

CLUB DIRECTOR

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Fitness Centers and Spas

Unfolding New Revenue Streams

New Pool & Spa Regulations
Is Your Club IRS Compliant?
Exceeding Member Service Standards

A stack of white towels is shown, with the top towel slightly unfolded. The text is overlaid on the towels in a white, italicized serif font.

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Fitness Centers and Spas

BY KATHLEEN PHALEN TOMASELLI

Four years ago, Onion Creek Golf Club in Austin, Texas, took a chance on an idea: Convert the snack bar adjacent to the golf shop into a fitness area. "Members in their late 50s wanted an athletic area," David Woods, the club's general manager, said about the 40-by-60-foot space that houses state-of-the-art equipment, flat-screen televisions, and class space. "The main reason we did it was from a retention standpoint."

Woods admits they weren't sure how the idea would be received. But, what began as just a handful of members using equipment and taking classes has blossomed into a bustling hub of activity.

"There's about 45 or 50 [members] in the gym most days," remarked Fitness Director Mollie Williams Eriksson, who asks members what they want in programming. Since the area opened, members have danced the cha cha, waltz and samba in ballroom dancing classes. They've burned calories in kick-boxing, boot camp-type running and power-walking classes. They've improved balance and flexibility with yoga, Pilates and tai chi.

"I send out e-mails [and] put up flyers asking about interest," said Eriksson. "It's so rewarding working with our members. They feel fitter, stronger. People have fought diabetes, high cholesterol ... and they have a good time."

Despite competition from Austin's commercial fitness facilities, Onion Creek's members prefer fitness time in their own club. "They feel more comfortable and at home here," Woods said. "Now, we are seriously considering a stand-alone fitness center with childcare. Austin is a very progressive city, and we need this to be a viable private club. It will establish us as a stronger player in the private club market." >>>



Denver's Garden of the Gods club offers an eclectic array of spa services, including a Russian caviar facial for wrinkles. PHOTO COURTESY OF GARDEN OF THE GODS



Fitness centers and spas can be supplementary revenue generators both directly—added fees— or indirectly—by affecting membership retention and growth.

Expanding Services to Generate Revenue

It's no secret many private clubs are scrambling to create innovative revenue streams, attract new members, and hold on to the current ones. To do this, some have been forced to expand their offerings beyond traditional club services. And this might not be such a bad thing, considering fitness is the number one most-requested additional amenity at a club, according to a McMahon Group study.

Perhaps the biggest obstacle clubs face is old thinking.

"Private clubs have to overcome the notion that fitness doesn't belong in a private club," says Chris White, senior vice president of planning and design services with WTS International in Rockville, Md.

He added that people often think of body builders with 2 percent body fat when they think of fitness centers. "They don't have a mental picture that people like them fit," White said. "Often the most vociferous opponents end up using it the most."

Whether taking the plunge in small steps, like Onion Creek did, or tackling the challenge full-throttle, similar to the \$28.5 million renovation at Columbia Country Club in Chevy Chase, Md., developing fitness and spa facilities can define a club's future viability.

"There's no question it's important. Today's baby boomers matured in the midst of a fitness revolution, and the younger demographic doesn't know life without it," White stated. "Five years ago, clubs were saying, 'We're not a fitness club, we're a golf club.' That's changing."

White mentions the University Club of Michigan State University in East Lansing, which was previously a dining-only club badly in need of membership rejuvenation. Adding a state-of-the-art fitness center and spa, complete with luxurious locker rooms, steam rooms, whirlpools, and dry saunas, private showers, and a full complement of fitness services and body pampering, has revived the club.

Members pay additional fees for the fitness center and fee-for-services at the spa, but according to White, it has been very well received and very successful. "What was equally surprising [is that] East Lansing is home to one of the largest commercial [fitness] clubs in the market, and many members had been members of the big club."

Fitness centers and spas can be supplementary revenue generators both directly—added fees—or indirectly—by affecting membership retention and growth.

