

# How to Pay Your Fitness Instructors



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Managing your staff is one of the most demanding and rewarding aspects of running a fitness business. From recruiting great instructors to training them in new techniques and people skills, finding the right mix of employees is essential to the success of your studio. There's one aspect of people management that's more important than all the others: payment. A well thought-out payroll can be your greatest resource to find, keep and nurture talent that fits your studio.

# 1

## Considerations

Have a well-rounded view of your business before you make salary decisions

**There's no one-size-fits-all payment structure for your instructors.** In fact, choosing how, when and how much to pay comes from a complicated mix of factors, like your studio size and location. It's best to approach payment with a fine-tuned understanding of how your studio works because there are many contributing factors to keep in mind.

## Operational Costs

Think of this as your studio's overhead. These figures help you determine the "cost to serve," or how much it costs to deliver a product to your customer. Before you have payroll estimates on the books, it's helpful to understand how much your studio overhead contributes to class cost – which informs how much you can pay instructors.

If you're in startup mode, you'll need seed money to cover the cost of opening your doors. At this stage it can seem daunting to think about the added costs of hired work, but don't forget that talent will attract and keep customers at your studio.

Whether you're just starting out, or reviewing your business practices to date, these are the core overhead costs you need to consider:

- Mortgage or lease
- Insurance
- Utilities
- Equipment leases/maintenance
- Marketing fees
- Wages and payroll

Depending on the employment type and payment structure you pursue, you'll have to account for factors like overtime, employment taxes or training.

You should also think about how other factors of your operation contribute to the scope of your employee wages.

**Fitness genre** – Are you a general purpose studio, or a boutique fitness studio that requires extra training and awareness from instructors? Different genres have different payment benchmarks.

**Class size** – Do you typically run large classes or small, individual attention-style classes? Think about how class size places demands on your instructor and what type of teaching style you expect from them.

**Location** – How do your local competitors compensate? How does location contribute to your cost to serve, and therefore your employee pay? Several components of your location, from your studio lease to the competitive landscape, will contribute to payment.

**Don't forget that talent will attract and keep customers at your studio**

# 2

## Employment Type

The leading pros and cons of each employment type, so you can explore which best fits your needs

**Deciding on an employment type seems easy – just contract a few great instructors and be done with it, right?**

Turns out this part of the process is one of the hardest, and one of the most rule-laden components of hiring. Not only are there many rules governing the difference between independent contractors and salaried employees, but as more and more workers opt for the freelance lifestyle, more scrutiny will apply to these working relationships. That said, the rules vary by state, and the federal qualifications can change minutely every tax season. Pay attention to these rules and stay on top of ongoing conversations in the news.

The main distinction between the two is autonomy. When you hire a salaried employee, you have more control over when and how they work, and how much they make. Independent contractors work for themselves, and while you can negotiate a binding contract, you can't apply the same level of management over them.

These are some of the leading pros and cons of each employment type, so you can explore which best fits your needs.

## Employees: Pros

### Exclusivity

In exchange for an agreed upon salary, employees offer you more control. You will decide when they work, how they work and how much they make. It's also common to draft up a non-compete, meaning your employee can't work for a competitor.

Salaried employees work for you, and just you. By drafting up a non-compete, you can guarantee that your employee is a permanent fixture at your studio. When it comes to great talent – beloved instructors with expertise and student loyalty – this is essential. If you have instructors you simply can't fathom losing, employment is a great exclusivity tool. A salaried position is rare in the industry, so it can be a way to provide welcomed stability to a sometimes unpredictable profession.

### Expertise

Many fitness genres require a level of expertise that you can't guarantee with contractors. Not only does employment offer you the chance to train and develop instructors' fitness skills and teaching style, but it also offers you more protection from liability. For genres particularly

prone to injury, like yoga, or genres requiring advanced equipment, like reformer Pilates, it's best to work with instructors who you trust and whose certifications you can manage in order to protect your students and your business.

Even better, your employed instructors don't have to hold down a single role at your studio. You can create a role that's a combination of teaching and training up new talent (like Director of Training) to ensure that you are extracting value from the employee while providing growth opportunities at the same time.

**It's best to work with instructors who you trust**

## Employees: Cons

### Cost

With more control comes more financial responsibility. The total cost of employment can put strain on your cash flow, especially when you're starting out. Salary isn't the only price tag to consider; you will also be required to withhold taxes, as well as match employee social security and Medicare tax, pay unemployment tax and report all paid wages to the IRS. Don't forget benefits, either.

