

Centralized vs Decentralized... "Formula vs Free Style" Management, Fitness and Operations



By Bill McBride

Whether we are discussing General Management, Group Fitness, Fitness, Sales or Operations, the industry is constantly faced with the merits of "Centralized" versus "Decentralized" or "Formula" versus "Free Style." These concepts apply to one club or 500 clubs. There is always dynamic tension between "control" versus "trust/faith." I've highlighted some club scenarios where this dynamic tension shows up for us on a daily basis.

My assertion is control your design and hiring, trust your team, have faith in their abilities, but inspect what you expect and give them the strategy and tools to deliver your optimal member experience through proper strategic design.

General Management:

Do we give our club operators the full Profit & Loss Statement or do we give them just the key metrics that we want them to manage to? How much information is too much? How much is too little? At the end of the day, I'm a firm believer that the General (General Manager) in the field should have all the information necessary to manage his/her "battle plan" or business unit. Of course the information should be useful and pertinent to actionable behaviors –

NOT just data. Things someone cannot control may be unnecessary in some ways, but full visibility allows for full understanding. People are more committed to the things they are involved in...so having GM input on budgeting is also a critical success factor. Lack of involvement usually delivers lack of commitment.

Group Fitness / Fitness:

Do we implement "formula fitness" offerings from a third party vendor or develop classes from your own internal programming? Do we allow "free style" creativity with the instructor delivering on the "class type" completely his/her way with little to no club involvement in the choreography, music, etc.?

These decisions are about to be more important as we experience the growth and prevalence of functional training (being lead primarily by our fitness professionals), with little club strategy, space design and program design by us, the operator/organization. More and more third party companies are developing scalable training models along with equipment offerings. Equipment manufacturers (traditional) and those focused solely on functional training are putting education and programming at the forefront. They don't just want you to buy a "cage", "toys" or "rack", but also buy their training and programming. Their perspective makes good sense – they have envisioned their products for a certain need and have invested in how that need can be served. This trend will grow as more and more specialization in the industry gains ground. I think it is imperative for organizations to take time and develop their philosophy, strategy and execution plans around their approach to functional training, small group training and overall fitness programming. This is not an opportunity we want to miss and just have happen to us – but one on which we should work to capitalize on with a balanced, well-thought-out approach.

Sales:

Do we have our sales team follow the "script" and execute the program exactly as designed or do we allow for "free style" individualism with guidelines and process design?

Some think it's a matter of control and brand continuity. Others believe it reduces the sincerity and authenticity of organizational delivery.

Earlier on, I was more entrenched in the "formula" genre of sales and general management. Formula execution was invented a long time ago. Decentralized / Free Style evolved as the industry matured. With all evolution, things go from a more simplistic form to a more complex form. This doesn't mean more complex is always better. The optimal level is probably a balance between non-negotiables and a personalized approach with extensive training and experience (of course with quality control built in).

What are the pros of a formula or centralized approach to management and sales? (1) You have brand continuity; (2) You have clear expectations and easy to measure outcomes; (3) You tend to get exactly what you design; and (4) It is easier to manage. This approach gives the organization a comfort level and a truly consistent brand across sites.

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What are the cons? (1) You may get “blind” obedience to the “policy” – possibly hurting the member/prospect experience; (2) You may get a different type of employee base or employee focus – one less creative in execution and more of an “assembly line” approach rather than a “custom built” approach; (3) You may miss changes in consumer behavior and opportunities for improvement; and (4) The brand may lose a sense of sincerity if the formula becomes “rote” without some flexibility.

What are the pros of a free style or decentralized approach in fitness? (1) You get independence and creativity; (2) You may learn what the consumer wants more quickly; (3) There may be an enhanced sense of pride in the class by the fitness professionals as it is their workout not just their delivery; and (4) This can lead to employee enthusiasm and potential longevity.

What are the cons of a decentralized approach in fitness? (1) You may get deviation from the delivery model as you have envisioned or designed it; (2) You lose a degree of control and may be at a slightly increased risk of member flight based on staff relationships with members – if the fitness professional goes, some members may go. There may be more loyalty to the staff person than the program or club/gym. However, members will always be loyal to their fitness professionals if the fitness professionals are doing their job well at building relationships (so building loyalty with your team is something else that should not be left to chance); (3) You may have less employee accountability and in some ways it may be harder to measure some aspects of class performance; (4) You may be more dependent on your employee base than your programming expertise; and (5) Class failures may be the result of the trainer or the programming – you may get rid of class trainers with low numbers when in reality they were great at training but lacked a solid format.

