you're right. I have sort of a mixed upbringing in that. I was both competing heavily in my younger years, but I also from day one had an interest in education through teaching public school and working McGraw Hill and other corporations in education departments.

It was really engrained to me that people have different learning styles and people, the objective is to make sure every single student is making progress relative to his or her capacity.

I think too often as instructors, if we're not careful, we can focus on ourself and lose the focus on student, but really, like a good coach, think it was Bill Parcel said, the only person who should be getting fat around here is me.

As a coach it's okay to not be the best competitor to a certain degree, but it's not okay to not have your student reach his or her potential. I believe, like you said, if we model, we should be in great shape and we should be able to do the arts better than any of our students.

But if we get too caught up in thinking those terms then it becomes about ourselves again instead of about the student.

Steven Oliver: Yeah, and ultimately it should be our goal is to have every student with the underlying capacity to be better than we ever were. The great teachers I've experienced, whether it be Jhoon Rhee or Jeff Smith or a series of others, that was really always their focus.

Was not to feel they were the best that had ever lived or what not, and in both cases they were at the very pinnacle, but their mission was to have every student if they had the capacity to be better than they were in whatever area that student was capable of.

Of course, we know a lot of our students, them achieving at a high level of athleticism isn't necessarily their mission but to let them achieve their fullest potential on every way is the benchmark here.

Eric Sbarge: Totally.

Steven Oliver: On the marketing and sales side, we haven't talked much about that now, so obviously you have a very strong program, and you're bringing in 15 to 20 new students a month and are put in a regular basis.

One of the things we're working on is trying to pump that up a little bit, but what has been effective for you in teaching the adult market, especially for the Tai Chi program.

What are some things you've tried that perhaps used to work that aren't working now, and some things that you've tried that are working pretty consistently?

Eric Sbarge: Well, before the great recession hit in 2008, our main sources were local media, citywide newspaper, some of the alternative entertainment free pickup newspapers. We did a lot of advertising in those and they did very well.

After the recession we still do those things, but we get about 30% to 40% response compared to what we used to, so we've had to focus much more heavily on the internet, so Google pay-per-click and the Internet is now our number one source of new students.

Number two is people just driving by, we do have an attractive building on a main highway so we do get a lot of just drive-by traffic. Number three now is referrals or word of mouth.

So even though we continue to spend several thousand dollars a month on advertising, those aspects are secondary now to the word of mouth, website and drive-by.

Steven Oliver: So let's start at the number three. What are some things that you do with the adults to facilitate referrals? To make it easier for them to bring their friends and family and to make them more comfortable with it?

Eric Sbarge: We've had for several years a formal referral program where you refer three people, you get \$1,000 credit and so forth, and quite frankly we've never had great results with it.

And interestingly, I've forgotten the name of the book, but you sent me a book a month or two back on word of mouth referrals. Do you remember the title by chance?

Steven Oliver: I should. I've got about five copies still sitting around, but that's a very good book.

Eric Sbarge: I just read through it quickly and one point that was brought up in it is you can't buy referrals, and that really struck me and it made me realize any time we've tried formal referral things with gift cards or monetary rewards and so forth it's never done as well as just when people are happy with the program. They just wanna go tell their friends.

So we're moving back to just letting it be more organic. Just keep teaching great classes and giving great service and let it just spontaneously happen.

Other people might have more formal things to do work better, but ours have never worked as well as just trying to offer the best program possible and just allow the natural referrals to come.

Steven Oliver: Yeah, well let's not skip over that too quickly. From the standpoint number one of you can't buy referrals, I think that's a very important point.

Because what you hear almost universally is people talking about you get a certain number of karate pucks, every friend you bring in for an intro, you get \$100 karate pucks or we're gonna have a draw in for recruit is we're gonna give away a roller board or something.

And I think it's okay to spend a lot of money on people who are giving you referrals, but it's gotta be surprise gift, not something that they're bringing their friend is so they can get.

I heard it described very well one time that it's much easier — I forget who it was. It may have been Jay Abraham or Dan Kennedy, but they said it's much easier to get the person who has referred one person to refer one two, three, four or five, than to get the person who hasn't referred anybody to refer the first person.