Take the New York Athletic Club in Manhattan. The 18,000-member club always had fitness offerings but no formal classes or programming. Then, less than five years ago, the membership committee hired Fitness Director Jo-Anne Houston.

"They wanted me to bring fitness programming to the club," she explained.

For an extra fee, members can now take advantage of a facility that includes a Pilate's studio, with group classes ranging from \$8 to \$25. To complement classes and training, Houston offers seminars on health and fitness-related topics.



LEFT: The New York Athletic Club added structured fitness offerings, such as Pilates classes, less than five years ago. PHOTO COURTESY OF NYAC

BELOW: Lost Creek Country Club added a 7,800-square-foot fitness facility 11 years ago. PHOTO COURTESY OF LOST CREEK COUNTRY CLUB

“I’m having this year’s topics—how to get the most from your exercise routine: joint issues—focus on the 50-plus group,” she said. “They are our primary group in the fitness center.”

It seems Houston’s efforts are reaping rewards. In 2006, fitness center membership increased to 600; this year it is 800, and personal training brings in \$350,000 to \$400,000.

“I think the more services you offer members the better,” remarked Houston. “The message is there: people are working out, and people are seeking our services.”

Determining the Product’s Worth

Nonetheless, the bottom-line effect is club-specific, and such facilities are not for every club, noted Peter Cafaro, director of marketing and business development for Judd Brown Designs Inc. and Jefferson Group Architects in Providence, R.I. “You have to look at the big picture,” he said. “The typical build out is \$275 to \$400 per square foot, and fitness centers can be on the high end.”

Items such as additional member fees or complimentary services, contract or in-house staffing, rented or leased equipment, and renovation costs all figure into the equation, according to Cafaro.

Renovation not only costs money—there are the issues of membership and planning commission approvals. For example, the Columbia Country Club in Chevy Chase, Md., obtained membership approval for its upcoming renovation project by one vote. When they tried to introduce the plan 10 years ago, it lost approval by 23 votes, according to Jim Troppman, the club’s general manager.

Although the most recent plan, which the membership did approve, was delayed after problems with community planners put the project on hold, the club hopes to have the renovation completed by February 2009.

Columbia Country Club’s new fitness center is actually part of a larger renovation, which is common, according to Cafaro. The club’s existing 1,400-square-foot fitness center was demolished to make way for a 4,100-square-foot replacement, which members will pay an extra fee to use.

“We’re not reinventing the wheel,” Troppman said. “We’re enhancing and improving.”

Even though the Club at Mediterra in Naples, Fla., was founded in 2000, a growing membership prompted a renovation and expansion of their Sports Club this year. Keeping the fitness facilities open as long as possible during construction was important so management planned a two-phased operation.

“We took a yearlong project and made it two six-month projects,” says Michael Seabrook, general manager. This decision meant that members could continue to use the fitness area while the exterior and new addition were constructed. When completed later this year, the Sports Club will have doubled in size to 14,000 square feet.

“We added to the exercise area and added three spa treatment room, including one for couples,” says Seabrook. “We also added an enrichment center with 64-seats and a small kitchen.” >>>





Outdoor yoga classes are just one offering on Onion Creek Club's fitness calendar.

PHOTO COURTESY OF ONION CREEK CLUB

How to Staff Your Fitness or Spa Facility

Fitness and spa facilities can be foreign territory for many clubs, leaving management unsure about staffing and finances.

"The problem with fitness centers [is that] management tends to not want to deal with it," said Chris White, senior vice president of planning and design services with WTS International in Rockville, Md. "Often clubs will say, 'Let's just bring in contract personal trainers.'"

But the way White explains it, contractors get paid by individual members, so only those who pay for the trainer's services get attention. If a club decides to offer specialty classes, many contractors are not interested in tackling the challenge of constantly trying to attract attention—or, in other words, clients.

