

FAMILY FOCUSED TAX PAYING HEALTH CLUBS & LESSONS FROM MY BEL AIR ATHLETIC CLUB EXPERIENCE

Seven years after we sold the 120,000 sq. ft Bel Air Athletic Club to the Wellbridge Company in July 2000 I had a call from Rick Beusman. Rick is currently on the Board of our industry Association, the International Health, Racquet, and Sportsclub Association, (IHRSA) and I had known his father. People remember Curt as an industry pioneer, a member of the IHRSA Board in the early days, and the owner of the Sawmill Club in West Chester, NY. They also remember Curt as the fellow who urged fellow club owners to “Raise prices every year- don’t undervalue your product”. Its nice that Rick is following in his dad’s footsteps though I don’t know if he follows his pricing advise.

Rick was calling with an employee compensation question and before we hung up he said, “Roger, do you know that I still have pasted on my bulletin board a list of “lessons” from the Bel Air Athletic Club which you gave me years ago?” I had forgotten that, didn’t have it, and asked Rick to fax me a copy which he did. Thanks to Rick I am able below to share these “lessons”.

1. Health Clubs that endeavor to “BE ALL THINGS TO ALL PEOPLE” will attract the largest units of membership and be the most profitable.
2. There is a direct correlation between usage and retention. Usage is a function of convenience, facilities, and service.
3. A family and female orientation significantly enhances opportunities for success.
4. Each major capital improvement can significantly increase revenues.
5. An extensive aquatics component is integral to the success of a “family health club”.
6. All managers and supervisors must be trained to be profit and cost center CEOs
7. Conscious community involvement is a tangible plus for staff, members, and financial performance.

Postscript: While I still fully believe in the lessons above, today’s capital and land costs are such that the margins for error are far less for “green field” large scale health club projects than they were a decade or two ago. I would encourage entrepreneurs entering the family health club market — and I hope there are many because of the good they can do for their communities — need to determine if it will be more cost effective to renovate existing structures.

Roger Ralph
November 2007