

JOHN S. COMERESKI

Applicable for
ALL Types of Fitness
Centers, Including
Multipurpose
Clubs, Medical
Fitness Centers, and
Specialty Clubs

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**THE DOs & DON'Ts
FOR FITNESS CENTER
OPERATIONS**

The DOs & DON'Ts for Fitness Center Operations



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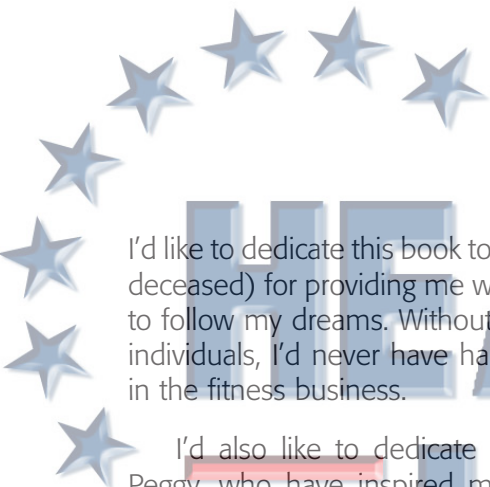
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I'd like to dedicate this book to my mother Josephine and father Lawrence (both deceased) for providing me with a great education and always encouraging me to follow my dreams. Without the upbringing I received from these two caring individuals, I'd never have had the wonderful experiences I've had in life and in the fitness business.

I'd also like to dedicate this book to my brother Larry and sister-in-law Peggy, who have inspired me in many parts of my life with their success-driven attitudes. Their support in writing this book was unparalleled, especially when they were there to motivate me when I questioned the constant efforts involved in completing this book. I'm forever grateful to them.