"You don't get any real services or recoup construction costs," White explained. "You're giving away all your revenue to contractors."

White suggests hiring a fitness director who understands the business. "They are considered the resident expert, much like in golf or tennis," he said, adding that it's important for a fitness director's job to include programming and administrative responsibilities, not just fitness and spa services. Tracking the number of visits and managing revenue and expenses are important responsibilities a fitness director provides for the club.

At Austin's Onion Creek Club, Fitness Director Mollie Williams Eriksson manages everything from scheduling, working with members, and leading

classes. Depending on what members want, she occasionally hires contract group class leaders and personal trainers to help out in the club, but she's always there to oversee things.

Lost Creek Club, also in Austin, has a full-time athletic director and three full-time and three part-time certified trainers. "We offer a full complement of classes, such as spin, yoga, [and] Pilates at no charge," said Kyle Amadon, Lost Creek's athletic director. "There is also substantial personal training."

Clubs like the New York Athletic Club (NYAC) in Manhattan combine paid and contract staff to serve the 800 fitness club members. "We have nine paid staff and 15 independent contractors," said Jo-Anne Houston, NYAC's fitness director. "Our paid staff provides assistance and direction, responds to medical emergencies, designs programs for members, and supervises and monitors the facility, while contractors do personal training and group instructions."

And management companies like WTS also offer fitness management to clubs, with their staff reporting to the club's general manager. "There are so many things you can do with good fitness management," White remarked. "Without question, the sleeping giant among private club amenities today is the fitness center. It is rife with revenue generating opportunities, both direct and indirect, and members will visit it in droves once they see that it is qualitatively better than the typical commercial health club."

Baby Boomer Luxury

In a reversal of sorts, Entrada at Snow Canyon Country Club in St. George, Utah, built their 13,000-square-foot fitness facility before their clubhouse. Ringed by salmon, rust and violet mountain ridges, this desert facility is a “baby boomer club,” according to Rob DeMore, the club’s general manager.

“This is a generation of buyers, and they want to live longer and healthier, [and] that helps us sell the whole package,” he said. “It’s an investment in lifestyle.”

At Entrada, members pick from a menu of more than 19 fitness classes that are free to members. Popular offerings are tai chi, kick-boxing, Pilates, pickle ball, yoga, and spin classes.

“Private clubs are at risk,” DeMore remarked. “We couldn’t operate without our fitness offerings.”

Progressive clubs like Entrada recognize the value of catering to an older, more affluent demographic willing to pay for quality and luxury. After all, a recent American Express survey of luxury buying patterns showed that 68 percent of baby boomers agreed with the statement: “As I get older, I find I have enough things in my life, so I prefer to spend my time and money on luxury experiences that I really enjoy.”

A good example of this can be found at Garden of the Gods in Denver, where it’s common for members to pay \$100 or more for 45 minutes of pampering. The spa offerings include a cornmeal, clay and oatmeal exfoliation, a moor mineral mud stress reliever, a seaweed wrap for cellulite and retained water, and a Russian caviar facial for wrinkles.

Lost Creek Club in Austin, Texas, added a 7,800-square-foot facility 11 years ago, featuring adult and family-centered fitness opportunities, including classes, cardio conditioning, and full-service lockers complete with towels, razors and steam rooms. Members pay more to access the facility, but classes are complimentary.

“We try to use it as a retention tool,” explained Athletic Director Kyle Amadon, who plans interclub classes such as fitness for golfers. “Here at Lost Creek our members are younger with families, and about 20 to 30 percent are willing to add \$60 to their monthly bill for fitness.”

In addition to classes and personal training, Amadon tries to personalize offerings to draw in more members. For example, golf and tennis clinics—how fitness can improve your golf swing or how to improve foot work for tennis players—are always popular.

“When we first put in the facility, membership increased a good 15 percent or more,” Amadon said. “It certainly pays off. The return on investment is very good for the club.” ■

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