The scale of the package is up to you, but it often includes health coverage and built-in paid time off.

### Time and Energy

As a rule, salaried employees need more training and nurturing to get the most bang for your buck. While independent contractors are largely responsible for their own growth and development, you'll have to manage employees constantly. Employees don't just want a paycheck – they want skill development as well as insight into their career growth. You might pay for extra training and licenses,

or conduct more check-in meetings and private mentorship. This can mean a big commitment of your time and energy.

## Independent Contractors: Pros

### Cost Effectiveness

Independent contractors come without a tax burden. They're responsible for their own taxes, so what you pay them is up front and easy to track. It might seem like you're paying inflated wages at first, but when you consider you're not subsidizing social security and other taxes, as well as benefits, it evens out.

### Flexibility

With a wide roster of independent contractors, you get the benefit of interchangeability. They can work mornings or nights, take on early classes, sub in when someone is out sick and so on. It's reassuring to have this talent pool to fall back on, and it can help you fill up a class schedule (with some padding). For generalized classes and beginner-level fitness, independent contractors can be a sure way to run smoothly and without gaps.





# Ultimately, several factors go into choosing an employment type

## **Independent Contractors: Cons**

### **Lack of Control**

By law, you can't tell a freelancer when to work. This gets a bit murky when it comes to scheduling, but for the most part you can't tell an independent contractor that they have to take on a class. They can offer to work according to their own wants and needs, so you can't always guarantee that your independent contractor will be available to teach beginner boxing at 6 a.m., or that they won't take a two-month hiatus to study yoga in India.

On top of that, you also can't control how they teach. While they'll have to adhere to the standards of your workplace, it's more difficult to shape their teaching style and skill level. This is especially important for niche fitness genres where liability is a problem. It's always unfortunate to have an injury, but it's worst-case-scenario if that injury happens under an instructor you didn't train yourself.

### **Revolving Door**

Lasting working relationships with contractors aren't out of the question, but the nature of this lifestyle is that they don't stick around

forever. With other opportunities to pounce on and changing schedules, your studio can start to look like a revolving door of instructors. That's not great for your students' experience or for your brand.

Independent freelancers might also be working for your competitors. Non-competes are an option, but independent contractors can't be compelled to sign those. If your students really love an instructor, they might be leading students to another studio on their off-days with you.

Ultimately, several factors go into choosing an employment type. While budget might be your main concern, you should also think about your fitness genre, class schedule and your long-term operational needs. This will help you figure out what kind of instructor types you need, and whether you can build a mixed roster of employees and independent contractors, or go with a single employment type.

[Read more about the pros and cons of each type of worker](#) to help you decide which one is right for your business.

# 3

## Payment Structures

Fair, transparent and effective compensation is crucial

# Fair, transparent and effective compensation is crucial to finding and retaining great instructors

## **Compensation is usually the first thing on the table when you're negotiating with new hires.**

Fair, transparent and effective compensation is crucial to finding and retaining great instructors. While staff morale can be built around the studio environment and great working relationships, nothing will motivate your instructors like a good paycheck. You have several options for payment structures, and some produce more desirable results than others.

### **Pay-Per-Head**

Like it sounds, a pay-per-head model rewards instructors for the number of students that sign up for a class. The goal is to incentivize class attendance by encouraging instructors to recruit more clients to your studio. Self-promotion is popular today, as social media is a crucial part of every brand's marketing strategy and instructors can take to their own profile to promote their classes.

While pay-per-head can be used as a motivation to fill classes, it can also limit your ability to maximize revenue during a time when clients are more likely to discover new classes via third party platforms and fitness

marketplace apps. Employees can also push back on this model, as it makes it difficult for instructors who teach off-peak or less popular class times to earn a fair paycheck – especially if your studio utilizes dynamic pricing for bookings. If your instructors are focused on having the most attended classes, class quality and coworker relationships could suffer.

This method is also the least predictable, as fitness genre and class caps can impact instructor payment as well. Generally speaking, more expensive, equipment-based classes (like reformer Pilates) are lower capacity. In fairness, this requires a higher rate per head than a 60-student yoga room. Certain fitness genres also require more training and a higher level of awareness from the instructor due to the injury potential, which must also be factored into the per-head cost. With these compounding factors, it can be difficult to gauge appropriate pay-per-head pricing, leaving your instructors frustrated and your payroll harder to manage.