Its sorta comes back to the 80-20 rule where a small portion of your students are both rigorous or have a big range of influence or just so engaged and excited about what you do that they're trying to drag all their friends down.

If Suz,y who's 47 years old, training in your Tai Chi class, brings a couple of your friends that enrolls, a big flower basket or a dinner certificate as a surprise mail to her home, preferably by FedEx, is a lot more effective than saying to her upfront how would you like to get n extra \$1,000 or how would you like to get your tuition free for life?

I remember you going back to — that must have been 1978. I was training at a Tae Kwon Do — not in the center. He was always having gifts for referrals and I figured at one time I was probably giving more referrals than anybody else in the facility, just a huge number.

And it was always went he wasn't doing any kind of contest because it kinda annoyed me with the idea that I was going to bring a friend down to something I thought was useful for him in order to have the reward for me. I think most people ultimately have that sense.

I'm a Direct TV subscriber and they all have these different ads for you get a \$500 thing or \$100 thing to bring in your friends, so we all ultimately bring our friends only to things that we think are a good deal for them. So it says a very good point.

There's not perhaps a lot that people can do from the standpoint of mimicking the facility that you have, although, have you done any interesting things, balloon on the road for signage and offers or anything.

Obviously, you have a beautiful facility to begin with and it's dramatic if you drive by, but if you've done anything extra to facilitate that or its just dramatic that people come in.

Eric Sbarge: The only thing we do is when we have events going on, we just got a Tai Chi festival. We do that every year. We do a Chinese New Year festival. We do put out banners and flyers and things by the road.

Who knows things are going on? And seasonally we'll put out a sign that says back to school special — those kinds of things. We're always trying to think of that sorta just banner signs, nothing special.

Steven Oliver: Yeah. Let's go back to lesson number one now, the Internet. And that book is called *Word of Mouth Marketing, How Smart Companies Get People Talking*, by Andy Sernovitz with Guy Kawasaki, who was the Chief of Evangelism for the original Mac development team, and Seth Godin, who's well-known, who came out of Yahoo. But *Word of Mouth Marketing*, by Andy Sernovitz. Its very good. That's one I sent you.

The other one is also word of mouth marketing by Jerry Wilson is a good book. It's a very good way to think about it but I think that first starting point is you can't — in very rare cases you can't find somebody to bring their friends.

Eric Sbarge: Maybe if you have a program of lesser quality you might superficially to a certain degree bribe people to do things, but it's not gonna last and you can't sustain that, I don't think.

Steven Oliver: Yeah, on the other hand, is showing appreciation helps to reinforce the behavior...

Eric Sbarge: Absolutely.

Steven Oliver: And show appreciation — I think the better off you are. The other thing with several schools that I know — Steve LaVallee was one of the masters of this — is having events and activities that people feel comfortable bring their friends to.

Your students are never gonna be good at selling martial arts. Frankly, most of our staff aren't particularly good at selling martial arts, but they are gonna be if there's an event, an activity that they feel comfortable inviting their friends to do it, it's making an easy transition for them to bring their friends down.

Let's go back to Internet. That is the number one source, and from the standpoint of — by the way your website is thepeacefuldragon.com?

Eric Sbarge: Thepeacefuldragon.com

Steven Oliver: From a standpoint of online traffic, is Google pay per click number one or what's driving most of your traffic online?

Eric Sbarge: As you know, it's tough to get people to really say; sometimes they're not even clear on their own mind whether they saw it organically or it was a Google ad some — people can't even distinguish the difference.

So when you ask to do tracking, I certainly ask the students how they learned about us, but using Google analytics the best we can, we think we're getting a little more traffic from the organic...

As the guy who works on search engine optimization trying to keep us at the top of the page, we get a little more hits from that than from the pay-per-click ads, but we're getting them from both, so we keep the pay-per-click ads. I think we budget maybe around \$600 a month to pay-per-click.