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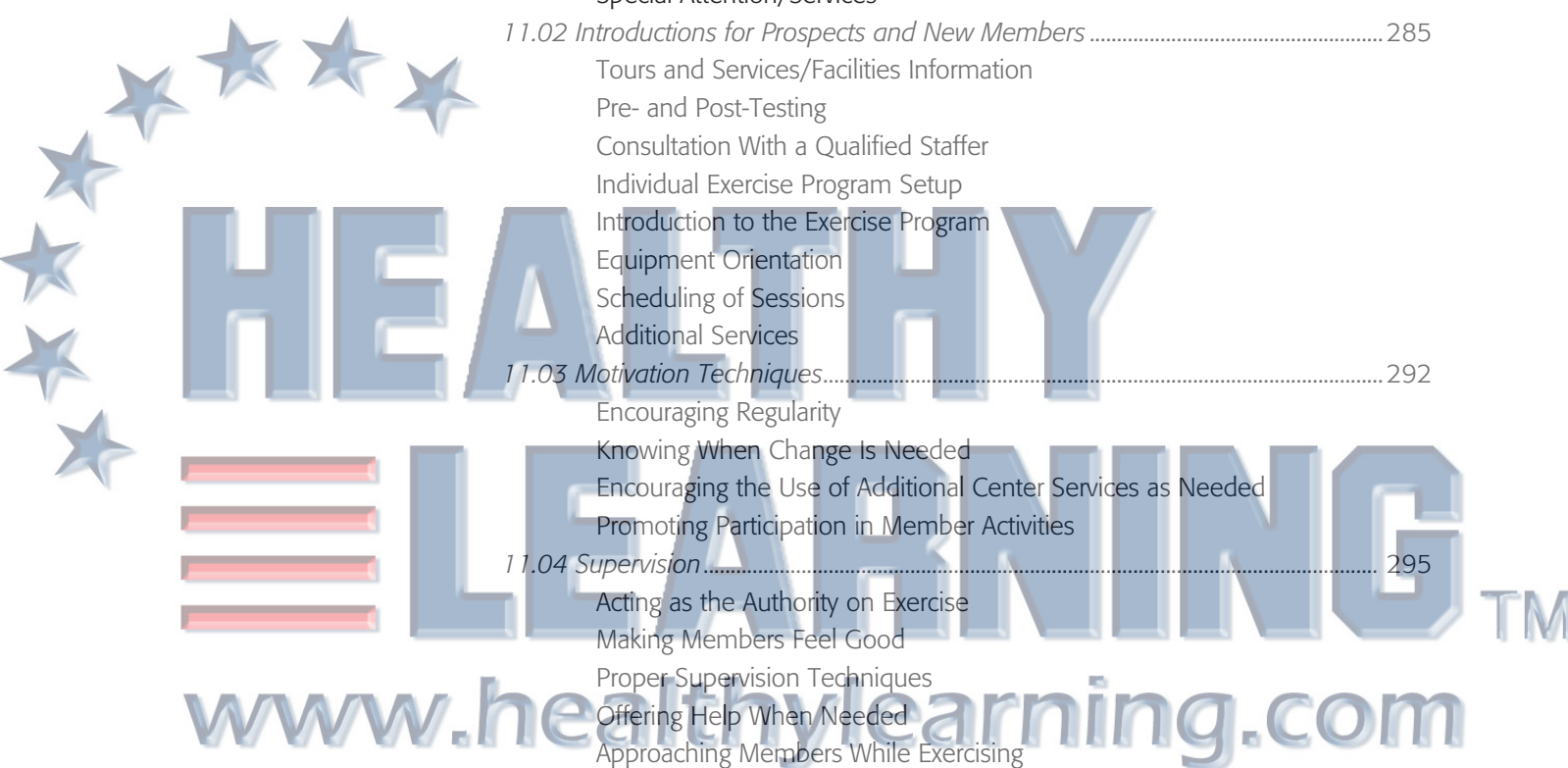
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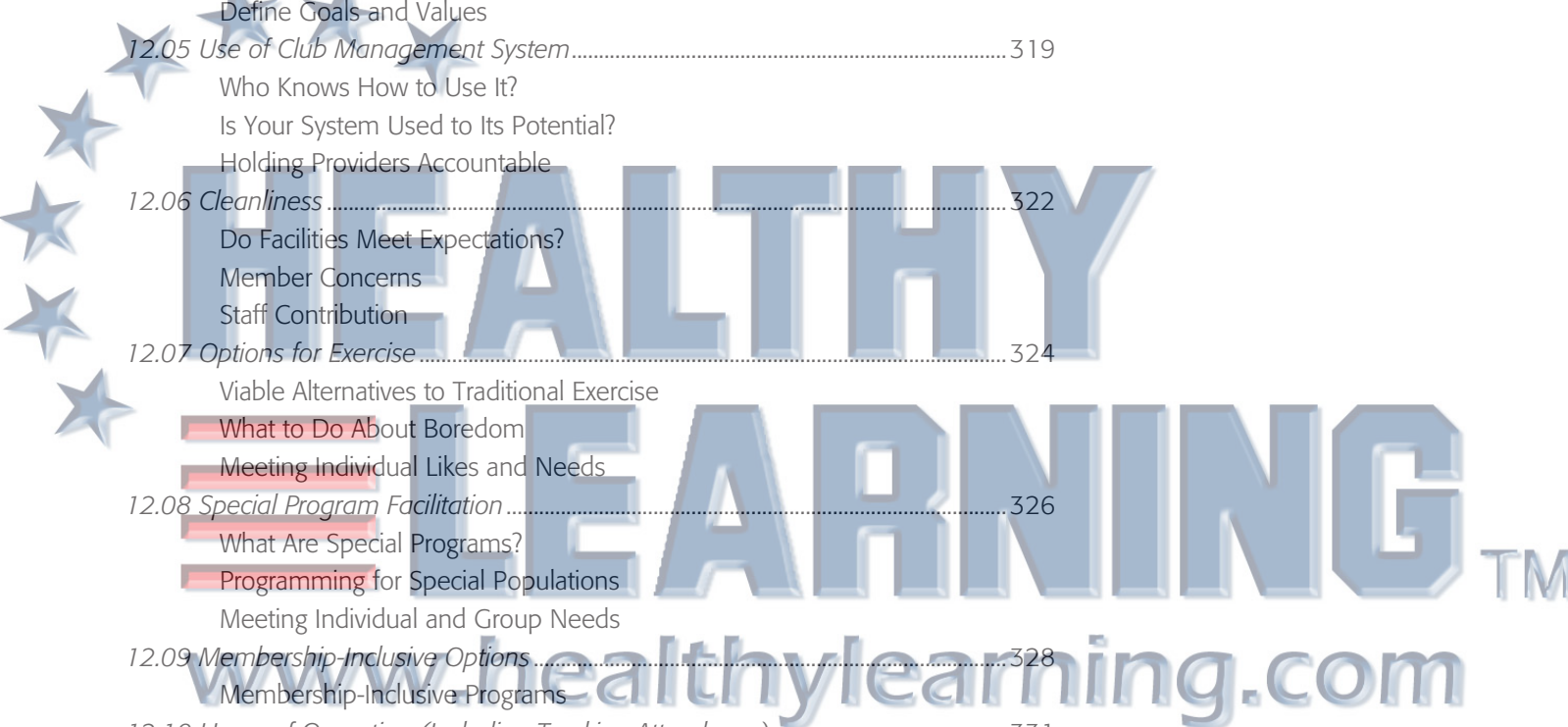
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I became interested in exercise when I played sports in high school and was weaker and smaller than most of my fellow athletes. Having been inspired by my father and brother, who were exceptional athletes, I always strived to be like them. My father played semipro baseball and is listed in the Baseball Hall of Fame. My brother was a standout in football, baseball, and wrestling.