What’s the best approach?

Some of both...depending on your strategy and execution. The first step is to hire correctly for the appropriate roles and programs and, more important, design and understand your customer experience strategy. The customer experience should be designed from beginning to end, leaving as little to chance as is humanly possible.

The key lies in your “Customer Experience Design”. In many cases, “Centralized and Formula” delivery will be the right choice and in other circumstances “Decentralized and Free-Style” will be optimal. The goal isn’t to choose one over the other, but to design appropriately and not leave these critical aspects to chance.

Know what you want and program accordingly. Don’t let your club experience “happen to you” – you have to make what you want “happen”.

I believe both approaches have a role – but we have a responsibility to define our own club’s delivery experience – and make sure we get what we desire.

“All organizations are perfectly designed to get the results they are now getting. If we want different results, we must change the way we do things.” - Tom Northup

One of the reasons the small studio and boutique offerings are gaining a significant amount of market share is multi-purpose clubs have not spent strategic time on their programming. A recent analysis stated that 45% of fitness studio participants also belong to a club or gym. This means by definition, **CONTINUED ON PAGE 17**

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they are not getting what they want from their club or gym...one hypothesis is that the programming is not perceived to be as specialized, advanced or inclusive of “people like me” as that of the myopic “centralized/formula” approach taken by these providers.

Is there a balance in strategic programming with less centralized customer centric approaches? This is an opportunity to re-think and think through what is fundamentally core and what needs to change within your enterprise.

For more information from Bill McBride (BMC3), please visit BMC3.com or contact Bill directly at BillMcBride@BMC3.com. BMC3 is an agency specializing in consulting, coaching & club management. We focus on operational strategy, operational excellence, sales & marketing, fitness program design, class schedule optimization and staff training. Additionally, we are building a full club intranet to deliver everything operators need to know about optimally running their businesses with content and video training. We have strategically partnered with affiliates to deliver a turn-key solution for new and existing clubs. Our online community offers membership for \$15 per month (Leadership Council) that gives full access to all materials and training programs as well as a complimentary monthly consult to Leadership Council Members. Visit: BMC3.com

Ready To Launch...

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independence with guidance. Participants will still get the programming and some of the personal attention needed to keep them moving toward their goals. It is also a great way to enhance motivation and adherence amongst group members, especially when they have similar goals. Form training groups around common goals of your members, such as a spring break escape, wedding dress slim down, or marathon PRs. Incorporate goal-specific education in the group training sessions, perhaps ways to manage sugar cravings or race day hydration strategies.

Wrap Up

As you can see, there are multiple options to positively utilize this potentially slower time of year. Having your 2014 goals defined, with plans and resources in place, sets your club and your personal training team up for success. Planning helps you to be prepared with solutions for the typical ebb and flow of membership cycles and to avoid last minute reactionary responses. When the January spike in membership hits, you and your training team will be ready to take members to their goals and beyond!

NASM has just launched new courses on Group Personal Training and Sports Nutrition to help your staff meet your membership's growing needs. Check out NASM.org for more details!

Stacey Penney, Contributing Content Strategist with the National Academy of Sports Medicine (NASM), holds a degree in Athletic Training from San Diego State University, along with credentials in Health Promotion Management and Consulting (UCSD), and

Instructional Technology (SDSU). She holds certifications from NASM and ACE in personal training, corrective exercise, sports performance, group exercise, fitness nutrition, and health coaching. Previous San Diego Fall Prevention Task Force Chair, she develops continuing education curriculum for many fitness organizations in addition to personal training, writing, coaching youth soccer, and pursuing an MS in Exercise Science that's just weeks away from completion.

Our Newest Tennis Challenge

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in developing programming that capitalizes on this growing interest. At the same time, let's continue to work towards finding ways in which private clubs can work with all organizations to develop mutual gains.

Rod Heckelman has been the General Manager of Mt. Tam Racquet Club since 1982. From 1976 to 1982 he served as head Pro/Tennis director. From 1966 to 1976 he was a head pro at John Gardner's Tennis Ranch in Carmel Valley, CA and also in Scottsdale, AZ. In 1992, Rod published the “Down Your Alley” manual for tennis teachers to use with their students. He recently published the “Facility Manager's Manual” which has been excerpted in Racquet Sports Industry magazine and is available from T.I.A. In 2010, he was named “Manager of the Year” by USPTA in Nor Cal Rod may be emailed at rod@mttamrc.com.



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