### **Flat-Rate**

Flat-rate models are the leading way to pay instructors, as they help you predict payroll and provide your instructors with consistent

and steady payment, which can be a great motivating factor in itself. If you're pursuing flat-rate pay, you have two options: hourly rate or class rate (see chapter 4).

These two flat-rate models provide dependable pay for your instructors and a uniform approach to payroll that can help you plan monthly budgets. Of course there are downsides – you'll have to pay out instructors even for under-attended classes. That said, there are opportunities to get creative with incentivizing instructors. For example, try holding internal contests for instructors, such as whoever holds the highest-attended class wins a prize or opportunity. This approach may mean more marketing spend on your part, instead of relying more heavily on your instructors to spread the word. With this model it's best to take an active role in your class schedule so that you can eliminate or add classes based on attendance.

## Combination

Combining flat rate pay with a per-head bonus is a great way to ensure consistent paychecks while also incentivizing instructors to add new students. If you're exploring a per-head structure, keep in mind that most businesses see more success with a combination. This will keep instructors happy and able to focus on teaching, as they're not competing internally; it will also encourage them to continue promoting your studio through their own channels.

[This blog post](#) offers a more in-depth look at payment rates.

# Three Ways to Pay



pay-per-head



flat-rate



combination



# Cadence and Method

A pay schedule includes two elements

**Now that you know how you can structure your pay, you'll need to decide how often you will pay out your instructors and how they will receive that money.**

## **Hourly Rate vs. Class Rate**

If you're paying on a flat-rate model, you can choose hourly or class rates. If you don't have salaried employees, hourly rate is the traditional method of payment, while class rates are typically used to pay independent contractors. If you go with hourly pay, know that you will need your instructors to use a time-tracking app or a clocking system – these are often built into payroll platforms, if you choose to use one.

## **Payroll Frequency**

Regardless of the payment model you use, you'll have to decide how often your instructors get paid. A pay schedule includes two elements: the pay period and the pay date. Pay period refers to the recurring amount of time over which all of your employees' work is documented. Pay date is, simply, when your

employees get paid. This time frame begins to matter when you have hourly employees or contractors to pay, as it can take some time after the end of the pay period to add up their wages and prepare paychecks.

It's likely you'll be paying all of your employees, freelance or hired, on the same schedule. These are the most common options:

**Weekly** – This is the preferred option for most hourly employees, but it can be labor-intensive to execute, especially if you don't have help.

**Biweekly** – This is the most common payment plan for US employees, but it can be tricky for your payroll department (or just you!) to manage – 26 paychecks don't split evenly across the months, meaning some months might be harder to shoulder financially than others.

**Monthly** – This cadence is the easiest for you, but the hardest for your employees. Many hourly or contract employees who are living paycheck to paycheck simply can't sustain this payment schedule.

**Don't rule out help from a third party or a payroll app**

A pay schedule is a balance between your own time and resources and the needs of your employees. There are also state laws governing payroll frequency, which you should always abide by specifically. Don't rule out help from a third party or a payroll app. It will cost more upfront but save you time and energy in the long run.

## Payment Method

The two basic options for payment methods are direct deposit or paper checks. As you make your decision, consider the administrative time you have available and the budget left over to execute either.

### Direct Deposit

This is the overwhelmingly popular decision these days. If employees choose to share their bank info, you can deposit their paychecks directly into their bank account. This requires less work and it's safer than keeping track of paper checks. However, there can be fees attached to the varying banks you'll have to work with, and you'll have to complete your payroll accounting on a strict schedule in order to have deposits available on pay day.

In the end this might be your preferred option for paying instructors, but you can only make it mandatory for your employees in certain states.

### Paper Checks

This method has more upfront cost and takes more time on your part. You need the supplies to write, seal and sometimes mail checks; unless you have the time to write them yourself, you also need to pay to have them printed. If you have just a few employees, this may be less complex than filing deposits into several accounts, but for a larger staff it can be difficult to manage so much physical paperwork.

Another factor to consider, in addition to method and cadence, is whether instructors require significant time to prep classes — from developing programming to nailing down playlists, explore how this additional work should be compensated.



Think carefully about instructor payment, as your instructors are the backbone of your business and the face of your brand. The right approach to employment and payment will help you recruit and retain an impressive roster of instructors. There is no one template or method that will apply across all studios – or even across studios of the same genre or class size. You have to find what works for you and your employees in order to build a brand that delivers on your business goals.

Lastly, always make sure you're up to speed on local or statewide working regulations and confirm your contracts and payment structures are compliant.





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