I began my workout career in the dingy basement of our local YMCA. I learned from those who were bigger and stronger than me. I became so interested in it that I wanted to go to college for physical education. I thought this sounded fun, and the more I got into it, the more I wanted to learn. Soon, I began to realize that many of those who were telling me what to do really were only telling me things that made them experience some successes. It really wasn't information based on any research or science.

When I went to the University of South Carolina on a graduate assistantship, I had an unquestionable interest in knowing more about exercise. I became interested in Nautilus Sport Medical Industries and visited there a number of times. I also read everything Arthur Jones and his colleagues wrote and then applied it to my studies at USC. I felt I learned more about exercise during my time at USC than I had during all my college years. Working in the exercise physiology lab at USC helped me gain a working knowledge of exercise and I felt that I had found my career.

When I finished my master's work, I returned home to find a job teaching math—of all things—at a local prison. During this time, I feared losing touch with things going on in the exercise world, so I began researching and writing. My good friend Joe Weider helped me with my writing career and directed me in the right direction while writing for the likes of *Muscle & Fitness*. This helped me stay on top of the current research and helped me land a part-time job consulting at a local gym. Today, I continue to be fortunate enough to research and publish articles and books on the topics of exercise, rehabilitation, nutrition, and fitness center operations.

During this time, I became more involved in my own training, applying techniques and theories I had learned through my research. I then decided to start my own gym. It's hard to believe that we made a success of a gym having a Nautilus circuit, free weights, group fitness, and one single piece of cardio. Nine years of running this business taught me a lot about things not to do as well as what really worked.

Having a belief that exercise was going in the direction of becoming more medical, I sold my club and went to work at a hospital's cardiac rehab center. Then, wanting a better understanding of physical therapy, I went to work at a physical therapy center. This prepared me for what I thought was the future in exercise. I became the general manager of a medical fitness center and learned

much more about fitness center operations from the owners of the consulting firm that hired me.

I was then hired as a consultant for another medical fitness center, where I was later hired as the general manager. These experiences were filled with learning about health club and fitness center management and operations. These centers became successful, with the second center experiencing financial success within two years.

During this time, I read every trade journal I could get my hands on and attempted many of the practices I read about. Some were failures, while many were successes. I found that learning from my failures were just as important as my successes. This laid the groundwork for writing this book.

Today, I still see people who think running a fitness center is easy. They do nothing to promote their business or give members beneficial experiences. Seldom do these centers offer good customer service. Since I began working with large centers, I see that this business is more sophisticated than many think. Many things need to go on at the same time and they need to be structured. Only those that experience success year after year realize that the operations of a fitness center are multifaceted and that they're always in need of improvement. Settling for what you have is something the successful centers are never content with. New programming, new marketing techniques, and value-added member experiences are essential to success.

My own training benefitted from practices I read about and tried, and I was able to apply the practical aspects of training as well as management that were based on theoretical models. I became involved in gaining strength and eventually began competing in bench press and powerlifting competitions.

I realized that not only is science improving the practices of exercise, but it's also applying itself to the successes in the business of fitness. Today, a need exists for proper training of individuals as well as the education in fitness center operations. Learning what has worked for other successful centers along with what has caused failures in others, I feel I can help many save time by bypassing many of the failures and starting on the road to profitable fitness success.



