

# RENTING PIANOS

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Taylor and Julie Mackinnon's original goal was to own and rent out 300 pianos. You can create an income from piano rentals, like maybe \$4000/month. This would be a good retirement income. There are two parts to a business. One is the actual work; the other is the business of being in business. More than half of businesses fail within the first three years because of lack of business knowledge.

There are a few **basic elements** to consider

- Select a business name (choose a company name)
- A place to operate (location of business)
- Long-term (consider terms of contract)
- Advertising scheme/strategy
- Survey the competition and the community
- Create a record and bookkeeping system
- Working with a partner can be either an advantage or a disadvantage
- Develop an exit strategy
- Develop a business philosophy: why and how are you going to do this?

One the piano rental side, here are some things to **consider**.

- Inventory: Are you going to rent beaters or new pianos? Grands/uprights/studios/consolos/spinets?
- Moving: Are you going to move them yourself or hire help?
- Customers: How are you going to advertise
- Maintenance: Are you going to maintain them
- Storage: where are you going to keep them when they come back?
- Capital: where are you going to get money to buy new pianos?
- Market: long-term or special occasion?

**Why** rent pianos?

- Make some extra money
- Make employment for a family member
- Fits with the piano business
- Contribute to society, fills a need in the community
- Helps prepare the piano for future sale

**Moving** pianos:

Don't ruin yourself. Find someone to do the moving for you.

Have you set **goals** for your business?

Survey your community. What do you need to find out. Are there other people doing the same thing? Can you do it better or differently from what they are doing? Know what they do. Is their primary reason for getting sales? Find your niche where they are not. Make friends with your competition and exchange referrals. Are there people who can use your services who are not having their needs met? When surveying the community, be realistic in your expectations from the community.

How do you acquire pianos?

- Put the word out that you take free pianos sight-unseen.
- Have an Alaskan PO, contact the small Korean dealers & have them shipped to Seattle
- Do trades for pianos.
- The piano industry is more in China than the US
- Newspaper: classifieds, nickel ads, etc.

To calculate the payback on a piano investment, here are some examples. If you buy a piano for \$900 and you charge \$25/month, you will get your money back in three years. If you charge more, it comes back even sooner.

### **Tuning**

The contract includes one tuning a year as part of the service. Please call to arrange for it. Never devalue the tuning by calling it free. If you don't put a value on it, then they won't either. Whether or not they get it "free." When there is a value placed on the tuning, the appointments will not be missed. "If you miss the appointment for the tuning included in the service, we can reschedule but you will have to pay for the tuning. You will get a discounted price."

### **Record Keeping**

Taxes and profits are the two big reasons for keeping accurate records.

Anything rented out as of January 1 is subject to personal property tax in Oregon. Anything in storage is not. There is a choice with a Subchapter S Corp. It helps to make friends with a lawyer, a tax person, and a detective. If you don't have the guts to sue, don't get into this

Keep track of your pianos:

- Lot: put them all together and count them
- Paper: have some sort of paper system or record as a list
- Computer: create a database file
- Label both the piano and the bench with name & serial number

Keep track of your customers.

- Customer records: who is paying, where is the piano located, who is their employer, get a relative's phone number, find out the landlord's number, get the date of birth, social security number & driver's license. Your good faith is to give me this information, my good faith is to provide you with a piano.
- Monthly fee: first month, pro-rate half the month, then bill each month.
- Starting date and ending date
- Your set-up fee includes moving in and out, like \$50 each way, then another \$75 for extras like insurance
- Chart your rentals with colored pins on a map with concentric circles
- Keep track of the monthly payments. Send reminders? Charge late fees?

Customer interview

- Thank them for coming.
- Qualify them: rent/buy? how long?
- Help them define what they want.

### **Contracts**

Make sure that everything is clear in the contract at the beginning. Clarify everything. Be up front.

### Rental Application (Must be filled out completely)

#### *Renter*

Full name

Drivers License Number

Address, city, state, zip, phone

Major credit card

#### *Piano*

Brand, style, serial number, market value

#### *Terms*

Fees, monthly rental, prorated 1<sup>st</sup> month, delivery/pick-up, surcharge for steps

Lessor may from time to time enter any premises to examine the condition of the instrument.

List the existing condition of the piano at the time it was moved in.

*Piano Work Sheet*

What has been done & what needs to be done

### **Advertising**

The most difficult thing is to target your advertising so we reach people who use pianos.

Consultants, local libraries, internet, newspapers, etc. all can give advise on advertising. Here are some places to advertise. Certain papers charge less than others. There are

- parents magazines
- local music magazines
- the symphony program
- teachers programs
- put up banners art concerts in the park
- OMTA membership directory & annual meeting program
- county fairs & flee markets
- local chamber of commerce
- include advertising in your reminder notices
- word-of-mouth
- ad in local paper
- music schools and piano teachers
- referral discounts
- sign on your car
- sign on a piano that is rented in a restaurant or public space.

For every piano rented out, designate a portion of that rent towards advertising.

It takes about \$45/piano average to keep a business functioning well.

### **Collecting** back payments:

If they don't pay after two or three months, either pay, work out a payment of what you or, or pick up the piano. You might be out a couple month's rent, but then they do not get in over their heads with debt.

Keep two sets of files on customers in two separate places.

### **Getting rid of pianos**

- Sell the piano: What people want is something for nothing. Mark it up 100%, then pad it \$200 or \$300 for bargaining. Provide two warrantee tunings, one for a year later and set an appointment. This gives them a service and gives you free advertising.
- Have a clearance sale: list price (regular price) and sale price.
- Put it out in front.
- Catapult a piano. Charge to sledge hammer small enough to fit through a tire. Burn it.
- Dismantle the piano, salvage and sort all the parts.
- Donate to piano technician apprentices.
- Convert pieces into art work.