Steven Oliver: And the nice thing about pay per click — again there's a whole science in buying keywords — and probably the two quick things we can both tell people is number one, is to buy a lot of keywords, not one or two.

And number two is to really be careful about it is the exclusionary keywords, so when the next UFC is on, you're not getting a 500 or 1,000 clicks on people who want the stats or the fighters or something like that.

But you can set aside a fairly small amount of money and you're only paying for results, not for placement, and compared to paying \$1,000 for a newspaper ad, put in a copy end of \$500 to \$800 a month on per-pay-click, you're guaranteed you're gonna get traffic.

The other thing you said is it's hard to tell, which is a reasonable thing to say, but between the organic listings and pay-per-click, the other thing we know is if you're on the top of the organic listings, then you're number one in pay-per-click. The organic does better because people default to the search results, not to what they know now as paid advertising.

However, it's a shame to come up at the top of the organic listings unless somebody else gets the top pay-per-click, given how cheap it is to be on the top of pay-per-click as well for most of it.

Eric Sbarge: Yeah, that was one thing I'd like to add that I think is important. I think you know me well enough now over the years. I'm about as none technical a person as you can find because I just don't have an interest in it.

So I try to make sure that I just learn enough to know what needs to be done, but I would never waste any time trying to go do it for somebody like Toby or yourself who has the skills to do it.

I know I could figure it out, but there are so many other things I could do better, so I think it's a good investment. Don't get scared by the fact you might not be technically astute, but spend a little bit of money rather than put another ad in the paper.

Put that \$500 to pay somebody to boost your search engine optimization or set up your Google accounts, and there's so many people now who do it really well and they're not that expensive that it's a no-brainer that you need to do it, but you don't need to do it yourself.

Steven Oliver: That's true. It is one of those things by the way — and we're doing a series of webinars and so forth for everybody so we don't need to get into it too deeply.

But it's one of those things that you can outsource internationally as well now, as there are so many resources that we have affirmed in the Philippines and in India I believe that does it.

I guess I would correct one thing. I'm always the guy who like we're doing a video production. I went and took a week and a half of classes from Sony and the gentleman teaching the class looked at me kinda funny and said why you are here? You're never actually gonna do any of this?

I said before I hire somebody to do it, I wanna understand what's good, what's bad, what can be done. So I'm always the systems guy. I don't have the patience for actually touching the keys and going in and doing the coating.

But I will go and learn how it all works first so that when I hand it off to somebody, I know whether they're doing a good job or a bad job or they tell me something that can't be done whether they're right or wrong.

But I'm not particularly — I'm capable, but not patient. I don't have a coder or programmer on it. You're exactly right. One of the things I have seen is some schools, now they get really enamored of the online world.

They spend a ton of time blogging, creating new websites, creating YouTube videos, and you do have to keep it in perspective, and in your case, you're driving number one traffic from Internet probably paying \$500 a month for search engine optimizations or pay-per-click.

Know enough to know what to handoff to somebody but probably are engaged to maybe an hour a month of your own time on this. Is that fair?

Eric Sbarg: Yeah, on my background I'm a decent copywriter, so I write all the copy and turn it over to the technical guys for everything.

Steven Oliver: Yeah. So maybe worst case now when we're [Inaudible]. I've seen a lot of people get so enamored of this that they'll do \$8 or \$10 pay per just because its fun. It's not benefiting your outcomes very well.

Eric Sbarg: One thing you've often said, even with your martial arts, if kickboxing or rolling around is you hobby, go do it all you want, but don't mix it up with managing the school.

If technical computer stuff is your hobby, go for it, but it's not the most efficient way to manage your school if somebody else can do it.

Steven Oliver: Yeah and don't think the time that you're spending there is legitimate business time that you should be doing in the school if you can hire somebody for half or a quarter of what you should be making out.

Hey, we're gonna run out of time here pretty quickly, Eric, but you've been involved with Inner Circle for quite a while and we have a lot of the members that have been hearing about Inner Circle and Peak Performers.

For some reason or another they have some questions or hesitations. What would you tell them about the experience, what it's all about, what other people are like just too kinda clarify their thinking on that? What's your experience and what might they wanna think about that with that?