The Dos and Don'ts for Fitness Center Operations is for anyone who's passionate about starting a fitness center or health club or anyone interested in improving his existing fitness center operations. On the surface, running a fitness center seems like an easy task: Just buy some equipment, hire a few personal trainers, charge members to join, and open the doors. Anyone can do it. At least, that's what many people think. What most people fail to realize is that a fitness center is a business, and to be successful, you must have the right business skills to succeed.

The pavement is littered with passionate personal trainers and group exercise instructors who opened fitness centers, only to fail miserably. These highly intelligent, caring professionals were excellent at teaching fitness but lacked the skills to operate a business. The good news is that the business skills needed to be successful aren't out of reach. These skills can be learned. The goal of this book is to teach you the business side of operating a fitness center so you can combine your passion and profession to make a profit.

This book isn't for anyone who doesn't want to help people become healthier through the fitness lifestyle. If you don't have a passion for fitness and helping others, then look into some of the low-cost fitness franchise models that treat our industry as a commodity.

Too many fitness centers simply focus on sales and don't provide any meaningful level of service to their members. In essence, they rent the use of equipment to members and guests—most of whom have no idea how to construct a program designed to achieve better fitness, improved health, greater strength, or weight loss.

This is like giving a box of tools to a child and expecting him to build a well-designed functional piece of furniture. Without the knowledge about how to properly use the tools to reach his goals, chances are he'll become frustrated and never complete building the designed furniture—or worse, he'll hurt himself in the process.

We now have an opportunity to create a new era in our industry and have a positive impact on people's lives and on health care—but only if we change the way many fitness centers operate. However, many factors can affect your health club or fitness center's success, and the following are some factors you'll need to consider:

- The economic recession of 2008
- Entry of low-cost clubs into the market
- Proliferation of personal training studios
- Expansion and growing sophistication of medical fitness centers
- Erosion of mid-priced family-owned clubs
- Health care crisis
- Aging population

In addition, more models exist than ever in the history of health clubs and fitness centers. You'll need to determine what model you want your center to become or continue by moving to the "next level" of service. Some of the most popular models include the following:

- Traditional fitness centers
- Multipurpose clubs
- Medical fitness centers
- Warehouse/garage gyms
- Personal training studios
- Specialty clubs (kettlebell, Pilates, yoga)
- Key clubs
- \$10-a-month clubs
- CrossFit® centers
- Women's only clubs
- Corporate fitness centers
- YMCAs, YWCAs, and Jewish Community Centers
- Municipal sports and recreation centers
- University/college fitness centers

The reality is that endless opportunities exist to create centers that make a difference in people's lives (health, fitness, wellness) and still be financially successful and sustainable. This book will help you establish practices necessary to achieve success. Although fitness centers, gyms, and health clubs can all be somewhat different, a commonality can apply to good business practices and the road to success.

Understand that not everything works the same in every fitness center and every successful practice may not work every time. However, sensible practices are described in this book that many successful fitness centers follow all the time—with great results. This book can help alleviate some "trial and error" and put your center on the path to greater success.

—John S. Comerreski
(with Jim Gallagher)

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Note: We also recommend you purchase the third edition of Fitness Management: A Comprehensive Resource for Developing, Leading, Managing, and Operating a Successful Health/Fitness Club by Stephen Tharrett and James Peterson, also available from Healthy Learning, for information not covered in this text.

MEMBER ACQUISITION/ MARKETING



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Chapter One™

1.01 Membership Options

Establishing Membership Levels

Whether you're starting a fitness business or simply attempting to improve on what you already have, you need to have well-established levels of membership. Some refer to this as *categories of membership*, but whatever you want to call them, remember to limit them and not have 40 or 50 different levels of membership. This can be confusing in selling and will leave you with nightmares on reporting and tracking.

Although membership levels may vary, one thing that's most common is that you need a "main" or "first" member on each account or membership contract. This means a first member is always on a single contract or agreement. This main member usually pays the highest dues on that contract, and if you offer additional family members on the same contract, the first member is usually responsible for paying the entire contract's dues for all members on that contract.

It's not uncommon to offer a 20 to 30 percent discount for additional adults on the same contract and even a slightly larger discount for teenagers on the same contract. Some centers simply offer a family plan that includes all family members at a given price. This promotes families in your center but can reduce your per-member and per-month dues revenue, especially if many families have two or three adults and many teenagers.

