



# ***MAYHEM AFFILIATE***

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HOW TO COMPENSATE  
YOUR COACHES

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There are four main options for how to compensate your coaches, each with its own pros and cons. When determining which option is best for your business, consider both the needs of your business AND the needs of your team members. If your team is happy with how they are compensated, they'll be more likely to stick with you for a longer period of time, they'll work harder, and your business will be much better off.

Here is a breakdown of each type of compensation:

### **SALARY:**

Salaried compensation consists of an established, fixed amount of money usually paid on a bi-weekly or monthly schedule. Example: \$40,000/year. Average coach salaries differ greatly depending on location. If you want to go this route, research average coaching salaries in your area and sit down with your coaches to determine how much they need in order to hold this position and then come up with a number that can work for your business.

**Pros:** Typically this form of payment results in less stress and higher job fulfillment for coaches because they know how much they're making and can plan their life. This payment method also allows you, the gym owner, to accurately budget your payroll for the year. Additionally, because salaried coaching positions are harder to find, this "fancy option" may attract more great coaches to your team.

**Cons:** There's no incentive for a salaried coach to help you grow the business because their payment isn't tied to performance. This can hold your business back from reaching its full potential.

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### **HOURLY:**

Hourly compensation consists of an established, fixed amount paid per hour of work. In our industry, this is the most common type of compensation. The industry average for CrossFit coaches is between \$15 and \$30 an hour, but that amount varies greatly depending on location.

**Pros:** For gym owners, this type of compensation is easy to wrap your head around and afford. If you, the affiliate owner, need more time in your life, it's easy to set this in motion.

Example: "I'm feeling burned out from running around so much. I can pay a coach \$20/class five days a week and then I won't have to coach the 5:30 AM class on weekdays. This will only cost me \$100/week and will allow me more time to work on the business and the extra sleep will help me be a better coach/boss/spouse/parent."

**Cons:** This type of compensation is not tied to incentives to help grow the business, nor is it tied to performance. This can result in coaches giving less than 100% effort and can hold back your business potential. There is also a very strict ceiling for earning potential.

Example: 40 hours of coaching per week at \$15 per class with no days off is \$31,200 per year. That's far below the average salary (in the U.S.), so it's not a long-term solution for a lot of people.

If you go this route, consider having tiers of wages that coaches can work towards based on their performance and time with the company, along with increased responsibilities as they progress.

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### **COMMISSION/PERFORMANCE-BASED PAY:**

Commission/performance-based pay allows coaches to keep a certain percentage of the revenue generated by the services they provide. This system rewards coaches directly based on the work they do. Those receiving this type of pay could also have a base salary with the commission as an add-on.

Tying commission to the gym's gross revenue and ongoing client retention effectively protects the business from not being able to afford payroll while incentivizing coaches to be focused on client retention.

One example of how to tie commission to client retention is to assign a personal coach to each client at the gym, and each coach is responsible for their list of clients. Coaches can have phone or email check-ins with their clients, nutrition talks, goal-setting sessions, they can reach out if they haven't been to class in a while, and more. Their commission is then tied to the retention of their clients. Coaches could also receive commission for getting new clients to join the gym.

**Pros:** This setup directly incentivizes coaches to want to grow the business and improve retention. Also, it ends up paying for itself. Yes, payroll expenses will go up, but they only increase when the business generates additional revenue to cover it, and more. Therefore, the business ends up increasing its profits overall.

**Cons:** New coaches may be nervous about the unknown variability of this type of payment, especially if there's no base salary. It's probably best not to start new coaches here. An hourly or salary payment system is a better place to start. Another con is that it takes a lot of planning to lay out and determine the different tiers of compensation that provide a great incentive to motivate coaches while still allowing the company to increase profits.

It's also worth noting that you are now asking a coach to focus on two things: coaching and marketing. Although this setup can work quite well, some individuals may struggle to excel at both simultaneously, and one piece may be compromised. But this setup can definitely work well if you have the right people. Just a word of caution.

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### **BARTER:**

The final type of payment system is through barter, where you offer a free membership in exchange for a service. This setup allows for small contributions from individuals to help take some easier tasks off your plate. For example, you could get someone to work the front desk for a few hours a week or clean the bathrooms in exchange for a free membership.

**Pros:** This setup is easy to wrap your head around because it doesn't increase your payroll budget at all.

**Cons:** Because this type of payment isn't as official as a standard payment system, team members may provide very limited availability and may not give 100% commitment or dependability. In other words, they might not take the job as seriously as a standard job.

For this reason, the **barter system is not recommended for coaches** because you want full commitment and dependability from these crucial team members.

But, using the barter system to get some extra help with the easier tasks in your business can be a great way to limit expenses and free up some extra time for yourself.

**Note:** Check with your CPA on the legality of barter payments in your state/country. This type of compensation is prohibited in some areas.

To determine how to set up this type of compensation, do some research and find out what someone in that position makes in your area. Then, do the math to calculate the numbers. For example, let's say that in your area, cleaning pays an average of \$14/hour. If your unlimited membership costs \$150/month, that equals about 11 hours of cleaning per month. So, a team member could do a thorough gym cleaning every Sunday for 2 ½ hours in exchange for a free membership.

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In conclusion, the most effective CrossFit gyms empower their coaches to perform their roles to the best of their ability and strive to continually increase each coach's job fulfillment and potential compensation. No matter which type of compensation you chose, determine various roles for your coaches that mature over time with additional compensation. Furthermore, I recommend sitting down individually with each member of your staff and discussing where they currently see themselves within the company and how they would like to grow. By understanding each person's goals and desires, you can better provide the compensation and opportunities that will motivate them to work at their highest potential and allow your business to truly thrive.