Eric Sbarg: Clearly for us, it's been useful. I've learned a lot from both you and Toby, and your staff at NAPMA, but I also learned a lot from the other school owners, who as we said, it makes no difference what style you're doing taekwondo, Brazilian jujitsu.

The style is incidental, but the systems for good customer service, good sales and marketing, curriculum development, making sure your students are within the context of your traditions, fulfilling their potential, we certainly...there's 20 people or 10 people in the room all doing the same thing where we got a much more vibrant and robust weight of ideas to work from so I really found that to be valuable.

And also just on a day-to-day basis, sometimes the little things, when we're on our own vacuum at our own school we don't know. What do you when a parent's unhappy and they want a refund?

These kind of questions we can think off the top of our head, but it's nice to know what other quality schools are doing. What's working there and how do you still maintain good relationships?

So it's nice to have a lot of people to discuss even some of the more details that are seemingly mundane things as well as the big picture things like your marketing and curriculum.

I've found it to be really useful and valuable, and the biggest thing I could say, what I've observed over the — I think it's three years now that I've been in the Inner Circle and I've been with NAPMA now since we opened our school.

The only people who don't get anything out of it are people who want magic tools but don't wanna go work hard to implement, but if you're motivated to work hard for your students and for your school, if you're actually willing to go do what you learn how to do, you can't go wrong.

If you think it's gonna be just your good ideas and that changes things, then it's not gonna work. But if you get the ideas and go implement then it's really effective.

Steven Oliver: You bet. One of the things you said that I might reemphasize is I think the synergy among people who are — I mean we had everything from predominantly adult men doing Muai Thai to predominantly fitness oriented environments with cardio, hardcore MMA.

And in your case, emphasis on adults doing Tai Chi to Jonathan Metcalf and a lot of others who are doing character development for kids and families or transported afterschool care...

I always feel the synergy between those various backgrounds and different approaches is really a key as opposed to some people say he's teaching adult Tai Chi, I'm teaching kids, what am I gonna learn?

I don't think there's been anything in the conversation that is not just as valuable in what we've had no matter which audience you're teaching.

Eric Sbarge: Yeah, I would agree. When you mentioned Dan Kennedy, I think one of the reasons so many people are successful with him is not only is it within different styles of martial arts but he emphasizes different industries. He's not alone in that but a chiropractor, a beauty salon...

If we think as martial artists we can't learn from them, we're very mistaken, because there's always things in other industries that we're overlooking that if we can implement – I think ideas are all over the place and the more varied, the more ideas we can end up with.

Steven Oliver: Sure. Again the nice thing with what we're doing with Peak Performers, Inner Circle is then having somebody as a mentor or coach who can help focus that into – I think I like to think of it this way.

You're perhaps the best person I've ever seen at having a 37 point to-do list and actually getting all of them done, where I've seen most people in the real world is having three or four things on a to-do list at any one time and focusing on the things they need somebody then as a coach to help them narrow in on.

And to focus on the thing that's gonna have the best impact on their students or the best income of direct impacts on their bottom line and not to get bogged down and distracted from other things.

Eric Sbarge: It's no different. We all grew up doing martial arts to learn your techniques, but if you don't go practice them and implement them, they're never yours, so you have to put the time in.

Steven Oliver: Exactly. Hey, we've got a little bit over our time allotment here. We've really got some great value from you. We really appreciate it. Any last couple words of wisdom for everybody to really start making a dramatic improvement in their schools?

Eric Sbarge: I just wanna thank you and ways contributed to the industry. Keep doing what you're doing. I think if people are open-minded to realize you don't have to have profit as your priority motive, but if you can bring good business and customer service systems into your school, your students are gonna be better off for it and then you'll be better off for it. It's all good stuff.

Steven Oliver: Absolutely. It all comes back to Zig Ziglar's famous quote. You can have everything in life you want if you help enough other people get what they want.

You've gotta have a fabulous quality of customer student service and you've gotta have enough of them to have that kind of critical mass in the school, and ultimately profits follow. They don't lead. That's exactly right.