You then have to establish a policy on who's allowed on a family contract membership. Families who have multiple adults living at the same address might be allowed on a single membership. If this is the case, the same discount allowed for the second adult can be allowed for any additional adults on the same membership.

Many successful centers offer discounts for seniors (older than 60 or 65) and students who prove they're currently enrolled in full-time studies. Each of these memberships usually allows a 15 to 30 percent discount on the regular first's membership dues. Quite often, the second adult on any membership will be allowed to be on the same contract but at the second adult rate for that membership level. For example, if a senior joins but the second adult isn't a senior, the second person will be allowed to join at the second senior rate. In essence, the initial member will determine the second adult's monthly dues. Student pricing often also includes a discount compared with a regular adult. Students should qualify with proof of full-time status. I recommend that this monthly rate not be priced lower than a senior rate.

One other membership category to consider that is a great gesture is military, police, ambulance crew, and firefighters. This is oftentimes viewed as a good community relations policy and will likely be a small group of members.

A common distribution of membership types is the following:

- First (non-senior and non-student) adult on a membership (Gold/Main/Primary)



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Many successful centers offer discounts for seniors and students.

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- Second (non-senior and non-student) adult on a membership (Silver/Associate/Secondary)
- Teenage membership (you can determine the age limit, e.g., 19 years old)
- First senior on a membership (Senior Gold/Senior Primary)
- Second senior on a membership (Senior Silver/Senior Secondary)
- First student (full-time enrolled) on a membership (Student)
- Second student (full-time enrolled) on a membership (Student Associate)
- Military, police, ambulance, fire membership

Some centers that have two facilities oftentimes offer a dual membership that allows members to use either center. This needs to incur an additional charge. Centers with more than two locations can go one step further and offer what's known as "passport" memberships that allow members to use any of the center's locations. This should also incur an additional charge.

Some of the more successful fitness centers offer discounts to those with low income.

Scholarship memberships are another possible membership level. Some of the more successful fitness centers offer discounts to those with low income. If offered, this is usually done on a sliding scale basis, meaning that validation of income (usually via income tax returns) determines what a person's monthly dues will be. This must be pre-determined by your owners, managers, or board of directors.

If you do decide to offer discounts for low income, I recommend you have them sign an agreement that includes requirements on at least attendance. This will help to ensure that these individuals are using your center at a significant discount and are thus putting an effort into getting good results.

Month-to-Month vs. Short- and Long-Term Contracts

As a business owner/manager, you should understand that you may offer choices in membership options. You may select month-to-month memberships and/or short-term or long-term memberships, and each one has advantages.

Month-to-month memberships with monthly dues are a choice that many prospective members will like because they're not tied into a long-term commitment. Monthly dues are usually billed electronically (i.e., electronic funds transfer [EFT] or via a credit card). If you're a full-service center, this can allow your sales pitch to include "We must earn your business every month." This will also provide you with a more steady income on a monthly basis and is a valuable tool for selling memberships.

The short-term membership (e.g., one month, two months, or six months) is similar in that you need to earn members' business every few months or so. The long-term membership can be beneficial because it locks your members into a commitment of time. This benefits you financially and the member by increasing his chances of taking advantage of his investment by sticking to exercise for longer into the future. The challenge is that if this member doesn't use his membership throughout the entire year, he'll likely terminate at the end of his contract.

In several states, a law requires either an escrow account or a letter of credit to be set up if long-term members aren't given the choice of monthly paid memberships. In addition, many states limit the discount allowed to those selecting long-term commitments over month-to-month contracts. You need to check your state's regulations.

Some long-term memberships have an automatic rollover to month-to-month contracts. This needs to be clearly stated in the contract and authorized by the member. Regardless, it's not uncommon to offer slight discounts with any long-term commitment. However, a number of successful centers don't offer any type of discount whatsoever when members purchase a long-term membership.

Another concern in designing your membership options is to charge an initiation fee to join. I'd rather call this an enrollment fee and give the purchaser something for his money. Although many centers charge the initiation fee to simply allow the individual to become a member, I find that prospective members like to know that they're getting something for their investment. And to enhance the member's exercise at your center, I believe an initial assessment upon entering your center as a member is a good idea. In some instances, centers will give the new member one or two personal training sessions so he realizes he's getting something for the enrollment fee. Not only does this show your joining member a value to this fee, he also gets something that will benefit him in his fitness endeavor. This is discussed in greater detail in Chapter 3. The enrollment fee is paid only one time as long as the person remains a member. If he terminates his membership at some time and then rejoins as a "new" member, he must pay this fee again.



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Many centers don't charge an enrollment fee because joining members often complain about having to pay this fee. Again, members who are joining will likely not object to this fee if they get something for it. The bottom line is that you need to select the options that best meet members' needs in your market as well as those that your business model dictates. Whatever you offer, stick with it and don't let prospective members talk you into other options.

Why Month-to-Month Memberships Can Be Advantageous

Through my experience with successful fitness centers, I believe that offering month-to-month memberships is the way to go—but only if customer service is a major emphasis of your business. It places a high need on making members feel good about what they're doing, letting them know they're important to you and your staff, and, last but not least, helping them get the results they're there for. Most fitness centers forget these important points. This is obvious with many key clubs that provide no supervision—just space and equipment.

The month-to-month membership option is a great means of selling new memberships, especially to those who have never belonged to a gym. Quite often, these prospects aren't sure if such exercise is for them. The monthly commitment is a great way for them to get "their feet wet" and try your fitness center without a long-term contract. Then, it's up to you and your staff to keep them there as members.

A month-to-month membership option is a great means of selling new memberships.

I'm also in favor of offering a yearlong membership for those who wish to pay up front for a year. This can be offered at a 5 percent discount and nonrefundable when it's paid in full prior to the start of the membership. If you do allow early termination before the end of the contract, you can require an additional charge to do so. This must also be well communicated at the time of sign-up.

You might also offer short-term memberships for three or six months. This allows the member to get a longer period to see if he likes your center. And again, the attention paid to these members will influence their rejoining at the end of their short-term contract. However, it's recommended that you consider offering this only two or three times a year. Christmas gifts and summer months can benefit from this offering.

Converting a Short-Term Contract to a Month-to-Month Contract

Unless a short-term member is transient to your area, every membership of this type should be a target for good customer service and subsequent conversion to a more permanent membership. This should be done in a nonconfrontational manner and without any high-pressure sales techniques.

More often than not, these individuals are "lost in the wind" in that they're never encouraged to stay at the center. In many cases, these members are never approached by someone offering the conversion. Just think about it: These individuals have joined your center because they're interested in exercise. Letting them quit without some type of intervention is ridiculous if not insane.

Because short-term memberships should be priced higher than regular memberships (average monthly dues), a selling point could be that these members can save on their dues by joining as regular members. But you have to service them to the point that they want to remain members at your center.

How to Get It Done and Reach Your Goals

Believing in what you offer is a fundamental ingredient in selling memberships. You should be able to encourage most prospects to understand that fitness is a lifelong commitment and your center is the facility for such an endeavor.

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Because individuals have varying goals and reasons for exercise, it's important to understand why someone wants to exercise as well as why he doesn't. Properly dealing with the excuses and ensuring good results is what it's all about when influencing prospects to join. Comparing the cost of membership with the costs of some medications or a dinner out at a restaurant or even informing the prospects of any possible insurance programs that help cover membership are only a few ways to put a different perspective on investing in their health through exercise. This is discussed in greater detail later in this chapter.

Having monthly goals is important to any driven sales team. Knowing where your numbers are at any given time is a responsibility of all sales team members. Nothing boosts morale more for an organization than to continually surpass its goals for the month. Make it a game by financially incentivizing those responsible for selling memberships.

1.02 Contracts

Commitment

Although your decision to offer month-to-month or long-term contracts can influence any purchase of a membership, member loyalty to your center is another concern. Letting members know this is "their" center is a means of establishing some loyalty to your business. This is done in several ways, including advertising signs and messages to members referring to the center as "your center." Make it personal. Giving members a sense of ownership is a way to retain members.

Termination Policies

Although any manager or owner doesn't like it when a member terminates his membership, this is a necessary evil. Your policy on termination must be well known to your joining members and adhered to. It should be included in your membership agreement/contract and should require initialing by the joining member.

Because terminating a member takes man-hours and must be placed in the data in your club management system, a lead time is necessary. I believe that any terminating member must complete the necessary paperwork by the 10th of the month to terminate his membership at the end of that same month.